2011 REGISTRATION DOCUMENT

BUILDING TOGETHER

TEAM SPIRIT

SOCIETE GENERALE

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

REGISTRATION DOCUMENT **2011**

SOCIETE GENERALE

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

AMF

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 version legally binding.

The original document was filed with the AMF (French Securities Regulator) on March 4, 2011, 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.

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

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

1 HISTORY AND PROFILE OF SOCIETE GENERALE

HISTORY

Societe Generale was founded in 1864 by public subscription, with the aim of financing industrial investments and infrastructure projects.

During the Third Republic, the company progressively built up a nationwide network, and by 1940 had opened a total of 1,500 branches compared with just 32 in 1870.

Following the Franco-Prussian war in 1870, the Alsace-Moselle branches were transferred to a German-law subsidiary, Societe Generale Alsacienne de Banque (Sogénal).

After opening its first foreign office in London in 1871, Societe Generale rapidly developed an international network by extending Sogénal's activities into Central Europe (Germany, Austria, Switzerland, Luxembourg), and by establishing branches in North Africa in 1909-1911 and later in the United States (1940).

Societe Generale was nationalised in 1945, and played an active role in financing post-war construction. It helped to spread new financing techniques (such as medium-term discountable credit, off-balance sheet operations and lease finance).

Following the liberalisation of the French banking system in 1966, Societe Generale diversified its activities and expanded its individual customer base.

It once more became a private banking group following its privatisation in July 1987.

Societe Generale has considerably grown since 1997, thanks to the development of its franchises and also through acquisitions in its businesses in Europe and worldwide.

In Eastern Europe, the Group acquired BRD (Romania) in 1999, Komerčni Banka (Czech Republic) in 2001 and purchased a stake in Rosbank (Russia) in 2006. It has since increased this shareholding to 74.9% of Rosbank's capital.

In 2001, Societe Generale absorbed Sogénal.

With the takeover of Crédit du Nord (by acquiring a majority stake in 1997 then buying out its minority shareholders in 2009) and Société Marseillaise de Crédit in 2010, the Group expanded its Retail Banking activity on its domestic market, with a network of regional banks.

PROFILE OF SOCIETE GENERALE

Societe Generale, a public limited company *(société anonyme)*, is the parent Company of the Societe Generale Group.

Societe Generale is one of the leading financial services groups in Europe, operating in 85 countries and employing 155,617 employees of 120 different nationalities. Its largest overseas entities in terms of headcount are in Russia, the Czech Republic, Romania, Egypt, Morocco and Poland.

The Group is organised around five core businesses: French Networks - International Retail Banking - Corporate and Investment Banking - Specialised Financial Services and Insurance - Private Banking, Global Investment Management and Services.

On March 3, 2011, Societe Generale's long-term rating was Aa2 at Moody's, A+ at Fitch and A+ at Standard & Poor's.

2 GROUP STRATEGY AND BUSINESSES

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

In 2010, the global economic recovery was moderate and uneven depending on the region. Many sources of macroeconomic instability remained (risk of deflation, tensions within the euro zone and volatile interest and exchange rates) and monetary and fiscal policies continued to play a key role in supporting growth and the recovery. In regulatory terms, the Financial Stability Board and the Basel Committee worked to define the guidelines, conditions and timetable for the implementation of the new capital requirements (definition of Tier 1 capital, counter-cyclical mechanisms and introduction of a leverage ratio) and liquidity requirements (introduction of two standardised liquidity ratios) called for by the G20. Several points still need to be clarified in cooperation with local regulators, however. Other G20 initiatives are also still being examined (regulatory framework for systemic institutions). At the same time, in the US, the Dodd-Frank Act laid the groundwork for supervising systemic risks and defined guidelines for overseeing certain corporate and investment banking activities (Volcker Rule).

Against the backdrop of a still hesitant economic recovery, Societe Generale confirmed the rebound in its financial results while continuing its transformation and the adaptation of its business portfolio (acquisition of Société Marseillaise de Crédit and disposal of ECS).

The Ambition SG 2015 strategic plan, announced on June 15, 2010, is part of this process. In the new post-crisis environment, the priority is to generate long-term growth with lower risk focusing on the following:

- reinforcing a customer-oriented universal banking model, refocused on three core businesses (French Networks, International Retail Banking and Corporate and Investment Banking);
- completing the optimisation of the Group's business portfolio in a clearer regulatory environment;
- maintaining strict risk management;
- transforming the operating model.

To successfully complete this Groupwide programme and achieve the objectives that it has set, Societe Generale will draw on its many strengths and the lessons it has learned from the crisis. The Group has a portfolio of businesses providing long-term growth and real financial solidity. Some recent deals have demonstrated its ability to quickly adapt its business portfolio by anticipating consolidation to reach critical mass (creation of Amundi) or by taking growth-generating positions (Russia). The Group has also taken the first steps towards the Groupwide application of its operating model, thus facilitating its transformation.

Last but not least, since 2007 the Group has implemented a policy of reducing and more effectively managing its risks. This policy will be pursued in the future to support the Group's growth over the long term. In addition to constant and reinforced risk monitoring, the Group will ensure a good balance in the allocation of capital between its pillar businesses.

All-in-all, Societe Generale is well placed to fully capitalise on post-crisis conditions.

The **French Networks** form the first pillar of the Group's universal banking strategy. 2010 was marked by good sales momentum and effective management in operating expenses, with the cost of risk beginning to fall over the quarters. The multi-brand platform was reinforced with the acquisition by Crédit du Nord of Société Marseillaise de Crédit, which operates in high-growth regions in France.

In 2011, the Group will maintain its multi-brand strategy, based on three complementary brand companies (10.7 million individual customers [(1)] and over 3,200 branches [(1)]):

- the multi-channel relationship bank Societe Generale;
- the Crédit du Nord Network and its regional banks, 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, our ambition is to be the reference bank for customer satisfaction. By adopting differentiated customer strategies (innovation, simplified range, regional grounding, etc.), the Group intends to continue its efforts to win new individual customers (+2 million customers by 2015) and market share of Business customers (+1% by 2015). The Group will also continue to develop synergies between its brand companies, particularly through 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 the cost/income ratio to less than 60%.

(1) Including Société Marseillaise de Crédit.

International Retail Banking is the second pillar of the Group's universal banking strategy. In an environment that still differs greatly between regions, the signs of recovery were confirmed overall in 2010. The development of the franchise and a more favourable change in the cost of risk will enable International Retail Banking to maintain its significant contribution to the Group's income in 2011. From a more general standpoint, the Group remains confident about the medium-term outlook for its activities in the following high-potential countries, where it has solid positions able to benefit from the economic recovery:

- in Russia, with its three brand companies (Rosbank/BSGV, DeltaCredit, and Rusfinance);
- in Central and Eastern Europe (excluding Russia), where the Group has nearly 6.2 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 privately-owned bank) and in Egypt (No. 2 privately-owned bank).

By 2015, the Group aims in this way to become one of the leading players on the Russian market, by transforming and consolidating its local platform. In the Russia–Central and Eastern Europe region, the Group intends to become one of the top three retail banks. More globally, the Group will continue to proactively manage all of its branches by various means (cross-selling, innovation, stepping up customer relations, intragroup synergies, branch openings and targeted acquisitions). In addition to these growth efforts, the Group will centralise its resources to improve operational efficiency.

SG Corporate & Investment Banking is the third pillar of the Group's universal banking strategy. Despite a less favourable market environment than in 2009 and greater competition, in 2010 the division reported solid revenues by capitalising on robust franchises, particularly structured finance (natural resources and infrastructures) and equity derivatives (named "Equity Derivatives House of the Year" by *Risk Magazine* in January 2011). Corporate and Investment Banking also notably advised on a number of major M&A deals, producing the first results of the investments made in 2009/2010 within its strategic coverage of large corporate clients. In addition, Corporate and Investment Banking continued to reduce its risk profile, both in terms of legacy assets (net risk charge halved from 2009 to 2010) and the net cost of risk of the core activities, reflecting prudent risk-taking and the high quality of the portfolio.

In 2011, SG Corporate & Investment Banking will continue to pursue targeted and balanced development (cross-selling and enhancement of the FICC[1] and investment banking offering) by capitalising on global franchises (equity derivatives and structured finance) and by increasing its coverage of key accounts, including Large Corporates and Financial Institutions. In geographic terms, Corporate and Investment Banking will notably continue to develop its activities in Central and Eastern Europe and in Russia, by capitalising on the Group's presence in these regions.

The Group's ambition is to join the Top 5 European Corporate and Investment Banks by 2015, while continuing to adapt to the new regulatory environment, which is more restrictive for the industry overall. The "Resolution" project, which is focused on optimising operational efficiency and strict risk management, will provide additional means of improving profitability. Risk appetite for market activities will be less, but will remain stable for credit activities.

Finally, given its maturity profile, the size of the legacy asset portfolio will be considerably reduced by 2015. Beyond this natural decrease, the Group will continue to implement a targeted and opportunistic deleveraging strategy.

Under the Ambition SG 2015 programme, **Specialised Financial Services & Insurance** and **Private Banking, 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.

(1) Fixed income, credit, currencies and commodities.

The recovery of **Specialised Financial Services** continued throughout 2010. The adaptation measures implemented resulted in an initial improvement in financial and commercial performances, in a persistently unsupportive economic environment allowing for only a slow decrease in the cost of risk. Efforts to improve performance in these activities will be continued in 2011, with strong risk and liquidity monitoring maintained. On a 2015 horizon, the Group plans to pursue the development of synergies with the International Retail Banking networks and its geographic streamlining efforts, particularly in consumer finance. It will also very selectively consolidate its leading European positions in the other Specialised Financial Services business lines. As for the **Insurance** activities, the Group will develop its bankassurance model, through its policy of generating new business with the Group's French and international retail customers by expanding its product range. The buyback of Aviva's 35% stake in Sogessur in 2010 was part of this strategy.

In 2010, **Private Banking, Global Investment Management and Services** also continued its recovery.

Private Banking's new business was solid in 2010, supported by the recognised quality of the franchise (best global private bank in structured products and equity derivatives according to *Euromoney*). In 2011, Private Banking should continue to strengthen its commercial set-up and to develop synergies with the rest of the Group (Retail Networks and Corporate and Investment Banking). By 2015, Private Banking is aiming for a significant increase in its assets under management and reinforced operational efficiency.

Asset Management is entering a rebound period. After working to stabilise the TCW franchise over several quarters, the business recorded positive net new money in the fourth quarter of 2010, reflecting the strong performance of the funds (seven TCW and MetWest funds given 5-star ratings by Morning Star) and new growth prospects (in particular from the successful integration of MetWest). Amundi's contribution to the division's income has been boosted notably by the implementation of major synergies linked to the merger of CAAM-SGAM.

Finally, in **Securities Services & Brokerage**, in 2011 the Group intends to pursue the good sales momentum seen in 2010 (increase in assets under custody and administration by SGSS, confirmation of Newedge's leadership in derivatives brokerage) while pursuing the productivity measures already introduced since the end of 2008.

From a more general standpoint, and on a Groupwide scale, the "Ambition SG 2015" programme already anticipates many of the structural changes of the new financial and regulatory environment. Its implementation will therefore enable the Group to fully capitalise on the post-crisis banking environment through three main focuses:

- reinforcing its comparative advantages as a relationship bank that is close to its customers. This notably entails optimising the sales offering and adapting it to the needs of the Group's various customer bases, which is a vital prerequisite for long-term, profitable growth;
- thoroughly transforming its operating model and stepping up process automation to further improve efficiency and profitability in a more restrictive regulatory environment, and support the relationship banking strategy;
- ensuring the commitment of all employees to this ambitious groupwide programme over the long term. With this in mind, the Group is implementing a series of measures aimed at more effectively developing and rewarding talented employees, and reinforcing its positioning as an examplary employer. In 2010, for example, Societe Generale launched a free share allocation plan for each employee*, in all businesses, functions and places of activity.

Ultimately, thanks to the Group's intrinsic strengths, growth drivers and development projects, Societe Generale is solidly positioned to fully capitalise on post-crisis conditions. The financial results in 2010 are the first stage in a long-term rebound. As in 2010, Societe Generale also intends to pursue its role of financing the French economy and to continue to support its customers in their development.

* *In countries where local regulations prohibit the allocation of free shares, an equivalent share indexed to the Societe Generale share will be allocated under the same conditions.*

THE GROUP'S CORE BUSINESSES

The Societe Generale Group's activities are organised into 5 divisions: French Networks/International Retail Banking/ Corporate and Investment Banking/Specialised Financial Services and Insurance/Private Banking, Global Investment Management and Services.

French Networks

Since January 1, 2010, the French Networks' activity has been organised around Societe Generale, Crédit du Nord with its 7 regional banks (including Société Marseillaise de Crédit since September 30, 2010), and Boursorama.

The three brands are complementary and cater to the needs of different customers, whether they are looking for a major national bank with a nationwide presence (Societe Generale), a more personal relationship in a regional bank (Crédit du Nord), or attracted by an exclusively online offering (Boursorama).

10.7 million individual customers[(1)] and more than 500,000 businesses and professionals[(1)] have chosen the French Networks to assist them with their projects. This multi-channel development of the franchise has helped the Group become the leading non-mutual player, with a market share of 9.0%[(2)] for deposits and 8.6%[(2)] for loans for resident and non-resident customers. This strategic positioning as the French market leader was physically consolidated in 2010 with (i) the acquisition of Société Marseillaise de Crédit by Crédit du Nord (144 branches at end-2010) and (ii) the organic growth of its branch networks (12 net openings during the year or 3,093 branches at end-2010).

2010 provided further evidence of the commercial rebound that had already begun in mid-2009. Outstanding deposits rose +9.5%[(3)] compared with 2009, driven primarily by business customers (+60.9%[(3)] vs. 2009). Outstanding deposits for individual customers were 4.6%[(3)] higher than in 2009.

In an environment of low interest rates on savings, in the case of individual customers, sight deposits enjoyed significant growth (+10.3%[(3)] vs. 2009). The instability of the financial markets and risk aversion encouraged investments in regulated savings accounts and euro-denominated life insurance vehicles. The growth in new and outstanding housing loans (+62.8%[(3)] and +6.7%[(3)] respectively vs. 2009) was underpinned by the strong recovery in the real estate market combined with an attractive loan offering. The reduction in a number of tax incentives (car scrappage scheme) and still hesitant household consumption adversely affected new consumer finance business, with consumer finance outstandings stagnating.

With regard to business customers, the French Networks continued to honour their commitment to finance the economy throughout 2010 with, in particular, outstanding investment loans growing +3.6%[(3)] compared with 2009. Moreover, 2010 commitments made to the French public authorities in respect of VSEs/SMEs have already been fulfilled (new medium/long-term loan business amounted to EUR 5.8 billion[(1)] at end-December, exceeding the initial commitment by more than EUR 300 million). However, sluggish demand and the amortisation of the effects of tax measures have curbed the momentum of operating loans.

By positioning themselves as bank insurers, the French Networks have broadened their range of products by distributing Sogecap and Sogessur insurance products. The Sogecap and Sogessur insurance subsidiaries are part of the Specialised Financial Services and Insurance division. Life insurance outstandings amounted to EUR 78.3 billion[(1)] and non-life insurance policies grew 32.6%[(3)] compared with 2009.

The quality of the innovations developed by the French Networks has met with customer approval and is part of the Group's culture. The success of the iPhone and Android mobile applications, the quality of online services (more than 3 million customers connected for the management of their account) and the marketing of charity cards demonstrate the real match that exists between customer expectations and Societe Generale's innovative offerings.

The French Networks generated a solid financial performance, with net banking income of EUR 7,791 million in 2010, up 4.5% compared with 2009 (excluding the PEL/CEL provision and Société Marseillaise de Crédit).

Societe Generale Network

In a gradually recovering economic environment, the Societe Generale Network succeeded in creating a rebound momentum, which resulted in a good year in terms of activity and results.

(1) Including Société Marseillaise de Crédit.
(2) Latest available Bank of France data.
(3) Excluding Société Marseillaise de Crédit.

The Societe Generale Network has continued to develop its franchise thanks to a network of 2,290 permanent branches (+8 vs. end-2009), located primarily in urban regions where a large share of the national wealth can be found, and high performance remote channels. With its extensive and innovative product and service range (credit option through payment cards, creative savings products) and its effective organisation based on the expertise of customer advisors, the Group has been able to create a true partnership with its customers. The implementation of synergies between individual and business customers and between business lines has also helped to create business opportunities and consolidate customer relations.

An innovative offering and very high quality service are available to the Societe Generale Network's individual customers, whether they are mass market consumers, mass affluent customers or high net worth individuals. The success of this commercial policy is reflected in the strong growth in current accounts opened (86,300 new accounts in 2010 especially among young people) taking the number of accounts to 5.4 million at December 31, 2010. Regulated Savings Accounts remain buoyant since the marketing of the Livret A at the beginning of 2009 (1.9 million Livret A passbook accounts representing outstandings of EUR 5.1 billion at end-2010).

Societe Generale continued to enhance its sales operation dedicated to asset management clients by extending the joint venture concluded with Societe Generale Private Banking to the Greater Paris region and by opening the centres in Rennes and Lille.

Societe Generale Network's outstanding loans for individual customers amounted to EUR 71.1 billion, with 89% comprising housing loans. Deposits came to EUR 62.8 billion.

To promote the personalisation of relations, which is one of the key expectations of business customers, the Societe Generale Network assists them with their development projects and gives them advice and solutions suited to their needs. With the gain of approximately 9,900 new SME customers in the last three years, the portfolio consisted of 207,000 businesses at end-2010, demonstrating the franchise's rapid growth. The professionalism and proactive attitude of the 650 dedicated customer advisors have helped to create a close relationship with customers.

2010 saw the ongoing development of the joint venture with Corporate and Investment Banking for interest rate and foreign exchange hedging transactions, advisory services to SMEs and financing for local authorities. These partnerships have strengthened the Network's expertise and therefore helped to improve revenues.

At end-2010, outstandings driven by business customers amounted to EUR 39.5 billion in terms of deposits and EUR 63.7 billion in terms of loans.

Crédit du Nord Network

2010 was marked by Crédit du Nord's acquisition of Société Marseillaise de Crédit, enabling it to strengthen its strategic positions in South-Eastern France and enhance its network in order to offer customers ever more extensive national coverage.

The Crédit du Nord Network and its seven regional banks (Courtois, Kolb, Laydernier, Nuger, Rhône-Alpes, Tarneaud, Société Marseillaise de Crédit) are able to develop a relationship with customers based on a local approach, professionalism and innovation. They offer their customers the benefits of a regional bank on a human scale and the advantages of a country-wide group. The Group's entities are run like real SMEs and enjoy considerable decision-making autonomy, meaning that they can respond quickly to their customers' requests.

Crédit du Nord's operating structure, consisting of 933 branches (4 openings in 2010 and 144 consolidated following the acquisition of Société Marseillaise de Crédit) and 7,760 employees[(1)], serves more than 1.8 million individual customers, 200,000 professionals and associations and approximately 42,000 businesses and institutional clients.

Professional customers are a priority for the Crédit du Nord Network, which has therefore introduced a structure catering for their needs. This is organised around dedicated advisors, responsible for both the business and private aspect of customer relations, a range of tailored services and counter services within the branches.

For the 4th year running, the Crédit du Nord Group led the main French banks in terms of customer satisfaction on the individual and professional customer markets. It was ranked 4th on the business market.

Boursorama

The Boursorama Group is underpinned by four fundamental and recognised pillars: simplicity (open an account in a few "clicks"), innovation (exclusive tools to simplify money management such as MoneyCenter, a free service for consolidating and managing accounts including the accounts of several banks, launched in 2010 in France), transparency (free debit card and 15 types of free transactions) and quality (advisors available until 10pm and secure transactions). Boursorama enjoys a position as:

- The leading **online bank** in France. Through its website www.boursorama-banque.com, Boursorama offers a comprehensive, innovative and high-performance solution combining traditional banking products with savings products such as mutual funds and life insurance policies.

(1) Excluding Société Marseillaise de Crédit.

These services are also available in Germany under the brand name Onvista Bank and in Spain, since 2009, under the brand name SelfBank. In 2010, Boursorama confirmed its status as the benchmark online bank in France and received a number of awards: voted "least expensive bank" (*Capital* magazine, February 2010), and 2010 "Customer Service Provider of the Year" (*BVA Viséo Conseil*, 2010).

With more close to 61,000 accounts opened over the year, Boursorama now boasts 168,000 online bank accounts;

- A major European **brokerage** and **online savings** player. The Boursorama Group offers private investors the chance to manage their savings independently online through a comprehensive range of savings products and services and access to the main international financial markets. These services can be accessed in France on the website www.boursorama.com, as well as in Germany on www.onvista-bank.de, in Spain on www.selftrade.es and in the UK on www.selftrade.co.uk. In 2010, Boursorama executed 1.6 million stock market orders and its savings outstandings in France totalled EUR 6.9 billion at end-2010;
- Boursorama is also the leading provider of **online financial information** in France and Germany, through the sites www.boursorama.com and www.onvista.de.

International Retail Banking

For more than a decade, the Societe Generale Group has pursued a diversification strategy to step up its international development in regions with considerable potential. Its success with its customers is the result of implementing a universal banking model adapted to local circumstances. As a result, International Retail Banking enjoys a leadership position in regions such as Central and Eastern Europe including Russia, North Africa, Sub-Saharan Africa and French Overseas Territories. The setting up of International Retail Banking operations in Asia since 2008 is part of a strategy to expand in buoyant regions. The Group has also helped finance the different economies of the regions where it has expanded its operations via an innovative range of products and services and partnerships that it has formed with its customers.

Robust business indicators demonstrate the soundness of the strategic decisions made by International Retail Banking. At end-2010, International Retail Banking's outstanding loans amounted to EUR 65.2 billion, or nearly 8 times more than in 2000. Deposits totalled EUR 66.4 billion, or nearly 7 times more than at end-2000. The network, consisting of 685 points of sale through 21 entities in 2000, now has 3,817 branches in 37 countries and 41 entities. International Retail Banking's 62,414 employees, representing numerous nationalities, offer a wealth of experience for the benefit of customers. With income of EUR 4,930 million in 2010, the division accounted for nearly 19% of the Group's income in 2010 compared with a little over 6% ten years earlier.

Based on its long-established positions and the proven resilience of its business model, International Retail Banking has 3 main ambitions: enhancing customer relations in the most mature entities, creating a leading player in Russia and accelerating growth in regions where there is the potential to extend banking facilities.

The Group's operation in Central and Eastern Europe began with the acquisition of BRD in Romania in 1999, followed by Komerčni Banka in 2001. These two milestones were key steps in the Group's international expansion. BRD is currently the leading private branch network in the country, with 937 points of sale and a market share of 15% in loans and deposits. KB is ranked No. 3 among the Czech Republic's banks in terms of balance sheet size. Societe Generale has also expanded its geographical coverage in the region, with acquisitions in Croatia and Georgia in 2006, followed by Moldavia, Albania and Macedonia in 2007. At December 31, 2010, the Group was present in 14 Central and Eastern European countries.

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. This interest was subsequently confirmed with the acquisition of Delta Credit in 2005 (real estate loans) and, more importantly, the acquisition in 2006 of a 20% stake in Rosbank, the leading private network, in which the Group had a 74.9% controlling stake at December 31, 2010. The Russian operation was overhauled in 2010 so as to create a universal banking platform that covers all individual and business customer markets, drawing on the expertise of specialised entities (consumer finance, real estate loans, leasing and corporate and investment banking via a joint venture with Corporate and Investment Banking) and pooling support functions, so as to create a leading player. Following this overhaul, all the activities in this country will be supervised by a single legal entity (merger of Rosbank and BSGV), set up for this purpose, and 81.5%-owned by Societe Generale.

Total outstandings in Central and Eastern Europe (including Russia) amounted to EUR 44.8 billion in terms of deposits and EUR 44.5 billion in terms of loans.

In the Mediterranean Basin, the Group's long-standing presence in Morocco (as from 1962) was strengthened by the acquisition of the subsidiaries in Algeria (1999) and Tunisia in 2002. In Egypt, the merger of National Societe Generale Bank, acquired in 1978 and MIBank (2005) created a major local banking player, currently the No. 2 private bank. Today, the Group is present in seven countries via 731 points of sale. Its EUR 14.0 billion outstanding deposits and EUR 12.6 billion outstanding loans have been largely driven by its subsidiaries in Morocco and Egypt, where the Group has leading positions: in Morocco, Societe Generale Maroc is the No. 3 private bank and in Egypt NSGB is the No. 2 private bank.

In Sub-Saharan Africa and French Overseas Territories, the Group's presence was initially built around the entities in Senegal and Cote d'Ivoire (1962), followed by those in New Caledonia and Polynesia (1971-1973). In 1998, it was extended to Burkina Faso, Equatorial Guinea followed by Madagascar (1999), Chad (1999), Benin (2002), Ghana (2003) and then in 2007 by Mauritania. Outstanding deposits in this region total EUR 6.4 billion and outstanding loans EUR 6.5 billion.

Innovation is at the heart of Societe Generale's commercial policy in this region with, in particular, the launch of a flagship product in 2010 at SGBS in Senegal, a mobile phone payment service with the security of a bank transaction, aimed at people with or without a bank account. This product will be offered in a total of eight countries by 2012.

In line with its policy of investing in high-potential regions, the Group has turned its attention to Asia since 2008. After acquiring 15% of the capital of Vietnamese bank Seabank in August 2008, which was increased to 20% in December 2008, it obtained the status of a local player on the Chinese market. In September 2009, International Retail Banking extended its operations in India following the upturn in Corporate and Investment Banking activities.

Corporate and Investment Banking

Societe Generale Corporate and Investment Banking (SG CIB), with around 12,000 employees in 33 countries, is present on the main financial markets in the regions where the Group operates, with extensive European coverage and operations in the Central and Eastern Europe, Middle East and Africa, Americas and Asia-Pacific zones. It offers its clients 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 (businesses, financial institutions and the public sector), bespoke fund-raising, financing or hedging solutions, as well as strategic advisory services and special market access;
- SG CIB offers **investors,** which include asset managers, pension funds, family offices, hedge funds, sovereign funds, banks, insurance companies, distributors and individual customers, global access to the equity, fixed income, credit, forex, commodity and alternative investment markets and a unique range of cross-asset solutions and advisory services, based on top market expertise.

The business line's ambition is to be among the leading European corporate and investment banks, based on a balanced model between businesses and regions, while at the same time pursuing the transformation of 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 order to strengthen its positions and facilitate cross-selling, SG CIB is organised around two divisions:

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

During 2010, SG CIB gradually implemented the Resolution project to optimise the Resource management structure, based primarily on process industrialisation and increased coordination between the front and back offices. The aim is to improve operating efficiency (reducing operating risks, supporting of the activity's development and enhancing customer service).

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. These solutions take the form of simple transactions or structured deals for more complex arrangements.

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 on 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 its clients. Once again this year, SG CIB was named "Equity Derivatives House of the Year" (*Risk Magazine*, January 2011) and "Global Provider in Equity Derivatives" (*Risk Interdealer Rankings,* September 2010). SG CIB's leadership position in this field is also illustrated by its top ranking in flow activities: with a market share amounting to 12.4% at end-2010, the bank is global No. 1 for warrants. It has also maintained its No. 2 ranking on the European ETF (Exchange Traded Funds) market, with a market share of 20.3%.
- **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. In 2010, Lyxor was awarded the titles "Best Managed Account Platform" (*HedgeWeek Awards*, March 2010) and "#1 Global ETF Service Provider" (*Risk Magazine Institutional Investors,* June 2010). As part of the reorganisation of the activities of Private Banking, Global Investment Management and Services, SGAM Alternative Investments' structured, index-fund and alternative management activities were transferred to Lyxor at the beginning of 2010. At December 31, 2010, the assets managed by Lyxor amounted to EUR 96.1 billion.

FIXED INCOME, CURRENCIES AND COMMODITIES

Fixed income activities cover an exhaustive range of products and services ensuring the liquidity, pricing and hedging of risks relating 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 US 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 management, risk management and revenue optimisation needs. SG CIB's expertise has also been regularly recognised in this field. For the third time in four years, SG CIB was ranked No. 1 in "Repurchase Agreements -Euro" (*Risk Interdealer Rankings,* September 2010).
- **Commodities:** for more than 20 years, SG CIB has been a major player on the commodities market, both for energy (oil, natural gas, coal, Liquefied Natural Gas, etc.) and metals (base and precious metals). In 2010, GDF Suez and SG CIB decided to terminate the Gaselys joint venture in order to pursue their gas and electricity trading activity separately. However, SG CIB continues to develop in order to offer its clients a comprehensive energy market offering, through combined gas, electricity, coal and oil solutions, as testified by the recent acquisition of part of the North-American RBS Sempra infrastructure and teams. As a category 1 member of the London Metal Exchange, SG CIB also offers clearing and execution services for futures and options contracts. In 2010, SG CIB was named "Oil & Products House of the Year" by *Energy Risk* magazine.

It is in this new environment that SG CIB pursues its development and formed a **Cross-Asset research** team, made up of analysts all over the world, which produces many themed and multi-product analyses covering all asset classes. These analyses, which help to interpret market trends and translate them into strategies, are an excellent decision-making tool for investors, and as such regularly receive awards. In 2010, Societe Generale was named "*Best Natural Gas Storage Forecaster in North America"* in Cross-Asset Research.

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, global, tailor-made approach based on:

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

In 2010, SG CIB was awarded the title “France M&A Advisor of the year” (*Acquisitions Monthly,* December 2010).

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 fixed income, foreign exchange and inflation risks.

The debt and equity fund-raising solutions provided 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 capital market expertise has given it a leading position on the equity capital markets (No. 1 in “equity, equity-related issues in France” according to *Thomson Reuters*, December 2010).

SG CIB offers its clients the benefit of its structured financing expertise in many sectors (export, real estate and the hotel industry, infrastructures and assets, natural and energy resources), a service that is globally recognised.

In 2010, *Trade Finance* magazine awarded SG CIB the title “Best Global Export Finance Arranger” for the 9th year running, the title “Best Commodity Finance Bank” for the 2nd year running, as well as the title “Best Energy Finance Bank”.

Legacy assets

Some assets made illiquid as a result of the credit crisis, because of their nature (CDOs of RMBS’, RMBS’, CMBS’ and other European, US or Australian ABS’) 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 grouped together and entrusted to a dedicated team, responsible for managing them until they are extinguished. This team implements diversified strategies (selling, portfolio restructuring, setting up of 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 interactions between the Corporate and Investment Banking, Risk and Finance Divisions. To facilitate the reading and understanding of Corporate and Investment Banking’s performances, the income generated from these legacy assets are now disclosed separately from the revenues of core activities.

Specialised Financial Services and Insurance

The Specialised Financial Services and Insurance division manages and develops a portfolio of financing activities and services in France and abroad for individual customers and businesses. It operates in 46 countries and employs around 30,000 people. Europe is the main base of its activity (91% of outstanding loans) where it holds strong positions.

Specialised Financial Services and Insurance are specialist businesses that complement universal banking, with which they exploit numerous synergies, while diversifying their distribution networks, particularly through partnerships and business introducers.

The outstandings managed by the division amounted to EUR 50 billion at end-2010.

Consumer finance (SGCF)

Societe Generale Consumer Finance manages the consumer finance activities: vehicle finance via car dealers and in-store finance, direct financial solutions for individual customers (via point of sale networks, business introducers or via the use of customer prospect databases), management services for partner banking networks.

SGCF is present in 25 countries, with around 21,000 employees. It is ranked No. 3 in France through its long-standing subsidiaries CGI and Franfinance. In terms of auto financing, SGCF continued to develop its competitive positioning and strengthened its relations with its auto manufacturer partners.

Societe Generale Consumer Finance continued to transform its operating infrastructure with a specific strategy for the setting up of operations adapted to each of its markets.

Vendor and equipment finance (SGEF)

European market leader SG Equipment Finance specialises in vendor and equipment finance for major business equipment manufacturers and distributors. Its expertise covers three key sectors: transport, industrial equipment and high-tech products.

SGEF operates in 25 countries, employs 3,000 people and manages a portfolio worth EUR 23 billion, with customers ranging from major international companies to SMEs, combined with a varied range of products (finance lease, credit, leasing, debt buyback, etc.) and services (insurance, truck leasing with services).

In 2010, SG Equipment Finance received the *Leasing Life* magazine award in the "European Lessor of the Year" and "Vendor Finance Provider of the Year" categories.

Operational vehicle leasing and fleet management

ALD Automotive specialises in operational vehicle leasing and fleet management for business customers, whether they are Multinationals, Large Corporates or local SMEs. This global vehicule fleet management method meets the growing wishes of companies to outsource service management.

ALD Automotive operates in 38 countries on four continents. For several years, ALD Automotive has been the European No. 2 and the global No. 3. At end-2010, it managed a fleet of 841,000 vehicles, including 632,000 under operational lease.

In 2010, ALD Automotive enhanced its "Bluefleet" offering for sustainable mobility solutions by creating ALD Sharing, its innovative car-sharing solution dedicated to the corporate sector.

In line with the Group's culture of innovation, ALD Automotive Maroc also launched "ALD PRO'PME" in 2010. This solution is designed specifically for SME and self-employed customers.

Moreover, in October 2010, ALD Automotive France was voted "Customer Service Provider of the Year" in the operational vehicle leasing category for the third year running (*BVA – Viséo Conseil* survey conducted between May and July 2010).

Insurance

The Insurance business (Societe Generale Insurance) encompasses all the Group's life and non-life insurance companies. Its products (savings, pensions, personal protection insurance, borrower's insurance, auto insurance, comprehensive home insurance, etc.) are mainly marketed by Societe Generale Group networks in France and abroad, as well as by Private Banking.

The business employs 1,700 people and manages more than 14 million policies. With operations in 16 countries, Societe Generale Insurance is ranked No. 4 bank insurer for life/non-life insurance in France, No. 2 life insurer in the Czech Republic and No. 3 life insurer in Morocco.

In February 2010, Societe Generale acquired the 35% stake in Sogessur (the Group's non-life insurance company) held by Aviva. The company is now wholly owned by Societe Generale. Accordingly, the Group continues to pursue its strategy of providing an in-house insurance activity for its customers.

In 2010, Societe Generale Insurance continued to pursue its strategy to develop its bankassurance activities, in France and abroad, especially in Russia which is expected to become its second domestic market.

IT asset leasing and management (ECS)

Societe Generale sold ECS to Econocom in October 2010. As a result, Societe Generale has become a shareholder of Econocom with a 10.4% stake. The Group remains a special partner of the new entity through the implementation of a multi-annual partnership agreement, covering the business provided by the Societe Generale network and the refinancing of the leasing activity by SG Equipment Finance.

Private Banking, Global Investment Management and Services

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

At end-2010, the division's outstanding assets under management totalled EUR 171.5 billion, without taking into account the assets managed by Lyxor Asset Management (a subsidiary consolidated within Corporate and Investment Banking's Global Markets business line), or the client assets managed directly by the French Networks. Assets under custody continued to grow, amounting to EUR 3,362 billion, thus strengthenging the Group's No. 2 ranking among European custodians. The division's income amounted to EUR 2,270 million in 2010.

Private Banking

The Societe Generale Group's private banking business employs 2,800 people, working in 21 countries, and had EUR 84.5 billion assets under management at December 31, 2010. It offers a comprehensive range of financial services suited to the specific needs of business people and individual clients, with a financial net worth of more than EUR 1 million.

Thanks to an integrated business model, the range of investment products is suited to an extensive client portfolio with a wide variety of profiles and expectations. Private bankers define tailor-made asset management solutions (tax advisory services, trust services, etc.) for each client. These solutions are based on strategies established by the international product centres of expertise and a wide choice of investment solutions from an extensive range of markets and asset classes: investment funds, hedge funds, structured products, private equity and real estate. The client range is regularly enhanced to keep pace with changes in the expectations of Societe Generale Private Banking's clients.

In an effort to ensure greater proximity to the client, the wealth management structure has been reinforced. Two new regional centres dedicated to CEOs and high net worth individuals have been opened. The range of financial services has been further adapted to the needs of each client by capitalising on recognised advisory and wealth planning expertise. Accordingly, professionals receive assistance with company disposal procedures and high net worth clients with a wide range of investment solutions.

Already present in Abu Dhabi and Dubai under the Societe Generale Private Banking brand name, and in Bahrain under the Societe Generale Wealth Management brand name, Societe Generale Private Banking has supplemented its operations dedicated to Middle Eastern clients by opening a dedicated department in Geneva.

Its teams' know-how and expertise make Societe Generale Private Banking a major, globally recognised wealth management player, as testified by the awards of "Best Private Bank Worldwide for its offer in structured products" and "Best Private Bank for its equity derivatives offering" received from *Euromoney* magazine in 2010.

At December 31, 2010, the Private Banking business line reported income of EUR 699 million for 2010.

Asset Management

The Asset Management function within Societe Generale is carried out via two major players:

- Amundi, which is 25%-owned by Societe Generale and 75%-owned by Crédit Agricole S.A.,
- TCW, which consists of Trust Company of the West (80%-owned Group subsidiary) and MetWest (wholly-owned subsidiary of TCW since beginning of 2010).

The business line operates in the world's main investment regions via TCW in the United States and Amundi's extensive operations in Europe and Asia.

Operational since January 1, 2010, Amundi is the result of the merger of the CAAM Group's activities, to which Societe Generale has contributed its fundamental management activities, 20% of TCW and its joint venture in India. Amundi offers a comprehensive range of products, covering all asset classes and the main currencies. It also offers savings solutions catering to the needs of more than 100 million individual clients and devises high-performance, innovative, tailor-made products for institutional clients around the world, suited to their activity and risk profile. Amundi enjoys the support of two powerful banking groups, Crédit Agricole and Societe Generale. It is ranked 3rd in Europe (*IPE Top 400 rankings, published in June 2010)* and among the top 10 global asset management players with more than EUR 689.5 billion assets under management.

TCW and MetWest boast a wide range of innovative, high value-added investment products. The consolidation of US asset manager MetWest (wholly-owned subsidiary of TCW) has helped supplement the product offering in some high-potential bond segments and ensure the long-term growth of the US activities. Assets under management totalled EUR 87.0 billion at end-December 2010. The clients of TCW and MetWest consist of major institutional investors, pension funds, financial institutions, US foundations, as well as a substantial number of foreign investors and high net worth individuals. In 2010, seven funds boasted 5-star Morningstar ratings, including the "US Fixed Income Total Return Bond" funds of TCW and MetWest, with assets under management of EUR 3.8 billion and EUR 8.7 billion respectively.

Securities Services and Online Savings

SECURITIES BUSINESS

Societe Generale Securities Services (SGSS) operates in 28 countries around the world and employs more than 4,000 people. It offers a comprehensive range of services adapted to the latest developments in the financial markets and regulatory changes, including:

- **clearing services,** an activity combining the sophisticated and flexible management of securities back-office sub-contracting solutions with a clearing service range that leads the market and is adapted to the latest changes in the sector;
- the **custody** and **depositary 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;

- **fund administration** services and **asset servicing** manage the valuation and middle office operations for complex derivative products (OTC and structured), and the calculation of 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, employee share ownership plans or free share plans, the management of nominative accounts, financial services, the organisation of annual general meetings;
- **liquidity management** (cash and securities) services provide flow optimisation solutions ranging from securities lending/borrowing to the hedging of forex risk;
- **transfer agent** activities.

With EUR 3,362 billion assets under custody at end-December 2010, SGSS is the 7th global custodian and is ranked 2nd in Europe. It also offers its depositary services to 2,902 mutual funds and provides the valuation of 4,413 mutual funds accounting for EUR 455 billion assets under administration. SGSS manages and values 35,000 positions on complex products and is among the European leaders for the management of stock option plans.

SGSS provided further evidence of the expertise of its teams and its ability to implement innovative projects, having been named "Custodian of the Year in France" by the magazine *ICFA* (International Custody & Fund Administration) and "European Securities Services Provider" for the second year running by *Financial-i* magazine. This award, which highlights the 200 mandates that SGSS won around the world in 2010, was also supplemented by six awards given by the magazine Global Custodian.

DERIVATIVES BROKERAGE

Newedge, a 50/50 joint venture between Societe Generale and Crédit Agricole CIB, combines the knowledge and experience of two brokerage activities, Fimat and Calyon Financial. Newedge offers its clients an extensive and innovative range of clearing and execution services for listed derivative contracts (in financial instruments and commodities) and OTC contracts (OTC interest rate, foreign exchange, equity, index and commodity derivatives).

With a strong presence in North America, Europe and Asia, Newedge offers its clients a single point of entry for access to more than 70 financial markets worldwide. This large international presence allows Newedge to handle substantial volumes: in 2010, 1,812 billion deals were executed and 1,670 billion contracts were cleared.

The leading player in the US market, with a market share of 12.1%, and the No. 1 Futures Commission Merchant in the United States, Newedge has maintained its leadership position in the derivatives clearing and execution market.

3 THE COMPANY AND ITS SHAREHOLDERS

2010 KEY FIGURES

	2010 (1)	2009 (1)	2008 (1)	2007	2006
Results *(In millions of euros)*					
Net Banking Income	26,418	21,730	21,866	21,923	22,417
Operating income excluding net loss on unauthorized and concealed trading activities	5,713	116	3,683	6,713	8,035
Operating income including net loss on unauthorized and concealed trading activities				1,802	
Net income before non-controlling interests	4,302	1,108	2,773	1,604	5,785
Net income	3,917	678	2,010	947	5,221
French Networks	*1,233*	*1,007*	*1,287*	*1,375*	*1,344*
International Retail Banking	*492*	*459*	*633*	*686*	*471*
Specialised Financial Services and Insurance	*343*	*26*	*469*	*600*	*521*
Private Banking, Global Investment Management and Services	*289*	*201*	*329*	*652*	*577*
Corporate and Investment Banking	*1,730*	*663*	*(2,062)*	*(2,221)*	*2,340*
Corporate Center and other	*(170)*	*(1,678)*	*1,354*	*(145)*	*(32)*
Activity *(in billions of euros)*					
Total assets and liabilities	1,132.1	1,023.7	1,130.0	1,071.8	956.8
Customer loans	371.8	344.4	354.6	305.2	263.5
Customer deposits	337.4	300.1	282.5	270.7	267.4
Assets under management (2)	172 (3)	344	336	435	422
Equity *(in billions of euros)*					
Group shareholders' equity	46.4	42.2	36.1	27.2	29.1
Total consolidated equity	51.0	46.8	40.9	31.3	33.4
Average headcount (4)	160,704	160,144	160,430	130,100	115,134

2006-2007: Basel 1
2008-2010: Basel 2
(1) Changes in 2008, 2009 and 2010:
- *All of the results of the core businesses presented above have been established taking into account a normative capital allocation corresponding to 7% of the Basel 2 risk-weighted assets at the beginning of the period (vs. previously 6% of average risk-weighted assets for the period), supplemented by the additional consumption of prudential capital generated by each core business (deductions impacting Basel 2 Tier 1 capital) and, if necessary, requirements specific to the insurance activities.*
- *Boursorama previously presented in the Private Banking, Global Investment Management and Services division is now included in the French Networks.*
- *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.*
- *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.*

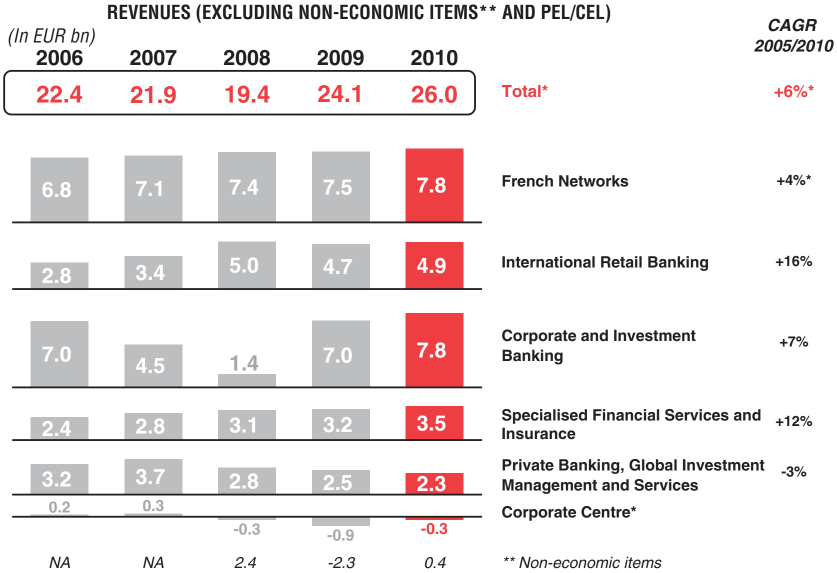
(2) Excluding assets managed by Lyxor
(3) Excluding assets managed by Lyxor and Amundi
(4) Including temporary staff

REVENUES (EXCLUDING NON-ECONOMIC ITEMS AND PEL/CEL)**

Return to sustainable growth

Well-managed risk profile

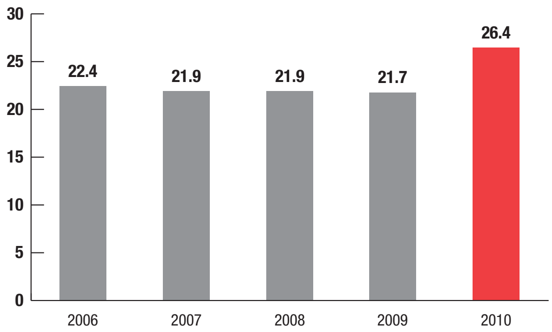
Improved operational efficiency



* Excluding non-economic items and PEL/CEL
** Revaluation of credit derivatives used to hedge corporate credit portfolios and debts linked to own credit risk

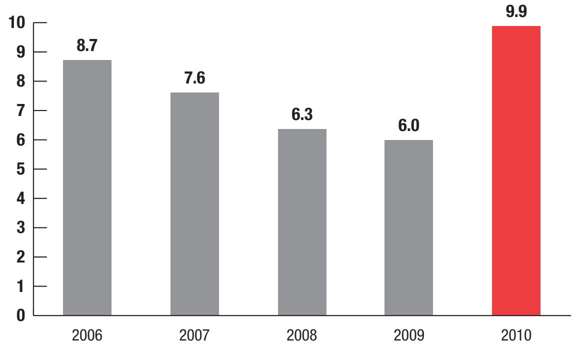
NET BANKING INCOME

(In billions of euros)



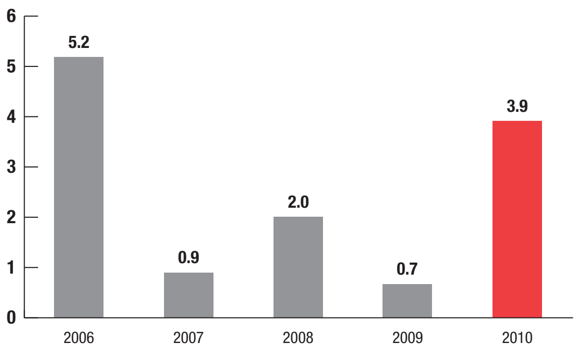
GROSS OPERATING INCOME

(In billions of euros)



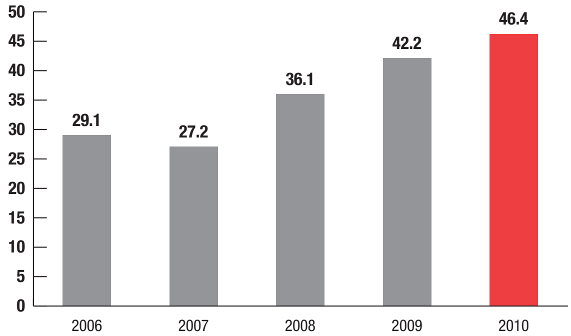
GROUP NET INCOME

(In billions of euros)



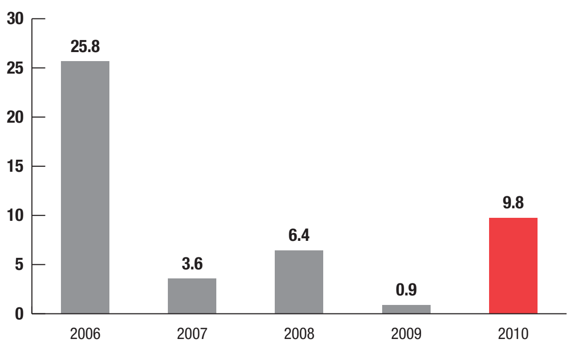
GROUP SHAREHOLDER'S EQUITY

(In billions of euros)



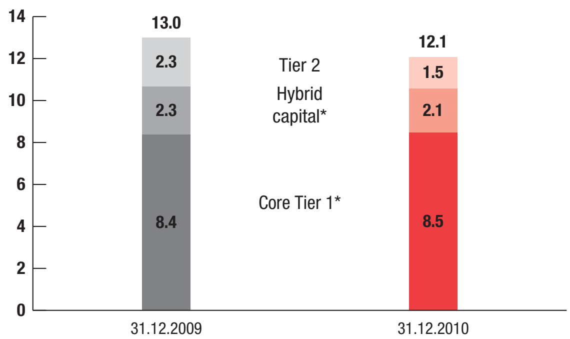
ROE AFTER TAX(1)

(In %)



B.I.S. RATIO (2)

(In %)



**For further details, see the section of Chapter 9 dedicated to regulatory ratios on page 216.*

2006-2007: Basel 1

2008-2010: Basel 2

(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 2010 (the Basel 2 requirement cannot be lower than 80% of CAD requirements).

THE SOCIETE GENERALE SHARE

Stock market performance

Societe Generale's share price fell by 17.8% in 2010, closing at EUR 40.22 at December 31. This performance can be compared over the same period to a decline of 26.9% for the euro zone bank index (DJ EURO STOXX BANK) and 3.3% for the CAC 40.

At December 31, 2010, the Societe Generale Group's market capitalisation stood at EUR 30.0 billion, ranking it 12th among CAC 40 stocks (11th at December 31, 2009), 8th in terms of free float (7th at December 31, 2009) and 5th among euro zone banks (6th at December 31, 2009).

The market for the Group's shares remained highly liquid in 2010, with an average daily trading volume on the CAC 40 of EUR 193 million, representing a daily capital rotation ratio of 0.64% (versus 0.61% in 2009). 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) programme.

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, 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, 2010.

Duration of shareholding	Date	Cumulative total return *	Annualised average total return *
Since privatisation	July 8, 1987	+601.5%	+8.6%
15 years	December 31, 1995	+239.4%	+8.5%
10 years	December 31, 2000	-1.0%	-0.1%
5 years	December 31, 2005	-50.3%	-13.0%
4 years	December 31, 2006	-61.6%	-21.3%
3 years	December 31, 2007	-51.8%	-21.6%
2 years	December 31, 2008	+22.3%	+10.6%
1 year	December 31, 2009	-17.2%	-17.2%

Source: Datastream

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

Dividend history

	2010	2009	2008	2007	2006
Net dividend (in euros) *	1.75 (1)	0.25 (2)	1.20 (2)	0.90	5.20
Payout ratio (%) (3)	35.3	55.6	35.5	45.8	42.2
Net yield (%) (4)	4.4	0.5	3.3	0.9	4.0

** In accordance with IAS 33, per share data relating to periods preceding the capital increases that occurred in Q4 2006, Q1 2008 and Q4 2009 have been adjusted for the ratios published by Euronext. The adjusted dividends amounted to EUR 1.14 in 2008, EUR 0.80 in 2007 and EUR 4.61 in 2006.*

(1) Amount and option of payment in new shares will be submitted to the General Meeting.

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

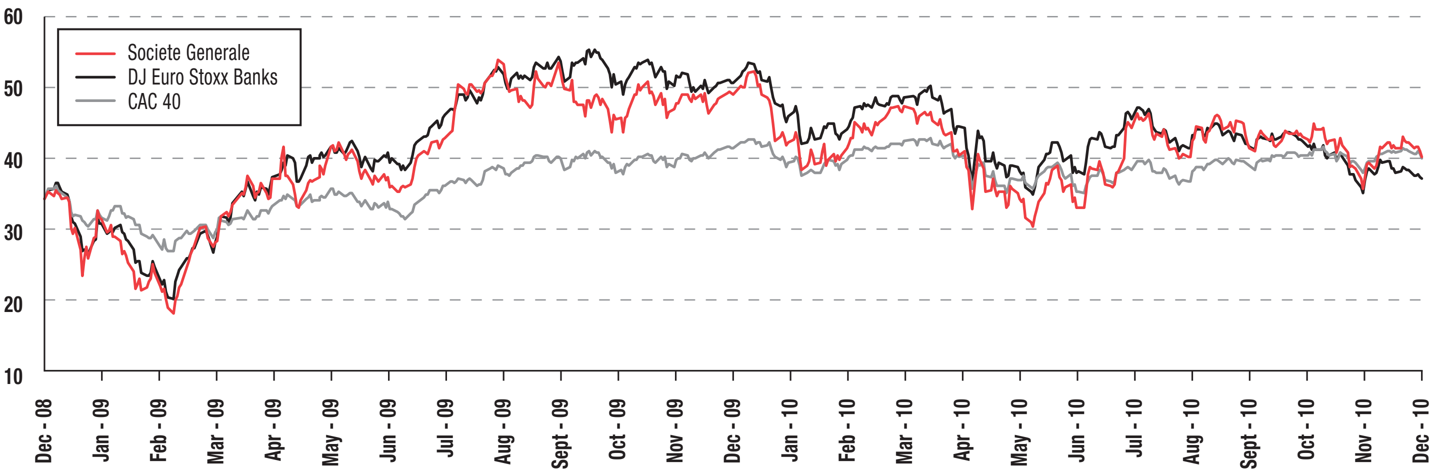
(3) Net dividend/earnings per share.

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

Stock market data	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Share capital (number of outstanding shares)	746,421,631	739,806,265	580,727,244	466,582,593	461,424,562
Market capitalisation (in billions of euros)	30.0	36.2	20.9	46.2	59.3
Earnings per share (in euros) *	4.96	0.45	3.20	1.75	10.94
Book value per share at year-end (in euros) *	54.0	48.9	49.6	50.0	56.5
Share price (in euros) * high	52.2	53.8	87.8	140.6	119.9
low	30.3	18.0	26.1	83.3	89.5
closing	40.2	49.0	34.1	87.8	114.1

** In accordance with IAS 33, per share data relating to periods preceding the capital increases that occurred in Q4 2006, Q1 2008 and Q4 2009 have been adjusted for the ratios published by Euronext.*

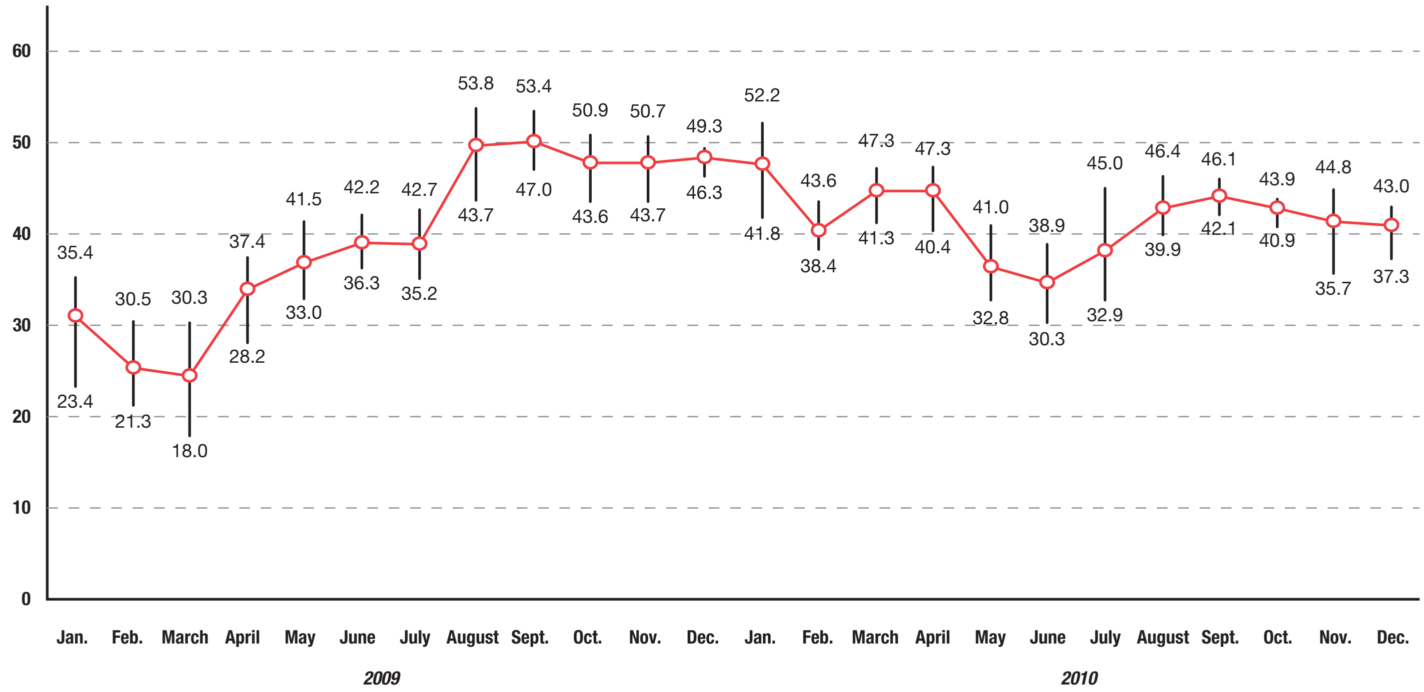
SHARE PERFORMANCE * (BASE: SOCIETE GENERALE SHARE PRICE AS OF DECEMBER 31, 2008)



Source: Datastream

** Historical series adjusted for the impact of the capital increase carried out in Q4 2009.*

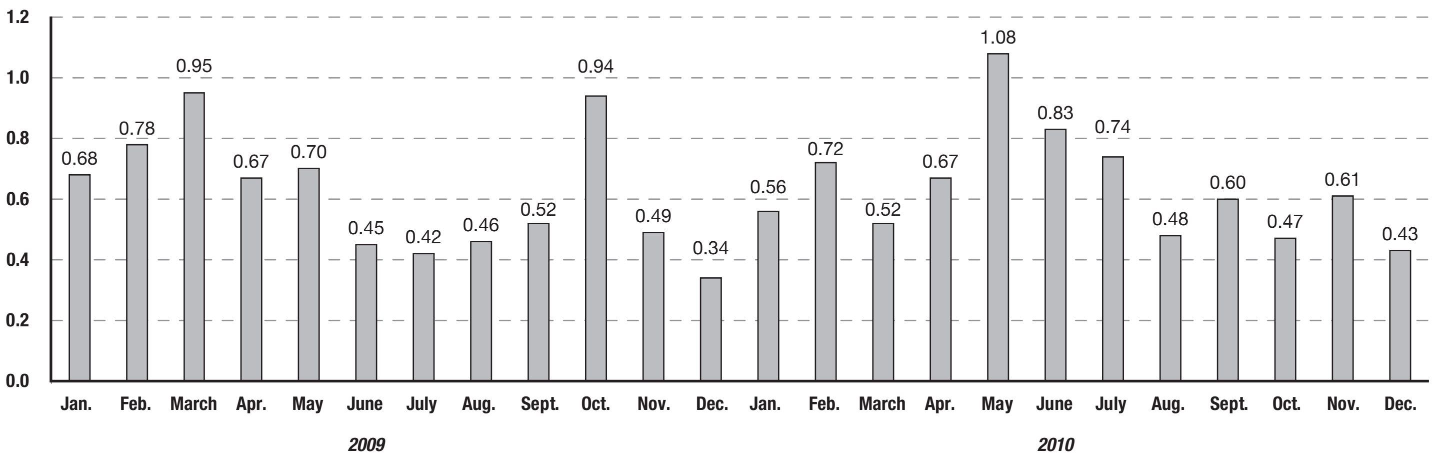
MONTHLY CHANGE IN SHARE PRICE (AVERAGE MONTHLY PRICE IN EUROS) *



Source: Datastream

* *Historical series adjusted for the impact of the capital increase carried out in Q4 2009.*

TRADING VOLUMES (AVERAGE DAILY TRADED VOLUME AS % OF CAPITAL **)



Source: Datastream

** *Share capital excluding preference shares.*

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 (%)
Options exercised from October 27 to December 31, 2006	December 31, 2006 recorded on Jan. 11, 2007	+395,846	461,424,562	576,780,702.50	+0.08
Options exercised (1st half 2007) and Increase through 2007 Company Savings Plan	July 11, 2007	+261,414 +4,578,835	466,264,811	582,831,013.75	+1.05
Exercise of stock options (2nd half 2007)	December 31, 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	622,772,289 divided into 582,727,244 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	+0.57

Share capital

At December 31, 2010, Societe Generale's paid-up share capital amounted to EUR 933,027,038.75 and comprised 746,421,631 shares with a nominal value of EUR 1.25 per share, all eligible for dividends paid out of income earned from January 1, 2010.

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

The increase by 6,615,366 shares in 2010 included:

- the issue of 2,323,887 shares following the distribution of dividends in shares in June 2010;
- the issue of 4,291,479 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 25, 2010 authorised the Company to buy or sell its own shares with a view to cancelling bought-back shares, granting, honouring or covering stock options, otherwise allocating shares or making any other form of allocation to employees and Chief Executive Officers of the Group, granting shares when rights attached to convertible securities are exercised, holding and subsequently using shares in exchange or as payment for acquisitions and continuing a liquidity contract.

Overall, Societe Generale bought back 2,877,452 ordinary shares in 2010 worth EUR 126,449,312.48 and sold or transferred 2,534,426 shares with a total disposal value of EUR 36,736,413.29.

The 2,877,452 shares in question were bought back to be redistributed to employees for the purposes of covering the free share allocation plans.

The total transaction cost of the buybacks was EUR 62,407.64.

From January 1, 2010 to December 31, 2010

	Purchases			Disposals / Exercise of stock options				
	Number		Purchase price	Number		Purchase price		Disposal / strike price
Cancellation	0	-	0.00					
Acquisitions	0	-	0.00					
Allocation to employees	2,877,452	43.94	126,449,312.48	2,534,426	78.11	197,974,362.93	14.49	36,736,413.29
Total	**2,877,452**	**43.94**	**126,449,312.48**	**2,534,426**	**78.11**	**197,974,362.93**	**14.49**	**36,736,413.29**

From January 1, 2011 to February 15, 2011, Societe Generale did not buy back any of its own shares on the market.

Share buybacks and treasury shares

At December 31, 2010, the Societe Generale Group held 12,319,647 shares under its share buyback programme, representing 1.65% of its capital, and 8,987,016 treasury shares, representing 1.20% of its capital. In total, the Group holds 21,306,663 of its own shares either directly or indirectly (excluding shares held under trading operations), with a net book value of EUR 869,030,371.50 and a nominal value of EUR 26,633,328.75. Of this total, 12,319,647 shares, with a market value of EUR 736,553,371.50, have been allocated to cover stock options and free shares granted to employees.

VALUE OF TREASURY SHARES AND BUYBACKS AT DECEMBER 31, 2010

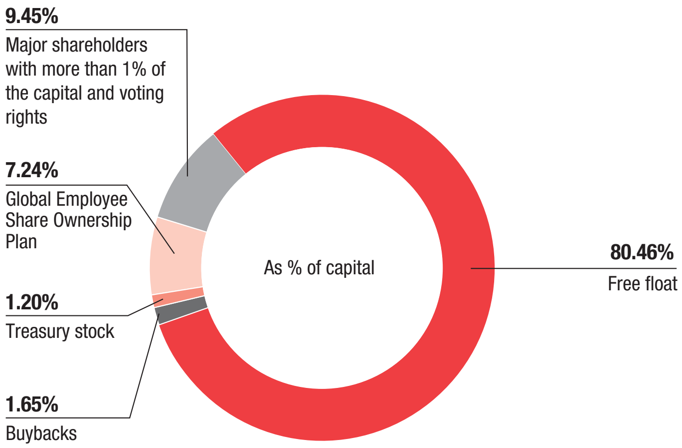
Percentage of capital held directly or indirectly	**2.85% ***
Number of shares cancelled over the last 24 months	0
Number of shares held directly	12,319,647
Net book value of shares held directly	EUR 736,553,371.51
Market value of shares held directly	EUR 495,496,202.54

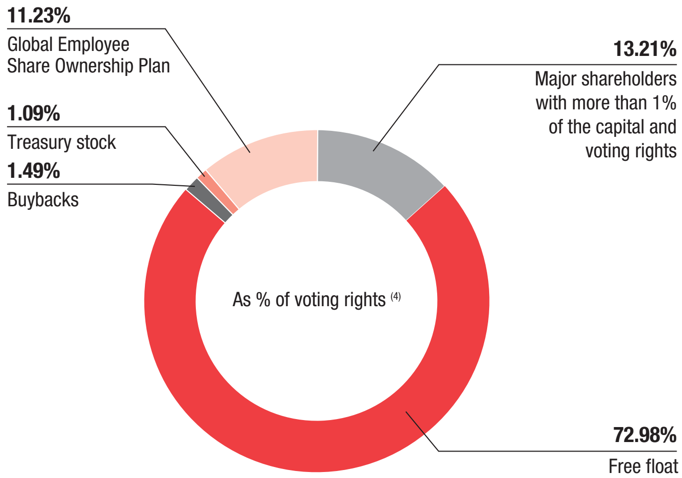
* *3.86% including the 7.5 million shares set aside for the coverage of the 2005, 2006 and 2007 stock option plans.*

At December 31, 2010	Number of shares	Nominal value (in euros)	Book value (in euros)
Societe Generale	12,319,647	15,399,559	736,553,372
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	**21,306,663**	**26,633,329**	**873,128,372**

Breakdown of capital and voting rights (1) over 3 years

	At December 31, 2010 (2)			At December 31, 2009			At December 31, 2008		
	Number of shares	% of capital	% of voting rights (4)	Number of shares	% of capital	% of voting rights (4)	Number of shares	% of capital	% of voting rights (4)
Global Employee Share Ownership Plan	54,025,794	7.24%	11.23%	52,775,654	7.13%	10.46%	41,219,452	7.10%	10.91%
Major shareholders with more than 1% of the capital and voting rights	70,506,939	9.45%	13.21%	67,824,045	9.17%	12.32%	62,303,884	10.73%	14.71%
Groupama	*31,719,974*	*4.25%*	*6.32%*	*31,338,265*	*4.24%*	*5.55%*	*23,831,529*	*4.10%*	*5.78%*
CDC	*16,797,614*	*2.25%*	*2.72%*	*16,754,025*	*2.26%*	*2.78%*	*14,253,665*	*2.45%*	*3.09%*
Meiji Yasuda Life Insurance Cy	*11,069,312*	*1.48%*	*2.67%*	*11,069,312*	*1.50%*	*2.74%*	*11,069,312*	*1.91%*	*3.43%*
CNP	*10,920,039*	*1.46%*	*1.49%*	*8,662,443*	*1.17%*	*1.25%*	*6,805,811*	*1.17%*	*1.28%*
Fondazione CRT	(3)	(3)	(3)	(3)	(3)	(3)	*6,343,567*	*1.09%*	*1.12%*
Free float	600,582,235	80.46%	72.98%	598,242,929	80.87%	74.63%	457,213,306	78.73%	71.27%
Buybacks	12,319,647	1.65%	1.49%	11,976,621	1.62%	1.48%	11,003,586	1.89%	1.71%
Treasury stock	8,987,016	1.20%	1.09%	8,987,016	1.21%	1.11%	8,987,016	1.55%	1.39%
Total		**100.00%**	**100.00%**		**100.00%**	**100.00%**		**100.00%**	**100.00%**
Number of outstanding shares		746,421,631	827,921,887		739,806,265	807,180,185		580,727,244	644,824,914





(1) Including double voting rights (article 14 of Societe Generale's by-laws).

(2) At December 31, 2010, the share of European Economic Area shareholders in the capital is estimated at 45.7%.

(3) Shareholder with less than 1% of the capital and voting rights.

(4) 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.

NB: The Group's by-laws stipulate that shareholders are obliged to notify the company whenever their holding of capital or voting rights exceeds an additional 0.5%, and as soon as the threshold of holding 1.5% of capital or voting rights is exceeded. At end-December, 2010, 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, 2010. However, at December 31, 2010, Santander Central Hispano no longer held any Societe Generale 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 2010 and early 2011" 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 2010 and early 2011 (up to February 15, 2011)

Type of authorisation	Purpose of authorisation granted to the Board of Directors	Period of validity	Limit	Use in 2010	Use in 2011 (up to February 15)
Share buybacks	Authorisation to buy Societe Generale shares	**Granted by**: AGM of May 19, 2009, under its 13th resolution **For a period of**: 18 months **Start date**: May 25, 2009 **Early termination**: May 26, 2010	10% of capital at the date of the purchase	Repurchase of 2,877,452 shares *, i.e. 0.38% of capital at Dec. 31, 2010 **of which 15,586 shares from the expiry of an option at August 31, 2010*	NA
		Granted by: AGM of May 25, 2010, under its 15th resolution **For a period of**: 18 months **Start date**: May 26, 2010 **Expiry date**: Nov. 25, 2011	10% of capital at the date of the purchase	None	None
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 27, 2008, under its 10th resolution **Amended by**: AGM of May 19, 2009, under its 18th resolution **For a period of**: 26 months **Early termination**: May 25, 2010	Nominal EUR 360 million for shares, *i.e. 49.6% 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 10 to 16 of the AGM of May 27, 2008* *This limit was increased from EUR 220 million to EUR 360 million under the 18th resolution approved at the AGM of May 19, 2009*	None	NA
		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 27, 2008, under its 10th resolution **For a period of**: 26 months **Early termination**: May 25, 2010	Nominal EUR 550 million, *i.e. 75.4% of capital on the date the authorisation was granted*	None	NA
		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

Type of authorisation	Purpose of authorisation granted to the Board of Directors	Period of validity	Limit	Use in 2010	Use in 2011 (up to February 15)
	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 27, 2008, under its 11th resolution **For a period of**: 26 months **Early termination**: May 25, 2010	Nominal EUR 100 million for shares, *i.e. 13.7% 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 of resolution 10, and include those set in resolutions 12 to 16 of the AGM of May 27, 2008*	None	NA
		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
	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 27, 2008, under its 12th resolution **For a period of**: 26 months **Early termination**: May 25, 2010	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 10 and 11 of the AGM of May 27, 2008*	None	NA
		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 27, 2008, under its 13th resolution **For a period of:** 26 months **Early termination:** May 25, 2010	10% of capital *Note: this limit is included in those set under resolutions 10 and 11 of the AGM of May 27, 2008*	None	NA
		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

Type of authorisation	Purpose of authorisation granted to the Board of Directors	Period of validity	Limit	Use in 2010	Use in 2011 (up to February 15)
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 General Company or Group Savings Plan	**Granted by**: AGM of May 19, 2009, under its 17th resolution **For a period of**: 14 months **Early termination**: May 25, 2010	1.75% of capital on the date the authorisation was granted *Note: this limit is included in those set under resolutions 10 and 11 of the AGM of May 27, 2008*	4,291,479 shares issued, i.e. 0.6% of capital on the date of the operation	NA
		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	None	Transaction decided in principle by the Board on Feb. 15, 2011
	Authorisation to grant share subscription or purchase options to employees and Chief Executive Officers of the Company	**Granted by**: AGM of May 27, 2008, under its 15th resolution **For a period of**: 26 months **Expiry date**: May 25, 2010	4% of capital on the date the authorisation was granted *Note: this limit includes the allocation of free shares and is included in those set under resolutions 10 and 11 of the AGM of May 27, 2008* *0.20% of capital for Chief Executive Officers* *Note: this limit is included in the 4% limit set under resolution 15 of the AGM of May 27, 2008*	1,000,000 subscription options granted, i.e. 0.13% of capital on the date of the operation	NA
		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	On the agenda of the Board meeting of March 7, 2011
	Authorisation to grant free existing or new shares to employees and Chief Executive Officers	**Granted by**: AGM of May 27, 2008, under its 16th resolution **For a period of**: 26 months **Early termination**: May 25, 2010	2% of capital at the date on which the authorisation was granted. *Note: this limit is included in the limit set under resolution 15 and those provided for under resolutions 10 and 11 of the AGM of May 27, 2008*	4,200,000 shares allocated, i.e. 0.56% of capital on the date of allocation	NA

Type of authorisation	Purpose of authorisation granted to the Board of Directors	Period of validity	Limit	Use in 2010	Use in 2011 (up to February 15)
		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*	5,400,000 shares allocated, i.e. 0.73% of capital on the date of allocation	On the agenda of the Board meeting of March 7, 2011
Cancellation of shares	Authorisation to cancel shares as part of a share buyback programme	**Granted by**: AGM of May 27, 2008, under its 17th resolution **For a period of**: 26 months **Expiry date**: May 25, 2010	10% of the total number of shares per 24-month period	None	NA
		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 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 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 746,421,631 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 directive 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 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 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 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 By-laws provides that 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.

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 ACTIVITIES

SIMPLIFIED ORGANISATIONAL CHART AT DECEMBER 31, 2010

Societe Generale Group

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

FRANCE

French Networks

Societe Generale*	
Crédit du Nord Group	100%
Groupe Boursorama	57.8%
Compagnie Générale d'Affacturage	100%
Sogéfinancement	100%
Sogéfimur	100%
Sogelease France	100%
Sogébail	53.9%
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*	59.4%
SG Express Bank *Bulgaria*	99.7%
Komercni Banka A.S. (KB) *Czech Republic*	60.4%
General Bank of Greece *Greece*	88.4%
Banque SG Vostok *Russia*	100%
Ohridska Banka ad Ohrid *Macedonia*	70.0%
SG Banka SRBIJA *Serbia*	100%
Podgoricka Banka *Montenegro*	90.6%
Delta Credit *Russia*	100%
Groupe Rosbank *Russia*	74.9%
SG-Splitska Bank *Croatia*	100%
Bank Republic *Georgia*	81.2%
Mobiasbanca *Moldavia*	79.8%
Banka Societe Generale Albania	85.8%
Komercni Banka Bratislava *Slovakia*	60.4%

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%
Rusfinance *Russia*	100%
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 Banques *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 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	51.2%
SG de Banques en Guinée Equatoriale	52.4%
SG Tchadienne de Banque	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*

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.*

Private Banking, Global Investment Management and Services

Corporate and Investment Banking

	Private Banking	Asset Management	Securities Services & Brokers	Corporate and Investment Banking
FRANCE	► Societe Generale*	► SGAM 100% ► Amundi Group 24.9%	► Societe Generale* ► Newedge Group 50.0% ► Parel 100% ► SGSS France 98.2%	► Societe Generale* ► CALIF 100% ► SG Securities (Paris) SAS 100% ► Lyxor Asset Management 100% ► Orbeo 50.0% ► SG Option Europe 100% ► Societe Generale SCF 100% ► IEC 100%
EUROPE	► 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%		► SGSS Spa *Italy* 100% ► Societe Generale Securities Services UK Ltd *United Kingdom* 100% ► SGSS Deutschland Kapitalanlagegesellschaft mbH *Germany* 100% ► EFS *Luxembourg* 100% ► Newedge Group Branch in London *United Kingdom* ► Societe Generale* Branch in Dublin *Ireland*	► 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		► TCW Group Inc *United States* 100%	► Newedge USA, LLC 50.0% ► Newedge Canada Inc 50.0%	► 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	► SG Private Banking (Japan) Ltd 100%		► Newedge Japan Inc 50.0% ► Newedge Group Hong Kong Branch	► 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, 2010 and comparative information in respect of the 2009 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"*

2010 saw further evidence of the global economic recovery on the back of aggressive fiscal and monetary policies, albeit with marked differences between countries. The markets showed their concern with the budgetary situations of developed countries and governments embarked on measures to reduce their debt and ensure greater coordination of their economic policies to avoid jeopardising growth.

On the regulatory front, the Basel Committee's work, aimed at strengthening the security of the global banking system, led to a number of decisions during 2010 concerning new capital and liquidity management requirements. Resulting far-reaching changes in prudential rules will lead to radical changes in the way banking markets operate, especially in Europe.

Analysis of the consolidated income statement

In this environment, Societe Generale continued to expand its businesses in 2010 and successfully completed the first stage of the Group's transformation project. Under its "Ambition SG 2015" programme, the Group:

- strengthened its core businesses, making a firm choice in favour of a customer-oriented model;
- actively participated in the financing of the economy, exceeding the commitments made to the French public authorities regarding the financing of SMEs;
- initiated substantial investments to transform its operating model, aimed at achieving long-term efficiency gains and improving its medium-term competitiveness;
- optimised its business portfolio, with the sale of its ECS subsidiary specialised in IT leasing, and the strengthening of its retail banking activity in France through the purchase of Société Marseillaise de Crédit;
- continued to improve the risk profile of its market activities by promoting the development of customer-oriented activities and reducing its legacy assets.

(In millions of euros)	2009	2010	Change	
Net banking income	21,730	26,418	+21.6%	+20.1%*
Operating expenses	(15,766)	(16,545)	+4.9%	+4.3%*
Gross operating income	**5,964**	**9,873**	**+65.5%**	**+58.4%***
Net allocation to provisions	(5,848)	(4,160)	-28.9%	-30.8%*
Operating income	**116**	**5,713**	**x49.2**	**x24.0***
Net income from other assets	711	11	-98.5%	
Net income from companies accounted for by the equity method	15	119	x7.9	
Impairment losses on goodwill	(42)	1	NM	
Income tax	308	(1,542)	NM	
Net income before non-controlling interests	1,108	4,302	x3.9	
O.w. non-controlling interests	*430*	*385*	*-10.5%*	
Net income	**678**	**3,917**	**x5.8**	**x4.8***
Cost/income ratio	72.6%	62.6%		
Average allocated capital	30,245	36,642	+21.2%	
ROE after tax	**0.9%**	**9.8%**		
Basel 2 Tier 1 Ratio **	**10.7%**	**10.6%**		

* *When adjusted for changes in Group structure and at constant exchange rates, excluding Asset Management following the creation of Amundi.*
** *Does not reflect additional minimum capital requirements, in 2010 (the Basel 2 requirement cannot be lower than 80% of CAD requirements).*

Net banking income

With revenues of EUR 26.4 billion in 2010, Societe Generale demonstrated its ability to bounce back (+20.1%* vs. 2009) in an environment that continued to be marked by the crisis and major economic and regulatory changes.

- The **French Networks** enjoyed above-target revenue growth (+4.5% [1] vs. 2009, or NBI of EUR 7.8 billion), on the back of their strong commercial dynamism;
- **International Retail Banking** benefited from geographically diversified operations and posted robust revenues that were slightly higher (+0.7%*) than in 2009 at EUR 4.9 billion. The actions undertaken in Russia resulted in the Group's activities in the country returning to a positive contribution at the end of the year, whereas the Romanian and Greek subsidiaries suffered the effects of the recession;

In total, the French Networks and International Retail Banking accounted for nearly 50% of the Group's revenues in 2010.

- **Corporate and Investment Banking,** with revenues up +7.5%* vs. 2009 at EUR 7.8 billion in 2010, demonstrated its ability to deliver consistent results in a mixed environment.

The revenues of core activities were underpinned by a good year in the Financing and Advisory businesses (+3.5%* vs. 2009). However, the revenues for *Global Markets* activities, down -32.9%* vs. 2009, were adversely affected by a sluggish environment in 2010, especially for flow activities (sovereign debt crises, market volatility). Structured products activities extended their franchise to the structuring of interest rate and forex solutions.

Corporate and Investment Banking's legacy assets made a slightly positive contribution to 2010 NBI (EUR 71 million), after a negative contribution of EUR 2.8 billion in 2009.

- **Specialised Financial Services and Insurance** saw its revenues improve by +7.8%* vs. 2009 to EUR 3.5 billion on the back of strong growth in corporate financing, the recovery of Consumer Finance activities (particularly auto financing) and a record net inflow for the Insurance businesses. Vehicle leasing grew significantly in 2010 and also benefited from the improvement in the second-hand vehicle market.

(1) Excluding the PEL/CEL effect and SMC acquisition.

- **Private Banking, Global Investment Management and Services** contributed EUR 2.3 billion to the Group's NBI, down -6.2%* vs. 2009. This decline concealed the solid performance of Securities Services and the stabilised situation in the Asset Management and Brokers businesses.

Operating expenses

Operating expenses totalled EUR 16.5 billion in 2010 (+4.3%* vs. 2009). This increase accompanied the growth in NBI and reflects, in particular, the investments made in Corporate and Investment Banking in order to improve the commercial and operating infrastructure. When adjusted for changes in Group structure and at constant exchange rates, operating expenses in Specialised Financial Services & Insurance and Securities Services were lower, reflecting the strategic refocusing and improvement in operating efficiency realised during 2010.

The 2010 cost to income ratio (excluding the PEL/CEL effect and the impact of the revaluation (i) of credit derivative instruments used to hedge the corporate loan portfolios and (ii) of liabilities linked to own credit risk) improved by more than 2 points to 63.4% in 2010 vs. 65.5% in 2009.

Operating income

The Group's gross operating income totalled EUR 9.9 billion in 2010, compared with EUR 6.0 billion in 2009.

The **cost of risk**, contained in 2010 due to the relative improvement in the economic situation and the control of Corporate and Investment Banking's legacy assets, was lower, falling from EUR -5.8 billion in 2009 to EUR -4.2 billion in 2010.

At 83 basis points in 2010, Societe Generale's cost of risk (excluding legacy assets) showed a significant decline vs. 2009 (-23 basis points).

- The **French Networks'** cost of risk amounted to 50 basis points, which was lower than in 2009 (58 basis points), a trend in line with expectations. The loss rate remained low for housing loans.
- At 196 basis points, **International Retail Banking's** cost of risk was stable on average vs. 2009 (195 basis points). A breakdown of the trends by country reveals a mixed situation. In Russia and the Czech Republic, cost of risk was sharply lower year-on-year. In Greece, cost of risk remained at a high level throughout the year. Lastly, in a deteriorated macro-economic environment, cost of risk increased in Romania.
- **Corporate and Investment Banking's** core activities recorded a net cost of risk of EUR -72 million in 2010 (EUR -922 million in 2009), reflecting the excellent resilience of the client portfolio throughout the year. At 5 basis points in 2010, the commercial cost of risk remained at a very low level (79 basis points in 2009). Legacy assets' cost of risk remained under control at EUR -696 million.
- **Specialised Financial Services'** cost of risk declined by 35 basis points to 221 basis points (256 basis points in 2009), especially for Equipment Finance. There was also a marked decline in cost of risk for Consumer Finance, except in Italy.

The lower cost of risk in 2010 was also accompanied by an increase in the coverage rate for provisionable outstandings to 72% at end-2010 vs. 68% at end-2009.

The Group's operating income totalled EUR 5.7 billion in 2010, substantially higher than in 2009 (EUR 116 million).

Group net income

After taking into account tax and minority shareholders' share of income, Group net income for 2010 amounted to EUR 3,917 million (vs. EUR 678 million in 2009).

Group ROE after tax was 9.8%.

Earnings per share amounts to EUR 4.96 for 2010. The Board of Directors will propose a dividend per share of EUR 1.75 to the Annual General Meeting, with a scrip dividend option.

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. The Boursorama Group, which was previously part of the Private Banking, Global Investment Management and Services Division, was incorporated into the French Networks on January 1, 2010; the 2009 comparative data have been restated accordingly;
- **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 (vendor and equipment 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), as well as the life and non-life insurance activities;
- **Private Banking, 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.

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.

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; Private Banking, 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.

The capital allocated to the Corporate Centre corresponds to the sum of, on the one hand, the regulatory requirement related to the assets assigned to this division (primarily the equity and real estate portfolio) and, on the other hand, the surplus (or deficit) of available capital at Group level (difference between the total capital allocated to the core businesses as defined above and the average capital (Group share) under IFRS (2) after distribution).

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

(2) Excluding (i) unrealised or deferred capital gains or losses booked directly under shareholders' equity excluding translation reserves, (ii) deeply subordinated notes, (iii) undated subordinated notes recognised as shareholders' equity and deducting (iv) interest payable holders of deeply subordinated notes and reclassified as undated subordinated notes.

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 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.

The disappearance of the CWA concept (Basel 1 risk-weighted assets) prompted the Group to review the calculation of cost of risk in basis points in 2010.

Societe Generale's cost of risk is now expressed in basis points calculated by dividing the net allocation to provisions for commercial risks by outstanding loans (including the net amounts of fixed assets for the pure leasing business and excluding the book value of insurance activities' financial assets reclassified [1] on October 1, 2008).

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.

(1) See Note No. 11 to the consolidated financial statements: Reclassification of financial assets

SUMMARY OF RESULTS AND PROFITABILITY BY CORE BUSINESS

Income statement by core business (1)

In millions of euros	French Networks		International Retail Banking		Corporate & Investment Banking		Specialised Financial Services & Insurance		Private Banking, Global Investment Management and Services		Corporate Centre		Group	
	2009	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**
Net banking income	7,466	7,791	4,749	4,930	7,028	7,836	3,239	3,539	2,534	2,270	(3,286)	52	21,730	26,418
Operating expenses	(4,911)	(5,058)	(2,681)	(2,769)	(3,981)	(4,706)	(1,818)	(1,841)	(2,228)	(2,002)	(147)	(169)	(15,766)	(16,545)
Gross operating income	**2,555**	**2,733**	**2,068**	**2,161**	**3,047**	**3,130**	**1,421**	**1,698**	**306**	**268**	**(3,433)**	**(117)**	**5,964**	**9,873**
Net allocation to provisions	(970)	(864)	(1,298)	(1,340)	(2,320)	(768)	(1,224)	(1,174)	(40)	(7)	4	(7)	(5,848)	(4,160)
Operating income	**1,585**	**1,869**	**770**	**821**	**727**	**2,362**	**197**	**524**	**266**	**261**	**(3,429)**	**(124)**	**116**	**5,713**
Net income from other assets	2	6	7	1	(7)	(7)	(16)	(5)	(1)	(1)	726	17	711	11
Net income from companies accounted for by the equity method	13	8	6	11	52	9	(54)	(12)	0	100	(2)	3	15	119
Impairment losses on goodwill	0	0	0	1	0	0	(44)	0	0	0	2	0	(42)	1
Income tax	(540)	(637)	(155)	(156)	(93)	(624)	(48)	(148)	(60)	(71)	1,204	94	308	(1,542)
Net income before non-controlling interests	1,060	1,246	628	678	679	1,740	35	359	205	289	(1,499)	(10)	1,108	4,302
O.w. non-controlling interests	*53*	*13*	*169*	*186*	*16*	*10*	*9*	*16*	*4*	*0*	*179*	*160*	*430*	*385*
Group Net income	**1,007**	**1,233**	**459**	**492**	**663**	**1,730**	**26**	**343**	**201**	**289**	**(1,678)**	**(170)**	**678**	**3,917**
Cost/income ratio	65.8%	64.9%	56.5%	56.2%	56.6%	60.1%	56.1%	52.0%	87.9%	88.2%	NM	NM	72.6%	62.6%
Average allocated capital	6,188	6,435	3,577	3,723	8,961	9,129	4,564	4,831	1,343	1,419	5,612*	11,104*	30,245	36,642
ROE after tax													**0.9%**	**9.8%**

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

(1) Changes in 2009 and 2010:

– All of the results of the core businesses presented above have been established taking into account a normative capital allocation corresponding to 7% of the Basel 2 risk-weighted assets at the beginning of the period (vs. previously 6% of average risk-weighted assets for the period), supplemented by the additional consumption of prudential capital generated by each core business (deductions impacting Basel 2 Tier 1 capital) and, if necessary, requirements specific to the insurance activities.

– Boursorama previously presented in the Private Banking, Global Investment Management and Services division is now included in the French Networks.

– 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.

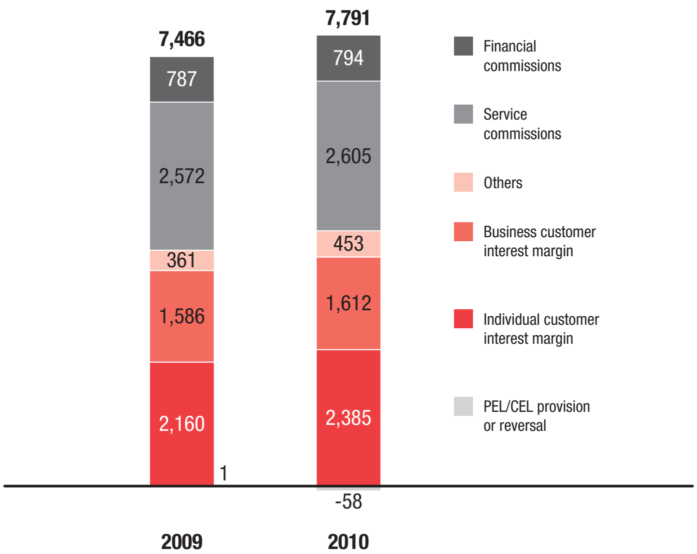
– The entities SGAM AI CREDIT PLUS and SGAM AI CREDIT PLUS OPPORTUNITES, previously affiliated with the Corporate Centre, are now part of Corporate and Investment Banking. The Group has also transferred a securities portfolio classified in available-for-sale securities and held-to-maturity securities from the Corporate Centre to Corporate and Investment Banking.

French Networks

In millions of euros	2009	2010	Change	
Net banking income	7,466	7,791	+4.4%	+4.5%(1)
Operating expenses	(4,911)	(5,058)	+3.0%	+2.1%(1)
Gross operating income	**2,555**	**2,733**	**+7.0%**	**+9.1%(1)**
Net allocation to provisions	(970)	(864)	-10.9%	-11.2%(1)
Operating income	**1,585**	**1,869**	**+17.9%**	**+21.6%(1)**
Net income from other assets	2	6	x3.0	
Net income from companies accounted for by the equity method	13	8	-38.5%	
Income tax	(540)	(637)	+18.0%	
Net income before non-controlling interests	1,060	1,246	+17.5%	+21.0%(1)
O.w. non-controlling interests	*53*	*13*	*-75.5%*	
Group Net income	**1,007**	**1,233**	**+22.4%**	**+26.1%(1)**
Cost/income ratio	65.8%	64.9%		
Average allocated capital	6,188	6,435	+4.0%	

(1) Excluding PEL/CEL effect and SMC acquisition.

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



Against the backdrop of a gradual economic recovery, the commercial dynamism of the **French Networks** led to full-year revenues up +4.5% (1), thus exceeding the target announced. Adhering to its commitment to actively participate in the **financing of the French economy**, the division posted growth in outstanding loans of +3.1% (2) in 2010 vs. 2009.

(1) Excluding PEL/CEL effect and SMC acquisition.
(2) Excluding SMC acquisition.

In an environment of low interest rates and announced changes to certain tax incentives (notably tax-deductible loan interest and the Scellier law), new **housing loan** business reached the record level of EUR 19.1 billion in 2010. Accordingly, corresponding outstanding loans grew +6.7% (2) on average in 2010 vs. 2009. Despite a still timid recovery in corporate investment, outstanding investment loans rose +3.6% (2) on average in 2010 vs. 2009. The Societe Generale Group has more than complied with the French banks' commitment to the French public authorities to actively finance SMEs. Accordingly, the French Networks granted EUR 5.8 billion medium/long-term loans in 2010, exceeding the initial commitment by more than EUR 300 million.

The French Networks' **customer franchises** expanded significantly in 2010. The number of individual customers for the three brands (Societe Generale, Crédit du Nord and Boursorama) grew +3.9% vs. 2009 (+400,000 individual customers in 2010 including 165,000 from SMC), amounting to 10.7 million at end-2010.

The French Networks increased their **deposit inflow** throughout the year. On the back of strong growth in these outstandings (+9.5% (2) in 2010 vs. 2009), the **loan/deposit ratio** improved by 11 points over one year to 128%.

The **Insurance** distribution activity enjoyed significant growth both for the "life" component, which posted net inflow up +23.9% (2) year-on-year, and the "non-life" component, with an increase in signed policies of +32.6% (2) vs. 2009.

The French Networks' total net inflow on all savings products for individual customers (deposits, life insurance and UCITS) reached the record level of EUR 4.3 billion in 2010 vs. EUR 2.0 billion in 2009.

2010 saw the French Networks launch a number of "socially-responsible" products, such as Solidarity Savings (enabling individual customers to optimise their payments to charity organisations) and "environmentally-responsible" products, such as the Corporate Environment Card.

In terms of technological innovation, mobile banking applications were introduced on the Android and iPhone platforms, with the latter receiving the "financial application of the year" award in the "i Tunes Rewind 2010" ranking.

The **financial results** reflect this commercial dynamism. Revenues totalled EUR 7,791 million in 2010. Despite an environment of historically low interest rates, the growth in outstandings helped the interest margin grow +7.7% (1) vs. 2009. Commissions were slightly higher in 2010 (+0.6% (1) vs. 2009), impacted by the slowdown in financial commissions.

The controlled increase in operating expenses (+2.1% (2) vs. 2009) generated a cost to income ratio of 64.3% (1) in 2010, an improvement of 1.5 (1) points vs. 2009.

In line with expectations, the 2010 cost of risk fell to 50 basis points, vs. 58 basis points in 2009. The loss rate remained low for housing loans.

The French Networks' contribution to Group net income totalled EUR 1,233 million in 2010, up +22.4% year-on-year.

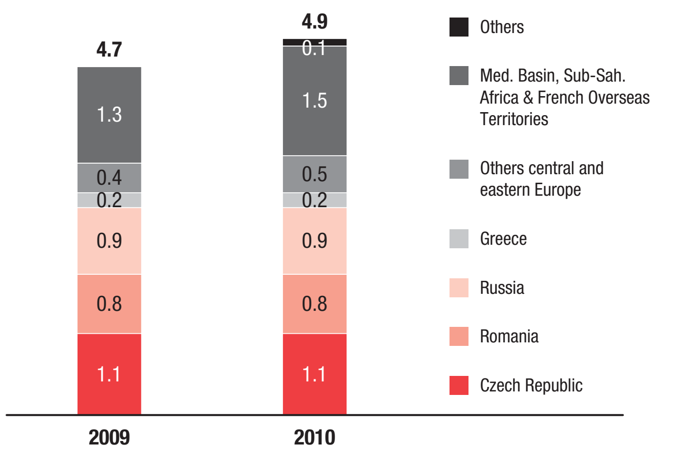
(1) Excl. the PEL/CEL effect and SMC acquisition
(2) Excluding SMC acquisition

International Retail Banking

In millions of euros	2009	2010	Change	
Net banking income	4,749	4,930	+3.8%	+0.7%*
Operating expenses	(2,681)	(2,769)	+3.3%	+0.2%*
Gross operating income	**2,068**	**2,161**	**+4.5%**	**+1.4%***
Net allocation to provisions	(1,298)	(1,340)	+3.2%	-1.7%*
Operating income	**770**	**821**	**+6.6%**	**+6.9%***
Net income from other assets	7	1	-85.7%	
Net income from companies accounted for by the equity method	6	11	+83.3%	
Impairment losses on goodwill	0	1	NM	
Income tax	(155)	(156)	+0.6%	
Net income before non-controlling interests	628	678	+8.0%	
O.w. non-controlling interests	*169*	*186*	*+10.1%*	
Group Net income	**459**	**492**	**+7.2%**	**+7.5%***
Cost/income ratio	56.5%	56.2%		
Average allocated capital	3,577	3,723	+4.1%	

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

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



International Retail Banking made a satisfactory contribution to the Group's results in 2010. Revenues increased +0.7%* vs. 2009 in a still mixed environment across geographical regions. The main commercial indicators confirm the resumption in growth: outstanding loans and deposits rose year-on-year by respectively +5.5%* to EUR 65.2 billion and +1.8%* to EUR 66.4 billion, vs. end-2009.

With its 12.3 million individual customers around the world, International Retail Banking continued to expand its customer franchises in 2010, primarily due to the dynamism of the **Mediterranean Basin, Sub-Saharan Africa and French Overseas Territories**. The Group opened 61 branches and gained more than 306,000 new individual customers in these regions. The robust growth in loans and deposits (respectively +10.1%* and +9.5%* vs. end-2009) also illustrates the level of commercial activity. Moreover, the Group plans to roll out innovative solutions in Sub-Saharan Africa with, in particular, the extension of a mobile payment service in 8 entities by 2012 and the launch of a "Bank Light" concept in H2 2011.

In **Russia**, while creating a unified management team and initiating legal consolidation in 2010, the Group continued with the implementation of measures to improve operating efficiency and risk control. Outstanding loans and deposits by individuals experienced a sharp increase of respectively +13.4%* and +6.0%* year-on-year. In 2011, sales are expected to benefit from the encouraging macro-economic outlook and will be driven by a programme to optimise the sales set-up and the exploitation of synergies between the Group's entities.

In **Central and Eastern European countries**, performances remained mixed. Proactive management of the network resulted in 51 targeted branch closures (mainly in Greece) and 30 openings.

In the **Czech Republic (Komerční Banca)**, a good commercial performance was accompanied by solid financial results. Outstanding loans to individual customers rose +7.2%* year-on-year. The contribution to Group net income totalled EUR 250 million, which was significantly higher (+28.2%* vs. 2009). In 2011, the Group will continue with the rollout of a commercial strategy focused on building customer relations and optimising synergies. In **Romania (BRD)** and in response to a deteriorated environment, the Group maintained cost-cutting measures and a selective loan approval policy. With operating expenses under control, there was a limited decline in operating income and a positive contribution to Group net income of EUR 77 million in 2010. In **Greece**, policies to realign the operating infrastructure (headcount decline of -16% and 24 branch closures over 3 years) and risk control were kept in place.

International Retail Banking's revenues totalled EUR 4,930 million.

At EUR 2,769 million, 2010 operating expenses were stable* vs. 2009, reflecting on the one hand, the control of expenses in Central and Eastern European operations and, on the other hand, organic growth concentrated in the most dynamic regions.

The division posted gross operating income of EUR 2,161 million in 2010, up +1.4%* vs. 2009. Overall, there was a 0.3 point reduction in the cost to income ratio vs. 2009, to 56.2%.

At 196 basis points, International Retail Banking's cost of risk was stable vs. 2009 (195 basis points). This situation was marked by contrasting trends: on the one hand, in Russia and the Czech Republic where the cost of risk was sharply lower and on the other hand, in Greece and Romania where it increased significantly due to a deteriorated macro-economic environment.

International Retail Banking's contribution to Group net income totalled EUR 492 million in 2010 (+7.5%* vs. 2009).

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

Corporate and Investment Banking

In millions of euros	2009	2010	Change	
Net banking income	7,028	7,836	+11.5%	+7.5%*
o.w. Financing & Advisory	*2,510*	*2,744*	*+9.3%*	*+3.5%**
o.w. Global Markets [(1)]	*7,338*	*5,021*	*-31.6%*	*-32.9%**
o.w. Legacy assets	*(2,820)*	*71*	*NM*	*NM**
Operating expenses	(3,981)	(4,706)	+18.2%	+14.0%*
Gross operating income	**3,047**	**3,130**	**+2.7%**	**-0.8%***
Net allocation to provisions	(2,320)	(768)	-66.9%	-67.6%*
O.w. legacy assets	*(1,398)*	*(696)*	*-50.2%*	*-50.4%**
Operating income	**727**	**2,362**	**x3.2**	**x3.0***
Net income from other assets	(7)	(7)	NM	
Net income from companies accounted for by the equity method	52	9	-82.7%	
Impairment losses on goodwill	0	0	NM	
Income tax	(93)	(624)	x6.7	
Net income before non-controlling interests	679	1,740	x2.6	
O.w. non-controlling interests	*16*	*10*	*-37.5%*	
Group Net income	**663**	**1,730**	**x2.6**	**x2.6***
Cost/income ratio	56.6%	60.1%		
Average allocated capital	8,961	9,129	+1.9%	

** When adjusted for changes in Group structure and at constant exchange rates.*
(1) O.w. "Equities" EUR 2,466m in 2010 (EUR 3,431m in 2009) and "Fixed income, Currencies and Commodities" EUR 2,555m in 2010 (EUR 3,907m in 2009).

2010 was characterised by a tumultuous and trendless market environment, marked by heightened European sovereign debt tensions in May and November. Against this backdrop, **Corporate and Investment Banking (SG CIB)** succeeded in adapting its customer-oriented business model and applying a rigorous risk management policy in order to achieve solid and balanced revenues. At EUR 7,836 million, including EUR 71 million of legacy assets, revenues rose +7.5%* (+11.5% in absolute terms) vs. 2009. The division demonstrated its ability to deal with market developments, by expanding its advisory activity and product offering, and to anticipate the regulatory changes that will lead to greater disintermediation in corporate financing in Europe.

Financing & Advisory enjoyed a very good year in 2010, posting revenues of EUR 2,744 million, an increase of +3.5%* (+9.3% in absolute terms) vs. 2009. Structured financing activities were particularly dynamic and increased their contribution to the business line's revenues (+17% vs. 2009) primarily due to natural resources financing (+36% vs. 2009).

Accordingly, SG CIB participated in the *China Wind Power* [(1)] project for the financing of a wind farm in Asia-Pacific and financed a number of social and environmental projects around the world, such as the financing of a set of solar energy production units for EDF and hospitals in the Dominican Republic. Its expertise resulted in SG CIB being named "Best Export Finance Arranger" for the ninth year running (*Trade Finance Magazine*, June 2010) and "Best Project Finance House in Asia" (*Euromoney Magazine*, July 2010). Capital raising activities retained their leading positions in the debt and equity markets: No. 1 in "equity, equity-related issues in France" [(2)] (No. 5 in 2009), No. 2 in "sovereign euro bond issues" [(3)] (No. 3 in 2009) and No. 3 in "corporate euro bond issues" [(3)] (No. 3 in 2009). The business line posted good performances for acquisition and leverage financing, with the latter growing +42% vs. 2009. With advisory mandates on a number of significant deals such as Alstom's acquisition of Areva T&D and the merger of International Power with GDF Suez Energy, the Group's expertise was recognised with the award of "France M&A Adviser of the year" (*Acquisitions Monthly, December 2010*).

(1) Project Finance International: deal of the year.
(2) Thomson Reuters, December 2010 and 2009.
(3) IFR rankings, December 2010 and 2009.

Market Activities posted revenues of EUR 5,021 million in 2010, down -32.9%* (-31.6% in absolute terms) vs. 2009, adversely affected by challenging market conditions, especially in Q2, and euro zone sovereign debt tensions.

Equity revenues totalled EUR 2,466 million in 2010, down -28% vs. 2009. Despite unfavourable market parameters (high volatility, increase in correlation, weak volumes), client-driven activity proved highly resilient and demonstrated the soundness of the franchise. As from Q3, the business line benefited from improved indexes and posted good performances in flow and structured products. In 2010, SG CIB was again voted "Equity derivatives house of the year" (*Risk magazine*, January 2011). The business line's expertise was also confirmed by the fact that it maintained its leading positions in the warrants market (global No. 1 with a 12.4% market share in 2010) and ETF market (European No. 2 with a 20.3% market share at end-2010). Lyxor once again demonstrated the robustness of its activity with assets under management increasing by EUR 7.5 billion to EUR 96.1 billion at end-2010 (up +8%[1] vs. end-2009). It was also awarded the titles of "Best Managed Account Platform" (*Hedgeweek Awards*, March 2010) and "No. 1 Global Provider in ETFs" (*Risk Magazine Institutional Investors Ranking*, June 2010).

In an economic environment marked by the deterioration of market parameters, **Fixed Income, Currencies & Commodities** generated revenues down -35% vs. 2009, at EUR 2,555 million. Declining volumes and sales margins had a negative impact on flow product business, especially the rates activity. However, the results for the structured products franchise were satisfactory, confirming the relevance of the cross-asset approach implemented since 2009. Market share on the "FX All" electronic platform increased by 0.7 points to 4.3% in 2010.

Throughout the year, the Group implemented an active policy to reduce **legacy assets.** This resulted in EUR 8.6 billion of disposals and amortisations. After recording substantially negative revenues in 2009 (EUR -2,820 million), 2010 revenues were positive at EUR 71 million.

Operating expenses increased +14.0%* in 2010 vs. 2009 (+18.2% in absolute terms) primarily due to investments related to the transformation of the operating model. As part of its affirmed strategy to enhance its client focus, the division also strengthened its client coverage teams by recruiting a number of senior bankers, originators for the financing & advisory business as well as sales staff for market activities. In order to offer its clients an even better service by providing access to the main regions for investors, SG CIB enhanced its product offering, by launching its global forex execution platform, and its coverage of the major currencies by obtaining primary dealer status for UK gilts and US treasury bonds (respectively since September 2010 and February 2011).

The 2010 cost to income ratio for core activities was 59.7% (60.1% for the division), one of the most competitive levels in the industry. Gross operating income totalled EUR 3,131 million in 2010.

2010 **net cost of risk** for Corporate and Investment Banking's core activities was very low (5 basis points vs. 79 basis points in 2009), as a result of a prudent risk-taking policy and the quality of the loan portfolio. At EUR -696 million in 2010, legacy assets' cost of risk was in line with expectations (halved vs. 2009).

Corporate and Investment Banking's operating income totalled EUR 2,362 million in 2010 (vs. EUR 727 million in 2009). The contribution to Group net income was EUR 1,730 million (vs. EUR 663 million in 2009).

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

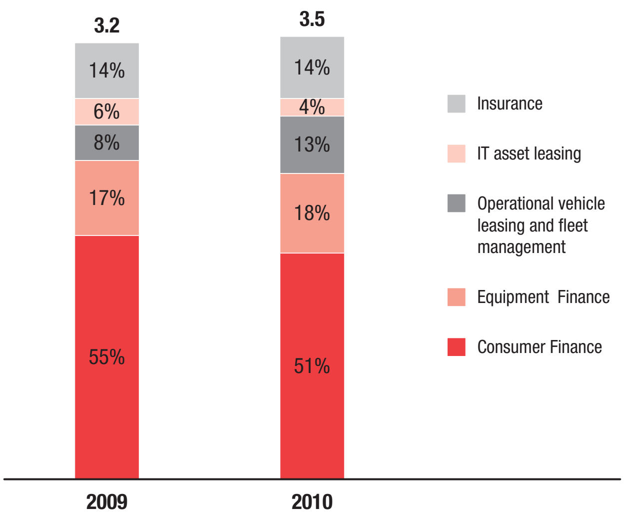
(1) *At constant structure, excl. SGAM Fortune.*

Specialised Financial Services and Insurance

In millions of euros	2009	2010	Change	
Net banking income	3,239	3,539	+9.3%	+7.8%*
Operating expenses	(1,818)	(1,841)	+1.3%	-0.1%*
Gross operating income	**1,421**	**1,698**	**+19.5%**	**+17.0%***
Net allocation to provisions	(1,224)	(1,174)	-4.1%	-7.0%*
Operating income	**197**	**524**	**x2.7**	**x2.7***
Net income from other assets	(16)	(5)	+68.8%	
Net income from companies accounted for by the equity method	(54)	(12)	+77.8%	
Impairment losses on goodwill	(44)	0	+100.0%	
Income tax	(48)	(148)	x3.1	
Net income before non-controlling interests	35	359	x10.3	
O.w. non-controlling interests	*9*	*16*	*+77.8%*	
Group Net income	**26**	**343**	**x13.2**	**x4.0***
Cost/income ratio	56.1%	52.0%		
Average allocated capital	4,564	4,831	+5.9%	

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

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



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

- **Specialised Financial Services** (consumer finance, equipment finance, operational vehicle leasing and fleet management, IT leasing and management [1])
- **Life** and **Non-Life Insurance**.

(1) Activity disposed of in October 2010.

Specialised Financial Services and Insurance's contribution to the Group's results was sharply higher in 2010 at EUR 343 million, testifying to the healthy momentum of insurance activities and the recovery in the financing business.

Consumer Finance began to see a pick-up in new business in 2010, which amounted to EUR 11.4 billion (+0.5%* vs. 2009 excluding Italy), especially in Russia (+44.3%* vs. 2009). Given the still fragile economic environment, the Group maintained its very selective loan approval policy and continued to pursue its strategy of refocusing activities in high-potential geographic regions. 2011 will be primarily devoted to turning around the Italian subsidiary in order to fully restore Consumer Finance's performance by 2012.

Equipment Finance's new loan business gradually picked up, in the wake of corporate investment. New business totalled EUR 7.3 billion in 2010 (excluding factoring), a limited decline vs. 2009 (-3.6%*). Loan margins remained at a healthy level. European leader in this market, the Group consolidated its positions, particularly in multi-country vendor program financing.

Operational vehicle leasing and fleet management enjoyed strong growth in 2010, with the leasing of approximately 214,000 vehicles (+21.2% (1) vs. 2009). Overall, the number of vehicles (841,000 at end-2010) was up +6.5% (1) vs. 2009, led by France, Germany and the United Kingdom. The second-hand vehicle market improved significantly during the year, leading to a notable recovery in the business' financial performance.

Specialised Financial Services' net banking income totalled EUR 3,027 million in 2010, up +6.9%* vs. 2009 (+8.6% in absolute terms). Gross operating income amounted to EUR 1,390 million, an increase vs. 2009 (+17.0%* and +20.0% in absolute terms). The cost to income ratio improved by 4.3 points to 54.1% in 2010.

The **Insurance** activity enjoyed an excellent year, both inside and outside France. In life insurance, in a favourable interest rate environment, net inflow reached a record level of EUR 5.4 billion in 2010 (+42.6%* vs. 2009), focused on euro-denominated vehicles. Non-life insurance also demonstrated its dynamism in 2010, both in the auto and home insurance segment, with new business up +14.9% (excluding insurance for payment cards and cheques) vs. 2009.

The **Insurance** activity's net banking income totalled EUR 512 million in 2010, up +13.0%* vs. 2009.

Specialised Financial Services' cost of risk amounted to 221 basis points (256 basis points in 2009), showing a significant decline of 35 basis points, especially in Equipment Finance. There was also a marked decline in Consumer Finance's cost of risk, except in Italy.

Specialised Financial Services and Insurance's operating income totalled EUR 524 million in 2010 vs. EUR 197 million in 2009. The contribution to Group net income was EUR 343 million compared with EUR 26 million in 2009.

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

Private Banking, Global Investment Management and Services

In millions of euros	2009	2010	Change	
Net banking income	2,534	2,270	-10.4%	-6.2%*
Operating expenses	(2,228)	(2,002)	-10.1%	-2.7%*
Gross operating income	**306**	**268**	**-12.4%**	**-23.5%***
Net allocation to provisions	(40)	(7)	-82.5%	-90.0%*
Operating income	**266**	**261**	**-1.9%**	**-14.1%***
Net income from other assets	(1)	(1)	NM	
Net income from companies accounted for by the equity method	0	100	NM	
Income tax	(60)	(71)	+18.3%	
Net income before non-controlling interests	205	289	+41.0%	
O.w. non-controlling interests	*4*	*0*	*-100.0%*	
Group Net income	**201**	**289**	**+43.8%**	**-18.0%***
Cost/income ratio	87.9%	88.2%		
Average allocated capital	1,343	1,419	+5.7%	

* *When adjusted for changes in Group structure and at constant exchange rates, excluding Asset Management following the creation of Amundi*

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

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

Private Banking, Global Investment Management and Services improved its performance and strengthened its commercial positions in 2010. With EUR 84.5 billion (vs. EUR 75.4 billion at end-2009) assets under management, **Private Banking** consolidated its positions both in France and Europe. The momentum enjoyed by **Securities Services** resulted in a year-on-year increase of +9.4% in assets under custody and the award of “Custodian of the Year: France” (*ICFA European Awards*, November 2010). **Newedge** maintained its leadership position and market share (12.1% in 2010 in the main markets where it is a member). Lastly, **Asset Management** saw the resumption of positive inflow at TCW at year-end.

Despite good commercial performances, the macro-economic environment remained unconducive to the division’s activities, primarily due to the persistence of historically low interest rates and private and institutional investors still very cautious in the light of uncertain markets. The division’s 2010 revenues totalled EUR 2,270 million, down -6.2%* (-10.4% in absolute terms) vs. 2009. Efforts to optimise operating efficiency helped reduce operating expenses by -2.7%* (-10.1% in absolute terms vs. 2009) to EUR 2,002 million. Gross operating income totalled EUR 268 million in 2010, down -23.5%* (-12.4% in absolute terms vs. 2009). For 2010, the division’s contribution to Group net income amounted to EUR 289 million vs. EUR 201 million for 2009.

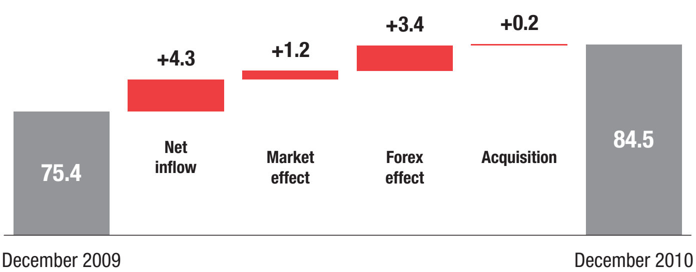
* *“When adjusted for changes in Group structure and at constant exchange rates” means excluding the “Asset Management” activity following the setting up of Amundi.*

Private Banking

In millions of euros	2009	2010	Change	
Net banking income	829	699	-15.7%	-17.9%*
Operating expenses	(526)	(551)	+4.8%	+1.3%*
Gross operating income	**303**	**148**	**-51.2%**	**-51.8%***
Net allocation to provisions	(38)	(4)	-89.5%	-89.5%*
Operating income	**265**	**144**	**-45.7%**	**-46.5%***
Net income from other assets	0	0	NM	
Net income from companies accounted for by the equity method	0	0	NM	
Income tax	(60)	(33)	-45.0%	
Net income before non-controlling interests	205	111	-45.9%	
O.w. non-controlling interests	*0*	*0*	*NM*	
Group Net income	**205**	**111**	**-45.9%**	**-46.6%***
Cost/income ratio	63.4%	78.8%		
Average allocated capital	440	454	+3.2%	

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

ASSETS UNDER MANAGEMENT *(IN BILLIONS OF EUROS)*



Private Banking demonstrated the quality of its franchise in 2010: Societe Generale Private Banking was voted "Best Private Bank in France" and "Best Private Bank in Europe for its offer in Structured Products" (*Euromoney magazine*, February 2011).

The business line's assets under management totalled EUR 84.5 billion at end-2010, up EUR +9.1 billion (+12.1% vs. end-2009). This growth includes a strong inflow of EUR +4.3 billion in 2010, representing an annualised rate of 5.7%, enhanced by a "market" effect of EUR +1.2 billion, a "currency" impact of EUR +3.4 billion and a structure effect of EUR +0.2 billion.

At EUR 699 million, the business line's revenues were down -17.9%* (-15.7% in absolute terms) vs. 2009. They included EUR -81 million non-recurring items, with some EUR 30 million corresponding to the write-down of securities and the remainder to provisions for local operational risks. The 2010 financial performance also continued to be marked by a decline in the margin rate to 98bp[1] in 2010 vs. 116bp in 2009. This can be explained primarily by the lower contribution of the treasury activity (effect of the decline in spreads and rates in the money market). At the same time, commissions and commercial interest margin rose 8.6% in 2010 (on the back of the increased margins in loans and deposits).

(1) Excluding non-recurring items.

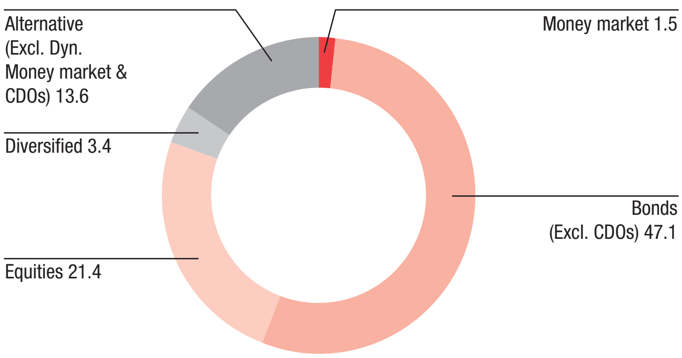
At EUR 551 million, operating expenses were slightly higher in 2010 than in 2009 (+1.3%* and +4.8% in absolute terms). The business line has embarked on an expansion programme aimed at reinforcing its commercial infrastructure and support functions. This led to an increase in the headcount (+113) in its operations in France, Luxembourg, the United Kingdom, Monaco and the Middle East.

As a result, gross operating income totalled EUR 148 million (EUR 303 million in 2009), while the business line's contribution to Group net income amounted to EUR 111 million (EUR 205 million in 2009).

Asset Management

In millions of euros	**2009**	**2010**	**Change**
Net banking income	646	477	-26.2%
Operating expenses	(656)	(457)	-30.3%
Gross operating income	**(10)**	**20**	**NM**
Net allocation to provisions	0	(3)	NM
Operating income	**(10)**	**17**	**NM**
Net income from other assets	(1)	(1)	NM
Net income from companies accounted for by the equity method	0	100	NM
Income tax	4	(5)	NM
Net income before non-controlling interests	(7)	111	NM
O.w. non-controlling interests	*3*	*0*	*-100.0%*
Group Net income	**(10)**	**111**	**NM**
Cost/income ratio	NM	95.8%	
Average allocated capital	388	441	+13.7%

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY PRODUCT AT END-2010 *(IN BILLIONS OF EUROS)*



After three quarters of significant but expected outflow (EUR -16.9 billion) at TCW, following the restructuring undertaken at end-2009, Q4 10 saw the beginning of a positive commercial momentum with an inflow of EUR 0.8 billion. Moreover, the successful consolidation of MetWest and the expertise of its teams point to sound commercial growth for the new TCW entity as from 2011. With seven TCW and MetWest funds boasting 5-star Morningstar ratings, TCW can rely on excellent performances, especially for the "US Fixed Income Total Return Bond" funds of TCW and MetWest (respectively EUR 3.8 billion and EUR 8.7 billion assets under management) to underpin the business' growth. After taking into account a "market" effect of EUR +4.6 billion, a "currency" impact of EUR +5.5 billion and a structure effect of EUR +23.1 billion (including EUR 22.2 billion related to the consolidation of MetWest), assets under management totalled EUR 87.0 billion at end-December (vs. EUR 70.0 billion at end-December 2009).

Against the backdrop of substantial changes in structure related firstly to the transfer to Amundi of SGAM's activities and secondly, TCW's acquisition of MetWest, the business line's revenues and operating expenses fell year-on-year by respectively -32.7%* (-26.2% in absolute terms) to EUR 477 million and -35.2%* (-30.3% in absolute terms) to EUR 457 million.

Gross operating income came to EUR 20 million in 2010 vs. EUR -10 million in 2009.

After factoring in Amundi's contribution (EUR 100 million), the business line's contribution to Group net income amounted to EUR 111 million vs. EUR -10 million in 2009.

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

In millions of euros	2009	2010	Change	
Net banking income	1,059	1,094	+3.3%	+3.1%*
Operating expenses	(1,046)	(994)	-5.0%	-4.8%*
Gross operating income	**13**	**100**	**x7.7**	**x5.9***
Net allocation to provisions	(2)	0	-100.0%	-100.0%*
Operating income	**11**	**100**	**x9.1**	**x6.7***
Net income from other assets	0	0	NM	
Net income from companies accounted for by the equity method	0	0	NM	
Income tax	(4)	(33)	NM	
Net income before non-controlling interests	7	67	x9.6	
O.w. non-controlling interests	*1*	*0*	*NM*	
Group Net income	**6**	**67**	**x11.2**	**x7.4***
Cost/income ratio	98.8%	90.9%		
Average allocated capital	515	524	+1.7%	

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

Securities Services and **Brokers** activities posted higher revenues (+3.1%*) of EUR 1,094 million in 2010.

Securities Services exhibited good commercial momentum, winning a number of mandates such as Credit Suisse Securities Europe. The business line also signed commercial partnerships with US Bancorp in the United States, National Bank of Abu Dhabi in the Middle East and Oddo in France. Assets under custody increased year-on-year by +9.4% vs. end-December 2009 while assets under administration remained stable (respectively at EUR 3,362 billion and EUR 455 billion). Good commercial performances helped contain the negative impact of the historically low level of rates (EONIA at 0.43% on average over the year). Moreover, in 2010, SGSS was awarded the title "Securities Services Provider, Europe" by Financial-i magazine and "Custodian of the Year: France" by the magazine *ICFA International Custody & Fund Administration*.

In a volatile environment with higher volumes, the **Brokers** activity saw an increase in its revenues vs. 2009. Newedge maintained its No. 1 position in the US market (*Futures Commission Merchants*, November 2010), with a market share of 12.1%.

At EUR 994 million, operating expenses for the **Securities Services** and **Brokers** activities were down -4.8%* (-5.0% in absolute terms) vs. 2009 as a result of cost-cutting measures. Gross operating income and the business line's contribution to Group net income rose respectively to EUR 100 million (vs. EUR 13 million in 2009) and EUR 67 million (vs. EUR 6 million in 2009).

Corporate Centre

In millions of euros	2009	2010	Change
Net banking income	(3,286)	52	NM
Operating expenses	(147)	(169)	+15.0%
Gross operating income	**(3,433)**	**(117)**	**+96.6%**
Net allocation to provisions	4	(7)	NM
Operating income	**(3,429)**	**(124)**	**+96.4%**
Net income from other assets	726	17	-97.7%
Net income from companies accounted for by the equity method	(2)	3	NM
Impairment losses on goodwill	2	0	-100.0%
Income tax	1,204	94	+92.2%
Net income before non-controlling interests	(1,499)	(10)	+99.3%
O.w. non-controlling interests	*179*	*160*	*-10.6%*
Group Net income	**(1,678)**	**(170)**	**+89.9%**

The **Corporate Centre's** gross operating income was EUR -117 million in 2010 vs. EUR -3,433 million in 2009. For 2010, this includes, in particular:

- the revaluation of credit derivative instruments used to hedge the corporate loan portfolios, amounting to EUR -59 million (EUR -1,622 million in 2009);
- the revaluation of the Group's debts linked own credit risk, amounting to EUR 427 million (EUR -720 million in 2009);
- equity portfolio income, which amounted to EUR 64 million, vs. EUR -71 million in 2009. This figure includes notably a permanent impairment charge (EUR -8 million in 2010 vs. EUR -75 million in 2009) as well as the proceeds from the disposal of shareholdings (EUR +72 million in 2010 vs. EUR +4 million in 2009).

At December 31, 2010, the IFRS net book value of the industrial equity portfolio amounted to EUR 0.61 billion, representing market value of EUR 0.84 billion.

Methodology

1- The Group's consolidated financial statements at December 31, 2010 were approved by the Board of Directors on February 15, 2011.

The financial information presented for the financial year ended December 31, 2010 and comparative information in respect of the 2009 financial year have 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, 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 excludes interest, net of tax impact, payable to holders of deeply subordinated notes for the period and, since 2006, holders of restated, undated subordinated notes (EUR 336 million in 2010 vs. EUR 398 million in 2009).

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, payable to holders of:

- deeply subordinated notes (EUR 311 million in 2010 vs. EUR 313 million in 2009);
- undated subordinated notes recognised as shareholders' equity (EUR 25 million in 2010 vs. EUR 25 million in 2009).

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 6.4 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, 2010 (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.

Information on the 2010 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 capital management policy is to optimise the use of capital in order to maximise the short- and long-term return for shareholders, while maintaining a capital adequacy ratio (Tier 1 ratio) in line with its objectives and the target rating consistent with its share value.

The Tier 1 ratio under Basel 2 was 10.6% at end-2010. The slight decline vs. end-2009 (-14bp) is due to the respective changes in available capital and its use over the year.

The Group's financial structure

Group shareholders' equity totalled EUR 46.4 billion [1] at December 31, 2010 (EUR 42.2 billion at end-2009) and net asset value per share was EUR 54.0 (including EUR -0.27 in unrealised capital losses), an increase of +10.3% year-on-year.

In 2010, Societe Generale purchased 2.9 million shares in order to cover the free shares granted to employees. As a result, at end-2010, the Group possessed 12.3 million own shares and 9.0 million treasury shares (representing in total 2.85% of the capital), excluding shares held for trading purposes. Societe Generale also held 7.5 million purchase options on its own shares to cover stock option plans allocated to its employees.

Basel 2 risk-weighted assets amounted to EUR 334.8 billion at December 31, 2010 vs. EUR 324.1 billion at end-December 2009. The Tier 1 ratio at year-end was 10.6% [2] (including 8.5% for Core Tier 1). This includes the effects related to a dividend payment of EUR 1.75 per share (or a payout ratio of 35%), as proposed by the Board of Directors to the Annual General Meeting. Moreover, the Board of Directors also proposes to offer shareholders a scrip dividend option.

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

Organisation under Basel 2

The Societe Generale Group has been applying the advanced approaches (AIRB and AMA) to calculate minimum capital requirements since January 1, 2008 and the scope of application of the advanced methods continues to be extended within the Group.

The risk measurement systems are regularly enhanced. For example, portfolio analyses covering all the Group's commitments are conducted and presented to the Group's Management, in order to analyse loan portfolios' risk profile on a sector and geographical basis.

Moreover, the Group continues to improve its global stress test procedure, incorporating the Group's full risk profile and used to measure the Group's resilience to macro-economic crisis scenarios. These are included and identified in the different components involved in the management of financial equilibrium and the Tier 1 ratio. The tests are conducted on a regular basis, and at least once a year, as part of the budget process. The results of these stress test exercises are presented to the Risk Committee. In July 2010, the Group also took part in the European stress test exercise performed under the supervision of the CEBS (Committee of European Banking Supervisors, recently renamed EBA). The results confirmed the good resilience of the Group, with a Tier 1 ratio of 10.0% in an adverse scenario including shocks in sovereign outstandings, a level in line with the peers' average. This demonstrates the Group's ability to adequately finance the economy both in a mainline scenario and in a substantially deteriorated environment.

2010 was marked by the development of the risk appetite procedure, designed to improve the strategic management of the Group. The procedure documents the setting and validation of targets, by the Board of Directors, for some of the Group's key indicators, while at the same time incorporating a risk/return analysis for the businesses. It therefore adds a complementary outlook to the view already provided by the global stress test exercise. The first indicators have been presented to the Audit, Internal Control and Risk Committee, as well as to the Board of Directors. The procedure should also ultimately enable the Group's Management to regularly monitor various indicators relating to the risks incurred by the Group, more accurately analyse changes in the risk profiles of the Group's different businesses, and develop an overall view by risk type (market risk, credit risk, operational risk, other risks).

(1) This figure includes notably (1) EUR 6.4 billion in deeply subordinated notes, EUR 0.9 billion in undated subordinated notes and (ii) EUR -0.20 billion in net unrealised capital losses.

(2) Excluding floor effects (additional capital requirements with respect to floor levels): -28 basis points on the Tier 1 ratio.

Regulatory changes

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), introducing a capital charge for specific market risk (risk of rating migration and default with regard to issuers in trading portfolios): IRC (Incremental Risk Charges), CRM (Comprehensive Risk Measurement, specific to correlation trading portfolios). Moreover, the regulator requires an estimated stressed VaR calculation for a crisis period. The changes concerning specific trading portfolio risk will be applicable from December 31, 2011.

At end-December 2010, the Basel Committee also published the final text for measures to improve the resilience of the international banking system, whose weaknesses were highlighted by the crisis. These so-called “Basel 3” proposals reform the prudential framework applicable to the definition of capital and also aim to increase the capital requirements for the hedging of some risks. The proposals were the subject of a public consultation and quantitative impact study during 2010, in which the Societe Generale Group participated. The key principles of the reform were endorsed by Heads of State during the Seoul summit in November 2010. The Basel 3 reform is applicable from January 1, 2013.

Generation and use of capital in 2010

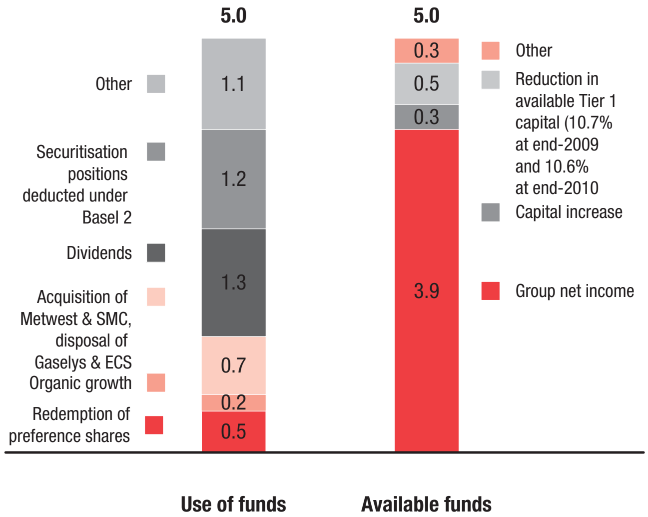
The main changes in shareholders’ equity in 2010 were as follows:

Available funds:

- EUR 3.9 billion in Group net income;
- additional paid-in capital from capital increases representing EUR 0.3 billion, including the EUR 0.2 billion capital increase reserved for employees and scrip dividends representing EUR 0.1 billion;
- various items, representing EUR 0.3 billion (including EUR 0.2 billion in respect of non-controlling interests).

Use of funds:

- redemption of preference shares eligible for Tier 1 representing EUR 0.5 billion;
- income from internal growth, limited to EUR 0.2 billion (excluding currency impact) and thus reflecting the controlled growth of the Group’s risk-weighted assets in 2010;
- financing of external growth operations representing EUR 0.7 billion, including in particular the acquisition of MetWest and SMC, and the disposal of Gaselys and ECS;
- the dividend for 2010 that will be proposed to the Annual General Meeting;
- poorly rated securitisation positions deducted from shareholders’ equity representing EUR 1.2 billion (excluding currency impact);
- various items, representing EUR 1.1 billion (including EUR 0.4 billion related to the remuneration of equity instruments and EUR 0.3 billion related to the neutralisation of corporate centre income).



Financing of the main investments currently 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 2010, the most significant of which are listed below:

Business division	New products or services	
French Networks	Payment card credit option (Societe Generale)	Launch by the Societe Generale network of a "credit" option on its payment cards. Using this option, payment card holders can choose, when making a payment or withdrawing cash, between debiting their bank account (depending on the type of debit facility offered by the card) and drawing on a credit reserve (a revolving credit facility previously subscribed to).
	ARIMEO bond savings product (Societe Generale)	Launch by the Societe Generale network of a new investment product enabling subscribers to invest in the stock market and profit from the potential rise in the euro zone equity markets with a guarantee that the entire net capital invested will be reimbursed on maturity, after 8 years (after contribution fees and excluding management fees specific to the life insurance or capitalisation policies used for the investment).
	MoneyCenter Service (Boursorama)	Launch by Boursorama of a service allowing clients to manage all their accounts, including external accounts, from their account area, providing a graphic representation of all their bank accounts and assets. This product has a manual account aggregation function enabling multiple account management. It also allows the categorisation of income and expenses, the sending of transaction alert messages and monitoring of changes in the valuation of assets (real estate included) and the recording of contracts and invoices.
	Solidarity Savings Service (Societe Generale)	Launch by the Societe Generale network of the Solidarity Savings Service giving savers the possibility of paying some or all of the interest accrued on a savings account to one or more charity organisations. (the 1st payment will take place early in 2012 on interest accrued in 2011).
	Express medium-term loan (Societe Generale)	Launch by the Societe Generale network of the express Medium-Term Loan designed to accelerate the loan approval procedure for equipment financing up to EUR 150,000 over a maximum of 5 years, with the financed equipment as collateral.
	SME loan with interest rate hedging included (Societe Generale)	Launch by the Societe Generale network of a customised SME loan with interest rate hedging included: Equipéa Optima. This product enables SMEs to benefit from the performance of a "trading room" interest rate hedge, with the simplicity of implementation of a traditional loan.
	Prepaid card (Crédit du Nord)	Launch by the Crédit du Nord network of the first prepaid bank card in order to help young people acquire greater autonomy in the management of their expenditure, under parental control.
	Environment Card (Societe Generale)	Changes in the business card offering through the dematerialisation of card statements in order to protect the environment and payment of 5 cents to the National Forest Office at each payment.
International Retail Banking	Real estate product range (BFVSG – Madagascar)	Launch of a range of real estate loans (TANY, TRANO and TRAVÔ) that make it easier to buy land and fund the construction or purchase of a house or renovation work.
	IN-CARDS insurance guarantees (SGBC – Cameroon)	Launch in Cameroon of "In-Cards" thanks to which clients may be offered insurance/assistance guarantees through bank cards.
	Payments via mobile phone – (SGBS – Senegal)	Launch of "Yoban'tel", a mobile payment banking service designed to offer a universal payment method, open to anyone who owns a mobile phone, whether or not they have a bank account, and regardless of their telephone operator. The service operates through a prepayment system and is as secure as a bank transaction.
	New student formula (SGEB – Bulgaria)	Launch by SGEB of a new loan for students to finance the purchase of a portable computer, a "living and working abroad" programme, everyday and school expenses, school trips abroad, etc. The Ti Banking offer also includes Ti Day-to-Day banking, which includes a current account without monthly charges, the issue and free services of a Maestro international debit card, access to BankOn Web (internet banking) without any subscription charge the 1st year, and BankOn Phone (mobile banking).
	Salary and VireXpress software cards (SGBBE – Benin)	Launch of two products by SGBBE: VireXpress, a rapid mass payment system and the salary card, a solution aimed at company employees who do not have a bank account.
	Rosbank proposes "Packages" for individuals (Russia)	Launch of a services package by Rosbank (current accounts, payment services, remote services, special offers by the Bank's partners). This new customer-oriented approach responds to customer requirements and needs thanks to three types of product designed on the basis of each individual's income (Standard, Comfort and Elite). This new product is intended to increase the Bank's level of customer service.

Corporate and Investment Banking	Sunrise	Structured 8-year investment enabling clients to benefit from complete repayment of their initial capital at maturity and from the performance of an underlying, calculated as the sum of the best annual performances less the best monthly performance of each year for mixed funds (international equities and bonds).
	Vol Target	Full capital guarantee investment solution designed so that investors can benefit from the potential of equity markets when they rise and protect themselves by investing in the money market when equity markets decline.
	SGI Emerging DLS	Launch of the SGI Emerging Debt Long Short Index, which aims to capture the relative value of sovereign debt issued by emerging countries vs. developed countries. This outperformance is captured using a long position on emerging market bond funds vs. a short position on UK, US and euro zone sovereign bond indices, while dynamically managing risk with a volatility target mechanism.
	SGI Dynamic Bond	Launch of SGI Dynamic Bond, a systematic index that provides exposure to the performance of a dynamic allocation across a broad range of fixed income funds. The investment universe of the SGI Dynamic Bond Index is comprised of a selection of bond exchange-traded funds and mutual funds, diversified across various maturities and geographical regions. The Index aims to provide an optimised asset allocation in terms of risk/return in order to deliver an excess return over traditional bond strategies.
	SGI Diversified Alpha	Launch of the SGI DIVA Index, a systematic index providing diversified exposure to a wide range of asset classes (Equities, Volatility, Commodities and Interest Rates), with the aim of delivering a stable performance and limited correlation with traditional asset classes, while keeping volatility at a pre-defined level.
Specialised Financial Services and Insurance	ALD PRO'PME (ALD Automotive -Maroc)	ALD PRO'PME is a car fleet financing and management solution specially designed for clients in the SME and self-employed categories. Under a 48 month contract, ALD Automotive Maroc both finances the purchase of the vehicle(s) and manages the fleet, through a wide range of technical services including notably maintenance, repairs, provision of replacement vehicles and insurance and assistance.
	ADE Micro-Assurance (La Marocaine-Vie)	ADE Micro-Assurance, which was created in partnership with the Institution Marocaine d'Appui à la Micro-Entreprise (INMAA), is a type of Borrower Insurance policy designed to cover all-cause Absolute and Permanent Disability and Death risks. If a claim is made, the basic coverage provides for the repayment to the INMAA of the capital outstanding and a maximum of 2 unpaid instalments, whereas under the optional coverage the insured party or their beneficiaries receive a lump-sum that varies depending on the capital borrowed.
	Education loan (SG Consumer Finance – Turkey)	Given the high tuition fees of private universities in Turkey, Krediver has launched a product for its customers aimed at facilitating payment in instalments.
	ALD Ecodrive application (ALD Automotive – France)	Launch of the ALD Ecodrive application for iPhone measuring your driving flexibility and its impact on the environment: "eco-driving" concept. Thanks to "ALD ecodrive's" eco-driving advice, the driver can make good progress, consume less and win eco-points.
	ALD Sharing (ALD Automotive – France)	Launch of ALD Sharing, an innovative car sharing solution aimed at the corporate sector including: – an operational vehicle leasing fleet incorporating financing and all the ALD Automotive services (maintenance, insurance, petrol card, etc); – embedded technology and tools for managing customer relations enabling self-service vehicle management (registration of users, reservation on extranet, customer service), fleet maintenance (cleaning, maintenance, filling fuel tank); – a management system for monitoring and optimising the use of vehicles (utilisation reporting by user, fuel consumption, CO2 emissions, etc.).
Private Banking, Global Investment Management and Services	Extension of SGSS Deutschland KAG's license (Securities Services)	Extension of SGSS Deutschland KAG's field of operations to "Other Funds" and "Mixed Funds", with the approval of new instruments (Private Equity, precious metals, single hedge funds and unsecured debt).
	Global Securities Services Alliance (Securities Services)	The service range is based on a sales alliance between Societe Generale Securities Services (SGSS) and US Bancorp Fund Services. By taking advantage of each partner's expertise in terms of product offering and geographic coverage, a global range can be offered for funds domiciled in Europe or the US based on a unique securities services range and greater global assistance.
	Extension of securities services' coverage (Securities Services)	Societe Generale Securities Services (SGSS) and the National Bank of Abu Dhabi (NBAD) have signed a sales agreement capitalising on the ability of the two partners to deliver a wide range of securities services to their clients in their respective regions.
	SGSS Athens	Validation of General Clearing Member status on the Athex Securities Market.

MAJOR INVESTMENTS

As part of its strategy to increase its customer base in Europe and secure its long-term growth, the Group made further targeted acquisitions in 2010.

Business division	Description of the investment
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.
2008	
International Retail Banking	Acquisition of a majority stake in Rosbank, Russia's leading privately-owned banking network. Societe Generale has a 57.6% stake in Rosbank following the exercise of its purchase option on 30% of the capital in February 2008 and the launch of a takeover bid for 7.6% of the capital in May.
	Acquisition of 20% of the capital of Vietnamese bank South East Asia Bank (SeABank).
Specialised Financial Services and Insurance	Acquisition of Ikar Bank, a Ukrainian consumer credit specialist.
	Acquisition by SG Equipment Finance of 100% of PEMA GmbH, a German company offering full service leasing of trucks and trailers.
	Acquisition by SG Consumer Finance of 100% of General Financing, a Lithuanian consumer finance specialist.
Asset Management	Acquisition of an additional 1.6% stake in TCW.
Private Banking	Acquisition of 100% of Canadian Wealth Management.
	Acquisition by SG Hambros of 100% of the wealth management activities of ABN AMRO Bank N.V. in Gibraltar.
	Acquisition of a minority stake in Rockefeller Financial Services in the USA.
Securities Services, Brokers and Online savings	Acquisition of 100% of Capitalia's securities services activity in Italy.
	Creation of Newedge, a world leader in brokerage services. Newedge is owned 50/50 by Societe Generale and Calyon, and is the result of the merger between Fimat and Calyon Financial.

Business division	Description of the divestment
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.
2008	
International Retail Banking	Disposal of Societe Generale’s entire stake (7.8%) in BankMuscat (Sultanate of Oman).

RECENT DEVELOPMENTS AND FUTURE PROSPECTS

The global recovery became stronger in 2010 compared with the previous year. However, it remained moderate and uneven across geographical regions, and generally subject to a number of instability factors.

Overall, mature countries saw a return to growth but it remained moderate due to underlying trends (persistent effects of the crisis: high unemployment rate, private sector deleveraging, disappearance of stimulus plan effects, etc.) and varied according to country. Conversely, the major emerging economies saw their growth potential virtually unchanged, underpinned by strong domestic demand and limited amount of sovereign debt.

After two years marked by the private debt crisis, public debt tensions emerged, notably in the euro zone. Overall, there are still numerous factors of uncertainty, making the global economic recovery fragile (undesirable effects on the recovery or on the public debt markets of restrictive budgetary policies, interest rate and inflation trend, divergence of growth between emerging and developed economies which could create instability in terms of capital and foreign exchange flows, the commodity price trend, etc.).

On the regulatory front, banking industry discussions launched on the G20's initiative for the financial sector have made progress. At end-2010, the Basel Committee issued all the new constraints that will govern the banking system from 2013 in terms of capital and liquidity, as well as the phase-in timetable. However, several points still need to be defined in conjunction with local regulators (in particular counter-cyclical capital cushions in the event of excessive loan growth at national level). Continuing on from the initiatives of the G20, other work monitored by the Financial Stability Board is still in progress (harmonisation of accounting standards, remuneration practices, organisation of OTC derivative markets, etc.). At the same time, in the United States, the Dodd-Frank Act has laid the foundations for the supervision of systemic risk as well as for some corporate and investment banking activities (Volcker Rule).

More generally, banking industry discussions must endeavour to produce a sustainable growth model for the financial sector that fully preserves the banks' ability to finance the economy, in an environment of more restrictive fiscal policies, and that avoids competitive biases between different countries.

Overall, the new regulatory constraints will adversely affect the profitability of some activities or influence the development model of some banking players, especially for businesses that are consumers of scarce resources. Against the backdrop of weak growth in mature countries, regions offering the most attractive prospects will continue to be sought-after. In this respect, the banks of the major emerging economies consolidated their position in 2010 at the top of the global rankings in terms of market capitalisation.

The Societe Generale Group successfully came through 2010, buoyed by a significant rebound in its results, thus confirming the robustness of its universal banking model. The vast corporate project "Ambition SG 2015" aims to extend this momentum primarily by strengthening customer relations and increasing the efficiency of our operating model. The Group's earnings prospects, notably supported by an optimised management of the capital allocation between businesses, and its financial solidity, will help finance growth while ensuring the Group has the ability to comply with the new capital requirements.

POST-CLOSING EVENTS

No significant post-closing event occurred after December 31, 2010.

IMPLEMENTATION OF THE BASEL 2 REFORM

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 second Annual Report was released on the same website in May 2010.

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 spring 2011.

ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

(in billions of euros)	December 31, 2010	December 31, 2009	% change
Cash, due from central banks	14.1	14.4	-2%
Financial assets at fair value through profit or loss	455.1	400.2	+14%
Hedging derivatives	8.2	5.6	+47%
Available-for-sale financial assets	103.8	90.4	+15%
Due from banks	70.3	67.7	+4%
Customer loans	371.8	344.4	+8%
Lease financing and similar agreements	29.1	28.9	+1%
Revaluation differences on portfolios hedged against interest rate risk	2.4	2.6	-7%
Held-to-maturity financial assets	1.9	2.1	-11%
Tax assets and other assets	49.0	42.9	+14%
Non-current assets held for sale	0.1	0.4	-83%
Deferred profit-sharing	1.1	0.3	x3.4
Tangible, intangible fixed assets and other	25.2	23.8	+6%
Total	**1,132.1**	1,023.7	+11%

LIABILITIES

(in billions of euros)	December 31, 2010	December 31, 2009	% change
Due to central banks	2.8	3.1	-10%
Financial liabilities at fair value through profit or loss	359.0	302.8	+19%
Hedging derivatives	9.3	7.3	+26%
Due to banks*	77.3	89.4	-13%
Customer deposits	337.4	300.1	+12%
Securitised debt payables*	141.4	133.6	+6%
Revaluation differences on portfolios hedged against interest rate risk	0.9	0.8	+13%
Tax liabilities and other liabilities	56.3	50.2	+12%
Non-current liabilities held for sale	0.0	0.3	-98%
Underwriting reserves of insurance companies	82.7	74.4	+11%
Provisions	2.0	2.3	-13%
Subordinated debt*	12.0	12.6	-4%
Shareholders' equity	46.4	42.2	+10%
Non controlling Interests	4.6	4.6	-2%
Total	**1,132.1**	1,023.7	+11%

* *Amounts adjusted with respect to the published financial statements as at December 31, 2009.*

Main changes in the consolidated balance sheet

At December 31, 2010, the Group's consolidated balance sheet totalled EUR 1,132.1 billion, up EUR 108.4 billion (+10.6%) vs. December 31, 2009 (EUR 1,023.7 billion). Changes in the exchange rate impacted the balance sheet as follows: EUR +17.5 billion for the US Dollar, EUR +3.9 billion for the Australian Dollar, EUR +1.0 billion for Pound Sterling, EUR +5.3 billion for the Yen, EUR +0.8 billion for the Russian Rouble and EUR +1.4 billion for the Czech Koruna.

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

During the first half of 2010:

- In February, the Societe Generale Group, through its subsidiary TCW Inc., acquired 100% of Metropolitan West Asset Management which was then fully consolidated;
- The Group consolidated Podgoricka Banca SG Group in which it holds 90.56%. This company, located in Montenegro, is fully consolidated;
- SG Cyprus Ltd., previously a fully consolidated company, was sold by Societe Generale S.A. to SG Liban and is now accounted for by the equity method;
- the Group sold its 50% stake in IBK SGAM to IBK, which had shared the control of this entity with SGAM S.A.

During the second half of 2010:

- In September, the Group, through Crédit du Nord, acquired 100% of Société Marseillaise de Crédit which was fully consolidated at Crédit du Nord level;
- The Group sold its 49% stake into Gaselys in September 2010 after GDF-Suez exercised the call option it held. Gaselys was reclassified in Non-current assets and liabilities held for sale as at June, 30 2010;
- The Group finalised the sale of the ECS Group which was removed from the consolidation scope in October 2010. ECS Group's assets and liabilities were reclassified in Non-current assets and liabilities held for sale as at June 30, 2010;
- In accordance with IFRS 5 "Non-current receivables held for sale and discontinued operations", the assets and liabilities that will be sold to Amundi in 2011 are classified in Non-current assets and liabilities held for sale.

Changes in major consolidated balance sheet items

Financial assets at fair value through profit or loss (EUR 455.1 billion at December 31, 2010) increased by EUR 54.9 billion (+13.7%) vs. December 31, 2009, including a EUR +8.8 billion Dollar effect. The trading portfolio (EUR 228.7 billion at December 31, 2010) increased by EUR 35.4 billion, including EUR +4.8 billion for treasury notes and similar securities, EUR -6.9 billion for bonds and other debt securities, EUR +8.3 billion for the shares and other equity securities and EUR +29.2 billion for other financial assets. Trading derivatives (EUR 190.8 billion at December 31, 2010) increased by EUR 13.5 billion, including EUR +7.9 billion for interest rate instruments, EUR +4.0 billion for foreign exchange instruments, EUR -0.6 billion for commodity instruments and EUR +2.2 billion for credit derivatives. The financial assets measured using fair value option through P&L (EUR 35.7 billion at December 31, 2010) increased by EUR 6.0 billion.

Financial liabilities at fair value through profit or loss (EUR 359.0 billion at December 31, 2010) increased by EUR 56.2 billion (+18.6%) vs. December 31, 2009, including a EUR +6.0 billion Dollar effect. Trading portfolio (EUR 151.1 billion at December 31, 2010) increased by EUR 34.9 billion, including EUR -6.8 billion for securitised debt payables, EUR +17.1 billion for amounts payable on borrowed securities, EUR +1.0 billion for bonds and other debt instruments sold short, EUR -0.6 billon for the shares and other equity instruments sold short portfolio and EUR +24.2 billion for other financial liabilities. Trading derivatives (EUR 195.2 billion at December 31, 2010) increased by EUR 18.6 billion, including EUR +9.2 billion for interest rate instruments, EUR +5.4 billion for foreign exchange instruments and EUR +3.9 billion for credit derivatives. Financial liabilities measured using the fair value option through P&L (EUR 12.7 billion at December 31, 2010) increased by EUR 2.7 billion.

Customer loans, including securities purchased under resale agreements, amounted to EUR 371.8 billion at December 31, 2010, up EUR 27.4 billion (+7.9 %) vs. December 31, 2009, including a EUR +4.4 billion Dollar effect.

This change mainly reflects as follows:

- a rise in short-term loans of EUR 7.5 billion,
- a rise in export loans of EUR 2.1 billion,
- a rise in equipment loans of EUR 1.2 billion,
- a rise in housing loans of EUR 10.1 billion,
- a rise in other loans of EUR 3.8 billion.

Customer deposits, including securities sold to customers under repurchase agreements, amounted to EUR 337.4 billion at December 31, 2010, up EUR 37.3 billion (+12.5%) vs. December 31, 2009, including a EUR +4.9 billion Dollar effect. This change is mainly due to the increase in regulated savings accounts of EUR 5.8 billion, the EUR 26.3 billion rise in other demand deposits and the EUR 0.6 billion fall in other term deposits. Securities sold to customers under repurchase agreements increased by EUR 6 billion.

Due from banks, including securities purchased under resale agreements, amounted to EUR 70.3 billion, up by EUR 2.6 billion (+3.9%) vs. December 31, 2009, including a EUR +2.1 billion Dollar effect. This change is mainly attributable to the EUR 1.5 billion increase in term deposits and loans and the EUR 1.3 billion increase in securities purchased under resale agreements.

Due to banks, including securities sold under repurchase agreements, amounted to EUR 77.3 billion at December 31, 2010, down by EUR 12.1 billion (-13.5%) vs. December 31, 2009, including a EUR +2.6 billion Dollar effect. This change is mainly due to the EUR 1.9 billion decrease in demand and overnight deposits and the EUR 10.5 billion decrease in term deposits and to the EUR 0.4 billion increase in securities sold under repurchase agreements.

Available-for-sale financial assets totalled EUR 103.8 billion at December 31, 2010, up EUR 13.4 billion (+14.8%) vs. December 31, 2009, including a EUR +0.8 billion Dollar effect. This change is the result of the EUR 8.3 billion increase in treasury notes and similar securities, EUR +4.8 billion in bonds and other debt securities and EUR +0.2 billion in shares and other equity securities.

Securitised debt payables totalled EUR 141.4 billion at December 31, 2010, up EUR 7.8 billion (+5.8%) vs. December 31, 2009, including a EUR +5.4 billion Dollar effect. This change is the result of the EUR 1.5 billion increase in bonded debt and EUR +6.4 billion in interbank certificates and negotiable debt instruments.

Shareholders' equity Group share stood at EUR 46.4 billion at December 31, 2010 vs. EUR 42.2 billion at December 31, 2009. This change mainly reflects the following:

- net income for the financial year at December 31, 2010: EUR +3.9 billion;
- dividend payment in respect of the 2009 financial year: EUR -0.7 billion.

After taking into account non-controlling interests (EUR 4.6 billion), Group shareholders' equity amounted to EUR 51 billion at December 31, 2010.

At December 31, 2010, Group shareholders' equity contributed to a Basel 2 solvency ratio of 12.1%. The Tier 1 capital ratio represented 10.6%, with total weighted commitments of EUR 334.8 billion.

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.

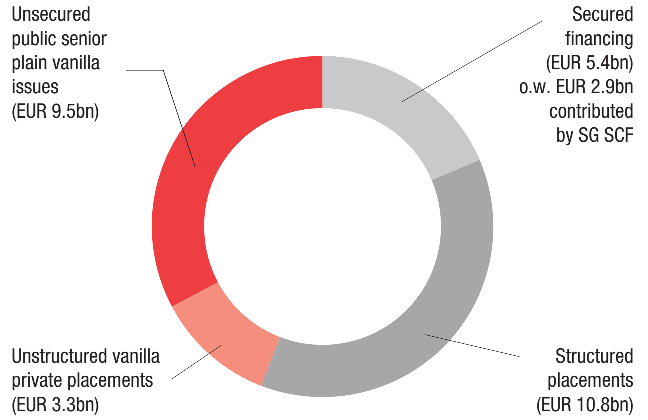
The Group's debt policy is based on 2 principles:

- 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, 2010, customer deposits accounted for 29.1% of the Group's liabilities while debt instruments, interbank transactions and funds generated through the refinancing of securities portfolios amounted to EUR 405.5 billion (or 35.8% 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 that 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 issue policy, is designed to maintain a surplus liquidity position over the medium/long-term.

During the 2010 financial year, the liquidity raised under the 2010 financing programme amounted to EUR 29.0 billion in senior debt. The refinancing sources break down as EUR 9.5 billion of unsecured public senior plain vanilla issues, EUR 3.3 billion of unstructured vanilla private placements, EUR 10.8 billion of structured placements and EUR 5.4 billion of secured financing (EUR 2.5 billion via CRH, EUR 2.9 billion via SG SCF).

2010 FINANCING PROGRAMME: EUR 29.0 BILLION



PROPERTY AND EQUIPMENT

The gross book value of the Societe Generale Group's tangible fixed assets amounted to EUR 22.8 billion at December 31, 2010. This figure essentially comprises land and buildings (EUR 4.5 billion), assets leased by specialised financing companies (EUR 12.2 billion) and other tangible assets (EUR 6.1 billion).

The gross book value of the Group's investment property amounted to EUR 592 million at December 31, 2010.

The net book value of tangible fixed assets and investment property amounted to EUR 14.3 billion, representing just 1.26% of the consolidated balance sheet at December 31, 2010. Due to the nature of the Group's activities, the weighting of property and equipment in overall assets is low.

Moreover, the new Granite Tower, which is the first high-rise building in France to be certified as "High Environmental Quality" and was voted new building of the year 2008, was delivered at the end of October 2008 as scheduled. Occupants from Paris, or sites with more expensive leases coming to an end, have moved into the building. This process was completed at end-March 2009. In 2010, the Granite Tower also received the HEQ building certification for its operation.

Work on the *Immeuble Marchés* building began in July 2008, as planned, for delivery in H1 2012.

5 CORPORATE GOVERNANCE

BOARD OF DIRECTORS (at January 1, 2011)

Frédéric OUDEA

Date of birth: July 3, 1963

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Member of the Nomination and Corporate Governance Committee

Holds 20,774 shares

Year of first appointment: 2009 – Year in which current mandate will expire: 2011

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, the Budget Ministry and in the 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. In May 2002, he was appointed Deputy Chief Financial Officer of the Societe Generale Group. He became Group Chief Financial Officer in January 2003, before being made Group Chief Executive Officer in 2008. In May 2009, he was made Chairman and Chief Executive Officer of Societe Generale.

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: 2011

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

Mandates held in foreign listed companies: Director: Unicredito Italiano Spa.

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

Biography: A British national, he became 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.

Jean AZEMA

Date of birth: February 23, 1953

CHIEF EXECUTIVE OFFICER OF GROUPAMA

Independent Director

Holds 1,000 shares

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

Other mandates held in French listed companies: Director: Véolia Environnement. Permanent representative of Groupama SA on the Board of Directors: Bolloré.

Other mandates held in foreign listed companies belonging to the Director's group: Director: Médiobanca.

Mandates held in unlisted companies: Chief Executive Officer: Groupama Holding, Groupama Holding 2. Vice-Chairman and Director: La Banque Postale Assurances IARD.

Biography: Chief Financial Officer of the MSA de l'Allier in 1979. Head of Accounting and Consolidation Management of the CCAMA (Groupama) in 1987. Head of Insurance of the CCAMA in 1993. Chief Executive Officer of Groupama Sud-Ouest in 1996. Chief Executive Officer of Groupama Sud in 1998. Became Chief Executive Officer of Groupama in 2000.

Robert CASTAIGNE

Date of birth: April 27, 1946

COMPANY DIRECTOR

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

Holds 762 shares

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

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

Other mandates held in foreign listed companies: Director: Compagnie nationale à portefeuille.

Biography: A graduate of the Ecole Centrale de Lille and the Ecole nationale supérieure du pétrole et des moteurs, he holds a doctorate in economics and has spent his whole career at TOTAL SA, first as an Engineer, then in various posts. 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 LA COMPAGNIE FINANCIERE SAINT-HONORE

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

Holds 918 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, La Compagnie Financière Saint-Honoré. Vice-Chairman of the Supervisory Board: Edmond de Rothschild Private Equity Partners (SAS), Edmond de Rothschild Corporate Finance (SAS). Member of the Supervisory Board: SIACI Saint-Honoré, Newstone Courtage. Chairman of the Board of Directors: ERS. Permanent representative of La 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), 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). 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, he was appointed project director and then Deputy Chief Executive Officer of the Compagnie Bancaire from 1983 to 1988 and Cortal from 1983 to 1989. He was Deputy Director of Galbani (BSN Group) from 1989 to 1991, then 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 948 shares

Year of first appointment: 2007 – Year in which current mandate will expire: 2011

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

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

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

Biography: He 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.

Jean-Bernard LEVY

Date of birth: March 18, 1955

CHAIRMAN OF VIVENDI'S MANAGEMENT BOARD

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.

Other 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+ France, Viroxis. Vice-Chairman of the Supervisory Board: Canal+ Group. Director: SFR. Chairman of the Board of Directors of the Institut Telecom. Member of the Steering Committee: Paris Europlace.

Mandates held in foreign unlisted companies: Director: GVT (Brazil), NBC Universal Inc (USA).

Biography: A graduate of the Ecole Polytechnique et de TELECOM Panstech, Mr. Levy was appointed Chairman of Vivendi's Management Board on April 28, 2005. He joined Vivendi in August 2002 as Chief Executive Officer.

Jean-Bernard Lévy was CEO then 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, Jean-Bernard Lévy 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.

Elisabeth LULIN

Date of birth: May 8, 1966

FOUNDER AND CHIEF EXECUTIVE OFFICER OF PARADIGMES ET CAETERA

(company specialising in public policy benchmarking and forecasting).

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 SA.

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), she was appointed Head of the external communication unit at INSEE (1996-1998) and has since been Chief Executive Officer of Paradigmes et Caetera. 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 1,526 shares

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

Other mandates held in foreign unlisted companies:
Chairman: Osculati & Partners Spa, Eurizon Capital Spa, Eurizon Tutela Spa, Valore Spa. Deputy Chairman and Director: Eurizon Vita Spa. Deputy Director: Intesa Vita Spa. Director: Ariston Thermo Spa, Banque de Crédit et de Dépôts, Eurizon Life Ltd, Gas Plus Spa, Miroglio Spa.

Biography: An Italian national, Mr. Osculati was a consultant at McKinsey, 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, for 6 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 753 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 graduate of HEC, from 1978 to 1999 she held a number of positions within 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 Head of Global 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 2,673 shares

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

Other mandates held in French unlisted companies:
Director: WNP

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

Biography: A Belgian national, Mr. Vandevelde 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, he joined Meiji Life in 1973 and was appointed Chairman of Meiji Yasuda Life in 2005.

Director profiles

	Main sector of activity			
DIRECTORS	**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 between 2000 and 2003
Jean AZEMA	x		x	Since 1998 – Groupama Assurance – CEO since 2000
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 La Compagnie Financière Saint-Honoré since 1999
Jean-Martin FOLZ		x	x	Chairman of the automotive group PSA Peugeot Citroën between 1997 and 2007
Jean-Bernard LEVY		x	x	Vivendi since 2002: CEO then Chairman of the Management Board since 2005
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 between 1978 and 1999 (Banque Indosuez) – Founder of an asset management company in 1999
Luc VANDEVELDE		x	x	CFO and CEO in the mass-market retail sector between 1971 and 2007
Patrick DELICOURT	x			Since 1975 – SG employee
France HOUSSAYE	x			Since 1989 – SG employee

Directors whose mandate expires in 2011

Frédéric OUDEA

Date of birth: July 3, 1963

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Member of the Nomination and Corporate Governance Committee

Year of first appointment: 2009 – Year in which current mandate will expire: 2011

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

Year of first appointment: 2002 – Year in which current mandate will expire: 2011

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

Year of first appointment: 2007 – Year in which current mandate will expire: 2011

MANDATES HELD BY MEMBERS OF THE BOARD OF DIRECTORS *(at December 31 of each year)*

Start	End	Name	2010	2009	2008	2007	2006
2009	2011	**Frédéric OUDEA** Chairman and Chief Executive Officer *Professional address:* Tours SG, 75886 Paris Cedex 18	None	None	*Chairman and CEO: Générbanque (until Sept. 29, 2008), Généfinance and SG FSH (until Aug. 5, 2008). Director:* Newedge Group (until May 29, 2008).	*Chairman and CEO:* Génébanque, Généfinance, SG FSH.	*Chairman and CEO:* Génébanque, Généfinance, SG FSH.
2002	2011	**Anthony WYAND** Vice-Chairman: Company Director	*Director:* Société Foncière Lyonnaise, Unicredito Italiano Spa., Aviva France, Aviva Participations.	*Director:* Société Foncière Lyonnaise, Unicredito Italiano Spa., Aviva France, Aviva Participations, Grosvenor Continental Europe.	*Chairman:* Grosvenor Continental Europe SAS. *Director: Aviva* Participations, Unicredito Italiano 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, Unicredito Italiano Spa, Société Foncière Lyonnaise. *Member of the Supervisory Board:* Aviva France. *Non-Executive Director:* Grosvenor Group Holding Ltd.	*Director:* Unicredito Italiano SPA, Société Foncière Lyonnaise, Atis real, Aviva Participations. *Permanent representative:* Aviva Spain, CU Italia. *Member of the Supervisory Board:* Aviva France. *Non-Executive Director:* Grosvenor Group Holding Ltd.

Note: professional addresses are only given only for those still in employment. For other Board members, please send any post to Societe Generale's postal address, Chapter 3, page 32.

Start	End	Name	2010	2009	2008	2007	2006
2003	2013	**Jean AZEMA** Chief Executive Officer of Groupama *Professional address:* 8, 10 rue d'Astorg, 75008 Paris	*Director:* Médiobianca, Véolia Environnement. *Permanent representative of Groupama SA on the Board of Directors:* Bolloré. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2. *Vice-Chairman:* La Banque Postale Assurances IARD.	*Director:* Médiobianca, Véolia Environnement. *Permanent representative of Groupama SA on the Board of Directors:* Bolloré. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2. *Vice-Chairman:* La Banque Postale Asurances IARD. *Permanent representative of Groupama SA* in SCI Groupama les Massues.	*Director:* Médiobianca, Véolia Environnement. *Permanent representative of Groupama SA on the Board of Directors:* Bolloré. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2. *Chairman* of Groupama International (until Dec. 31, 2008). *Permanent representative of Groupama SA* in SCI Groupama les Massues.	*Director:* Médiobianca, Véolia Environnement. *Permanent representative of Groupama SA on the Board of Directors:* Bolloré. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2. *Chairman* of Groupama International. *Permanent representative of Groupama SA* in SCI Groupama les Massues.	*Director:* Médiobianca, Véolia Environnement. *Permanent representative of Groupama SA on the Board of Directors:* Bolloré Investissement. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2. *Chairman* of Groupama International.
2009	2014	**Robert CASTAIGNE** Company Director	*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 Aug. 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.	*Chairman and CEO:* Total Nucléaire, Total Chimie. *Director:* Alphega (until Oct. 31, 2006), Elf-Aquitaine, Hutchinson, Omnium Insurance & Reinsurance Cy Ltd., Petrofina, Sanofi-Aventis, Total Gabon, Total gestion filiales, Total Upstream UK Ltd.
2004	2012	**Michel CICUREL** Chairman of the Management Board of La Compagnie Financière Edmond de Rothschild and of La Compagnie Financière Saint-Honoré. *Professional address:* 47, Faubourg Saint-Honoré, 75008 Paris	*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, La 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.*	*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, La 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 Nov. 10, 2009. *Member of the Supervisory Board:* SIACI Saint-Honoré, Newstone Courtage, *Vice-Chairman of the Supervisory Board:* Edmond de Rothschild Private Equity Partners	*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, La 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 Oct. 31, 2008), SIACI Saint-Honoré (since Nov. 1, 2008), Newstone Courtage, Edmond de Rothschild Private Equity Partners (SAS). *Chairman of the Board of Directors:* ERS. Permanent representative of La	*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 Télécom. Non-voting director:	*Member of the Supervisory Board:* Publicis. *Chairman of the Supervisory Board:* Edmond de Rothschild Multi Management 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), Cdb Web Tech (Italy), Bouygues Télécom. *Non-voting director:* Paris-Orléans. *Member of the* Council of sponsors: Rothschild & Compagnie Banque. *Permanent representative of La Compagnie Financière Saint-Honoré:*

Note: professional addresses are only given only for those still in employment. For other Board members, please send any post to Societe Generale's postal address, Chapter 3, page 32.

Start	End	Name	2010	2009	2008	2007	2006
			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 La Compagnie Financière Saint-Honoré:* Cogifrance. *Non-voting director:* Paris-Orléans.	(SAS). *Chairman of the Board of Directors:* ERS. *Permanent representative of* La 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 Nov. 26, 2009).	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).	Paris-Orléans. *Permanent representative of* La 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.	Cogifrance. *Permanent representative of* La Compagnie Financière Edmond de Rothschild Banque: Assurances et Conseils Saint-Honoré, Edmond de Rothschild Corporate Finance, Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision.
2007	2011	**Jean-Martin FOLZ** Company Director	*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.	*Chairman of the Management Board:* Peugeot SA. *Chairman of the Board of Directors:* Automobiles Peugeot, Automobiles Citroën. *Director:* Banque PSA Finance, Peugeot Citroën Automobiles, Faurecia, Solvay (Belgium).
2009	2013	**Jean-Bernard LEVY** Chairman of Vivendi's Management Board *Professional address:* 42 avenue de Friedland, 75008 Paris	*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.	*Director:* Vivendi Games Inc.
2003	2013	**Elisabeth LULIN** Founder and CEO of Paradigmes et Caetera *Professional address:* 11 rue Surcouf, 75007 Paris	*Director:* Bongrain Group.	*Director:* Bongrain Group.	*Director:* Bongrain Group.	*Director:* Bongrain Group.	None

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Start	End	Name	2010	2009	2008	2007	2006
2006	2014	**Gianemilio OSCULATI** Chairman of Valore Spa *Professional address:* Piazza San Sepolcro, 1-20123 Milan Italy	*Chairman:* Osculati & Partners Spa, Eurizon Capital Spa, Eurizon Tutela Spa, Valore Spa. *Deputy Chairman and 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 Jan. 7, 2009).	*Chairman:* Osculati & Partners Spa. *Director:* Miroglio Spa, MTS Group, Fideuram Spa, Seves Spa (from Nov. 14, 2008 to Jan. 7, 2009).	*Chairman:* Osculati & Partners Spa. *Director:* Miroglio Spa, MTS Group.	*Chairman:* SAIAG-Comital Spa, Valore Spa. *Director:* Miroglio Spa.
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. *CEO:* Change Capital Partners.	*Director:* Vodafone. *CEO:* Change Capital Partners.	*Director:* Vodafone. *CEO:* Change Capital Partners.	*Director:* Vodafone. *CEO:* Change Capital Partners.	*Director:* Vodafone, Comet BV, Citra SA. *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, 2011)

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 10,912 shares

Mandates held in foreign listed companies belonging to the Societe Generale Group: Member of the Supervisory Board: Komerčni Banka A.S. until September 30, 2010.

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 Deputy Chief Financial Officer until 2002. Appointed the Stéria Group's Deputy Chief Executive Officer responsible for strategy and finances, then Chief Executive Officer (2002-2007). In January 2007, he 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 AND HEAD OF RETAIL BANKING IN FRANCE

Holds 17,733 shares

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: 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. Director: Amundi Group, Sogecap, Sogeprom, Sogessur, SG Equipement Finance SA until April 29, 2010. Permanent representative of Crédit du Nord on the Board of Directors: Banque Rhône Alpes. Permanent representative of SG Financial Services Holding on the Board of Directors: Franfinance.

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

Biography: After joining Societe Generale in 1974, he held various posts in the French Network's Paris branches 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. He was subsequently made Head of the Real Estate Division, before being appointed Chief Operating Officer, then Chief Financial Officer, of SGIB. 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 2,000 shares

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

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, he 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 Inditey 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

	2010	2009	2008	2007	2006
Frédéric OUDEA Chairman and Chief Executive Officer *Professional address:* Tours SG, 75886 Paris Cedex 18			See page 76		
Séverin CABANNES Deputy Chief Executive Officer *Professional address:* Tours SG, 75886 Paris Cedex 18	*Director:* Crédit du Nord, TCW Group. *Member of the Supervisory Board:* Komerčni Banka, Stéria Group SCA.	*Director:* Crédit du Nord, TCW Group. *Member of the Supervisory Board:* Komerčni Banka, Stéria Group SCA.	*Director:* Crédit du Nord, Généfimmo, Rosbank, SG Global Solution. *Member of the Supervisory Board:* Komerčni Banka, Stéria Group SCA.	*Director:* Crédit du Nord, Généfimmo, SG Global Solution. *Member of the Supervisory Board:* Komerčni Banka, Stéria Group SCA.	*Member of the Supervisory Board:* Komerčni Banka.
Jean-François SAMMARCELLI Deputy Chief Executive Officer and Head of Retail Banking in France *Professional address:* Tours SG, 75886 Paris Cedex 18	*Chairman of the Board of Directors:* CGA, Crédit du Nord. *Director:* Amundi Group, 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 Board of Directors: Banque Rhône Alpes.* *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.	*Chairman:* CGA. *Director:* Généfinance, Généfim, Mibank, SG Equipment Finance, Sogecap, Sogessur. *Member of the Supervisory Board:* SKB Banka.
Bernardo SANCHEZ INCERA Deputy Chief Executive Officer *Professional address:* Tours SG, 75886 Paris Cedex 18	*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.*	*Mandates that ended in the 2nd half of 2009: 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.	*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 1, 2011)

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 and Head of Retail Banking in France

Bernardo SANCHEZ INCERA

Deputy Chief Executive 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

Benoit OTTENWAELTER

Group Chief Risk Officer

Michel PERETIE

Head of Corporate and Investment Banking

Jacques RIPOLL

Head of Private Banking, Global Investment Management and Services

Patrick SUET

Corporate Secretary and Group Chief Compliance Officer

Didier VALET

Group Chief Financial Officer

Attends meetings of the Executive Committee discussing issues falling under his responsibility

Christian SCHRICKE

Advisor to the Chairman and Chief Executive Officer and Secretary of the Board of Directors

GROUP MANAGEMENT COMMITTEE (at January 1, 2011)

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 and Head of Retail Banking in France

Bernardo Sanchez Incera, Deputy Chief Executive 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, Group Head of Corporate Resources

Benoit Ottenwaelter, Group Chief Risk Officer

Michel Péretié, Head of Corporate and Investment Banking

Jacques Ripoll, Head of Global Investment Management and Services

Patrick Suet, Corporate Secretary and Group Chief Compliance Officer

Didier Valet, Group Chief Financial Officer

Christian Schricke, Advisor to the Chairman and Chief Executive Officer and Secretary of the Board of Directors

Thierry Aulagnon, Head of Customer Relations and Merchant Banking, Corporate and Investment Banking

Philippe Aymerich, Deputy Group Chief Risk Officer

Albert Bocle, Head of Sales and Marketing for the French Retail Banking Network

Henri Bonnet, Chairman of the Management Board of Komerčni Banka

François Boucher, Chief Operating Officer Responsible for the French Retail Banking Networks' Information Networks, back offices and process automation

Serge Cailly, Deputy Head of the French Network

Yannick Chagnon, Head of Domestic and International Payments

Alain Closier, Global Head of Securities Services

Bernard David, Group Deputy Head of International Retail Banking

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

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

Dan Fields, Global Head of Trading, Corporate and Investment Banking

Ian Fisher, Group Country Head for the United Kingdom

Olivier Garnier, Group Chief Economist

Vladimir Golubkov, Chief Executive Officer of Rosbank (Russia)

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

Laurent Goutard, Deputy Head of Retail Banking in France and Head of the Societe Generale French Network

Sofiene Haj Taieb, Global Head of Cross Asset Solutions, Corporate and Investment Banking

Philippe Heim, Head of Group Strategy

Edouard-Malo Henry, Head of Group Internal Audit

Christophe Hioco, Chief Operating Officer, Corporate and Investment Banking

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

Arnaud Jacquemin, Deputy Group Chief Financial Officer

Diony Lebot, Chief Executive Officer, SG Americas

Inès Mercereau, Chairman and Chief Executive Officer of Boursorama

Christophe Mianné, Head of Global Markets, Corporate and Investment Banking

Hikaru Ogata, Head of the Asia-Pacific Region, Corporate and Investment Banking

Craig Overlander, Deputy Head of Corporate and Investment Banking for the Americas

Pierre Palmieri, Deputy Head of Global Finance, Societe Generale Corporate & Investment Banking

Jean-Luc Parer, Head of Global Finance, Corporate and Investment Banking

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

Guy Poupet, Chairman and Chief Executive Officer of the Banque Roumaine de Développement

Sylvie Remond, Deputy Group Chief Risk Officer

Patrick Renouvin, Group Deputy Head of International Retail Banking, responsible for resources

Gianluca Soma, Head of Consumer Finance, Operational Vehicle Leasing and Fleet Management

Marc Stern, Chairman of SG Global Investment Management and Services America and CEO of TCW

Vincent Taupin, Chief Executive Officer of Crédit du Nord

Catherine Théry, Head of Internal Control Coordination

Daniel Truchi, Global Head of Private Banking

Invited to participate in Group Management Committee meetings

Didier Alix, Advisor to the Chairman and Chief Executive Officer

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 public limited company (*société anonyme*) 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.

The powers of the Chairman are stated in article 2 of the Board of Directors' Internal Rules. The Chairman convenes and chairs the Board of Directors, whose work he organises. He chairs the General Meetings of Shareholders.

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 role of Vice-Chairman of the Board of Directors was presented to the shareholders at the General Meeting on July 6, 2009. Detailed information is contained in article 2 of the Board of Directors' Internal Rules. Specifically, 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.

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, 2011)

The Board has eleven directors appointed by the General Meeting and two directors elected by employees.

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 three women and ten men (i.e. 23% women, or 18% 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 enters into force from 2011. Four directors are non-French nationals. The Directors' average age is 56. In 2010, the composition of the Board changed as follows: renewal of the mandates of Mr. Robert Castaigne and Mr. Gianemilio Osculati.

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, 2010 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' judgment. 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. Rachou and Messrs. Azéma, Castaigne, Cicurel, Folz, Lévy, Osculati and Vandevelde should be regarded as independent directors.

Mr. Azéma, Chief Executive Officer of Groupama, is considered to be an independent director, since Groupama holds substantially less than 10% of Societe Generale's capital, and neither the banking or commercial relations between Groupama and Societe Generale, nor the partnership set up between the two groups to launch Groupama Banque (in which Societe Generale holds less than a 5% interest) are liable to colour his judgment, given the limited impact of this project for both Groups.

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 judgment required to perform the tasks entrusted to the Vice-Chairman, particularly in terms of corporate governance, internal control and risks.

Nine out of thirteen directors were therefore independent at January 1, 2011 (i.e. 69% of the Board of Directors and 82% 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, which the Board decided to raise to 1,000 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 *Autorité des Marchés Financiers* (French Securities Regulator) 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 and Directors, 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 2010

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, 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 2010 are summarised in the activity report on page 89 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. Since mid-2009, the Vice-Chairman has met with shareholders holding around 20% of the bank's capital, in France, continental Europe, the UK, Canada and the US, with the aim of explaining and reviewing both the bank's governance and the continuous improvement of its internal control and risk management structure.
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.
6. The Vice-Chairman's responsibilities also lead him to maintain frequent relations with the other members of the Group's Executive Committee. He also periodically inspects the Group's national and international operations. In 2010, 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 2010

The Board of Directors met ten times in 2010, with meetings lasting an average of two hours and 50 minutes. The attendance rate of directors was 92%, compared with 82% in 2009 and 86% in 2008.

The Board approved the annual, half-yearly and quarterly financial statements and examined the 2010 budget.

The Board was kept regularly informed of the developments in the **financial crisis** and discussed its consequences for the Group, notably in terms of risks, capital and liquidity. It examined disposal and acquisition proposals, notably Gaselys and Société Marseillaise de Crédit.

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

- Corporate and Investment Banking;

- Private banking;
- Newedge;
- Specialised Financial Services;
- Trading activities;
- The Group's position and strategy in Russia;
- The impact of financial reforms on the Group (notably in the US);
- The consequences of the Greek crisis;
- The Group's policy in non-cooperative countries;
- Reputational risk management.

The Board reviewed the Group's status with respect to **risk exposure**. 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 (Fighting Back, Resolution, etc.).

In terms of **compensation**, the Board set the compensation of the Chief Executive Officers and Directors 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 stock option and performance share plans and a capital increase reserved for employees as part of the Global Employee Share Ownership Plan in spring 2010, and a free share plan for all employees in November 2010.

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. As at January 1, 2011, 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 the 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 auditing by the Statutory Auditors;
- offering an assessment of the quality of internal controls, 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, and 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 French banking regulations,
  - review the policy concerning risk management and the monitoring of off-balance sheet commitments, 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 2010

The Committee met thirteen times in 2010 and went to London to review the Group's activities, in this country. The attendance rate was 95% (99% in 2009).

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 sovereign risks in 2010.

In 2010, 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 (Tier 1), 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.

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).

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.

It was also consulted on the draft responses by the Group to the follow-up letters from the French Prudential Supervisory Authority.

The Committee reviewed several Group activities, particularly from an internal control and risk standpoint (Specialised Financial Services, Insurance, Private Banking, Lyxor, Newedge, SSG, etc.).

It monitored major projects launched by the Group under Ambition SG 2015 (e.g. Convergence, account audit management, etc.).

It examined a number of disposal and acquisition proposals (acquisition of Société Marseillaise de Crédit), 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 a year.

The Committee discussed the Statutory Auditors' audit programme and fees for 2010.

Compensation Committee

At January 1, 2011, the Compensation Committee was made up of four directors: Messrs. Cicurel, Folz, Vandevelde and Wyand, three of whom are independent. The Committee 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 options 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 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 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 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.

Activity report of the Compensation Committee for 2010

The Compensation Committee met seven times in 2010. The attendance rate of its members was 94% (68% in 2009).

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

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 2009 had been observed.

In addition, it reviewed the terms of the capital increase reserved for employees. Lastly, the Committee proposed the stock option and share plans to the Board (see "Stock options" for the stock option plan). It proposed the approval of additional profit-sharing for employees.

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 examination by the Board of Directors on 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 2010

The Nomination and Corporate Governance Committee met six times in 2010, with an attendance rate of 97% (70% in 2009).

It prepared the Board's review of the Corporate Governance section of the 2009 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 2010 General Meeting.

It examined the **succession plan** for the Chief Executive Officers and Directors in order to be in a position to make a proposal to the Board at the appropriate time. It 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 the answers provided by the directors in a questionnaire.

Depending on the year, the answers to this questionnaire are given in writing to the Board Secretary or given during an in-depth interview, either with a specialist consultant or with the Board Secretary. In both cases, the answers are presented anonymously in a summary document that serves as a basis for debate by the Board, after being analysed by the Nomination and Corporate Governance Committee, which prepares the Board's discussions on this issue.

The Board draws conclusions from this assessment as to its composition, its operation and its expectations of the Management. The implementation of these findings is reviewed during the next yearly assessment.

On August 3, 2010, the Board conducted the annual appraisal of its operation, based on a written and oral report by a specialist external consultant made following individual interviews with each director guided by a detailed questionnaire.

The discussion focused primarily on the role of the Vice-Chairman and corporate governance, after a presentation by the Vice-Chairman of his activities and his opinions on the Board's operation. The Board concluded that the current governance structure was satisfactory and did not need to be altered. The Vice-Chairman was found to effectively contribute to the appropriate and balanced operation of the Board with regard to the General Management and the Chairman, promoting transparent, open, productive and constructive relations and discussions on the Board and with the Management. Various suggestions were adopted to further improve the Board's operation, particularly regarding the format and delivery time of the information given to directors, and the presentation and discussion of issues at Board and Committee meetings. The Board also decided to improve the information it receives about the activities of the Committees, whose work programme and activity reports are now systematically distributed to all of the directors in written form before they are examined by the Board, except in the case of an emergency. The Board now regularly approves the annual work programme, reflecting the priorities that it has determined, notably during its strategic seminar. The Board's Internal Rules were amended on February 15 to incorporate these conclusions.

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 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 pages 423 and 424) 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 780,000 to EUR 1,030,000 by the General Meeting of July 6, 2009.

The new 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 meetings and Committee 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 provides a summary of the internal controls carried out by 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. Indeed, 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.

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 risk** (including country risk): risk of loss 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 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 loss resulting from changes in market prices, volatility and correlations between risks. These changes may notably involve fluctuations in exchange rates, bond prices and interest rates, securities, commodities prices, derivatives price and price of all other assets, such as real estate;
- **structural interest rate and exchange rate risks:** risk of loss or of residual write-downs in the Group's assets arising from variations in interest or exchange rates;
- **liquidity risk**: risk that the Group will not have sufficient liquidity to meet its commitments at their maturities;
- **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 risks** (including legal, tax and reputational risks): risk of legal, administrative or disciplinary sanction, significant financial loss or damage to the Group's reputation, as a result of failure to observe the provisions governing the Group's activity.

The players involved in risk management and control

The 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 the 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. In particular, the Board of Directors ensures the adequacy of the Group's risk management infrastructures, controls the overall risk exposure of the Group's activities and approves 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 by the General Management at least once a year, or more frequently, as circumstances require.

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.

(1) The Corporate Governance section of this report is on pages 85 to 92.

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 being consulted about setting risk limits;
- examining the risk management policy and monitoring off-balance sheet commitments.

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 89 of the Registration Document.

Chaired by the **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 meets at least once a month to discuss 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 Exposure Commitee, which focuses on reviewing large individual exposures;
- the **Finance Committee**, which, as part of its management 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**, which manages the consistency and effectiveness of the internal control mechanism as a whole.

Under the authority of the 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 these departments 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 within the meaning of Regulation 97-02, as amended by the decree of January 19, 2010;
- identifying all Group risks;
- implementing a risk monitoring and management structure, including cross-business risks, and reporting regularly on the type and extent of such risks to the General Management, Board of Directors and French banking 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 line managers;
- defining the risk management information system and ensuring that it meets business requirements and is consistent 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 interest rate, exchange rate and liquidity risks); as such, the ALM department within the Group Finance Division is responsible for:

- identifying structural risks (interest rate, exchange rate, liquidity) borne by the Group;

(1) The Internal Rules of the Board of Directors are available on page 425 of the Registration Document.

- defining methods and procedures for analysing, measuring and monitoring risks;
- proposing risk limits;
- validating the models and methods used by the entities;
- consolidating and reporting on structural risk.

- **the Finance Departments of the business lines,** 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 rules and principles applicable to the Group's banking and investment activities are respected by staff;
- **the Group Legal Department,** which reports to the Corporate Secretary, monitors the legal security and 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 Resources Department,** which is specifically responsible for information system security;
- **the Group Internal Audit Division**, which is in charge of periodic control, under the authority of the Head of Group Internal Audit.

Risk management

FORMAL DEFINITION OF THE GROUP'S RISK APPETITE

Since 2009, the Risk Division, working with the Finance Division, has formally defined the Group's risk appetite, through a process coordinated with the Group's businesses. This approach provides the Group's decision-making bodies with strategic management tools. It also enables them to set management objectives on the basis of new indicators at the Group level reflecting its financial solidity, solvency, leverage and liquidity, which will serve as a framework for setting capital and liquidity allocations to businesses as well as limits by type of risk.

This process, based on assessing the sensitivity of the Group businesses' profitability to stress tests, is designed to measure the "risk-profitability" profile of the Group's main entities with a view to capital allocation. This process is currently being incorporated into the annual budget process. The Board of Directors will be able to use this process to formally validate tolerance thresholds at the Group level, determined in relation to the above-mentioned indicators.

Managing and assessing risks

CREDIT RISK:

Credit risk supervision is organised by division (French Networks/International Retail Banking/Corporate & Investment Banking/Specialised Financial Services and Insurance/Private Banking, Global Investment Management & Services) while the 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, stress tests, sensitivity, etc.);
- validating Front Office valuation models, verifying market perimeters, and determining reserves.

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 (i.e. having taken into account the quality of risk prevention and control systems);
- Key Risk Indicators or 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) structure is attached 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 structure,** which is separate from the BCP structure, strengthens the incorporation of this specific issue within the Group and the implementation of appropriate tools and measures.

REMUNERATION POLICY AND RISK

Since the introduction of rules for performance-linked pay, specific governance has been set up to determine the compensation paid to financial market professionals. These rules now also apply to other employees 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 remuneration 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 are consulted on the definition and application of this policy.

STRUCTURAL RISKS:

The ALM Department within the Group Finance Division is in charge of the overall management of structural interest rate, foreign exchange and liquidity risks at the Group level. This includes:

- supervising the entire structural risk reporting chain and related controls in order to control limits at the Group level;
- approving limits and notifying the entities of the limits applicable to their activities, as defined by the General Management;
- documenting and distributing risk assessment and management rules and procedures;
- validating models and agreements for the treatment of income on the balance sheet.

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.

RISKS RELATED TO NEW PRODUCTS AND ACTIVITIES:

Each division is responsible for submitting all new products, businesses or activities to the New Product procedures. The New Product procedures, which are jointly managed with the Risk Division, aim to ensure that, prior to the launch of a new product, business or activity:

- all associated risks are fully identified, understood and correctly addressed and, accordingly, that future developments will be carried out with maximum efficiency and control;
- 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, 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.

RISKS LINKED TO ACQUISITIONS:

Acquisition projects are analysed thoroughly to assess their potential for value creation. Group rules specify that the following aspects must be examined in depth:

- the various risks inherent to the project;
- the accuracy of accounting and management data;
- internal control procedures;
- the soundness of the company's financial position;
- how realistic the development prospects are, in terms of both earnings growth and income or cost synergies;
- the conditions of consolidation and the follow-up of this consolidation.

This pre-acquisition evaluation is conducted by the businesses with the help of the necessary specialists (representatives of the business lines, the Risk Division, the Accounting Finance Department, the Compliance Department, the Legal Department, etc.). For the largest deals, the General Inspection Department is involved in assessing the risks associated with the deal during the due diligence phase.

The project is then submitted to the Group Finance Division and the Strategy Division for approval and, in the case of larger acquisitions, to the Executive Committee. Major acquisitions must also be approved in advance by the Board of Directors and the General Management.

Once acquired, the entity is consolidated within the relevant business division of the Group. A diagnosis is carried out of the acquired entity's internal control system, in particular its risk management, accounting and financial data and, depending on the entity's type of activity, its compliance procedures. Measures are then taken to bring the entity into line with Group standards as quickly as possible.

In addition, the Group Audit, Internal Control and Risk Committee monitors strategic acquisitions and a report on the business plan presented at the time of the acquisition is drafted two or three years later.

Risk quantification procedures and methodologies

The **AIRB (*Advanced Internal Ratings Based Approach)*** method and the **AMA (*Advanced Measurement Approach*)** have been used since the beginning of 2008 to calculate regulatory capital requirements for credit and operational risk. The system for monitoring rating models is operational, in line with Basel 2 requirements. 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.

Lastly, the Group is carrying out a project to prepare for changes in regulations governing the capital requirements for trading portfolios.

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

- at an overall level, broad stress tests (macroeconomic stress tests – ICAAP stress tests) provide full coverage of the Group (simultaneous consideration of credit, market and operational risks) and are incorporated into the budget process. For each scenario, losses are estimated over a three-year horizon for credit, market and operational risks and then submitted to the Risk Committee for validation;
- specific stress tests are performed on request to round out the overall analysis, using 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.

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).

Internal control

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) and compliance 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:

- detect and measure the risks borne by the Company, and ensure they are adequately controlled;
- guarantee the reliability, exhaustivness 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 periodic controls.**

Its predominant features are:

- the distinction between periodic and permanent controls;
- the balance of the permanent control approach, which combines a multi-risk operational control with interventions by departments 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.

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 and periodic controls.

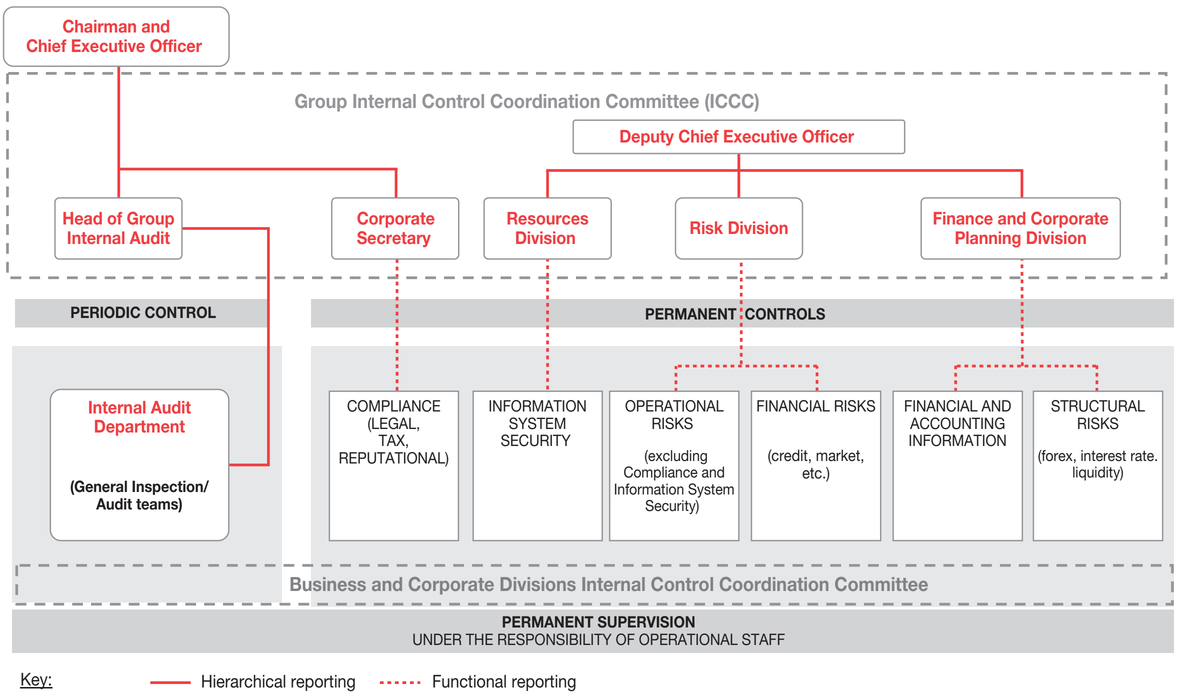
A Deputy Chief Executive Officer is responsible for ensuring the overall consistency and effectiveness of the internal control system. This Deputy Chief Executive Officer also chairs the **Group Internal Control Coordination Committee (Group ICCC),** comprised of the Corporate Secretary, the Chief Risk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

The structure implemented at the Group level to coordinate the actions of participants in internal control is rolled out in all divisions. 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 periodic 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 structures.

The Group Internal Control Coordination Committee met ten times in 2010.

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 2010:

- Know Your Customer procedures;
- overhaul of the normative documentation management system;
- initiatives to optimise the permanent control system and strengthen discipline and consistency Groupwide;
- checks on outsourced services;
- anti-money laundering and terrorism financing procedures;
- Risk and Control Self-Assessment procedures;
- procedures and operation of the New Product Committee.



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 separation of functions within the organisation, 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. It comprises two elements:

- **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 that 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 last census (conducted on a declarative basis in the 1st quarter of 2010), the Societe Generale Group's Risk structure was staffed by more than 5,200 employees dedicated to risk management and permanent control (including 892 at the end of December 2010 within the Group Risk Division) versus over 4,500 last year. This change reflects the ongoing effort to strengthen the Risk function, in relation to regulatory requirements, scope effects and developments in the business and corporate divisions.

The work of the Risk Division is described in detail in the introductory paragraph of Chapter 9 of the Registration Document on page 172.

■ **The Head of Risk Management and Information System Security coordinates the management of information system risks at the Group level.**

In light of the increasing exposure of its information systems to external risks as a result of the growing number of sales channels (including the Internet), Societe Generale has maintained and reinforced its different organisational, monitoring and communication initiatives relating to information system risks and security. The system is coordinated at the Group level by the **Head of Risk Management and Information System Security**, and has been rolled out within the Group's different business divisions. 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 security network is regularly updated to keep abreast of technological developments and the appearance of new threats or risks. It is governed by the "Strategic Security Initiatives" validated by the General Management and all businesses which are part of the Corporate Divisions Supervisory Committee.

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 operational risk management. A Group action plan, covering major security initiatives, was approved in July 2008 and is monitored on a half-yearly basis by the Group's Executive Committee. Moreover, employees are regularly 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 ALM Department is responsible for defining 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 ALM 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 ALM Department performs Level 2 structural risk controls at entities, and consolidates Group entity positions.

- **The Group's Corporate Secretary is responsible for the consistency and efficiency of the Group's compliance control system.**

The Group Corporate Secretary is assisted in this role by a **Group Compliance Committee,** which meets once a month, and notably comprises the heads of compliance appointed within each business division, who carry out similar functions within their remit via a co-ordinated network of compliance managers covering all business divisions. Clear roles and responsibilities have also been defined for the Group's subsidiaries, branches and major entities. The Compliance Department is responsible for coordinating the Compliance function and its Level 2 permanent control.

The compliance of the Group's operations is monitored on a regular basis within this structure by the heads of compliance, with the support of:

- **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; it also monitors the prevention of reputational risk;
- **the Legal and Tax Departments,** which respectively monitor the legal security and compliance, and the security of all Group activities in terms of taxes.

These corporate divisions report to the Group's Corporate Secretary. They 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.

Finally, Societe Generale continues to make targeted efforts to raise awareness among staff and provide training in the prevention of non-compliance risks, throughout both its corporate and business divisions.

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 from 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 business division 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 are hierarchically attached to the Head of Group Internal Audit and functionally attached to the heads of the business 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 3 regions, ensuring full coverage of their geographical scope, regardless of the type of activity performed;
- **a business scope (secondary):** each head of a business division, 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 includes 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 in support of 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 the business activities and operations of all entities within the Group, and reports its findings, conclusions and recommendations to the General Management. The department's activity is defined by an annual audit plan validated by the 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, comprised of auditors and operational managers, meet at least once a year to examine the conditions for 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 periodic control section of the annual report on the internal control system, as specified in article 42 of amended 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 functioning of the periodic controls.

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

The players involved in the production of financial data are as follows:

- 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 business divisions 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 the subsidiaries and business divisions** 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. 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 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.

In addition to its role of consolidating the financial and accounting information described above, the Group Finance Division carries out large-scale audit assignments: 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 compiles its own accounting and management statements on a monthly basis. The information is then consolidated each month at the Group level and published for the markets on a quarterly basis. The business division Finance Departments also submit analytical reviews and consistency checks to the Group Finance Department, which in turn compiles the consolidated financial statements and management and regulatory reports for the Group 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. The creation of the Product Control Group (PCG) department within Corporate and Investment Banking's Finance Department in November 2008 is an integral part of this action plan that will help strengthen controls, auditability and the accounting quality of Corporate and Investment Banking's income statement and balance sheet, which will be made possible by these investments.

Internal control procedures governing the production of financial and accounting data

ACCOUNTING DATA ARE COMPILED INDEPENDENTLY OF THE FRONT OFFICES

Accounting 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 the reported information;
- reconciliation, by 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 financial and management accounting data are effective and reliable.

SCOPE OF CONTROL

In practice, the internal control procedures implemented by the various businesses are designed to guarantee the quality of the 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 compile 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 made accurately, 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 THE BUSINESS DIVISIONS

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 business division Finance Departments, including analytical reviews, consistency checks and specific reviews. The conclusions drawn from this work are transmitted in a summary report distributed every quarter to the Group Finance Division.

SUPERVISION BY THE GROUP FINANCE DIVISION

Once the parent company 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 several controls based on the data received for consolidation: validation of the aggregates produced with the collected data, verification of the proper transition of recurrent and non-recurrent consolidation entries, exhaustive treatment of critical points in the consolidation process, treatment of any residual differences in reciprocal/intercompany accounts. Ultimately, the department checks the overall consolidation process 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. This team will also be in charge of promoting and coordinating the roll-out of the permanent accounting control certification system as of 2011.

The accounting audit system

CONTROLS BY ALL OPERATIONAL STAFF INVOLVED IN THE PRODUCTION OF ACCOUNTING, FINANCIAL AND MANAGEMENT DATA

The operational staff monitors their activities via a permanent supervision process, under the direct responsibility of their management teams, 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 financial and management accounting 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 the identification of 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

Progress in the reinforcement of controls at SGCIB

FIGHTING BACK PROGRAMME

The General Inspection Department completed its assignment and submitted its report in March 2010. This report provided an overall positive assessment of the implementation of the Fighting Back programme and recommended putting more effort into further developing the new SAFE (Security & Anti-Fraud Expertise) and Product Control Group (PCG) departments, and into streamlining SGCIB's operating environment, which was undertaken in mid-2009 under the Resolution Programme. Flash audits were launched in the summer of 2010 and have not revealed any significant anomalies to date.

RESOLUTION PROGRAMME

Undertaken in mid-2009, the Resolution Programme entered an active phase in 2010 with the implementation of all its projects. With a budget of EUR 530 million over three years, its purpose is to reinforce the robustness of SGCIB's operating environment and the security of its activities, mainly through the streamlining of its information system and production processes. The progress and effectiveness of this programme are monitored on a monthly basis through operational risk indicators, which were highly positive in 2010.

Creation of the Compliance Department

The decision to create a Compliance Department was made in September 2010. The purpose of this new department, an extension of the "Direction de la déontologie", is to implement a comprehensive Compliance function for the purpose of distributing a coherent body of Compliance control standards for the whole Group and ensuring their proper application. This function will improve management of non-compliance and reputational risks. Work related to the project started in late 2010, with effective implementation slated for February 1, 2011.

Project to reinforce the Group's permanent accounting control system

In February 2009, the Group rolled out a project, on the initiative of the Audit, Internal Control and Risk Committee, to reinforce and harmonise permanent accounting control, inspired by the "SOX" (Sarbanes-Oxley) approach.

This project has redefined the fundamental principles of permanent accounting control within the Group, which now draw on:

- a framework of key controls, comprised of the control objectives for the consolidated entities;
- an internal certification process for key controls selected upstream by the Group Finance Division based on a risk-assessment method. These certifications will successively involve the Chief Financial Officers and Chief Executive Officers of the consolidated entities, business divisions and the Group.

The first certifications will be performed starting in 2011 for pilot entities, selected for their contributions to the Group's consolidated financial statements.

"Liquidity" Project

In 2010, the Group launched a roadmap for the second phase of its "Liquidity Project", which involves the operational roll-out of the target management system, with a focus on regulatory changes. This paved the way for the implementation of the French Prudential Supervisory Authority's standard liquidity management approach in mid-2010, and for compliance with the new requirements set by UK regulator FSA (Financial Services Authority), when they come into force in early 2011.

As regards the reinforcement of the internal management system, the project has undertaken to redefine the general framework for the Group's liquidity risk appetite and its deployment through governance principles, indicators and additional liquidity limits. Within this framework, it has improved and refined existing liquidity stress tests and launched a project to harmonise and extend liquidity models within the Group's business divisions. The definition of the target internal liquidity management system and related processes will be finalised in 2011, with the inclusion of Basel 3 requirements.

In late 2010, the project scope was extended to cover all structural risks in order to ensure the consistency of their management principles and to pool solutions for the operational implementation, particularly with respect to the Group's information systems.

The Risk Division's strategic action plan

Drawing on the lessons from the crisis, the Risk Division has established a strategic action plan in conjunction with the General Management. The main goals are: firstly, to support the 2010-2015 initiatives of the business divisions as well as the Group's transformation project in today's uncertain environment and, secondly, to improve the quality of the Risk Function's tools and processes in order to better meet the requests of the Group's decision-making bodies, businesses and regulators.

Enterprise Risk Management Project

In September 2010, it was decided that an Enterprise Risk Management (ERM) project would be launched 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. Placed under the direct responsibility of the General Management, this is a strategic and cross-business project, which is an integral part of the Group's Ambition SG 2015 transformation programme. The ERM Project draws on the following sources of leverage:

- optimisation of control processes and procedures;
- improvement of assessment and reporting tools (dashboards, etc.);
- gradual change in managerial culture throughout the Group, in particular the reinforcement of thoroughness and discipline;
- adaptation of the risk governance system.

REMUNERATION POLICY

Group remuneration policy

Main principles

The Group remuneration policy complies with the principles defined by regulators and French professional standards.

The policy is generally based on principles and processes common to the whole Group, including:

- adopting a global approach to remuneration that takes account of the performances of the business divisions as well as the economic, social and competitive context;
- recognising individual and collective performances, based on objectives that include financial and non-financial criteria based in large part on Group competency referential;
- increasing the company loyalty of key talent and executives through long-term incentive plans;
- promoting employee share ownership to strengthen the cohesion of the Group;
- internal governance specific to remuneration based on delegation rules defined for each business division and a salary revision process structured and managed by the Group Human Resources Division;
- respecting the Group's governance rules and financial principles, and local corporate, legal and tax legislation.

The Board of Directors confirmed on November 5, 2008 that the Code of Governance of the French Association for Private Entreprises (AFEP) and of the French Business Confederation (MEDEF) was its reference code and adhered to the AFEP-MEDEF recommendations of October 6, 2008 on the remuneration of Chief Executive Officers of listed companies.

Moreover, Societe Generale will comply with the new rules defined by the European "Capital Requirements Directive" or CRD III of November 24, 2010 and the ministerial order of December 13, 2010 which transposed it into French law. These rules apply to Societe Generale and the subsidiaries it controls in France and the rest of the world. The policy applied to regulated employees (see scope of regulated employees below) may be adapted to take account of local constraints outside of France.

Governance of remuneration

The Group's remuneration policy is defined by the General Management, based on a proposal by the Group Human Resources Division. It is validated by the Board of Directors, after consultation with its Compensation Committee, which ensures that it is applied appropriately.

Role of the Compensation Committee

In 2009, the role of the Compensation Committee was broadened as part of the new governance system implemented in order to meet the AFEP-MEDEF recommendations and the professional standards established by the French Banking Federation in compliance with French banking regulations. As such, before giving its opinion to the Board, the Compensation Committee:

- examines the policies, principles and structures governing remuneration for the whole Group, as proposed by the Group Human Resources Division and agreed upon by the Group's General Management and Executive Committee, and verifies with the General Management that they are being appropriately implemented;
- seeks and incorporates the opinion of the Audit, Internal Control and Risk Committee;
- reviews the overall amounts allocated in terms of basic salary increases for the current year and performance-linked remuneration for the previous year;
- receives all the information required to carry out its task, particularly on individual remuneration above a certain threshold.

Accordingly, the Compensation Committee verified that remuneration policies, principles and structures respected all the applicable rules and standards for fiscal year 2010, before submitting its opinion to the Board, which approved them during the meetings of January 14 and February 15, 2011.

Internal governance rules for Management

The General Management has defined a system of remuneration delegations and management which applies to the whole Group. Through this system, delegations are implemented 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. Moreover, the Group Human Resources Division is responsible for coordinating the process for reviewing individual situations (fixed salary, performance-linked variable pay, stock options and/or shares), with a series of validation stages at the subsidiary, business divisions, Group Human Resources Division and finally General Management level. Moreover, the Group Finance Department ensures that the total remuneration amount is not likely to limit the Group's ability to strengthen its capital base. Validation covers policy, budgets and individual allocations, with the Group Human Resources Division ensuring the consistency of the overall process. The legal and regulatory obligations in force in the various entities and countries are taken into account in this process.

Role of the Risk and Compliance Divisions

The remuneration system for risk management and compliance staff is based on specific objectives and is in no way directly linked to the performance of the professionals or the profits of the activities that they monitor. Their remuneration is set independently from that of the businesses that they monitor or audit, and is set at a sufficient level to ensure that staff are appropriately qualified and experienced. The Risk and Compliance Divisions report to the General Management.

Since 2009, the Risk and Compliance Divisions have been involved in the review process of performance-linked remuneration for financial market professionals. As of 2010, in compliance with the new rules concerning bank remuneration policies and practices defined by the EU within the framework of the "Capital Requirements Directive" or CRD III, their scope covers all categories of Group professionals and businesses that have a significant impact on the Company's risk profile. The Risk and Compliance Divisions are consulted by the General Management regarding the implementation of the remuneration policy for these categories, and assess the risk management and compliance of the businesses and professionals in question.

This management system ensures the independence and objectivity of decisions on matters of remuneration. The process is subject to an ex-post review by Group Internal Audit or Permanent Control.

Transparency

In accordance with the provisions of the ministerial order of December 13, 2010 and the French Banking Federation's professional standards governing the remuneration of Chief Executive Officers and professionals whose activities are liable to have an impact on the bank's risk exposure, Societe Generale undertook to:

- provide the French Prudential Supervisory Authority (*Autorité de contrôle prudentiel*) with an annual report on the remuneration policy governing such professionals [(1)];
- publish the annual qualitative and quantitative information requested on the remuneration of these staff [(2)].

Deferred remuneration in order to discourage excessive risk-taking by regulated employees

Societe Generale already applied a certain number of recommendations defined by the Financial Stability Board governing the allocation of performance-linked remuneration for market professionals in September 2009, in particular:

- the acquisition of a substantial portion of performance-linked remuneration by financial market professionals was already deferred and spread out over three years;
- this deferred remuneration was either in the form of Societe Generale shares, or an amount indexed to the change in Societe Generale's share price;
- since 2008, a portion of deferred remuneration has been contingent on a minimum performance condition being met by Corporate and Investment Banking;
- employees are prohibited from using individual hedging or insurance strategies during the period in which the deferred remuneration is acquired;
- the cost of risk and the cost of capital were already taken into account in Corporate and Investment Banking's overall performance-linked remuneration.

The 2009 remuneration policy was reviewed in early 2010 by Mr. Camdessus, Remuneration Controller in France. It resulted in a public report which was made available on Societe Generale's website.

The conditions of application of these principles were tightened again in 2010 in order to meet the new requirements of both French and foreign supervisors and regulators, particularly the conditions of the "Capital Requirements Directive" (CRD III) of November 24, 2010 relative to prudential supervision of remuneration policies, specifically with respect to expanding the category of professionals concerned and to the structure of performance-linked remuneration (in terms of the deferred portion and length of deferral, payment in the form of shares or equivalent instruments featuring a minimum holding period). Regulations governing the 2010 remuneration policy and the quantitative information requested will be published in a separate dedicated report before the 2011 Annual General Meeting called to approve the 2010 financial statements.

(1) In accordance with article 43.1 of the act governing remuneration of staff whose activities are liable to have a significant impact on the risk exposure of credit institutions and investment companies.

(2) In compliance with article 43.2 of the same act.

Remuneration and individual situation of Chief Executive Officers

Remuneration principles for Chief Executive Officers

The remuneration of Chief Executive Officers is determined according to the principles proposed by the Compensation Committee and validated by the Board of Directors. Moreover, it complies with the recommendations of the AFEP-MEDEF Corporate Governance Code (point 20) and the new European Capital Requirements Directive (CRD III) of November 24, 2010, transposed into French law by the ministerial order of December 13, 2010.

This policy meets the AFEP-MEDEF principles of:

- **exhaustiveness**: all elements of remuneration must be considered in the overall assessment of Chief Executive Officers' remuneration;
- **balance**: balance between the different elements of remuneration in terms of the company's objectives, comparison with peers and consistency with other members of the company's management;
- **clarity** and **transparency of regulations**, as presented in this document;
- **balance** between the company's general interest, market practices and the company's performance.

The current remuneration structure aims to strike a balance between rewarding short-term performance (performance-linked remuneration) and medium-term performance (stock options and performance share grants) in order to encourage a continuous, lasting performance. Short-term performance is assessed based both on quantitative performance and qualitative performance in order to take account of the achievement of objectives assigned to Chief Executive Officers.

Remuneration of Chief Executive Officers excluding stock-options or share grants is made up of the following elements:

1. a fixed salary which takes into account experience, responsibilities and market practices;
2. a performance-linked component[1] which represents the contribution of Chief Executive Officers to the success of the Societe Generale Group. It is expressed as a percentage of the fixed salary set by the Board meeting which approves the year's financial statements. In 2010, it amounted at target (achievement of all objectives set for the fiscal year) at 120% of the fixed salary and was capped at 150% of the fixed salary (if the objectives are exceeded)[2]. It is made up of two parts:

- a quantitative portion, based on the achievement of objectives linked to the Group's annual intrinsic performance. This performance is reflected in financial indicators based on the Group's budget targets and, for Deputy Chief Executive Officers, by also taking into account their scope of supervision. The amount of performance-linked compensation linked to the quantitative component may vary between 0 and a maximum (for 2010) of 90% of the fixed salary.
- a qualitative portion, based on the achievement of key objectives underpinning the success of the Company's strategy and set ahead of the fiscal year. The amount of performance-linked pay linked to the qualitative component may vary between 0% and a maximum for 2010 of 60% of the fixed salary.

The performance-linked component 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.

Individual remuneration of Chief Executive Officers

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.

(1) Contingency of payment of Chief Executive Officers' performance-linked remuneration on quantitative and qualitative performance criteria complies with point 20.2.2 of the AFEP-MEDEF Corporate Governance Code.

(2) This cap complies with the AFEP-MEDEF Corporate Governance Code, point 20-2-3.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The fixed salary of the Chairman and Chief Executive Officer is EUR 850,000 per year, unchanged since his appointment as Chief Executive Officer in 2008, even though he has also served as Chairman of the Board of Directors since May 2009.

In 2010 and for the second consecutive year, Mr. Frédéric Oudéa refused any performance-linked remuneration for 2008 and 2009, as well as the grant of stock options in 2009 and 2010.

His performance-linked remuneration for 2010 will be set by the Board of Directors on March 7, 2011 against the target amount, i.e. 120% of his basic salary and capped at 150%. The quantitative fixed component of the performance-linked pay will be contingent on the achievement of the Group's budget targets with respect to net earnings per share and gross operating income. The qualitative component will be assessed by the Board of Directors based on specific predefined objectives in several areas: strategy, management of employees, management of performance, the Group's Ambition SG 2015 transformation programme and Corporate Social Responsibility.

In application of the principle of not combining an employment contract with a mandate [1], Mr. Oudéa terminated his employment contract when he was appointed Chairman and Chief Executive Officer. Since the termination of the employment contract led to the loss of benefits from the supplementary pension plan to which he was entitled as a salaried executive manager of Societe Generale, he receives additional compensation of EUR 300,000 per year, subject to income tax and social security contributions. This compensation 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.

DEPUTY CHIEF EXECUTIVE OFFICERS

The fixed salary of Mr. Cabannes, Deputy Chief Executive Officer in charge of Corporate and Investment Banking, Private Banking, Global Investment Management and Services, as well as the Group Finance, Risk and Resources Divisions, is EUR 550,000 per year. For 2009, he received performance-linked remuneration of EUR 320,000. He refused any allocation of stock options for 2009 and 2010.

Appointed January 1, 2010, Mr. Sanchez-Incera, Deputy Chief Executive Officer of International Retail Banking and Specialised Financial Services and Insurance, and Mr. Sammarcelli, Deputy Chief Executive Officer of Retail Banking in mainland France, receive a fixed salary of EUR 650,000 and EUR 550,000, respectively, per year. They also refused any allocations of stock options for 2010.

Performance-linked amounts for fiscal year 2010 for the Deputy Chief Executive Officers shall be set by the Board on March 7, 2011 with respect to a target amount of 120% of their fixed salary and capped at 150%.

The quantitative component of the performance-linked pay will be contingent on:

- the achievement of the Group's budget targets in terms of earnings per share and gross operating income;
- the achievement 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 in terms of Group cost/income ratio.

The qualitative component will be assessed by the Board of Directors based on the achievement of specific predefined targets for the General Management team and for each of them.

Allocations of stock options and shares to Chief Executive Officers [2]

In order to more closely involve the executive management in the Company's long-term development policy, the Board of Directors may decide, in accordance with the authorisations given by the General Meeting and the stock option and share allocation plans for the Group's employees, to grant stock options or share subscriptions to the Chief Executive Officers. The General Meeting of May 25, 2010 expanded this authorisation to include the allocation of performance shares.

In accordance with the AFEP-MEDEF recommendations, separate rules are applicable to Chief Executive Officers, notably conditions governing performance, holding period, custody and rules prohibiting hedging [2]. Accordingly, the Chief Executive Officers have undertaken not to hedge the stock options and performance shares awarded to them throughout their term of office.

These rules are detailed below. The general features of employee stock option and share plans are described on pages 113 to 115.

(1) AFEP-MEDEF Corporate Governance Code (point 19).

(2) AFEP-MEDEF Corporate Governance Code (point 20-2-3).

STOCK OPTION PLANS

The Chief Executive Officers refused the options awarded to them by the Board of Directors on March 9, 2009.

In accordance with the commitment made when the capital increase with preferential subscription rights was announced in November 2009, the Chief Executive Officers did not receive any allocation of stock options in 2010, despite the redemption of the financial instruments subscribed for by the State with the funds raised by the capital increase.

PERFORMANCE SHARE PLANS

Under the authorisation granted by the Extraordinary General Meeting of May 25, 2010, as from 2011 Chief Executive Officers may receive shares contingent on the following performance conditions:

1. A preliminary performance assessment will be based on the Group's Return On Equity (ROE)[1] after tax, determined for the year prior to the acquisition of the shares, enabling the gradual acquisition of 50% to 100% of the shares;
2. If this condition is not met, a second criterion (relative to peers) shall be triggered, enabling acquisition of up to 50% of the shares. This will assess the Societe Generale Group's performance in terms of annualised *Total Shareholder Return* (TSR)[2] compared to a sample of 11 European banking groups[3].

Share holding and ownership obligations[4]

In 2002, the Board of Directors decided that the Group's Chief Executive Officers should hold a minimum number of Societe Generale shares. The Board of Directors' meeting of January 20, 2009 raised this number to:

- 30,000 shares for the Chairman and Chief Executive Officer;
- 15,000 shares for Deputy Chief Executive Officers.

This minimum must be reached by the end of a five-year mandate. When this is not the case, the executive officer must keep the shares acquired 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 shares acquired using the options awarded under stock option plans in a registered account until the end of their mandates. This proportion has been set by the Board 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. However, where the value of the shares held by officers exceeds a multiple of their annual fixed salary, double for the Deputy Chief Executive Officers, or triple for the Chairman and Chief Executive Officer, the proportion of shares that must be held until the end of their mandates shall be reduced to 20% of net capital gains.

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.

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. Oudéa terminated his employment contract by resigning when he was appointed Chairman and Chief Executive Officer, he is no longer eligible for Societe Generale's supplementary pension plan.

Supplementary pension plans for Deputy Chief Executive Officers are managed in accordance with point 20-2-5 of the AFEP-MEDEF Corporate Governance Code.

Supplementary pension allocation plan[5]

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 the liquidation of 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 a variable component limited to 5% of their fixed salary;

(1) Return on equity: measures profitability of capital employed, on a like-for-like basis in terms of regulatory conditions.

(2) Total Shareholder Return: change in stock price and capitalised dividends.

(3) The peer sample of banks will consist of the 11 largest banks by market capitalisation in the European Economic Area and Switzerland as at December 31, 2009, excluding banking groups that have received significant government aid and those whose Group net income includes a share of profits from insurance activities of at least 35%.

(4) AFEP-MEDEF Corporate Governance Code (point 20-2-3)

(5) Regulated agreements with Messrs. Cabannes and Sanchez-Incera approved by the General Meeting in 2009 and 2010.

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

The rights are subject to the employee being present in the Company upon liquidation of his pension.

Supplementary pension plan [1]

Regarding benefits awarded after the end of their mandates, Mr. Sammarcelli retains the supplementary pension plan for the Company's senior managers which applied to him as an employee prior to his initial appointment as Chief Executive Officer.

This plan entitles its beneficiaries, upon the liquidation of their pension rights by the 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 liquidation at the age of 60. The total pension amount is increased for beneficiaries who have brought up at least three children, as well as for those retiring after 60. The annuities taken into account by virtue of their years of professional service shall extend both to their years of service as employees and to their mandates as Chief Executive Officers. A person's pensionable earnings include their last annual fixed salary plus a variable component which is equal to 5% of their fixed salary. 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 the 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, 2010, Mr. Sammarcelli's pension rights to be covered by the Company amounted to EUR 164,620 per year.

Severance pay

In the case of Mr. Oudéa, in the event that he leaves the office of Chairman and Chief Executive Officer:

- he would be bound for one year by a non-compete clause prohibiting him from accepting a position with a listed French bank or financial institution. In exchange, he could continue to receive his fixed salary for one year. Parties will however have a right to waive such a clause;
- if his departure is not the result of failure or resignation, he would be entitled to two years' remuneration (fixed salary and performance-linked remuneration) and, where necessary, any other compensation due by virtue of leaving office [2]. This compensation would be subject to fulfilment of the performance condition of average Group ROE after tax (assessed for the two fiscal years preceding his departure) in excess of that achieved by the lowest quartile of Societe Generale's peers (the benchmark sample consisting of the 14 largest banks by market capitalisation in the European Economic Area and Switzerland at December 31 of the year preceding his departure).

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.

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.

(1) Regulated agreement with Mr. Sammarcelli approved by the General Meeting in 2010.
(2) In accordance with point 20-2-4 of the AFEP-MEDEF Corporate Governance Code.

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. The Compensation Committee is duly notified. It comprises two parts:

- a fixed salary, determined according to each member's responsibilities and taking into account market practices;
- performance-linked remuneration, set at the discretion of the General Management, which depends on both the Group's results and the individual's performance over the previous fiscal year.

In addition to this remuneration, senior managers also benefit from the general incentive schemes established under the Company's collective agreements, like all employees. They do not receive any attendance fees for their directorships within or outside the Group, with any such fees being paid to Societe Generale.

Finally, Executive Committee members have their own company car.

In 2010, remuneration was as follows (in millions of euros):

	Basic salary	Performance-linked remuneration	Total remuneration
Other members of the Executive Committee at December 31, 2010 (1)	3.2	Undisclosed	Undisclosed

(1) These amounts include the annual salaries of Ms. Guillaumin, Ms. Marion-Bouchacourt and Ms. Mercadal-Delassalles and Messrs.Hauguel, Mattei, Ottenwaelter, Pérétié, Ripoll, Suet and Valet, for the period they were members of the Executive Committee.

Societe Generale share holding obligations

Executive Committee members are required to hold 5,000 Societe Generale shares. As long as the minimum number of shares has not been reached, the senior manager must keep the shares acquired from the exercising of options as well as the shares acquired under share plans.

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

Following the approval of, and under the authorisations given by the General Meeting, the Board of Directors may allocate shares to the Group's employees and Chief Executive Officers on top of any options to purchase or subscribe to Societe Generale shares. The attribution of these financial instruments is accounted for under personnel expenses in the Company's financial statements. At the proposal of the Compensation Committee, the Board has defined the following policy.

The awarding of Societe Generale stock options and shares is intended to motivate, secure the long-term loyalty of and reward three categories of employees. The first category comprises employees who have made a significant contribution to the Group's results with respect to their responsibilities. The second category is made up of high-potential employees, whose expertise is highly sought-after on the labour market. The third category is aimed at employees whose work has proved extremely valuable to the company.

Moreover, within the framework of the remuneration and loyalty policy applied to market professionals, defined in compliance with the rules set out by the ministerial act of November 3, 2009, 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.

As the grant of stock options or shares to personnel is henceforth booked as an expense for the Company in accordance with IFRS 2, the Board of Directors has defined a policy that factors in said expenses when determining the amount of any benefits to be awarded. It was also decided in 2010 to continue to offer both instruments. The members of the Executive Committee, Management Committee and other senior managers have received both stock options and shares in varying amounts according to their level of responsibility, with the number of options decreasing proportionately. Other non-executive employees were granted shares only.

Since 2009, share grants have been extended to non-managers.

Chief Executive Officers grants are entirely contingent on the Group's future performance. In 2010 for other Group executives, managers and experts, half of allocations are contingent on a performance condition. In accordance with the AFEP-MEDEF's recommendations, conditions linked to the Group's performance were set in advance and were stringent.

In line with the commitment taken by the Group during the Extraordinary General Meeting of May 25, 2010, all allocations of stock options or shares as from 2011 will be contingent on performance conditions, regardless of the category or level of the beneficiaries.

In general, these stock options are granted for a period of seven years and are exercisable after three or four years. Moreover, the exercise of said options is subject to the beneficiary holding a valid employment contract on the date when the options are exercised. In view of the tax regime in force in France, beneficiaries resident for tax purposes in France may not transfer or sell the shares received upon exercising their options for four years following grant date. In accordance with the AFEP-MEDEF Corporate Governance Code, no discount is applied and awards are made during the same calendar period[1].

Conditions for acquiring options and monitoring performance conditions

For other than Chief Executive Officers, the acquisition of stock options and shares is subject to the beneficiary's presence within the company at the vesting date and, for certain grants from 2006 to 2010, to the Group's performance. In light of the financial crisis, the ROE and EPS performance conditions for the 2006, 2007 and 2008 plans were not achieved and the shares and options subject to this condition did not vest. As such, all performance-linked options and shares initially granted to the Group's executives, managers and experts were lost. This accounted for around half of total grants made to employees.

For the 2009 plan, the performance condition applicable to certain options and share grants will be recorded in the first quarter of 2012. It is subject to the fulfilment of a minimum profitability condition, namely an average of the Group's earnings per share (EPS) in fiscal years 2009 to 2011, i.e. greater than or equal to EUR 7.50.

2010 Plans

At the proposal of the Compensation Committee, the Board of Directors, at its meeting of March 9, 2010, allocated stock options and shares to certain members of staff, in application of the resolutions of the General Meeting of May 27, 2008.

As regards shares, 4.2 million shares were allocated to 5,617 Group employees, accounting for 0.72% of the share capital. Of the 5,617 beneficiaries, 1,728 (31%) were women, while 94 non-managers received an allocation. Out of the total of 4.2 million shares, 1,820,178 shares were contingent on a performance condition being met at two levels, as described below. This performance condition is common to both stock option and share plans.

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 the 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 0% to 50% of the shares subject to the performance condition. 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 peer sample.

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, BNPP, CASA, Credit Suisse, Deutsche Bank, HSBC, Intesa, Santander, Standard Chartered and UCI.

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 beneficiaries resident for tax purposes in France, the shares shall vest after two to three years, and for beneficiaries non-resident for tax purposes in France, after four years.

The permanent acquisition of shares is subject to the beneficiary possessing a valid employment contract at each of the stages. In accordance with French legislation, the shares may not be transferred or sold for two years following their permanent acquisition. This last measure does not apply to beneficiaries who are non-resident for tax purposes in France.

(1) AFEP-MEDEF Corporate Governance Code (point 20-2-3)

As regards the stock option plan, 1 million options were granted to 684 employees, accounting for 0.17% of the share capital. The exercise price of these options was set at EUR 41.20, with no discount on the average market price of Societe Generale share during the twenty trading days preceding the meeting of the Board of directors. Of the 684 beneficiaries, 107 (16%) were women, with subsidiary employees accounting for 28% of all beneficiaries. Out of the total of 1 million options, 626,754 options were subject to the fulfilment of the performance condition described above.

Overall, shares or options were granted to 5,618 Group employees, and 2,374 (42%) of whom received awards for the first time.

The Board of Directors' meeting of November 2, 2010 launched a share plan for all employees [1] to give all employees a stake in the success of Ambition SG 2015, an innovative initiative within the banking sector.

(1) The plan is described in Chapter 6 "Human Resources".

SOCIETE GENERALE STOCK OPTION PLANS at December 31, 2010

With details of options awarded to Executive Committee members in office at the time of their allocation

Date of award	Strike price	Options vested: Number of beneficiaries	Options vested: Number of options	Options exercisable as of	Disposals transferable as of	Expiration date of options
Ordinary options						
22-Apr-03	44.81	1,235	4,110,798	22-Apr-06	22-Apr-07	21-Apr-10
o.w. Executive Committee		*9*	*354,832*			
14-Jan-04	60.31	1,550	4,267,021	14-Jan-07	14-Jan-08	13-Jan-11
o.w. Executive Committee		*9*	*544,608*			
13-Jan-05	64.63	1,767	4,656,319	13-Jan-08	13-Jan-09	12-Jan-12
o.w. Executive Committee		*9*	*543,736*			
18-Jan-06	93.03	1,065	1,738,329	18-Jan-09	18-Jan-10	17-Jan-13
o.w. Executive Committee		*9*	*525,383*			
25-Apr-06	107.82	143	154,613	25-Apr-09	25-Apr-10	25-Apr-13
o.w. Executive Committee		*0*	*0*			
19-Jan-07	115.6	1,076	1,216,026	19-Jan-10	19-Jan-11	18-Jan-14
o.w. Executive Committee		*11*	*395,681*			
18-Sep-07	104.17	159	135,729	18-Sep-10	18-Sep-11	17-Sep-14
o.w. Executive Committee		*0*	*0*			
21-Mar-08	63.60	563	1,216,745	21-Mar-11	21-Mar-12	20-Mar-15
o.w. Executive Committee		*10*	*135,014*			
9-Mar-09	23.18	778	561,218	9-Mar-12	9-Mar-13	8-Mar-16
o.w. Executive Committee		*7*	*77,645*			
9-Mar-10	41.20	683	373,246	9-Mar-14	9-Mar-14	8-Mar-17
o.w. Executive Committee		*9*	*76,999*			
Conditional EPS options						
21-Mar-08	63.60	1,267	1,041,769	21-Mar-11	21-Mar-12	20-Mar-15
o.w. Executive Committee		*10*	*88,602*			
9-Mar-09	23.18	776	463,334	9-Mar-12	9-Mar-13	8-Mar-16
o.w. Executive Committee		*7*	*77,644*			
Conditional TSR options						
19-Jan-07	115.60	3	202,890	19-Jan-10	19-Jan-11	18-Jan-14
o.w. Chief Executive Officers		*3*	*202,890*			
21-Mar-08	63.60	2	69,614	21-Mar-11	21-Mar-12	20-Mar-15
o.w. Chief Executive Officers		*2*	*69,614*			
9-Mar-09	23.18	5	320,000	9-Mar-12	9-Mar-13	8-Mar-16
o.w. Chief Executive Officers		*5*	*320,000*			
Conditional ROE and TSR options						
9-Mar-10	41.20	684	626,754	9-Mar-14	9-Mar-14	8-Mar-17
o.w. Executive Committee		*10*	*338,597*			
Total:			**21,154,405**			
o.w. Executive Committee			*3,751,245*			

N.B. In 2008, 2009 and 2010, awards were made in the form of stock subscription options. From 2003 to 2007 stock purchase options were awarded.
The strike price corresponds to the average market price of the Societe Generale share during the twenty trading days preceding the Board of Directors' meeting at which it was decided to award the options.

(*) Value used to determine the expense recognised under IRFS 2, calculated using a binomial model on the date the stock option is awarded, taking into account trends in exercising options noted at Societe Generale.

	in 2004	in 2005	in 2006	in 2007	in 2008	in 2009	in 2010	Options cancelled	Options outstanding	IFRS 2 (*) Unit value	Potential dilutive effect
	0	1,500	1,057,563	1,254,209	124,133	105,906	756,552	810,935	0	11.40	
			24,538	*128,779*	*41,716*	*13,175*	*85,834*				
	0	0	2,000	666,150	59,727	0	0	173,138	3,366,006	12.86	
	0	*0*	*0*	*0*	*0*	*0*	*0*				
		0	4,000	0	49,340	0	0	321,853	4,281,126	11.05	
		0	*0*	*0*	*0*	*0*	*0*				
			2,174	0	0	0	0	125,017	1,611,138	14.64	
			0	*0*	*0*	*0*	*0*				
			0	0	0	0	0	39,728	114,885	18.39	
			0	*0*	*0*	*0*	*0*				
				0	0	0	0	67,042	1,148,984	22.39	
				0	*0*	*0*	*0*				
				0	0	0	0	31,142	104,587	21.90	
				0	*0*	*0*	*0*				
					0	0	0	97,096	1,119,649	15.71	0.15%
					0	*0*	*0*				
						206	0	103,496	457,516	6.20	0.06%
						0	*0*				
								7,698	365,548	11.54	0.05%
					0	0	0	35,471	1,006,298	15.71	0.13%
					0	*0*	*0*				
						205	0	6,373	456,756	5.88	0.06%
						0	*0*				
				0	0	0	0	202,890	0	11.59	
				0	*0*	*0*	*0*				
					0	0	0	0	69,614	6.02	0.01%
					0	*0*	*0*				
								320,000	0		
								593	626,161	11.54	0.08%
	0	**1,500**	**1,065,737**	**1,920,359**	**233,200**	**106,317**	**756,552**	**2,342,472**	**14,728,268**		
	0	*0*	*24,538*	*128,779*	*41,716*	*13,175*	*85,834*				0.54%

SOCIETE GENERALE FREE SHARES[1]
at December 31, 2010
With details of shares awarded to Group senior management
in office at the time of their allocation

Shares awarded					Shares acquired							
Date of award	**Number of beneficiaries**	**Number of rights**	**Final acquisition as of**	**Shares transferable as of**	**in 2006**	**in 2007**	**in 2008**	**in 2009**	**in 2010**	**Shares lost**	**Shares outstanding**	**IFRS Unit Value[2]**
18.01.2006	2,058	388,112	31.03.2008	31.03.2010	120	0	332,441	70	0	55,481	0	78.80
18.01.2006	2,058	386,930	31.03.2009	31.03.2011	120	0	69	323,140	163	63,438	0	74.23
o.w. Executive Committee (on the two dates)	*6*	*9,320*										
Sub-total 2006 plan		**775,042**			240	0	332,510	323,210	163	118,919	0	
19.01.2007	2,801	441,035	31.03.2009	31.03.2011		235	83	398,326	0	42,391	0	100.23
19.01.2007	2,801	462,881	31.03.2010	31.03.2012		235	83		401,266	61,297	0	93.94
o.w. Executive Committee (on the two dates)	*9*	*10,769*										
Sub-total 2007 plan		**903,916**				470	166	398,326	401,266	103,688	0	
Ordinary rights												
21.03.2008	3,595	1,414,466	31.03.2010	31.03.2012			0	269	1,337,103	77,094	0	50.37
21.03.2008	3,595	1,413,478	31.03.2011	31.03.2013			0	269	0	126,688	1,286,521	47.04
o.w. Executive Committee (on the two dates)	*11*	*10,484*										
Conditional EPS rights												
21.03.2008	1,954	158,034	31.03.2010	31.03.2012			0	0	0	158,034	0	50.37
21.03.2008	1,954	157,617	31.03.2011	31.03.2013			0	0	0	3,459	154,158	47.04
o.w. Executive Committee (on the two dates)	*10*	*9,173*										
Sub-total 2008 plan		**3,143,595**					0	538	1,337,103	365,275	1,440,679	
Ordinary rights												
20.01.2009	4,758	2,502,450	31.03.2012	31.03.2014				513	0	134,536	2,367,401	17.38
o.w. Executive Committee	*7*	*8,070*										
Conditional EPS rights												
20.01.2009	2,637	653,331	31.03.2012	31.03.2014				0	406	11,662	641,263	17.38
o.w. Executive Committee	*7*	*8,070*										
Sub-total 2009 plan		**3,155,781**						513	406	146,198	3,008,664	
Ordinary rights												
09.03.2010	5,075	2,126,507	31.03.2013	31.03.2015					134	293,220[3]	1,833,153	35.59
09.03.2010	1,512	253,315	31.03.2014	31.03.2014					0	4,016	249,299	34.82
o.w. Executive Committee (on the two dates)	*10*	*10,437*										
Conditional rights												
09.03.2010	3,943	1,687,867	31.03.2013	31.03.2015					133	57,187	1,630,547	35.59
09.03.2010	941	132,311	31.03.2014	31.03.2014					0	2,039	130,272	34.82
o.w. Executive Committee (on the two dates)	*10*	*10,436*										
Sub-total 2010 plan		**4,200,000[4]**							267	356,462	3,843,271	
Total for both plans		**12,178,334**			**240**	**470**	**332,676**	**722,587**	**1,739,205**	**1,090,542**	**8,292,614**	
o.w. Executive Committee		*76,759*										

(1) Excluding the 2010 free grants of shares plan. See Chapter 6 for a detailed description of the plan and the associated figures.

(2) Value used to determine expense recognised under IFRS2.

(3) Of which 233,744 ungranted share rights.

(4) Maximum number of attributable shares authorised by the Board of Directors meeting of March 9, 2010.

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)	**2009 fiscal year**	**2010 fiscal year (5)**
Mr. **Frédéric OUDEA**, Chairman and Chief Executive Officer (2)		
Remuneration due for the fiscal year *(detailed in table 2)*	1,116,577	NA
Value of options allocated during the fiscal year *(detailed in table 4)*	0	0
Value of performance shares allocated during the fiscal year *(detailed in table 6)*	0	0
Total	**1,116,577**	**NA**
Mr. **Séverin CABANNES**, Deputy Chief Executive Officer (3)		
Remuneration due for the fiscal year *(detailed in table 2)*	725,909	NA
Value of options allocated during the fiscal year *(detailed in table 4)*	0	0
Value of performance shares allocated during the fiscal year *(detailed in table 6)*	0	0
Total	**725,909**	**NA**
Mr. **Jean-François SAMMARCELLI**, Deputy Chief Executive Officer (4)		
Remuneration due for the fiscal year *(detailed in table 2)*		NA
Value of options allocated during the fiscal year *(detailed in table 4)*		0
Value of performance shares allocated during the fiscal year *(detailed in table 6)*		0
Total		**NA**
Mr. **Bernardo Sanchez Incera**, Deputy Chief Executive Officer (4)		
Remuneration due for the fiscal year *(detailed in table 2)*		NA
Value of options allocated during the fiscal year *(detailed in table 4)*		0
Value of performance shares allocated during the fiscal year *(detailed in table 6)*		0
Total		**NA**

(1) This represents the remuneration due in respect of mandates exercised during the fiscal year.

(2) Mr. Frédéric OUDÉA's mandate as Deputy Chief Executive Officer began on March 14, 2008, as Chief Executive Officer on May 13, 2008 and as Chairman and Chief Executive Officer on May 24, 2009.

(3) Mr. Séverin CABANNES' mandate as Deputy Chief Executive Officer started on May 13, 2008.

(4) Messrs. Jean-François SAMMARCELLI's and Bernardo SANCHEZ INCERA's mandates as Deputy Chief Executive Officers started on January 1, 2010.

(5) Performance-linked amounts in respect of the 2010 fiscal year shall be set by the Board on March 7, 2011 after assessing Societe Generale's performance in relation to its peers and the appraisal of the Chairman and Chief Executive Officer and Deputy Chief Executive Officers based on the objectives set by the Board.

Table 2

SUMMARY OF THE REMUNERATION OF EACH CHIEF EXECUTIVE OFFICER (1)

	2009 fiscal year		2010 fiscal year	
(In euros)	**Amounts paid**	**Amounts due for the fiscal year**	**Amounts paid**	**Amounts due for the fiscal year**
Mr. **Frédéric OUDEA**, Chairman and Chief Executive Officer (2)				
– fixed salary	850,000	850,000	850,000	850,000
– performance linked pay (3)	0	0	0	NA (8)
– additional remuneration (4)	195,000	195,000	300,000	300,000
– time savings account balance (5)	66,049	66,049	0	0
– attendance fees	0	0	0	0
– benefits in kind (6)	5,528	5,528	5,925	5,925
Total	**1,116,577**	**1,116,577**	**1,155,925**	**NA (8)**
Mr. **Séverin CABANNES**, Deputy Chief Executive Officer (3)				
– fixed salary	400,000	400,000	550,000	550,000
– performance linked pay (3)	0	310,636	310,636	NA (8)
– attendance fees	0	9,364	9,364	0
– benefits in kind (6)	5,909	5,909	6,411	6,411
Total	**405,909**	**725,909**	**876,411**	**NA (8)**
Mr.**Jean-François SAMMARCELLI**, Deputy Chief Executive Officer (7)				
– fixed salary			550,000	550,000
– performance linked pay (3)			332,500	NA (8)
– attendance fees			0	0
– benefits in kind (6)			6,036	6,036
Total			**888,536**	**NA (8)**
Mr. **Bernardo Sanchez Incera**, Deputy Chief Executive Officer (7)				
– fixed salary			650,000	650,000
– performance linked pay (3)			0	NA (8)
– attendance fees			0	0
– benefits in kind (6)			3,908	3,908
Total			**653,908**	**NA (8)**

(1) The remuneration is compensation for the duties of Chief Executive Officer. It is expressed in euros gross before tax. Mr. Sammarcelli earned EUR 688,874 in 2009 as an employee. Mr. Sanchez Incera earned EUR 468,334 as an employee in 2009.

(2) Mr. Frédéric Oudéa's mandate as Deputy Chief Executive Officer began on March 14, 2008, as Chief Executive Officer on May 13, 2008 and as Chairman and Chief Executive Officer on May 24, 2009.

(3) The criteria used to calculate this remuneration are detailed in the chapter on the remuneration of Chief Executive Officers. Performance-linked amounts for the Chairman and Chief Executive Officer and Deputy Chief Executive Officers in respect of the 2010 fiscal year shall be set by the Board of director meeting on March 7, 2011.

(4) This additional remuneration (EUR 300,000 over the full year or EUR 195,000 in 2009) has been awarded to Mr. Oudéa when he had to terminate his employment contract due to his appointement as Chairman and Chief Executive Officer. As a result of this, he was no longer entitled to the supplementary pension allocation plan (see page 110).

(5) The amount indicated is the balance of Mr. Oudéa's time savings account balance reimbursed on the termination of his employment contract.

(6) This relates to the availability of a company car.

(7) Messrs. Jean-François SAMMARCELLI's and Bernardo SANCHEZ INCERA's mandates as Deputy Chief Executive Officers started on January 1, 2010.

(8) Performance-linked amounts in respect of the 2010 fiscal year shall be set by the Board on March 7, 2011 after assessing Societe Generale's performance in relation to its peers and the appraisal of the Chairman and Chief Executive Officer and Deputy Chief Executive Officers based on the objectives set by the Board.

Table 3

TABLE OF ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY DIRECTORS

(In EUR) Directors	Amounts paid during the 2009 fiscal year for the 2008 fiscal year	Amounts paid during the 2009 and 2010 fiscal years for the 2009 fiscal year	O.w. amounts paid in 2010 (balance for the 2009 fiscal year)	Interim amount paid in 2010 for the 2010 fiscal year
Jean AZEMA				
Attendance fees [(1)]	34,178	27,230	15,079	14,186
Other remuneration	0	0	0	0
Daniel BOUTON				
Attendance fees	17,754	28,662	13,232	-
Other remuneration	0	0	0	-
Robert CASTAIGNE				
Attendance fees	-	105,062	64,520	38,983
Other remuneration	-	0	0	0
Michel CICUREL				
Attendance fees	43,604	55,030	36,002	23,723
Other remuneration	0	0	0	0
Robert DAY				
Attendance fees	27,894	27,230	16,060	-
Other remuneration	0	0	0	-
Patrick DELICOURT				
Attendance fees [(2)]	12,490	41,130	26,032	16,570
Other remuneration	0	0	0	0
Jean-Martin FOLZ				
Attendance fees	64,036	73,920	47,653	28,373
Other remuneration	0	0	0	0
France HOUSSAYE				
Attendance fees [(3)]	-	14,872	14,872	16,570
Other remuneration	0	0	0	0
Jean-Bernard LEVY				
Attendance fees	-	23,212	23,212	16,570
Other remuneration	-	0	0	0
Elisabeth LULIN				
Attendance fees	83,638	109,490	67,142	38,983
Other remuneration	0	0	0	0

(In EUR) Directors	Amounts paid during the 2009 fiscal year for the 2008 fiscal year	Amounts paid during the 2009 and 2010 fiscal years for the 2009 fiscal year	O.w. amounts paid in 2010 (balance for the 2009 fiscal year)	Interim amount paid in 2010 for the 2010 fiscal year
Gianemilio OSCULATI				
Attendance fees	75,828	109,490	67,412	34,214
Other remuneration	0	0	0	0
Philippe PRUVOST				
Attendance fees (2)	34,178	10,941	3,919	-
Other remuneration	0	0	0	-
Nathalie RACHOU				
Attendance fees	23,466	112,270	68,938	38,983
Other remuneration	0	0	0	0
Patrick RICARD				
Attendance fees	40,462	20,698	7,839	-
Other remuneration	0	0	0	-
Luc VANDEVELDE				
Attendance fees	56,172	60,590	39,599	22,531
Other remuneration	0	0	0	0
Anthony WYAND				
Attendance fees	95,868	210,172	141,166	110,868
Other remuneration	0	0	0	0
Censor				
Kenji MATSUO				
Remuneration (4)	10,613	9,998	9,998	0
Other remuneration	0	0	0	0

(1) Paid to Groupama Vie / Groupama Gan Vie.

(2) Paid to Societe Generale trade union CFDT.

(3) Paid to Societe Generale trade union SNB.

(4) Paid to Meiji Yasuda Life Insurance.

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 to Chief Executive Officers in 2010.

Table 5

OPTIONS TO SUBSCRIBE TO OR PURCHASE SHARES EXERCISED DURING THE FISCAL YEAR

No options to subscribe to or purchase shares were exercised by Chief Executive Officers in 2010.

Table 6

PERFORMANCE SHARES ALLOCATED TO EACH CHIEF EXECUTIVE OFFICER

The Board of Directors did not award any performance shares to Chief Executive Officers in 2010.

Table 7

PERFORMANCE SHARES DEFINITIVELY ACQUIRED DURING THE FISCAL YEAR FOR EACH CHIEF EXECUTIVE OFFICER [(1)]

	Date of plan	Number of shares definitively acquired during the fiscal year
Frédéric Oudéa	January 19, 2007	254
Séverin Cabannes	January 19, 2007	1,230
Séverin Cabannes	March 21, 2008	390
Jean-François Sammarcelli	January 19, 2007	301
Jean-François Sammarcelli	March 21. 2008	614
Total		**2,234**

(1) Performance shares are shares allocated to employees before becoming Chief Executive Officers in accordance with articles L.225-197-1 and following of the French Commercial Code, and are subject to the additional requirements provided for by the AFEP-MEDEF recommendations. The shares acquired in 2010 were allocated 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 30, 2006	May 30, 2006	April 29, 2004	April 29, 2004	April 23, 2002	April 23, 2002
Date of Board Meeting	March 9, 2009	March 21, 2008	January 19, 2007	January 18, 2006	January 13, 2005	January 14, 2004	April 22, 2003
Total number of shares (1) available for subscription or purchase	1,344,552	2,328,128	1,418,916	1,738,329	4,656,319	4,267,021	4,110,798
of which the number available for subscription or purchase by Chief Executive Officers (2)							
Frédéric Oudéa	0	52,739	14,137	16,171	24,954	20,892	16,342
Séverin Cabannes	0	17,030	0	0	0	0	0
Jean-François Sammarcelli	28,456	26,830	16,747	18,074	0	0	15,277
Bernardo Sanchez Incera	0	0	0	0	0	0	0
Starting date for exercising options	March 31, 2012	March 21, 2011	January 19, 2010	January 18, 2009	January 13, 2008	January 14, 2007	April 22, 2006
Expiration date	March 9, 2016	March 20, 2015	January 18, 2014	January 17, 2013	January 12, 2012	January 13, 2011	April 22, 2010
Subscription or purchase price (3)	23.18	63.60	115.60	93.03	64.63	60.31	44.81
Exercise procedures (where the plan includes several tranches)							
Number of shares subscribed at Dec. 31, 2010	411	0	0	2,174	53,340	727,877	3,299,863
Total number of cancelled or lapsed subscription or purchase options	429,869	132,567	269,932	125,017	321,853	173,138	810,935
Subscription or purchase options outstanding at end of fiscal year	914,272	2,195,561	1,148,984	1,611,138	4,281,126	3,366,006	0

(1) The exercise of an option entitles the beneficiary to one SG share. This table takes account of adjustments following capital increases. This line does not take into account the options exercised since the attribution 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.

* *The table only covers the plans under which the Chief Executive Officers have been granted options.*

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	434,993	41.20
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	168,946	44.81

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	2008			X		X	X		X	
Séverin Cabannes Deputy Chief Executive Officer	2008		X		X			X		X
Jean-François Sammarcelli Deputy Chief Executive Officer	2010		X		X			X		X
Bernardo Sanchez Incera Deputy Chief Executive Officer	2010		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 111 and 112.

(3) Details of Mr. Frédéric Oudéa's compensation relating to a non-compete clause can be found on page 112.

(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 2 transactions on the following dates:

Subscription to shares/other financial instruments
June 16, 2010
August 6, 2010

Séverin CABANNES, Deputy Chief Executive Officer, performed 1 transaction on the following date:

Subscription to shares/other financial instruments
June 18, 2010

Related parties linked to Séverin CABANNES, Deputy Chief Executive Officer, performed 1 transaction on the following date:

Subscription to shares/other financial instruments
June 18, 2010

Jean-François SAMMARCELLI, Deputy Chief Executive Officer, performed 1 transaction on the following date:

Subscription to shares/other financial instruments
June 16, 2010

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 Messrs. Jean-Marc Mickeler and Damien Leurent. 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 approve 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 the various types of assignment 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 2010

	Ernst & Young Audit				Deloitte & Associés			
	Amount (excl. taxes)		%		Amount (excl. taxes)		%	
(in thousands of euros)	2010	2009	2010	2009	2010	2009	2010	2009
Audit								
Statutory audit, certification, examination of parent company and consolidated accounts								
Issuer	5,513	4,683			3,452	5,137		
Fully consolidated subsidiaries	9,385	10,819			11,368	10,208		
Related assignments								
Issuer	222	260			133	90		
Fully consolidated subsidiaries	989	2,695			2,101	5,590		
Sub-total	16,109	18,457	100.00%	99.88%	17,054	21,025	99.54%	97.37%
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax, social	0	20			0	560		
Other (specify if > 10% of audit fees)	0	3			79	8		
Sub-total	0	23	0.00%	0.12%	79	568	0.46%	2.63%
TOTAL	**16,109**	**18,479**	**100.00%**	**100.00%**	**17,133**	**21,593**	**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 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 auditing standards applicable in France.

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 Societe Generale

Year ended December 31, 2010

To the Shareholders,

In our capacity as Statutory Auditors of Societe Generale 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, 2010.

It is the Chairman's responsibility to prepare and submit to the Board of Directors for approval, a report on internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-37 of the French commercial code (*code de commerce*), particularly in terms of corporate governance.

It is our responsibility:

- to report to you on 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
- to attest that this report contains the other disclosures required by Article L.225-37 of French Commercial Code (*Code de commerce*), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any significant 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 engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of French Commercial Code (*Code de Commerce*).

Other information

We hereby attest that the Chairman's report includes the other disclosures required by Article L.225-37 of French Commercial Code (*Code de commerce*).

Paris-La Défense and Neuilly-sur-Seine, March 4, 2011

The Statutory Auditors

French original signed by

ERNST & YOUNG Audit	DELOITTE & ASSOCIES	
Represented by	Represented by	
Philippe Peuch-Lestrade	Damien Leurent	Jean-Marc Mickeler

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.

Societe Generale – General Meeting of Shareholders to approve the financial statements for the year ended December 31, 2010

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 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.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

We hereby inform you that we have not been advised of any agreements or commitments authorized in the course of the year to be submitted to the General Meeting of Shareholders for approval in accordance with Article L. 225-38 of the French Commercial Code (Code de Commerce).

Agreements and commitments already approved by the General Meeting of Shareholders

We hereby inform you that we have not been advised of any agreements or commitments already approved by the General Meeting of Shareholders, the implementation of which continued during the year.

Neuilly-sur-Seine and Paris-La Défense, March 4, 2011

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES		ERNST & YOUNG Audit
Represented by		Represented by
Damien Leurent	Jean-Marc Mickeler	Philippe Peuch-Lestrade

6 HUMAN RESOURCES[1]

(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.

The Societe Generale Group employed 155,617 employees in 85 countries at the end of 2010.

In a highly unstable and changing economic climate, the Group launched its transformation programme, Ambition SG 2015, which was rolled out globally in the presence of Group Management and Executive Committee members.

The purpose of this programme is to make Societe Generale the reference relationship bank on its markets, chosen for the quality and commitment of its teams.

For the Human Resources Department, in order to achieve our ambition of becoming the industry leader in the banking sector, this means committing to 3 keys pillars:

- a managerial culture which values sustainable value-creating behaviour, promotes dialogue between managers and employees and reinforces managers' obligations to lead by example when doing business;
- an overhauled employer promise which promotes diversity, mobility and the development of our employees' skill-sets;
- talent management, thanks to improved capacity to detect and develop talent throughout the Group.

These Human Resources initiatives also aim to increase cross-business co-operation and the pooling of the various business divisions' practices and expertise.

EMPLOYMENT

Total headcount

At the end of 2010, the Group employed a total of 155,617 staff, representing a 0.68% decrease on 2009.

	2010	2009	2008	2007	2006	2005
Group headcount (at end of period, excluding temporary staff):	155,617	156,681	163,082	134,738	119,779	103,555

Societe Generale's scope changed significantly in 2010, due to:

- the creation of Amundi, a joint Societe Generale and Crédit Agricole asset management division. In light of this creation, the Private Banking, Global Investment Management and Services division witnessed an 18% drop in its staff numbers;
- the sale of ECS group, a wholly-owned Societe Generale subsidiary, to Econocom. This sale had a major impact on the decline in staff numbers at Specialised Financial Services and Insurance in Western Europe (1,525 employees);
- in Brazil, also within the Specialised Financial Services and Insurance division, the restructuring of Banco Cacique and Banco Pecunia and the end of Point of Sale business at Pecunia, which led to a sharp drop in staff numbers;
- the takeover by Societe Generale of Swedish Bank SEB's entire corporate banking activity managed in France;
- the acquisition of MetWest by TCW, which resulted in the most powerful and best positioned multi-asset class platform to service customer needs in the United States.

The Group's Corporate and Investment Banking division saw an increase in its headcount thanks to a business recovery in certain locations such as the UK and the US.

There was also an increase in India in the Specialised Financial Services and Insurance division, due to the consolidation of ALD India in 2010, and a slight increase in the headcount at Family Credit.

The percentage of Group staff outside mainland France rose slightly, from 61.85% in 2009 to 62.93% in 2010.

Breakdown of staff by region and activity

	Western Europe *(including France)*	Central and Eastern Europe	Africa and Middle East	Americas	Asia + Oceania	Total	% of total
Retail Banking and Specialised Financial Services and Insurance	51,045 *(43,176)*	59,018	15,395	1,919	2,025	129,402	83.15%
Private Banking, Global Investment Management & Services	6,597 *(2,974)*	0	95	737	522	7,951	5.11%
Corporate and Investment Banking	8,634 *(6,593)*	126	24	2,147	2,382	13,313	8.55%
Corporate divisions	4,951 *(4,951)*	0	0	0	0	4,951	3.19%
Total	**71,227** ***(57,694)***	**59,144**	**15,514**	**4,803**	**4,929**	**155,617**	**100%**
% of total	45.77% *(37.07%)*	38.01%	9.97%	3.09%	3.17%	100%	

Breakdown of staff by contract type

At end-2010, 90.93% of Group employees had permanent contracts compared to 92.44% at end-2009.

Breakdown of staff by gender

Women account for 59.97% of the total payroll, compared to 59.58% in 2009.

Breakdown of staff by age bracket(1)

AGE	WOMEN	MEN	TOTAL
under 24	2,628	1,332	3,960
24 to 29	18,965	10,921	29,886
30 to 34	14,301	10,175	24,476
35 to 39	9,198	7,952	17,150
40 to 44	7,198	6,024	13,222
45 to 49	6,159	5,432	11,591
50 to 54	5,214	5,027	10,241
55 and over	6,564	8,028	14,592
Total	**70,227**	**54,891**	**125,118**

At Societe Generale France, 41,346 employees (96% of the total headcount) had permanent contracts in 2010. The number of fixed-term contracts amounted to 1,527, and included 1,351 young people on work-study, vocational training contract or apprenticeship schemes. Over the course of 2010, 402 fixed-term contracts were converted into permanent contracts. 52.5% of the company's employees had executive status, and 47.5% employee status (banking technicians). The proportion of female employees on the payroll has continued to rise, and currently stands at 56.4%.

(1) Data at end-September 2010, for 80% of the Group's scope.

Recruitment

Over the 2010 financial year, the Group hired a total of 15,098 staff on permanent contracts (up 30% on 2009), including 56.44% women, and 11,285 staff on fixed-term contracts. This increase was largely due to a slow but steady increase in activity at our businesses following the global economic and financial crisis.

2010 was a rebound year for Societe Generale.

The Group is continuing its recruitment policy through various initiatives, such as:

- the development and continuation of partnerships with French and European schools and universities;
- the global roll-out of its Careers recruitment sites: in 2010, four additional sites were launched (Russia, Italy, Belarus and Morocco), bringing the total number of sites to 25 with a view to presenting a more consistent employer image and pooling Group tools;
- the Societe Generale French Networks' "Permanent contract in a day" recruitment days for high school and university graduates;
- the fifth edition of Citizen Act, the global Corporate Social Responsibility business game which, this year, involved 37 countries, including 16 new participants and 249 teams.

These initiatives demonstrate the Group's commitment to recruiting high quality staff to replace departing employees and reinforce its skills base.

The recruitment policy is also adapted to the specific characteristics of each business line, activity and geographic location.

Breakdown of new hires on permanent contracts by region and activity

	Western Europe *(including France)*	Central and Eastern Europe	Africa and Middle East	Americas	Asia + Oceania	Total	% of total
Retail Banking and Specialised Financial Services and Insurance	3,105 *(2,580)*	6,668	1,237	431	233	**11,674**	77.32%
Private Banking, Global Investment Management & Services	420 *(79)*	0	12	169	88	**689**	4.56%
Corporate and Investment Banking	1,055 *(588)*	4	7	443	719	**2,228**	14.76%
Corporate divisions	507 *(507)*	0	0	0	0	**507**	3.36%
Total	**5,087** ***(3,754)***	**6,672**	**1,256**	**1,043**	**1,040**	**15,098**	**100%**
% of total	33.69% *(24.86%)*	44.19%	8.32%	6.91%	6.89%	100%	

At Societe Generale France (excluding subsidiaries), a total of 2,580 new staff were recruited on permanent contracts, including 1,572 executives, and 1,335 on fixed-term contracts.

The French Networks hired 830 new staff on work-study programmes.

Societe Generale remains a major economic player in terms of employment, particularly in France, with 3,754 new hires on permanent contracts and 2,198 on fixed-term contracts across all Group entities. At the same time, these recruitments are also helping to balance the age distribution of staff, notably in Retail Banking (see "Departures" section below).

Induction

The "StartinG" induction programme was launched in 2007 and aims to offer each new employee a successful and consistent induction into the company regardless of the entity or country in which they are employed.

This Group-wide programme is based on a thorough welcome initiative throughout the employee's first 12 months, informing them about the Group, its strategy, its businesses and its values as well as the new recruit's entity and team.

It includes:

- items and documents dedicated to new employees (introductory brochure, welcome letter, welcome pack, etc.);
- a specific “StartinG” Intranet site, accessible through the Group portal, which presents essential information and contact points for a sound understanding of the company;
- an e-learning module, *StartinG Online*, available in English and French, to teach new employees more about the Group and increase their banking knowledge;
- 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 business, country, function or entity level;
- an annual StartinG Group induction day.

In 2010, this StartinG induction day took place at the Palais des Congrès de Paris, and welcomed 1,500 new employees, 27% of whom were non-French nationals.

Departures

In 2009, a total of 16,508 staff on permanent contracts left the Group (17,874 in 2009). The main reasons for departure were, in descending order of importance: resignations (10,178), dismissals (2,866) and retirements (2,458).

The Group’s overall staff turnover due to resignations was 7%. Actual rates vary, however, depending on the business, activity or market in question.

Over the year, the number of dismissals totalled 2,866 and included 1,217 economic redundancies. The latter were concentrated primarily in International Retail Banking (778), Specialised Financial Services and Insurance (296) and Private Banking, Global Investment Management and Services (19).

All dismissals were carried out in full compliance with local legislation and in close collaboration with employee representative bodies.

In France, retirements were relatively stable, with a total of 1,822 Societe Generale and Crédit du Nord staff retiring in 2010 (compared to 1,890 in 2009).

REMUNERATION(1)

To keep pace with its global development, the Group makes every effort 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, highly talented staff in particular.

Monetary compensation includes a fixed salary which rewards the ability to satisfactorily 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, which are then adapted to the particular market environments in which the Group operates. The policy is implemented by Group entities, which draw in particular on remuneration surveys by business and by market. Where the size of a specific workforce makes it worthwhile, a cross-business review between functions and businesses is carried out in order ensure consistent, objective remuneration levels between the Group’s different activities and to facilitate cross-business co-operation.

Remuneration policy governance is carried out by the Group Human Resources Department for the whole of Societe Generale, and includes an annual multi-stage policy review at the subsidiary, Division, Group Human Resources Department and General Management levels. The review is then validated by the Board of Directors, on the proposal of the Compensation Committee.

All Societe Generale Group entities respect their commitments with regard to the payment of taxes and social security charges on salaries and staff benefits (for the actual amounts, see note 39, page 316).

More details on the principles governing the Group’s compensation policy, particularly for categories of employees who have a significant impact on the Group’s risk profile (“regulated employees” hereafter), can be found in Chapter 5 – Corporate Governance (page 108). These principles are part of the framework defined during the revision of the European Capital Requirements Directive (CRD III), transposed into French law by governmental decree on December 13, 2010,

(1) See the Group Remuneration Policy section on page 107.

and which represents an additional pillar of the regulatory framework, following the regulations introduced in 2009 based on the principles of the Financial Stability Board (FSB) and the G20 initiatives.

As such, Societe Generale is committed to respecting the professional standards of the Fédération Bancaire Française, which are among the most stringent in the world. Before its General Meeting of Shareholders on May 24, 2011, the Group will publish a specific report dedicated to its 2010 remuneration policy for regulated employees, in accordance with articles 43.1 and 43.2 of the governmental decree of November 3, 2009, amended by the governmental decree of December 13, 2010.

At Societe Generale France, the average gross annual remuneration[1] for 2010 was EUR 50,004 (up 4.6% compared to 2009).

Each year, Societe Generale also offers employees the chance to become shareholders.

EMPLOYEE BENEFITS

The Societe Generale Group intends to actively contribute to the social protection of all its employees, particularly in terms of healthcare, pension, and death, invalidity and incapacity benefits.

This forms part of the Group's corporate responsibility and reflects its ambition 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.

In terms of healthcare, several improvements were made to the coverage under Societe Generale's Group Health Plan on July 1, including substantial increases in the amount covered for certain items and the creation of new coverage.

In order to provide employees with a high-quality social protection system, the Group may put in place additional benefits, over and above the legally required protection plans. For example, in Bulgaria, the Group implemented death insurance on the initiative of its subsidiary, and in Algeria, healthcare coverage was rolled out for local employees and their beneficiaries.

Societe Generale provides its employees with high-level protection adapted to the local market

As the characteristics of compulsory benefit plans may differ greatly from one country to the next, each Group entity defines the level of additional coverage that it wishes to put in place, based on the local market, its development strategy, overall remuneration policy and financial position, with the agreement of its supervisory authority (and possibly in consultation with other Group entities in the same country). Societe Generale ensures that, wherever possible, the level of coverage in place is at least comparable to that provided by local competitors.

PROFIT-SHARING AND EMPLOYEE SHARE OWNERSHIP

Societe Generale offers its staff a number of profit-sharing and share ownership schemes. Since 1987, the Group has pursued a proactive employee share ownership policy, with the aim of giving a maximum number of staff a share in its development.

Global Employee Share Ownership Plan

In 2010, almost 145,000 present and former employees were offered the chance to take part in the reserved capital increase.

(1) Fixed and variable elements, excluding profit-sharing (share ownership and top-up schemes).

The 2010 capital increase covered 266 Group entities in 63 countries. 31% of those eligible within the Group subscribed to the scheme, of which 46% of subscribers in France (for Societe Generale France, the French subsidiaries including the Crédit du Nord Group) and 16% abroad. 4.29 million shares were created and EUR 158.7 million was invested[(1)]. Today, almost 90,000 employees and former employees around the globe are Societe Generale shareholders, accounting for 7.24% of the Group's share capital at end-2010.

The average value of company shares held by Societe Generale France employees stood at EUR 32,000 at the end of 2010, which is equivalent to around 795 shares per employee shareholder. Moreover, 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.

Free shares for all

In order to give all employees a stake in the success of the Ambition SG 2015 programme, Societe Generale allocated 40 free shares to each staff member employed as of November 2, 2010, with no length of service requirement and regardless of their business, position and location. In total, employees from 79 countries received shares or share equivalents under this plan.

In accordance with Resolution 22 of the General Meeting of Shareholders, held on May 25, 2010, all allocated shares are wholly contingent on identical conditions of presence and performance for all, and are included in the authorised cap of 2% of capital.

The shares will be acquired in two tranches:

- the first tranche will account for 40% of the allocation, i.e. 16 shares, and is contingent on the Group achieving a 10% Return on Equity, net of tax, in 2012;
- the second tranche will account for 60% of the allocation, i.e. 24 shares, and is contingent on customer satisfaction increasing between 2010 and 2013 in the Group's three core businesses (French Networks, International Retail Banking and Corporate and Investment Banking).

These shares will be allocated by issuing new shares at the end of each acquisition period, up to a maximum of 0.73% of the Group's current capital (i.e. 5.4 million shares). The shares will be entitled to dividends paid, if applicable, the year following their issuance.

Countries for which the allocation of shares is impossible or too complicated will receive a variable plan indexed to the Societe Generale share, under the same conditions, representing the equivalent of 1.1 million shares.

In France, beneficiaries will acquire the first tranche on March 29, 2013 and the second tranche on March 31, 2014. The shares will then be subject to a two-year vesting period (until March 29, 2015 and March 31, 2016 respectively for each of the two tranches).

In other countries, beneficiaries will acquire the first tranche of shares (or share equivalents) on March 31, 2015 and the second tranche on March 31, 2016. In this case, the shares will not be subject to a vesting period.

The Company Savings Plan

At Societe Generale France, profit-sharing and share ownership are now calculated by taking into account the overall Group earnings. Societe Generale employees can invest their share of the profits in diversified marketable securities through the Company Savings Plan (PEE), which offers special financial terms and tax incentives. The company makes additional top-up contributions to the fund on behalf of employees choosing to invest. Employees can invest in a range of seventeen mutual funds, including the *Societe Generale Actionnariat* (Fonds E) fund, which allows them to better diversify their investments.

For Societe Generale France, in 2010, a total of EUR 125.2 million in profits from 2009 was distributed to Societe Generale staff, 23% more than the amount distributed the previous year, including additional profit-sharing and a work dividend in the form of additional share ownership.

This exceptional additional profit share totalling EUR 46 million was distributed uniformly to all Societe Generale France employees (equivalent to EUR 1,000 per employee). This additional profit share was subject to the same social security and tax regulations as the profit share resulting from the annual calculation. In addition, the majority of the Group's French subsidiaries have their own profit-sharing and share ownership schemes in place.

Information on the share of capital held by employees under the Company or Group Savings Plans

In accordance with Article L. 225-102 of the French Commercial Code, it was disclosed that, as of December 31, 2010, the staff of Societe Generale France, Crédit du Nord and their branches and subsidiaries held a total of 54,025,794 shares under Company and Group Savings Plans, representing almost 7.24% of the Group's share capital.

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

(1) O/w profit-sharing and share ownership (EUR 44.1 million), voluntary contributions (EUR 63.3 million) and top-up payments (EUR 51.3 million).

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.

DIVERSITY AND EQUALITY IN THE WORKPLACE

Recognising and valuing diversity is a cornerstone of Societe Generale's Human Resources policy.

This diversity is first and foremost demonstrated by our 155,617 employees, 59.97% of whom are women, and who are spread across 85 countries, representing 120 nationalities.

Beyond these figures, valuing the variety of skills, viewpoints and cultures and enabling each person to fulfil their potential are priorities for the Group.

Societe Generale confirmed its continued commitment to diversity in all its forms in 2010, whether in terms of the professional integration of young people or disabled employees, equality in the workplace or the diversification of its new hires.

In France, this commitment led to the signing of a Framework Agreement with the Secretary of State for Employment in April 2010 on the development of diversity within the Societe Generale Group.

As such, the Group is committed to:

1. in its initiatives in France and abroad aimed at:

- promoting diversity:
  - increased participation in events and forums in 2010 to expand our recruitment base (Forum Emploi et Diversité organised by IMS-Entreprendre pour la Cité, participation in National Forums 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,
  - continuation of the recruitment process in order to attract non-executive, non-banking staff into bank cashier positions within the Societe Generale Network in France. The aim is to provide everyone with an opportunity, including, for example, women who are looking to re-enter the workforce following an extended career break to raise their children,
  - development of a training module on diversity themes and inclusion, aimed at the Group's principal managers, and organisation of a pilot session in November 2010. These training sessions will enable key messages on diversity to be disseminated and their principles to be applied, both on an individual level and in their roles as managers,
  - access for employees in the HR France function to a training module on diversity and for all employees to an e-learning module on non-discrimination,
  - professional integration of disabled employees through the Mission Handicap initiative in France (see section on Employment and Integration of Disabled Workers),
  - internationally, training on diversity and non-discrimination exists for all employees, particularly in the United States.

    In the United Kingdom an e-learning module on equality and diversity is provided to each new employee and manager who arrives from outside the country and is provided annually to HR employees.

Also, at the international level, particular attention is paid to the integration of disabled workers:

- participation in recruitment forums for disabled persons, notably in the Czech Republic,
- proposal of training modules, in Brazil and Romania among others, on the recruitment of disabled workers, but also in order to increase the awareness of managers and teams who are going to employ a disabled worker,
- signature of an agreement, in Spain, with an association enabling disabled workers to be employed in a company as an integral part of their training.

- professional integration of young people:
  - the recruitment of young people without university qualifications in France, thanks to the "Coup de Pouce pour l'insertion" programme, which aims to successfully integrate young people from underprivileged Greater Paris and Lyon neighbourhoods, with a view to long-term employment. 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.

Through this initiative, in 2010 Societe Generale took on 30 young people in training programmes which, upon successful completion, will enable them to obtain a permanent contract, after hiring nine people through this initiative in 2009. In Lyon, around fifteen companies, in addition to Societe Generale, have pledged to offer employment opportunities, training, work-study programmes and temporary positions to young people who are not kept on by the Group in order to provide a sustainable solution for entering the job market. The success of the initiative means that, in 2011, it is being continued in Lyon and extended in the Greater Paris region and to the Marseille region, with the aim of providing opportunities to some fifty young people in total,

- mentoring of young graduates in underprivileged urban areas: the mentoring programme was launched in December 2007 and organised in partnership with the "Nos quartiers ont des talents" and "Talents et Partage" youth programmes. The programme has been very successful with 260 Societe Generale employees mentoring 515 young graduates, 251 of whom have obtained a permanent contract. The Group is extremely proud of this achievement and intends to sustain and broaden this partnership over the next five years,
- partnership with a competition to help set up new companies: launched in 2002 and initiated by the 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 2010, Societe Generale became a partner of this event and gave an award on October 23 to the EuroDiversité association, which created a recruitment platform focused on trans-national employment (France-Belgium), specialised in skills from diverse backgrounds.

  The success of this first edition encouraged Societe Generale to repeat the experience in 2011,
- participation in the Phénix project for the fourth consecutive year. This project is aimed at young graduates with Master's degrees in Arts and Humanities, who wish to change their career path towards a more business-oriented field. Ten companies and ten universities took part in this project in 2010. At the end of 2010, five applicants were hired on permanent contracts, in addition to the 21 hired since 2007,
- internationally, and particularly in Brazil, mentoring programmes exist for young people from underprivileged areas. As such, SG Brazil is combining employability programmes, sponsored by the Institut Societe Generale (ISG), with the "young apprentice" programmes, which aim to provide young underprivileged people with employment opportunities. In 2010, 46 young apprentices took part in this programme and two of them had the chance to enroll in university.

  In the United States, financial literacy apprenticeship programmes are organised in public schools. There are also internship programmes to promote the integration of young people from underprivileged areas into the working environment.

  Lastly, in the United Kingdom, employees take part in an education programme by using their lunch hour to pass on their knowledge to children.

- equality in the workplace:

- participation, as part of the Campus Management programme in 2010, in different initiatives and events dedicated to women engineers in order to promote careers for women within the Group: young women engineers were invited to the bank, to learn about its businesses through the International Institute of Women in Engineering,
- 148 women took part in career management training during 2010 in France and the United Kingdom,
- women's networks exist in France, the United States, the United Kingdom and Brazil. A network was also launched in Asia in 2010. Focused on skills development, these networks organise mentoring, coaching and co-development initiatives. A new mentoring programme was launched in the United Kingdom in 2010,
- partnership with the first edition of the Women's Awards, an event launched by La Tribune in 2010 in order to advance people's mentality towards women in the job market. These initiatives were also supported by a communication campaign in the *societegenerale.com* webzine on "The Role of Women in Finance",
- in France, a series of awareness-raising initiatives as part of International Women's Day, including portraits of female employees, interviews and conferences under the banner "Equality in the workplace: challenges and differences".

These initiatives came in addition to the large number of mechanisms already in place regarding equality in the workplace:

- in terms of career management, in France, interviews are systematically arranged before and after maternity leave; access to training, etc.

  Internationally: maternity leave management policy at KB (Czech Republic), maternity coaching in the United Kingdom, a shorter work day for women who are returning to work before their child's second birthday in Romania;
- in terms of remuneration, in France, EUR 1.2 million was dedicated to reducing unwarranted differences in salary between men and women in 2010.

  Over the past three years (2008/2009/2010), a total of EUR 2.9 million was dedicated to this initiative;
- in terms of recruitment, women accounted for 63.81% of new Group hires in 2010;
- in terms of detecting talent, particular attention is being paid to criteria promoting equality, and encouraging, without recourse to quotas, the detection of female and non-French talent.

2. in its company collective agreements:

- relating to the employment of older employees:

Continuation of the three-year agreement signed in 2009 on the employment of older staff in France. 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.

- relating to the employment of disabled staff:

Renewal of the agreement in favour of the employment of disabled workers for 2011-2013.

- relating to equality between men and women in the workplace:
  - in France, the initiative to reduce unwarranted differences in salary between men and women was continued for 2011 and 2012, with a minimum budget of EUR 3 million,
  - the Group's commitment made under the "Equality in the workplace" agreement of 42% of management positions being occupied by women by the end of the 2011 financial year was achieved in September 2010.

3. in its awards:

In France, Societe Generale was acknowledged several times in 2010 for its initiatives to promote diversity:

- at the beginning of 2010, in the annual Capitalcom 2010 survey on equality, Societe Generale appeared in the Top 3 among CAC 40 groups and stood out with women accounting for more than 20% of positions at every level within the bank (total workforce, management positions, Executive Committee and Board of Directors);
- in November 2010, Societe Generale was awarded the professional equality label by AFNOR, which reinforces and recognises the company's strong commitment to balance and equality in the workplace;
- in 2010, the Phénix project received a special mention in the "Employment and induction" category of the 2010 University-Company Forum Awards for its gateway project for young graduates with Master's degrees in Arts to obtain an executive status permanent contract.

EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING

In 2010, the Group signed some 283 agreements with employee representatives, including 79 new agreements in France. These agreements covered cover issues such as remuneration, profit-sharing, equality in the workplace, disabled workers, working hours and employee benefits (including the health insurance and pension plans).

In France, these agreements concerned remuneration, employee benefits (including healthcare and company guarantees), renewal of the Group Committee (composition and operation), employment of disabled staff and the election of staff representative bodies and delegates.

OCCUPATIONAL HEALTH AND SAFETY

Staff throughout the Societe Generale Group are provided with extensive health and disability coverage, which in many countries goes beyond the minimum local legal requirements.

Societe Generale also permanently monitors the possibility of any risks liable to affect the health of its staff, anywhere in the world.

Several initiatives were implemented in the area of health and safety, notably:

1. social protection

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, as of the end of 2010, almost 15,000 employees in the Mediterranean Basin and Sub-Saharan Africa (in addition to 2,000 beneficiaries – spouses and children) had access to healthcare coverage which guarantees that the company will contribute to their healthcare expenses.

2. to promote the fight against AIDS

At the same time, our subsidiaries in these countries continue to be heavily involved in educational initiatives and actions to prevent pandemics, particularly 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 employees' 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.

More generally, the most recent initiatives by our subsidiaries in the area of healthcare are extremely encouraging, with high levels of participation by employees and their families. As an example, malaria awareness days were organised in Cameroon and Senegal in 2010, where aid kits and mosquito nets were distributed. In Algeria, the Group's subsidiary organised and financed breast cancer screening for all employees over the age of 30.

3. for the health and safety of international travellers

In order to effectively preserve the health and safety of its international travellers and employees who move 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.

Based on national regulations regarding occupational health and safety, and particularly in mainland France, employees who are required to travel outside of France for their work receive appropriate medical coverage. This involves prevention of work-related risks associated with travel, including vaccinations, prescriptions for local diseases, practical information on local sanitary conditions and assistance for certain specific situations. For expatriates, a medical exam at a specialised centre (CMETE) is included in this coverage.

4. Preventative initiatives in France

For example:

- psychological assistance for employees who have been victims of armed assaults (partnership signed with the *Institut National d'Aide aux Victimes et de Médiation (INAVEM)* in January 2010 in order for employees to receive nationwide a psychological support mechanism, with the support of Societe Generale's social assistants who are specifically trained to carry out post-trauma interviews and medical monitoring by the company medical officer);
- implementation of a programme to prevent and manage stress in the workplace launched in early 2008, in partnership with the company's employee representative organisations, with the ultimate aim of establishing an action plan for effective stress prevention.

As part of this approach, the Group continues to observe stress in the workplace with the consultancy firm Stimulus, which has been in place since January 2009, in collaboration with the company medical officer. Questionnaires will be offered to employees during medical visits enabling work-related stress factors to ultimately be analysed collectively. Individually, this same questionnaire will enable the company medical officer to disclose to an employee their personal results and, if necessary, recommend support measures.

In February 2010, all of the Group's initiatives launched over the last two years as part of stress management and prevention enabled Societe Generale to be classified "green" by the Ministry of Labour in terms psychological risk;

- roll-out of the National Health and Nutrition Plan to employees via a nutritional awareness campaign in company restaurants (notably promoting fruits and vegetables and providing nutritional information on salt and fats);
- stringent hygiene monitoring by catering providers in cooperation with the company;
- annual seasonal flu vaccination campaign in which almost 1,200 employees participated in 2010;
- set-up of a partnership with an association for the employment of the disabled in order to update first aid kits for staff in Societe Generale buildings and branches.

CAREER MANAGEMENT AND TRAINING

The Societe Generale Group places great emphasis on the professional development of its staff, and aims to develop its career management, mobility and training policies to suit the needs of individuals and the requirements of its business entities.

Societe Generale developed a new leadership model in 2010, a common reference for the entire Group, aimed at clarifying expectations for each person at their level of responsibility and creating a dynamic career development plan for all Group employees. This leadership model is associated with all key HR processes, such as induction and recruitment, and is integrated in the new appraisal model which is being rolled out across the entire Group between now and 2012.

The Group's aim is to facilitate employee development through:

- the roll-out of a common appraisal procedure for better promotion of talent throughout the Group;
- investment in training to develop new skills and career promotion;
- career path enhancement thanks to a mobility system for more fulfilling experiences. This mobility may be between businesses, roles or locations.

Today, international mobility is a key lever in terms of both employees' career development and the needs of the bank. In order to contribute to the diversity of teams and career paths, the International Mobility programme opened up to employees the world over, beginning with European subsidiaries.

The Mobility programme continues to select potential candidates and supports them in their job search. As such, as the end of 2010, the Mobility programme had almost 300 members and, since being set up, has contributed to the expatriation of 88 employees, including 32 in 2010.

Appraisal

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 our new appraisal system is expected to contribute to the renewal of the Group's leadership model, develop our managerial culture by encouraging managers to lead by example and promoting 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.

Having been rolled out to 22,000 employees in 2010, the Group plans to extend the system to 72,000 new staff members in 2011, and to the entire Group by 2012.

The appraisal is based on two milestones: the definition of objectives at the beginning of the year and the end-of-year appraisal interview.

These appraisal interviews provide an invaluable opportunity for discussion and sharing between an employee and their manager. 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.

Training for professional qualifications

117,245 Group employees (60.72% of whom were women) received some form of training in 2010 and more than 3.53 million hours of training were provided.

Training means acquiring new skills in order to progress with the company as it stands today and as it will develop in the future. Developing each employee's potential is one of the Group's priorities.

In order to do this, Societe Generale offers business-specific training programmes tailored to each type of position and experience level, drawing on innovative educational tools, as well as professional development courses (professional promotion courses, managerial training and skills development programmes).

In France, this notably involves the "Cursus Cadre", an 18-month training programme which enables employees to obtain "executive" status, thereby preparing them for greater responsibility, possibly including team leadership.

This system, which was overhauled in 2009, is currently available to all Societe Generale employees, excluding subsidiaries, regardless of their business division, as the content of the training applies to all business divisions and examples come from across the Group.

This makes the Cursus Cadre an internal tool which promotes equal opportunity for advancement in the company and helps ensure diversity among employees who achieve executive status.

In 2010, 261 "Cursus Cadre" graduates successfully obtained management positions within the Group's various divisions.

Similarly, in the 2009/2010 period, 252 employees achieved banking classification Level E, obtaining the status of Banking Technician (Cursus TMB).

In order to reinforce its international dimension, Societe Generale added English lessons into its training catalogue. Personalised training is now offered to employees using several learning methods (e-learning, individual courses, telephone lessons, etc.), depending on their level and the requirements of their day-to-day activities.

Access to these different training offers is facilitated using the new MyLearning Group platform, 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.

EMPLOYMENT AND INTEGRATION OF DISABLED WORKERS

For several years, the fight against discrimination, the promotion of diversity and increasing the recruitment of disabled staff have been key concerns for the Group.

In 2010, Societe Generale employed 1,931 disabled staff (as defined locally) around the world, accounting for 1.24% of the overall headcount.

The highest proportions can be found in France, Russia, Italy and Germany.

In France, Societe Generale (excluding subsidiaries) has 1,000 disabled staff and has hired 166 since 2007 (its target for the period covered by the first agreement (2007-2010) was 160).

The Group has many partnerships with associations such as the French Association for Physically Disabled People (APF) and the UNAPEI (Federation of Associations for Parents and Friends of Mentally Disabled People) and has also been sponsoring the French Federation for Disabled Sports (FFH) for eight years.

Societe Generale follows a proactive recruitment policy through various initiatives to foster recruitment of the disabled. In 2010, Societe Generale's Mission Handicap coordinated a number of projects:

- participation in more than 50 disabled recruitment forums throughout France;
- organisation of the second edition of the "Pass pour l'emploi" forum in partnership with ADAPT – a day of support for job seekers, held on March 18, 2010, attended by more than 2,500 applicants. "Pass pour l'emploi" offers workshops for preparing for interviews and writing CVs. Theme-based conferences and business workshops round out a programme which aims to leave participants better prepared for meeting company representatives to find out about and respond to job offers. The number of CVs received at the event is a clear testament to its success. Societe Generale short-listed 150 applicants. Moreover, the forum's popularity has led Societe Generale to repeat the event in 2011;
- partnerships with leading universities to inform their 10,000 disabled students about Societe Generale;
- development of work-study programmes enabling disabled persons to obtain the necessary job skills;
- creation of the blog www.tousuniques.fr in order to create a forum for discussion with applicants and representatives from the disabled employment sector;
- distribution of the "Y'a pas de malaise" comic strip to all Societe Generale France, with the aim of increasing awareness about disabled staff.

This project was launched in collaboration with ALD, CGA, Logica, Publicis Group, Pôle Emploi, AGEFIP, ADAPT and the following authors: Vuillemin, Tronchet, James, Fabcaro, Lisa Mandel, Mathias Lehmann, Jul, Margerin and Charles.

As an employer, Societe Generale strives to take the measures required to ensure that disabled employees can stay in 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 total, in 2009, more than 300 initiatives were carried out throughout France aimed at retaining disabled employees.

THE GROUP'S CONTRIBUTION TO LOCAL AND REGIONAL DEVELOPMENT

Societe Generale continues to contribute to improving the quality of life of local communities, by developing local employment initiatives, and the economic attractiveness of the employment markets where the Group is located, particularly Nanterre and Fontenay-sous-Bois.

Through their commitments to employment promotion, these charters constitute one of the key components of the Societe Generale Group's commitment to social responsibility.

Relationships with educational establishments and employment associations

The Group maintains an active policy of training young people and students (work-study contracts, internships, international company volunteers programmes, etc.) and forming lasting partnerships with higher education establishments (the first was signed in 2004 with ESC Rouen), both in France and abroad. In 2010, it welcomed 9,181 university interns and 374 international company volunteers programme participants worldwide, making the Group the foremost recruiter through such programmes for the fourth year running.

Since 2006, in France, Societe Generale has been promoting the integration of young people into the company on work-study contracts (apprenticeship and work experience programmes), in the businesses and commercial training programmes relative to its activities (two-year technical degrees and Banking and Finance Master's degrees). As of the end of 2010, Societe Generale had 1,351 young people on work-study contracts, mostly in Retail Banking.

2010 saw the continuation of all of Societe Generale's initiatives with its partners (business schools, engineering and IT schools and universities), both in France and abroad.

More than 400 initiatives were undertaken this year, including school forums, business presentations, educational actions, round tables, CV workshops, mock interviews with admission boards or grading examiners, etc.

Citizen Act is Societe Generale's Corporate Social Responsibility business game aimed at higher education students. It is an international programme which combines the academic and professional worlds, providing a rich educational experience for the students who participate. In 2010, this business game, which is now in its fifth edition, aimed at broadening the educational aspect with the provision of a CSR e-learning module.

Citizen Act has a win-win logic behind it as the coached students present high-quality projects which could potentially be developed by the Group.

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.

Moreover, since 2006, the Purchasing Department has adopted a CSR (Corporate Social Responsibility) approach, within its core business and, through various Ethical Sourcing Programmes, has structured a responsible approach, notably in terms of the social aspect:

- evaluation according to CSR criteria of particularly exposed services and products in order to select suppliers that are advanced in this field and adhere closely to requirements;
- target for the volume of business conducted with the protected sector (associations specialised in employing disabled people) jointly with the Group's Mission Handicap;
- active participation in the SME Pact, which the Societe Generale Group was the first bank to join, by organising theme-based meetings so that innovative French SMEs can present their services to the Group's relevant organisations.

2010 NRE APPENDIX – SOCIAL SECTION

Article 1 of decree 2002-221 of February 20, 2002, enacting article L. 225-102-1 of the French Commercial Code.

The data given below relate to the Group, France or Societe Generale France, as indicated.

Societe Generale France data:

Monthly average number of service providers: 7,030

Monthly average number of temporary workers: 664 (full-time equivalent)

Employment

Staff

Group headcount at November 30, 2010: 155,617 (including 14,109 on fixed-term contracts)

Societe Generale France headcount: 42,873 (including 1,527 on fixed-term contracts)

Recruitment

Total hires: 26,383

New hires on fixed-term contracts: 11,285

New hires on permanent contracts: 15,098

Societe Generale is maintaining its appeal and continuing its recruitment policy.

Dismissals

Total number of dismissals: 2,866

Of which economic redundancies: 1,217

The other causes for dismissals are unsuitability for the position and dismissal for professional misconduct (France and abroad).

Information on severance plans

Over and above its legal obligations, the Societe Generale Group looks to provide its staff with additional support measures during the implementation of severance plans (reclassification, use of outplacement firms, extension of benefits, etc.).

Outside contractors

The use of outside contractors principally concerns the outsourcing of specialised activities such as information systems, security, armoured transport, catering and building maintenance.

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. For hourly-paid staff (banking technicians and executives), this agreement provides for 1,607 hours' work per year, based on one of two systems:

- a 39-hour working week with 56 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 47 days of paid leave in addition to normal days off per week.

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 numerous foreign entities.

8,602 staff (i.e. 5.53% of the workforce) work part-time within the Group as a whole (including 5,321 in France, of which 4,172 for Societe Generale France).

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, 2010, the total number of hours of overtime reported by staff at the French entities was 118,143, or an average of 2.05 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 80,490, or an average of 1.88 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 the year: 4.97%.

Main causes: illness (2.59%), maternity (2.23%).

Rate of absenteeism for the Group: 3.43% (illness 1.80%, maternity 1.05%).

Number of accidents in the workplace (Group): 881.

Employee remuneration, social security charges

Average gross annual remuneration (Societe Generale France data): EUR 50,004

All the entities in the Societe Generale Group comply with their obligations in terms of social security charges levied on employee salaries and benefits. See Note 39, page 316.

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.

The Societe Generale Group's corporate social responsibility is based on five core principles that have already proved their merit and are continually being reinforced:

- *a quality approach focused on the client and a constant concern for their satisfaction;*
- *a robust system of corporate governance, which is continually being adapted to the demands of society;*
- *a constantly reinforced system of risk management and internal control processes;*
- *a comprehensive compliance policy and the application of ethical values, on which long-term performance depends;*
- *a culture of innovation designed to encourage staff to contribute to change.*

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.

In every business, we integrate 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 both to more effectively manage our risks and to seize the business opportunities offered by new markets.

Ambition SG 2015, our Strategic Plan on a 2015 horizon, aims to make Societe Generale one of Europe's major banks, to be close to its customers and to offer its shareholders sustainable growth with less risk than in the past and to be seen as truly attractive to work for.

We see sustainable development as a continuous improvement process, constantly drawing on the best practices of this and other economic sectors, to better identify and better manage our direct and indirect impact on society and the environment. This approach is notably based on the ten principles of the United Nations Global Compact, which we joined in 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*[1] Law, notably article 116 which requires that listed companies report on how they integrate social and environmental considerations into the way they do business.

In addition, the Company has committed to respecting the OECD's Guidelines for Multinational Enterprises.

In 2001, Societe Generale signed the UNEP (United Nations Environment Programme) Statement by Financial Institutions on the Environment & Sustainable Development. In 2003, the Company also adhered to the Global Compact initiative, launched by the Secretary General of the United Nations, and has integrated the ten principles of this text into its strategy, business culture and operational methods.

Furthermore, being aware of the importance of climate change, the Group published its carbon disclosure policy and in 2008 it committed to move gradually toward carbon neutrality.

Finally, the Group was able to adopt the Equator Principles in 2007, following its updating of the project finance division's internal procedures for environmental and social assessment of transactions.

Our ambition and policy

Societe Generale's aim is to become a major reference in Corporate Social Responsibility (CSR), and one of the leading European financial establishments in this field.

The Group is already listed in sustainable development indices (FTSE4Good, ASPI) and has been selected by the majority of French Socially Responsible Investment funds.

(1) New Economic Regulations.

In terms of corporate and social responsibility, the Group's aim is to put its commitments into practice and to continually look for ways to improve its contribution. 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 in order 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.

Proactive and responsible management of staff

(see pages 133 and following of this document)

This incorporates a number of elements: a recruitment policy that seeks to promote diversity, strategies to enhance the skills and employability of staff that reconcile professional development with personal fulfilment, and motivational remuneration policies designed to give employees a stake in the performance and results of the Group.

Management and reduction of the direct environmental impact of our activities

Since 2008, Societe Generale has been following a rigorous environmental policy, through its carbon neutrality approach. This relates in particular to the use of natural resources, energy and paper consumption, the use of recycled paper, the choice of electronic and computer equipment, waste management, the optimisation of business travel, etc. The Group also encourages its staff to show the same degree of respect for the environment. (website: csr.societegenerale.com)

The Company 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 structure, and comprises a number of different tools and structures at various levels of the Group's hierarchy (the corporate governance system, the compliance 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 directly to 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 business and corporate divisions 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 fostering sustainable development, customer satisfaction, contribution to local development;
- **social** indicators: employment, skills and career management, remuneration, working hours, internal feedback, health and safety;
- **environmental** indicators: environmental management system, environmental awareness, water and energy consumption, transport, waste;
- **sponsorship** indicators.

Each year, the corresponding values are entered, consolidated and analysed using a dedicated reporting system, introduced by the Group in 2005.

For further information go to csr.societegenerale.com

2010 NRE APPENDIX - ENVIRONMENTAL SECTION

Article 2 of Decree No. 2002-221 of February 20, 2002 enacting article L. 225-102-1 of the French Commercial Code, related to the direct environmental impact of the Group's activities.

Combating climate change

Greenhouse gas emissions

Societe Generale decided to make combating climate change the cornerstone of its environmental policy, by approving the carbon neutrality project 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 defined 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 also being rolled out by the Group. The "Green IT" and "Responsible Building Management" programmes are dedicated to energy efficiency. Energy consumption accounts for two-thirds of the Group's CO_2 footprint.

The Group believes that emissions should be offset gradually to more thoroughly involve the business lines:

- in 2009, the 2008 CO_2 emissions of the central departments and buildings were offset,
- in 2010, the 2009 emissions of the businesses in France were offset,
- in 2011, the offsetting of 2010 emissions should cover emissions in France and the Group's 10 largest entities outside France (excluding Rosbank),
- from 2012, the whole of the Group's emissions (excluding Rosbank) will be offset.

To increase their accountability, the entities bear the cost of offsetting. As from 2011, the largest entities in France and abroad should directly offset their 2010 emissions according to the guidelines defined by the Group and the rest of the entities will be invoiced in the amount of the offsetting.

Each business division or entity may go beyond the offsetting scope set by the Group. This was the case for Societe Generale Bank and Trust and SGSS Luxembourg since 2008 and ALD Automotive UK in 2010.

The process is overseen by a Group "Carbon neutrality" Steering Committee attended by representatives of all of the business and corporate divisions (two meetings a year).

The Societe Generale Group's 2010 CO_2 emissions are estimated at 277,745 tons for approximately 95% of employees (i.e. 1.99 tons of CO_2 per occupant), and include direct and indirect energy emissions, transport and paper consumption. This estimate is made by applying the GHG Protocol calculation method (www.ghgprotocol.org) to all data declared in the central reporting application. Emissions per occupant in 2010 were down 7.2% and 14.2%, respectively, on 2009 and 2007, the benchmark year, enabling the Group to exceed its 11% reduction target set in 2007 for the 2008-2012 period.

	2010	**2009**	**2008**	**2007**
CO_2 emissions (T)	277,745	278,835	294,372	265,732
CO_2 emissions per occupant (T)	**1.99**	**2.14**	**2.24**	**2.32**
Scope (number of occupants)	139,546	130,070	131,112	114,540

In 2010, the Group offset all of its 2009 emissions in France, equivalent to 66,711 tons of CO_2, through the purchase of CER certificates issued under the Kyoto protocol's CDM mechanism and Gold Standard voluntary emission reduction certificates. Societe Generale Bank and Trust, SGSS Luxembourg and ALD Automotive also offset their emissions in the amount of 2,212 tons and 822 tons, respectively. Societe Generale offset a total of 69,745 tons of CO_2 in 2010.

In 2011, the Group is continuing with its carbon neutrality programme by expanding its offsetting scope to the 2010 emissions of its businesses in France and of its 10 largest subsidiaries abroad (excluding Rosbank), covering energy consumption, business travel and paper consumption for the scope defined. Societe Generale Bank and Trust and SGSS Luxembourg have also decided to continue with the programme and will offset their CO_2 emissions for the fourth year running.

Finally, in line with its plan, Societe Generale will be carbon neutral by 2012. This means that in 2012, the Group will offset all the 2011 CO_2 emissions from its energy and paper consumption and from business travel.

Environmental management system

Steps taken to obtain environmental assessment or certification	In 2005, the implementation of a CSR reporting tool enabled the monitoring of environmental indicators to be improved. The scope was once again extended in 2010 and now covers 143,154 people, representing 97% of the Group's workforce at the end of 2010, excluding Rosbank (recent acquisition). Over 750 contributors in more than 332 entities (subsidiaries, branches, sales offices, central buildings and regional offices), occupying 7,506 buildings in 60 countries, participated in the annual CSR indicator collection campaign. The reporting process for this information was reviewed by the Statutory Auditors as part of the certification of a selection of assertions and indicators from the Corporate and Social Responsibility Report.
Measures taken to limit the impact of the Company's activities in line with the relevant legal and statutory provisions	The departments in charge of managing Group buildings are responsible for applying the necessary legal and regulatory provisions in those areas that come under their responsibility.
Expenditure to prevent the Company's activities from causing any environmental damage	Spending not itemised in the entities' operating budgets.
Existence of internal environmental management departments within the Company	Societe Generale has adopted a decentralised organisation. There is a department in charge of managing the central buildings and dedicated departments in each branch and subsidiary. The environment forms an integral part of their mission brief. The creation of a Group property committee in 2003 is helping to improve the pooling of initiatives. In March 2008, Societe Generale appointed an Environment Director who is responsible for defining and overseeing the Group's environmental policy. His primary objective is to reduce the direct impact of the Group's activities on the environment – notably its carbon footprint – in order to lead the Group towards carbon neutrality. A "Carbon neutrality" Group Steering Committee was set up in 2008. It meets twice a year to identify the best practices introduced and to launch new initiatives. 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, again in 2008, a "Responsible Building Management" working group was created, whose primary goal is to create a responsible building management reference framework specific to Societe Generale and to introduce 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.
Staff training and information	Every year, communication documents are circulated externally and internally, particularly to new Group employees. Brochures are systematically handed out at seminars or conferences on related topics and are available on the Group intranet site. 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. An area dedicated to raising employee awareness about sustainable development has been set up on the ground floor of the Societe Generale towers (Paris, La Défense). Conferences on various sustainable development issues are organised for employees on a regular basis, and regular displays indicating best practices in terms of environmentally-friendly practices are organised within the central buildings in France. A travelling exhibition on sustainable development and CSR issues is also being shown throughout the Group's subsidiaries and entities. Since 2008, the Group has been organising 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 stakes and the Group's initiatives. A training programme on CSR and sustainable development (web and in-class) has been devised for staff and managers and has been in place since 2009.

Energy consumption

Net electricity consumption	644,242 MWh for 140,318 people in 58 countries, i.e. figures representing 94% of the Group's headcount. These cover the consumption of electricity received from energy providers and therefore exclude KWh of self-generated electricity (produced by the entities' own solar panels). The increase in gross electricity consumption is mainly due to the larger proportion of the scope covered in absolute terms. The fall in net energy consumption per occupant reflects the efforts made through measures to reduce our environmental footprint (responsible building management, green IT, raising awareness of environmentally-friendly practices, etc.). 79% of the figures for net electricity consumption are taken from direct measurements.
Gas consumption	103,201 MWh for 140,318 people in 58 countries. The increase in consumption is attributable both to the larger proportion of the scope covered in absolute terms and a seasonal effect. 73% of the figures for gas consumption are taken from direct measurements.
Fuel and other energy fluid consumption (steam, ice water)	111,460 MWh for 140,318 people in 58 countries. The gross increase is due mainly to the larger proportion of the scope covered in absolute terms and a seasonal effect. 74% of the figures for fuel and other energy fluid consumption are taken from direct measurements.

	2010	2009	2008	2007	2006
Electricity (net, in MWh)	644,242	629,155	596,663	523,810	441,660
Gas (in MWh)	103,201	97,405	126,111	118,066	95,351
Fuel and other energy fluid consumption (steam, ice water) (in MWh)	111,460	97,722	131,460	122,614	98,676
Total net energy consumption	**858,903**	**824,282**	**854,234**	**764,490**	**635,687**
Net energy per occupant (in MWh)	**6.1**	**6.3**	**6.5**	**6.8**	**6.5**
Scope (number of occupants)	140,318	130,166	131,370	112,732	92,200
Scope in terms of surface area (m^2)	3,780,075	3,626,861	3,393,519	3,360,719	2,879,285
Energy per m^2 (in kWh)	227	227	252	227	221

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) have automatic systems for greater energy efficiency: climate control, automatic closing of blinds, switching-off of lights at set times, etc. The same system was installed at the Hong Kong offices in 2004 and at Tower Hill (SG London) in 2007. BRD and SG Serbia have both implemented a Building Management System for their administrative head offices. Energy audits are regularly performed at subsidiaries (Komerčni Banka) or for buildings (seven central buildings in 2009). New environmental performance standards for renovations and construction, specifically tailored to banking businesses, were developed in 2009 and 2010 in order to prioritise efforts to save energy and reduce CO_2 emissions. These will be rolled out in 2011. The delivery of the Tour Granite (Paris, La Défense) in early January 2009, the first High Environmental Quality (HQE®) building in France, enabled the Group to improve the average energy efficiency of its central buildings. Since the end of 2010, the Tour Granite has been HQE-certified for its construction, operation and use. All French branches are equipped with a system for switching off lighting and putting workstations into stand-by mode outside working hours. The lighting of elements on the front of buildings (signs, etc.) is also controlled by automatic timers, which leave only a minimum amount of equipment powered up after a specified time. The branches in France took advantage of the change to the Societe Generale logo to fit out their new illuminated signs with LED bulbs, creating energy savings of up to 60%.

During branch renovations, priority is given to installing reversible air conditioning systems to save energy, skylights and the use of external insulating paint (in Polynesia for example).

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 enables the centre to cover 95% of its heating requirements.

A Group-wide "Green IT" programme was launched in 2009 with the aim of reducing carbon emissions and an action plan to reduce the environmental impact of IT equipment. The aim of this programme is to reduce energy consumption by the equivalent of 25,000 tons of CO_2 per year.

Several subsidiaries are gradually implementing best practices as part of local action plans:

- use of low energy light bulbs in several entities: BRD, SG Express Bank, SG Marocaine des Banques, Factoring KB, SG Calédonienne de Banque; use of LED bulbs in illuminated signs: Banque de Polynésie and BRD;
- virtualisation of IT servers under the "Green IT" plans: BRD and Komerčni Banka;
- optimisation of air conditioning systems, which are automatically switched off outside working hours (SG de Banques en Côte d'Ivoire, SG de Banques au Cameroun, SG Private Banking Suisse, SGB Benin, SG Calédonienne de Banque, SG Madrid, SG Mumbai and SG Frankfurt);
- energy management committees have been set up to analyse environmental indicators, define initiatives to optimise energy and paper consumption and collate ideas for improvement from different entities (BFV SG à Madagascar, SG de Banques en Côte d'Ivoire);
- General Bank of Greece has set its PCs to automatically come on at a specified time, providing considerable energy savings; this measure has been copied by BRD, which has rolled out the automatic shutdown of PCs within its network and is currently rolling out this system in its central buildings;
- Motion detectors for lighting: Banque de Polynésie, BRD, Crédit du Nord, SG Hong Kong and SGBT Luxembourg.

Use of renewable energy sources

In 2010, "green" electricity accounted for 24.3% of the Group's net electricity consumption and amounted to 156.5 GWh, an increase of more than 10 points on 2009. This policy of purchasing energy certified as coming from renewable sources was initiated in 2005 through the signing of a green power contract over several years for the provision of energy from renewable sources for the two Societe Generale Valmy towers (Paris, La Défense). Three central buildings and eleven subsidiaries now use green energy: ALD Luxembourg (63%), ALD Norway (100%), ALD Sweden (77%), Crédit du Nord (20.68%), Gefa Bank (24%), General Bank of Greece (5.1%), Komerčni Banka (14%), Pema Gmbh (25%) SG Finans Scandinavia (100%), SG London (99%), SG Zurich (100%, certified naturemade) and Sogessur (0.47%), along with the three central towers and two data centres (100%).

This renewable energy procurement policy generated savings of 20,585 tons of CO_2 emissions in 2010, compared to 15,539 tons in 2009.

Self-generated renewable energy

The Group's first "positive" branch (which produces more energy than it consumes) was opened in Polynesia in 2009. The Faaa branch is the first Group building to produce its own energy through solar panels (37,233 KWh generated in 2010).

The Group now self-generates 588,900 KWh of electricity using solar panels:

- Since February 2010, Societe Generale de Banques au Burkina Faso has generated more than one-third of its energy from 600 m^2 of solar panels installed on the roofs of its buildings.
- The front face of the Nantes Beaujoires building (SGSS) was fitted with solar panels in July 2010, which have enabled it to generate 13,500 KWh in less than six months of operation.
- Pema Gmbh, in Germany, is also fitted with solar panels, which generated 13,500 KWh in 2010.

Overall, renewable energy production resulted in CO_2 emission savings of 287 tons in 2010.

Water consumption

1,504,216 m^3 for 115,908 people in 44 countries, of which 982,066 m^3 taken from direct measurements (i.e. 64% of the total declared consumption). Several entities (representing around 27,071 people) were not able to determine their water consumption because it is materially impossible to measure their individual consumption. This is notably the case when buildings are jointly owned and occupied and the cost of water consumption is included in the charges linked to the management of the building. Average worldwide consumption has fallen by 17% on 2009, and now totals 13.0 m^3 per occupant.

There are several reasons for this fall: a number of entities (ALD Sweden, Banco Cacique, Banque de Polynésie, BRD, Crédit du Nord, Komerčni Banka, SG China, SG London, SGBT Luxembourg, TCW Group Inc., etc.) have set up technical solutions to limit water flows. These include installing water-saving devices or automatic dispensers, dismantling water-cooled air conditioning and introducing high-performance ventilators, water-retention devices, low-flow faucet aerators and low-flow and dual-flush systems. Employee awareness-raising programmes are also completed throughout the Group.

As a result of efforts made by building managers at the Group's central buildings, water consumption in France only amounted to 9.3 m³ per occupant (nearly 30% less than the Group average). Performance-based maintenance contracts have led to a reduction in the consumption of running water.

	2010	2009	2008	2007	2006
Water (in m³)	1,504,216	1,641,622	1,504,328	1,564,159	1,407,887
Water per occupant (in m³)	**13.0**	**15.9**	**15.0**	**18.6**	**18.8**
Scope (number of occupants)	115,908	103,443	100,378	84,281	74,699

Consumption of raw materials

Paper consumption

Societe Generale has been a founding shareholder in EcoFolio since December 2006. EcoFolio is a French environmental body whose main aim is to enable companies to respect new French legislation governing producers of printed materials for business purposes.

Since October 2006, the French retail banking network has been offering customers electronic statements. At the end of December 2010, 855,590 customers had opted for electronic statements, i.e. 16% of the bank's individual customer base and an increase of 1.5% on the end of 2009.

Paper consumption:

- paper consumption within the Societe Generale Group amounted to 7,960 tons in 2010 (scope of 142,605 people), i.e. 55.8 kg per occupant, representing a 9.4% decrease on 2009. This decrease is mainly due to the Group's responsible paper consumption initiatives;
- the consumption of recycled paper increased and represented 38.3% of the Group's total paper consumption at the end of 2010.

At the start of 2007, Societe Generale set up a "responsible paper" Steering Committee to encourage all Group entities to exchange best practices to reduce and improve their paper consumption (e.g. through the use of recycled paper). Under the slogan of "Let's consume less, let's consume better", the project has two aims: to reduce paper consumption and encourage the use of eco-label paper.

Several major initiatives have been carried out since 2008:

- organisation of the "Challenge Bonnes Pratiques Papier Responsible" (Responsible Paper – Best Practices Challenge) aimed at identifying and spreading best practices throughout the Group; an internal competition to encourage reduced consumption (GEFA Bank);
- setting up of a quarterly report on paper consumption by the Group's activities in France, serving as a monitoring tool;
- selection of a service provider providing only recycled and eco-label paper;
- publication of a Guide Bonnes Pratiques Papier (Guide to Best Practices in Paper) available to all staff;
- decision to produce business cards with the words "100% recycled paper" for all staff in France;
- configuration of all new printers within the Group's central buildings to double-sided printing by default. Double-sided printing is standard in SG Amsterdam, SG London, SGBT Luxembourg, SG Private Banking Switzerland, SG Serbia, SKB Banka, Splitska Banka and SGB Benin; configuration of some internal documents in non-printable format (BRD);
- local measures such as the switch from paper to electronic format and the regular follow-up of consumption (in France, Italy, Luxembourg, the Czech Republic, the UK, the Netherlands, Cote d'Ivoire and Cameroon).
- Electronic bank statements offered to customers: Franfinance and SG Calédonienne de Banques.

Waste

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: selective sorting and waste recovery in the company cantines (recovery of edible oil, anaerobic digestion of fermentable waste, etc.); recycling of ink cartridges, etc.

This review will also enable the introduction of measures to promote more effective waste management for these buildings.

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, 129 tons of waste electrical and electronic equipment was collected in 2010. BRD took a similar step by entering into a partnership with a disability-friendly company. It was estimated that 19,265 tons of waste were produced by the Group in 2010.

Transportation

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 been offering its employees in the Paris region a car-pool service. To date, some 5,000 members of staff have subscribed to this service via the dedicated website www.roulons-ensemble.com. 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) set up a company travel plan, the first of its scale within the Group, in that it caters to 1,300 members of staff. Nantes Métropole and the ADEME assisted the Nantes site with the project's technical, logistical and financial aspects.
Business travel	A new internal Instruction was issued in 2005 encouraging staff to limit business trips and to travel by train rather than airplane whenever distances permit, due to the environmental impact of air travel. In 2008, in France, a business travel eco-comparator was set up on the travel reservation platform, which calculates the quantity of CO_2 emitted according to the method of transport chosen. 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 was launched with the principal aim of developing technology to replace business-related travel, and included objectives and an action plan. In partnership with its subsidiary ALD Automotive, Societe Generale has also focused on reducing the carbon footprint of its fleet of vehicles. In 2009, a Group Car Policy was launched aimed at limiting the environmental impacts of the Group's car fleet by selecting the greenest vehicles and implementing support measures such as training in environmentally-conscious driving. For the Headquarter at La Défense, a self-service vehicle solution (car sharing) was set up jointly with ALD Automotive, a Societe Generale subsidiary in 2010 to meet occasional corporate mobility needs. The range consists of five low CO_2 emission vehicles, with one hybrid and one electric car. At the end of 2010, average emissions for the Societe Generale fleet in France amounted to 124 g of CO_2 per km and 165 g globally.

Business travel (km)	2010	2009	2008	2007
Airplane	247,833,624	210,844,166	247,084,428	288,002,046
Train	38,714,561	41,889,265	38,742,281	33,393,554
Car	176,265,240	191,681,568	182,812,722	133,532,618
Total distance	**462,813,426**	**444,414,999**	**468,639,431**	**454,928,219**
Scope (number of occupants)	136,335	129,343	130,730	118,069

Other issues

Ground use conditions	Not material in the Company's activity.
Air, water and ground pollution	Steps are being taken to replace R22 refrigeration systems with R134a systems in order to stop any gas leakages that are damaging to the ozone layer and to limit the greenhouse gas emissions. These steps were continued in the Group's central buildings (Tigery, Cap 18, Niemeyer II, Polaris) in 2009.
Sound and olfactory pollution	Not material in the Company's activity.
Measures taken to limit any harm to the ecological balance, natural environment, and protected animal and plant species	Asbestos: Societe Generale commissioned a certified body to carry out tests on the Group's potential damage to the ecological balance, and on the presence of asbestos in its buildings, in accordance with Decree No. 96-97 of February 7, 1996 and Decree No. 97-855 of September 12, 1997 on the protection of the public against health risks associated with exposure to asbestos in buildings. These inspections were performed on the buildings concerned in 1997 and 1998, and were followed by steps to remove asbestos and protect the public where necessary. Those buildings qualifying as IGH (high-rise buildings) and ERP (public buildings) in accordance with the Decree of 2000 were checked by the independent control body, Veritas. No specific work is required in this area.

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

8 COMPLIANCE AND THE PREVENTION OF MONEY LAUNDERING

COMPLIANCE AND THE PREVENTION OF MONEY LAUNDERING

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.

The Compliance Department

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 Group compliance (RCOG). He supervises all compliance structures and procedures with the help of a Group Compliance Committee (CCG) which he chairs and which meets every month. In addition to the RCOS , the CCG is composed of the various divisions' Heads of Compliance (RCO), the Head of Group Compliance , the Group Head of Internal Audit, the Head of Internal Control Coordination and the Heads of the relevant departments within the Corporate Divisions, including the Head of the Legal Department and representatives of the Group Risk, Finance and Resources Divisions.

The role of the Compliance Department (formerly the *Direction de la déontologie*; renamed the *Direction de la conformité* as from February 1, 2011) within the compliance structure is to provide the Group with high level expertise and monitoring of compliance risks. It also assists the Group's Corporate Secretary with the function's daily management. 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 produce and implement tools to steer and manage the function: dashboards, forum for sharing 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.

The RCOs of the various divisions are usually under the operational authority of the RCOG and the Group Head of Compliance. In divisions where the risks are more significant (SGCIB, GIMS), the compliance structure and dedicated staff come under the hierarchical authority of the Group Compliance Division. The RCOs implement the governance and principles defined at Group level within their remit. They contribute to the identification and prevention of compliance risks, the validation of new products, the analysis and reporting of compliance anomalies, the implementation of corrective measures, staff training and the promotion of compliance values throughout the Group. They notably rely on a pyramid structure of business line or subsidiary RCOs under their hierarchical or operational authority and on business line or subsidiary Compliance Committees.

Compliance values

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.

In the banking sector, compliance practices are based on the following core principles:

- 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 and applied throughout the Group since 2001 in the form of instructions, which 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:

- tools used to filter customer files and international transactions in order to detect people, countries or activities subject to sanctions or embargos;
- tools designed to manage and prevent conflicts of interest;
- behavioural analysis tools to facilitate the detection of suspicious transactions in the bank's Retail and Private Banking activities;
- an alert management and cheque supervision tool;
- a tool for managing lists of persons holding inside information;
- a tool 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.

2010 Highlights

Reinforcement of the compliance structure

Societe Generale further reinforced the Group's resources for compliance risk prevention and management in 2010.

The Compliance Department's headcount in Paris increased once again in 2010, bringing the total number of staff to 80.

The number of compliance professionals rose throughout the Group, and particularly in Russia, where full-time equivalent staff numbered 63, including 41 employees dedicated to anti-money laundering.

Ethics and Compliance seminars were also organised for key managers, with a view to facilitating the sharing of experience and expertise.

A new structure

At the end of 2010, the *Direction de la déontologie* became the *Direction de la conformité* (Compliance Department), effective as of February 2011, as part of its continuous development.

The resulting changes to its structure are notably aimed at structuring and managing the Compliance function and strengthening permanent control, which can be seen from the changes made throughout 2010. These led to:

- the creation of a Head of Regulatory Relations, responsible for coordinating relations with regulators on the subject of compliance issues;
- Performance of "Know Your Customer" due diligence by a dedicated department with the aim of providing an overview of this issue, which was previously handled by the anti-money laundering and anti-terrorism financing unit.

Updating of anti-money laundering and anti-terrorism financing procedures within the Societe Generale Group

In 2010, Societe Generale disseminated a new Group Instruction incorporating the regulatory changes linked to the transposition of the 3rd European Directive and particularly the implementation of the risk-based approach.

It has also adapted its tools for managing suspicious transaction and profiling information.

Finally, Societe Generale began the rollout of a new application to provide training in anti-money laundering and anti-terrorism financing measures, including the regulatory changes. 19,500 employees have benefited so far and the training programme will be continued in 2011.

Rollout of a new IT application for mapping compliance risks

Following delivery of the application at the end of the first half of 2010, the training of its first users began in the second half and will continue in 2011) followed by the go-live phase.

This application will provide global mapping and assessment of compliance risks at Societe Generale Group level and enable the follow up of action plans.

Embargo and sanction policy

A Code of Conduct has been established covering the main embargo and sanction issues defining the behaviour to be adopted at Group level. This will be followed by the dissemination of a Group Instruction at the start of 2011.

Professional certification

As part of the reforms to the regulatory framework for financial services, the French securities regulator (AMF) has introduced a professional certificate requirement concerning all investment service providers, effective as of July 1, 2010.

To meet this requirement, in 2010 Societe Generale introduced a system for checking that employees to which this certification requirement applies have the necessary level of knowledge.

9 RISK MANAGEMENT

INTRODUCTION

Risk management strategy

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

- to contribute to the development of the Group's various businesses by optimising their overall risk-adjusted profitability;
- to guarantee the Group's sustainability as a going concern, through the implementation of 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 various 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, some of which are discussed in greater detail below, 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 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, 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 loss resulting from changes in the price of market products, volatility and correlations across risks. These changes include, but are not limited to, changes in foreign exchange rates, bond prices and interest rates, securities and commodities prices, derivatives prices and prices of all other assets such as real estate;
- **Operational risks** (including accounting and environmental risks): risk of losses or sanctions due 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 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 transactions entered into by the Group's corporate centre (operations involving equity capital, investments and bond issues);
- **Liquidity risk**: risk of not being able to meet the Group's requirements for cash or collateral as they arise;
- **Strategic risk**: risks tied to the choice of a given business strategy or resulting from the Group's inability to execute its strategy; and
- **Business risk**: risk of losses if costs exceed revenues.

Through the Group's insurance subsidiaries, it is also exposed to a variety of risks linked to the insurance business. These include premium prices 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). Through the Group's Specialised Financial Services division, mainly in its operational vehicle leasing subsidiaries, it is exposed to residual value risk (the net resale value of an asset at the end of the leasing contract being less than estimated). Any of these risks could materially adversely affect the Group's business, results of operations and financial condition.

Risk factors

The global financial markets and economy 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.

Following the initial signs of disruption of the financial markets in 2007, the global economy and financial system have experienced significant turmoil and uncertainty in the last three years which led, among other things, to the failure of several leading international financial institutions. The outlook for the global economy over the near to medium term remains challenging. The state of the global financial system will continue to be affected by structural and other economic factors such as the availability of productive investments and unemployment rates. In the current environment, economic growth development models based principally on levels of household debt may prove inadequate. Other factors contributing uncertainty to the global financial markets and economy include central bank interventions, the risk of inflation and the adoption by governments of more restrictive budgetary policies to contain public debt.

In particular, the Group is exposed to the risk of substantial losses if financial institutions or other credit counterparties become insolvent or are no longer able to fulfil their obligations to the Group. 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.

Recent negative developments affecting several European economies and the downgrading of the sovereign debt of some European countries have triggered further financial and economic uncertainty. A deepening of the European crisis may trigger a significant decline in the Group's asset quality and an increase in its loan losses in the affected countries. It may also become necessary for the Group to invest resources to support the recapitalisation of its businesses and/or subsidiaries in such countries. The Group's local activities could become subject to emergency legal initiatives or restrictions imposed by local authorities.

A number of the exceptional measures taken by governments, central banks and regulators have recently been or will 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 stabilise financial markets. Central banks took measures to facilitate financial institutions' access to credit and liquidity, in particular by lowering interest rates to historic lows for a prolonged period. Various central banks decided to increase substantially the amount and duration of liquidity provided to banks and, in some cases, implemented "non-conventional" measures to inject substantial liquidity into the financial system, including direct market purchases of treasury bonds, corporate commercial paper and mortgage-backed securities. These central banks may decide, acting alone or in coordination, to modify their monetary policies (and, in particular, raise interest rates) and tighten their policies regarding access to liquidity, which could substantially and abruptly decrease the flow of liquidity in the financial system. Given that the recovery remains fragile, 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.

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 the Group's principal market, France, declines in 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 negatively affect the Group's business, results of operations or financial condition.

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. 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. Another threat to its reputation could arise 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 its results of operations and financial position.

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 Private Banking, Global Investment Management and Services). In the local markets, including its principal market, France, it 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 its 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 on-line 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 its business, results of operations and financial condition.

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 the case 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 CDOs(1) of RMBS(2), RMBS, CMBS(3) and other ABS(4), CLOs(5), assets partly hedged by monoline insurers, exotic credit derivatives, etc., the underlying of which are largely 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 its results of operations and financial condition.

(1) CDO: Collateralised Debt Obligations
(2) RMBS: Residential Mortgage Backed Securities
(3) CMBS: Commercial Mortgage Backed Securities
(4) ABS: Asset Backed Securities
(5) CLO: Collateralised Loan Obligations

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 its 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 its results of operations and financial condition.

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 significantly may 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 its business, financial condition and results of operations.

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 and the Japanese yen. Fluctuations in the rate of exchange of these currencies into euros may have a negative impact on its 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 its investments in its subsidiaries outside the euro zone.

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. It is subject to the rules applicable to financial service providers that govern, among other things, the sale, placement and marketing of financial instruments. The banking companies of the Group must also comply with the capital adequacy requirements of the countries in which they operate. Compliance with these rules and regulations requires significant resources. Non-compliance with the applicable laws and regulations could lead to fines, damages to its reputation, enforced suspension of operations or withdrawal of operating licenses.

Following the onset of the recent financial crisis, a variety of measures have been 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, as these reforms are often inspired by differing priorities. The novelty and complexity of the regulatory initiatives are likely to increase compliance risks, at least in the short term.

The G20 summit in Pittsburgh in September 2009 established the foundations for the strengthening of prudential rules, which are expected to result in increased capital and liquidity requirements for financial institutions. Supervision of systemic risk and concern regarding the overall size of banks continue to generate considerable attention with, in particular, the launch of a Financial Stability Board working group to consider these themes. In addition, it is possible that more restrictive measures in addition to the rules of Basel 3 could be imposed in light of the recent crisis of the financial markets, including more demanding rules regarding capital adequacy, which could reduce the capacity of banks to lend or increase their need for capital. 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. The preceding sentence is a forward-looking statement and actual results may differ materially based on the form and timing of the final CRD[1] IV rules and other factors.

(1) European Directive on the capital adequacy of credit institutions (Capital Requirement Directive, CRD)

It is not possible to predict the nature and extent of future changes to the regulatory framework applicable to the Group. Any new regulatory requirements, including the new Basel 3 rules, or any changes in existing rules or in supervision or enforcement practices could impose burdensome new requirements on the Group or cause it to experience difficulties adjusting to and complying with such regulatory framework, which could have a material adverse effect on its business, financial condition and results of operations.

The Group is exposed to the potential instability of its counterparties.

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'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 its 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.

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 increase substantially its provisions for loan losses in the future following increases in non-performing assets or for other reasons, as was the case in the second half of 2008, throughout 2009 and 2010. Significant increases in loan loss provisions, a substantial change in its 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.

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 its ordinary course of business. In the current conditions of economic and market uncertainty, following the market disruptions experienced in recent years, there has been an increase in investor litigation and regulatory actions against intermediaries such as banks and investment advisors. 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 the 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 its 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.

In implementing the Group's external growth strategy, it may prove unable to manage the integration process in a cost-effective manner or achieve the benefits expected from these acquisitions.

The Group's growth strategy includes acquisitions of other businesses which carry a variety of challenges, including the verification of the quality of the acquired asset, the integration of the newly-acquired businesses, and the creation of synergies.

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 complete or 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 is also uncertain, as is the timing of the realisation of these synergies.

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.

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.

Principles of risk management, governance, control and organisation

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

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

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

- independence of risk assessment departments from the operating divisions;
- risk monitoring as well as a consistent approach to risk assessment to be applied throughout the Group.

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

Group risk management is governed by two main bodies: the Board of Directors, via the Audit, Internal Control and Risk Committee, and the Risk Committee. 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, controls the global risk exposure of its activities 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).

THE AUDIT, INTERNAL CONTROL AND RISK COMMITTEE

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 existing procedures, laws and regulations. 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

Chaired by the General Management, the Risk Committee (CORISQ) meets at least once a month to discuss the major trends in terms of the Group's risk. Generally, the Committee, 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). The Group also has a Large Exposures Committee, which focuses on reviewing large individual exposures.

RISK DIVISION

The Risk division's primary role is to establish 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 with the core businesses, these being responsible first and foremost for the transactions they initiate.

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, including cross-business risks, and regularly reports on their type and scope, to the General Management, the Board of Directors and the banking supervisory authorities;
- contributing to the definition of risk policy, 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 Risk Division has continued the reorganisation process, with the main goals of:

- developing the overview of market risks by business line and risk factor, and adapting the market risk monitoring system to the changes in the environment and the Group's needs;
- aligning the distribution of roles between the Risk Division and International Retail Banking, according to existing practices, with the other business divisions;
- bringing together all of the Risk Division's economists (teams dedicated to economic research and scenarios covering developed and emerging countries);
- continuing to combine project management teams within two Risk Division departments: Architecture, Processes and Systems for issues linked to the information systems and the Corporate Secretariat and Resources for other issues.

The Risk Division has also adapted to changes in the Group by:

- attaching the teams responsible for auditing credit risks to the Internal Audit Department created in 2010;
- creating teams dedicated to Retail Banking and Specialised Financial Services for the analysis, validation and monitoring of risks linked to these divisions' customers.

An integration plan has been introduced for Russia, particularly as part of risk monitoring and management.

The alignment of risk management as practiced by Rosbank and by the Group has continued, with the creation of an independent risk function.

According to the latest voluntary census (in the 1st quarter of 2010), the Group Risk function consisted of more than 5,200 people dedicated to permanent risk management and monitoring (including 892 within the Group Risk Division itself at the end of December 2010) compared to more than 4,500 people a year earlier. This change reflects the continued expansion of the function due to regulatory requirements, structure effects and developments within the Business and Corporate Divisions.

NEW PRODUCT PROCEDURES

Each division is responsible for submitting all new products, businesses or activities to the New Product procedures. The New Product procedures, which are jointly managed with the Risk Division, aim to ensure that, prior to the launch of a new product, business or activity:

- all associated risks are fully identified, understood and correctly addressed and, accordingly, that future developments will be carried out with maximum efficiency and control;
- 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, 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

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

As of January 1, 2011, a new management structure was implemented in order to manage structural risks. Its objective is to strengthen structural risk management (interest, exchange rate and liquidity risks) and to ensure the compliance of governance with regulations by separating structural risk management and control functions.

The ALM Department has therefore been separated into two new departments:

- 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);
- 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, namely strategic risks, business risks, etc.

The Finance Policy Committee is chaired by the General Management and validates the system used to analyse and measure 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 COFI 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 Internal Audit team, the General Inspection Department and the Statutory Auditors.

(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.

Risk management on legacy assets

Regarding legacy assets[1], 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.

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

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

Risk approval

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

The risk approval process is based on four core principles:

- all transactions involving counterparty risk (credit risk, settlement or non-delivery risk and issuer risk) must be pre-authorised;

(1) For further details on this scope, see the section dedicated to legacy assets in Chapter 2, page 12.
For further details on the valuation of certain assets within this scope, see Note 3 to the consolidated financial statements, page 252.

- responsibility for analysing and approving risk lies with the most appropriate business line or risk unit respectively. The business and risk unit examine all authorisation requests relating to a particular specific client or client group, to ensure a consistent approach to risk management;
- this business line and risk unit must be independent;
- all credit decisions are based on internal counterparty risk ratings, as provided by the business lines and approved by the Risk Division.

The Risk Division submits recommendations to 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 CORISQ is supplemented by the Large Exposures Committee.

Risk monitoring and audit

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

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

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

The Inspection and Audit Division carries out regular credit file reviews or risk audits in the Group's operating divisions, whose conclusions are sent to the heads of the operating divisions, the Risk Division and the General Management for some parameters.

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, expressed 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 rules;
- for the corporate, bank and sovereign portfolios, the rating system relies on two main pillars: a system of obligor rating models 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 sets the rules for the use of ratings (scope, frequency of rating revision, 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 view of the results and is an essential complement to the models for these portfolios.

The Group's internal models thus enable a quantitative assessment of credit risks based on the probability of default of the counterparty and the loss given default. These parameters are factored into loan applications and the calculation of the risk-adjusted return on capital. They are used as a tool for structuring, pricing and approving transactions. As such, obligor ratings are one of the criteria for determining the decision-making approval limits granted to operational staff and the risk function.

The set of Group risk models is developed and validated on the basis of the longest available internal data histories, bearing in mind the estimates must be representative (in terms both of the portfolios concerned and the effects of the economic environment on the period in question) and conservative. As a result, the Group's 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 AIRBA-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 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 the discussions by the *Comité Modèles* and *Comité Experts*. Finally, CORISQ is notified of the conclusions and decisions of the Committees.

Evaluation of capital requirements for credit risk

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

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 2010.

BREAKDOWN OF EAD (1) BY BASEL APPROACH (2)

	Dec.31, 2010	Dec.31, 2009
IRB	80.8%	80.8%
Standard	19.2%	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

Implementation of stress tests

Stress tests, which are used to measure the Group's resilience to various macro-economic scenarios, are an important component of the Group's risk management. They can result in the setting of stress test limits and help clarify the potential losses as part of the budget process.

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;
- **specific stress tests** supplement the global analysis, on request, with a more refined approach along various lines (sector, subsidiary, product, country, etc.).

Alongside its internal stress tests, the Group belongs to a sample of 91 European banks that took part in the CEBS (Committee of European Banking Supervisors) stress tests, the results of which were published in the summer of 2010.

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.

The management of counterparty risk linked to market transactions

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

In order to quantify the potential replacement risk, 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 characterise the subsequent distribution resulting from the Monte-Carlo simulations:

- current average risk, suited to analysing the risk exposure for a portfolio of clients;
- 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 by 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 market surveillance.

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

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

Mitigation of counterparty risk [1]

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.

Calculation of Value at Risk 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 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.

(1) For further details, see the section of Note 4 to the consolidated financial statements dedicated to Guarantees and Collateral on page 261.

Credit portfolio analysis

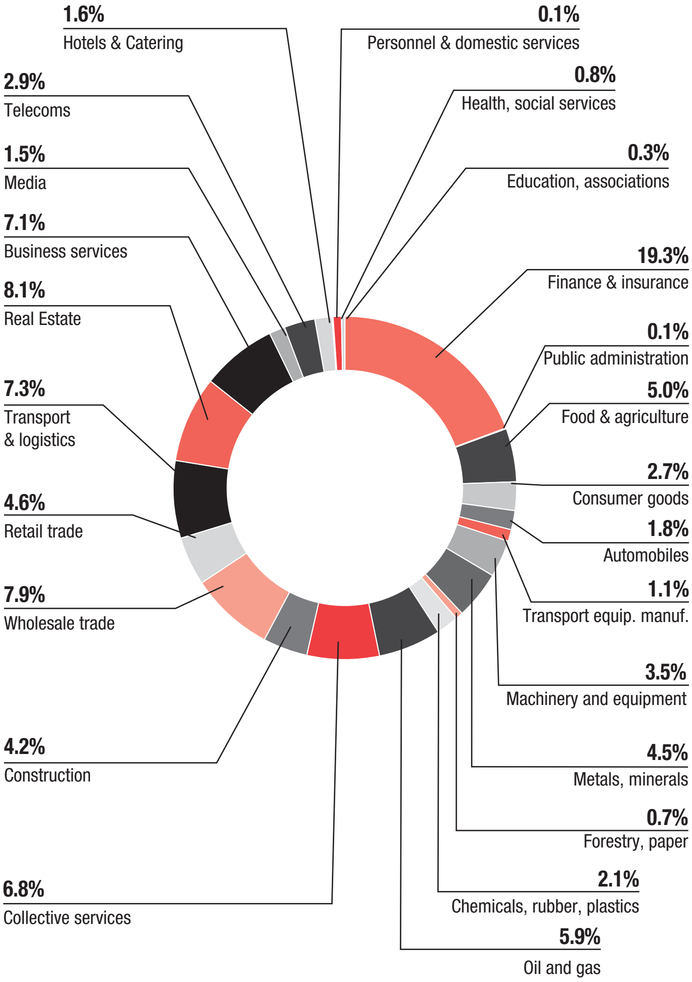
The Group regularly reviews its entire credit portfolio[1], with more specific analyses by type of counterparty (Corporate, bank counterparties, hedge funds, etc.), geographic region and sector.

Credit Risk exposure[2]

At December 31, 2010, outstanding loans (on-balance sheet and off-balance sheet, excluding fixed assets, equity investments and accruals) granted by the Societe Generale Group to all of its clients represented an Exposure at Default (EAD) of EUR 709 billion (including EUR 527 billion in outstanding balance sheet loans).

The Group's commitments for its ten largest corporate counterparties account for 5% of this portfolio[1].

SECTOR BREAKDOWN OF GROUP CORPORATE OUTSTANDING LOANS AT DECEMBER 31, 2010 (BASEL CORPORATE PORTFOLIO, EUR 300 BILLION IN EAD)

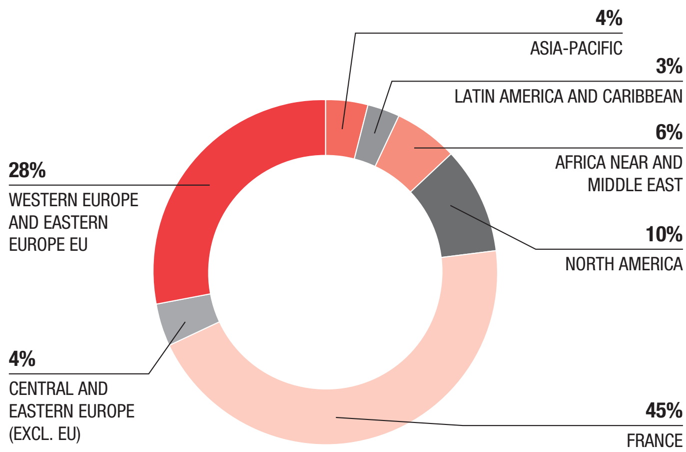


The Group's Corporate loan portfolio (Large Corporates, SMEs and Specialised Financing) is highly diversified in terms of sectors.

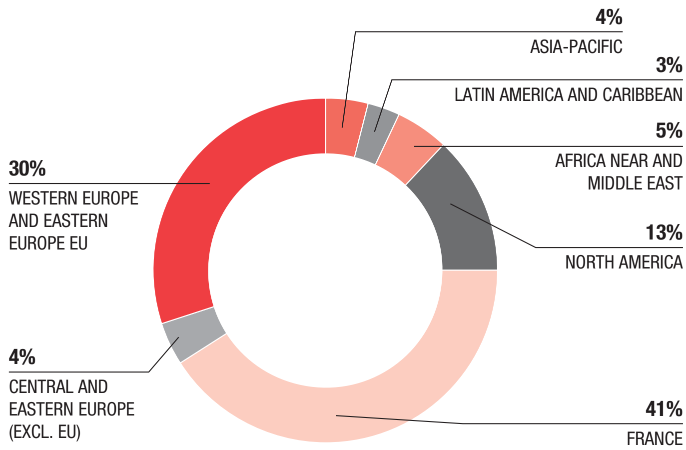
At December 31, 2010, the Corporate portfolio amounted to EUR 300 billion (on- and off-balance sheet outstandings measured in EAD). Only the finance and insurance sector accounts for more than 10% of the portfolio.

GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK OUTSTANDING AT DECEMBER 31, 2010 (ALL CLIENTS INCLUDED)

BALANCE SHEET COMMITMENTS (EUR 527 BILLION IN EAD):



ON-BALANCE SHEET AND OFF-BALANCE SHEET COMMITMENTS (EUR 709 BILLION IN EAD):

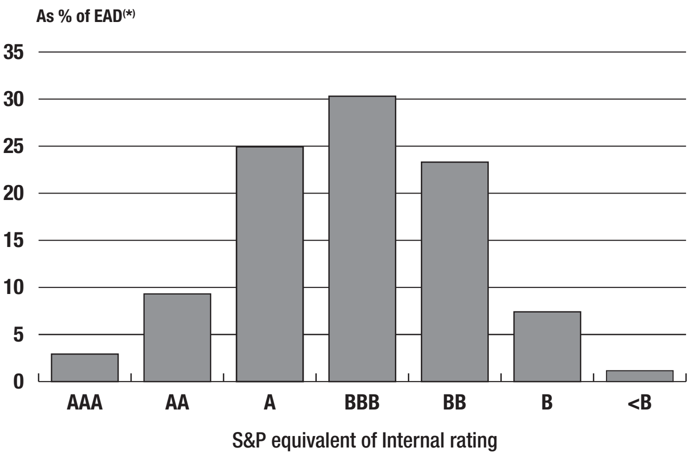


(1) For further details on this scope, see the section of Note 4 to the consolidated financial statements dedicated to credit portfolio analysis on page 262.
(2) The measurement adopted for outstanding loans in this section is the EAD (on- and off-balance sheet) excluding equity investments, fixed assets and accruals.

At December 31, 2010, 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 loans was to French customers (24% to non-retail customers and 18% to individual customers).

Corporate counterparty commitments

BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CUSTOMERS AT DECEMBER 31, 2010



(*) Exposure at Default (EAD) relative to borrower, issuer and replacement risk on outstanding loans processed using the IRB method, excluding doubtful loans.

The scope includes performing loans recorded under the IRB method for the entire Corporate customer portfolio, all divisions combined, and represents EAD of EUR 220 billion (out of a total EAD for the Basel Corporate customer portfolio of EUR 300 billion, standardised method included).

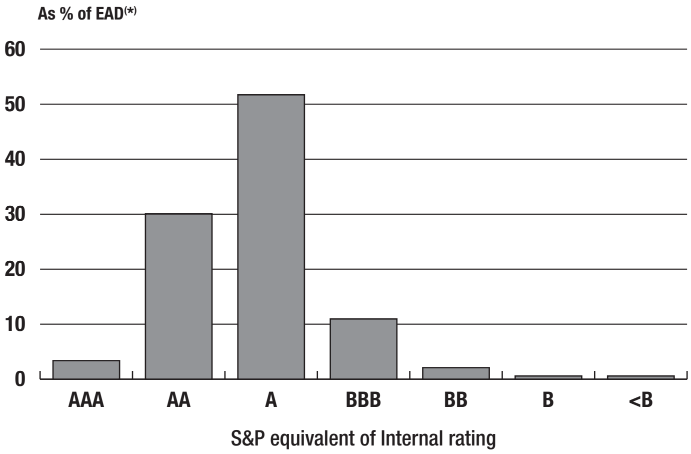
The breakdown by rating of the Societe Generale Group's Corporate commitments demonstrates the sound quality of the portfolio. It is based on an internal counterparty rating system, presented above as its S&P equivalent.

At December 31, 2010, the majority of the portfolio (68% of Corporate clients) had an investment grade rating.

Transactions with non-investment grade counterparties are often mitigated by guarantees and collateral in order to reduce the risk incurred.

Bank counterparty commitments

BREAKDOWN OF RISK BY INTERNAL RATING FOR GROUP BANKING CLIENTS AT DECEMBER 31, 2010



(*) Exposure at Default (EAD) relative to borrower, issuer and replacement risk on outstanding loans processed 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 91 billion (out of a total EAD for the Basel bank customer portfolio of EUR 98 billion).

The breakdown by rating of the Societe Generale Group's bank counterparty commitments 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, 2010, commitments were concentrated in investment grade counterparties (97% of our exposure), and developed countries (90%).

Emerging country outstandings (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).

(1) The on- and off-balance sheet exposures include receivables net of guarantees and provisions, derivatives and securities

When adjusted for changes in Group structure and at constant exchange rates, net exposure to emerging countries was up 8% from December 31, 2009 to December 31, 2010. This increase was particularly pronounced in Asia, as the outstandings of Corporate and Investment Banking and International Retail Banking had strongly developed in this region, in an environment of buoyant economic activity.

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 outstandings are located in Investment Grade countries (61%).

In Corporate and Investment Banking, the majority of the outstandings are also located in Investment Grade countries (89%).

(In billions of euros)	Dec. 31, 2010	Dec. 31, 2009
Retail Banking	55.5	51.9
Corporate and Investment Banking (excluding securities)	26.6	19.5
Total Non-EU emerging countries	**82.1**	**71.4**

In Private Banking, exposures amounted to EUR 0.7 billion at December 31, 2010, compared to EUR 0.5 billion at December 31, 2009.

In Corporate and Investment Banking, securities totalled EUR 7.6 billion at December 31, 2010, representing an increase compared to December 31, 2009 (EUR 6.1 billion).

NON-EU CENTRAL AND EASTERN EUROPE EXPOSURE

The Group operates in most countries in Central and Eastern Europe (non-EU), particularly in Russia, mainly through its Retail Banking activities (International Retail Banking and Specialised Financial Services). Societe Generale's outstandings amounted to EUR 30.5 billion at end-2010 (compared to EUR 28.7 billion at end-2009).

In Russia, outstandings totalled EUR 20.0 billion at December 31, 2010, compared to EUR 19.4 billion at end-2009 (representing 3.1% growth). The Group is mainly active in Retail Banking with universal banking and specialised financing activities.

(In billions of euros)	Dec. 31, 2010	Dec. 31, 2009
Russia	20.0	19.4
Central and Eastern Europe (Non-EU, Excluding Russia)	10.5	9.3
Total Non-EU Central and Eastern Europe	**30.5**	**28.7**

In Corporate and Investment Banking, securities totalled EUR 0.2 billion at December 31, 2010 (EUR 0.1 billion at December 31, 2009).

Sovereign exposures to Greece, Ireland, Italy, Portugal and Spain

The table below presents an update (as at December 31, 2010) of the consolidated sovereign exposures published in summer 2010 for the CEBS stress tests.

	Gross exposures			Net exposures (1)		
(In billions of euros)	Total	*of which banking book (2)*	*of which trading book (3)*	Total	*of which banking book (2)*	*of which trading book (3)*
Greece	**2.9**	*2.4*	*0.5*	**2.7**	*2.4*	*0.2*
Ireland	**0.2**	*0.0*	*0.2*	**0.2**	*0.0*	*0.2*
Italy	**4.5**	*2.5*	*2.0*	**4.1**	*2.5*	*1.6*
Portugal	**0.4**	*0.0*	*0.4*	**0.3**	*0.0*	*0.2*
Spain	**2.2**	*1.0*	*1.2*	**2.0**	*1.0*	*1.0*

(1) The scope covers on-balance sheet exposures after the effect of risk mitigation and net of provisions.
(2) The banking book exposures are credit risk exposures (Balance sheet) as defined by the Basel 2 regulations for a scope excluding equity and other non credit-obligation assets.
(3) The trading book exposures are expressed as the stress to default 0% recovery. This measurement determines the loss given default by an issuer assuming a zero recovery rate.

Hedge Funds

Hedge funds are key clients for the Group. Societe Generale has adapted to their changing environment by diversifying its financial product offering, centralising its structure in order to offer clients solutions covering different asset classes, improving its client service thanks to synergies developed through its reorganisation and finally, 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 contracts 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 2010, hedge fund-style alternative management strategies reported positive performances, except for Short Bias and Equity Market Neutral strategies. Total assets under management for this segment have continued to increase and are currently close to the peak reached in mid-2008.

In 2010, Societe Generale's market activity with hedge funds was similar to 2009.

Provisions, provisioning policy and hedging of credit risk

Management of the credit portfolio

ORGANISATION

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 overrun is managed over time by reducing exposures, hedging positions using credit derivatives and/or selling assets.

USE OF CREDIT DERIVATIVES [1]

The Group uses credit derivatives in the management of its Corporate loan portfolio. They serve primarily to reduce individual, sector and geographic concentration and also to implement proactive risk and capital management. The Group's over-concentration management policy has led it to take major individual hedging positions: for example, the ten most-hedged names account for 49% of the total amount of individual protection purchased.

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

Total outstanding purchases of protection through credit derivatives (Credit Default Swaps, CDS) decreased from EUR 13.0 billion to EUR 7.7 billion at end-December 2010, mainly due to the unwinding of certain positions and the sale of CDS protection on investment grade counterparties in which the Group is not concentrated.

The aim pursued was to reduce the volatility of the CPM portfolio's income, as these credit derivatives are valued at the marked-to-market price.

In 2010, CDS spreads on European investment grade issues (Itraxx index) widened because of the sovereign debt crisis, whereas they remained more or less stable in the other regions.

Almost all protection was purchased from bank counterparties with ratings of A- or above, the average being between AA- and A+. Concentration with any particular counterparty is carefully monitored.

Loan guarantees, Collateral and Insurance

GUARANTEES AND COLLATERAL

Guarantees and collateral are used to partially or fully protect the bank against the risk of losses due to debtor insolvency (e.g. mortgage or hedging through a Crédit Logement 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 annually.

(1) See the dedicated section of Note 4 to the consolidated financial statements page 261.

In addition, the Group has strengthened its policies on guarantees and collateral and the updating of their valuation (guarantee and collateral database and operational procedures).

The Group proactively manages its guarantees, with the aim of reducing its risk-taking, through diversification: physical collateral, personal guarantees and others (including CDS').

MASTER NETTING AGREEMENTS

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

CREDIT INSURANCE

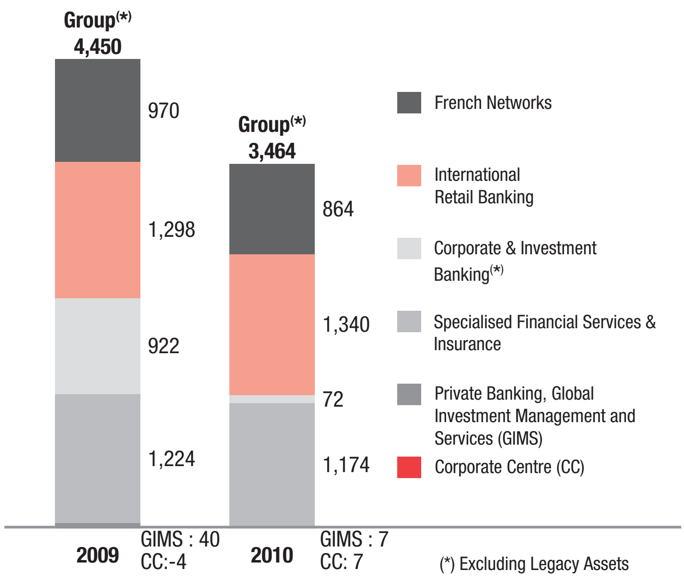
As well as turning to Export credit agencies (for example Coface and Exim) and multilaterals, Societe Generale has been developing relationships with private insurers over the last few years in order to hedge part of the financing of the Corporate and Investment Banking Division against non payment risks.

This activity, Trade credit and political risk insurance, is subject to a risk framework and monitoring system validated by the Group's General Management. It is founded on strict criteria of minimum eligibility for each insurer, and on a global limit for the activity, in addition to sub-limits by maturity and individual limits in order to reduce concentration by counterparty.

The implementation of such a policy contributes to the sound reduction of risks.

Provisions for credit risks at December 31, 2010

CHANGES IN GROUP PROVISIONING OVER 2010 IN MILLIONS OF EUROS



At 83 basis points in 2010, Societe Generale's cost of risk (excluding legacy assets) showed a significant decline versus 2009 (-23 basis points)[(1)].

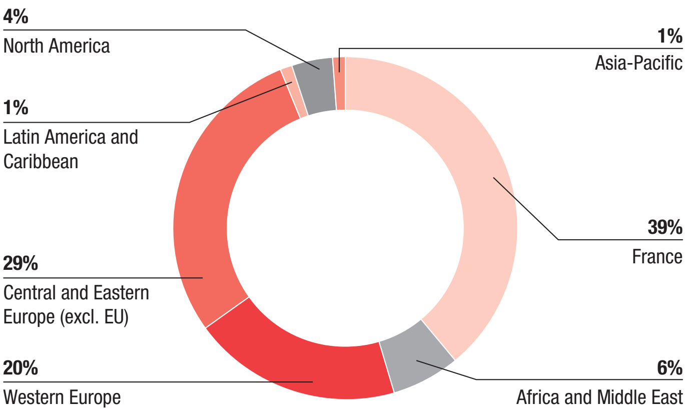
- The **French Networks'** cost of risk amounted to 50 basis points, which was lower than in 2009 (58 basis points), a trend in line with expectations. The loss rate remained low for housing loans.
- At 196 basis points, **International Retail Banking's** cost of risk was stable on average versus 2009 (195 basis points). An analysis of the trends by country reveals a mixed situation. In Russia and the Czech Republic, cost of risk was sharply lower year-on-year. In Greece, cost of risk remained at a high level throughout the year. Lastly, in a deteriorated macro-economic environment, cost of risk increased in Romania.
- **Corporate and Investment Banking** (excluding legacy assets) recorded a net cost of risk of EUR -72 million in 2010 (EUR -922 million in 2009), reflecting the excellent resilience of the client portfolio throughout the year. At 5 basis points in 2010, commercial cost of risk remained at a very low level (79 basis points in 2009). Legacy assets' cost of risk remained under control at EUR -696 million.
- **Specialised Financial Services'** cost of risk declined by 35 basis points to 221 basis points (256 basis points in 2009), especially for Equipment Finance. There was also a marked decline in the cost of risk for Consumer Finance, except in Italy.

(1) Calculated since January 1, 2010 by dividing net commercial cost of risk by outstanding loans at the start of the period.

Specific provisions for credit risks [1]

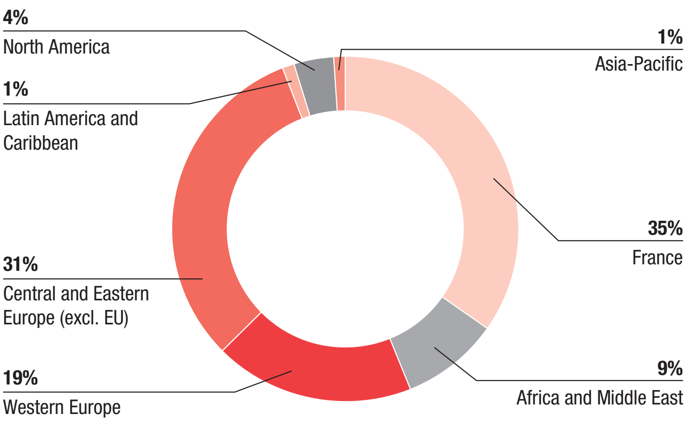
Provisions for credit risks are primarily booked for doubtful and disputed loans. These loans amounted to EUR 23.1 billion at December 31, 2010, excluding EUR 3.6 billion in loans on legacy assets managed by Corporate and Investment Banking.

BREAKDOWN OF DOUBTFUL AND DISPUTED LOANS BY GEOGRAPHIC REGION AT DECEMBER 31, 2010 (*)



(*) Excluding doubtful loans on legacy assets.

GEOGRAPHIC BREAKDOWN OF PROVISIONS AT DECEMBER 31, 2010 (**)



(**) Excluding specific provisions for legacy assets.

At December, 31, 2010, these loans were provisioned for an amount of EUR 12.5 billion (excluding EUR 1.7 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, 2010, the Group's provisions for groups of homogeneous assets amounted to EUR 1.2 billion.

Doubtful loan coverage ratio

	Dec. 31, 2010	Dec. 31, 2009
Customer loans in EUR bn (*)	426.0	400.4
Doubtful loans in EUR bn (*)	*23.1*	*20.8*
– Collateral relating to loans written down in EUR bn (*)	*4.1*	*3.4*
= Provisionable commitments in EUR bn (*)	19.0	17.4
Provisionable commitments / Customer loans (*)	*4.5%*	*4.3%*
Specific provisions in EUR bn (*)	12.5	10.6
Specific provisions / Provisionable commitments (*)	*66%*	*61%*
Portfolio-based provisions in EUR bn (*)	1.2	1.2
Overall provisions / Provisionable commitments (*)	*72%*	*68%*

(*) Excluding legacy assets.

Provisions for assets affected by the financial crisis

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.

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 CDOs).

(1) For further details on specific provisions for credit risks, see the dedicated section of Note 4 to the financial statements on page 265.

In 2010, the Group 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, 2010, provisions for reclassified financial assets amounted to EUR 1.7 billion versus EUR 1.1 billion at December 31, 2009.

EXPOSURE TO COUNTERPARTY RISK ON MONOLINE INSURERS [1]

In 2010, the Group reviewed the methodology used to determine the value adjustment rate for monolines. This approach, based on monoline counterparty ratings, has been complemented with the use of market indications (particularly CDS spreads and expected recovery rates). These elements are used to derive an expected loss estimate and the appropriate impairment rate.

The impairment rate of each monoline is reviewed quarterly and adjusted when needed.

At December 31, 2010, the hedging rate for the Group's gross exposure (CDS' and reserves) was 77%.

LBO FINANCING

The LBO financing portfolio [2] is monitored through limits validated by the General Management. This portfolio is subject to a strict approval policy and enhanced monitoring.

As for Corporate loans, two types of provision are applicable to LBO commitments:

- an estimated specific provision in the event of counterparty default;
- a provision for groups of homogenous assets with the same sensitivity to risk factors.

At December 31, 2010, the provisions made by Corporate and Investment Banking and the French Networks for the LBO portfolio totalled EUR 364 million.

(1) For further details on this scope, see the dedicated section of the Specific Financial Information on page 194 and the section of Note 3 to the consolidated financial statements dedicated to exposure to counterparty risk on monoline insurers on page 255.
(2) For further details on this scope, see the section of the Specific Financial Information dedicated to LBO financing exposure on page 201.

MARKET RISKS

Market risk is the risk of losses resulting from unfavourable changes in market parameters. It pertains to all trading book transactions as well as some banking book portfolios 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, i.e. the Market Risk Department of the Risk Division.

It carries out the following tasks:

- ongoing 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 of authorised risk limits by type of activity to the Risk Committee.

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 Level 1 risk controls. The main tasks of these managers, who are independent from the front office, include:

- ongoing analysis of exposure and results, in collaboration with the front office and the accounting departments;
- verification of the market parameters used to calculate risks and results;
- daily calculation of market risks, based on a formal and secure procedure;
- 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 verification of valuation

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 and the sensitivity analysis of these risks are 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 within the scope of its trading activities;

- Stress Test measurements, based on ten-year shock-type indicators. Stress Test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary measurements (sensitivity, nominal, concentration or holding period, etc.), which ensure consistency between the total risk limits and the operational thresholds used by the front office. These measurements also allow for control of risks that are only partially detected by VaR or Stress Test measurements.

Value at Risk 99% (VaR)

The internal VaR model, developed since the end of 1996, has been approved by the French regulator for the purpose of determining regulatory capital requirements.

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

- the storage in a database of the risk factors that are representative of Societe Generale's positions (i.e. interest rates, share prices, exchange rates, commodity 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; VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptionally large fluctuations;
- VaR is computed using closing prices, so intra-day fluctuations are not taken into account;
- 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.

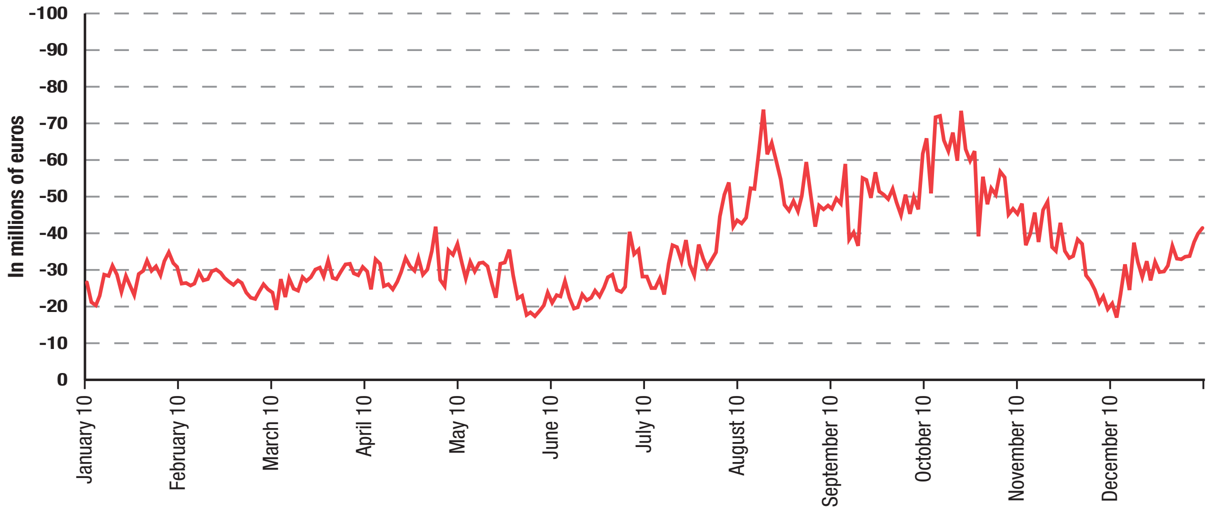
The Group mitigates these limitations by:

- 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.

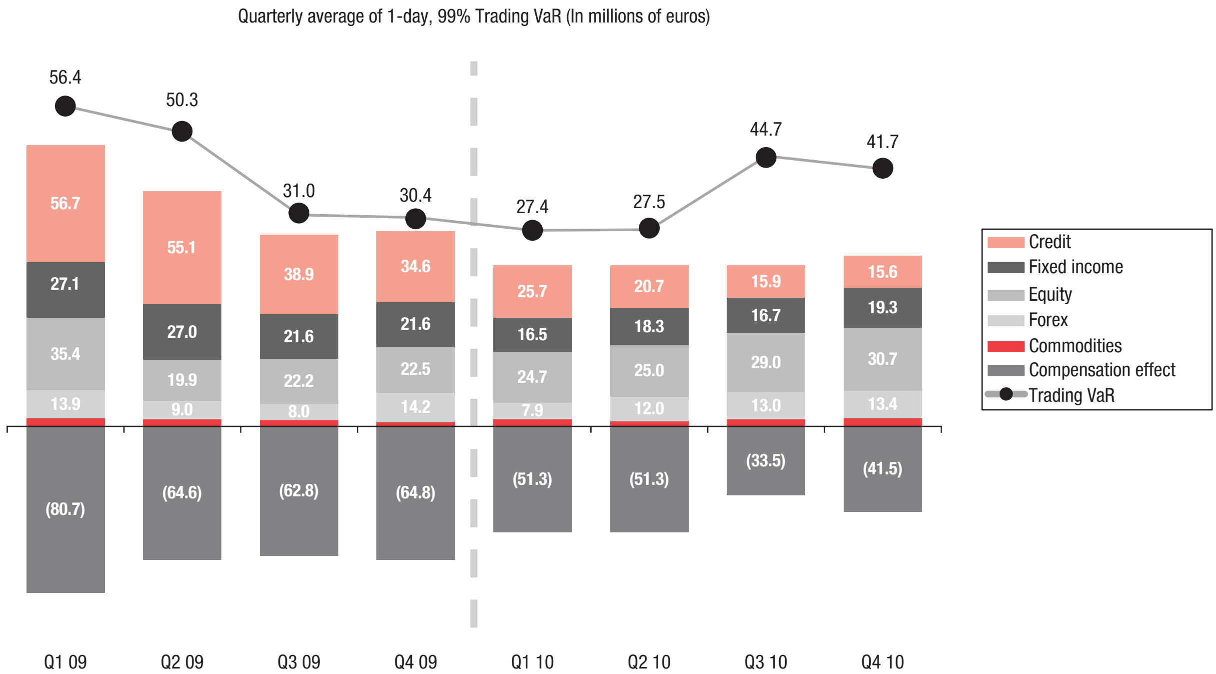
Today, the market risks for almost all of Corporate and Investment Banking's market activities are covered by the VaR method, including those related to the most complex products, as well as certain Retail Banking and Private Banking activities outside France.

The changes in the VaR of the Group's trading activities in 2010, for the entire monitoring scope, are presented below:

TRADING VaR (TRADING PORTFOLIOS) CHANGES IN TRADING VaR OVER THE COURSE OF 2010 (1 DAY, 99%) IN MILLIONS OF EUROS



BREAKDOWN BY RISK FACTOR OF TRADING VaR - CHANGES IN QUARTERLY AVERAGE OVER THE 2009-2010 PERIOD IN MILLIONS OF EUROS



Average VaR amounted to EUR 35 million for the year 2010 against a yearly average of EUR 42 million in 2009.

This slight fall in the average is attributable to varying trends: stability over the first two quarters followed by an increase over the last two.

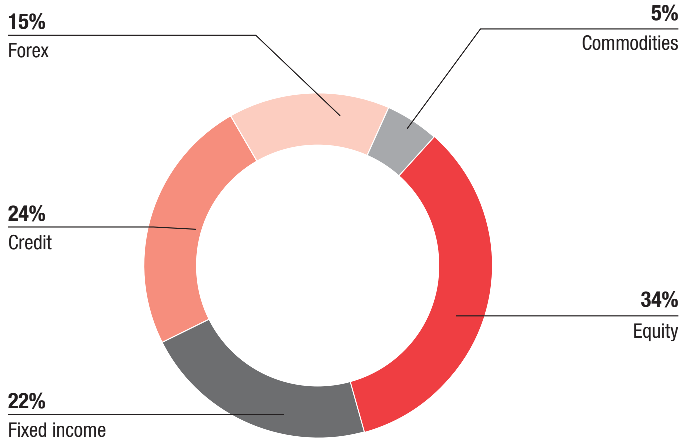
The increase observed in the third quarter results from a significant drop in netting between the various types of risk, the positions taken having been largely less defensive due to the normalisation of the markets, and hence more sensitive to the scenarios of May 2010

In the fourth quarter, with the markets focused on the struggles of peripheral European countries, VaR was maintained at low levels via new defensive positions, despite the addition of the implied dividends risk factor.

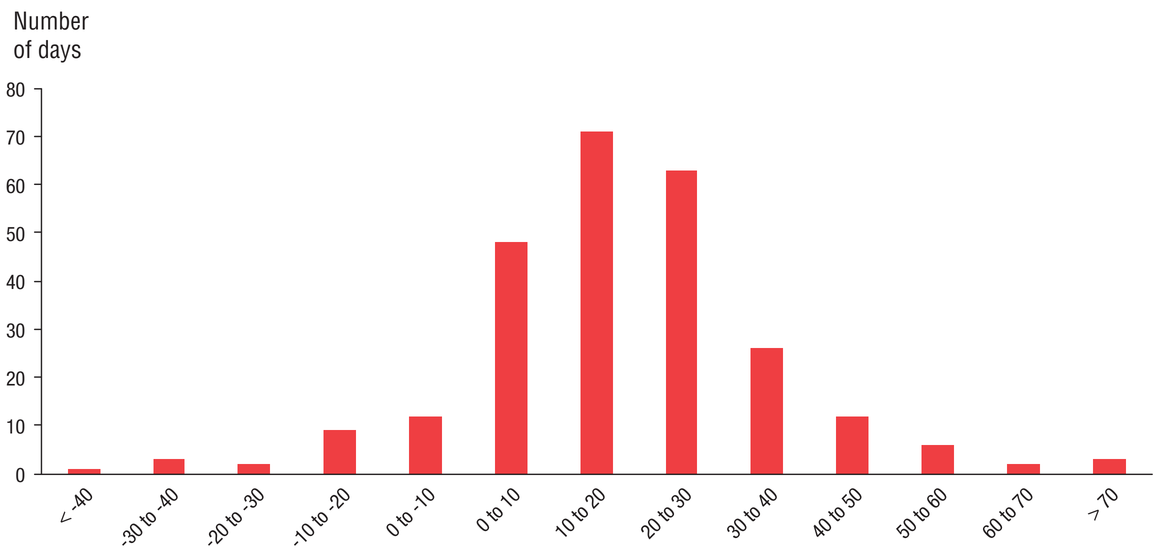
Improvements were made to the VaR model in 2010, thanks in large part to the addition of a new risk factor: implied dividends.

Daily P&L exceeded VaR five times in 2010.

BREAKDOWN OF TRADING VaR BY TYPE OF RISK – 2010



DAILY TRADING P&L – 2010 *(IN MILLIONS OF EUROS)*



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.

In the context of regular reviews, a new hypothetical scenario ("GIIPS" (Greece, Ireland, Italy, Portugal and Spain)) has been implemented as of October 25, 2010: for the risk factors that were the most affected by the European sovereign debt crisis in April/May 2010 (government bond spreads, equity spot prices and volatility, etc.), this scenario applies the shocks observed; for the other risk factors (corporate bond spreads, dividends, etc.), it applies the levels of the "Generalised" scenario.

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: decision by some countries to withdraw 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;

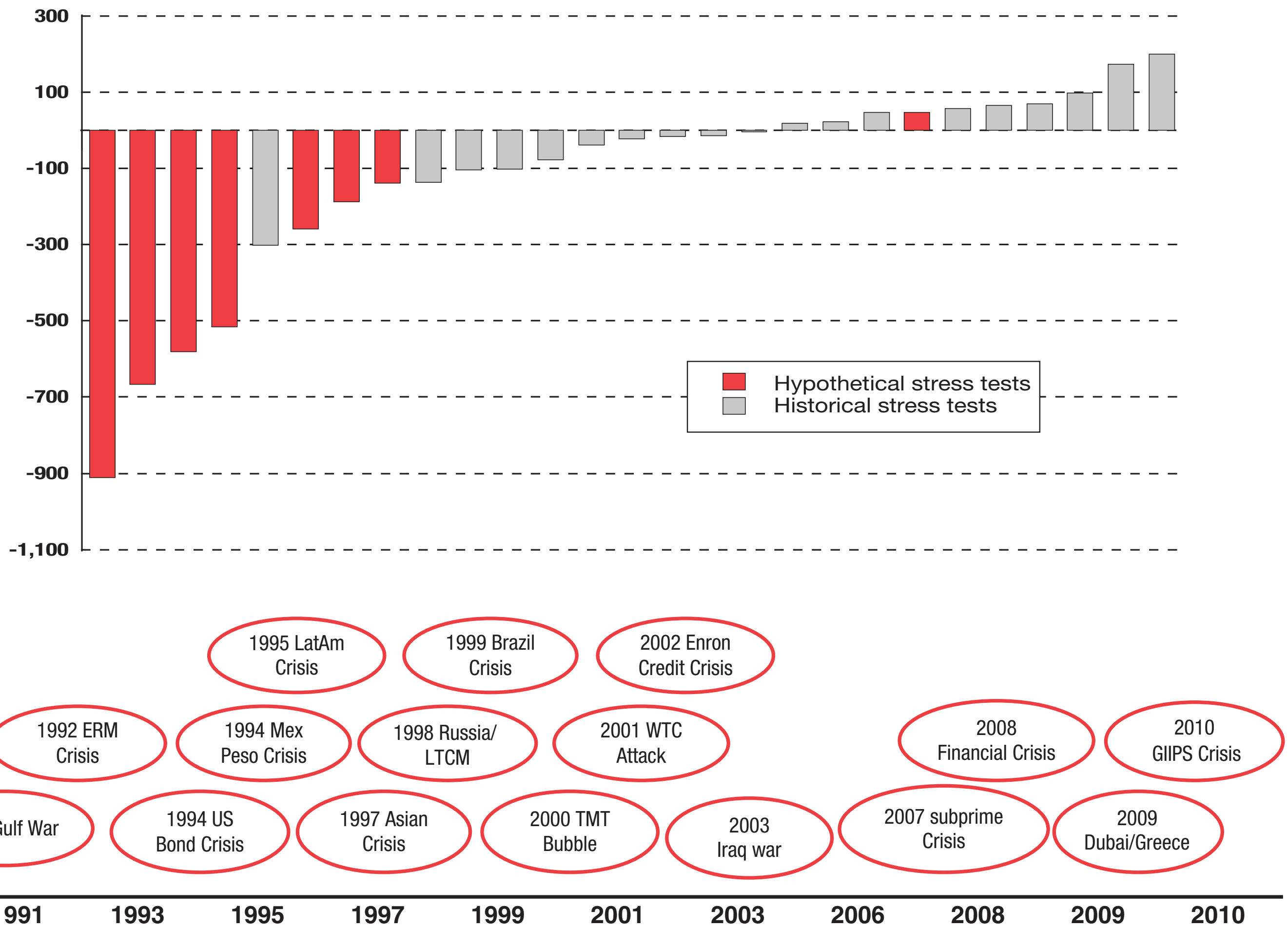
- Yen carry trade unwinding: change in monetary policy in Japan leading to yen carry trade strategies being abandoned: significant widening of credit spreads, decline in JPY interest rates, rise in US and euro zone long-term interest rates and flight to quality.

Average stress tests in 2010

The scenarios leading to the largest potential losses are theoretical scenarios representing very severe, or even extreme, shocks to the price of each of the assets held (e.g. a 15%, or even 30%, fall in global stock market indices).

The graph below shows the average of the stress test amounts in 2010. The scenario that results in the highest potential loss (GIIPS crisis) was only included in the Group's stress test procedure at the end of October 2010. Its average has therefore been calculated for a period of around two months.

In millions of euros



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, 2010, gross exposure to super senior and senior RMBS CDO tranches classified as held for trading totalled EUR 3.8 billion (compared with EUR 1.5 billion at December 31, 2009). These assets were subject to an average discount of 56%.

For the record, part of the portfolio was transferred from the trading portfolio to Loans & Receivables on October 1, 2008. Gross exposure held in the Loans & Receivables and Available-For-Sale Asset portfolios totalled EUR 5.7 billion at December 31, 2010 (compared with EUR 4.8 billion at December 31, 2009).

The increase in the exposure of the Loans and Receivables portfolio is mainly due to the inclusion of six CDOs that were previously hedged by a monoline insurer and are now no longer hedged following a commutation.

UNHEDGED CDOs EXPOSED TO THE US RESIDENTIAL MORTGAGE SECTOR

	CDO Super senior & senior tranches	
(In EUR m)	**L&R Portfolios**	**Trading Portfolios**
Gross exposure at December 31, 2009 (1)(2)	**4,686**	**1,456**
Gross exposure at December 31, 2010 (1)	**5,616**	**3,804**
Underlying	high grade / mezzanine (4)	high grade / mezzanine (4)
Attachment point at December 31, 2010 (3)	12%	9%
At December 31, 2010		
% of underlying subprime assets	44%	65%
o.w. 2004 and earlier	*5%*	*17%*
o.w. 2005	*27%*	*43%*
o.w. 2006	*7%*	*2%*
o.w. 2007	*4%*	*3%*
% of Mid-prime and Alt-A underlying assets	12%	6%
% of Prime underlying assets	16%	10%
% of other underlying assets	28%	19%
Total impairments & write-downs	**(1,886)**	**(2,148)**
Total provisions for credit risk	**(1,637)**	**–**
% of total CDO write-downs at December 31, 2010	**63%**	**56%**
Net exposure at December 31, 2010 (1)	**2,093**	**1,655**

As the exposures classified as Available-for-Sale Assets (gross exposures of EUR 112 million) have been fully written down under cost of risk, they are no longer included in the report.

(1) Exposure at closing price

(2) The changes in outstandings vs. 31/12/09 are mainly due to the foreign exchange effect on the L&R portfolio. In addition to the foreign exchange effect, the increase in the Trading portfolio is mainly due to the inclusion of six CDOs following the commutation of protection purchased from a monoline insurer.

(3) The change in attachment points results:

- *upward change: from early redemptions at par value*
- *downward change: from defaults of some underlying assets*

(4) 29% of the gross exposure classified as L&R and 59% of the gross exposure classified as trading related to mezzanine underlying assets.

CDOs OF RMBS': VALUATION ASSUMPTIONS AND SENSITIVITIES

- Cumulative loss rates[1] for subprimes (calculated based on the initial nominal value)

	2004	2005	2006	2007
End-2009	**6.1%**	**16.5%**	**39.6%**	**49.5%**
End-2010	**6.1%**	**16.5%**	**39.6%**	**49.5%**

(1) including liquidity write-down

Alignment with the ABX for 2006 and 2007 vintages

- In addition, in the fourth quarter of 2010, the effective cumulative loss rates for prime and midprime/Alt-A underlying assets represented an average of 42% and 83%, respectively, of the assumptions applied for subprimes;

- Impact of change in cumulative losses

on NBI		In EUR m
+10% cumulative losses for each year of production	→	(260)

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

Protection acquired to hedge exposure to CDOs or other assets

Societe Generale is exposed to replacement 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 replacement risk for these credit enhancers.

More specific and detailed information on this exposure and the valuation of the associated replacement risk can be found in Note 3 to the consolidated financial statements.

PROTECTION ACQUIRED FROM MONOLINES

			December 31, 2010	
(In EUR m)	Gross notional amount of hedged instruments	Gross notional amount of protection purchased	Fair value of hedged instruments	Fair value of protection before value adjustments
Protection purchased from monolines against CDOs (US residential mortgage market)	1,704 [(1)]	1,704	**658**	**1,047**
against CDOs (excl. US residential mortgage market)	1,828	1,828	**1,602**	**226**
against corporate credits (CLOs)	7,368	7,368	**7,264**	**105**
against structured and infrastructure finance	1,337	1,453	**1,198**	**215**
Other replacement risks				**230**
Total				**1,823**

(1) O.w. EUR 0.7 billion in underlying subprime assets (Vintages: 2007: 8%, 2006: 29%, 2005 and before: 63%)

PROTECTION ACQUIRED FROM OTHER FINANCIAL INSTITUTIONS

- Fair value of protection purchased from other large financial institutions (multiline insurers and international banks): EUR 149 million which corresponds mainly to corporate bonds and hedges on structured RMBS CDOs until the end of 2005.
- Other replacement risks (CDPCs): net residual exposure of EUR 126 million:
  - Fair value of protection before adjustments: EUR 148 million for a nominal amount of EUR 3,050 million,
  - Value adjustments for credit risk: EUR 22 million,
  - Purchase of hedge covering 15% of the underlying hedged

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

CDOs on the US residential mortgage market

Hedged CDOs on the US residential mortgage market are valued based on the same methodologies and parameters as those used to value unhedged CDOs.

Corporate loan CLOs

11% of the tranches held by Societe Generale and hedged by monolines are rated AAA. 69% are rated AA and 20% are rated A.

4% of the underlying assets of these tranches are rated BBB and above, 21% BB, 65% B and 10% CCC and below.

The valuation method consists in applying the rate of cumulative losses over five years based on the rating of the underlying assets (BBB: 5% / BB: 17% / B: 31% / CCC: 51% / below: 100%); these loss rates are calibrated based on the most adverse occurrences observed over the last 30 years.

Based on these assumptions, the average loss rate scenario, after taking into account the assets' maturities, comes out at 24%. However, it should be noted that the average attachment point remains high at 33% (37% after taking into account the cash available in the CLO). The average write-down scenario for the Societe Generale portfolio is around 1%.

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

The valuation of these assets is obtained using a similar method to that used for CLOs.

A liquidity add-on for all hedged assets reflects the changes in indices or spreads

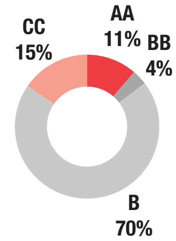
Exposure to counterparty risk on monoline insurers, Hedging of CDOs and other assets

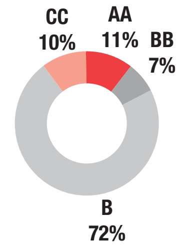
The tightening of credit spreads, the commutation and termination of protection purchased from monoline insurers and the asset disposals completed in 2010 led to a fall in the fair value of the protection purchased from these counterparties.

The valuation of the amounts potentially due to the Societe Generale Group under monoline guarantees therefore fell from EUR 3.9 billion at December 31, 2009 to EUR 1.8 billion at December 31, 2010.

Taking into account the combined effects of the changes in the protection portofolio and the purchase of additional CDS' (Credit Default Swaps) on monolines insurers, the hedging of the gross exposure remained stable at 77% at the end of December 2010 compared to the end of December 2009.

(In billions of euros)	Dec 31, 2009	Dec 31, 2010
Fair value of protection before value adjustments	3.9	1.8
Nominal amount of hedges purchased (*)	(0.7)	(0.6)
Fair value of protection net of hedges and before value adjustments	3.2	1.3
Value adjustments for credit risk on monolines (booked under protection)	(2.3)	(0.8)
Residual exposure to counterparty risk on monolines	0.9	0.4
Total fair value hedging rate	*77%*	*77%*





(*) The nominal amount of hedges purchased from bank counterparties had a EUR +108m Marked-to-Market impact at December 31, 2010 which has been neutralised since 2008 in the income statement.

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

AA: Assured Guaranty

BB: Radian, Syncora Capital Assurance

B: MBIA

CC: Ambac, CIFG

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'.

Each RMBS bond has been valued using the credit spread of its reference ABX index (same vintage, same rating). The valuation method includes the base (spread between cash instruments and derivative indices) as well as the liquidity aspect.

More specific and detailed information on the valuation of these instruments can be found in Note 3 to the consolidated financial statements.

Part of the portfolio was transferred from the trading portfolio to Loans & Receivables on October 1, 2008. Residual net exposure after discounting and hedging, at fair value on the balance sheet (trading and available-for-sale assets), at December 31, 2010, amounted to EUR 209 million.

Societe Generale has no US residential real estate loan origination activity.

▪ "US" RMBS' (1)

	Dec. 31, 2009	Dec. 31, 2010						2010		
	Net exposure (2)	Net exposure (2)	Gross exposure (3)					Net banking income	Cost of risk	Equity
(In EUR m)			Value	% net exposure	% AAA (4)	% AA & A (4)				
'Held for Trading' portfolio	(36)	2	2	96%	44%	56%		3	-	-
'Available for Sale ' portfolio	281	207	629	33%	3%	10%		8	(46)	(16)
'Loans & Receivables' portfolio	566	527	622	85%	9%	11%		13	-	-
TOTAL	**811**	**736**	**1,253**	59%	**6%**	**11%**		**24**	**(46)**	**(16)**

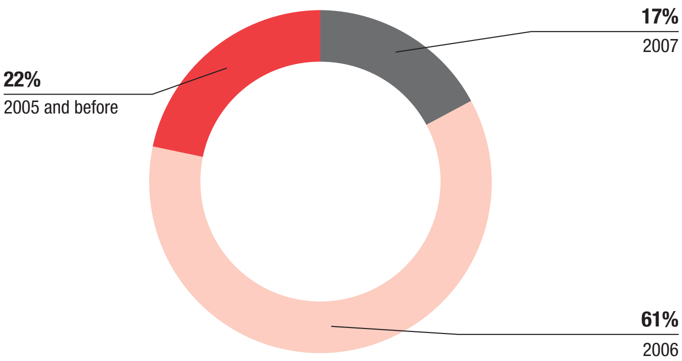
(1) Excluding "exotic credit derivative portfolio" presented below.

(2) Net of hedging and impairments.

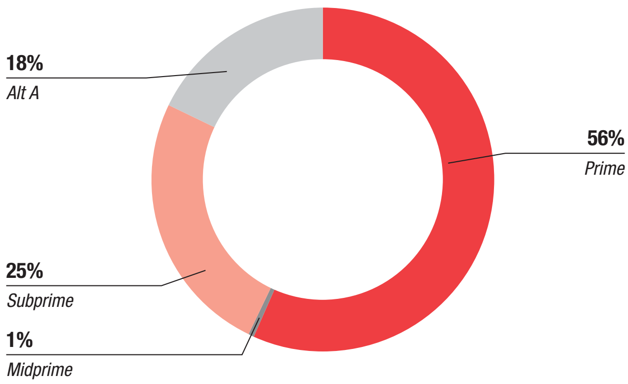
(3) Remaining capital of assets before hedging.

(4) As a % of remaining capital.

Breakdown of subprime assets by vintage(1) at end-December 2010



Breakdown of RMBS portofolio by type(1) at end-December 2010



(1) As a % of remaining capital.

Note: Societe Generale has a portfolio of mid-prime loans purchased from an originator that defaulted (EUR 187 million 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 & Receivables on October 1, 2008.

Societe Generale has no loan origination activity in Spain or the UK.

"Spain" RMBS' (1)

	Dec. 31, 2009	Dec. 31, 2010						2010		
	Net exposure (2)	Net exposure (2)	Gross exposure (3)					Net banking income	Cost of risk	Equity
(In EUR m)			Value	% net exposure	% AAA (4)	% AA & A (4)				
'Held for Trading' portfolio	2	4	20	22%	46%	8%		4	-	-
'Available for Sale' portfolio	122	96	160	60%	24%	70%		2	-	(8)
'Loans & Receivables' portfolio	269	235	280	84%	33%	67%		6	-	-
'Held to Maturity' portfolio	7	5	6	100%	0%	100%		-	-	-
TOTAL	**399**	**342**	**466**	73%	**30%**	**66%**		**12**	-	**(8)**

(1) Excluding "exotic credit derivative portfolio" presented below.

(2) Net of hedging and impairments.

(3) Remaining capital of assets before hedging.

(4) As a % of remaining capital

"UK" RMBS' (1)

(In EUR m)	Dec. 31, 2009 Net exposure (2)	Dec. 31, 2010 Net exposure (2)	Gross exposure (3) Value	% net exposure	% AAA (4)	% AA & A (4)	2010 Net banking income	Cost of risk	Equity
'Held for Trading' portfolio	17	52	*69*	*75%*	*4%*	*96 %*	32	-	-
'Available for Sale' portfolio	70	85	*132*	*65%*	*39%*	*42%*	-	-	42
'Loans & Receivables' portfolio	118	101	*114*	*88%*	*73%*	*15%*	2	-	-
'Held to Maturity' portfolio	18	0	*0*	*100%*	*100%*	*0%*	-	-	-
TOTAL	**223**	**239**	**316**	***75%***	***44%***	***44%***	**34**	**-**	**42**

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

Exposure to CMBS' (1)

The Group is exposed to underlying assets related to the commercial real estate market through CMBS'. In a similar way to RMBS', the CMBS portfolio is valued using market parameters, or based on a market consensus (combining the fair value estimates given by several banks), plus a liquidity add-on to obtain a conservative measurement.

More specific and detailed information on the valuation of these instruments can be found in Note 3 to the consolidated financial statements.

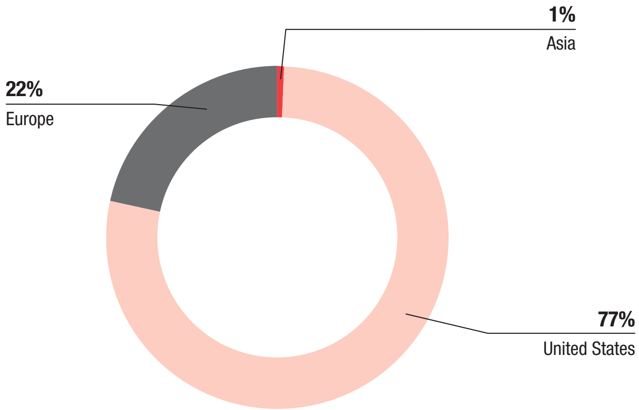
Part of the portfolio was transferred from the trading portfolio to Loans & Receivables on October 1, 2008.

Residual net exposure after discounting and hedging, at fair value on the balance sheet (trading and available-for-sale assets), at December 31, 2010, amounted to EUR 262 million (excluding the exotic credit derivatives portfolio).

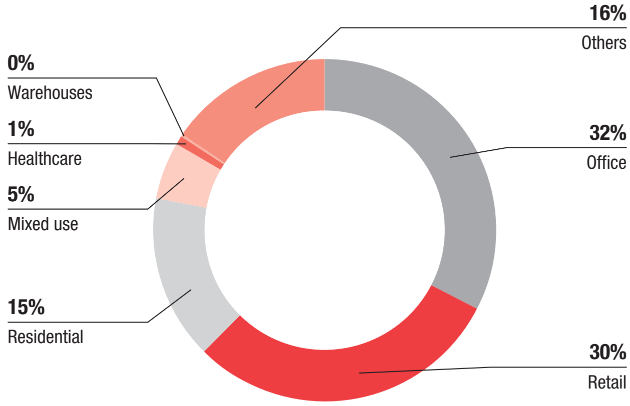
(In EUR m)	Dec. 31, 2009 Net exposure (2)	Dec. 31, 2010 Net exposure (2)	Gross exposure (3) Value	% net exposure	% AAA (4)	% AA & A (4)	2010 Net banking income	Cost of risk	Equity
'Held for Trading' portfolio	46	92	*205*	*45%*	*0%*	*12%*	89	-	-
'Available for Sale' portfolio	130	170	*247*	*69%*	*12%*	*58%*	(1)	-	52
'Loans & Receivables' portfolio	6,796	6,271	*6,737*	*93%*	*58%*	*33%*	426	-	-
'Held to Maturity' portfolio	51	46	*48*	*95%*	*33%*	*49%*	0	-	-
TOTAL	**7,024**	**6,578**	***7,237***	***91%***	***55%***	***34%***	**514**	**-**	**52**

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

Geographic breakdown(1) at end-December 2010



Sector breakdown(1) at end-December 2010



(1) As a % of remaining capital.

Commercial conduits

At the end of December 2010, Societe Generale was the sponsor of 4 unconsolidated commercial securitisation conduits. The amount of the assets held by these vehicles amounted to EUR 9 billion at December 31, 2010 (compared with EUR 11 billion at December 31, 2009).

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

			Breakdown of assets							Contractual maturity of assets				
(In EUR m)	Asset total	Nationality of assets	Auto loans	Trade receivables	Consumer loans	Equipment loans.	Other loans	RMBS'	CMBS' AAA	0-6 months	6-12 months	> 12 months	Amount of CP issued	Rating of CP issued
ANTALIS (France)	3,618	Europe (1)	21%	75%		-	-	-	4%	75%	-	25%	3,635	P-1/A-1
BARTON (US)	4,185	US - 99% Europe -1%	22%	6%	51%	11%	9%	-	-	6%	32%	62%	4,184	P-1/A-1
ACE AUSTRALIA (Australia)	743	Australia	-	-		-	-	100% (2)	-	-	-	100%	747	P-1/A-1+
HOMES (Australia)	851	Australia	-	-		-	-	100% (3)	-	-	-	100%	855	P-1/A-1+
TOTAL	**9,397**		**18%**	**32%**	**23%**	**5%**	**4%**	**17%**	**2%**	**32%**	**14%**	**54%**	**9,421**	

( ) Conduit country of issuance

(1) 39% France, 20% Germany, 15% UK, 15% Italy, 4% Spain, 1% Switzerland, 1% Portugal 5% Others

(2) 94% AAA - 6% AA

(3) 96% AAA - 4% AA

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

Societe Generale's exposure at December 31, 2010 as a sponsor of these conduits [1]

(In EUR m)	Available liquidity line granted by Societe Generale	Letter of credit granted by Societe Generale	Commercial paper held by Societe Generale
ANTALIS (France)	4,865	285	-
BARTON (US)	5,827	748	-
ACE AUSTRALIA (Australia)	773	19	-
HOMES (Australia)	885	21	-
TOTAL	12,350	1,073	-

(1) No liquidity lines granted by Societe Generale were drawn down in 2010

Moreover, at December 31, 2010, Societe Generale had granted EUR 0.2 billion in available liquidity, divided between 5 third-party conduits sponsored by other banking institutions. No Commercial Paper was acquired at December 31, 2010.

Exotic credit derivatives

The exotic credit derivatives portfolio is linked to a client 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, 2010 was EUR -153 million.

- EUR 3.4 billion in securities were disposed of in 2010
- 42% 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, 2009	Dec. 31, 2010
US ABS'	**(2,254)**	**(153)**
RMBS' [1]	(62)	27
o.w. Prime	139	(11)
o.w. Midprime	404	(31)
o.w. Subprime	(605)	69
CMBS' [2]	(2,313)	(249)
Others	121	70
European ABS' [3]	**(333)**	**0**
RMBS'	(204)	0
o.w. UK	(101)	0
o.w. Spain	(53)	0
o.w. others	(50)	0
CMBS' [3]	(107)	0
Others	(22)	0
Total	**(2,587)**	**(153)**

At December 31, 2010
(1) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 24 million, o.w. EUR 0 million Prime, EUR 15 million prime and EUR 9 million Subprime
(2) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 1.2 billion
(3) Plus exposure to European ABS'

Portfolio of assets bought back from SGAM excluding RMBS' in the UK and Spain, and CMBS' included in the aforementioned exposures

The Societe Generale Group also has exposures which result from the transfer of Societe Generale Asset Management's (SGAM) portfolio to Corporate and Investment Banking and the Corporate Centre.

Part of the portfolio was transferred from the trading portfolio to Loans & Receivables on October 1, 2008.

At December 31, 2010, the net exposure of the asset portfolio transferred from SGAM amounted to EUR 0.7 billion in the trading portfolio, EUR 0.6 billion in the Available-For-Sale Assets portfolio, EUR 0.3 billion in the Loans & Receivables portfolio and EUR 0.1 billion in the Held-To-Maturity Assets portfolio.

'Held for Trading' portfolio

(In EUR m)	Dec. 31, 2009	Dec. 31, 2010				
	Net exposure (1)	Net exposure (1)	Gross exposure (2)			
			Value	% net exposure	% AAA (3)	% AA & A (3)
Banking and Corporate Bonds	*419*	419	*427*	*98%*	*0%*	*0%*
Other RMBS'	*54*	43	*64*	*68%*	*19%*	*34%*
Other ABS'	*8*	7	*28*	*24%*	*0%*	*22 %*
CDOs	*66*	26	*110*	*24%*	*0%*	*11%*
CLOs	*204*	208	*292*	*71%*	*14%*	*42%*
Others	*9*	12	*31*	*39%*	*0%*	*10%*
Total	*760*	716	*951*	*75%*	*5%*	*17 %*

'Available for Sale' portfolio

(In EUR m)	Dec. 31, 2009	Dec. 31, 2010				
	Net exposure (1)	Net exposure (1)	Gross exposure (2)			
			Value	% net exposure	% AA (3)	% AA & A (3)
Banking and Corporate Bonds						
Other RMBS'	*216*	147	190	*78%*	47%	37%
Other ABS'	*160*	105	134	*78%*	20%	53%
CDOs	*225*	72	134	*53%*	0%	37%
CLOs	*375*	241	291	*83%*	22%	53%
Others	*16*	17	25	*69%*	0%	0%
Total	*991*	582	774	*75%*	23%	44%

'Loans & Receivables' portfolio

(In EUR m)	Dec. 31, 2009	Dec. 31, 2010				
	Net exposure (1)	Net exposure (1)	Gross exposure (2)			
			Value	% net exposure	% AAA (3)	% AA & A (3)
Banking and Corporate Bonds	*124*	22	*27*	*81%*	*0%*	*74%*
Other RMBS'	*159*	119	*138*	*87%*	*55%*	*45%*
Other ABS'	*119*	54	*64*	*85%*	*54%*	*41%*
CDOs	*57*	44	*75*	*58%*	*0%*	*0%*
CLOs	*141*	106	*134*	*79%*	*17%*	*46%*
Total	*600*	345	*438*	*79%*	*30%*	*39%*

'Held to Maturity' portfolio

(In EUR m)	Dec. 31, 2009	Dec. 31, 2010				
	Net exposure (1)	Net exposure (1)	Gross exposure (2)			
			Value	% net exposure	% AAA (3)	AA & A (3)
Banking and Corporate Bonds						
Other RMBS'	*30*	22	22	*98%*	15%	33%
Other ABS'	*69*	38	38	*99%*	12%	88%
CDOs	*50*	45	49	*91%*	0%	0%
CLOs	*61*	27	28	*98%*	9%	60%
Total	*210*	132	138	*96%*	8%	42%

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

Exposure to LBO financing

Societe Generale is exposed to LBO financing through both the Corporate and Investment Banking business and also through the French Networks.

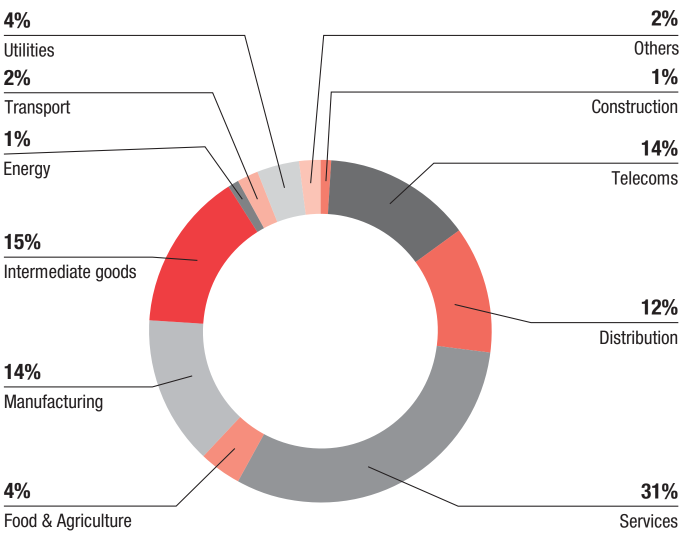
- Corporate and Investment Banking
  - Provision for groups of homogeneous assets for final take at December 31, 2010: EUR 183 million
  - Provisions specific to LBO accounts at December 31, 2010: EUR 181 million

	Corporate and Investment Banking		French Networks	
(In EUR bn)	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010
Final take				
Number of accounts	*127*	*130*	*63*	*55*
Commitments (1)	3.3	3.3	1.7	1.6
Units for sale				
Number of accounts	*0*	*0*	*1*	*2*
Commitments (1)	0.0	0.0	0.0	0.0
Total	**3.3**	**3.3**	**1.7**	**1.6**

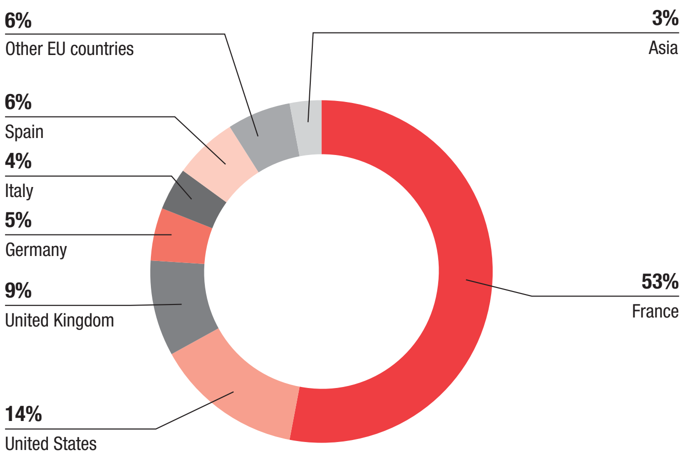
(1) Commitments net of specific provisions

The Group's exposure to LBO financing, which totalled EUR 4.9 billion at December 31, 2010, is well diversified both in sector and geographic terms.

Sector breakdown



Geographic breakdown



STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS[1]

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 except for some foreign exchange positions kept to immunise the Group's 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 ALM 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 ALM Department, which is part of the Finance Division, is responsible for:

- identifying the structural risks (interest rate, exchange rate and liquidity risks) of the Group,
- defining the methods and procedures for analysing, measuring and monitoring risks,
- validating the models and methods used by the entities,
- proposing risk limits,
- consolidating and reporting on structural risks.

The operating entities are responsible for controlling structural risks.

The operating entities are required to comply with the standards defined at the Group level for the management of risk exposure, but also develop their own models, measure their 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 ALM 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.

(1) For further details, see the section in Chapter 10 dedicated to structural interest rate and exchange rate risks on page 269.

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. Sensitivity is defined as the variation in the net present value of future (maturities of more than 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 2.5% 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 future fixed-rate assets and liabilities. 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 client 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 interest rate variations. This sensitivity is defined as the variation of the net present value of the fixed-rate positions for a 1% instantaneous parallel increase in the yield curve.

In addition to this analysis, the Group also analyses the sensitivity of its fixed-rate position to different yield curve configurations (steepening and flattening of the yield curve). The measurement of net interest income sensitivity is also used by the Group to quantify the structural interest rate risk of significant entities.

Throughout 2010, the Group's global sensitivity to interest rate risk remained below 2.5% 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 customer deposits, generally considered to be fixed-rate, exceed fixed-rate loans for maturities of more than 3 years. Indeed, thanks to macro-hedging essentially through the use of interest rate swaps, the French retail networks' (Societe Generale and Crédit du Nord) sensitivity to interest rate risk (on the basis of the adopted scenarios) has been kept to a low level. At end-December 2010, the sensitivity of the French retail networks' economic value, based on their euro-denominated assets and liabilities, was EUR -248 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;
- client 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 optimally hedging 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 over the expected maturities.

Sensitivity to interest rate variations of the main entities of the Group represented EUR -153 million at December 31, 2010 (for a 1% parallel and instantaneous rise of the yield curve). These entities account for 83% of the Group's outstanding customer loans.

Table 1: Measurement of the entities' sensitivity to a 1% interest rate variation, at December 31, 2010, indicated by maturity

(In millions of euros)

Less than one year	between 1 and 5 years	More than 5 years	**Total sensitivity**
+13	(46)	(120)	**(153)**

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, 2010

(In millions of euros)

Maturities	**1 year**	**3 years**	**5 years**	**7 years**
Amount of gap	(886)	(1,195)	(814)	(671)

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 currencies in which it has significant balance sheet positions (USD, CZK, GBP, JPY, etc.). 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 for these structural positions are subsequently booked as translation reserves.

For other currencies, the Group's policy is to reduce its structural foreign exchange positions as much as possible.

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 ALM Department monitors structural exchange rate positions and manages the immunisation of the solvency ratio to exchange rate fluctuations.

In 2010, the Group successfully neutralised the sensitivity of its solvency ratio to fluctuations in strong currencies by monitoring the structural positions in these currencies (the sensitivity of the solvency ratio is limited to a 5 bp variation for a 10% variation in the exchange rate of one of the main 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 outstanding balance sheet or off-balance sheet positions, according to their liquidity profile, determined based on either 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.

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 ALM Department manages liquidity for the overall Group, in conjunction with the Treasury Department of the Corporate and Investment Banking Division.

- The Board of Directors, in particular through the Audit, Internal Control and Risk Committee, is regularly informed of liquidity issues.
- The Group Finance Committee, chaired by the General Management and composed of members of the Executive Committee and Finance Department:
  - validates the organisation principles and monitoring of the Group's liquidity risk;
  - examines the reports on liquidity risk provided by the ALM Department;
  - reviews the liquidity crisis scenarios and the limit system;
  - validates the Group's funding programmes.

- The Group's Executive Committee:
  - validates the internal liquidity pricing policy.
- The ALM Department, which is part of the Group Finance Division:
  - defines the standards for liquidity risk management;
  - validates the models used by the entities;
  - centralises, consolidates and reports on liquidity risk exposure, and carries out Level 2 controls (independently from the operating divisions supervising the entities);
  - validates the liquidity crisis scenarios;
  - plans the Group's funding programmes;
  - proposes the internal liquidity pricing policy.
- The Treasury Department of the Corporate and Investment Banking Division is responsible for managing short-term liquidity (less than one year), within the limits defined by the Finance Committee. The liquidity stress scenarios are implemented in collaboration with the ALM Department.
- 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

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:

- as far as possible, 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, etc.);
- management of short-term liquidity in accordance with the regulatory framework, and within the scope of the Group's main treasury departments, with the use of internal stress scenarios.

Measurement and monitoring of liquidity risk

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 is conducted using reports submitted by the different entities, listing their respective on and off-balance sheet outstandings according to currency of denomination and residual maturity. The principle adopted 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 31.

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).

- an assessment of the Group's funding needs on the basis of budget forecasts in order to plan appropriate funding solutions;
- 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 the Private Banking structure.

For its medium- and long-term market resources, the Group implements a diversified funding policy relying on various types of debt and forms of issue, currencies and investor pools.

In 2010, the Group was able to refinance the roll over of its debt maturing during the year as well as the growth of its businesses, thanks to an active and diversified funding programme on the capital markets (issues of vanilla and structured private placements, senior and subordinate benchmark issues), and thanks to additional deposit inflows.

- Monitoring of the risk of the early repayment of its medium- and long-term debt instruments:
  - the 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 analysis of liquidity risk exposure using liquidity crisis scenarios;
- 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 scenarios 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 SGCIB and the Head of the ALM 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.

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 regulatory one-month liquidity ratio is calculated on a monthly basis, and concerns Societe Generale S.A. (which comprises the head office in mainland France and its branches). In 2010, Societe Generale systematically maintained a ratio above the required regulatory minimum.

Adaptation of the liquidity monitoring system to comply with future Basel 3 constraints

The Group is working actively on the adaptation of the principles and the conditions of its liquidity management in order to adapt it to future Basel 3 constraints, as defined in the December 2010 document published by the Basel Committee. The regulatory liquidity ratios, which will to take effect on January 1, 2015 for the LCR (Liquidity Coverage Ratio) and on January 1, 2018 for the NSFR (Net Stable Funding Ratio), will become prioritised components of the liquidity monitoring tools of the Group.

The liquidity monitoring system will be based on the management and monitoring of:

- Regulatory requirements (LCR and NSFR in particular, but also the liquidity ratio, defined by the French regulator);
- Volumes and the structure of external refinancing operations on the capital markets, as well as the refinancing needs of the business lines and the overall entities of the Group;
- Static liquidity gaps in order to monitor the transformation gaps of the business lines and the entities of the Group;
- Liquidity stress tests as defined by the internal scenarios.

Reorganisation of the Group's structural risk management functions starting January 2011

A new organisation will be implemented in the structural risk management functions as from January 1, 2011. This new organisation aims to reinforce the monitoring capabilities of the Group concerning its structural risks (interest rate, liquidity and exchange rate risks) by separating the management functions from the control functions.

The ALM Department has therefore been separated into two new departments:

- The Financing and ALM Department, which is dedicated to structural risk steering. It also monitors and coordinates all Group treasury functions (external Group financing, internal entity financing, centralised collateral management);
- The ALM Risk Monitoring Department, which is dedicated to Group structural risk control, and in particular verification of models, monitoring of compliance with limits and management practices by the Group's business divisions, business lines and entities.

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 level.

Operational risk measurement

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

- identify i) the businesses that have the greatest risk exposures and, ii) the types of risk that have the greatest impact on the Group's risk profile and overall capital 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

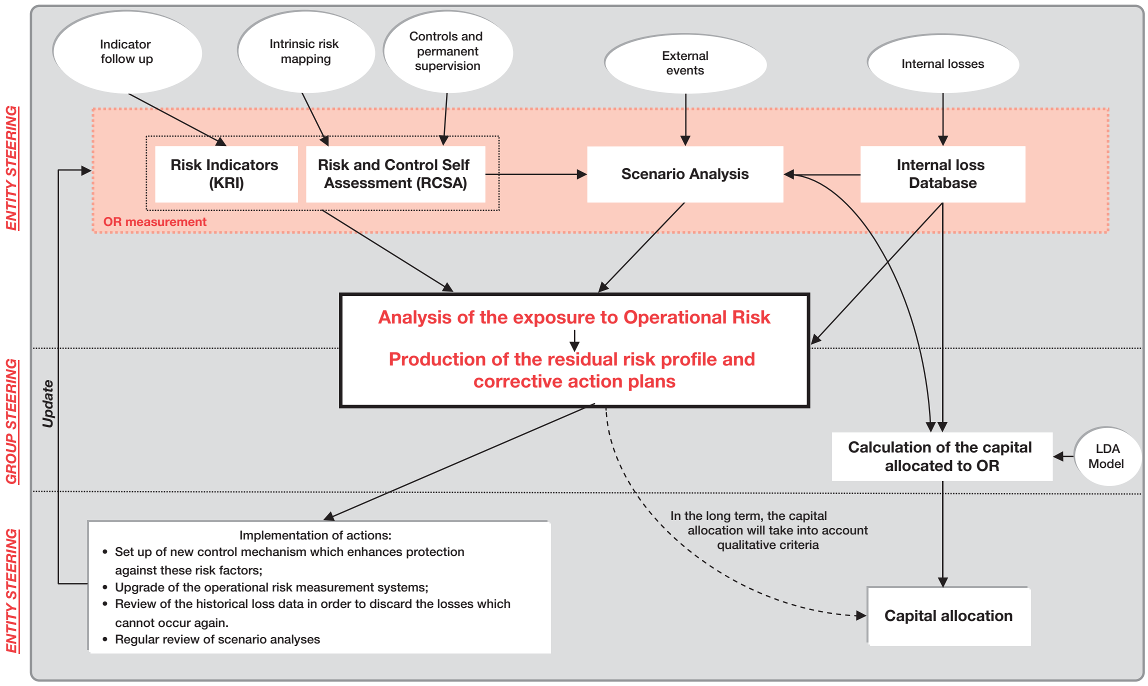
(1) See Chapter 5, Report of the Chairman on Internal Control and Risk Management, page 96.
(2) See Chapter 5, Report of the Chairman on Internal Control and Risk Management, page 97.
(3) See Chapter 9, page 212.
(4) See Chapter 5, Report of the Chairman on Internal Control and Risk Management, page 100.
(5) See Chapter 8, page 162, and Chapter 9, page 212.

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 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 Requirement Directive and "sound practices for the management and supervision of operational risk") have been implemented, on the basis of existing procedures wherever possible, to support the "virtuous circle" referred to previously. They notably include:

- the gathering of internal data on operational risk losses;
- the Risk and Control Self-Assessment (RCSA) processes;
- the Key Risk Indicators (KRI);
- the scenario analyses;
- the 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. The threshold's impact is therefore taken into account in the capital requirement calculation model.

Risk and Control Self-Assessment (RCSA)

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

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

Key risk indicators (KRI)

KRIs complement the overall operational risk management system, by providing a dynamic view of changes in business risk profiles as well as a warning 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.

Scenario analyses

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

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

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

In practice, for each event category, various scenarios are reviewed by experts, who gauge the magnitude of the potential impact for the Bank, in terms of severity and frequency, by factoring in internal and external loss data and the external (regulatory, business, etc.) and internal (controls and prevention systems) environment. The potential impacts of various 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 ten scenarios 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. Around 100 scenarios have been prepared so far.

Analysis of external losses

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

Crisis management and business continuity planning

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

Risk modelling

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

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

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

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

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

Based on the Group's models, Societe Generale's capital requirements for operational risks were EUR 3,766 million at the end of 2010, representing EUR 47.1 billion in risk-weighted assets.

Insurance cover in risk modelling

As permitted under the Basel 2 Accord, Societe Generale has developed a method that enables the calculated regulatory capital to be reduced by as much as 20% when insurance policies meet the Basel 2 regulatory requirements, and are able to at partly cover operating losses.

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

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

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

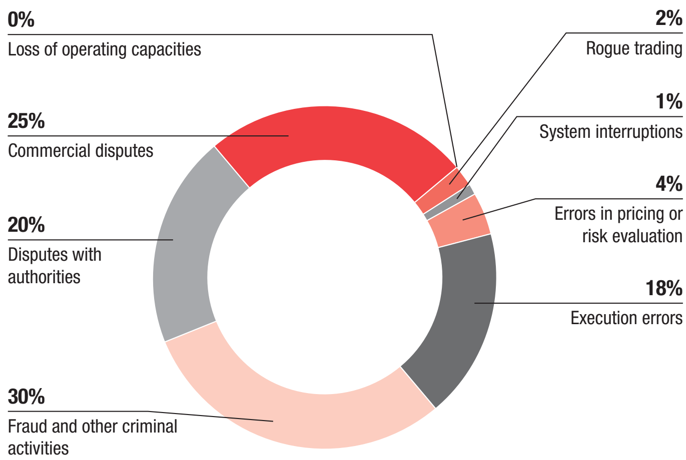
For regulatory requirements, two calculations are carried out, one including, and the other excluding, coverage from existing insurance policies. The aim is to verify that the reduction applied to the total capital requirement as a result of these policies remains below the maximum 20% threshold set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

The capital relief arising from Societe Generale's insurance cover calculated using the Advanced Measurement Approach (AMA) represents 6% of its total capital requirements for operational risks.

Quantitative data

The following chart breaks down operating losses by risk category for the 2006-2010 period.

OPERATIONAL RISK LOSSES (EXCLUDING EXCEPTIONAL ROGUE TRADING LOSS): BREAKDOWN BY SG RISK EVENT TYPE (AVERAGE FROM 2006 TO 2010)



Societe Generale's operational risks are concentrated in four risk categories, which account for 93% of the Group's total operational losses (excluding the exceptional rogue trading loss):

- on average, fraud accounted for 30% of the losses incurred over the 2006 to 2010 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;
- commercial disputes account for 25% of the Group's losses. These include a few large losses, often linked to counterparty defaults and therefore bordering on credit risk. Although the financial and economic crisis has led to more customer claims, the amounts involved in the disputes have not increased in the same proportion;

- disputes with the authorities account for 20% of overall losses. These are mainly losses linked to tax adjustments;
- execution errors account for 18% of losses. At the start of the crisis in 2008, they increased as a result of market volatility. They are now falling considerably thanks to risk management action plans.

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) are fairly insignificant, representing only 7% of the Group's losses on average over the 2006 to 2010 period.

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 a "global bank" 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

Risks arising out of material litigation matters initiated, or likely to be initiated, against the Group are subject to a quarterly review. To this end, the managers of the branches and of the consolidated companies, in France and abroad, draw up a report every quarter setting forth these litigations and assessing the potential loss if any. These reports are forwarded to the Parisian Headquarters where they are reviewed by a committee headed by the Corporate Secretary and composed of members of the Financial, Legal and Risk Departments. This committee gives grounded advice on the basis of which the General management decides on the amount of reserves or their reversal.

Like many financial institutions, Societe Generale is subject to numerous litigations, including securities class action lawsuits in the U.S., and to regulatory investigations. The consequences, as assessed on December 31, 2010 of those that are liable to have or have recently had a material impact on the Group's financial situation, its results or its business have been provisioned in the Group's financial statements. Details concerning the major cases are provided below. Other litigation matters have no material effect on the Group's financial situation or it is still too early to determine at this stage whether they may have such an impact or not.

- 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 counsel 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 given rise to the opening of criminal proceedings. Societe Generale and its affiliate have filed a complaint.

  In the meantime Societe Generale and the Belgian State settled for EUR 27.6 million for the majority of the transactions. Discussions for the other transactions, not included in this settlement, are still underway. A provision has been made.

- 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 and the Antitrust Division of the Department of Justice 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. Furthermore, in 2008, several local US authorities began parallel investigations into the same alleged conduct. Societe Generale is cooperating fully with the Investigating authorities.

  Several putative class actions 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 under particularly unfavourable market conditions. Societe Generale filed a criminal claim. Criminal investigations were conducted and the trader was put under investigation for forgery, use of forgery, fraudulent access to IT systems, breach of trust and attempted fraud. Societe Generale subsequently filed a civil claim in connection with the criminal case. Some of the small shareholders joined the lawsuit, but their civil claims were rejected. The investigations resulted in an order for the trader's trial before the Correctional Court. The case came to court in June 2010. The judgement was delivered on October 5, 2010. The Court found the trader guilty of breach of trust, fraudulent entry of data into a computer system, forgery and use of forgery. The court ordered the trader to serve a prison sentence of five years including two years suspended and barred him from ever engaging 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 has filed an appeal.

- Since 2003, Societe Generale had set up "gold consignment" lines with the Turkish Goldas Group. 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 has brought forth civil proceedings in the United Kingdom and in Turkey against its insurance carriers and Goldas Group entities. Goldas has recently launched various proceedings in Turkey against Societe Generale who intends to vigorously oppose the claims.

  A provision has been made.

- In 1990, Australian and European banks, including Societe Generale Australia, received guarantees from the Bell Group to cover loans granted to companies within the Group. These guarantees were realized when the Group went bankrupt. The liquidator demanded that the banks reimburse the corresponding sums. In October 2008, the Australian court partially supported the liquidator's claims and condemned the banks to return the funds in addition to interests capitalized since 1991. An appeal has been filed. Societe Generale Australia has deposited AUD 192.9 million into an escrow account where it will remain until appeals are finally determined.

- Societe Generale Algeria (SGA) and several of its branch directors have been prosecuted for breach of local 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 SGA clients. The events were discovered during investigations carried out by the Bank of Algeria since 2004. The Bank of Algeria subsequently filed civil claims. Sentences (EUR 97.5 million) were delivered against SGA and its agents who have filed the appropriate appeals. Several local and foreign banks were also sentenced on the same grounds.

- In May 2009, (i) Lehman Brothers Holdings, Inc. ("LBHI") and Lehman Brothers Special Financing, Inc. ("LBSF") (together the "Lehman Parties") and (ii) Societe Generale, Libra CDO

Limited ("Libra"), and Libra's trustee, Bank of America N.A., as successor to LaSalle Bank National Association (together the "Libra Parties"), filed separate litigations against each other in the US Bankruptcy Court for the Southern District of New York in Manhattan.

Libra is a hybrid (i.e., partly synthetic) collateralised debt obligation ("CDO"); Societe Generale provides a super-senior funding facility to Libra. The dispute arises from Libra's designation, following the LBSF and LBHI bankruptcy filings, of an Early Termination Date in respect of credit default swap transactions between Libra and LBSF. The parties seek, among other things, declarations concerning the validity of the swap terminations. The Lehman Parties allege that the terminations were prohibited by Libra's Indenture and hence void, while the Libra Parties contend that the terminations were proper. If the terminations are found to be invalid, then the swap transactions will remain in effect, subject to a possible assumption by the LBSF bankruptcy estate and assignment to a non-bankrupt third party. In that scenario, Societe Generale could have been liable, under its funding facility, to finance payments owed by Libra to LBSF's assignee. The parties' cross-motions for summary judgment, which addressed the termination issue, were fully briefed and argued.

The Lehman Parties raised similar arguments in connection with another hybrid CDO, MKP Vela CBO Ltd. ("Vela"),and its designation of an Early Termination Date in respect of credit default swap transactions between Vela and LBSF. Societe Generale also provides a super-senior funding facility to Vela. No litigation has commenced as to Vela.

Societe Generale and the Lehman Parties reached a settlement with respect to their disputes concerning the Libra and Vela transactions. The settlement was approved by the Bankruptcy Court by order dated October 21, 2010. No appeal was taken from the Bankruptcy Court's approval order and that order is now final.

- 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 ("Financial Guaranty") and FGIC Credit Products, LLC ("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 contends, 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 seeks 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 motion remains pending.
- In February 2010, several former employees of Trust Company of the West ("TCW"), including its former Chief Investment Officer, Jeffrey Gundlach, filed a cross-complaint against TCW alleging, among other things, that it 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 contend 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. According to the cross-complaint, the damages owing to Mr. Gundlach and the other former TCW employees could exceed USD 1.25 billion. TCW denies all of the allegations of the cross-complaint. The claims propounded in the cross-complaint were asserted in response to a January 2010 lawsuit brought by TCW against Mr. Gundlach and the other former TCW employees and their new investment management firm, DoubleLine Capital ("DoubleLine"), that was formed by Mr. Gundlach in order to compete with TCW. In its original Complaint, TCW contends that, among other things, Mr. Gundlach and the other former TCW employees conspired to steal confidential and proprietary TCW data, including client and portfolio holdings data and client contact information, in order to unfairly compete with TCW at DoubleLine.
- 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 September 20, 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.

  All of the banks concerned (except the Banque de France) have appealed the decision. The appeal, which is expected to be examined in 2011, does not suspend the execution of the decision. The fines have been paid.
- 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 February 16, 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 enities on the basis that they are alleged to have been fraudulent transfers. SG Private Bank (Suisse), S.A., is defending the litigation. 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.

ENVIRONMENTAL RISKS

See pages 151 to 160

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 by extending the risk scope (with the introduction of a capital charge for operational risk) and with the aim of more accurately calculating the risks to which banks are exposed. These rules (known as Basel 2) were transposed into European law through a directive (CRD I) and then into French law in 2006. They have been applicable since January 1, 2008.

The calculation of credit risk-weighted assets was therefore refined in order to better take into account operational risk profiles. Under the Basel 2 framework, risk-weighted assets may be calculated using one of two methods: the standardised method (based on fixed weightings) or the internal method (IRB). The latter is based on internal counterparty rating models (the Foundation IRB method), or on internal counterparty and operational rating models (Advanced IRB method). In December 2007, the French Prudential Supervisory Authority authorised the Societe Generale Group to use the advanced methods for credit risk (IRBA) and operational risk (AMA). In accordance with current regulations, the models are monitored and regularly backtested.

According to the Basel 2 solvency ratio, minimum capital requirements are set at 8% of the sum of weighted credit risks and the capital requirement multiplied by 12.5 for market risks (interest rate, exchange rate, equity and commodity risk) and operational risks.

With regard to risk-based capital, the Basel 2 regulations have introduced deductions, which apply 50% to Tier 1 capital and 50% to additional capital (holdings in companies of a financial nature, securitisation positions and provision shortfalls).

The Basel 2 solvency ratio stood at 12.1% at December 31, 2010 (with a Basel 2 Tier 1 ratio of 10.6% and a Core Tier 1 ratio[2] of 8.5%), without including additional floor capital requirements. If the additional floor capital requirements are included, the Basel 2 solvency ratio falls to 11.9% and the Basel 2 Tier 1 ratio to 10.3%. The implementation of the Basel 2 framework is accompanied by a transition period (extended until the end of 2011) 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 August 25, 2010) may not be less than 80% of the capital requirements under the previous standard (Basel 1 or Cooke).

(1) For further details, see the section of Chapter 10 dedicated to capital management and compliance with regulatory ratios on page 274, and the section of Chapter 4 deducated to the Group's financial structure and management of the Basel 2 environment on page 58.

(2) Core Tier 1 capital is defined as the total Basel 2 Tier 1 capital minus Tier 1 eligible hybrid capital and a share of Basel 2 deductions, pro-rated between core Tier 1 capital and Tier 1 eligible hybrid instruments.

RISK-BASED CAPITAL, RISK-WEIGHTED ASSETS AND BASEL 2 SOLVENCY RATIOS

In EUR m	Dec. 31, 2010	Dec. 31, 2009
Shareholders' equity (IFRS)	**46,421**	**42,204**
Deeply subordinated notes	(6,411)	(6,252)
Perpetual subordinated notes	(892)	(824)
Shareholders' equity, net of deeply subordinated and perpetual subordinated notes	**39,118**	**35,128**
Non-controlling interests	3,359	2,930
Deeply subordinated notes	6,571	6,397
Preference shares	968	1,445
Intangible assets	(1,386)	(1,403)
Acquisition goodwill	(8,451)	(7,620)
Proposed dividends	(1,484)	(392)
Other regulatory adjustments	171	473
Tier 1 capital	**38,866**	**36,957**
Basel 2 deductions (*)	(3,503)	(2,264)
Total Tier 1 capital	**35,363**	**34,693**
Upper Tier 2 capital	1,236	1,159
Lower Tier 2 capital	11,255	11,814
Total Tier 2 capital	**12,491**	**12,974**
Basel 2 deductions (*)	(3,503)	(2,264)
Insurance affiliates (**)	(3,845)	(3,406)
Total regulatory capital	**40,506**	**41,996**
Total risk-weighted assets	**334,795**	**324,080**
Credit risk	274,646	263,101
Market risk	13,078	13,900
Operational risk	47,071	47,080
Effect of transitions measures on the risk-weighted assets used to calculate the Tier 1 ratio (***)	9,067	
Effect of transitions measures on the risk-weighted assets used to calculate the total ratio (***)	6,651	
Solvency ratios		
Tier 1 ratio	10.6%	10.7%
Total capital ratio	12.1%	13.0%
Tier 1 ratio after transitions measures (***)	10.3%	
Total capital ratio after transitions measures (***)	11.9%	

(*) Basel 2 deductions are deducted 50% from Tier 1 capital and 50% from Tier 2 capital.

(**) Including EUR -2.6 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.

(***) Additional floor capital requirements.

Group shareholders' equity at end-December 2010 totalled EUR 46.4 billion (compared to EUR 42.2 billion at December 31, 2009). After taking into account non-controlling interests, US preference shares and prudential deductions (including the new deductions introduced by the Basel 2 regulations), prudential total Tier 1 capital under Basel 2 came out at EUR 35.4 billion.

BASEL 2 RISK-WEIGHTED ASSETS AT END-DECEMBER 2010 (IN EUR BN)

	Credit	Market	Operational	Total
French Networks	81.1	0.0	3.3	**84.4**
International Retail Banking	68.4	0.4	3.9	**72.8**
Corporate & Investment Banking	71.6	11.7	29.2	**112.5**
Specialised Financial Services & Insurance	39.3	0	2.5	**41.8**
Private Banking, Global Investment Management and Services	10.4	0.6	3.4	**14.4**
Corporate Centre	3.8	0.3	4.8	**8.9**
Group	**274.6**	**13.1**	**47.1**	**334.8**

Risk-weighted assets (EUR 334.8 billion) by type of activity break down as follows:

- credit risks[(1)] accounted for 82.0% of risk-weighted assets at December 31, 2010, or EUR 274.6 billion (versus EUR 263.1 billion at December 31, 2009);
- market risks accounted for 3.9% of risk-weighted assets at December 31, 2010, or EUR 13.1 billion (versus EUR 13.9 billion at December 31, 2009);
- operational risks accounted for 14.1% of risk-weighted assets at December 31, 2010, or EUR 47.1 billion (amount in line with the amount at December 31, 2009, i.e. EUR 47.1 billion).

Credit risk on derivatives essentially relates to instruments with maturities under five years (a detailed breakdown of these instruments is included in Note 31 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.

Ratio of large exposures

The new European Directive (CRD II) transposed into French law in August 2010 and applicable at 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 risk incurred in respect of any debtor taken individually does not exceed 25% of consolidated net equity.

Liquidity ratio

Until May 30, 2010, the 1-month liquidity ratio was calculated according to the method in force at the time. As from June 30, 2010, in accordance with Instruction No. 2009-05 of June 29, 2009, a new 1-month liquidity ratio has been introduced. At December 31, 2010, it was above the regulatory minimum of 100%.

Regulatory changes

Solvency ratio

In order to better take into account the default risk and rating migration risk of assets in the trading portfolio (tranched and non-tranched 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) introducing a capital charge for specific market risk (default and rating migration risks for issuers in trading portfolios): the IRC ('Incremental Risk Charges') and the CRM ('Comprehensive Risk Measurement', specific to correlation trading portfolios). The regulator also requires a stressed VaR calculation estimated over a crisis period.

(1) Including counterparty, dilution and settlement-delivery risks

These proposals were transposed into the European Directive CRD III in July 2010 and will be applicable as from December 31, 2011.

Furthermore, under the impetus of the G20 and in order to reinforce the banking sector's financial solidity, in 2010 the Basel Committee began a revision of the prudential framework applicable to banks. This took official form at the end of 2010 with the publication of the new Basel 3 measures, which notably included:

- the complete revision and harmonisation of the definition of capital, particularly including the introduction of additional deductions, the definition of a standardised Core Tier 1 ratio and new criteria for Tier 1 capital eligibility for hybrid securities;
- new capital requirements for counterparty risk related to derivatives, to better take into account 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 should the economy overheat;
- the introduction of a leverage ratio to link Tier 1 capital to exposure, including both on- and off-balance sheet assets, with the option of using a net position (in accordance with Basel 2 rules) for derivatives. This ratio helps limit the leverage of the banking system.

These new rules will be applicable from January 1, 2013, with gradual implementation until January 1, 2019.

When it published its Q3 results on November 3, 2010, the Societe Generale Group announced that it would meet the requirements applicable on January 1, 2019, as from January 1, 2013, without a capital increase and while waiving the benefits of gradual deductions, it also indicated that it would meet said requirements while maintaining a dividend payout of 35% and offering a scrip dividend option [1]. Consequently, based on the Basel Committee's proposals (CRD III and Basel 3) to date, Societe Generale has announced an estimated Basel 3 Core Tier 1 ratio of 7.5% at January 1, 2013 and 8.5% at December 31, 2013.

Liquidity ratio

In December 2009, the Basel Committee proposed two standard ratios with standardised parameters aimed at monitoring banks' liquidity positions. A final proposal defining these ratios was published on December 16. The ultimate aim is to guarantee the viability of banks over 1-month and 1-year time horizons under conditions of intense stress. These two ratios consist of:

- the 1-month Liquidity Coverage Ratio (LCR), whose purpose is to make sure that banks have a sufficient liquid asset or cash buffer to survive severe stress combining a market crisis and a specific crisis;
- the 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 planned for January 1, 2015;
- for the NSFR, observation from January 2012, with implementation planned for January 1, 2018.

The Basel Committee is also continuing its deliberations on Systemically Important Financial Institutions and the foreseeable measures for recovering from and resolving banking crises.

(1) With an estimated success rate of 60%

10 FINANCIAL INFORMATION

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS

		IFRS	
(In millions of euros)		**December 31, 2010**	**December 31, 2009**
Cash, due from central banks	Note 5	14,081	14,394
Financial assets at fair value through profit or loss	Note 6	455,160	400,157
Hedging derivatives	Note 7	8,162	5,561
Available-for-sale financial assets	Note 8	103,836	90,433
Due from banks	Note 9	70,268	67,655
Customer loans	Note 10	371,898	344,543
Lease financing and similar agreements	Note 12	29,115	28,856
Revaluation differences on portfolios hedged against interest rate risk		2,376	2,562
Held-to-maturity financial assets	Note 13	1,882	2,122
Tax assets	Note 14	5,445	5,493
Other assets	Note 15	43,506	37,438
Non-current assets held for sale	Note 16	64	375
Deferred profit-sharing	Note 33	1,068	320
Investments in subsidiaries and affiliates accounted for by the equity method		1,968	2,001
Tangible and intangible fixed assets	Note 17	15,812	15,171
Goodwill	Note 18	7,431	6,620
Total		**1,132,072**	**1,023,701**

Consolidated balance sheet (continued)

LIABILITIES

(In millions of euros)		IFRS December 31, 2010	IFRS December 31, 2009
Due to central banks		2,778	3,100
Financial liabilities at fair value through profit or loss	Note 6	358,963	302,753
Hedging derivatives	Note 7	9,267	7,348
Due to banks (*)	Note 19	77,311	89,460
Customer deposits	Note 20	337,447	300,054
Securitised debt payables (*)	Note 21	141,385	133,573
Revaluation differences on portfolios hedged against interest rate risk		875	774
Tax liabilities	Note 14	1,343	1,423
Other liabilities	Note 22	55,003	48,800
Non-current liabilities held for sale	Note 16	6	261
Underwriting reserves of insurance companies	Note 33	82,670	74,451
Provisions	Note 24	2,026	2,311
Subordinated debt (*)	Note 26	12,023	12,555
Total liabilities		**1,081,097**	**976,863**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Common stock		933	925
Equity instruments and associated reserves		24,021	23,544
Retained earnings		18,106	18,336
Net income		3,917	678
Sub-total		**46,977**	**43,483**
Gains and losses recognised directly in equity	Note 28	(556)	(1,279)
Sub-total equity, Group share		**46,421**	**42,204**
Non-controlling interests		**4,554**	**4,634**
Total equity		**50,975**	**46,838**
Total		**1,132,072**	**1,023,701**

(*) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

Consolidated income statement

(In millions of euros)		IFRS 2010	2009
Interest and similar income	Note 34	28,294	30,545
Interest and similar expense	Note 34	(16,324)	(18,910)
Dividend income		318	329
Fee income	Note 35	10,038	10,445
Fee expense	Note 35	(2,553)	(2,633)
Net gains and losses on financial transactions		5,374	947
o/w net gains and losses on financial instruments at fair value through P&L	*Note 36*	*5,341*	*1,002*
o/w net gains and losses on available-for-sale financial assets	*Note 37*	*33*	*(55)*
Income from other activities	Note 38	19,662	18,281
Expenses from other activities	Note 38	(18,391)	(17,274)
Net banking income		**26,418**	**21,730**
Personnel expenses	Note 39	(9,559)	(9,157)
Other operating expenses		(6,053)	(5,679)
Amortisation, depreciation and impairment of tangible and intangible fixed assets		(933)	(930)
Gross operating income		**9,873**	**5,964**
Cost of risk	Note 41	(4,160)	(5,848)
Operating income		**5,713**	**116**
Net income from companies accounted for by the equity method		119	15
Net income/expense from other assets (1)		11	711
Impairment losses on goodwill	Note 18	1	(42)
Earnings before tax		**5,844**	**800**
Income tax	Note 42	(1,542)	308
Consolidated net income		**4,302**	**1,108**
Non-controlling interests		385	430
Net income, Group share		**3,917**	**678**
Earnings per ordinary share	Note 43	**4.96**	**0.45**
Diluted earnings per ordinary share	Note 43	**4.94**	**0.45**

(1) The sale of the assets and liabilities to Crédit Agricole Asset Management as part of Amundi operation generated a net gain of EUR 732 million as at December 31, 2009.

Statement of net income and gains and losses recognised directly in equity

(In millions of euros)		IFRS 2010	IFRS 2009
Net income		**4,302**	**1,108**
Translation differences		925	(74)
Revaluation of available-for-sale financial assets		78	1,512
Cash flow hedge derivatives revaluation		(125)	(149)
Gains and losses recognised directly in equity for companies accounted for by the equity method		5	10
Tax		(34)	(414)
Total gains and losses recognised directly in equity	Note 28	**849**	**885**
Net income and gains and losses recognised directly in equity		**5,151**	**1,993**
O/w Group share		4,640	1,552
O/w non-controlling interests		511	441

Changes in shareholders' equity

(In millions of euros)	Capital and associated reserves			Consolidated reserves	Gains and losses recognised directly in equity								
	Common stock	Equity instruments and associated reserves	Elimination of treasury shares	Retained earnings	Translation reserves	Change in fair value of assets available-for-sale	Change in fair value of hedging derivatives	Tax impact	Shareholders' equity, Group share	Non-controlling interests (see note 27)	Gains and losses recognised directly in equity, non-controlling interests	Shareholders' equity, non-controlling interests	Total consolidated shareholders' equity
Shareholders' equity at December 31, 2008	**726**	**19,217**	**(1,490)**	**19,785**	**(1,115)**	**(2,090)**	**407**	**645**	**36,085**	**4,843**	**(41)**	**4,802**	**40,887**
Increase in common stock	199	5,322							5,521			-	5,521
Elimination of treasury shares			(25)	(80)					(105)			-	(105)
Issuance of equity instruments		286		115					401			-	401
Equity component of share-based payment plans		234							234	-		-	234
2009 Dividends paid				(1,144)					(1,144)	(342)		(342)	(1,486)
Effect of acquisitions and disposals on non-controlling interests				(341)					(341)	(267)		(267)	(608)
Sub-total of changes linked to relations with shareholders	***199***	***5,842***	***(25)***	***(1,450)***	***-***	***-***	***-***	***-***	***4,566***	***(609)***	***-***	***(609)***	***3,957***
Change in value of financial instruments and fixed assets having an impact on equity						1,447	(147)		1,300		49	49	1,349
Change in value of financial instruments and fixed assets recognised in income						(2)	(1)		(3)		16	16	13
Tax impact on change in value on financial instruments and fixed assets having an impact on equity or recognised in income								(399)	(399)		(13)	(13)	(412)
Translation differences and other changes				1	(34)				(33)	-	(41)	(41)	(74)
2009 Net income for the period				678					678	430		430	1,108
Sub-total	***-***	***-***	***-***	***679***	***(34)***	***1,445***	***(148)***	***(399)***	***1,543***	***430***	***11***	***441***	***1,984***
Change in equity of associates and joint ventures accounted for by the equity method						10	1	(1)	10			-	10
Shareholders' equity at December 31, 2009	**925**	**25,059**	**(1,515)**	**19,014**	**(1,149)**	**(635)**	**260**	**245**	**42,204**	**4,664**	**(30)**	**4,634**	**46,838**
Increase in common stock (see note 27)	8	230							238			-	238
Elimination of treasury shares [(1)]			180	(166)					14			-	14
Issuance of equity instruments (see note 27)		(16)		175					159	(500)		(500)	(341)
Equity component of share-based payment plans [(2)]		83							83	-		-	83
2010 Dividends paid (see note 27)				(693)					(693)	(283)		(283)	(976)
Effect of acquisitions and disposals on non-controlling interests [(3)(4)]				(227)					(227)	193		193	(34)
Sub-total of changes linked to relations with shareholders	***8***	***297***	***180***	***(911)***	***-***	***-***	***-***	***-***	***(426)***	***(590)***	***-***	***(590)***	***(1,016)***
Change in value of financial instruments and fixed assets having an impact on equity (see note 28)						452	(124)		328		12	12	340
Change in value of financial instruments and fixed assets recognised in income (see note 28)						(362)	-		(362)		(25)	(25)	(387)
Tax impact on change in value on financial instruments and fixed assets having an impact on equity or recognised in income (see note 28)								(37)	(37)		6	6	(31)
Translation differences and other changes (see note 28)				3	792				795	(1)	133	132	927
2010 Net income for the period				3,917					3,917	385		385	4,302
Sub-total	***-***	***-***	***-***	***3,920***	***792***	***90***	***(124)***	***(37)***	***4,641***	***384***	***126***	***510***	***5,151***
Change in equity of associates and joint ventures accounted for by the equity method						5	-	(3)	2			-	2
Shareholders' equity at December 31, 2010	**933**	**25,356**	**(1,335)**	**22,023**	**(357)**	**(540)**	**136**	**205**	**46,421**	**4,458**	**96**	**4,554**	**50,975**

(1) As at December 31, 2010, the Group held 28,284,362 of its own shares as treasury shares, for trading purposes or for the active management of shareholders' equity, representing 3.79% 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 1,335 million, including EUR 235 million in shares held for trading purposes.

The change in treasury shares over 2010 breaks down as follows:

(In millions of euros)	**Transaction-related activities**	**Treasury shares and active management of Shareholders' equity**	**Total**
Disposals net of purchases	93	87	180
	93	**87**	**180**
Capital gains net of tax on treasury shares and treasury share derivatives, booked under shareholders' equity	-	(168)	(168)
Related dividends, removed from consolidated results	-	2	2
	-	**(166)**	**(166)**

(2) Share-based payments settled in equity instruments in 2010 amounted to EUR 83 million: EUR 26 million for the stock-option plans and EUR 57 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	(2)
Buybacks of non-controlling interests not subject to any put options	(185)
Transactions and variations in value on put options granted to non-controlling shareholders	(39)
Net income attributable to the non-controlling interests of shareholders holding a put option on their Group shares allocated to consolidated reserves	(1)
Total	**(227)**

(4) Changes booked in the amount of EUR 193 million under non-controlling interest reserves correspond to:

- *EUR 356 million in capital increases of which EUR 263 million relates to Rosbank and EUR 90 million to Geniki.*
- *EUR -62 million of negative effect on transactions and variations of value on put options granted to non-controlling shareholders of which EUR -63 million relative to the Group's commitment, within the framework of the restructuring of its Russian operations, to purchase 2.53% of Rosbank after its merger with BSGV.*
- *EUR -101 million of negative effect of the variations in scope including EUR -60 million regarding the buyback of non-controlling interests in Rosbank and EUR -17 million for the acquisition of Banco Pecunia's shares from non-controlling shareholders.*

Cash flow statement

(In millions of euros)	December 31, 2010	December 31, 2009
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES		
Net income (I)	**4,302**	**1,108**
Amortisation expense on tangible fixed assets and intangible assets	2,910	2,815
Depreciation and net allocation to provisions	10,172	10,081
Net income/loss from companies accounted for by the equity method	(119)	(15)
Deferred taxes	117	(1,695)
Net income from the sale of long-term available-for-sale assets and subsidiaries	(142)	(126)
Change in deferred income	180	69
Change in prepaid expenses	(15)	30
Change in accrued income	(9)	440
Change in accrued expenses	(85)	(1,733)
Other changes	3,418	2,907
Non-monetary items included in net income and others adjustments (not including income on financial instruments at fair value through Profit or Loss) (II)	**16,427**	**12,773**
Income on financial instruments at fair value through Profit or Loss [1] (III)	**(5,341)**	**(1,002)**
Interbank transactions	(14,435)	(19,930)
Customers transactions	1,499	18,767
Transactions related to other financial assets and liabilities	373	(8,682)
Transactions related to other non financial assets and liabilities	2,555	3,794
Net increase/decrease in cash related to operating assets and liabilities (IV)	**(10,008)**	**(6,051)**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III) + (IV)	**5,380**	**6,828**
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES		
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	161	(1,453)
Tangible and intangible fixed assets	(2,616)	(2,131)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**(2,455)**	**(3,584)**
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES		
Cash flow from/to shareholders [2]	(1,240)	4,216
Other net cash flows arising from financing activities	(657)	(1,626)
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**(1,897)**	**2,590**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**1,028**	**5,834**
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	7,242
Net balance of accounts, demand deposits and loans with banks	6,306	4,533
Cash and cash equivalents at the end 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
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS	**1,028**	**5,834**

(1) Income on financial instruments at fair value through Profit or Loss includes realised and unrealised income.

(2) See note 27:
- *O/w reimbursement of preferred shares for EUR 500 million;*
- *O/w 2010 dividends paid for EUR 896 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, 2011.

Note 1

Significant accounting principles

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 ending December 31, 2010 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, 2010.

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, 2010

Accounting standards, amendments or Interpretations	Publication dates by IASB	Adoption dates by the European Union
Improvements to IFRS – May 2008 – IFRS 5	May 22, 2008	January 23, 2009
IFRIC 12 "Service Concessions Arrangements"	November 30, 2006	March 25, 2009
IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"	July 3, 2008	June 4, 2009
IFRIC 15 "Agreements for the Construction of Real Estate"	July 3, 2008	July 22, 2009
Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items"	July 31, 2008	September 15, 2009
IFRS 1 (Revised) "First-time adoption of IFRS"	November 27, 2008	November 25, 2009
IFRIC 17 "Distribution of Non-cash Assets to Owners"	November 27, 2008	November 26, 2009
IFRIC 18 "Transfers of Assets from Customers"	January 29, 2009	November 27, 2009
Improvements to IFRS – April 2009	April 16, 2009	March 23, 2010
Amendments to IFRS 2 "Group cash-settled Share-based Payment Transactions"	June 18, 2009	March 23, 2010
Amendments to IFRS 1 "Additional exemptions for First-time adopters"	July 23, 2009	June 23, 2010

The application of these new measures has no effect on net income or shareholders' equity of the Group.

- **Improvements to IFRS – May 2008 – IFRS 5**

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published 35 minor amendments to 20 accounting standards. They are required to be applied from January 1, 2009, except for the amendments to IFRS 5 "Non-current Assets Held for Sale and Disposal group to be abandoned", which are required to be applied from July 1, 2009.

- **IFRIC 12 "Service Concessions Arrangements"**

This interpretation explains the accounting treatment of concessions.

- **IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"**

This interpretation clarifies the accounting treatment for hedges of net investments in foreign operations.

- **IFRIC 15 "Agreements for the Construction of Real Estate"**

This interpretation clarifies the accounting treatment for the recognition of revenue among real estate developers for sales of units, such as apartments or houses.

- **Amendment to IAS 39 "Eligible Hedged Items"**

This amendment provides additional guidance on two particular situations in relation to hedge accounting under IAS 39: the identification of inflation as a hedged risk and how to consider the time value of an option in a hedging relationship. The amendment must be applied retrospectively.

- **IFRS 1 (Revised) "First-time adoption of International Financial Reporting Standards"**

This revision of IFRS 1 improves the structure of the standard and makes it clearer and easier but its technical content remains unchanged. This new version is designed to better accommodate future changes.

- **IFRIC 17 "Distribution of Non-cash Assets to Owners"**

This interpretation provides guidance on the measurement and accounting treatment of the distribution of non-cash assets as dividends to its owners.

- **IFRIC 18 "Transfers of Assets from Customers"**

This interpretation applies to the accounting for transfers of assets by entities that receive such transfers from their customers. It clarifies the circumstances and requirements in which the revenue related to the transfer of assets from customers has to be recognised as part of a commercial contract.

- **Improvements to IFRS – April 2009**

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published amendments to 12 accounting standards.

- **Amendments to IFRS 2 "Group Cash-settled Share-based Payment Transactions"**

IASB clarifies the accounting treatment in the individual financial statements of a subsidiary for cash-settled share-based payment arrangements within a group. The subsidiary that receives goods or services must account for them, from its own standpoint, without taking account of their treatment by the Group entity that settled the transaction in shares or cash.

- **Amendments to IFRS 1 "Additional exemptions for First-time Adopters"**

These amendments introduce new exemptions concerning the retroactive application of IFRS by entities belonging to specific sectors (oil and gas assets, leasing contracts) and applying IFRS for the first time.

As at January 1, 2009 the Group applied the following standards early: IFRS 3 (revised) "Business Combinations" and IAS 27 (revised) "Consolidated and Separate Financial Statements" adopted by the European Union on June 3, 2009 and applicable for annual periods beginning on or after July 1, 2009.

The main valuation and presentation rules used in drawing up the consolidated financial statements are disclosed below. Except for the application of these new IFRS and IFRIC interpretations described above, these accounting methods and principles were applied consistently in 2009 and 2010.

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 and 18);

- 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, 25 and 33);
- 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 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 by 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 holds directly or indirectly 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 SPVs 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 year-end. 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 valued 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 value *Non-controlling interests*, to which a fraction of goodwill has been allocated, at its fair value.

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 revalued 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 revalued 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 of value 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 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 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 put options granted to minority shareholders of the subsidiaries over which it exercises control. This liability is initially recognised at the present value of the estimated exercise price of the put options under *Other liabilities;*
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as that applied to transactions in *Non-controlling interests*. As a result, the counterpart of this liability is a write-down in value of *Non-controlling interests* underlying the options, with any balance deducted from the Group's *Consolidated reserves;*
- subsequent variations in this liability linked to changes in the 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 the *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.

For the accounting treatment of commitments to buy out minority shareholders related to business combinations occurred after January 1, 2009, the application of IFRS 3 (revised) "Business Combinations" and IAS 27 (revised) "Consolidated and Separate Financial Statements" does not modify the accounting principles applied until now by the Group in accordance with the treatment of *Non-controlling interests* buyouts. These accounting principles are likely to be revised over the coming years in line with any amendments proposed by IFRIC or 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 identical terms and conditions to 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. The Boursorama Group, which was previously part of the Private Banking, Global Investment Management and Services Division, was incorporated into the French Networks on January 1, 2010; the 2009 comparative data have been restated accordingly;
- 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;
- Private Banking, 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 vis-à-vis 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 its sale must be highly probable. 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 has 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 converted 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 various market participants mentioned above, or on 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 a valuation technique (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, financial assets held-to-maturity and available-for-sale financial assets (see below) are recognised in the balance sheet on the delivery-settlement date while derivatives are recognised on 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 on the maturity date of the 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 financial 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 valued 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*. Depreciations 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 assets 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 assets 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

When initially recognised, 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 purpose 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 to 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 that latter case, that the eligibility criteria to this category are met.

In any case, financial derivatives and financial assets measured using fair value option shall not be reclassified out of *Financial assets at fair value through profit or loss.*

A financial asset initially recognised as *Available-for-sale financial assets* may be reclassified into *Held-to-maturity financial assets,* provided that the eligibility criteria to this category are met. Furthermore if a financial asset with fixed or determinable payments initially recognised as *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 to this category are met.

These reclassified financial assets are transferred to their new category at their fair value on the date of reclassification and then are measured according to the rules that apply to the new category. The amortised cost of these 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 the 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 are 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 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 case of 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. On 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 variation 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.* As the hedging 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 prospectively discontinued. 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 the 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 prospectively discontinued. 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 the cash flow hedge, the effective portion of the changes in the fair value of the hedging derivative designated for accounting purposes as hedging 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 for financial derivatives designated as a 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 operation, 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 valued 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 installments 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, a depreciation 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 depreciation is booked to *Cost of risk* in the income statement and the value of the financial asset is reduced by a depreciation amount. Allocations to and reversals of depreciations 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, depreciation is recognised without waiting for the risk to individually affect one or more receivables. Homogeneous portfolios thus depreciated 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 depreciation 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 depreciations 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, like the financial situation of the issuer or its development outlook can lead the Group to estimate 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 for the assessing of the evidence of impairment are similar 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 acquisition cost (net of any repayments of principal and amortisation) and the current 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, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease.

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 receivables on lease financing on the asset side of the balance sheet.

Fixed assets arising from 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.

Where 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:

Infrastructure	Major structures	50 years
	Doors and windows, roofing	20 years
	Façades	30 years
Technical installations	Elevators	10 to 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, 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 so also 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)

The *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 fixed at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also fixed 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 variations 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 savings phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of savings 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 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 ISSUED

When considered as financial non-derivative 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 the 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 terms, 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, the 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 that have 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 these 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 that have 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 the 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.

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 subscribed. 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 valued 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 options is booked as an expense over the vesting period of the options 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.

COST OF RISK

The *Cost of risk* account is limited to allocations, net of reversals, to depreciation for counterparty risks and provisions for legal disputes. Net allocations to provisions are classified by type of risk in the corresponding accounts in the income statement.

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 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 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 in each consolidated taxable entity and in accordance with the rules established by the 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 case of changes to tax rates. This amount is not discounted to the present value. Deferred tax assets can result from deductible temporary differences or from carry-forward of tax losses. 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 carry-forward of tax losses can also be used against future taxable profit.

Current and deferred taxes are booked in the 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 features, are valued 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 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 of 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 on 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 with 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.

Further to the amendments to IFRS3 (revised) and IAS 27 (revised) and as Recommendation 2009-R-04 of July 2, 2009 does not specify any change, the heading "Minority interests" has been replaced by "Non-controlling interests". This name change has no significant impact on the constituent items.

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 underlyings 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

Some accounting standards and interpretations have been published by the IASB as of December 31, 2010. Some have been adopted and others have not been yet adopted by the European Union. These accounting standards and interpretations are required to be applied from annual periods beginning on February 1, 2010 at the earliest or on the date of their adoption by the European Union. They have not been applied by the Group as of December 31, 2010.

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 IAS 32 "Classification of Rights Issues"	December 23, 2009	February 1, 2010
Amendment to IFRS 1 "Limited exemption from comparative IFRS 7 disclosures for first-time adopters"	June 30, 2010	July 1, 2010
IAS 24 (Revised) "Related Party Disclosures"	July 19, 2010	January 1, 2011
Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement"	July 19, 2010	January 1, 2011
IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"	July 23, 2010	July 1, 2010

- **Amendment to IAS 32 "Classification of Rights Issues"**

This amendment addresses the accounting for rights issues (rights, options, warrants…) 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 classified as equity regardless of the currency in which the exercise price is denominated.

- **Amendments 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 transition provisions provided 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 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, subjected 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 the debtor guidance on accounting treatment for the extinguishment of a financial liability by the issue of equity treatment. 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.

AMENDMENTS OR INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION ON DECEMBER 31, 2010

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 And October 28, 2010	January 1, 2013
Annual Improvements to IFRSs – May 2010	May 6, 2010	July 1, 2010 at the earliest
Amendments to IFRS 7 "Disclosures – Transfers of Financial Assets"	October 7, 2010	July 1, 2011
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	December 20, 2010	January 1, 2012

- **IFRS 9 "Financial Instruments" (Phase 1: Classification and Measurement)**

This standard, which represents the first step of the replacement 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 (providing 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 charge in the liability's fair value attributable to charges 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.

- **Improvements to IFRSs – May 2010**

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published minor amendments to 6 accounting standards

- **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.

- **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.

Note 2

Changes in consolidation scope and business combinations

1. Changes in consolidation scope

As at December 31, 2010, the Group's consolidation scope included 872 companies:

- ***703*** fully consolidated companies;
- ***90*** proportionately consolidated companies;
- ***79*** companies accounted for by the equity method.

The consolidation scope includes only those entities that have a significant impact on the Group's consolidated financial statements, i.e. companies whose total assets exceed 0.02% of the Group's total assets, for full or proportionate consolidation, or companies in which the equity held by the Group exceeds 0.10% of the consolidated Group's total equity. These criteria do not apply to sub-consolidated subsidiaries.

The main changes to the consolidation scope at December 31, 2010, compared with the scope applicable at the closing date of December 31, 2009, are as follows:

- In the first half of 2010:
  - In February, the Group, through its subsidiary TCW Inc., acquired 100% of Metropolitan West Asset Management, which was then fully consolidated.
  - The Group acquired the remaining 35% of Sogessur held by minority shareholders by exercising a call option it was granted.
  - Banco SG Brazil S.A. acquired a 30% stake in Banco Pecunia S.A. bringing the Group's interest rate to 100%.
  - The Group consolidated Podgoricka Banca SG Group, in which it holds 90.56%. This company, located in Montenegro, is fully consolidated.
  - SG Cyprus Ltd, previously a fully consolidated company, was sold by Societe Generale S.A. to SG Liban and is now accounted for by the equity method.
  - The Group sold its 50% stake in IBK SGAM to IBK, which had shared control of this entity with SGAM S.A.
  - The Global Commodities Finance Fund Limited was removed from the consolidation scope after all the shares were bought and all the assets and liabilities were transferred to Societe Generale S.A.

- The stake in La Marocaine Vie was increased by 2.91% compared to December 31, 2009 to 88.88% after an unevenly subscribed capital increase.
- In the first half of 2010, the Group deconsolidated its subsidiary Clickoptions, which was merged with Societe Generale S.A. during the second half of 2010.
- The stake in Banka Societe Generale Albania Sh.A., previously called Banka Popullore Sh.A, was increased to 85.94%, i.e. a 10.93% increase compared to December 31, 2009, due to a minority shares buyout and a capital increase.
- The stake in Boursorama S.A. was decreased to 55.53%, i.e. a 0.25% decrease compared to December 31, 2009, due to a reserved capital increase relating to the exercise of stock-options.
- The stake in New Esporta Holding Limited decreased by 6.23% compared to December 31, 2009 to 90.54%, after a capital increase subscribed for by Management.

■ During the second half of 2010:

- The Group increased its stake in Bank Republic by 1.18% to 81.18% after a capital increase.
- In September, the Group, through Crédit du Nord, acquired 100% of Société Marseillaise de Crédit, which was fully consolidated at Crédit du Nord level.
- SG Asset Management Banque was removed from the consolidation scope after its merger with Societe Generale SA.
- The Group sold its 49% stake into Gaselys in September 2010 after the exercise by GDF Suez of the call option it was granted. This company was classified in *Non-current assets held for sale* during the first half of 2010.
- The Group finalised the sale of ECS Group, which was removed from the consolidation scope in October 2010. ECS Group's assets and liabilities were reclassified in *Non-current assets and liabilities held for sale* as at June, 30 2010.
- Adria Leasing Spa, which was fully consolidated, was merged with Fraer Leasing Spa, in which the Group held 67.75%. After this deal, the stake in Fraer increased by 5.68% to 73.43%.
- The stake in Boursorama S.A. increased to 57.78%, i.e. a 2.25% increase, due to a minority shares buyout and the acquisition of treasury shares.
- As a consequence of a capital increase for which Societe Generale S.A. subscribed in excess of its stake, the Group's interest in Geniki increased by 34.47% compared to June 30, 2010, to 88.44%.
- The stake in Rosbank increased to 74.89%, i.e. a 9.56% increase, due to a capital increase and minority shares buyouts. The Group also booked a debt representing its commitment to purchase 2.53% of Rosbank after its merger with BSGV, which is planned within the framework of the restructuring of the Group's Russian operations.
- The stake in New Esporta Holding Limited decreased to 90.18%, i.e. a 0.36% decrease compared to June 30, 2010, following a capital increase in which the Group did not participate.
- The Group acquired the remaining 49% of Lightning Asset Finance Limited held by minority shareholders, bringing its stake to 100%.

In accordance with IFRS 5 "Non-current receivables held for sale and discontinued operations", the assets and liabilities that will be sold to Amundi in 2011 are classified in *Non-current assets and liabilities held for sale*.

2. Business combinations

The main business combination which took place during the second half of 2010 was the Group's acquisition of Société Marseillaise de Crédit. The allocation of the acquisition price was determined provisionally and may be subject to adjustments in the twelve months following the acquisition.

Acquisition of Société Marseillaise de Crédit

Through its wholly-owned subsidiary Crédit du Nord, the Group acquired 100% of the capital of Société Marseillaise de Crédit on September 21, 2010 from BPCE for EUR 872 million.

This transaction received prior authorisation from the French Prudential Control Authority and the Anti-Trust Authority and was approved by the relevant Employee Representative Bodies.

As a result of this acquisition, Société Marseillaise de Crédit was fully consolidated by the Group.

Founded in 1865, Société Marseillaise de Crédit is a major bank in south-eastern France, where it has a strong regional footprint and a well-recognised brand. With 144 branches, Société Marseillaise de Crédit serves almost 200,000 customers and employs over 1,200 staff.

As at the acquisition date, Société Marseillaise de Crédit's identifiable assets and liabilities were as follows:

(In millions of euros)	
Assets	
Due from credit institutions	581
Due from customers	2,613
Other current assets	445
Fixed assets	108
Other	83
Total Assets	**3,830**
Liabilities	
Due to credit institutions	12
Due to customers	3,280
Other	177
Shareholders' equity	361
Total Liabilities	**3,830**

Goodwill on initial consolidation is currently being allocated. Provisional goodwill reported as at the takeover date in the "Crédit du Nord" cash generating unit amounted to EUR 511 million.

SMC contributed EUR 4 million to consolidated net income in 2010.

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: 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" and 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 price in 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 (back-testing). 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 the first half of 2008 for some US CDOs (Collateralised Debt Obligations), CLOs (Collateralised Loan Obligations), ABS (Asset Backed Securities), CMBS (Commercial Mortgage Backed Securities) (see paragraph 2 – Financial instruments affected by the financial crisis).

- **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 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 checked against 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, 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. Financial instruments affected by the financial crisis

In 2010, 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 unhedged CDOs (Collateralised Debt Obligations) exposed to the US residential mortgage sector;
- its US RMBS (Residential Mortgage Backed Securities) trading positions;
- its CMBS (Commercial Mortgage Backed Securities) trading positions;
- its exposure to counterparty risk on monoline insurers.

2.1. SUPER SENIOR AND SENIOR CDO TRANCHES OF UNHEDGED CDOs EXPOSED TO THE US RESIDENTIAL MORTGAGE SECTOR

In the absence of observable transactions, the valuation of unhedged super senior and senior tranches of CDOs exposed to the US residential mortgage market was carried out using data that is largely unobservable data or not quoted in an active market.

Whenever observable data becomes available, the model's results are compared and adjusted so as to converge with the data. Societe Generale Group's approach focuses on the valuation of individual mortgage pools 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 credit stress scenario, as opposed to a marked-to-market approach.

Four key variables are used to value mortgage pools: probability of default, loss in the event of default, pre-payment speed and default horizon.

As a reminder, additional discounts were applied so as to reflect the illiquidity of the relevant tranches. This liquidity add-on is defined as the additional loss caused by a 10% increase in cumulative loss assumptions in the credit scenario (e.g. from 15% to 16.5% on 2005 RMBS). For 2006 and 2007 subprime loans, an additional add-on resulting from an alignment with the ABX index is applied.

Gross exposure to super senior and senior US RMBS CDO tranches carried at fair value on the balance sheet increased from EUR 1.6 billion as at December 31, 2009 to EUR 3.9 billion as at December 31, 2010 as a result of the inclusion of six RMBS CDOs following the commutation of protection acquired from a monoline insurer. Concerning this position, write-downs recorded in 2010 amounts to EUR 0.1 billion and negatively affects bonds and other debt instruments at fair value through profit or loss booked as assets on the consolidated balance sheet. Net exposure to US RMBS CDO tranches as at December 31, 2010 equals EUR 1.7 billion.

CUMULATIVE LOSSES RATES (*) ON SUBPRIME ASSETS (CALCULATED ON THE ORIGINAL AMOUNT)

	2004	2005	2006	2007
Assumptions for cumulative end-09 losses	6.1%	16.5%	39.6%	49.5%
Assumptions for cumulative end-10 losses	6.1%	16.5%	39.6%	49.5%

Impact of change in cumulative losses			In M EUR
+10% cumulative losses for each year of production	⇒	⇒	(260)

(*) Including liquidity add-on.

2.2. RMBS (*RESIDENTIAL MORTGAGE BACKED SECURITIES)*

For positions relative to bonds whose underlyings are subprime risks on US residential real estate exposure, it has become difficult to establish individually reliable prices on all securities since the second half of 2007.

The valuation technique was thus based on the use of observable prices on benchmark indices, in particular the ABX index. A duration was determined for the various ABX index and RMBS securities held in the portfolio, including recovery (synthetic positions), and pre-payment scenarios. The implied credit spread of the indices was subsequently determined based on their prices.

Each RMBS bond was valued using the credit spread of its ABX benchmark index (same vintage, same rating). The valuation method included the basis (spread between cash instruments and derivative indices) as well as the liquidity aspect.

Numerous sales of RMBS were undertaken during 2010. As at December 31, 2010, the residual exposure net of hedging on the ABX index booked at fair value on the balance sheet totals EUR 209 million[1].

2.3. CMBS (*COMMERCIAL MORTGAGE BACKED SECURITIES)*

Like RMBS, CMBS are valued using market parameters. Each US CMBS bond was valued using the credit spread of its CMBX benchmark index (same vintage, same rating). The valuation method included the basis (spread between cash instruments and derivative indices) as well as the liquidity aspect.

The CMBS portfolio has been largely hedged through the acquisition of protection on CMBX indices. As at December 31, 2010, the net residual exposure booked at fair value on the balance sheet totals EUR 262 million[1].

2.4. EXPOSURE TO COUNTERPARTY RISK ON MONOLINES

The exposure to counterparty risk on monoline insurers is included under *Financial assets at fair value through profit or loss*. Indeed, 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 counterparty risk on these players.

The tightening of credit spreads as well as commutation and termination of protection purchased from monolines and the disposal in 2010 of some assets hedged by monolines resulted in a decrease in the fair value of the protection purchased from these monolines.

Consequently, the estimate of the amounts that may be due to the Societe Generale Group from monoline guarantees decreased from EUR 3.9 billion as at December 31, 2009 to EUR 1.8 billion as at December 31, 2010.

Taking into account the combined effects of the changes in protection positions and the purchase of additional CDS (Credit Default Swaps) on monoline insurers, the hedging (CDS and reserves) of gross exposure remains stable at 77% as at December 31, 2010 compared to December 31, 2009.

In 2010, the value adjustments calculated for credit risk on monolines decreased by EUR 1.4 billion for a total of EUR 0.8 billion. This adjustment is calculated based on the application of severe 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.

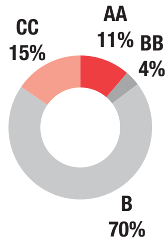
The Group's exposure to counterparty risk on monoline insurers can be broken down into three parts:

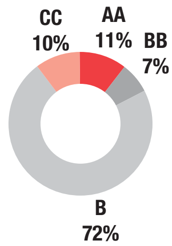
- exposure linked to CDO tranches of RMBS, for which our methodology and the parameters applied are the same as for unhedged CDOs;
- exposure linked to non RMBS CDOs (excluding US residential mortgage market), corporate credit (CLOs) and infrastructure finance, for which we apply a mark-to-stress methodology (maximum historical cumulative loss over five years for each asset class) and a liquidity adjustment derived from the marked-to-market;
- exposure linked to other secured financial instruments measured at marked-to-market.

(1) Excluding Exotic credit derivative portfolio.

EXPOSURE TO COUNTERPARTY RISK ON MONOLINES (IMMEDIATE DEFAULT SCENARIO FOR ALL SOCIETE GENERALE GROUP'S MONOLINE INSURER COUNTERPARTIES)

(In billions of euros)	Dec 31, 2009	Dec 31, 2010
Fair value of protection before value adjustments	3.9	1.8
Nominal amount of hedges purchased (*)	(0.7)	(0.6)
Fair value of protection net of hedges and before value adjustments	3.2	1.3
Value adjustments for credit risk on monolines (booked under protection)	(2.3)	(0.8)
Residual exposure to counterparty risk on monolines	0.9	0.4
Total fair value hedging rate	*77%*	*77%*





(*) *The nominal amount of hedges purchased from bank counterparties had a EUR +108 million Marked-to-Market impact at December 31, 2010, which has been neutralised since 2008 in the income statement.*

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

AA: Assured Guaranty

BB: Radian, Syncora Capital Assurance

B: MBIA

CC: Ambac, CIFG

3. Sensitivity of fair value

Unobservable parameters are assessed carefully and conservatively, particularly in a context of high volatility in financial instruments and an uncertain economic environment. 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, 2010 was estimated on instruments whose valuation is based on unobservable parameters. This estimate was made:

- either by using a fixed 10% variation: this involves the Cumloss used to model the super senior and senior CDO tranches of US RMBS and the non-RMBS CDOs (Cumloss is the estimated loss rate for a given vintage of the underlying assets); for a 10% rise (e.g. from 25% to 27.5%), the valuation would decrease by EUR 360 million, and, for a 10% drop, the valuation would increase by EUR 359 million[1].
- or by using a standardised[2] variation of unobservable parameters, calculated on net positions.

Sensitivity to a standardised variation in unobservable parameters – absolute value in millions of euros

Shares, other equity instruments and derivatives	
Equity instrument volatility	20
Dividends	6
Correlation	13
Mutual Fund volatility	21
Hedge Fund volatility	54
Bonds, other debt instruments and derivatives	
Correlations between exchange rates	10
Correlations between exchange and interest rates	5
Time to default correlation (CDO)	42
Correlation between exchange rates and time to default CDO)	2
Unobservable credit spreads (CDO)	4
Others	
Commodities correlations	7

(1) The exposures taken into account in this calculation include:
- *the possible hedges on the bonds considered (CDS),*
- *where applicable, the provisions made on monoline 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.*

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.

The risks associated with Societe Generale's banking activities are the following:

- **Credit risk** (including country risk): risk of losses arising from the inability of the Group's customers, sovereign issuers or other counterparties to meet their financial commitments. Credit risk includes the counterparty risk linked to market transactions, 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 loss resulting from changes in the price of market products, volatility and correlations across risks. These changes include, but are not limited to, changes in foreign exchange rates, bond prices and interest rates, securities and commodities prices, derivatives prices and prices of all other assets such as real estate.
- **Liquidity risk:** risk of not being able to meet the Group's requirements for cash or collateral as they arise.
- **Structural interest and exchange rates risk:** risk of loss or of depreciation in the Group's assets arising from variations in interest or exchange rates.

1. Organisation, procedures and methods

1.1. RISK MANAGEMENT STRATEGY

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

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

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

- the relative risk/reward of the Group's various 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

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

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

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

- independence of risk assessment departments from the operating divisions;
- risk monitoring as well as a consistent approach to risk assessment to be applied throughout the Group.

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

Group risk management is governed by two main bodies: the Board of Directors, via the Audit, Internal Control and Risk Committee, and the Risk Committee. The Group's Functional 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 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, controls the global risk exposure of its activities 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).

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 existing procedures, laws and regulations. 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

Chaired by the General Management, the Risk Committee (CORISQ) meets at least once a month to discuss the major trends in terms of risk of the Group. Generally, the Committee, upon proposal of the Risk Division, takes the main decisions pertaining to, on the one hand, the architecture and the implementation of the risk monitoring system of the Group, and on the other, the framework of each type of risk (credit risk, country risk, market and operational risks).

The Group also has a Large Exposures Committee, which focuses on reviewing large individual exposures.

Risk Division

The Risk division's primary role is to put in place a risk management system and to contribute to the business development and the Group's 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 initiate.

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 of these risks, including transverse, and regularly reports on their nature and their magnitude to the General management, the Board of directors and the banking supervisory authorities;
- contributing to the definition of risk policy, 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 is responsible for submitting all new products, businesses or activities to the New Product procedures. The New Product procedures, which are jointly managed with the Risk Division, 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 and, accordingly, that future developments will be carried out with maximum efficiency and control;
- 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, 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

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

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

The Finance Policy Committee is chaired by the General Management and validates the system used to analyse and measure 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 COFI in defining the Group's overall risk appetite and setting risk limits.

2. Credit risk

2.1. RISK MANAGEMENT GENERAL PRINCIPLES

2.1.1. Risk approval and limits

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 is adequate to cover the risk of loss in case of default. Risk approval forms part of the Group's risk management strategy in line with its risk appetite.

The risk approval process is based on four core principles:

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

The Risk Division submits recommendations to the CORISQ on the 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.

2.1.2. Counterparty risk management

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

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

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 trading 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, expressed 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: a system of obligor rating models as 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.

(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.

In both cases a set of procedures fixes the rules for the use of ratings (scope, frequency of rating revision, 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 thus enable a quantitative assessment of credit risks based on the probability of default of the counterparty and the loss given default. These factors are factored into loan applications and the calculation of the risk-adjusted return on capital. They are used as a tool for structuring, pricing and approving transactions. As such, obligor ratings are one of the criteria for determining the decision-making approval limits granted to operational staff and the risk function.

The set of Group risk models is developed and validated on the basis of the longest available internal data histories, bearing in mind the estimates must be representative (in terms both of the portfolios concerned and the effects of the economic environment on the period in question) and conservative. As a result, the Group's estimators 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 AIRBA-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.

2.3. CREDIT RISK EXPOSURE

The table below outlines the maximum credit risk exposure of the Group's financial assets, net of depreciation and before any bilateral netting agreement and collateral (notably any cash, financial or non-financial assets received as collateral and any guarantees received from corporates), including revaluation differences on items hedged or listed at fair value on the balance sheet.

(In millions of euros)	**December 31, 2010**	**December 31, 2009**
Financial assets measured at fair value through profit and loss (excluding variable income securities)	358,021	310,198
Hedging derivatives	8,162	5,561
Available-for-sale financial assets (excluding variable income securities)	91,820	78,668
Due from banks	70,268	67,655
Customers loans	371,898	344,543
Lease financing and similar agreements	29,115	28,856
Held-to-maturity financial assets	1,882	2,122
Exposure to balance sheet commitments, net of depreciation	**931,166**	**837,603**
Loans commitments granted	172,542	145,557
Guarantee commitments granted	62,278	62,460
Provisions for commitments granted and endorsements	(226)	(200)
Exposure to off balance sheet commitments, net of depreciation	**234,594**	**207,817**
Total net exposure (*)	**1,165,760**	**1,045,420**

(*) The unused portion of the loans is held in its entirety.

2.4. MANAGEMENT OF THE CREDIT PORTFOLIO

- **Credit derivatives**

The Group uses credit derivatives in the management of its corporate loan portfolio. They serve primarily to reduce individual, sector and geographic concentration and also to implement proactive risk and capital management. The Group's over concentration management policy has led it to take major individual hedging positions: for example, the ten most-hedged names account for 49% of the total amount of individual protection purchased.

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

The total portfolio of protection purchases via credit derivatives (Credit Default Swap, CDS) decreased from EUR 13.0 billion to EUR 7.7 billion as at December 31, 2010, essentially due to the unwinding of certain positions and to the sale of CDS protections on investment grade counterparties with which the Group has no concentration.

The aim was to reduce the volatility of the result of the CPM (Credit Portfolio Management) portfolio, credit derivatives being priced at market value.

CDS spreads of issuances by European Investment Grade names (Itraxx index) widened in 2010 due to the sovereign debt crisis but remained fairly stable in the other regions.

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

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.

2.5. GUARANTEES, COLLATERAL AND CREDIT INSURANCE

- **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 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.

Besides, Societe Generale Group has strengthened the guarantees and collaterals process and 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, guarantees (including CDS).

- **Master netting agreements**

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

- **Credit insurance**

As well as turning to Export-credit agencies (for example Coface and Exim) and multilaterals, Societe Generale has been developing relationships with private insurers over the last few years in order to hedge part of the financing of the Corporate and Investment Banking Division against non payment risks.

This activity, Trade credit and political risks insurance, benefits from a risk framework and monitoring system validated by the Group's General Management. It is founded on strict criteria of minimum eligibility for each insurer, and on a global limit of the activity complemented by sub-limits by maturity as well as individual limits in order to reduce the concentration by counterparty.

The implementation of such a policy contributes to the sound reduction of risks.

2.6. CREDIT PORTFOLIO ANALYSIS

2.6.1. Breakdown of on-balance-sheet credit portfolio.

Outstanding loans in the on-balance-sheet credit portfolio before impairement (debt instruments, customer loans, due from banks, lease financing and similar agreements) can be broken as follows:

	December 31, 2010				December 31, 2009			
(Gross outstanding in billion of euros)	Debt instruments (1)	Customer loans (2)	Due from banks	Total	Debt instruments (1)	Customer loans (2)	Due from banks	Total
Outstanding performing assets	92.01	376.16	42.14	510.31	79.29	354.6	40.82	474.72
of which including past due amount		*7.11*	*0.01*	*7.12*		*6.87*	*0.01*	*6.88*
Impaired	0.88	26.41	0.33	27.62	0.70	23.73	0.38	24.81
Total gross outstanding loans	**92.89**	**402.57**	**42.47**	**537.93**	**79.99**	**378.33**	**41.21**	**499.53**
Other (impairment, repos)	0.82	(1.56)	27.8	27.06	0.80	(4.93)	26.44	22.31
Total	**93.71**	**401.01**	**70.27**	**564.99**	**80.79**	**373.40**	**67.65**	**521.84**

(1) Available-for-sale and held-to-maturity assets.
(2) Including Lease Financing and similar agreements.

Performing loans including past due amounts account for 1.7% of unimpaired on-balance sheet assets and include loans that are past due for technical reasons. The amount is stable compared to December 31, 2009 (1.7% of outstanding performing loans).

2.6.2. Information on risk concentration [1]

Societe Generale Group proactively manages its risk concentrations, both at the individual and portfolio levels (geographic or industry concentration).

The individual concentration is a parameter managed when at the time of granting of the loan. The counterparts representing the most important exposures of the bank are regularly reviewed by the General Management.

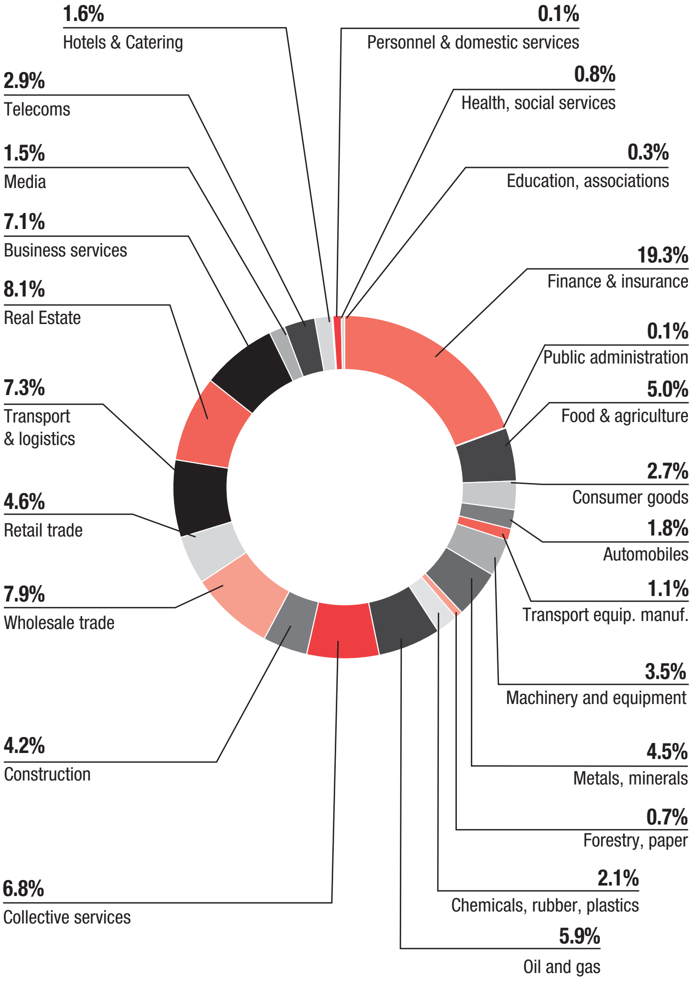
Portfolio analysis, globally and also in terms of geographic regions and industry sectors, are performed and are periodically presented to the General Management.

At December 31, 2010, outstanding loans (on-balance sheet and off-balance sheet, excluding fixed assets, equity investments and accruals) granted by the Societe Generale Group to all of its clients represented an Exposure at Default (EAD) of EUR 709 billion (including EUR 527 billion in outstanding balance sheet loans).

(1) The measurement used for outstanding loans in this section is EAD (on-balance sheet and off-balance sheet), excluding fixed assets, equity investments, accruals and doubtful loans).

The Group's commitments for its ten largest corporate counterparties account for 5% of this portfolio.

SECTOR BREAKDOWN OF GROUP CORPORATE OUTSTANDING LOANS AT DECEMBER 31, 2010 (BASEL CORPORATE PORTFOLIO, EUR 300 BILLION IN EAD) (*)



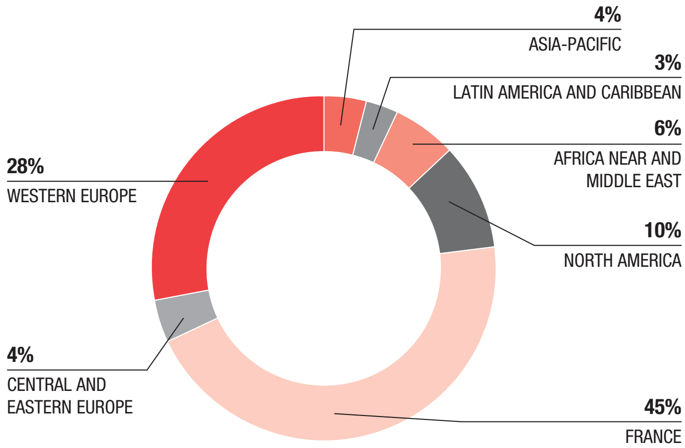
(*) On-balance sheet and off-balance sheet EAD, excluding fixed assets, accruals and equity investments.

The Group's Corporate loan portfolio (Large Corporates, SMEs and Specialised Financing) is highly diversified in terms of sectors.

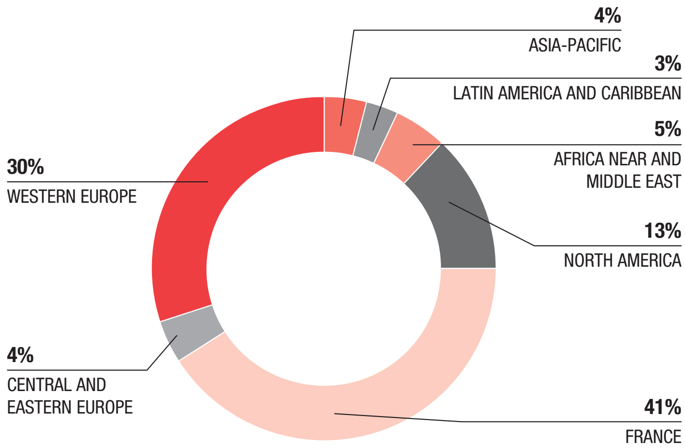
At December 31, 2010, the Corporate portfolio amounted to EUR 300 billion (on and off-balance sheet outstandings measured in EAD). Only the Finance and Insurance sector accounts for more than 10% of the portfolio.

GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK OUTSTANDING AT DECEMBER 31, 2010 (ALL CLIENTS INCLUDED)

BALANCE SHEET COMMITMENTS (EUR 527 BILLION IN EAD):



ON-BALANCE SHEET AND OFF-BALANCE SHEET COMMITMENTS (EUR 709 BILLION IN EAD):



At December 31, 2010, 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 loans was to French customers (24% to non-retail customers and 18% to individual customers).

2.6.3. Breakdown of unimpaired past due loans

As at December 31, 2010. unimpaired past due loans accounted for 1.7% of the on-balance sheet portfolio of performing loans, against 1.7% at December 31, 2009.

	December 31, 2010			December 31, 2009		
(Gross outstanding loans in billions of euros)	Customers	Banks	% of Gross outstanding loans	Customers	Banks	% of Gross outstanding loans
Past due amounts less than 90 days old	6.56	0.01	92.3%	6.36	0.01	92.6%
Included less than 29 days old	*3.84*	-	*54.0%*	*3.91*	-	*57.0%*
Past due amounts between 90 and 179 days old	0.31	-	4.4%	0.38	-	5.5%
Past due amounts over 180 days old	0.23	-	3.2%	0.13	-	1.9%
TOTAL	**7.10**	**0.01**		**6.87**	**0.01**	

The amounts presented in the table above include past due loans for technical reasons, which primarily affect the category “less than 29 days old”. Loans past due for technical reasons are loans that are classified as pas due on account of a delay between the accounting in the customer account and the payment value date.

Total unimpaired past due loans declared are all receivables (outstanding balance, interests and past due amount) with at least one recognised past due amount, regardless of its size (an outstanding debt with a past due of one euro would thus be included). These outstanding loans are monitored as soon as the first payment is missed and can be placed on a watch list at that time as of then.

Once an installment 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).

2.6.4. Renegotiated outstanding loans

Within Societe Generale Group, renegotiated outstanding loans relate to loans made to any type of customer (retail clients and legal entities). These loans have been restructured (in terms of principal and/or interest rates and/or maturities) on the grounds of the likelikhood of the counterparty being unable to pay.

These amounts do not include any renegotiation of commercial terms pertaining to adjustments of conditions on interest rates and/or repayment periods granted by the Bank for the purpose of maintaining the quality of the Bank’s relationship with a client.

Societe Generale Group’s banking practices call for most clients whose loans have been renegotiated to be maintained in the “unperforming” category, as long as the bank remains uncertain of their ability to meet their future commitments (definition of default under Basel 2). The renegotiated outstanding loans during the year 2010 amount to EUR 1.4 billion (EUR 0.2 billion in 2009).

The increase is primarily due to the renegotiation of certain substantial Corporate loans (5 loans account for 80% of the renegotiated outstanding loans in 2010).

2.6.5. Fair value of guarantees and collateral for impaired outstanding loans and non-doubtful outstanding loans with past due installments

Guarantees and collateral relating to past due, unimpaired outstanding loans and impaired outstanding loans can be broken down as follows:

	December 31, 2010		December 31, 2009	
(In millions of euros)	Retail	Non-retail	Retail	Non-retail
Guarantees and collaterals related to past due, unimpaired outstanding loans	1,533	856	1,249	557
Guarantees and collaterals related to impaired outstanding loans	2,119	1,946	1,740	1,688

The amounts of the guarantees and collaterals presented in the table above correspond to the amounts of the Basel 2 eligible guarantees and collaterals, limited to the amounts remaining due. Some guarantees and collaterals, among which personal guarantees provided by a business owner and pledge over unlisted securities, for instance, are not included in these amounts.

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

2.7. IMPAIRMENT ANALYSIS

2.7.1. Individual provisions for credit risk

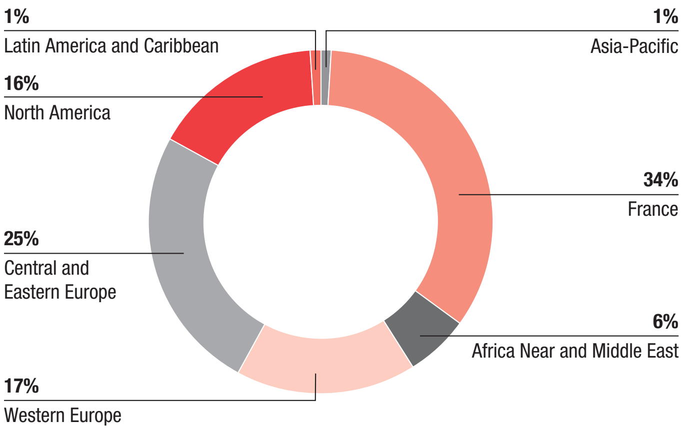
Decisions to book individual provisions on certain counterparties are taken where there is objective evidence of default. The amount of depreciation depends on the probability of recovering the sums due. The expected cash flows are based on the financial position of the counterparty, its economic prospects and the guarantees called up or which may be called up.

A counterparty is deemed to be in default when at least one of the three following conditions is verified:

- a significant financial degradation of the borrower prevents it from fulfilling 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.

As at December 31, 2010, impaired outstanding assets amount to EUR 26.7 billion (EUR 24.2 billion as at December 31, 2009), including EUR 3.6 billion on legacy assets within the Corporate and Investment Banking Division. They can be broken down as follows:



As at December 31, 2009, the impaired outstanding loans can be broken down as follows: 37% France, 20% Central and Eastern Europe, 17% Western Europe, 17% North America, 6% Africa, Near and Middle East, 2% Asia Pacific and 1% Latin America and Caribbean.

As at December 31, 2010, these loans were provisioned for an amount of EUR 14.2 billion, including EUR 1.7 billion for legacy assets.

2.7.2. Depreciation on groups of homogeneous assets

Provisions on groups of homogeneous assets are collective provisions booked:

- for groups of receivables which are homogeneous in terms of sensitivity to risk factors (list of counterparties in financial difficulties, identified as sensitive);
- for portfolio segment 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, 2010, provisions on groups of homogeneous assets amounted to EUR 1.2 billion; it totalled EUR 1.2 billion at December 31, 2009.

2.7.3. Depreciation

Impairment on assets are broken down as follows:

(In millions of euros)	Amount at December 31, 2009	Net allocations to provisions for impairment	Reversal used	Currency and scope effects	Amount at December 31, 2010
Specific impairments (Bank loan + Customer loan + lease financing)	11,648	3,646	(1,547)	453	14,200
Impairments on groups of similar assets	1,181	30	-	33	1,244
Assets available-for-sale and securities held to maturity, fixed income instruments	433	220	-	8	661
Others	206	47	(42)	(17)	194
Total	**13,468**	**3,943**	**(1,589)**	**477**	**16,299**

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.

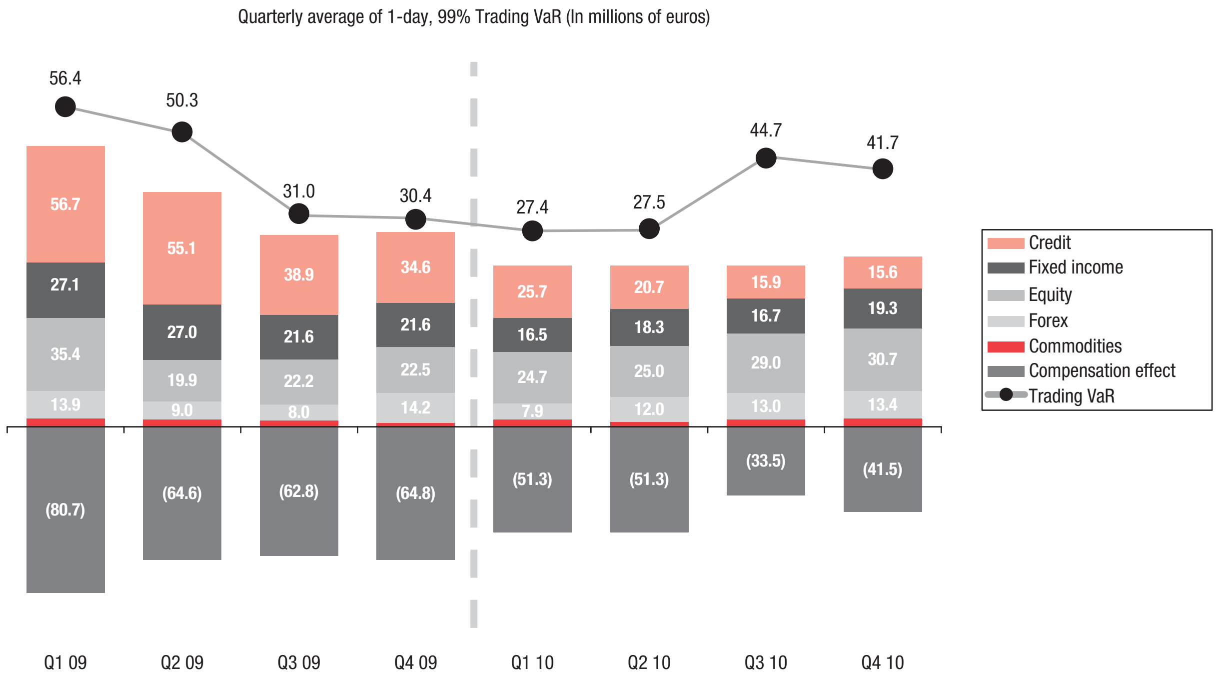
3.2. METHODS FOR MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

The Group's market risk assessment are 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 total 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.

BREAKDOWN OF TRADING VAR BY TYPE OF RISK



3.2.1. Average VaR

The average VaR amounts to EUR 35 million for the year 2010 against a yearly average of EUR 42 million in 2009.

This slight fall in average hides different evolutions: a stability over the first two quarters followed by an increase over the last two.

The increase observed in the third quarter results from a significant drop in compensation between the various types of risks, the positions taken having been less defensive, bearing in mind the normalisation of markets, and hence more sensitive to the scenarios of May, 2010

During the fourth quarter during the struggles of the peripheral European countries, new defensive positions enabled the VaR to be maintained at low levels in spite of the introduction of the implicit dividends risk factor.

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

- the storage in a database of the risk factors that are representative of Societe Generale's positions (i.e. interest rates, share prices, exchange rates, commodity 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. 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.

In the context of regular reviews, a new hypothetical scenario ("GIIPS" (Greece, Ireland, Italy, Portugal and Spain)) has been implemented as of October 25, 2010: for the risk factors that were the most affected by the European sovereign debt crisis in April/May 2010 (government bond spreads, equity spot prices and volatility, etc.), this scenario applies the shocks observed; for the other risk factors (corporate bond spreads, dividends, etc.), it applies the levels of the "Generalised" scenario.

3.2.4. 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.

3.2.5. 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 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.

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 Group level. Entities are first and foremost responsible for managing these risks. The ALM 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 ALM Department, which is part of the Finance Division, is responsible for:
  - identifying the structural risks (interest rate, exchange rate and liquidity risks) of the Group,
  - defining the methods and procedures for analysing, measuring and monitoring risks,
  - validating the models and methods used by the entities,
  - proposing risk limits,
  - consolidating and reporting on structural risks.
- The operating entities are responsible for controlling structural risks.

The operating entities are required to comply with the standards defined at Group level for the management of risk exposure, but also develop their own models, measure their 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 ALM 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 2.5% 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 partly 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 2010, the Group's global sensitivity to interest rate risk remained below 2.5% 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' (Societe Generale and Crédit du Nord) sensitivity to interest rate risk (on the basis of the adopted scenarios) has been kept to a low level. At end-December 2010, the sensitivity of the French retail networks' economic value, based on their euro-denominated assets and liabilities, was EUR -248 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 -153 million on December 31, 2010 (for a 1% parallel and instantaneous rise of the yield curve). These entities account for 83% of the Group's credits outstanding.

(In millions of euros)

Less than one year	Between 1 and 5 years	Over 5 years	**Total sensitivity**
13	(46)	(120)	(153)

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 currencies in which it has significant balance sheet positions (USD, CZK, GBP, JPY, etc.). 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.

For the other currencies, the Group's policy is to reduce its structural foreign exchange positions as much as possible.

• 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 ALM Department monitors structural exchange rate positions and manages the immunisation of the solvency ratio to exchange rate fluctuations.

In 2010, the Group successfully neutralised the sensitivity of its solvency ratio to fluctuations in strong currencies by monitoring the structural positions in these currencies (the sensitivity of the solvency ratio is limited to a 5bp variation in case of a 10% variation in the exchange rate of one of the main 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, 2010 Remaining term *(In millions of euros)*	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Floating cash flow hedged	1,958	401	1,409	621	4,389
Highly probable forecast transactions	29	45	61	76	211
Others (forex,...)	-	66	294	-	360
Total	**1,987**	**512**	**1,764**	**697**	**4,960**

At December 31, 2009 Remaining term *(In millions of euros)*	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Floating cash flow hedged	110	252	576	22	960
Highly probable forecast transactions	3	38	91	145	277
Others (forex,...)	-	-	136	-	136
Total	**113**	**290**	**803**	**167**	**1,373**

- **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. 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 ALM Department manages liquidity for the overall Group, in conjunction with the Treasury Department of the Corporate and Investment Banking Division.

- The Board of Directors, in particular through the Audit, Internal Control and Risk Committee, is regularly informed of liquidity issues.
- The Group Finance Committee, chaired by the General Management and composed of members of the Executive Committee and Finance Department:
  - validates the organisation principles and monitoring of the Group's liquidity risk;
  - examines the reports on liquidity risk provided by the ALM Department;
  - reviews the liquidity crisis scenarios and the limit system;
  - validates the Group's funding programmes.
- The Group's Executive Committee:
  - validates the internal liquidity pricing policy.
- The ALM Department, which is part of the Group Finance Division:
  - defines the standards for liquidity risk management;
  - validates the models used by the entities;
  - 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 scenarios;
  - plans the Group's funding programmes;
  - proposes the internal liquidity pricing policy.

- The Treasury Department of the Corporate and Investment Banking Division is responsible for managing short-term liquidity (less than one year), within the limits defined by the Finance Committee. The liquidity stress scenarios are implemented in collaboration with the ALM Department.
- 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.

5.2. OBJECTIVE OF THE GROUP

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:

- as far as possible, 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 S.A., SG Acceptance NV, SG North America, Societe Generale SCF…);
- management of short-term liquidity in accordance with the regulatory framework, and within the scope of the Group's main treasury departments, with the use of internal stress scenarios.

5.3. MEASUREMENT AND MONITORING OF LIQUIDITY RISK

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 is conducted using reports submitted by the different entities, listing their respective on and off-balance sheet outstandings according to currency of denomination and residual maturity. 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 31.

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).

- an assessment of the Group's funding needs on the basis of budget forecasts in order to plan appropriate funding solutions;
- 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 2010, the Group was able to refinance the roll over of its debt maturing during the year as well as the growth of its businesses, thanks to an active and diversified funding programme on the capital markets (issues of vanilla and structured private placements, senior and subordinate benchmark issues), and thanks to additional deposit inflows.

- monitoring of the risk of the early repayment of its medium- and long-term debt instruments:
  - the 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 analysis of liquidity risk exposure using liquidity crisis scenarios;
- 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 scenarios 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 SGCIB and the Head of the ALM 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.

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 regulatory one-month liquidity ratio is calculated on a monthly basis, and concerns Societe Generale Company (which comprises the head office in mainland France and its branches). In 2010, Societe Generale systematically maintained a ratio above the required regulatory minimum.

5.4. ADAPTATION OF THE LIQUIDITY MONITORING ARCHITECTURE TO COMPLY WITH THE FUTURE BASEL 3 CONSTRAINTS

The Group is working actively on the adaptation of the principles and the modalities of its liquidity management in order to adapt it to the future Basel 3 constraints, as defined in the December, 2010 document published by the Basel Committee. The regulatory liquidity ratios, which will to come into effect on January 01, 2015 for the LCR (Liquidity Coverage Ratio) and on January 01, 2018 for the NSFR (Net Stable Funding Ratio), will become prioritised components of the liquidity monitoring tools of the Group.

The liquidity monitoring architecture will be based on the steering of:

- Regulatory requirements (LCR and NSFR in particular, but also the liquidity ratio, defined by the French regulator);
- Volumes and the structure of the external refinancing on money and bond markets, as well as the refinancing needs of the business lines and the overall entities of the Group;
- Static liquidity gaps in order to monitor the transformation gaps of the business lines and the entities of the Group;
- Liquidity stress tests as defined by the internal scenarios.

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) to ensure external growth and 3) to maintain a clear and consistent policy with respect to its shareholders (principally on matters of dividend pay-outs and share buybacks).

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 (share issues, buybacks). Capital management is monitored through data collected at least every quarter 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 2010, 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".

6.2. QUANTITATIVE DATA

At the end of 2010, the total risk-based capital was EUR 40,506 million.

Prudential capital – Basel 2 *(In millions of euros)*	Dec 31, 2010	Dec 31, 2009
Group shareholders' equity	46,421	42,204
Estimated and forecast dividends	(1,484)	(392)
Non-controlling interests including preferred shares	4,554	4,634
Estimated and forecast dividends related to non-controlling interests	(242)	(250)
Prudential deductions	(10,383)	(9,239)
Tier 1 capital	**38,866**	**36,957**
Basel 2 deductions	(3,503)	(2,264)
Total Tier 1 capital	**35,363**	**34,693**
Tier 2 capital	12,491	12,974
Other deductions	(7,348)	(5,671)
Total risk-based capital	**40,506**	**41,996**

Note 5

Cash, due from central banks

(In millions of euros)	December 31, 2010	December 31, 2009
Cash	2,525	2,476
Due from central banks	11,556	11,918
Total	**14,081**	**14,394**

Note 6

Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss

(In millions of euros)	December 31, 2010 Valuation on the basis of quoted prices in active markets (L1) (*)	December 31, 2010 Valuation using observable inputs other than quoted prices included in L1 (L2) (*)	December 31, 2010 Valuation using mainly inputs that are not based on observable market data (L3) (*)	December 31, 2010 Total	December 31, 2009 Valuation on the basis of quoted prices in active markets (L1) (*)	December 31, 2009 Valuation using observable inputs other than quoted prices included in L1 (L2) (*) (1)	December 31, 2009 Valuation using mainly inputs that are not based on observable market data (L3) (*) (1)	December 31, 2009 Total
Trading portfolio								
Treasury notes and similar securities	46,205	607	-	46,812	38,314	3,721	-	42,035
Bonds and other debt securities [1]	11,856	6,298	8,042	26,196	13,262	11,342	8,494	33,098
Shares and other equity securities [2]	73,577	7,837	24	81,438	62,269	10,795	14	73,078
Other financial assets	1	73,982	249	74,232	2	44,951	35	44,988
Sub-total trading portfolio [1]	**131,639**	**88,724**	**8,315**	**228,678**	**113,847**	**70,809**	**8,543**	**193,199**
o/w securities on loan				*12,114*				*7,804*
Financial assets measured using fair value option through P&L								
Treasury notes and similar securities	21	233	-	254	143	239	-	382
Bonds and other debt securities	6,988	559	22	7,569	5,745	377	17	6,139
Shares and other equity securities [2]	13,610	1,973	118	15,701	15,050	1,726	105	16,881
Other financial assets	-	11,961	240	12,201	90	5,781	466	6,337
Sub-total of financial assets measured using fair value option through P&L	**20,619**	**14,726**	**380**	**35,725**	**21,028**	**8,123**	**588**	**29,739**
o/w securities on loan				-				-
Interest rate instruments	**22**	**105,417**	**1,569**	**107,008**	**32**	**97,579**	**1,537**	**99,148**
Firm instruments								
Swaps				78,459				75,857
FRA				537				479
Options								
Options on organised markets				1				2
OTC options				19,697				15,378
Caps, floors, collars				8,314				7,432
Foreign exchange instruments	**201**	**27,116**	**123**	**27,440**	**210**	**23,159**	**53**	**23,422**
Firm instruments				*21,967*				*19,374*
Options				*5,473*				*4,048*
Equity and index instruments	**416**	**19,697**	**1,249**	**21,362**	**1,019**	**18,671**	**1,638**	**21,328**
Firm instruments				*961*				*1,651*
Options				*20,401*				*19,677*
Commodity instruments	**318**	**10,815**	**366**	**11,499**	**360**	**11,424**	**365**	**12,149**
Firm instruments-Futures				*9,298*				*9,468*
Options				*2,201*				*2,681*
Credit derivatives	**-**	**21,627**	**1,381**	**23,008**	**-**	**16,059**	**4,728**	**20,787**
Other forward financial instruments	**146**	**44**	**250**	**440**	**123**	**24**	**238**	**385**
On organised markets				*130*				*65*
OTC				*310*				*320*
Sub-total trading derivatives	**1,103**	**184,716**	**4,938**	**190,757**	**1,744**	**166,916**	**8,559**	**177,219**
Total financial instruments at fair value through P&L [1]	**153,361**	**288,166**	**13,633**	**455,160**	**136,619**	**245,848**	**17,690**	**400,157**

(1) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

(2) Including UCITS.

(*) See note 3 for valuation level definitions.

Financial liabilities at fair value through profit or loss

(In millions of euros)	December 31, 2010 Valuation on the basis of quoted prices in active markets (L1) [(*)]	Valuation using observable inputs other than quoted prices included in L1 (L2) [(*)]	Valuation using mainly inputs that are not based on observable market data (L3) [(*)]	Total	December 31, 2009 Valuation on the basis of quoted prices in active markets (L1) [(*)]	Valuation using observable inputs other than quoted prices included in L1 (L2) [(*)(3)]	Valuation using mainly inputs that are not based on observable market data (L3) [(*)(3)]	Total
Trading portfolio								
Securitised debt payables [(3)]	-	11,019	16,341	27,360	-	15,407	18,712	34,119
Amounts payable on borrowed securities	576	53,711	33	54,320	64	37,181	11	37,256
Bonds and other debt instruments sold short	5,448	311	-	5,759	4,082	708	-	4,790
Shares and other equity instruments sold short	2,259	92	-	2,351	2,948	37	2	2,987
Other financial liabilities	-	60,830	480	61,310	-	37,022	44	37,066
Sub-total trading portfolio [(3)(4)]	**8,283**	**125,963**	**16,854**	**151,100**	**7,094**	**90,355**	**18,769**	**116,218**
Interest rate instruments [(3)]	**7**	**105,186**	**2,076**	**107,269**	**25**	**95,228**	**2,818**	**98,071**
Firm instruments								
Swaps				78,035				74,002
FRA				548				473
Options								
Options on organised markets				23				35
OTC options				19,008				15,020
Caps, floors, collars				9,655				8,541
Foreign exchange instruments	**187**	**27,423**	**134**	**27,744**	**215**	**22,095**	**16**	**22,326**
Firm instruments				*22,449*				*18,425*
Options				*5,295*				*3,901*
Equity and index instruments	**157**	**24,090**	**1,172**	**25,419**	**936**	**22,731**	**1,775**	**25,442**
Firm instruments				*1,402*				*2,009*
Options				*24,017*				*23,433*
Commodity instruments [(3)]	**391**	**11,087**	**449**	**11,927**	**570**	**10,933**	**654**	**12,157**
Firm instruments-Futures				*9,757*				*9,516*
Options				*2,170*				*2,641*
Credit derivatives [(3)]	**-**	**19,602**	**1,346**	**20,948**	**-**	**15,579**	**1,469**	**17,048**
Other forward financial instruments	**99**	**1,781**	**1**	**1,881**	**55**	**1,505**	**1**	**1,561**
On organised markets				*101*				*20*
OTC				*1,780*				*1,541*
Sub-total trading derivatives [(3)]	**841**	**189,169**	**5,178**	**195,188**	**1,801**	**168,071**	**6,733**	**176,605**
Sub-total of financial liabilities measured using fair value option through P&L [(3)(4)(5)]	**460**	**11,491**	**724**	**12,675**	**789**	**7,953**	**1,188**	**9,930**
Total financial instruments at fair value through P&L [(3)]	**9,584**	**326,623**	**22,756**	**358,963**	**9,684**	**266,379**	**26,690**	**302,753**

(*) See note 3 for valuation level definitions.

(3) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

Financial liabilities measured using fair value option through profit or loss

(In millions of euros)	December 31, 2010 Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	December 31, 2009 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)]	**12,676**	**13,674**	**(998)**	**9,930**	**10,628**	**(698)**

(4) The variation in fair value attributable to the Group's own credit generated an expense of EUR 427 million as at December 31, 2010. The valuation differences attributable to the Group's issuer credit risk are determined using valuation models based on market data, including the curve of the Societe Generale Credit Default Swap (CDS) and taking account of 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(*))

(In millions of euros)	Trading portfolio			Financial assets measured using fair value option through profit or loss			Trading derivatives						Total financial instruments at fair value through P&L (6)
	Bonds and other debts securities (6)	Shares and other equity securities	Other financial assets	Bonds and other debts 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	
Balance at January 1, 2010 (6)	**8,494**	**14**	**35**	**17**	**105**	**466**	**1,537**	**53**	**1,638**	**365**	**4,728**	**238**	**17,690**
Acquisitions	1,043	35	-	5	15	9	383	48	90	46	455	-	2,129
Disposals/redemptions	(1,940)	(26)	-	-	-	(3)	(183)	(1)	(201)	(165)	(1,090)	-	(3,609)
Transfer to Level 2 (*)	(325)	-	-	-	-	(368)	(113)	(2)	(152)	-	(1,285)	-	(2,245)
Transfer from Level 2 (*)	68	-	-	-	-	106	34	10	-	2	277	-	497
Gains and losses on changes in fair value (7)	131	1	211	-	(2)	30	(193)	(14)	(139)	316	(1,754)	(12)	(1,425)
Translation differences	415	-	3	-	-	-	6	10	62	10	111	24	641
Change in scope and others	156	-	-	-	-	-	98	19	(49)	(208)	(61)	-	(45)
Balance at December 31, 2010	**8,042**	**24**	**249**	**22**	**118**	**240**	**1,569**	**123**	**1,249**	**366**	**1,381**	**250**	**13,633**

Variation in financial liabilities at fair value through profit or loss whose valuation is not based on observable market data (Level 3(*))

(In millions of euros)	Trading portfolio				Trading derivatives						Financial liabilities measured using fair value option through P&L (6)	Total financial instruments at fair value through P&L (6)
	Securitised debt payables (6)	Amounts payable on borrowed securities	Shares and other equity instruments sold short	Other financial liabilities	Interest rate instruments (6)	Foreign exchange instruments	Equity and index instruments	Commodity instruments (6)	Credit derivatives (6)	Other forward financial instruments		
Balance at January 1, 2010 (6)	**18,712**	**11**	**2**	**44**	**2,818**	**16**	**1,775**	**654**	**1,469**	**1**	**1,188**	**26,690**
Issue	3,559	-	2	-	-	-	-	-	-	-	-	3,561
Acquisitions/disposals	(993)	-	(1)	428	219	1	37	(77)	428	-	(20)	22
Redemptions	(2,744)	(7)	-	-	-	-	-	-	(175)	-	(308)	(3,234)
Transfer to Level 2 (*)	(1,437)	(3)	-	(3)	(947)	(2)	(219)	(36)	(9)	-	(64)	(2,720)
Transfer from Level 2 (*)	44	-	-	9	268	39	1	7	-	-	-	368
Gains and losses on changes in fair value (7)	(857)	33	-	2	(238)	35	(480)	(90)	(471)	-	(31)	(2,097)
Translation differences	(3)	(1)	-	-	(44)	2	56	19	104	-	(41)	92
Change in scope and others	60	-	(3)	-	-	43	2	(28)	-	-	-	74
Balance at December 31, 2010	**16,341**	**33**	**-**	**480**	**2,076**	**134**	**1,172**	**449**	**1,346**	**1**	**724**	**22,756**

(6) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

(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.

(*) See note 3 for valuation level definitions.

Note 7

Hedging derivatives

	December 31, 2010		December 31, 2009	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
FAIR VALUE HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	7,408	8,623	4,794	6,641
Forward Rate Agreements (FRA)	-	-	-	-
Options				
Options on organised markets	-	-	-	73
OTC options	42	-	172	-
Caps, floors, collars	111	-	1	-
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	203	36	145	19
Forward foreign exchange contracts	-	1	13	13
Equity and index instruments				
Equity and stock index options	*5*	*3*	*23*	*6*
CASH FLOW HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	318	333	284	408
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	16	209	31	125
Forward foreign exchange contracts	2	50	-	56
Other forward financial instruments				
On organised markets	*57*	*12*	*98*	*7*
Total	**8,162**	**9,267**	**5,561**	**7,348**

Note 8

Available-for-sale financial assets

(In millions of euros)	December 31, 2010 Valuation on the basis of quoted prices in active markets (L1) (*)	Valuation using observable inputs other than quoted prices included in L1 (L2) (*)	Valuation using mainly inputs that are not based on observable market data (L3) (*)	Total	December 31, 2009 Valuation on the basis of quoted prices in active markets (L1) (*)	Valuation using observable inputs other than quoted prices included in L1 (L2) (*)	Valuation using mainly inputs that are not based on observable market data (L3) (*)	Total
Current assets								
Treasury notes and similar securities	22,115	2,144	-	**24,259**	14,330	1,620	-	**15,950**
o/w related receivables				*401*				*242*
o/w provisions for impairment				*(24)*				*(27)*
Bonds and other debt securities	54,713	12,292	556	**67,561**	46,462	15,509	747	**62,718**
o/w related receivables				*1,037*				*957*
o/w provisions for impairment				*(632)*				*(403)*
Shares and other equity securities (1)	7,171	589	264	**8,024**	6,949	620	268	**7,837**
o/w related receivables				*2*				*2*
o/w impairment losses				*(2,193)*				*(2,103)*
Sub-total current assets	**83,999**	**15,025**	**820**	**99,844**	**67,741**	**17,749**	**1,015**	**86,505**
Long-term equity investments	1,040	611	2,341	**3,992**	1,665	171	2,092	**3,928**
o/w related receivables				*13*				*5*
o/w impairment losses				*(726)*				*(799)*
Total available-for-sale financial assets	**85,039**	**15,636**	**3,161**	**103,836**	**69,406**	**17,920**	**3,107**	**90,433**
o/w securities on loan				*114*				*202*

(*) See note 3 for valuation level definitions.

(1) Including UCITS.

Changes in available-for-sale financial assets

(In millions of euros)	December 31, 2010	December 31, 2009
Balance at January 1, 2010	**90,433**	**81,723**
Acquisitions	95,492	105,714
Disposals/redemptions (*)	(83,030)	(100,724)
Reclassifications and changes	327	446
Gains and losses on changes in fair value recognised directly in equity (**)	(1,005)	5,175
Change in impairment on fixed income securities	(225)	(238)
O/w: increase	*(260)*	*(433)*
write-backs	*43*	*264*
others	*(8)*	*(69)*
Impairment losses on variable income securities	(218)	(1,802)
Change in related receivables	249	117
Translation differences	1,813	22
Balance at December 31, 2010	**103,836**	**90,433**

(*) Disposals are valued according to the weighted average cost method.

(**) The difference with "Revaluation of available-for-sale assets of the period" in note 28 mainly results from the variation in Insurance Companies-Deferred profit-sharing.

Variation of Available-for-sale assets whose valuation method is not based on observable market data (Level 3*)

(In millions of euros)	Bonds and other debt securities	Shares and other equity securities	Long-term equity investments	Total
Balance at January 1, 2010	**747**	**268**	**2,092**	**3,107**
Acquisitions	134	3	234	371
Disposals/redemptions	(44)	(11)	(228)	(283)
Transfer to Level 2 (*)	(152)	-	-	(152)
Transfer from Level 2 (*)	-	-	30	30
Gains and losses recognised directly in equity	24	2	10	36
Changes in impairment on fixed income securities recognised in P&L	(79)	-	-	(79)
O/w: increase	*(80)*	-	-	*(80)*
write-backs	*1*	-	-	*1*
Impairment losses on variable securities recognised in P&L	-	-	(36)	(36)
Changes in related receivables	1	-	9	10
Translation differences	-	2	66	68
Change in scope and others	(75)	-	164	89
Balance at December 31, 2010	**556**	**264**	**2,341**	**3,161**

(*) See note 3 for valuation level definitions.

Note 9

Due from banks

(In millions of euros)	December 31, 2010	December 31, 2009
Deposits and loans		
Demand and overnights		
Current accounts	15,320	15,144
Overnight deposits and loans and others	4,402	4,636
Loans secured by overnight notes	4	6
Term		
Term deposits and loans (1)	21,635	20,127
Subordinated and participating loans	570	707
Loans secured by notes and securities	324	453
Related receivables	213	142
Gross amount	**42,468**	**41,215**
Depreciation		
Depreciation for individually impaired loans	(141)	(178)
Depreciation for groups of homogenous receivables	(10)	(29)
Revaluation of hedged items	74	63
Net amount (2)	**42,391**	**41,071**
Securities purchased under resale agreements	27,877	26,584
Total	**70,268**	**67,655**
Fair value of amounts due from banks	**70,372**	**67,564**

(1) As at December 31, 2010, the amount of receivables with incurred credit risk was EUR 327 million compared with EUR 378 million as at December 31, 2009.

(2) The entities acquired in 2010 had a total impact of EUR 242 million on amounts due from banks.

Note 10

Customer loans

(In millions of euros)	December 31, 2010	December 31, 2009
Customer loans		
Trade notes	9,156	9,504
Other customer loans [(1) (2)]		
Short-term loans	106,925	99,437
Export loans	10,642	8,537
Equipment loans	62,815	61,614
Housing loans	99,305	89,204
Other loans	67,723	63,951
Sub-total	**347,410**	**322,743**
Overdrafts	14,901	15,342
Related receivables	1,417	1,382
Gross amount	**372,884**	**348,971**
Depreciation		
Depreciation for individually impaired loans	(13,496)	(10,977)
Depreciation for groups of homogeneous receivables	(1,227)	(1,145)
Revaluation of hedged items	765	576
Net amount [(3)]	**358,926**	**337,425**
Loans secured by notes and securities	59	175
Securities purchased under resale agreements	12,913	6,943
Total amount of customer loans	**371,898**	**344,543**
Fair value of customer loans	**378,068**	**343,612**

(1) Breakdown of other customer loans by customer type

(In millions of euros)	December 31, 2010	December 31, 2009
Non-financial customers		
Corporate	156,737	144,265
Individual Customers	131,492	120,391
Local authorities	10,385	11,310
Self-employed professionals	10,716	10,578
Governments and central administrations	6,970	6,247
Others	1,927	2,223
Financial customers	29,183	27,729
Total	**347,410**	**322,743**

(2) As at December 31, 2010, the amount of receivables with incurred credit risk was EUR 24,868 million, o/w EUR 3,692 million in reclassified financial assets, compared with EUR 22,431 million as at December 31, 2009, o/w EUR 3,557 million in reclassified financial assets.

(3) Entities acquired in 2010 had a EUR 2,883 million impact on net customer loans.

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 2010.

The amounts of reclassified financial assets and the related consequences are as follows:

New Category *(In millions of euros)*	**Fair value on December 31, 2010 (*)**	**Book value on December 31, 2010 (*)**	**Fair value on December 31, 2009**	**Book value on December 31, 2009**	**Book value on the date of reclassification (October 1, 2008)**
Available-for-sale financial assets	567	568	737	737	969
Due from banks	4,795	4,754	6,467	6,353	6,345
Customer loans	17,415	17,965	15,547	17,512	21,293
Total	**22,777**	**23,287**	**22,751**	**24,602**	**28,607**

	On December 31, 2010
Contribution of financial assets over the period	
recognised in Shareholders' equity	(15)
recognised in Net banking income	972
recognised in Net cost of risk	(565)

	On December 31, 2010	**On December 31, 2009**
Changes in fair value		
that would have been recognised in Shareholders' equity if the financial assets had not been reclassified (**)	(51)	676
that would have been recognised in Net banking income if the financial assets had not been reclassified (**)	1,135	(1,571)

(*) Net reimbursements and disposals that have been received since January 1, 2010: EUR 1,279 million and EUR 1,315 million.

The effective interest rates on December 31, 2010 of reclassified financial assets ranged from 0.87% to 6.18%.

Expected recoverable cash flows on reclassified financial assets are EUR 27,382 million.

(**) Including insurance activity reclassifications whose impact would have been neutralised by deferred profit-sharing for EUR -40 million in shareholders' equity and for EUR 7 million in Net banking income.

Note 12

Lease financing and similar agreements

(In millions of euros)	December 31, 2010	December 31, 2009
Real estate lease financing agreements	7,983	7,518
Non-real estate lease financing agreements	21,632	21,764
Related receivables	70	72
Gross amount (1)	**29,685**	**29,354**
Depreciation for individually impaired loans	(563)	(493)
Depreciation for not individualised risks	(7)	(7)
Revaluation of hedged items	-	2
Net amount	**29,115**	**28,856**
Fair value of receivables on lease financing and similar agreements	**29,333**	**29,122**

(1) As at December 31, 2010, the amount of receivables with incurred credit risk was EUR 1,540 million compared to EUR 1,398 million as at December 31, 2009.

(In millions of euros)	December 31, 2010	December 31, 2009
Gross investments	**32,991**	**32,983**
less than one year	8,261	8,502
1-5 years	17,306	17,484
more than five years	7,424	6,997
Present value of minimum payments receivable	**28,090**	**28,346**
less than one year	7,412	7,390
1-5 years	14,482	14,885
more than five years	6,196	6,071
Unearned financial income	**3,306**	**3,629**
Unguaranteed residual values receivable by the lessor	**1,595**	**1,008**

Note 13

Held-to-maturity financial assets

(In millions of euros)	December 31, 2010	December 31, 2009
Treasury notes and similar securities	**1,614**	**1,738**
Listed	1,579	1,702
Unlisted	-	-
Related receivables	35	36
Bonds and other debt securities	**273**	**387**
Listed	265	344
Unlisted	6	41
Related receivables	2	2
Depreciation	(5)	(3)
Total held-to-maturity financial assets	**1,882**	**2,122**
Fair value of held-to-maturity financial assets	**1,902**	**2,162**

Note 14

Tax assets and liabilities

(In millions of euros)	December 31, 2010	December 31, 2009
Current tax assets	578	553
Deferred tax assets	4,867	4,940
o/w on balance sheet items	*4,632*	*4,723*
o/w on items credited or charged to shareholders' equity for unrealised gains and losses	*235*	*217*
Total	**5,445**	**5,493**

(In millions of euros)	December 31, 2010	December 31, 2009
Current tax liabilities	813	593
Deferred tax liabilities	530	830
o/w on balance sheet items	*500*	*848*
o/w on items credited or charged to shareholders' equity for unrealised gains and losses	*30*	*(18)*
Total	**1,343**	**1,423**

Note 15

Other assets

(In millions of euros)	December 31, 2010	December 31, 2009
Guarantee deposits paid (1)	26,186	20,934
Settlement accounts on securities transactions	2,073	1,973
Prepaid expenses	845	928
Miscellaneous receivables	14,626	13,849
Gross amount	**43,730**	**37,684**
Depreciation	(224)	(246)
Net amount	**43,506**	**37,438**

(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, 2010	December 31, 2009
ASSETS	**64**	**375**
Fixed assets and Goodwills	7	17
Financial assets	51	59
Receivables	1	295
O/w: due from banks	*1*	*38*
customer loans	-	*249*
others	-	*8*
Other assets	5	4
LIABILITIES	**6**	**261**
Allowances	-	3
Debts	-	254
O/w: due to banks	-	*7*
customer deposits	-	*233*
others	-	*14*
Other liabilities	6	4

Note 17

Tangible and intangible fixed assets

(In millions of euros)	Gross book value at December 31, 2009	Acquisitions	Disposals	Changes in consolidation scope and reclassifications [(1)]	Gross value at December 31, 2010	Accumulated depreciation and amortisation of assets at December 31, 2009	Allocations to amortisation in 2010	Impairment of assets 2010	Write-backs from amortisation in 2010	Changes in consolidation scope and reclassifications [(1)]	Net book value at December 31, 2010	Net book value at December 31, 2009
Intangible assets												
Software, EDP development costs	1,528	107	(19)	(122)	1,494	(1,209)	(153)	-	17	197	346	319
Internally generated assets	1,731	13	(3)	(507)	1,234	(1,308)	(183)	-	3	700	446	423
Assets under development	322	218	(2)	(249)	289	-	-	-	-	-	289	322
Others	702	13	(3)	(22)	690	(226)	(38)	(1)	2	16	443	476
Sub-total	**4,283**	**351**	**(27)**	**(900)**	**3,707**	**(2,743)**	**(374)**	**(1)**	**22**	**913**	**1,524**	**1,540**
Operating tangible assets												
Land and buildings	4,273	66	(39)	176	4,476	(1,234)	(130)	-	19	(1)	3,130	3,039
Assets under development	530	522	(12)	(184)	856	-	-	-	-	-	856	530
Lease assets of specialised financing companies	11,529	3,717	(3,132)	74	12,188	(3,581)	(1,964)	7	1,653	(10)	8,293	7,948
Others	5,240	239	(198)	5	5,286	(3,588)	(425)	(9)	123	173	1,560	1,652
Sub-total	**21,572**	**4,544**	**(3,381)**	**71**	**22,806**	**(8,403)**	**(2,519)**	**(2)**	**1,795**	**162**	**13,839**	**13,169**
Investment property												
Land and buildings	565	1	(4)	(2)	560	(128)	(17)	-	2	-	417	437
Assets under development	25	7	-	-	32	-	-	-	-	-	32	25
Sub-total	**590**	**8**	**(4)**	**(2)**	**592**	**(128)**	**(17)**	**-**	**2**	**-**	**449**	**462**
Total tangible and intangible fixed assets	**26,445**	**4,903**	**(3,412)**	**(831)**	**27,105**	**(11,274)**	**(2,910)**	**(3)**	**1,819**	**1,075**	**15,812**	**15,171**

(1) Including translation differences arising from the conversion of financial statements denominated in foreign currencies: gross amount: EUR +262 million, amortisation: EUR -122 million.

Operational leasing

(In millions of euros)	December 31, 2010	December 31, 2009
Breakdown of minimum payments receivable		
due in less than one year	2,031	1,288
due in 1-5 years	3,957	3,810
due in more than five years	22	16
Total minimum future payments receivable	**6,010**	**5,114**

Note 18

Goodwill by business unit

(In millions of euros)	French Networks	International Retail Banking	Specialised Financial Services and Insurance	Corporate and Investment Banking	Private Banking, Global Investment Management and Services			Group Total
					Asset Management	Private Banking	SGSS, Brokers	
Gross value at December 31, 2009	**291 (*)**	**3,438**	**1,372**	**101 (*)**	**443 (*)**	**314**	**967 (*)**	**6,926**
Acquisitions and other increases (see note 2)	513	-	9	-	162	-	-	684
Disposals and other decreases	-	-	(50)	(1)	-	-	-	(51)
Translation differences	1	114	51	4	41	41	7	259
Gross value at December 31, 2010	**805**	**3,552**	**1,382**	**104**	**646**	**355**	**974**	**7,818**
Impairment of goodwill at December 31, 2009	-	(264)	(42)	-	-	-	-	(306)
Impairment losses	-	(65) (**)	-	-	-	-	-	(65)
Translation differences and other changes	-	(15)	(1)	-	-	-	-	(16)
Impairment of goodwill at December 31, 2010	**-**	**(344)**	**(43)**	**-**	**-**	**-**	**-**	**(387)**
Net goodwill at December 31, 2009	291 (*)	3,174	1,330	101 (*)	443 (*)	314	967 (*)	6,620
Net goodwill at December 31, 2010	**805**	**3,208**	**1,339**	**104**	**646**	**355**	**974**	**7,431**

(*) *Amounts at the start of the period were restated for the following business unit changes:*

- *Boursorama changed from Private Banking, Global Investment Management and Services to French Networks,*
- *Fortune Fund Management changed from Private Banking, Global Investment Management and Services to Corporate and Investment Banking.*

(**) *Due to a deteriorated environment in Greece, the Group decided to impair Geniki's goodwill on the "International Retail Banking–European Union and Pre-European Union" CGU. Moreover, the Group booked, at the acquisition of Geniki, a provision to cover specific risks. As the uncertainties due to these risks factors were cleared up in 2010, the Group decided to write-back this provision. Because it has been constituted at the acquisition, the reversal of provision was presented on the "Impairment losses on goodwill" line of the consolidated income statement. As at December 31, 2010, the net effect on the "Impairment losses on goodwill" line of the consolidated income statement amounted to EUR 1 million.*

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 units used by Management to measure return on investment in a particular activity. The Group divides its activities into 13 cash-generating units, which is consistent with the management of the Group by core business line.

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, 2010, 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 2.9%, which would not generate any CGU impairment loss.

As at December 31, 2010, the Group identified the following cash-generating units (CGU):

(In millions of euros)		December 31, 2010		
CGU	**BUSINESS UNIT**	**Goodwill (gross book value)**	**Impairment losses**	**Goodwill (net book value)**
Crédit du Nord	French Networks	568		568
Societe Generale Network	French Networks	237		237
International Retail Banking – European Union and Pre-European Union	International Retail Banking	1,993	(65)	1,928
Russian Retail Banking	International Retail Banking	1,110	(279)	831
International Other Retail Banking	International Retail Banking	449		449
Insurance Financial Services	Specialised Financial Services and Insurance	10		10
Individual Financial Services	Specialised Financial Services and Insurance	796	(43)	753
Company Financial Services	Specialised Financial Services and Insurance	400		400
Car renting Financial Services	Specialised Financial Services and Insurance	176		176
Corporate and Investment Banking	Corporate and Investment Banking	104		104
Asset Management	Asset Management	646		646
Private Banking	Private Banking	355		355
SGSS, Brokers	SGSS, Brokers	974		974

Note 19

Due to banks

(In millions of euros)	December 31, 2010	December 31, 2009 (*)
Demand and overnight deposits		
Demand deposits and current accounts	7,986	8,846
Overnight deposits and borrowings and others	8,784	9,842
Sub-total	**16,770**	**18,688**
Term deposits		
Term deposits and borrowings	44,564	54,874
Borrowings secured by notes and securities	166	362
Sub-total	**44,730**	**55,236**
Related payables	128	231
Revaluation of hedged items (*)	86	76
Securities sold under repurchase agreements	15,597	15,229
Total (*)	**77,311**	**89,460**
Fair value of amounts due to banks	**77,018**	**89,101**

(*) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

Note 20

Customer deposits

(In millions of euros)	December 31, 2010	December 31, 2009
Regulated savings accounts		
Demand	44,311	39,712
Term	17,984	16,782
Sub-total	**62,295**	**56,494**
Other demand deposits		
Businesses and sole proprietors	50,206	43,509
Individual customers	44,610	38,452
Financial customers	38,509	32,603
Others (1)	16,169	8,609
Sub-total	**149,494**	**123,173**
Other term deposits		
Businesses and sole proprietors	45,610	41,168
Individual customers	19,283	19,197
Financial customers	23,501	24,184
Others (1)	9,098	13,552
Sub-total	**97,492**	**98,101**
Related payables	1,014	1,156
Revaluation of hedged items	102	143
Total customer deposits (2)	**310,397**	**279,067**
Borrowings secured by notes and securities	239	136
Securities sold to customers under repurchase agreements	26,811	20,851
Total	**337,447**	**300,054**
Fair value of customer deposits	**337,694**	**300,617**

(1) Including deposits linked to governments and central administrations.

(2) Entities acquired in 2010 accounted for EUR 3,348 million in customer deposits.

Note 21

Securitised debt payables

(In millions of euros)	December 31, 2010	December 31, 2009 (*)
Term savings certificates	2,139	2,414
Bond borrowings	9,939	8,427
Interbank certificates and negotiable debt instruments	128,013	121,622
Related payables	748	652
Sub-total	**140,839**	**133,115**
Revaluation of hedged items (*)	546	458
Total (*)	**141,385**	**133,573**
O/w floating rate securities (*)	35,351	25,226
Fair value of securitised debt payables	**141,672**	**134,337**

(*) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

Note 22

Other liabilities

(In millions of euros)	December 31, 2010	December 31, 2009
Guarantee deposits received (1)	28,314	26,717
Settlement accounts on securities transactions	2,302	2,590
Other securities transactions	28	35
Accrued social charges	2,932	2,597
Deferred income	1,600	1,527
Miscellaneous payables	19,827	15,334
Total	**55,003**	**48,800**

(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, 2010	December 31, 2009
PEL accounts less than 4 years old	3,001	2,828
between 4 and 10 years old	5,193	4,616
more than 10 years old	4,471	4,287
Sub-total	**12,665**	**11,731**
CEL accounts	2,054	2,127
Total	**14,719**	**13,858**

2. Outstanding housing loans granted with respect to PEL/CEL accounts

(In millions of euros)	December 31, 2010	December 31, 2009
less than 4 years old	320	352
between 4 and 10 years old	85	116
more than 10 years old	18	31
Total	**423**	**499**

3. Provisions for commitments linked to PEL/CEL accounts

(In millions of euros)	December 31, 2009	Allocations	Reversals	December 31, 2010
PEL accounts less than 4 years old	-	15	-	15
between 4 and 10 years old	18	28	-	46
more than 10 years old	60	23	-	83
Sub-total	**78**	**66**	**-**	**144**
CEL accounts	12	-	8	4
Total	**90**	**66**	**8**	**148**

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 was fixed at the inception of the plan and a commitment to remunerate the savings at an interest rate also fixed at the inception of the plan.

The level of provisions is sensitive to long-term interest rates. Since long-term rates decreased in 2010, the provisions for PEL and CEL mortgage saving accounts are linked to the risks attached to the commitment to remunerate the deposits. Provisioning for PEL/CEL savings amounted to 1.01% of total outstandings as at December 31, 2010.

4. Methods used to establish the parameters for valuing provisions

The parameters used for estimating the future behaviour of customers are derived from historical observations of customer behaviour patterns over 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 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 the valuation date, averaged over a 12-month period.

Note 24

Provisions and depreciations

1. Asset depreciations

(In millions of euros)	Assets depreciations at December 31, 2009	Impairment losses	Reversals available	Net impairment losses	Reversals used	Currency and scope effects	Assets depreciations as at December 31, 2010
Banks	178	14	(23)	**(9)**	(15)	(13)	**141**
Customer loans	10,977	5,714	(2,223)	**3,491**	(1,433)	461	**13,496**
Lease financing and similar agreements	493	366	(202)	**164**	(99)	5	**563**
Groups of homogeneous receivables	1,181	708	(678)	**30**	-	33	**1,244**
Available-for-sale assets (1)	3,332	477	(291)	**186**	-	57	**3,575**
Others (1)	471	252	(209)	**43**	(48)	(39)	**427**
Total	**16,632**	**7,531**	**(3,626)**	**3,905**	**(1,595)**	**504**	**19,446**

(1) Including a EUR 267 million net allocation for identified risks.

2. Provisions

(In millions of euros)	Provisions as at December 31, 2009	Allocations	Write-backs available	Net allocation	Write-backs used	Effect of discounting	Currency and scope effects	Provisions as at December 31, 2010
Provisions for off-balance sheet commitments to banks	13	11	(15)	**(4)**	-	-	(9)	**-**
Provisions for off-balance sheet commitments to customers	187	778	(754)	**24**	-	-	15	**226**
Provisions for employee benefits	724	286	(208)	**78**	-	-	(21)	**781**
Provisions for tax adjustments	507	220	(39)	**181**	(262)	-	(15)	**411**
Other provisions (2) (3)	880	142	(177)	**(35)**	(354)	1	116	**608**
Total	**2,311**	**1,437**	**(1,193)**	**244**	**(616)**	**1**	**86**	**2,026**

(2) Including a EUR 36 million net allocation for net cost of risk.
(3) The Group's other provisions include EUR 148 million in PEL/CEL provisions as at December 31, 2010 for the French Networks (see note 23).

The consequences, as assessed on December 31, 2010, 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

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 retirement 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 614 million in 2010 (EUR 555 million in 2009).

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, 20010				December 31, 2009			
		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		370	52	296	**718**	411	45	206	**662**
Reminder of assets recorded in the balance sheet		(132)	-	-	**(132)**	(173)	-	-	**(173)**
Net balance		**238**	**52**	**296**	**586**	**238**	**45**	**206**	**489**
Breakdown of the net balance									
Present value of defined benefit obligations		2,241	-	98	**2,339**	2,003	-	87	**2,090**
Fair value of plan assets		(1,814)	-	(54)	**(1,868)**	(1,593)	-	(49)	**(1,642)**
Actuarial deficit (net balance)	A	427	-	44	**471**	410	-	38	**448**
Present value of unfunded obligations	B	333	62	252	**647**	301	46	168	**515**
Unrecognised items									
Unrecognised Past Service Cost		48	-	-	**48**	47	-	-	**47**
Unrecognised Net Actuarial (Gain)/Loss		484	10	-	**494**	433	1	-	**434**
Separate assets		(1)	-	-	**(1)**	(1)	-	-	**(1)**
Plan assets impacted by change in Asset Celling		(9)	-	-	**(9)**	(6)	-	-	**(6)**
Total unrecognised items	C	522	10	-	**532**	473	1	-	**474**
Net balance (Deficit in the plan)	**A+B-C**	**238**	**52**	**296**	**586**	**238**	**45**	**206**	**489**

Notes:

- 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 the IAS 19 option (corridor approach).
- 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 grants 145 pension plans located in 40 countries. 9 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 healthcare plans. These 12 plans are located in 6 countries among which France represents 41% of gross liabilities and North Africa 46%. Other long-term employee benefits include deferred variable remuneration, flexible working provisions (French term: compte épargne temps) and long-service awards. Roughly 90 benefits are located in 23 countries.
- The present values of defined benefit obligations have been valued by independent qualified actuaries.
- In France, the 2010 reform of State pensions postponed the Normal Retirement Age by two years. The impact of this reform on the liabilities of the main entities in France is not significant and is treated as gains and losses.
- In 2010, the sale of Europe Computer Systemes (ECS) and the acquisition of Société Marseillaise de Crédit (SMC) impacted the employees liabilities of the SG Group.
- In Norway, the early retirement "AFP" schemes were amended in 2010. This reform significantly reduced liabilities in this country.
- In Switzerland, a process of harmonisation of the pension schemes was initiated in 2010 and will continue in 2011.
- In United Kingdom, repurchase, merger and rationalisation operations were carried out on several schemes.

2.2. EXPENSES RECOGNISED IN THE INCOME STATEMENT

	2010				2009			
	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 Charges	76	2	127	**205**	66	2	47	**115**
Employee contributions	(6)	-	-	**(6)**	(4)	-	-	**(4)**
Interest Cost	119	2	6	**127**	121	2	7	**130**
Expected Return on Plan Assets	(93)	-	(3)	**(96)**	(91)	-	(3)	**(94)**
Expected Return on Separate Assets	-	-	-	**-**	-	-	-	**-**
Amortisation of Past Service Cost	(1)	-	-	**(1)**	24	-	-	**24**
Amortisation of Losses (Gains)	36	-	15	**51**	14	(1)	12	**25**
Settlement, Curtailment	(1)	5	-	**4**	1	-	1	**2**
Change in asset ceiling	1	-	-	**1**	1	-	-	**1**
Transfer from non recognised assets	-	-	-	**-**	-	-	-	**-**
Total Charges	**131**	**9**	**145**	**285**	**132**	**3**	**64**	**199**

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

	2010			2009		
	Post employment benefits			Post employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**2,304**	**46**	**2,350**	**2,047**	**43**	**2,090**
Current Service Cost including Social Charges	76	2	**78**	66	2	**68**
Interest Cost	119	2	**121**	121	2	**123**
Employee contributions	-	-	**-**	-	-	**-**
Actuarial Gain/loss	153	9	**162**	312	5	**317**
Foreign Exchange adjustment	58	-	**58**	30	-	**30**
Benefit payments	(135)	(2)	**(137)**	(250)	(4)	**(254)**
Past Service Cost	1	-	**1**	7	-	**7**
Acquisition of subsidiaries	8	-	**8**	12	-	**12**
Transfers and others	(10)	5	**(5)**	(41)	(2)	**(43)**
At December 31	**2,574**	**62**	**2,636**	**2,304**	**46**	**2,350**

2.3.2. Changes in Fair Value of plan assets and separate assets

	2010			2009		
	Post employment benefits			Post employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**1,593**	**-**	**1,593**	**1,541**	**-**	**1,541**
Expected Return on Plan Assets	93	-	**93**	91	-	**91**
Expected Return on Separate Assets	-	-	**-**	-	-	**-**
Actuarial Gain/loss	72	-	**72**	96	-	**96**
Foreign Exchange adjustment	45	-	**45**	26	-	**26**
Employee contributions	6	-	**6**	4	-	**4**
Employer contributions to plan assets	102	-	**102**	59	-	**59**
Benefit payments	(91)	-	**(91)**	(165)	-	**(165)**
Acquisition of subsidiaries	1	-	**1**	13	-	**13**
Transfers and others	(7)	-	**(7)**	(72)	-	**(72)**
At December 31	**1,814**	**-**	**1,814**	**1,593**	**-**	**1,593**

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: 37% bonds, 47% equities, 1% money market instruments and 15% 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 141 million, including EUR 9 million unrecognised.

Employer contributions to be paid to post-employment defined benefit plans for 2011 are estimated at EUR 64 million.

2.4.2. Actual returns on plan assets

The actual return on plan and separate assets were:

	2010				2009			
	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	165	-	4	**169**	187	-	5	**192**

The assumption on return on assets is presented in the section 2.5.

2.5. MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	December 31, 2010	December 31, 2009
Discount rate		
Europe	4.27%	5.12%
Americas	5.78%	6.60%
Asia-Oceania-Africa	3.97%	4.41%
Long-term inflation		
Europe	2.08%	2.61%
Americas	2.11%	2.16%
Asia-Oceania-Africa	1.66%	1.90%
Expected return on plan assets (separate and plan assets)		
Europe	5.36%	5.73%
Americas	6.50%	6.50%
Asia-Oceania-Africa	5.99%	6.16%
Future salary increase		
Europe	1.75%	1.68%
Americas	2.00%	2.00%
Asia-Oceania-Africa	1.95%	1.70%
Healthcare cost increase rate		
Europe	4.08%	4.33%
Americas	NA	NA
Asia-Oceania-Africa	5.52%	4.55%
Average and remaining lifetime of employees (in years)		
Europe	10.8	10.0
Americas	9.1	9.2
Asia-Oceania-Africa	11.4	11.5

Notes:

- 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.
- Since 2004, the rate curve used to discount the liabilities is based on the yields of the corporate AA bonds (Merrill Lynch source) observed in the middle of October. As these rates may not be available for all the durations, an interpolation is realised: a spread of rate corresponding to an estimation of the risk premium required on corporate AA bonds is added to the rate curve of government bonds (zero coupon bonds). Another observation of these rates is done at the beginning of December for possible adjustment.

  Inflation rates are determined, for the main durations, by the measure of the spread between bonds rates not indexed to inflation and the rates of indexed bonds for the same durations.
- 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 6.8% for the equities, 3.4% for the bonds and 2.6% for the cash. For the United Kingdom plan assets, the return rates are 7.6% for the equities and the 4.4% for the bonds.
- Average and remaining lifetime of employees is calculated taking into account based on turnover assumptions.

2.6. SENSITIVITIES ANALYSIS OF OBLIGATIONS COMPARED TO MAIN ASSUMPTIONS RANGES

	2010			2009		
(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%	-14%	-8%	-12%	-14%	-8%
Impact on total Expenses N+1	-23%	-44%	-1%	-23%	-30%	-1%
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	-14%	NA	-4%	-15%	NA	-4%
Variation from +1% in Future salary increases						
Impact on Defined Benefit Obligations at December 31	4%	NA	5%	3%	NA	5%
Impact on total Expenses N+1	18%	NA	7%	11%	NA	8%
Variation from +1% in Healthcare cost increase rate						
Impact on Defined Benefit Obligations at December 31	NA	16%	NA	NA	10%	NA
Impact on total Expenses N+1	NA	72%	NA	NA	16%	NA

Note:

- *The disclosed sensibilities are weighted averages of the variations observed by the liabilities (impact on the Defined Benefit Obligation at December 31, 2010), or by the fair values of assets (impact on the Plan Assets at December 31, 2010) 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, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
Defined Benefit Obligations	2,574	2,304	2,047	2,344	2,512
Fair value of plan assets	1,814	1,593	1,541	2,071	2,075
Deficit/(surplus)	**760**	**711**	**506**	**273**	**437**
Adjustments of Plan Liabilities due to experience (negative: gain)	(50)	55	17	49	(11)
Adjustments of Plan Liabilities due to experience (negative: gain), % of DBO	-1.9%	2.4%	0.8%	2.1%	-0.4%
Adjustments of Plan Assets due to experience (negative: gain)	(72)	(95)	532	68	(67)
Adjustments of Plan Assets due to experience (negative: gain), % of Assets	-4.0%	-6.0%	34.5%	3.3%	-3.2%

Note 26

Subordinated debt

(In millions of euros)

Currency issue	2011	2012	2013	2014	2015	Other	Outstanding at December 31, 2010	Outstanding at December 31, 2009 (*)
Subordinated Capital notes								
EUR	201	690	342	369	932	5,936	8,470	9,138
USD	-	-	-	-	56	1,439	1,495	1,387
GBP	-	-	-	-	-	697	697	676
Other currencies	-	-	-	9	-	-	9	93
Sub-total	**201**	**690**	**342**	**378**	**988**	**8,072**	**10,671**	**11,294**
Dated subordinated debt								
EUR	8					47	55	55
Other currencies	-					179	179	179
Sub-total	**8**	**-**	**-**	**-**	**-**	**226**	**234**	**234**
Related payables	**260**						**260**	**278**
Total excluding revaluation of hedged items	**469**	**690**	**342**	**378**	**988**	**8,298**	**11,165**	**11,806**
Revaluation of hedged items (*)							858	749
Total (*)							**12,023**	**12,555**

(*) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

The fair value of subordinated debt securities amounts to EUR 9,981 million as at December 31, 2010 (EUR 11,388 million as at December 31, 2009).

Note 27

Societe Generale ordinary shares, treasury shares, 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, 2010	December 31, 2009
Ordinary shares	746,421,631	739,806,265
Including treasury shares with voting rights (1)	21,306,663	20,963,637
Including shares held by employees	54,025,794	52,775,564

(1) Doesn't include the Societe Generale shares held for trading.

As at December 31, 2010, Societe Generale S.A.'s fully paid-up capital amounted to EUR 933,027,039 and was made up of 746,421,631 shares with a nominal value of EUR 1.25.

Societe Generale S.A. proceeded in the first half of 2010 to an increase of capital, representing a total of EUR 3 million, with EUR 77 million of issuing premium. This ordinary share issue is due to the exercise by the shareholders of the option to distribute 2009 dividend in Societe Generale shares.

In the second half of 2010, as part of the Global Employee Share Ownership Plan, Societe Generale S.A. completed an increase of capital reserved to the employees amounting to EUR 5 million, with EUR 153 million of issuing premium.

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 interests are classified as equity.

Issuance Date	Amount issued	Remuneration
July 1, 1985	EUR 69.657 M	BAR -0.25% with BAR = Bond Average Rate of the period from June, 1 to May, 31 before each due date
November 24, 1986	USD 247.8 M	Average 6-months EuroDollar deposit rates communicated by reference banks +0.075%
June 30, 1994	JPY 15,000 M	5.385% until December 2014 and for next due dates: the most favourable rate between the fixed rate and a variable rate + spread defined as follow: Mid Swap Rate JPY 5 years +1.25% until December 2019 and Mid Swap JPY 5 years +2% for the next due dates
December 30, 1996	JPY 10,000 M	3.936% until September 2016 and for next due date: the most favourable rate between the fixed rate and a variable rate + spread defined as follow: Mid Swap Rate JPY 5 years +2.0%
March 27, 2007	GBP 350 M	5.75% until March 2012 and for the next due dates 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, 2010, the amount of preferred shares issued by the Group's subsidiaries and recognised under non-controlling interests equals to EUR 968 million. During the first half of 2010, the preferred shares issued by a subsidiary during the first half of 2000 and amounting to EUR 500 million were reimbursed.

Issuance Date	Amount issued	Remuneration
4th quarter of 2001 (step up clause after 10 years)	USD 335 M	6.302%, from 2011 3-months USD Libor +1.92% annually
4th quarter of 2001 (step up clause after 10 years)	USD 90 M	3-months USD Libor +0.92%, from 2011 3-months USD Libor +1.92% annually
4th quarter of 2003 (step up clause after 10 years)	EUR 650 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*.

Issuance Date	Amount issued	Remuneration
January 26, 2005	EUR 1,000 M	4.196%, from 2015 3-months Euribor +1.53% annually
April 05, 2007	USD 200 M	3-months USD Libor +0.75% annually, from 2017 3-months USD Libor +1.75% annually
April 05, 2007	USD 1,100 M	5.922%, from 2017 3-months USD Libor +1.75% annually
December 19, 2007	EUR 600 M	6.999%, from 2018 3-months Euribor +3.35% annually
May 22, 2008	EUR 1,000 M	7.76%, from 2013 3-months Euribor +3.35% annually
June 12, 2008	GBP 700 M	8.875%, from 2018 3-months GBP Libor +3.4% annually
February 27, 2009	USD 450 M	3-months USD Libor +6.77% annually
September 4, 2009	EUR 1,000 M	9.375%, from 2019 3-months Euribor +8.901% annually
October 7, 2009	USD 1,000 M	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	163	13	176
Remuneration paid booked under dividends (2010 Dividends paid line)	474	37	511

3. Dividend paid

Dividends paid by the Group in 2010 amount to EUR 976 million and are detailed in the following table:

(In millions of euros)	Group Share	Non-controlling interests	Total
Ordinary shares	182	197	379
o/w paid in equity	*80*	-	*80*
o/w paid in cash	*102*	*197*	*299*
Other equity instruments	511	86	597
Total	**693**	**283**	**976**

Note 28

Gains and losses recognised directly in equity

(In millions of euros)	December 31, 2010	Period	December 31, 2009
Change in gains and losses recognised directly in equity			
Translation differences [(1)]	**(303)**	**925**	**(1,228)**
Revaluation differences		925	
Recycled to P&L		-	
Revaluation of available-for-sale assets [(2)]	**(501)**	**78**	**(579)**
Revaluation differences		465	
Recycled to P&L		(387)	
Cash flow hedge derivatives revaluation	**129**	**(125)**	**254**
Revaluation differences		(125)	
Recycled to P&L		-	
Amounts transferred into hedged item value			
Net gains and losses recognised directly in equity from companies accounted for by the equity method	**15**	**5**	**10**
Tax	**200**	**(34)**	**234**
TOTAL	**(460)**	**849**	**(1,309)**

	December 31, 2010			December 31, 2009		
(In millions of euros)	Gross Value	Tax	Net of tax	Gross Value	Tax	Net of Tax
Translation differences	(303)		(303)	(1,228)		(1,228)
Revaluation of available-for-sale assets	(501)	243	(258)	(579)	281	(298)
Revaluation of hedging derivatives	129	(39)	90	254	(46)	208
Net gains and losses recognised directly in equity from companies accounted for by the equity method	15	(4)	11	10	(1)	9
Total gains and losses recognised directly in equity	**(660)**	**200**	**(460)**	**(1,543)**	**234**	**(1,309)**
Group share			**(556)**			**(1,279)**
Non-controlling interests			**96**			**(30)**

(1) The variation in Group translation differences for 2010 amounted to EUR 792 million.

This variation was mainly due to the increase of the US Dollar against the Euro (EUR 356 million), the Rouble (EUR 66 million), the Pound sterling (EUR 39 million), the Yen (EUR 90 million), the Czech Koruna (EUR 91 million), the Yuan (EUR 44 million) and to the decrease of the Serbian dinar against the Euro (EUR -20 million).
The variation in translation differences attributable to non-controlling interests amounted to EUR 133 million.
This was mainly due to the revaluation of the Czech Koruna against the Euro (EUR 55 million), the Rouble (EUR 52 million) and the US Dollar (EUR 23 million).

(2) Unrealised gains and losses on available-for-sale assets amounts to EUR -501 million.

Breakdown of gains and losses is given in the table below:

(In millions of euros)	**Unrealised gains**	**Unrealised losses**	**Unrealised gains and losses**
Unrealised gains and losses on equity instruments available-for-sale	936	(192)	744
Unrealised gains and losses on debt instruments available-for-sale	479	(1,720)	(1,241)
Unrealised gains and losses on assets reclassified in Loans and receivables	-	-	-
Unrealised gains and losses of insurance companies	92	(96)	(4)
o/w equity instruments available-for-sale	*1,056*	*(51)*	
o/w debt instruments available-for-sale and assets reclassified in Loans and receivables	*1,889*	*(1,764)*	
o/w profit-sharing recordings	*(2,853)*	*1,719*	
Total	**1,507**	**(2,008)**	**(501)**

Note 29

Commitments

1. Commitments granted and received

COMMITMENTS GRANTED

(In millions of euros)	**December 31, 2010**	**December 31, 2009**
Loan commitments		
to banks	20,852	12,141
to customers [1]		
Issuance facilities	-	20
Confirmed credit lines	149,886	131,270
Others	1,804	2,126
Guarantee commitments		
on behalf of banks	4,971	3,418
on behalf of customers [1] [2]	57,307	59,042
Securities commitments		
Securities to deliver	27,186	20,882

(1) As at December 31, 2010, credit lines and guarantee commitments granted to securisation vehicles and other special purpose vehicles amounted to EUR 12,350 million and EUR 1,073 million respectively.

(2) Including capital and performance guarantees given to the holders of units in mutual funds managed by entities of the Group.

COMMITMENTS RECEIVED

(In millions of euros)	December 31, 2010	December 31, 2009
Loan commitments		
from banks	65,542	44,336
Guarantee commitments		
from banks	64,853	56,859
other commitments [(3)]	116,935	104,549
Securities commitments		
Securities to be received	26,877	20,788

(3) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 52,750 million as at December 31, 2010 and EUR 41,604 million as at December 31, 2009. The remaining balance mainly corresponds to securities and assets assigned as guarantee for EUR 1,783 million as at December 31, 2010 and EUR 5,619 million as at December 31, 2009.

2. Forward financial instrument commitments (notional amounts)

	December 31, 2010		December 31, 2009	
(In millions of euros)	Trading transactions	Hedging transactions	Trading transactions	Hedging transactions
Interest rate instruments				
Firm transactions				
Swaps	8,919,944	264,886	7,482,943	211,061
Interest rate futures	1,722,178	1,236	1,600,011	851
Options	*2,773,229*	*7,582*	*2,650,018*	*8,498*
Foreign exchange instruments				
Firm transactions	*1,741,860*	*10,999*	*1,223,930*	*18,912*
Options	*562,377*	-	*456,456*	-
Equity and index instruments				
Firm transactions	*68,633*	-	*81,441*	-
Options	*640,945*	*36*	*648,626*	*80*
Commodity instruments				
Firm transactions	*140,867*	-	*120,885*	-
Options	*70,369*	-	*71,344*	-
Credit derivatives	**1,405,304**	**-**	**1,287,612**	**-**
Other forward financial instruments	**3,252**	**942**	**2,753**	**755**

Securitisation transactions

The Societe Generale Group carries out securitisation transactions on behalf of customers or investors, and as such provides credit enhancement and liquidity facilities to the securitisation vehicles.

As at December 31, 2010, there are 4 non-consolidated vehicles (Barton, Antalis, Homes, ACE Australia) structured by the Group on behalf of customers or investors. Total assets held by these vehicles and financed through the issuance of commercial papers amounted to EUR 9,397 million (EUR 10,986 million as at December 31, 2009).

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, 2010, none of these vehicles is consolidated as far as the Group does not control them and is neither exposed to the majority of the related risks and rewards.

The default risk on the assets held by these vehicles is supported by the transferors 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 1,073 million (EUR 542 million as at December 31, 2009). Furthermore, the Group has granted EUR 12,350 million of short-term loan facilities to these vehicles at this date (EUR 13,515 million as at December 31, 2009).

Note 30

Assets pledged as security

1. Assets pledged as security

(In millions of euros)	December 31, 2010	December 31, 2009
Book value of assets pledged as security for liabilities	96,260	90,767
Book value of assets pledged as security for transactions in financial instruments	25,446	20,373
Book value of assets pledged as security for off-balance sheet commitments	608	522
Total	**122,314**	**111,662**

Assets pledged as security for liabilities mainly include loans given as guarantees in liabilities (in particular with the Banque de France).

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, 2010	December 31, 2009
Fair value of reverse repos	**40,882**	**33,526**

Note 31

Breakdown of assets and liabilities by term to maturity

Contractual maturities of financial liabilities [(1)]

(In millions of euros at December 31, 2010)	Less than 3 months	3 months to 1 year	1-5 years	More than 5 years	Undetermined	Total
Due to central banks	2,777	-	1	-	-	**2,778**
Financial liabilities at fair value through profit or loss, except derivatives	119,759	13,928	19,542	16,600	-	**169,829**
Due to banks	65,073	2,879	3,590	2,981	-	**74,523**
Customer deposits	279,429	20,678	31,578	4,882	-	**336,567**
Securitised debt payables	74,154	29,320	25,913	12,263	-	**141,650**
Subordinated debts	123	426	2,431	8,349	21	**11,350**
Total Liabilities	**541,315**	**67,231**	**83,055**	**45,075**	**21**	**736,697**
Loans commitment granted	69,011	40,050	51,654	11,088	-	**171,803**
Guarantee commitments granted	23,339	8,809	17,170	13,551	-	**62,869**
Total commitments granted	**92,350**	**48,859**	**68,824**	**24,639**	**-**	**234,672**

(1) The displayed amounts are the contractual amounts except provisional interests and except derivatives.

Technical insurance allowances (2)

(In millions of euros at December 31, 2010)	Less than 3 months	3 months to 1 year	1-5 years	More than 5 years	Undetermined	Total
Technical insurance allowances	2,665	5,627	18,796	55,582	-	**82,670**

(2) Breakdown of accounting amounts.

Notional maturities of commitments on financial derivatives (3)

	ASSETS				LIABILITIES			
(In millions of euros at December 31, 2010)	Less than 1 year	1-5 years	More than 5 years	Total	Less than 1 year	1-5 years	More than 5 years	Total
Interest rate instruments								
Firm instruments								
Swaps	2,873,393	3,330,096	2,981,341	**9,184,830**	-	-	-	-
Interest rate futures	631,372	204,227	142	**835,741**	689,884	197,656	134	**887,674**
Options	*308,890*	*550,593*	*473,003*	***1,332,486***	*352,949*	*592,335*	*503,041*	***1,448,325***
Forex instruments								
Firm instruments	*1,101,699*	*443,054*	*208,107*	***1,752,860***	-	-	-	**-**
Options	*156,838*	*78,527*	*46,817*	***282,182***	*172,001*	*68,432*	*39,762*	***280,195***
Equity and index instruments								
Firm instruments	*20,055*	*3,950*	*1,139*	***25,144***	*40,092*	*2,438*	*958*	***43,488***
Options	*126,708*	*148,002*	*20,464*	***295,174***	*161,712*	*163,820*	*20,274*	***345,806***
Commodity instruments								
Firm instruments	*58,072*	*12,716*	*2,388*	***73,176***	*54,626*	*12,840*	*225*	***67,691***
Options	*18,735*	*16,162*	*369*	***35,266***	*19,608*	*15,091*	*403*	***35,102***
Credit derivatives	**58,937**	**493,873**	**142,759**	**695,569**	**64,530**	**486,341**	**158,863**	**709,734**
Other forward financial instruments	**1,640**	**375**	**28**	**2,043**	**1,584**	**488**	**79**	**2,151**

(3) These items are presented according to the contractual maturity of financial instruments.

Note 32

Foreign exchange transactions

	December 31, 2010				December 31, 2009			
(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	702,413	705,745	24,725	23,471	611,269	604,162	2,334	3,805
USD	235,002	262,582	24,981	23,735	224,235	259,341	19,970	24,546
GBP	30,573	35,453	3,284	4,404	31,852	31,750	2,703	4,598
JPY	31,734	30,631	6,218	8,526	23,688	17,855	4,239	2,844
AUD	7,093	5,586	2,039	1,759	17,723	16,931	2,256	2,172
CZK	25,892	26,071	208	134	24,701	25,878	132	148
RUB	13,720	7,162	48	307	11,508	10,305	120	105
RON	5,625	6,183	381	303	5,386	5,872	65	155
Other currencies	80,020	52,659	6,808	5,884	73,339	51,607	9,033	7,232
Total	**1,132,072**	**1,132,072**	**68,692**	**68,523**	**1,023,701**	**1,023,701**	**40,852**	**45,605**

Note 33

Insurance activities

Underwriting reserves of insurance companies

(In millions of euros)	December 31, 2010	December 31, 2009
Underwriting reserves for unit-linked policies	16,798	16,761
Life insurance underwriting reserves	65,268	57,274
Non-life insurance underwriting reserves	604	416
Total	**82,670**	**74,451**
Deferred profit sharing [(1)]	(1,068)	(320)
Attributable to reinsurers	(371)	(323)
Underwriting reserves of insurance companies (including provisions for deferred profit-sharing) net of the part attributable to reinsurers	**81,231**	**73,808**

(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 on the basis of different stress scenarios combining, or not, decreases in revenue and/or increases in redemptions, increases in interest rates and decreases on the equity markets.

Thus, in scenarios involving increases in interest rates (immediate and maintained over the forecast period), sharp decreases on the equity markets, decreases in revenue of up to 30% or 50%, and the multiplication by 2 or 3 of repurchases 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	Life insurance underwriting reserves	Non-life insurance underwriting reserves
Reserves at January 1, 2010 (except provisions for deferred profit-sharing)	**16,761**	**57,274**	**416**
Allocation to insurance reserves	90	5,601	187
Revaluation of unit-linked policies	390	-	-
Charges deducted from unit-linked policies	(103)	-	-
Transfers and arbitrage	(426)	426	-
New customers	-	95	-
Profit-sharing	83	1,844	-
Others	3	28	1
Reserves at December 31, 2010 (except provisions for deferred profit-sharing)	**16,798**	**65,268**	**604**

According to IFRS 4 and the Group accounting standards, the Liability Adequacy Test (LAT) was performed as at December 31, 2010. 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 assets/liabilities management. The result of the test as at December 31, 2010 is conclusive.

Net investments of insurance companies

(In millions of euros before elimination of intercompany transations)	December 31, 2010	December 31, 2009
Financial assets at fair value through Profit or Loss	**22,096**	**21,806**
Treasury notes and similar securities	-	-
Bonds and other debt securities	7,450	6,053
Shares and other equity securities	14,646	15,753
Due from Banks	**8,739**	**6,837**
Available-for-sale financial assets	**58,780**	**52,524**
Treasury notes and similar securities	395	340
Bonds and other debt securities	51,015	44,912
Shares and other equity securities	7,370	7,272
Investment property	**392**	**399**
Total (2)	**90,007**	**81,566**

(2) Investments in other Group companies that are made in representation of unit-linked liabilities are kept in the Group's consolidated balance sheet without any significant impact thereon.

Insurance activities

Technical income from insurance companies

(In millions of euros)	2010	2009
Earned premiums	13,777	10,713
Cost of benefits (including changes in reserves)	(13,959)	(12,114)
Net income from investments	3,029	2,316
Other net technical income (expense)	(2,402)	(540)
Contribution to operating income before elimination of intercompany transactions	**445**	**375**
Elimination of intercompany transactions (3)	231	167
Contribution to operating income after elimination of intercompany transactions	**676**	**542**

(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)	2010	2009
Fees received		
acquisition fees	305	216
management fees	652	585
others	39	82
Fees paid		
acquisition fees	(322)	(266)
management fees	(293)	(217)
others	(42)	(31)
Total fees	**339**	**369**

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, etc.
- risks linked to the financial markets and ALM: in life insurance, insurers are exposed to the instabilities of the financial markets (changes in interest rates and stock market fluctuations) which can be made worse by the behaviour of policyholders.

Managing these risks is at the heart of the insurance business line 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 search for long-term performance. The optimisation of these two elements is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analysed by the Finance and Risk Department of the insurance business line. Societe Generale's overall asset and liability management policy is validated by the Group's General Management at the ALM Committee meetings held every six months.

Risk management and analysis are based on the following key principles:

- Asset/liability risk management:
  - monitoring of long-term cash flows: the term of a liability is matched against the term of an asset, and cash flow peaks are strictly controlled in order to minimise liquidity and reinvestment risks;
  - close monitoring of the flows of repurchase and stress scenarios simulations;
  - close monitoring of the equity markets and stress scenarios simulations;
  - hedging of exchange rate risks 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 (e.g. AAA: min. 45%, min. 27% in government bonds and government-backed bonds);
  - 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 34

Interest income and expense

(In millions of euros)	2010	2009
Transactions with banks	**1,592**	**2,092**
Demand deposits and interbank loans	1,259	1,626
Securities purchased under resale agreements and loans secured by notes and securities	333	466
Transactions with customers	**16,448**	**16,899**
Trade notes	737	1,068
Other customer loans [(1)]	14,968	14,949
Overdrafts	683	815
Securities purchased under resale agreements and loans secured by notes and securities	60	67
Transactions in financial instruments	**8,685**	**9,900**
Available-for-sale financial assets	3,059	3,080
Held-to-maturity financial assets	79	91
Securities lending	27	41
Hedging derivatives	5,520	6,688
Finance leases	**1,569**	**1,654**
Real estate finance leases	251	274
Non-real estate finance leases	1,318	1,380
Total interest income	**28,294**	**30,545**
Transactions with banks	**(1,292)**	**(2,014)**
Interbank borrowings	(1,148)	(1,793)
Securities sold under resale agreements and borrowings secured by notes and securities	(144)	(221)
Transactions with customers	**(6,307)**	**(6,789)**
Regulated savings accounts	(1,076)	(1,205)
Other customer deposits	(5,070)	(5,358)
Securities sold under resale agreements and borrowings secured by notes and securities	(161)	(226)
Transactions in financial instruments	**(8,724)**	**(10,100)**
Securitised debt payables	(1,708)	(2,289)
Subordinated and convertible debt	(539)	(589)
Securities borrowing	(54)	(66)
Hedging derivatives	(6,423)	(7,156)
Other interest expense	**(1)**	**(7)**
Total interest expense [(2)]	**(16,324)**	**(18,910)**
Including interest income from impaired financial assets	443	404

(1) Breakdown of "Other customer loans"

(In millions of euros)	2010	2009
short-term loans	6,011	6,241
export loans	257	248
equipment loans	2,431	2,645
housing loans	4,207	4,113
other customer loans	2,062	1,702
Total	**14,968**	**14,949**

(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 36). Insofar as income and expenses booked in the income statement are classified by type of instruments rather than by purpose, the net income generated by the activities on financial instruments at fair value through P&L must be assessed as a whole.

Note 35

Fee income and expense

(In millions of euros)	2010	2009 (*)
Fee income from		
Transactions with banks	277	254
Transactions with customers	2,821	2,890
Securities transactions	626	684
Primary market transactions	111	326
Foreign exchange transactions and financial derivatives	875	885
Loan and guarantee commitments	804	692
Services (*)	4,202	4,410
Others (*)	322	304
Total fee income	**10,038**	**10,445**
Fee expense on		
Transactions with banks	(316)	(293)
Securities transactions	(487)	(558)
Foreign exchange transactions and financial derivatives	(727)	(758)
Loan and guarantee commitments	(89)	(77)
Others	(934)	(947)
Total fee expense	**(2,553)**	**(2,633)**

(*) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

These fee income and expense include:

(In millions of euros)	2010	2009 (*)
Fee income excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	4,207	4,177
Fee income linked to trust activities or similar (*)	2,434	2,549
Fee expense excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	(89)	(77)
Fee expense linked to trust activities or similar	(822)	(878)

(*) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

Note 36

Net gains and losses on financial instruments at fair value through P&L

(In millions of euros)	2010	2009
Net gain/loss on non-derivative financial assets held for trading	8,743	13,374
Net gain/loss on financial assets measured using fair value option	180	118
Net gain/loss on non-derivative financial liabilities held for trading	(3,500)	(9,022)
Net gain/loss on financial liabilities measured using fair value option	(471)	(772)
Net gain/loss on derivative instruments	(2,110)	(4,171)
Net income from fair value hedging instruments	761	-
Revaluation of hedged items attributable to hedged risks	(712)	(123)
Ineffective portion of cash flow hedge	1	(4)
Net gain/loss on foreign exchange transactions	2,449	1,602
Total (1) (2)	**5,341**	**1,002**

(1) Insofar as income and expenses booked in the income statement are classified by type of instruments rather than by purpose, the net income generated by the activities on 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 among interest expense and interest income.

(2) See note 6 for the amount of financial instruments at Level 3 valuation.

The remaining amount to be registered 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 registered in the income statement after initial recognition in the accounts, breaks down as follows:

(In millions of euros)	2010	2009
Remaining amount to be registered in the income statement as at January, 1	823	849
Amount generated by new transactions within the period	362	647
Amount registered in the income statement within the period	(389)	(673)
Depreciation	*(227)*	*(530)*
Switch to observable parameters	*(54)*	*(14)*
Expired or terminated	*(140)*	*(122)*
Translation differences	*32*	*(7)*
Remaining amount to be registered in the income statement as at December, 31	796	823

This amount is registered in the income statement according to the spread over time or when the valuation techniques switch to observable parameters.

Note 37

Net gains and losses on available-for-sale financial assets

(In millions of euros)	2010	2009
Current activities		
Gains on sale (1)	227	316
Losses on sale (2)	(149)	(285)
Impairment losses on variable income securities	(110)	(1,673)
Deferred profit sharing on available-for-sale financial assets of insurance subsidiaries	23	1,664
Sub-total	**(9)**	**22**
Long-term equity investments		
Gains on sale	174	86
Losses on sale	(25)	(34)
Impairment losses on variable income securities	(107)	(129)
Sub-total	**42**	**(77)**
Total	**33**	**(55)**

(1) O/w EUR 143 million for Insurance activities as at December 31, 2010.

(2) O/w EUR -89 million for Insurance activities as at December 31, 2010.

Note 38

Income and expenses from other activities

(In millions of euros)	2010	2009
Income from other activities		
Real estate development	57	38
Real estate leasing	81	136
Equipment leasing	5,956	5,976
Other activities (including income from insurance activity)	13,568	12,131
Sub-total	**19,662**	**18,281**
Expenses from other activities		
Real estate development	(3)	-
Real estate leasing	(37)	(27)
Equipment leasing	(4,267)	(4,474)
Other activities (including expenses from insurance activity)	(14,084)	(12,773)
Sub-total	**(18,391)**	**(17,274)**
Net total	**1,271**	**1,007**

Note 39

Personnel expenses

(In millions of euros)	2010	2009
Employee compensation	(6,853)	(6,454)
Social security charges and payroll taxes	(1,287)	(1,243)
Net retirement expenses - defined contribution plans	(616)	(555)
Net retirement expenses - defined benefit plans	(125)	(134)
Other social security charges and taxes	(397)	(412)
Employee profit-sharing and incentives	(281)	(359)
Total	**(9,559)**	**(9,157)**

	2010	2009
Average headcount		
France	58,455	59,381
Outside France	102,249	100,763
Total	**160,704**	**160,144**

Note 40

Share-based payment plans

1. Expenses recorded in the income statement

	2010			2009		
(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	-	-	-	-	55.1	55.1
Net expenses from stock option and free share plans	304.5	92.3	396.8	171.3	174.2	345.5

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, 2010 ARE BRIEFLY DESCRIBED BELOW:

- **2.1.1 Stock options (purchase and subscription)**

Issuer	Societe Generale	Societe Generale	Societe Generale	Societe Generale	Societe Generale for TCW	Societe Generale	Societe Generale for TCW	Societe Generale	Societe Generale	Societe Generale
Year of attribution	**2003**	**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**	**purchase stock option**	**subscription stock option**	**subscription stock option**	**subscription stock option**
Shareholders agreement	04.23.2002	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	04.22.2003	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)	4,110,798	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
Contractual life of the options granted	7 years	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	Societe Generale shares
Vesting period	04.22.03 - 04.22.06	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	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	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	maintained	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	maintained for 6 months
Share price at grant date (in euros) (1) (5)	44.81	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%	0%	not applicable
Exercise price (in euros) (1)	44.81	60.31	64.63	93.03	107.82	115.6	104.17	63.6	23.18	41.2
Options authorised but not attributed	-	-	-	-	-	-	-	-	-	-
Options exercised as at December 31, 2010	3,299,863	727,877	53,340	2,174	-	-	-	-	411	-
Options forfeited as at December 31, 2010	810,935	173,138	321,853	125,017	39,728	269,932	31,142	132,567	109,869	8,291
Options outstanding as at December 31, 2010	-	3,366,006	4,281,126	1,611,138	114,885	1,148,984	104,587	2,195,561	914,272	991,709
Number of shares reserved as at December 31, 2010	-	3,366,006	(2)	(2)	114,885	(2)	104,587	-	-	-
Share price of shares reserved (in euros)	-	45.67	(2)	(2)	109.71	(2)	105.69	-	-	-
Total value of shares reserved (in millions of euros)	-	154	(2)	(2)	13	(2)	11	-	-	-
First authorised date for selling the shares	04.22.2007	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	1 year	-
Fair value (% of the share price at grant date)	25%	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	Monte-Carlo

(1) In accordance with IAS33, as a result of the detachment of Societe Generale share preferential subscription right, the historical share data have been adjusted by the coefficients given by Euronext which reflect the parts attributables 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 part." As at December 31, 2010, it is estimated that the performance conditions on EPS 2010 should not be reached for the options granted in 2008.

(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 plan 2003 to 2009 and closing share price at grant date for the plan 2010.

(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 of grant	**2007**	**2008**	**2009**	**2010**	
Type of plan	**free shares**	**free shares**	**free shares**	**free shares**	
Shareholders agreement	05.30.2006	05.30.2006	05.27.2008		05.27.2008
Board of Directors decision	01.19.2007	03.21.2008	01.20.2009		03.09.2010
Number of free shares granted [7]	903,916	3,143,595	3,155,781		4,200,000
Settlement	Societe Generale shares	Societe Generale shares	Societe Generale shares		Societe Generale shares
Vesting period	01.19.2007 - 03.31.2009 01.19.2007 - 03.31.2010	03.21.2008 - 03.31.2010 03.21.2008 - 03.31.2011	sub-plan n°1: 03.09.2010 -03.31.2013 [9]	01.20.2009 - 03.31.2012 [9]	sub-plan n°2: 03.09.2010 - 03.31.2012 03.09.2010 - 03.31.2013 [11]
Performance conditions	conditions on ROE for certain recipients	yes [8]	yes [8]	performance condition for certain recipients [8]	performance condition for certain recipients [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]	116.61	58.15	23.36		43.64
Shares delivered as at December 31, 2010	800,228	1,337,641	919		267
Shares forfeited as at December 31, 2010	103,688	365,275	146,198		356,462
Shares outstanding as at December 31, 2010	-	1,440,679	3,008,664		3,843,271
Number of shares reserved as at December 31, 2010	-	1,440,679	3,008,664		3,843,271
Share price of shares reserved (In euros)	-	100.88	60.98		47.71
Total value of shares reserved (In millions of euros)	-	145	183		183
First authorised date for selling the shares	03.31.2011	03.31.2012	03.31.2014	03.31.2015	03.31.2014 03.31.2015
	03.31.2012	03.31.2013			
Delay for selling after vesting period	2 years	2 years	2 years		2 years
Fair value (% of the share price at grant date)	vesting period 2 years: 86% vesting period 3 years: 81%	vesting period 2 years: 87% vesting period 3 years: 81%	78%		vesting period 2 years: 86% vesting period 3 years: 82% [10]
Valuation method used to determine the fair value	Arbitrage	Arbitrage	Arbitrage		Arbitrage

(7) In accordance with IAS33 , as a result of the detachment of Societe Generale share preferential subscription right, the historical share data have been adjusted by the coefficients given by Euronext which reflect the parts attributables 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 part." As at December 31, 2010, it is estimated that the performance conditions on EPS 2010 for the shares granted in 2008 should not be reached.

(9) For the non-french tax resident, 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 faire 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 remunerations 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.

2.2. STATISTICS CONCERNING SOCIETE GENERALE STOCK-OPTION PLANS

Main figures concerning Societe Generale stock-option plans, for the year ended December 31, 2010:

	Options granted in 2003	Options granted in 2004	Options granted in 2005	Options granted in 2006	TCW Options granted in 2006	Options granted in 2007	TCW Options granted in 2007	Options granted in 2008	Options granted in 2009	Options granted in 2010	Weighted average remaining contractual life	Weighted average fair value at grant date (In euros)	Weighted average share price at exercise date (In euros)	Range of exercise prices (In euros)
Options outstanding as at January 01, 2010	1,361,690	3,407,641	4,358,759	1,646,465	134,947	1,371,191	121,263	2,273,726	924,155					
Options granted in 2010	-	-	-	-	-	-	-	-	-	1,000,000				
Options forfeited in 2010	-	41,635	77,633	35,327	20,062	222,207	16,676	78,165	9,883	8,291				
Options exercised in 2010	756,552	-	-	-	-	-	-	-	-	-			46.48	44.81
Options expired in 2010	605,138	-	-	-	-	-	-	-	-	-				
Outstanding options as at December 31, 2010	-	3,366,006	4,281,126	1,611,138	114,885	1,148,984	104,587	2,195,561	914,272	991,709	27 months	13.3		
Exercisable options as at December 31, 2010	-	3,366,006	4,281,126	1,611,138	114,885	1,148,984	104,587	-	-	-				

Notes

- *The main assumptions used to value Societe Generale stock-option plans are as follows:*

	2003-2004	2005	2006	2007	2008	2009	2010
Risk-free interest rate	3.8%	3.3%	3.3%	4.2%	4.2%	3.0%	2.9%
Implicit 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 implicit volatility used is that of Societe Generale 5-year share options traded OTC (TOTEM parameters), which was 29% in 2010. This implicit 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, 2010 ARE BRIEFLY DESCRIBED BELOW:

- 3.1.1. Stock-option plans

Issuer	TCW	TCW	TCW
Year of attribution	**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 authorised but not attributed	-	-	-
Options exercised as at December 31, 2010	894,304	339,574	190,911
Options forfeited as at December 31, 2010	1,213,846	1,052,098	1,141,993
Options outstanding as at December 31, 2010	645,558	993,843	1,135,945
First authorised 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 grant	**2010**
Type of plan	**free shares**
Shareholders agreement	04.14.2010
Board of Directors decision	04.14.2010
Number of free shares granted	4,819,000
Settlement	TCW shares with a guarantee of liquidity in SG shares
Vesting period	grant date - 04.30.2015 (12)
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, 2010	-
Shares forfeited as at December 31, 2010	13,333
Shares outstanding as at December 31, 2010	4,805,667
First authorised date for selling the shares	5 years after the date of grant
Delay for selling after vesting period	depending on the vesting period

(12) The shares were granted in May, August and December 2010. The vesting periods for those 3 grants of shares 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, 2010:

	Total no. of options	Options granted in 2005	Options granted in 2006	Options granted in 2007	Weighted average remaining contractual life	Weighted average fair value at grant date (In euros)	Weighted average share price at exercise date (In euros)	Range of exercise prices (In euros)
Options outstanding as at January 1, 2010	4,444,293	1,199,661	1,497,353	1,747,279				
Options granted in 2010	-	-	-	-				
Options forfeited in 2010	1,602,459	487,615	503,510	611,334				
Options exercised in 2010	66,488	66,488	-	-			39.24	38.93-39.55
Options expired in 2010	-	-	-	-				
Options outstanding as at December 31, 2010	2,775,346	645,558	993,843	1,135,945	35 months	15.07		
Exercisable options as at December 31, 2010	1,403,738	645,558	454,693	303,487				

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%
Implicit 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 implicit 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 2 November 2010 to grant 40 Societe Generale shares to each Group employees (nearly 159,000 employees concerned in 79 countries). The grants are subjected to presence and performance conditions. The vesting period and the delay for selling the shares after the vesting period depend on the localisation 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.
- for 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 delay for selling the shares after the vesting period.

The performance conditions are described in the "Human Resources – Profit-sharing and employee share ownership" part.

There are no share reserved at December 31, 2010 for the plan because it's a subscription plan.

The share price at grant date is equal to 42,1 euros. The valuation method used to determine the fair values is the arbitrage's model. These fair values (expressed in % of the share price at grant date) amount to:

- for France: 85% for the first section and 82% for the second section,
- for international: 82% for the first section and 79% for the second section.

In the countries where the free grant of performance shares is not possible or too complex, Societe Generale share equivalents are granted under the same presence and performance conditions than for the free share 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 to the plan in France and to 11% per year on average for employees eligible to the plan outside France.

5. Information on other plans

The other share based payment plans granted to Group employees during 2010 are as follows:

ALLOCATION OF SOCIETE GENERALE SHARES WITH A DISCOUNT

Global Employee Share Ownership Plan

As part of the employee share ownership policy, Societe Generale offered on April 20, 2010 to employees of the Group to subscribe to a reserved capital increase at a share price of EUR 36.98, with a discount of 20% reported at the average of the 20 Societe Generale share prices before this date.

Number of shares subscribed has been 4,291,479. There is no expense for this plan. Indeed, the valuation model used, which complies with the recommendation of the National Accounting Council on the accounting treatment of company savings plans, compares the gain the employee would have obtained if he had been able to sell the shares immediately and the notional cost that the 5-year holding period represents to the employee. This model leads to a unit value equal to 0 because the average of the closing trading prices for the SG shares during the subscription period (from May, 11 to May, 26) was under the subscription price offered to the employees.

TCW CASH-SETTLED FREE SHARES PLANS 2010

In 2010, following the purchase of Metropolitan West Asset Management, TCW has set up a retention plan for employees of this company including awards of free share. The grants are subjected to presence conditions and the vesting period spreads over five years. This plan includes a guarantee of liquidity in cash.

BOURSORAMA STOCK-OPTION AND FREE SHARES PLAN

The 2010 expense of the 2008 plan is EUR 0.5 million. In 2010, 19,062 free shares and 117,670 options were forfeited and 75,478 free shares were delivered.

Note 41

Cost of risk

(In millions of euros)	2010	2009
Counterparty risk		
Net allocation to impairment losses	(3,963)	(5,371)
Losses not covered	**(359)**	**(359)**
on bad loans	(312)	(268)
on other risks	(47)	(91)
Amounts recovered	**198**	**143**
on bad loans	197	132
on other risks	1	11
Other risks		
Net allocation to other provisions	(36)	(261)
Total (1)	**(4,160)**	**(5,848)**

(1) O/w EUR -696 million for legacy assets as at December 31, 2010 and EUR -1,398 million as at December 31, 2009.

Note 42

Income tax

(In millions of euros)	2010	2009
Current taxes	(1,425)	(1,387)
Deferred taxes	(117)	1,695
Total taxes [1]	**(1,542)**	**308**

(1) Reconciliation of the difference between the Group's normative tax rate and its effective tax rate:

	2010	2009
Income before tax excluding net income from companies accounted for by the equity method and impairment losses on goodwill (in millions of euros)	5,724	827
Normal tax rate applicable to French companies (including 3.3% tax contribution)	34.43%	34.43%
Permanent differences	-1.78%	-6.06%
Differential on items taxed at reduced rate	-0.14%	-21.98%
Tax rate differential on profits taxed outside France	-5.20%	-32.70%
Impact of non-deductible losses and use of tax losses carried forward	-0.37%	-10.99%
Group effective tax rate	**26.94%**	**-37.30%**

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). Since January 1, 2007, 95% of long-term capital gains on equity investments are exempted resulting in an effective rate of 1.72%. Dividends from companies in which Societe Generale's interest is at least 5% are tax exempt.

The normal tax rate applicable to French companies to determine their deferred tax is 34.43%. The reduced rate is 1.72% taking into account the nature of the taxed transactions.

Note 43

Earnings per share

(In millions of euros)	2010	2009
Net income, Group Share	3,917	678
Net attributable income to deeply subordinated notes	311	313
Net attributable income to deeply undated subordinated notes shareholders	25	25
Net attributable income to preference shareholders issued by Societe Generale S.A.	-	60
Net attributable income to ordinary shareholders	**3,581**	**280**
Weighted average number of ordinary shares outstanding (1)	721,724,753	624,488,571
Earnings per ordinary share (In EUR)	**4.96**	**0.45**

(In millions of euros)	2010	2009
Net income, Group Share	3,917	678
Net attributable income to deeply subordinated notes	311	313
Net attributable income to deeply undated subordinated notes shareholders	25	25
Net attributable income to preference shareholders issued by Societe Generale S.A.	-	60
Net attributable income to ordinary shareholders	**3,581**	**280**
Weighted average number of ordinary shares outstanding (1)	721,724,753	624,488,571
Average number of ordinary shares used in the dilution calculation (2)	3,436,912	2,332,455
Weighted average number of ordinary shares used in the dilution calculation net earnings per share	725,161,665	626,821,026
Diluted earnings per ordinary share (In EUR)	**4.94**	**0.45**

The dividend paid in 2010 regarding 2009 financial year amounts to EUR 0.25 per share.

(1) Excluding treasury shares.

(2) The number of shares used in the dilution calculation is computed using the "shares 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 Societe Generale which is EUR 41.61 for 2010. In this context, as at December 31, 2010, the 2009 stock-option plan without performance condition has a dilutive effect. The number of shares used in the dilution calculation also includes free shares without performance condition of 2008, 2009 and 2010 plans. The characteristics of the stock-option and free shares plans can be found in note 40.

Note 44

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, 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 charges), and other benefits under IAS 24 – paragraph 16 – as indicated below.

(In millions of euros)	December 31, 2010	December 31, 2009
Short-term benefits	6.3	7.9
Post-employment benefits	0.3	0.1
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	0.3	1.8
Total	**6.9**	**9.8**

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, 2010, in a total amount of EUR 26.9 million. All other transactions with these individuals are unsignificant.

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, 2010 under IAS 19 for the payment of pensions and other benefits to Societe Generale's chief executive officers and directors in office as at December 31, 2009 (Mr Cabannes, Mr Sammarcelli, Mr Sanchez Incera and the two staff-elected directors) was EUR 5.5 million.

2. Principal subsidiaries and affiliates[1]

Outstanding assets with related parties

(In millions of euros)	December 31, 2010	December 31, 2009
Financial assets at fair value through profit or loss	22	142
Other assets	1,813	831
Total outstanding assets	**1,835**	**973**

Outstanding liabilities with related parties

(In millions of euros)	December 31, 2010	December 31, 2009
Liabilities at fair value through profit or loss	76	186
Customer deposits	33	1,528
Other liabilities	2,405	672
Total outstanding liabilities	**2,514**	**2,386**

Net banking income from related parties

(In millions of euros)	2010	2009
Interest and similar income	(10)	(11)
Fee	206	30
Net income from financial transactions	(3)	17
Net income from other activities	7	-
Net banking income	**200**	**36**

Commitments to related parties

(In millions of euros)	December 31, 2010	December 31, 2009
Loan commitments granted	-	298
Guarantee commitments granted	46	1,964
Forward financial instrument commitments	**6,245**	**3,395**

(1) Entities consolidated using the proportionate method and equity method.

Note 45

Companies included in the consolidation scope

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
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 À L'INDUSTRIE FRANÇAISE (CALIF)	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 DE BANQUE AUX ANTILLES	France	FULL	100.00	100.00	100.00	100.00
SG ASSET MANAGEMENT BANQUE (7)	France	FULL	-	100.00	-	100.00
FINANCIAL COMPANIES						
SOCIETE GENERALE SECURITIES SERVICES FRANCE (1)	France	FULL	98.25	98.25	98.25	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
JS CREDIT FUND (5)	France	FULL	-	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	France	PROP	50.00	50.00	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	France	FULL	100.00	100.00	100.00	100.00
SGAM AI CREDIT PLUS OPPORTUNITES	France	FULL	100.00	100.00	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
AMUNDI GROUP (1)	France	EQUITY	24.93	25.00	25.00	25.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
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
CAFIREC (8)	France	FULL	-	100.00	-	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 (1)	France	FULL	100.00	100.00	100.00	100.00
FRANFINANCE (1)	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	100.00	100.00	100.00	100.00
LINDEN SAS (7)	France	FULL	-	100.00	-	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	France	FULL	100.00	100.00	100.00	100.00
SOGEFIMUR	France	FULL	100.00	100.00	100.00	100.00
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 (2)	France	FULL	100.00	-	100.00	-
LA BANQUE POSTALE FINANCEMENT (3)	France	EQUITY	35.00	-	35.00	-
SOCIETE GENERALE FHF (2)	France	FULL	100.00	-	100.00	-

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
PORTFOLIO MANAGEMENT						
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 (2)	France	FULL	100.00	-	100.00	-
BROKERS						
BOURSORAMA SA (1)	France	FULL	57.78	55.78	57.78	55.78
CLICKOPTIONS (7)	France	FULL	-	100.00	-	100.00
GASELYS (6)	France	EQUITY	-	49.00	-	49.00
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

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
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	France	FULL	100.00	100.00	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
SERVICES						
COMPAGNIE GENERALE D'AFFACTURAGE	France	FULL	100.00	100.00	100.00	100.00
EUROPE COMPUTER SYSTEMES SA (1) (6)	France	FULL	-	100.00	-	100.00
PARIS REGLEMENT LIVRAISON	France	FULL	100.00	100.00	100.00	100.00
SOCIETE DE CONTROLE ET DE GESTION FINANCIERE- SOCOGEFI	France	FULL	100.00	100.00	100.00	100.00
GROUP REAL ESTATE MANAGEMENT COMPANIES						
COMPAGNIE FONCIÈRE 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

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
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	65.00	100.00	65.00
EUROPE						
BANKS						
BRD – GROUPE SOCIETE GENERALE (1)	Romania	FULL	59.37	59.37	59.37	59.37
BANKA SOCIETE GENERALE ALBANIA SH.A. (1)	Albania	FULL	85.82	75.01	85.82	75.01
BANK REPUBLIC (1)	Georgia	FULL	81.18	80.00	81.18	80.00
GENIKI (1)	Greece	FULL	88.44	53.97	88.44	53.97
KOMERCNI BANKA A.S (1)	Czech Republic	FULL	60.44	60.44	60.44	60.44
SOCIETE GENERALE BANK NEDERLAND N.V.	Netherlands	FULL	100.00	100.00	100.00	100.00
SG EXPRESS BANK (1)	Bulgaria	FULL	99.69	99.69	99.69	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 (1)	Russia	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE BANK AND TRUST LUXEMBOURG (1)	Luxembourg	FULL	100.00	100.00	100.00	100.00
SG PRIVATE BANKING MONACO	France	FULL	100.00	100.00	100.00	100.00
SKB BANKA (1)	Slovenia	FULL	99.72	99.70	99.72	99.70
SG CYPRUS LTD (12)	Cyprus	EQUITY	-	51.00	-	51.00
SG PRIVATE BANKING BELGIQUE (1)	Belgium	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SPLITSKA BANKA	Croatia	FULL	100.00	100.00	100.00	100.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
SGSS SPA	Italy	FULL	100.00	100.00	100.00	100.00
ROSBANK (1)	Russia	FULL	74.89	65.33	74.89	65.33
MOBIASBANCA GROUPE SOCIETE GENERALE	Moldova	FULL	79.77	79.72	87.90	87.85
PODGORICKA BANKA SG GROUP (2)	Montenegro	FULL	90.56	-	90.56	-
FINANCIAL COMPANIES						
BRD FINANCE IFN S.A.	Romania	FULL	80.09	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	Great Britain	FULL	100.00	100.00	51.00	51.00
SOCIETE GENERALE SECURITIES SERVICES LUXEMBOURG	Luxembourg	FULL	99.21	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	51.00	100.00	51.00
LYXOR MASTER FUND	Great Britain	FULL	100.00	100.00	100.00	100.00
ORION SHARED LIQUIDITY FUND B.V. (5)	Netherlands	FULL	-	100.00	-	100.00
PARSIFAL LTD (10)	Great Britain	FULL	-	-	-	-
SGA SOCIETE GENERALE ACCEPTANCE N.V. ("SGA")	Curacao	FULL	100.00	100.00	100.00	100.00
SGAM IBERIA AV, SAU (11)	Spain	EQUITY	-	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	Ireland	FULL	100.00	100.00	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
SG WERTPAPIERHANDELSGESELLSCHAFT MB (4)	Germany	FULL	-	100.00	-	100.00
SOCIETE EUROPEENNE DE FINANCEMENT ET D'INVESTISSEMENT	Luxembourg	FULL	100.00	100.00	100.00	100.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
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
FCT RED & BLACK CONSUMER 2008-1	France	FULL	100.00	100.00	100.00	100.00
MILO FOREIGN DEBT FUND	Netherlands	FULL	100.00	100.00	100.00	100.00
MILO FDF INVESTORS CV	Netherlands	FULL	100.00	100.00	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						
AXUS SA/NV (1)	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
ADRIA LEASING SPA (9)	Italy	FULL	-	100.00	-	100.00
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 (3)	Luxembourg	FULL	100.00	-	100.00	-
DC MORTGAGE FINANCE NETHERLAND BV (1)	Netherlands	FULL	100.00	100.00	100.00	100.00
EIFFEL LIMITED	Great Britain	FULL	100.00	100.00	100.00	100.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
ESSOX SRO	Czech Republic	FULL	79.85	79.85	100.00	100.00
EURO BANK SPOLKA AKCYJNA	Poland	FULL	99.52	99.44	99.52	99.44
FIDITALIA SPA [1]	Italy	FULL	100.00	100.00	100.00	100.00
FRAER LEASING SPA	Italy	FULL	73.43	67.75	73.43	67.75
SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.	Czech Republic	FULL	100.00	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 FÜR 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 KFZ-HANDELS 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	90.18	96.77	90.18	96.77
SGSS DEUTSCHLAND KAPITALANLAGEGESELLSCHAFT MBH	Germany	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE LIMITED [1] [3]	Great Britain	FULL	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

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
ASSURANCES						
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	80.62	80.62	100.00	100.00
SOGELIFE	Luxembourg	FULL	100.00	100.00	100.00	100.00
SOGECAP LIFE ASSURANCE	Russia	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE RE SA (2)	Luxembourg	FULL	100.00	-	100.00	-
CATALYST RE INTERNATIONAL LTD (2)	Bermuda	FULL	100.00	-	100.00	-
AFRICA AND THE MIDDLE-EAST						
BANKS						
BANKY FAMPANDROSOANA VAROTRA SG	Madagascar	FULL	70.00	70.00	70.00	70.00
SG DE BANQUES AU BURKINA	Burkina Faso	FULL	51.19	51.19	52.53	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 BANQUES 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	74.15	74.15	100.00	100.00
INSURANCES						
LA MAROCAINE VIE	Morocco	FULL	88.86	85.97	99.98	100.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
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	70.00	100.00	70.00
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						
SG AMERICAS, INC. (1)	United States	FULL	100.00	100.00	100.00	100.00
SG CAPITAL TRUST I (5)	United States	FULL	-	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	100.00	100.00	100.00	100.00
THE TURQUOISE FUND LTD	Cayman Islands	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE ENERGIE (USA) CORP.	United States	FULL	100.00	100.00	100.00	100.00
THE GLOBAL COMMODITIES FINANCE FUND LIMITED (4)	Cayman Islands	FULL	-	100.00	-	100.00
SPECIALIST FINANCING						
MAKATEA JV INC.	United States	FULL	100.00	100.00	66.67	66.67
REXUS L.L.C.	United States	FULL	100.00	100.00	70.83	70.83
SG ASTRO FINANCE L.P. (5)	United States	FULL	-	100.00	-	100.00
SG CONSTELLATION CANADA LTD.	Canada	FULL	100.00	100.00	100.00	100.00
SG FINANCE, INC.	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	United States	FULL	100.00	100.00	100.00	100.00
LYXOR ASSET MANAGEMENT HOLDING CORP. (1)	United States	FULL	100.00	100.00	100.00	100.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
ASIA AND OCEANIA						
BANKS						
SG AUSTRALIA HOLDINGS LTD (1) (4)	Australia	FULL	-	100.00	-	100.00
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
FINANCIAL COMPANIES						
FORTUNE SGAM FUND MANAGEMENT CO LTD	China	PROP	49.00	49.00	49.00	49.00
IBK-SG ASSET MANAGEMENT CO. LTD (6)	South Korea	PROP	-	50.00	-	50.00
SG ASIA (HONG-KONG) LTD	Hong Kong	FULL	100.00	100.00	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

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.
(1) Companies carrying out sub-consolidation.
(2) Consolidated for the first time in 2010.
(3) Companies now consolidated directly.
(4) Entities deconsolidated during 2010.
(5) Entities wound up in 2010.
(6) Entities sold in 2010.
(7) Dissolution by transfer of assets with Societe Generale S.A.
(8) Dissolution by transfer of assets with Généfinance.
(9) Dissolution by transfer of assets with Fraer Leasing Spa.
(10) Special purpose vehicles substantially controlled by the Group.
(11) Company now sub-consolidated in Amundi Group.
(12) Company now sub-consolidated in SG de Banque au Liban.

Note 46

Sector information

Sector information by business lines

	French Network (1) (4)		International Retail Banking		Specialised Financial Services and Insurance	
(In millions of euros)	2010	2009 (*)	2010	2009 (*)	2010	2009 (*)
Net banking income	7,791	7,466	4,930	4,749	3,539	3,239
Operating Expenses (6)	(5,058)	(4,911)	(2,769)	(2,681)	(1,841)	(1,818)
Gross operating income	**2,733**	**2,555**	**2,161**	**2,068**	**1,698**	**1,421**
Cost of risk	(864)	(970)	(1,340)	(1,298)	(1,174)	(1,224)
Operating income	**1,869**	**1,585**	**821**	**770**	**524**	**197**
Net income from companies accounted for by the equity method	8	13	11	6	(12)	(54)
Net income/expense from other assets	6	2	1	7	(5)	(16)
Impairment of goodwill	-	-	1	-	-	(44)
Earnings before tax	**1,883**	**1,600**	**834**	**783**	**507**	**83**
Income tax	(637)	(540)	(156)	(155)	(148)	(48)
Net income before non-controlling interests	**1,246**	**1,060**	**678**	**628**	**359**	**35**
Non-controlling interests	13	53	186	169	16	9
Net income, Group share	**1,233**	**1,007**	**492**	**459**	**343**	**26**

	Private Banking, Global Investment Management and Services					
	Asset Management (2)		Private Banking		SGSS, Brokers (1)	
(In millions of euros)	2010 (3)	2009 (*)	2010	2009 (*)	2010	2009 (*)
Net banking income	477	646	699	829	1,094	1,059
Operating Expenses (6)	(457)	(656)	(551)	(526)	(994)	(1,046)
Gross operating income	**20**	**(10)**	**148**	**303**	**100**	**13**
Cost of risk	(3)	-	(4)	(38)	-	(2)
Operating income	**17**	**(10)**	**144**	**265**	**100**	**11**
Net income from companies accounted for by the equity method	100	-	-	-	-	-
Net income/expense from other assets	(1)	(1)	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-
Earnings before tax	**116**	**(11)**	**144**	**265**	**100**	**11**
Income tax	(5)	4	(33)	(60)	(33)	(4)
Net income before non-controlling interests	**111**	**(7)**	**111**	**205**	**67**	**7**
Non-controlling interests	-	3	-	-	-	1
Net income, Group share	**111**	**(10)**	**111**	**205**	**67**	**6**

(*) All the core business results have been prepared on the basis of normative capital allocation to businesses equivalent to 7% Basel 2 risk-weighted assets at the beginning of the period (vs. previously 6% on average assets for the period), supplemented by the additional consumption of prudential capital generated by each business (deductions impacting Basel 2 Tier 1 capital) and, if necessary, requirements specific to the insurance activities.

	Corporate and Investment Banking [2] [4] [5]		Corporate Centre [5]		Societe Generale Group	
(In millions of euros)	2010	2009 [*]	2010	2009 [*]	2010	2009 [*]
Net banking income [7]	7,836	7,028	52	(3,286)	26,418	21,730
Operating Expenses [6]	(4,706)	(3,981)	(169)	(147)	(16,545)	(15,766)
Gross operating income	**3,130**	**3,047**	**(117)**	**(3,433)**	**9,873**	**5,964**
Cost of risk	(768)	(2,320)	(7)	4	(4,160)	(5,848)
Operating income	**2,362**	**727**	**(124)**	**(3,429)**	**5,713**	**116**
Net income from companies accounted for by the equity method	9	52	3	(2)	119	15
Net income/expense from other assets	(6)	(7)	16	726	11	711
Impairment of goodwill	-	-	-	2	1	(42)
Earnings before tax	**2,365**	**772**	**(105)**	**(2,703)**	**5,844**	**800**
Income tax	(625)	(93)	95	1,204	(1,542)	308
Net income before non-controlling interests	**1,740**	**679**	**(10)**	**(1,499)**	**4,302**	**1,108**
Non-controlling interests	10	16	160	179	385	430
Net income, Group share	**1,730**	**663**	**(170)**	**(1,678)**	**3,917**	**678**

(*) All the core business results have been prepared on the basis of normative capital allocation to businesses equivalent to 7% Basel 2 risk-weighted assets at the beginning of the period (vs. previously 6% on average assets for the period), supplemented by the additional consumption of prudential capital generated by each business (deductions impacting Basel 2 Tier 1 capital) and, if necessary, requirements specific to the insurance activities.

(1) The entity Boursorama, previously affiliated with Private Banking, Global Investment Management and Services, is integrated from now on into the French Networks.

(2) 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.

(3) 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) is presented under "Net income from companies accounted for by the equity method".

(4) The Group changed its structure in the first quarter of 2009. All the real estate subsidiaries previously affiliated with Corporate and Investment Banking, except for ODIPROM, have joined the French Networks. This transfer includes notably GENEFIM, SOGEPROM and GENEFIMMO, as well as their respective subsidiaries.

(5) Income and expense not directly related to the business lines' activity are recorded in the Corporate Center's profit and loss. Thus the debt revaluation differences linked to own credit risk (EUR 427 million at Decembre 31, 2010) and the revaluation differences of the credit derivative instruments hedging the loans and receivables portfolios (EUR -59 million at Decembre 31, 2010) are allocated to the Corporate Centre. The entities SGAM AI CREDIT PLUS and SGAM AI CREDIT PLUS OPPORTUNITES, previously affiliated with the Corporate Centre, have joined Corporate and Investment Banking. On the other hand, the Group has transferred a portfolio of securities classified in "available-for-sale" and "held-to-maturity" from the Corporate Centre to Corporate and Investment Banking.

(6) Including depreciation and amortisation.

(7) Breakdown of Net banking income by business for "Corporate and Investment Banking":

(In millions of euros)	2010	2009 [*] [8]
Global Markets	5,021	7,338
Financing and Advisory	2,744	2,510
Legacy Assets	71	(2,820)
Total Net banking income	**7,836**	**7,028**

(*) All the core business results have been prepared on the basis of normative capital allocation to businesses equivalent to 7% Basel 2 risk-weighted assets at the beginning of the period (vs. 6% previously on average assets for the period), supplemented by the additional consumption of prudential capital generated by each business (deductions impacting Basel 2 Tier 1 capital) and, if necessary, requirements specific to the insurance activities.

(8) The breakdown of Net banking income by business was aligned on the new structure of the core business "Corporate and Investment Banking".

(In millions of euros)	French Networks December 31, 2010	French Networks December 31, 2009 (10)	International Retail banking December 31, 2010	International Retail banking December 31, 2009	Specialised Financial Services and Insurance December 31, 2010	Specialised Financial Services and Insurance December 31, 2009	Corporate and Investment Banking December 31, 2010	Corporate and Investment Banking December 31, 2009 (11)
Sector assets	191,428	182,566	92,875	87,443	136,449	127,431	609,795	533,004
Sector liabilities (9)	150,997	133,656	73,081	71,426	89,910	81,189	611,663	567,148

	Private Banking, Global Investment Management and Services											
	Asset Management		Private Banking		SGSS, Brokers		Division Total		Corporate Centre (*)		Societe Generale Group	
(In millions of euros)	December 31, 2010	December 31, 2009 (11)	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009 (10)	December 31, 2010	December 31, 2009 (10) (11)	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009 (10) (11)
Sector assets	2,941	3,503	20,678	18,963	50,003	44,477	73,622	66,943	27,903	26,314	1,132,072	1,023,701
Sector liabilities (9)	650	706	24,755	25,012	65,940	60,337	91,345	86,055	64,101	37,389	1,081,097	976,863

(*) Assets and liabilities not directly related to the business lines' activities are recorded on the Corporate Center'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.

(9) Sector liabilities correspond to debts (i.e. total liabilities except equity).

(10) The entity Boursorama, previously affiliated with Private Banking, Global Investment Management and Services, is integrated from now on into the French Networks.

(11) The entity Fortune Fund Management, previously affiliated with Asset Management, is integrated from now on into the Corporate and Investment Banking business line.

Sector information by geographical region

Geographical breakdown of Net banking income

	France		Europe		Americas	
(In millions of euros)	2010	2009	2010	2009	2010	2009
Net interest and similar income	6,345	5,581	4,029	3,994	726	1,311
Net fee income	4,506	4,750	1,764	1,772	692	826
Net income/expense from financial transactions	1,873	(1,315)	2,058	1,977	823	(126)
Other net operating income	354	318	956	711	(35)	(39)
Net banking income	**13,078**	**9,334**	**8,807**	**8,454**	**2,206**	**1,972**

	Asia		Africa		Oceania		Total	
(In millions of euros)	2010	2009	2010	2009	2010	2009	2010	2009
Net interest and similar income	159	125	909	818	120	135	12,288	11,964
Net fee income	137	131	368	315	18	18	7,485	7,812
Net income/expense from financial transactions	577	374	82	48	(39)	(11)	5,374	947
Other net operating income	3	1	(5)	1	(2)	15	1,271	1,007
Net banking income	**876**	**631**	**1,354**	**1,182**	**97**	**157**	**26,418**	**21,730**

Geographical breakdown of balance sheet items

(In millions of euros)	France		Europe		Americas	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Sector assets	813,508	708,038	159,882	158,745	117,275	107,429
Sector liabilities (12)	770,503	669,480	153,416	152,584	118,411	107,601

(In millions of euros)	Asia		Africa		Oceania		Total	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Sector assets	18,000	15,263	23,222	20,522	185	13,704	1,132,072	1,023,701
Sector liabilities (12)	17,463	14,829	21,161	18,804	143	13,565	1,081,097	976,863

(12) Sector liabilities correspond to debts (i.e. total liabilities except equity).

Note 47

Fees to statutory auditors

Fees to statutory auditors recorded in the income statement in 2010 are:

(In millions of euros)	2010	2009
Fees related to statutory audit, certification, examination of parent company and consolidated accounts	30	32
Fees related to audit services and related assignments	3	8
Total	**33**	**40**

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 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 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.

Year ended December 31, 2010

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, 2010, on:

- the audit of the accompanying consolidated financial statements of Societe Generale;
- 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, 2010 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

In accordance with the requirements of article L. 823-9 of the French commercial code *(code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- For the purpose of preparing the financial statements, your company records 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 fair value of financial instruments accounted for at amortized cost, goodwills, as well as 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 context of a volatility on financial markets that remains at a high level and of a still uncertain environment:
  - Your company provides in note 3 to the consolidated financial statements its direct and indirect exposures to certain sectors, the procedures implemented to assess

them, as well as the process for measuring certain financial instruments. We have reviewed the control procedures implemented to identify and measure such exposures, as well as the appropriateness of the related disclosure included in the aforementioned note.

- 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, 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.
- As mentioned in note 3 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 regarding its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, March 4, 2011

The Statutory Auditors

French original signed by

ERNST & YOUNG Audit	**DELOITTE & ASSOCIES**	
Philippe Peuch-Lestrade	Damien Leurent	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, 2010	December 31, 2009	Change
Interbank and money market assets	115	98 (*)	17
Customer loans	282	252 (*)	29
Securities	375	338	37
- of which securities purchased under resale agreements	*95*	*60*	36
Other assets	199	195	4
- of which option premiums	*108*	*109*	(1)
Tangible and intangible fixed assets	2	2	(0)
Total assets	**972**	**886**	**87**

LIABILITIES AND SHAREHOLDERS' EQUITY

(In billions of euros at December 31)	December 31, 2010	December 31, 2009	Change
Interbank and money liabilities [1]	214	218 (*)	(4)
Customer deposits	380	338 (*)	42
Bonds and subordinated debt [2]	25	25	(1)
Securities	126	91	35
- of which securities sold under repurchase agreements	*71*	*50*	22
Other liabilities and provisions	200	186	14
- of which option premiums	*112*	*113*	(1)
Equity	28	27	1
Total liabilities and shareholders' equity	**972**	**886**	**87**

(*) Amount adjusted in regard to financial statements published on December 31st, 2009.
(1) including negotiable debt instruments.
(2) including undated subordinated capital notes.

Societe Generale's balance sheet total amounted to EUR 972 billion, which is an increase compared to December 31, 2009.

Every component of this increase reflects the rebound in commercial activities in a difficult and mixed environment.

The sharp growth in individual customer loans (+12%) is a result of Societe Generale's active participation in the financing of the economy.

The change in the securities portfolio does not really reflect the various events that have affected this item. For example, in November 2010, Societe Generale contributed its legacy assets activity to IEC. This disposal reduces its assets, all securities portfolios included, by EUR 28 billion.

Societe Generale has also added to its investment portfolio, while the held for trading portfolio continued to increase.

For the other financial accounts, on both the asset and liability sides, the items' relative stability does not reflect the changes over the year. These items, which are volatile by definition, have been affected firstly by the disposal of the legacy assets activity for around EUR 13 billion, and secondly by the changes in corporate and investment banking's trading activities.

The very positive increase in customer deposits kept the loan/deposit ratio stable compared to December 31, 2009.

Societe Generale has maintained a diversified range of funding sources:

- stable resources consisting of equity and subordinated debt (EUR 53 billion);
- customer resources in the form of deposits, which make up a significant share of medium- and long-term resources (39% of the balance sheet total), alongside securities portfolio refinancing (EUR 32.6 billion);
- medium and long-term capital raised on the market through a diversified funding policy based on various types of debt and forms of issue, currencies and investor pools (EUR 117.3 billion);
- finally, resources collected in the form of interbank and central bank deposits (EUR 96.8 billion) or securities transactions (EUR 38.5 billion).

In 2010, Societe Generale was able to finance the rollover of its debt maturing during the year as well as the growth of its businesses, thanks to a well diversified funding programme on the capital markets (issues of vanilla and structured private placements, and senior and subordinated benchmark issues) and additional deposit inflows.

Societe Generale intends to maintain this strategy in order to assist the development of its balance sheet on a balanced basis.

SUMMARY INCOME STATEMENT OF SOCIETE GENERALE

(In millions of euros)	2010 France	10/09 (%)	2010 International	10/09 (%)	2010 Societe Generale	10/09 (%)	2009 France	2009 International	2009 Societe Generale
Net Banking Income	**8,393**	***(11)***	**3,029**	***(0)***	**11,422**	***(8)***	**9,422**	**3,039**	**12,461**
Operating expenses	(6,247)	*(3)*	(1,688)	*55*	(7,935)	*5*	(6,458)	(1,090)	(7,548)
Gross operating income	**2,146**	***(28)***	**1,341**	***(31)***	**3,487**	***(29)***	**2,964**	**1,949**	**4,913**
Cost of risk	(312)	*(72)*	(215)	*(69)*	(527)	*(71)*	(1,101)	(690)	(1,791)
Operating income	**1,834**	***(2)***	**1,126**	***(11)***	**2,960**	***(5)***	**1,863**	**1,259**	**3,122**
Net income from long-term investments	(1,005)	*(62)*	224	*N/A*	(781)	*(72)*	(2,620)	(135)	(2,754)
Operating income before tax	**829**	***N/A***	**1,350**	***20***	**2,179**	***N/A***	**(756)**	**1,124**	**368**
Income tax	(642)	*N/A*	(175)	*10*	(817)	*N/A*	712	(159)	554
Net income	**186**	***N/A***	**1,175**	***22***	**1,362**	***48***	**(44)**	**965**	**922**

In 2010, Societe Generale produced gross operating income of EUR +3.5 billion, compared to EUR +4.9 billion in 2009.

- Net banking income amounted to EUR +11.4 billion, which is stable compared to 2009 (EUR +12.5 billion), if this is restated for the non-recurring items in 2009 (up EUR +1.3 billion).
- With its strong results in 2010, French Retail Banking confirmed its franchises in a mixed economic environment. The Societe Generale Network actively contributed to the financing of the economy in 2010. For instance, new housing loan business grew by more than 16% between Q4 2009 and Q4 2010. Medium/long-term business loan origination also increased by more than 27% over the same period.
- In a fairly negative environment on the capital markets, Corporate and Investment Banking developed its Financing and Advisory franchises.
- The rise in operating expenses compared to 2009 remains contained and is notably due to the investments made in the transformation of the bank's operating platform.
- The cost of risk fell considerably, decreasing from a charge of EUR 1.8 billion in 2009 to EUR 0.5 billion in 2010. This reflects the gradual return to normal economic conditions in France.
- The Bank's operating income amounted to EUR 3.0 billion at the end of 2010, which is an improvement on 2009 if restated for non-recurring items (equal to EUR -1.2 billion in 2009). This trend is due to the smaller provision for legacy assets.

2010 also saw the contribution of the "Legacy assets" activity to IEC, a Group subsidiary, for easier management and to isolate the related risk.

- Net income after tax therefore totalled EUR 1.4 billion at the end of 2010, rising sharply compared to 2009 (+48%), as the provisions booked for the bank's real estate assets were non-recurring.

SUPPLIER PAYABLES PAYMENT SCHEDULE

	December 31, 2010					December 31, 2009				
	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	60.5	13.4	2.0	75.3	151.2	22.6	1.0	0.5	30.2	54.3

The maturity dates correspond to the payment dates given in invoices or supplier conditions, independently of the date of receipt.

The processing of Societe Generale France's supplier invoices is largely centralised. The department responsible for this processing books and settles invoices passed 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 pay their own invoices.

In accordance with the Group's internal control procedures, invoices are only paid after they have been validated by the departments that signed for the services. The average time for the payment of invoices after validation is between 3 and 7 days.

FIVE-YEAR FINANCIAL SUMMARY OF SOCIETE GENERALE

	2010	2009	2008	2007	2006
Financial position at year-end					
Capital stock (in millions of euros) [1]	933	925	726	583	577
Number of outstanding shares [2]	746,421,631	739,806,265	580,727,244	466,582,593	461,424,562
Results of operations (in millions of euros)					
Gross banking and other income [3]	26,714	29,577 [**]	36,238	43,940	36,358
Earnings before tax, depreciation, amortization, provisions, employee profit sharing and general reserve for banking risks	4,057	5,693	(836)	(2,248)	4,648
Employee profit sharing	15	22	45	29	26
Income tax	817	(554)	(1,956)	(1,932)	482
Net income	1,362	922	(2,964)	(,961)	4,033
Total dividends paid	1,306	185	697	420 [*]	2,399
Earnings per share (in euros)					
Earnings after tax but before depreciation, amortization and provisions	4.32	8.41	1.85	(0.74)	8.97
Net income	1.82	1.25	(5.10)	(2.06)	8.74
Dividend paid per share	1.75	0.25	1.20	0.90	5.20
Personnel					
Number of employees	46,316	46,181	45,698	44,768	41,736
Total payroll (in millions of euros)	3,340	3,109	2,813	2,647	2,897
Employee benefits (Social Security and other) (in millions of euros)	1,443	1,394	1,212	1,343	1,269

(*) The dividend proposed as regards the financial year 2007 will be deducted from the special reserves of long-term capital gains.

(**) Amount adjusted in regard to financial statements published on December 31st, 2009

(1) In 2010, Societe Generale operated several capital increases and one decrease for EUR 8.3 million with EUR 230.1 million issuing premiums:

- *EUR 2.9 million for the payment of dividends with EUR 76.8 million issuing premiums;*
- *EUR 5.4 million for the capital increase reserved for the employees with EUR 153.3 million issuing premiums.*

(2) At December 31, 2010, Societe Generale's common stock comprised 746,421,631 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.

Financial statements

PARENT COMPANY BALANCE SHEET

ASSETS

(In millions of euros)		December 31, 2010	December 31, 2009
Cash, due from central banks and post office accounts		4,825	2,660
Due from banks	(note 2)	164,178	130,137
Customer loans	(note 3)	322,765	277,401
Lease financing and similar agreements		184	271
Treasury notes and similar securities	(note 4)	47,147	41,030
Bonds and other debt securities	(note 4)	133,966	147,696
Shares and other equity securities	(note 4)	59,756	56,169
Affiliates and other long-term securities	(note 5)	2,500	2,499
Investments in subsidiaries	(note 6)	35,836	30,407
Tangible and intangible fixed assets	(note 7)	1,510	1,516
Treasury stock	(note 8)	686	759
Accruals, other accounts receivable and other assets	(note 9)	198,897	194,998
Total		**972,250**	**885,543**

OFF-BALANCE SHEET ITEMS

(In millions of euros)		December 31, 2010	December 31, 2009
Loan commitments granted	(note 18)	167,147	130,923
Guarantee commitments granted	(note 18)	236,397	210,255
Commitments made on securities		16,841	15,342
Foreign exchange transactions	(note 31)	971,235	647,123
Forward financial instrument commitments	(note 19)	17,769,008	15,625,066

(The accompanying notes are an integral part of the Parent Company financial statements)

LIABILITIES AND SHAREHOLDERS' EQUITY

(In millions of euros)		December 31, 2010	December 31, 2009
Due to central banks and post office accounts		2,769	2,065
Due to banks	(note 10)	132,483	130,008
Customer deposits	(note 11)	412,809	360,627
Liabilities in the form of securities issued	(note 12)	121,093	117,314
Accruals, other accounts payable and other liabilities	(note 13)	216,927	195,298
Provisions	(note 14)	37,280	31,993
Long-term subordinated debt and notes	(note 16)	20,799	21,570
Shareholders' equity			
Common stock	(note 17)	933	925
Additional paid-in capital	(note 17)	18,704	18,474
Retained earnings	(note 17)	7,091	6,347
Net income	(note 17)	1,362	922
Sub-total		**28,090**	**26,668**
Total		**972,250**	**885,543**

OFF-BALANCE SHEET ITEMS

(In millions of euros)		December 31, 2010	December 31, 2009
Loan commitments received	(note 18)	62,569	44,526
Guarantee commitments received	(note 18)	55,608	56,439
Commitments received on securities		16,923	16,302
Foreign exchange transactions	(note 31)	970,938	646,220

(The accompanying notes are an integral part of the Parent Company financial statements)

INCOME STATEMENT

(In millions of euros)		2010	2009
Interest and similar income		*19,495*	*24,292*
Interest and similar expense		*(14,582)*	*(17,250)*
Net interest income	(note 20)	4,913	7,042
Net income from lease financing and similar agreements		16	23
Dividend income	(note 21)	2,141	3,118
Commissions (income)		*3,996*	*4,707*
Commissions (expenses)		*(1,170)*	*(1,405)*
Net fee income	(note 22)	2,826	3,302
Net income from the trading portfolio	(note 23)	1,521	(950)
Net income from short-term investment securities	(note 23)	(59)	(62)
Income from other activities		195	315
Expenses from other activities		(131)	(327)
Net gains or losses on other activities		64	(12)
Net banking income		**11,422**	**12,461**
Personnel expenses	(note 24)	(4,866)	(4,641)
Other operating expenses		(2,751)	(2,584)
Depreciation and amortisation		(318)	(323)
Total operating expenses		**(7,935)**	**(7,548)**
Gross operating income		**3,487**	**4,913**
Cost of risk	(note 27)	(527)	(1,791)
Operating income		**2,960**	**3,122**
Net income from long-term investments	(note 28)	(781)	(2,754)
Operating income before tax		**2,179**	**368**
Exceptional items		-	-
Income tax	(note 29)	(817)	554
Net allocation to regulatory provisions		-	-
Net income		**1,362**	**922**

Information about fees paid to statutory auditors are disclosed in the notes to the consolidated financial statements of Societe Generale Group for the year 2010; consequently, these information are 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.

CHANGES IN ACCOUNTING POLICIES AND ACCOUNT COMPARABILITY

As of January 1, 2010, Societe Generale applied the following regulations issued by the French accounting standard setter:

- Regulation 2009-03 of the Accounting Regulation Committee (CRC) dated December 3, 2009 relative to recognition of fees received by a bank and incremental transaction costs related to the granting or the acquisition of a loan. The benefit of the year is not significantly impacted by this new regulation,
- Regulation 2010-04 of the French Accounting Standard Authority (ANC) dated October 7, 2010 relative to transactions with related parties and off-balance-sheet arrangements which modifies the regulation 91-01 of the French banking Regulation Committee relative to drawing up and publishing of parent company financial statements,
- Regulation 2010-08 of the French Accounting Standard Authority (ANC) dated October 7, 2010 relative to publishing the annual and quarterly accounts, which modifies the regulation 91-01 of the French banking Regulation Committee relative to drawing up and publishing of parent company financial statements.

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 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 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 case of 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.

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)

The *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 fixed at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also fixed 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 variations 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 saving phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of savings 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 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.

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.

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 item *Net cost of risk* is limited to net allocations to depreciations for counterparty risks, country risks and disputes. Net allocations to provisions are classified by type of risk in the corresponding accounts in the income statement.

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, 2010, 345 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 2010, the difference booked by Societe Generale between the corporation tax levied on the tax group and the tax expense it would have generated a decrease of deferred income tax asset amounted to EUR 53.5 million.

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 1.66%. 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 2010 and after, the normal tax rate applicable to French companies to determine their deferred tax is 34.43%, and the reduced rate is 1.72% 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, 2010	December 31, 2009 (*)
Deposits and loans		
Demand		
Current accounts	9,621	25,023
Overnight deposits and loans	1,799	1,184
Loans secured by notes-overnight	-	-
Term		
Term deposits and loans	92,778	65,661
Subordinated and participating loans	4,972	2,882
Loans secured by notes and securities	313	452
Related receivables	407	434
Gross amount	**109,890**	**95,636**
Depreciations	(104)	(143)
Net amount	**109,786**	**95,493**
Securities purchased under resale agreements	54,392	34,644
Total (1) (2)	**164,178**	**130,137**

(*) Amount adjusted in regard to financial statements published on December 31, 2009

(1) At December 31, 2010 doubtful loans amounted to EUR 328 million (of which EUR 100 million were non-performing loans) against EUR 356 million (of which EUR 103 million were non-performing loans) at December 31, 2009.

(2) Including amounts receivable from subsidiaries: EUR 95,564 million at December 31, 2010 (EUR 61,975 million at December 31, 2009).

NOTE 3

Customer loans

(In millions of euros)	December 31, 2010	December 31, 2009 (*)
Discount of trade notes (1)	1,969	2,265
Other loans:		
Short-term loans	61,822	58,608
Export loans	9,204	7,881
Equipment loans	45,144	44,878
Mortgage loans	65,491	60,407
Other loans	75,602	69,178
Sub-total (2) (3)	**257,263**	**240,952**
Overdrafts	24,549	10,563
Related receivables	1,227	1,203
Gross amount	**285,008**	**254,983**
Depreciations	(3,271)	(3,103)
Net amount	**281,737**	**251,880**
Loans secured by notes and securities	344	605
Securities purchased under resale agreements	40,684	24,916
Total (4)	**322,765**	**277,401**

(*) Amount adjusted in regard to financial statements published on December 31, 2009

(1) Including pledged loan: EUR 73,892 million of which amounts eligible for refinancing with Bank of France: EUR 15,968 million at December 31, 2010 (EUR 54,872 million at December 31, 2009).

(2) Of which participating loans: EUR 1,542 million at December 31, 2010 (EUR 1,994 million at December 31, 2009).

(3) At December 31,2009 doubtful loans amounted to EUR 6,817 million (of which EUR 3,026 million were non-performing loans) against EUR 7,346 million (of which EUR 3,678 million were non-performing loans) at December 31,2009.

(4) Of which amounts receivable from subsidiaries: EUR 84,821 million at December 31, 2010 (EUR 82,807 million at December 31, 2009).

NOTE 4

Treasury notes, bonds and other debt securities, shares and other equity securities

(In millions of euros)	December 31, 2010				December 31, 2009			
	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	35,462	58,886	94,166	188,514	36,169	55,245	90,624	182,038
Short-term investment securities [(1)]:								
Gross book value	11,473	826	39,286	51,585	4,659	917	37,014	42,590
Depreciations	(133)	(12)	(263)	(408)	(49)	(10)	(610)	(669)
Net book value	11,340	814	39,023	51,177	4,610	907	36,404	41,921
Long-term investment securities:								
Gross book value	217	-	620	837	217	-	22,015	22,232
Depreciations	-	-	-	-	-	-	(1,563)	(1,563)
Net book value	217	-	620	837	217	-	20,452	20,669
Related receivables	128	56	157	341	34	17	216	267
Total	**47,147**	**59,756**	**133,966**	**240,869**	**41,030**	**56,169**	**147,696**	**244,895**

(1): Of which Bank of France elligible securities in refinancement: EUR 33,957 million.

Additional information on securities

(In millions of euros)	December 31, 2010	December 31, 2009
Estimated market value of short-term investment securities:		
Unrealised capital gains [(*)]	605	369
Estimated value of long-term investment securities:	17	(259)
Premiums and discounts relating to short-term and long-term investment securities [(1)]	(31)	(2,947)
Investments in mutual funds:		
- French mutual funds	7,339	4,169
- Foreign mutual funds	8,504	8,012
Of which mutual funds which reinvest all their income	12	12
Listed securities [(**)]	123,828	202,238
Subordinated securities	377	388
Securities lent	10,863	10,797

(*) Not including unrealized gains or losses on forward financial instruments, if any, used to hedge short-term investment securities.

(**) The listed trading securities amounted to EUR 78,918 million at December 31, 2010 against EUR 158,024 million at December 31, 2009.

(1) The fall is mainly explained by the contribution of redeployed securities to the company IEC.

The amount of the sales of the long-term investment securities portfolio (excluding the transferred assets) is EUR 1,187 million.

Portfolios transfers

In application of the amendment to IAS39 published in October 2008, Societe Generale Group proceeded to the following transfers during 4th quarter 2008

	Net book value of provisions at Dec. 31, 2007	Net book value in transfer date Portfolio of destination: Financial assets available for sale	Loans and accounts receivables	Total	Net book value at Dec. 31, 2010	Fair value at Dec. 31, 2010
Portfolio origin						
Transaction portfolio						
Debts securities and other debts instruments	24,078	28	21,066	21,094	397	395

The amount of the profit and loss without the transfer would be EUR 20 million.

The fall is mainly explained by the contribution of redeployed securities to the company IEC, amounted to EUR 17,762 million at December 31, 2010.

NOTE 5

Affiliates and other long term securities

(In millions of euros)	December 31, 2010	December 31, 2009
Banks	402	467
Others	2,136	2,076
Gross book value (1)	**2,538**	**2,543**
Depreciations	(38)	(44)
Net book value	**2,500**	**2,499**

(1) Of which investments in listed companies (book value over EUR 2 million): EUR 37 million at December 31, 2010 (EUR 48 million at December 31, 2009).

NOTE 6

Investments in subsidiaries

(In millions of euros)	December 31, 2010	December 31, 2009
Banks	27,374	21,568
Others	12,161	12,235
Gross book value (1)	**39,535**	**33,803**
Depreciations	(3,699)	(3,396)
Net book value	**35,836**	**30,407**

(1) The main changes for 2010 concern:

- *The capital increase of Geniki: EUR +429 million;*
- *The capital increase of IEC: EUR +3,583 million;*
- *The shares acquisition and the capital increase of Rosbank: EUR +1,072 million;*
- *The confusion of capital of LINDEN: EUR -1,001 million.*

NOTE 7

Tangible and intangible fixed assets

(In millions of euros)	Gross book value December 31, 2009	Acquisitions	Disposals	Scope variation and other movements [1]	Gross book value December 31, 2010	Accumulated depreciation and amortisation Dec. 31, 2009	Net book value December 31, 2010
OPERATING ASSETS							
Intangible assets							
Start-up costs							
Software, EDP development costs	1,655	56	(772)	116	1,055	(747)	308
Other	475	105	(34)	(97)	449	(17)	432
Sub-total	**2,130**	**161**	**(806)**	**19**	**1,504**	**(764)**	**740**
Tangible assets							
Land and buildings	402	39	-	15	456	(124)	332
Other	2,051	122	(129)	(10)	2,034	(1,601)	433
Sub-total	**2,453**	**161**	**(129)**	**5**	**2,490**	**(1,725)**	**765**
NON-OPERATING ASSETS							
Tangible assets							
Land and buildings	7	-	(1)	-	6	(3)	3
Other	8	-	-	-	8	(6)	2
Sub-total	**15**	**-**	**(1)**	**-**	**14**	**(9)**	**5**
Total	**4,598**	**322**	**(936)**	**24**	**4,008**	**(2,498)**	**1,510**

(1) Including the write-off of fully depreciated fixed assets purchased more than ten years ago.

NOTE 8

Treasury stock

(In millions of euros)	December 31, 2010			December 31, 2009		
	Quantity	Book value [1]	Market value	Quantity	Book value	Market value
Short-term investment securities	8,912,006	549	365	6,905,844	530	334
Long-term equity investments	3,407,641	137	137	5,070,777	229	248
Total	**12,319,647**	**686**	**502**	**11,976,621**	**759**	**582**

Nominal value: EUR 1.25.

Market value per share: EUR 40,22 at December 31, 2010.

(1) 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, 2010	December 31, 2009
Other assets		
Miscellaneous receivables	29,254	20,550
Premiums on options purchased	108,000	109,395
Settlement accounts on securities transactions	1,190	809
Other	125	128
Sub-total	**138,569**	**130,882**
Accruals and similar		
Prepaid expenses	474	514
Deferred taxes	5,109	5,348
Accrued income	1,780	2,065
Other (1)	52,987	56,216
Sub-total	**60,350**	**64,143**
Gross amount	**198,919**	**195,025**
Depreciations	(22)	(27)
Net amount	**198,897**	**194,998**

(1) including derivative instruments valuation for EUR 50,053 million.

Deferred taxes		
Losses of lease finance partnerships	(77)	(91)
Gain on sales of assets to companies included in the tax consolidation	(180)	(163)
Other (principally relating to other reserves)	5,366	5,602
Total	**5,109**	**5,348**

NOTE 10

Due to banks

(In millions of euros)	December 31, 2010	December 31, 2009 (*)
Demand deposits		
Demand deposits and current accounts	18,845	19,542
Borrowings secured by notes - overnight	-	1
Sub-total	**18,845**	**19,543**
Term deposits		
Term deposits and borrowings	74,940	82,896
Borrowings secured by notes and securities	-	-
Sub-total	**74,940**	**82,896**
Related payables	186	224
Total deposits	**93,971**	**102,663**
Securities sold under repurchase agreements	38,512	27,345
Total (1)	**132,483**	**130,008**

(*) The 2009 amounts have been modified after the publication of the financial statements.

(1) Including amounts due to subsidiaries: EUR 41,272 million at December 31, 2010 (EUR 36,835 million at December 31, 2009).

NOTE 11

Customer deposits

(In millions of euros)	December 31, 2010	December 31, 2009 (*)
Regulated savings accounts		
Demand	29,980	28,269
Term	12,317	11,751
Sub-total	**42,297**	**40,020**
Other demand deposits		
Businesses and sole proprietors	26,117	22,846
Individual customers	21,780	20,095
Financial customers	25,445	29,013
Others	10,600	3,731
Sub-total	**83,942**	**75,685**
Other term deposits		
Businesses and sole proprietors	27,532	24,215
Individual customers	820	1,139
Financial customers	215,771	181,097
Others	8,317	14,914
Sub-total	**252,440**	**221,365**
Related payables	1,400	1,222
Total customer deposits	**380,079**	**338,292**
Borrowings secured by notes and securities	88	104
Securities sold to customers under repurchase agreements	32,642	22,231
Total (1)	**412,809**	**360,627**

(*) The 2009 amounts have been modified after the publication of the financial statements.

(1) Including deposits of subsidiaries: EUR 208,553 million at December 31, 2010 (EUR 180,028 million at December 31, 2009).

NOTE 12

Securitised debt payables

(In millions of euros)	December 31, 2010	December 31, 2009
Term savings certificates	3	5
Bond borrowings	147	160
Related payables	15	2
Sub-total	**165**	**167**
Interbank certificates and negotiable debt instruments	119,198	115,097
Related payables	1,730	2,050
Total	**121,093**	**117,314**

NOTE 13

Accruals, other accounts payable and other liabilities

(In millions of euros)	December 31, 2010	December 31, 2009
Transactions on securities		
Amounts payable for securities borrowed	11,095	12,412
Other amounts due for securities	43,353	29,092
Sub-total	**54,448**	**41,504**
Other liabilities		
Miscellaneous payables	24,135	16,358
Premiums on options sold	111,729	112,796
Settlement accounts on securities transactions	1,026	1,742
Other securities transactions	7	7
Related payables	353	411
Sub-total	**137,250**	**131,314**
Accruals and similar		
Accrued expenses	3,779	3,398
Deferred taxes	17	6
Deferred income	1,538	1,465
Other [(1)]	19,895	17,611
Sub-total	**25,229**	**22,480**
Total	**216,927**	**195,298**

(1) *including derivative instruments valuation for EUR 17,621 million.*

NOTE 14

Provisions and depreciations

(In millions of euros)	December 31, 2010	December 31, 2009
Assets depreciations:		
Banks	104	143
Customer loans	3,271	3,103
Lease financing agreements	1	2
Other	22	27
Sub-total	**3,398**	**3,275**
Provisions:		
Prudential general country risk reserve [(1)]	842	816
Commitments made to banks	23	37
Commitments made to customers	120	88
Sectoral provisions and other	756	776
Provisions for other risks and commitments	35,539	30,276
Sub-total	**37,280**	**31,993**
Total provisions and depreciations (excluding securities) [(3)]	**40,678**	**35,268**
Provisions on securities [(2)]	4,145	5,672
Total provisions and depreciations	**44,823**	**40,940**

(1) 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.

(2) Except Treasury stock

(3) The change provisions and depreciations breaks down as follows:

		Net allowances				
(In millions of euros)	2009	Net cost of risk	Other income statement	Used provisions	Change in scope and exchange rates	2010
Prudential country risk reserve	816	22	-	-	4	842
Assets' depreciations	3,275	285	-	(355)	193	3,398
Provisions [(4)]	31,177	55	5,503	(352)	55	36,438
Total	**35,268**	**362**	**5,503**	**(707)**	**252**	**40,678**

(4) Analysis of provisions:

(In millions of euros)	2009	Net allowances: Net cost of risk	Net allowances: Other income statement	Used provisions	Change in scope and exchange rates	2010
Provisions for off-balance sheet commitments to banks	38	-	-	(2)	(13)	23
Provisions for off-balance sheet commitments to customers	88	56	-	-	(24)	120
Sectoral provisions and other	775	(29)	-	-	8	754
Provisions for employee benefits	1,292	-	166	(4)	(64)	1,390
Provisions for restructuring costs and litigations expenses	54	-	(31)	-	-	23
Provisions for tax adjustments	269	-	(20)	(24)	-	225
Provisions for forward financial instruments	28,193	-	5,328	(5)	369	33,885
Other provisions	468	28	60	(317)	(221)	18
Total	**31,177**	**55**	**5,503**	**(352)**	**55**	**36,438**

NOTE 15

Mortgage savings agreements (PEL/CEL)

1. Outstanding deposits in mortage savings agreements (PEL/CEL)

(In millions of euros)	December 31, 2010	December 31, 2009
Mortgage savings plans (PEL)		
• less than 4 years old	2,661	2,646
• between 4 and 10 years old	4,471	3,958
• more than 10 years old	3,890	3,750
Sub-total	**11,022**	**10,354**
Mortgage savings accounts (CEL)	1,745	1,845
Total	**12,767**	**12,199**

2. Outstanding housing loans granted with respect to mortage savings agreements (PEL/CEL)

(In millions of euros)	December 31, 2010	December 31, 2009
• less than 4 years old	280	309
• between 4 and 10 years old	74	102
• more than 10 years old	15	27
Total	**369**	**438**

3. Provisions for commitments linked to mortage savings agreements (PEL/CEL)

(In millions of euros)	**December 31, 2009**	**Allocations**	**Reversals**	**December 31, 2010**
Mortgage savings plans (PEL)				
• less than 4 years old	-	15	-	15
• between 4 and 10 years old	16	24	-	40
• more than 10 years old	54	18	-	72
Sub-total	**70**	**57**	**-**	**127**
Mortgage savings accounts (CEL)	11	-	8	3
Total	**81**	**57**	**8**	**130**

The "Plans d'Epargne Logement" (PEL or mortgage savings plans) entail two types of commitment that have the negative effect of generating a PEL/CEL provision for Societe Generale: a commitment to lend at an interest rate fixed on the plan opening date and a commitment to remunerate the savings at an interest rate also fixed on the plan opening date.

The level of provisions is sensitive to the long term interest rates. Since the long term rates have remained at a relatively high level during 2009, the provisions for PEL and CEL mortgage saving accounts is linked to the risks attached to the commitment to lend. Provisioning for PEL/CEL savings amounted to 1,02% of total outstandings at December 31, 2010.

4. Methods used to establish the parameters for valuing provisions

The parameters used for estimating the future behaviour of customers are derived from historical observations of customer behaviour patterns over long period (more than 10 years). The values of these parameters can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past datas as an indicator of future customer behavior.

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, 2010	December 31, 2009
Undated subordinated capital notes					
July 1, 1985	EUR	348	Undated	70	70
November 24, 1986	USD	500	Undated	185	172
June 30, 1994	JPY	15,000	Undated	138	113
December 30, 1996	JPY	10,000	Undated	92	75
February 1, 2000	EUR	500	Undated	-	500
November 10, 2003	EUR	215	Undated	215	215
November 10, 2003	EUR	45	Undated	45	45
January 26, 2005	EUR	1,000	Undated	1,000	1,000
March 27, 2007	GBP	350	Undated	407	394
April 5, 2007	USD	1,100	Undated	823	764
April 5, 2007	USD	200	Undated	150	139
December 19, 2007	EUR	600	Undated	600	600
May 22, 2008	EUR	1,000	Undated	1,000	1,000
June 16, 2008	GBP	700	Undated	813	788
July 7, 2008	EUR	100	Undated	100	100
February 27, 2009	USD	450	Undated	337	312
September 4, 2009	EUR	1,000	Undated	1,000	1,000
October 7, 2009	USD	1,000	Undated	748	694
Sub-total [(1)]				**7,723**	**7,980**
Subordinated long-term debt and notes					
May 28, 1998	EUR	229	May 28, 2010	-	229
June 29, 1998	EUR	146	June 29, 2010	-	142
December 9, 1998	EUR	122	December 9, 2010	-	118
June 29, 1999	EUR	30	June 30, 2014	30	30
July 19, 1999	EUR	120	July 19, 2011	117	114
October 21, 1999	EUR	120	October 21, 2011	114	117
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

(in millions of euros)

Issuance date	Currency	Amount issued	Maturity date	December 31, 2010	December 31, 2009
July 21, 2000	EUR	78	July 31, 2030	35	39
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	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	67	62
November 27, 2001	USD	335	November 27, 2021	252	233
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	524	507
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	174	169
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	700
May 6, 2004	EUR	118	May 6, 2016	113	113
October 29, 2004	EUR	100	October 29, 2016	94	94
February 3, 2005	EUR	120	February 3, 2017	112	112
May 13, 2005	EUR	100	May 13, 2017	90	90
June 30, 2005	CZK	2,590	June 30, 2015	-	85
August 1, 2005	EUR	100	December 31, 2015	-	50
August 16, 2005	EUR	226	August 18, 2025	226	226
September 30, 2005	USD	75	September 30, 2015	56	52
April 4, 2006	EUR	50	April 4, 2016	50	50
April 20, 2006	USD	1,000	April 20, 2016	748	694
May 15, 2006	EUR	135	May 15, 2018	125	125
August 16, 2006	USD	400	August 16, 2016	299	278
October 20, 2006	USD	523	October 20, 2016	391	363
October 26, 2006	EUR	120	October 26, 2018	111	111

(in millions of euros)

Issuance date	Currency	Amount issued	Maturity date	December 31, 2010	December 31, 2009
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	April 12, 2023	300	300
June 30, 2008	EUR	40	June 30, 2023	40	40
August 20, 2008	EUR	1,000	August 20, 2018	1,000	1,000
Sub-total (1)				**12,581**	**13,055**
Related payables				**495**	**535**
Total (2)				**20,799**	**21,570**

(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. Furthermore, since 1995, Societe Generale has carried out the partial repurchase of undated subordinated notes issued in 1985 and 1986.

(2) The bank's global subordinated debt expense amounted to EUR 1,131 million in 2010 (compared with EUR 1,241 million in 2009).

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, 2008	**726**	**13,090**	**7,091**	**20,907**
Increase in capital stock [(1)]	199	5,384	(450)	5,133
Net income for the period			922	922
Dividends paid [(2)]			(293)	(293)
Other movements			(1)	(1)
At December 31, 2009	**925**	**18,474**	**7,269**	**26,668**
Increase in capital stock [(3)] [(5)]	8	230	(76)	162
Net income for the period			1,362	1,362
Dividends paid [(4)]			(102)	(102)
Other movements				
At December 31, 2010	**933**	**18,704**	**8,453**	**28,090**

(1) At December 31, 2009, Societe Generale's fully paid-up capital amounted to EUR 924,757,831.25 and was made up of 739,806,265 shares with a nominal value of EUR 1.25.

Societe Generale proceeded in 2009 to the increases and the following decreases of capital, representing a total of EUR 198,8 million, with a issuing premium of EUR 5,384.5 million:

- *EUR 56.3 million resulting from the issuing of prefered shares, with EUR 1,643.7 million of issuing premiums;*
- *EUR 17.3 due to the dividends distribution, with EUR 432.3 million issuing premium;*
- *EUR 13.4 million for the capital increase reserved for the employees , with EUR 278 million issuing premium;*
- *EUR 168.1 million for the capital increase with prefered subscription rights, with EUR 4,674.2 million issuing premium;*
- *(EUR 56.3 million) of capital reduction by cancellation of prefered shares, with an impact on the issuing premium of (EUR 1,643.7 million).*

(2) After elimination of treasury stock dividend: EUR 15 million.

(3) 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 increases and the following decreases of capital, representing a total of EUR 8.3 million, with a issuing premium of EUR 230.1 million:

- *EUR 2.9 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;*

(4) After elimination of treasury stock dividend: EUR 3 million.

(5) 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.

NOTE 18

Commitments

(In millions of euros)	December 31, 2010	December 31, 2009
Commitments granted [(1)]		
Loan commitments		
- To banks	30,746	21,660
- To customers	136,401	109,263
Total	**167,147**	**130,923**
Guarantee commitments		
- On behalf of banks	172,376	148,644
- On behalf of customers	64,021	61,611
Total	**236,397**	**210,255**
Commitments received [(2)]		
Loan commitments received from banks	62,569	44,526
Guarantee commitments received from banks	55,608	56,439
Total	**118,177**	**100,965**

(1) Of which commitments granted to subsidiaries: EUR 63,295 million at December 31, 2010 (EUR 75,221 million at December 31, 2009).

(2) Of which commitments received from subsidiaries: EUR 2,805 million at December 31, 2010 (EUR 4,077 million at December 31, 2009).

NOTE 19

Forward financial instruments commitments

(In millions of euros)	Fair Value Trading transactions	Hedging transactions	Total at December 31, 2010	Total at December 31, 2009
Firm transactions				
Transactions on organized markets				
- Interest rate futures	566,497	-	566,497	506,214
- Foreign exchange futures	75,129	-	75,129	27,595
- Other forward contracts	1,602,407	368	1,602,775	1,439,614
OTC agreements				
- Interest rate swaps	9,243,138	33,376	9,276,514	7,718,588
- Currency financing swaps	704,953	3,667	708,620	541,473
- Forward Rate Agreements (FRA)	1,125,619	-	1,125,619	1,075,977
- Other	21,493	261	21,754	44,389
Optional transactions				
- Interest rate options	2,831,692	-	2,831,692	2,721,498
- Foreign exchange options	340,591	-	340,591	304,357
- Options on stock exchange indexes and equities	1,039,381	9,089	1,048,470	1,070,762
- Other options	171,347	-	171,347	174,600
Total	**17,722,247**	**46,761**	**17,769,008**	**15,625,066**

Fair-value of the transactions qualified as hedging

(in billions of euros)	December 31, 2010
Firm transactions	
Transactions on organized markets	
- Interest rate futures	
- Foreign exchange futures	
- Other forward contracts	44
OTC agreements	
- Interest rate swaps	(2,076)
- Currency financing swaps	(539)
- Forward Rate Agreements (FRA)	
- Other	
Optional transactions	
- Interest rate options	
- Foreign exchange options	
- Options on stock exchange indexes and equities	20
- Other options	
Total	**(2,551)**

NOTE 20

Interest and related income and expenses

(In millions of euros)	2010	2009 (*)
Interest and related income:		
Interest income from transactions with banks:		
Transactions with central banks, post office accounts and banks	2,516	2,822
Net premiums and discounts	-	1
Securities sold under repurchase agreements and borrowings secured by notes and securities	1,533	1,594
Sub-total	**4,049**	**4,417**
Interest income from transactions with customers:		
Trade notes	91	144
Other customer loans:		
– Short-term loans	1,372	1,553
– Export loans	213	232
– Equipment loans	1,414	1,503
– Mortgage loans	2,563	2,534
– Other loans	4,186	6,737
Sub-total	**9,748**	**12,559**
Overdrafts	261	321
Net premiums and discounts	-	-
Securities sold under repurchase agreements and borrowings secured by notes and securities	1,020	1,148
Sub-total	**11,120**	**14,172**
Bonds and other debt securities	***3,853***	***5,426***
Other interest and related income	***473***	***277***
Sub-total	**19,495**	**24,292**
Interest and related expenses:		
Interest expense from transactions with banks:		
Transactions with central banks, post office accounts and banks	(1,591)	(1,869)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(1,750)	(1,438)
Sub-total	**(3,341)**	**(3,307)**
Interest expense from transactions with customers:		
Special savings accounts	(724)	(815)
Other deposits	(4,543)	(6,176)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(1,856)	(1,567)
Sub-total	**(7,123)**	**(8,558)**
Bonds and other debt securities	***(3,438)***	***(4,684)***
Other interest and related expenses	***(680)***	***(701)***
Sub-total	**(14,582)**	**(17,250)**
Net total	**4,913**	**7,042**

(*) The 2009 amounts have been modified after the publication of the financial statements.

NOTE 21

Dividend income

(In millions of euros)	2010	2009
Dividends from shares and other equity securities	2	5
Dividends from investments in non-consolidated subsidiaries and affiliates, and other long-term securities	2,139	3,113
Total (1)	**2,141**	**3,118**

(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)	2010	2009
Fee income from:		
Transactions with banks	78	109
Transactions with customers	1,100	1,195
Securities transactions	484	490
Primary market transactions	52	267
Foreign exchange transactions and forward financial instruments	59	33
Loan and guarantee commitments	684	1,127
Services and other	1,539	1,486
Sub-total	**3,996**	**4,707**
Fee expense on:		
Transactions with banks	(81)	(97)
Transactions with customers	-	-
Securities transactions	(356)	(518)
Foreign exchange transactions and forward financial instruments	(355)	(356)
Loan and guarantee commitments	(277)	(330)
Other	(101)	(104)
Sub-total	**(1,170)**	**(1,405)**
Net total	**2,826**	**3,302**

NOTE 23

Net income from financial transactions

(In millions of euros)	2010	2009
Net income from the trading portfolio:		
Net income from operations on trading securities	8,124	10,939
Net income from forward financial instruments	(8,845)	(12,807)
Net income from foreign exchange transactions	2,242	918
Sub-total	**1,521**	**(950)**
Net income from short-term investment securities:		
Gains on sale	70	402
Losses on sale	(87)	(428)
Allocation to depreciations	(329)	(331)
Reversal of depreciations	287	295
Sub-total	**(59)**	**(62)**
Net total	**1,462**	**(1,012)**

NOTE 24

Personnel expenses

(In millions of euros)	2010	2009
Employee compensation [1]	3,186	3,026
Social security benefits and payroll taxes [1]	1,516	1,417
Employer contribution, profit sharing and incentives [2]	164	198
Total	**4,866**	**4,641**
Average staff	**46,316**	**46,181**
In France	40,725	40,606
Outside France	5,591	5,575

(1) For the accounting treatment of remuneration schemes that follows the provisions of the Ministerial Order issued in France on November 3, 2009 and related to the remunerations of employees whose activities may have consequences on the risk exposure of banks and investment companies, two payment schemes are to be distinguished regarding variable remuneration for 2010 that will be granted to financial market professionals:

- *a short-term part of these variable remunerations that will be paid in cash during the first quarter of 2011. The related expense is fully recorded in the income statement at the end of 2010;*
- *a deferred part that will be subject to service and performance conditions, paid over several years and based on shares (cash payment indexed on Societe Generale shares, or allocation of free Societe Generale shares the number of which will be fixed by the Board of Directors that will award them in 2011). The related expense is recorded in the income statement over the vesting period beginning on January 1, 2010.*

(2) Analysis of personnel expenses for the last five years:

(In millions of euros)	2010	2009	2008	2007	2006
Societe Generale					
Profit sharing	15	22	18	56	26
Incentives	85	106	79	75	99
Employer contribution	61	67	71	79	73
Sub-total	**161**	**195**	**168**	**210**	**198**
Subsidiaries	**3**	**3**	**4**	**4**	**3**
TOTAL	**164**	**198**	**172**	**214**	**201**

Remuneration of members of the Board of Directors and Chief Executive Officers

Total attendance fees paid in 2010 to the company's directors amounted to EUR 1.06 million.

The remuneration paid in 2010 to the Chief Executive Officers amounted to EUR 3.56 million (including EUR 0.30 million to the Chairman for the breach of his employment contract and EUR 0.64 million for variable part for two Deputy Chief Executive Officer in respect of the 2009 financial year).

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 394 million in 2010 (EUR 357 million in 2009).

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, 2010				December 31, 2009			
		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		120	1	1,247	1,368	153	1	1,093	1,247
Reminder of assets recorded in the balance sheet		(123)	-	-	(123)	(168)	-	-	(168)
Net balance		**(3)**	**1**	**1,247**	**1,245**	**(15)**	**1**	**1,093**	**1,079**
Breakdown of the net balance						**-**	**-**	**-**	**-**
Present value of defined benefit obligations		1,743	-	96	1,839	1,591	-	87	1,678
Fair value of plan assets		(1,429)	-	(54)	(1,483)	(1,288)	-	(49)	(1,337)
Actuarial deficit (net balance)	**A**	**314**	**-**	**42**	**356**	**303**	**-**	**37**	**340**
Present value of unfunded obligations	B	87	1	1,204	1,292	76	1	1,055	1,132
Unrecognised items									
Unrecognised Past Service Cost		40	-	-	40	45	-	-	45
Unrecognised Net Actuarial (Gain)/Loss		369	-	-	369	356	-	-	356
Separate assets		0	-	-	-	-	-	-	-
Plan assets impacted by change in Asset Celling		(5)	-	-	(5)	(5)	-	-	(5)
Total unrecognised items	**C**	**404**	**-**	**-**	**404**	**395**	**-**	**-**	**395**
Net balance (Deficit in the plan)	**A+B-C**	**(3)**	**1**	**1,247**	**1,245**	**(15)**	**1**	**1,093**	**1,079**

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 30 pension plans located in 18 countries. 7 pension plans located in France, the UK, Germany 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.*
4. *In France, the 2010 reform of State pensions postponed the Normal Retirement Age of two years. The impact of this reform on the liabilities of Societe Generale is not significant and is treated as gains and losses.*

2.2. EXPENSES RECOGNISED IN THE INCOME STATEMENT

	December 31, 2010				December 31, 2009			
	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 Charges	36	-	637	673	32	-	432	464
Employee contributions	(1)	-	-	(1)	-	-	-	-
Interest Cost	90	-	4	94	91	-	4	95
Expected Return on Plan Assets	(76)	-	(3)	(79)	(77)	-	(3)	(80)
Expected Return on Separate Assets	-	-	-	0	0	-	-	-
Amortisation of Past Service Cost	5	-	-	5	22	-	-	22
Amortisation of Losses (Gains)	32	-	9	41	13	-	8	21
Settlement, Curtailment	2	-	-	2	(1)	-	1	-
Change in asset ceiling	-	-	-	-	1	-	-	1
Transfer from non recognised assets	-	-	-	-	-	-	-	-
Total Charges	**88**	**0**	**647**	**735**	**81**	**-**	**442**	**523**

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

	2010			2009		
	Post employment benefits			Post employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**1,668**	**1**	**1,669**	**1,474**	**1**	**1,475**
Current Service Cost including Social Charges	36	-	36	32	-	32
Interest Cost	90	-	90	91	-	91
Employee contributions	-	-	-	-	-	-
Actuarial Gain/loss	110	-	110	250	-	250
Foreign Exchange adjustment	27	-	27	25	-	25
Benefit payments	(91)	-	(91)	(195)	-	(195)
Past Service Cost	-	-	-	5	-	5
Acquisition of subsidiaries	-	-	-	-	-	-
Transfers and others	(10)	-	(10)	(14)	-	(14)
At December 31	**1,830**	**1**	**1,831**	**1,668**	**1**	**1,669**

2.3.2. Movements in Fair Value of plan assets and separate assets

(In millions of euros)	2010 Post employment benefits Pension plans	2010 Post employment benefits Others	2010 Total	2009 Post employment benefits Pension plans	2009 Post employment benefits Others	2009 Total
At January 1	**1,288**	**-**	**1,288**	**1,270**	**-**	**1,270**
Expected Return on Plan Assets	76	-	76	77	-	77
Expected Return on Separate Assets	-	-	-	-	-	-
Actuarial Gain/loss	64	-	64	85	-	85
Foreign Exchange adjustment	21	-	21	23	-	23
Employee contributions	1	-	1	-	-	-
Employer contributions to plan assets	66	-	66	33	-	33
Benefit payments	(76)	-	(76)	(144)	-	(144)
Acquisition of subsidiaries	-	-	-	-	-	-
Transfers and others	(11)	-	(11)	(56)	-	(56)
At December 31	**1,429**	**-**	**1,429**	**1,288**	**-**	**1,288**

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: 40% bonds, 52% equities, 0% monetary instruments and 8% 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 127 million, including EUR 5 million unrecognised.

Employer contributions to be paid to post-employment defined benefit plans for 2011 are estimated at EUR 41 million.

2.4.2. Actual returns on plan assets

The actual return on plan and separate assets were:

(In millions of euros)	2010 Post employment benefits Pension plans	2010 Post employment benefits Others	2010 Other long-term benefits	2010 Total	2009 Post employment benefits Pension plans	2009 Post employment benefits Others	2009 Other long-term benefits	2009 Total
Plan assets	140	-	4	144	162	-	5	167

The assumption on return on assets is presented in the section 2.5.

2.5. MAIN ASSUMPTIONS DETAILED BY GEOGRAPHIC AREA

	December 31, 2010	December 31, 2009
Discount rate		
Europe	4.45%	5.35%
Americas	5.78%	6.60%
Asia-Oceania-Africa	3.91%	3.40%
Long-term inflation		
Europe	2.13%	2.71%
Americas	2.11%	2.16%
Asia-Oceania-Africa	1.48%	1.51%
Expected return on plan assets (separate and plan assets)		
Europe	5.52%	5.91%
Americas	6.50%	6.50%
Asia-Oceania-Africa	2.98%	3.08%
Future salary increase		
Europe	2.01%	1.93%
Americas	2.00%	2.00%
Asia-Oceania-Africa	2.30%	2.21%
Average and remaining lifetime of employees (in years)		
Europe	10.0	8.6
Americas	9.1	9.2
Asia-Oceania-Africa	9.8	8.9

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. *Since 2004, the rate curve used to discount the liabilities is based on the yields of the corporate AA bonds (Merrill Lynch source) observed in the middle of October. As these rates may not be available for all the durations, an interpolation is realised: a spread of rate corresponding to an estimation of the risk premium required on corporate AA bonds is added to the rate curve of government bonds (zero coupon bonds). Another observation of these rates is done at the beginning of December for possible adjustment.*

   Inflation rates are determined, for the main durations, by the measure of the spread between bonds rates not indexed to inflation and the rates of indexed bonds for the same durations.
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 6.8% for the equities, 3.4% for the bonds and 2.6% for the cash. For the United Kingdom plan assets, the return rates are 7.6% for the equities and the 4.4% for the bonds.*
4. *Average and remaining lifetime of employees is calculated taking into account based on turnover assumptions.*

2.6. SENSITIVITIES ANALYSIS OF OBLIGATIONS COMPARED TO MAIN ASSUMPTIONS RANGES

(Measured element percentage)	2010 Pension plans	2010 Post employment healthcare plans	2010 Other plans	2009 Pension plans	2009 Post employment healthcare plans	2009 Other plans
Variation from +1% in discount rate						
Impact on Defined Benefit Obligations at December 31	-14%	NA	-8%	-13%	NA	-8%
Impact on total Expenses N+1	-33%	NA	0%	-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%	-18%	NA	-9%
Variation from +1% in Future salary increases						
Impact on Defined Benefit Obligations at December 31	3%	NA	4%	2%	NA	4%
Impact on total Expenses N+1	**16%**	**NA**	**6%**	**7%**	**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, 2010), or by the fair values of assets (impact on the Plan Assets at December 31, 2010) 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, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
Defined Benefit Obligations	1,830	1,668	1,474	1,786	1,955
Fair value of plan assets	1,429	1,288	1,270	1,788	1,791
Deficit/(surplus)	**401**	**380**	**204**	**(2)**	**164**
Adjustments of Plan Liabilities due to experience (negative: gain)	(62)	52	10	38	(7)
Adjustments of Plan Liabilities due to experience (negative: gain), % of DBO	-3.4%	3.1%	0.7%	2.1%	-0.4%
Adjustments of Plan Assets due to experience (negative: gain)	(64)	(85)	486	53	(69)
Adjustments of Plan Assets due to experience (negative: gain), % of Assets	-4.5%	-6.6%	38.3%	3.0%	-3.9%

NOTE 26

SUBSCRIPTION OR PURCHASE STOCK-OPTION PLANS AND FREE SHARE PLANS

Plans for Societe Generale employees for the year 2010 are briefly described below:

1. Main characteristics of subscription or purchase stock-option plans and free share plans

1.1. Subscription or purchase stock-option plans and free share plans

Issuer	**Societe Generale**
Year of grant	**2010**
Type of plan	**subscription stock-option**
Number of stock-options granted	866,799
Options exercised	-
Options forfeited as at December 31, 2010	6,852
Options outstanding as at December 31, 2010	859,947
Exercise price (in euros)	41.2
Number of shares reserved	-
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 6 M

(1) Conditions of performance are described in the "corporate governance" section.

Issuer	**Societe Generale**
Year of grant	**2010**
Type of plan	**free shares**
Number of free shares granted	3,481,581
Shares delivered	-
Shares forfeited as at December 31, 2010	115,618
Shares outstanding as at December 31, 2010	3,365,963
Number of shares reserved as at December 31, 2010	3,365,963
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 125 M

1.2. 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 on 2 November 2010 to grant 40 shares to each Societe Generale employees (nearly 50,000 employees concerned). The grants are subjected to presence and performance conditions.

The performance conditions are described in the "Human Resources - Profit-sharing and employee share ownership" section.

There are no share reserved as at 31 December 2010 for the plan because it's a subscription plan.

The share value, used as basis for social contribution of 10% is EUR 46 million.

2. Amount of the debt recorded in the balance sheet

The amount of the debt recorded in the balance sheet for 2010 plan is EUR 61 million as at 31 December 2010.

3. Informations relative to treasury shares

The number of treasury shares linked to 2010 plan is 3,365,963 for EUR 161 million.

NOTE 27

Cost of risk

(In millions of euros)	2010	2009
Net allocation to depreciations and provisions for identified risks		
Identified risks [1]	(313)	(1,361)
Losses not covered by depreciations and amounts recovered on writte-offs	(173)	(172)
Other risks and commitments	(19)	(121)
Sub-total	**(505)**	**(1,654)**
Net allocation to general country risk reserves [1]	(22)	(137)
Net allocation to depreciations and provisions for receivables and commitments	**(527)**	**(1,791)**
(1) Including gain (loss) on revaluation of currency hedge of provisions:		
- Provisions for identified risks	*(222)*	*24*
- Net allocation to general country risk reserves	*4*	*(1)*

NOTE 28

Net income from long-term investments

(In millions of euros)	2010	2009
Long-term investment securities:		
Net capital gains (or losses) on sale	20	(14)
Net allocation to depreciations	(540)	(1,469)
Sub-total	**(520)**	**(1,483)**
Investments in subsidiaries and affiliates:		
Gains on sale	66	230
Losses on sale	(31)	(7)
Allocation to depreciations	(485)	(1,593)
Reversal of depreciations	185	98
Subsidies granted to affiliates (subsidiaries)	-	-
Sub-total	**(265)**	**(1,272)**
Operating fixed assets:		
Gains on sale	5	2
Losses on sale	(1)	(1)
Sub-total	**4**	**1**
Net total	**(781)**	**(2,754)**

NOTE 29

Income tax

(In millions of euros)	2010	2009
Current taxes	(433)	(51)
Deferred taxes	(384)	605
Total [(1)]	**(817)**	**554**

(1) 2010 income tax includes a gain of EUR 53.5 million (2009 gain of EUR 56.9 million) as a consequence of the tax consolidation.

NOTE 30

Breakdown of assets and liabilities by term to maturity

	Outstanding at December 31, 2010					
(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	**210,333**	**45,327**	**63,289**	**20,570**	**(175,341)**	**164,178**
Customer loans	**105,446**	**45,648**	**88,607**	**83,070**	**(6)**	**322,765**
Bonds and other debt securities:						
Trading securities	6,215	15,160	43,066	29,782	(57)	94,166
Short-term investment securities	9,774	8,703	13,742	6,960	-	39,179
Long-term investment securities	1	30	401	189	-	621
Total	**331,769**	**114,868**	**209,105**	**140,571**	**(175,404)**	**620,909**
LIABILITIES						
Due to banks	201,616	17,631	40,735	47,841	(175,340)	132,483
Customer deposits	214,031	66,385	94,113	38,280	-	412,809
Liabilities in the form of securities issued	53,395	26,262	31,751	9,685	-	121,093
Total	**469,042**	**110,278**	**166,599**	**95,806**	**(175,340)**	**666,385**

NOTE 31

Transactions in foreign currencies

(In millions of euros)	December 31, 2010				December 31, 2009			
	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	649,767	705,415	238,652	254,781	600,941	591,072	163,788	190,916
USD	189,001	186,153	434,739	407,449	174,325	211,302	296,702	258,302
GBP	29,955	29,581	65,661	61,734	21,511	17,225	45,035	42,809
JPY	33,388	22,717	95,646	95,741	26,063	29,533	46,905	45,827
Other currencies	70,139	28,384	136,537	151,233	62,703	36,411	94,693	108,366
Total	**972,250**	**972,250**	**971,235**	**970,938**	**885,543**	**885,543**	**647,123**	**646,220**

NOTE 32

Geographical breakdown of net banking income[(1)]

	France		Europe		Americas	
(In millions of euros)	2010	2009	2010	2009	2010	2009
Net interest and similar income	6,164	8,953	206	104	419	790
Net fee income	2,409	2,767	203	140	148	357
Net income from financial transactions	(105)	(2,209)	1,259	1,411	268	(229)
Other net operating income	(75)	(88)	139	93	1	(10)
Net banking income	**8,393**	**9,423**	**1,807**	**1,748**	**836**	**908**

	Asia		Africa		Oceania	
(In millions of euros)	2010	2009	2010	2009	2010	2009
Net interest and similar income	141	124	7	5	133	207
Net fee income	44	19	4	3	18	16
Net income from financial transactions	89	117	4	4	(53)	(106)
Other net operating income	-	(1)	-	-	(1)	(6)
Net banking income	**274**	**259**	**15**	**12**	**97**	**111**

	Total	
(In millions of euros)	2010	2009
Net interest and similar income	7,070	10,183
Net fee income	2,826	3,302
Net income from financial transactions	1,462	(1,012)
Other net operating income	64	(12)
Net banking income	**11,422**	**12,461**

(1) Geographical regions in which companies recording income is located

NOTE 33

Operations in uncooperative states or territories

In 2003, Societe Generale definied strict internal rules to prevent the developpement of operations in countries qualified as uncooperative tax havens by the OECD. Any operations, or the developpement 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.

In 2010, Societe Generale decided to close, and therefore took the necessary steps to close, all of 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. As at December 31, 2010, Societe Generale no longer directly or indirectly held any operations in the countries and territories in question, with the exception of an investment banking branch (SG MANILE) and a Private Banking representative office (SG FSC Manila) located in the Philippines. Their official closing has been suspended, pending a decision by the Filipino authorities. Societe Generale also holds an unused license to operate in Brunei. The Group has ceased to conduct business in these two countries.

(in thousands of euros or local currencies) Company/Head Office	Activity/Division		2010 Registered capital (local currency) (1)	2010 Shareholders' equity other than capital (local currency) (1)	2010 Share of capital held (%)	2010 Book value of shares held Gross (EUR)	2010 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	2,678,005	100.00	3,852,866	3,852,866
SG ASSET MANAGEMENT	**Asset Management**						
Immeuble SGAM 170, Place Henri Régnault 92400 Courbevoie – France	Private Banking, Global Investment Management & Services	EUR	378,896	1,126,619	100.00	2,085,819	2,085,819
SOCIETE GENERALE IMMOBEL	**Real estate**						
5, place du Champs de Mars -1050 Bruxelles – Belgium	Corporate and Investment Banking	EUR	2,000,062	8,043	100.00	2,000,061	2,000,061
GENEFINANCE	**Portfolio management**						
29, boulevard Haussmann 75009 Paris – France	Corporate centre	EUR	1,600,000	297,398	100.00	1,736,024	1,736,024
CREDIT DU NORD	**French Retail Banking**						
28, place Rihour, 59800 Lille – France	French Networks	EUR	890,263	648,042	100.00	1,410,255	1,410,255
SG FINANCIAL SERVICES HOLDING	**Portfolio management**						
29, boulevard Haussmann 75009 Paris – France	Corporate centre	EUR	862,976	134,728	100.00	1,357,285	1,357,285
SG AMERICAS SECURITIES HOLDINGS, LLC	**Investment Banking**						
1221 avenue of the Americas – New York 10020 – USA	Corporate and Investment Banking	USD	1,430,976	627,915	100.00	1,343,757	1,343,757
GENEVAL	**Portfolio management**						
29, boulevard Haussmann 75009 Paris – France	Corporate centre	EUR	538,630	547,337	100.00	1,910,368	1,142,458
SOCIETE GENERALE SPLITSKA BANKA	**International Retail Banking**						
Rudera Boskovica 16 21000 Split – Croatia	International Retail Banking	HRK	491,426	2,836,781	100.00	1,059,686	1,059,686
ALD INTERNATIONAL SA	**Car rental and financing**						
15, allée de l'Europe, 92110 Clichy sur Seine - France	Specialised Financial Services and Insurance	EUR	550,038	(64,661)	100.00	804,000	804,000

2010	2010	2010	2010	2010	2010
Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last fiscal year (local currency) (1) (2) (3)	Net income (loss) for the last fiscal year (local currency) (1) (3)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
29,299	0	171,575	1,051,850	0	
0	0	ND	ND	0	
497,139	0	89,044	74,173	85,301	
1,445,141	0	315,816	410,116	505,000	
2,110,634	340,104	1,070,379	256,758	323,865	
4,170,572	0	138,795	148,423	82,404	
0	0	646,673	(12,343)	0	1 EUR = 1.3362 USD
0	0	18,997	54,447	0	
0	169,123	1,230,758	110,755	0	1 EUR = 7.383 HRK
126,300	43	41,369	(26,861)	0	

(in thousands of euros or local currencies) Company/Head Office	Activity/Division		2010 Registered capital (local currency) (1)	2010 Shareholders' equity other than capital (local currency) (1)	2010 Share of capital held (%)	2010 Book value of shares held Gross (EUR)	2010 Book value of shares held Net (EUR)
GENEFIMMO	**Real estate and real estate financing**						
29, boulevard Haussmann 75009 Paris – France	French Networks	EUR	392,340	19,849	100.00	651,732	651,732
BANCO SG BRAZIL SA	**Investment Banking**						
Rua Verbo Divino 1207, Châcara Santo Antonio, Sao Paulo							
CEP 04719-002, Brazil	Corporate and Investment Banking	BRL	1,404,908	64,339	100.00	582,117	582,117
SG AMERICAS, INC.	**Investment Banking**						
1221 avenue of the Americas – New York 10020 - USA	Corporate and Investment Banking	USD	0	1,049,056	100.00	1,718,694	504,135
ORPAVIMOB	**Real estate and real estate financing**						
17, cours Valmy, 92800 Puteaux - France	Corporate and Investment Banking	EUR	502,253	3,771	100.00	502,253	502,253
SOCIETE GENERALE (CHINA) LIMITED	**International Retail Banking**						
2, Wudinghou Street, Xicheng Disctrict – 100140 Beijing – China	Corporate and Investment Banking	CNY	4,000,000	(358,734)	100.00	412,896	412,896
SOCIETE GENERALE FHF	**Credit institution**						
17, cours Valmy, 92800 Puteaux – France	Corporate and Investment Banking	EUR	375,000	(17)	100.00	375,000	375,000
SG HAMBROS LIMITED (HOLDING)	**Asset Management**						
Exchange House – Primrose st. – Londres EC2A 2HT – UK	Private Banking, Global Investment Management & Services	GBP	282,185	98,554	100.00	354,938	354,938
SOCIETE GENERALE SECURITIES (NORTH PACIFIC) LTD	**Brokerage of marketable securities**						
Ark Mori Building – 13-32 Akasaka 1 – Chome, Minato+Ku – 107-6015 Tokyo – Japan	Corporate and Investment Banking	JPY	26,703,000	11,458,000	100.00	330,493	330,493

2010	2010	2010	2010	2010	2010
Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last fiscal year (local currency) (1) (2) (3)	Net income (loss) for the last fiscal year (local currency) (1)(3)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
113,498	1,888	21,864	42,753	19,810	
0	0	122,845	46,184	0	1 EUR = 2.2177 BRL
0	0	140,920	67,067	0	capital = 1 USD 1 EUR = 1.3362 USD
0	534,296	38,285	17,057	4,418	
0	0	346,998	105,928	0	1 EUR = 8.822 CNY
0	0	600	307	0	
0	150,051	104,506	31,614	0	1 EUR = 0.86075 GBP
0	0	19,335,000	6,634,000	0	1 EUR = 108.65 JPY

(in thousands of euros or local currencies) Company/Head Office	Activity/Division		2010 Registered capital (local currency) [1]	2010 Shareholders' equity other than capital (local currency) [1]	2010 Share of capital held (%)	2010 Book value of shares held Gross (EUR)	2010 Book value of shares held Net (EUR)
VALMINVEST	**Office space**						
29, boulevard Haussmann 75009 Paris – France	Corporate centre	EUR	248,877	(11,130)	100.00	249,427	249,427
GENEGIS I	**Office space**						
29, boulevard Haussmann 75009 Paris – France	Corporate centre	EUR	192,900	24,342	100.00	196,061	196,061
SOCIETE GENERALE SECURITIES SERVICES HOLDING	**Portfolio management**						
17, cours Valmy, 92800 Puteaux – France	Private Banking, Global Investment Management & Services	EUR	173,037	(147)	100.00	173,037	173,037
SG FINANCE, INC.	**Investment Banking**						
Corporation Trust Center, 1209 Orange street, Wilmington – New Castel – Delaware – USA	Corporate and Investment Banking	USD	224,000	(518)	100	167,640	167,640
LYXOR ASSET MANAGEMENT	**Alternative asset management**						
17, cours Valmy, 92800 Puteaux – France	Corporate and Investment Banking	EUR	161,106	128,347	100.00	160,281	160,281
SOCIETE GENERALE BANKA SRBIJA	**International Retail Banking**						
Vladimira Popovica 6 – 11070 Novi Belgrade – Serbia	International Retail Banking	RSD	12,897,455	7,809,903	100.00	160,081	160,081
COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	**Office space**						
29, boulevard Haussmann 75009 Paris – France	Corporate centre	EUR	76,627	1,603	100.00	155,837	155,837
DC MORTGAGE FINANCE NETHERLAND BV	**Mortgage Financing**						
1012 KK Amsterdam, Rokin 55 – Netherlands	International Retail Banking	RUB	1,009	7,350,977	100.00	150,179	150,179
SOCIETE GENERALE SCF	**Mortgages**						
17, cours Valmy, 92800 Puteaux – France	Corporate and Investment Banking	EUR	50,000	14,978	100.00	150,000	150,000
SOGINFO – SOCIETE DE GESTION ET D'INVESTISSEMENTS FONCIERS	**Office space**						
29, boulevard Haussmann 75009 Paris – France	French Networks	EUR	123,411	23,264	100.00	148,720	148,720

2010	2010	2010	2010	2010	2010
Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last fiscal year (local currency) (1) (2) (3)	Net income (loss) for the last fiscal year (local currency) (1)(3)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
0	0	2,949	(179)	0	
0	0	188,449	(3,301)	7,973	
0	0	21	(15)	0	
0	0	26,185	10,754	38,467	1 EUR = 1.3362 USD
120,227	0	179,636	43,303	0	
530,453	156,583	7,614,966	1,855,576	0	1 EUR = 106.00 RSD
35,468	0	1,393	4,961	4,710	
0	0	3,103,560	1,757,669	0	1 EUR = 40.82 RUB
0	5,000,000	19,531	9,193	0	
0	2,000	27,103	12,322	9,292	

(in thousands of euros or local currencies) Company/Head Office	Activity/Division		2010 Registered capital (local currency) (1)	2010 Shareholders' equity other than capital (local currency) (1)	2010 Share of capital held (%)	2010 Book value of shares held Gross (EUR)	2010 Book value of shares held Net (EUR)
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	236,575	100.00	138,762	138,762
SOCIETE GENERALE ALGERIE	**International Retail Banking**						
75, chemin Cheikh Bachir Ibrahimi, El-Biar, 16010 Alger – Algeria	International Retail Banking	DZD	10,000,000	7,535,681	100.00	110,524	110,524
SOGEMARCHE	**Real estate**						
17, cours Valmy, 92800 Puteaux – France	Corporate centre	EUR	108,037	110	100.00	108,037	108,037
SI DU 29 BOULEVARD HAUSSMANN	**Office space**						
29, boulevard Haussmann 75009 Paris – France	Corporate centre	EUR	90,030	18,395	100.00	89,992	89,992
FONTANOR	**Portfolio management**						
17, cours Valmy, 92800 Puteaux – France	Corporate and Investment Banking	EUR	40	91,772	100.00	78,900	78,900
SOGECAMPUS	**Real estate**						
17, cours Valmy, 92800 Puteaux – France	Corporate centre	EUR	45,037	841	100.00	45,037	45,037
SG ASIA (HONG KONG) LTD	**Merchant bank**						
42/F Edinburgh Tower – 15 Queen's Road Central, Hong Kong	Corporate and Investment Banking	HKD	400,000	2,598	100.00	38,386	38,386
ELEAPARTS	**Office space**						
29, boulevard Haussmann 75009 Paris – France	French Networks	EUR	37,967	292	100.00	37,978	37,978
SOCIETE GENERALE ENERGIE	**Portfolio management**						
17, cours Valmy, 92800 Puteaux – France	Corporate and Investment Banking	EUR	34,000	36,326	100.00	35,785	35,785
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	31,117	100.00	20,477	20,477

2010	2010	2010	2010	2010	2010
Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last fiscal year (local currency) (1) (2) (3)	Net income (loss) for the last fiscal year (local currency) (1)(3)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
0	0	511,072	229,909	118,535	1 EUR = 1.3362 USD
0	0	12,049,244	3,759,310	24,605	1 EUR = 99.4317 DZD
0	0	277	(45)	0	
0	0	6,788	2,524	3,301	
0	0	0	3,253	0	
0	0	141	(6,897)	0	
0	0	70,677	(174,165)	18,747	1 EUR = 10.3856 HKD
0	0	2,359	1,290	315	
0	0	0	292,088	95,993	
0	0	0	14,143	0	1 EUR = 1.3136 AUD
0	0	1,148	1,095	2,315	

(in thousands of euros or local currencies) Company/Head Office	Activity/Division		2010 Registered capital (local currency) (1)	2010 Shareholders' equity other than capital (local currency) (1)	2010 Share of capital held (%)	2010 Book value of shares held Gross (EUR)	2010 Book value of shares held Net (EUR)
SOCIETE GENERALE VIET FINANCE COMPANY LTD	**Consumer credit**						
801, Nguyen Van Linh Boulevard Tan Phu Ward – Ho Chi Minh City – Vietnam	Specialised Financial Services and Insurance	VND	550,000,000	(158,084,255)	100.00	24,620	17,647
INORA LIFE LTD	**Life insurance**						
6, Exchange Place, International Financial Services centre, Dublin 1 – Ireland	Corporate and Investment Banking	EUR	21,000	(6,570)	100.00	21,000	17,000
SG FINANCE IRELAND LTD	**Portfolio management**						
31/32 Morisson Chambers, Nassau street, Dublin 2 – Ireland	Corporate and Investment Banking	EUR	12,644	3,870	100.00	13,172	13,172
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	1,307	99.91	59,617	23,260
BSGV	**International Retail Banking**						
5, Nikitsky Pereulok, 103009 Moscow – Russian Republic	International Retail Banking	RUB	12,918,000	1,401,922	99.83	382,581	382,581
SG EXPRESS BANK	**International Retail Banking**						
92, Bld Vl Varnentchik, 9000 Varna – Bulgaria	International Retail Banking	BGN	33,674	283,379	99.69	62,285	62,285
SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED	**Investment Banking**						
SG House, 41 Tower Hill, EC3N 4SG London – UK	Corporate and Investment Banking	GBP	157,820	139,124	98.96	198,074	198,074
BANK OF PROFESSIONAL FINANCE, PUBLIC JOINT STOCK COMPANY	**International Retail Banking**						
100, a Prospekt Illycha 83052 – Donetsk – Ukraine	Specialised Financial Services and Insurance	UAH	96,250	18,162	98.10	23,235	14,840
SKB BANKA	**International Retail Banking**						
Adjovscina,4 – 1513 Ljubljana – Slovenia	International Retail Banking	EUR	52,784	203,292	97.57	220,194	220,194

2010	2010	2010	2010	2010	2010
Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last fiscal year (local currency) (1) (2) (3)	Net income (loss) for the last fiscal year (local currency) (1)(3)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
48,971	22,452	210,997,924	4,840,731	0	1 EUR = 26,017.00 VND
0	0	3,528	(102)	0	
0	0	2,140	1,787	0	
0	0	0	27,211	28,630	
0	0	560	482	248	difference = 16,509
1,250,218	2,541,161	7,307,902	(1,457,463)	0	1 EUR = 40.82 RUB
495,188	67,588	148,841	35,525	0	1 EUR = 1.9558 BGN
732,674	761,538	21,707	17,921	27,807	1 EUR = 0.86075 GBP
0	0	15,513	712	0	1 EUR = 10.635 UAH
0	0	110,856	31,402	6,664	

(in thousands of euros or local currencies) Company/Head Office	Activity/Division		2010 Registered capital (local currency) [1]	2010 Shareholders' equity other than capital (local currency) [1]	2010 Share of capital held (%)	2010 Book value of shares held Gross (EUR)	2010 Book value of shares held Net (EUR)
PODGORICKA BANKA SOCIETE GENERALE GROUP AD PODGORICA	**International Retail Banking**						
8 a Novaka Miloseva Street, 81000 Podgorica – Serbia and Montenegro	International Retail Banking	EUR	24,731	4,924	90.56	28,819	28,819
GENIKI	**International Retail Banking**						
109, Messogion Avenue, 11510 Athenes – Greece	International Retail Banking	EUR	142,001	451,400	88.44	820,044	429,519
BANKA SOCIETE GENERALE ALBANIA SH.A	**International Retail Banking**						
BLV Deshmoret e Kombit Twin Tower – Tirana – Albania	International Retail Banking	ALL	5,340,900	(520,304)	85.82	60,136	56,641
SOGESSUR	**Insurance**						
2, rue Jacques-Daguerre, 92565 Rueil-Malmaison – France	Specialised Financial Services and Insurance	EUR	30,300	8,973	84.16	114,940	60,344
BANK REPUBLIC	**International Retail Banking**						
2 Gr, Abashidze St-Tbilisi – Georgia	International Retail Banking	GEL	48,325	76,020	81.18	75,914	48,962
BRIGANTIA INVESTMENTS B.V.	**Portfolio management**						
Kamer van Koophandel Deruyterkade 5 PO Box 2852 – Amsterdam – Netherlands	Corporate and Investment Banking	GBP	684,007	(16,954)	80.00	804,526	804,526
NATIONAL SOCIETE GENERALE BANK	**International Retail Banking**						
5, rue Champollion – Cairo – Egypt	International Retail Banking	EGP	3,665,586	4,097,319	77.17	273,216	273,216
ROSBANK	**International Retail Banking**						
11, Masha Poryvaeva St PO Box 208, Moscow – Russia	International Retail Banking	RUB	14,511,199	70,486,577	74.89	3,235,694	2,761,465
BANQUE DE POLYNESIE	**International Retail Banking**						
Bd Pomare, BP 530, Papeete, Tahiti – French Polynesia	International Retail Banking	XPF	1,380,000	7,842,433	72.10	12,397	12,397

2010	2010	2010	2010	2010	2010
Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last fiscal year (local currency) (1) (2) (3)	Net income (loss) for the last fiscal year (local currency) (1)(3)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
103,000	46,600	14,206	2,494	0	
1,227,800	150,362	160,603	(407,940)	0	
0	19	1,836,462	66,783	0	1 EUR = 138.485 ALL
0	412	248,126	5,752	0	
0	0	72,554	(12,340)	0	1 EUR = 2.36605 GEL
0	0	44,203	31,193	36,409	1 EUR = 0.86075 GBP
0	25,615	2,940,054	1,493,606	43,005	1 EUR =7.74455 EGP
459,854	0	30,618,403	526,194	0	1 EUR = 40.82 RUB
139,860	193,033	8,056,376	1,453,224	6,860	1 EUR = 119.33174 XPF

(in thousands of euros or local currencies)			2010	2010	2010	2010	2010
						Book value of shares held	
Company/Head Office	**Activity/Division**		**Registered capital (local currency)** (1)	**Shareholders' equity other than capital (local currency)** (1)	**Share of capital held (%)**	**Gross (EUR)**	**Net (EUR)**
SG DE BANQUES EN COTE D'IVOIRE	**International Retail Banking**						
5 & 7, avenue J. Anoma, 01 BP 1355, Abidjan 01 – Côte d'Ivoire	International Retail Banking	XAF	15,555,555	60,464,932	71.84	30,504	30,504
BALLANE	**Portfolio management**						
15, rue du Louvre, 75001 Paris – France	Corporate and Investment Banking	EUR	421,103	1,203,865	71.79	1,187,728	1,187,728
OHRIDSKA BANKA	**International Retail Banking**						
Makedonski Prosvetiteli 19 6000 – Macedonia	International Retail Banking	MKD	1,162,253	479,357	70.02	30,371	30,371
MOBIASBANCA GROUPE SOCIETE GENERALE	**International Retail Banking**						
Bd. Bd. Stefan cel Mare 81A, MD-2012 mun.-Chisinau – Republic of Moldavia	International Retail Banking	MDL	100,000	585,139	67.85	24,960	24,960
MAKATEA JV INC.	**Portfolio management**						
1221, avenue of the Americas, New York, NY 10020 – USA	Corporate and Investment Banking	USD	4,492,000	(119,762)	66.67	1,870,977	1,870,977
SG DE BANQUES AU SENEGAL	**International Retail Banking**						
19 avenue Léopold Sédar Senghor – Dakar – Senegal	International Retail Banking	XAF	10,000,000	54,627,642	63.31	9,344	9,344
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	37,289,840	60.35	1,370,238	1,370,238
BRD – GROUPE SOCIETE GENERALE	**International Retail Banking**						
A, Doamnei street, 70016 Bucarest 3, Romania	International Retail Banking	RON	696,902	4,138,973	59.37	218,369	218,369
SOCIETE GENERALE DE BANQUES AU CAMEROUN	**International Retail Banking**						
Rue Joss – Douala – Cameroon	International Retail Banking	XAF	12,500,000	22,038,428	58.08	16,940	16,940

2010	2010	2010	2010	2010	2010
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR)**	**Revenue excluding tax for the last fiscal year (local currency) (1)(2)(3)**	**Net income (loss) for the last fiscal year (local currency) (1)(3)**	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
0	78,430	59,164,042	19,009,052	17,146	difference = 5,166 1 EUR = 655.957 XAF
0	0	0	86,918	55,265	
50,000	0	824,444	27,076	0	1 EUR = 62.54105 MKD
1,625	20,371	319,044	75,522	0	1 EUR = 16.2041 MDL
0	0	271,831	167,124	118,800	o.w. 118,800 of 2010 interim payments/dividends 1 EUR = 1.3362 USD
0	0	46,977,354	18,109,988	6,515	difference = 1,447
0	522,968	30,636,689	13,151,730	152,905	1 EUR = 25.061 CZK
0	0	3,469,676	897,769	27,027	1 EUR = 4.262 RON
0	55,317	34,959,291	10,440,433	4,828	difference = 1,675 1 EUR = 655.957 XAF

(in thousands of euros or local currencies) Company/Head Office	Activity/Division		2010 Registered capital (local currency) [(1)]	2010 Shareholders' equity other than capital (local currency) [(1)]	2010 Share of capital held (%)	2010 Book value of shares held Gross (EUR)	2010 Book value of shares held Net (EUR)
GENEFIM	**Real estate lease finance**						
29, boulevard Haussmann 75009 Paris – France	French Networks	EUR	72,779	29,173	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	(144,770)	57.20	118,877	66,141
SG MAROCAINE DE BANQUES	**International Retail Banking**						
55, boulevard Abdelmoumen, Casablanca – Morocco	International Retail Banking	MAD	2,050,000	3,615,657	56.91	135,765	135,765
BOURSORAMA SA	**Online Brokerage**						
18, Quai du Point du Jour, 92100 Boulogne-Billancourt – France	Private Banking, Global Investment Management & Services	EUR	35,083	434,110	56.02	304,343	304,343
NEWEDGE GROUP	**Brokerage and derivatives**						
52/60, Avenue des Champs Elysées, 75008 Paris – France	Private Banking, Global Investment Management & Services	EUR	395,130	1,421,078	50.00	226,708	226,708

2010	2010	2010	2010	2010	2010
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR)**	**Revenue excluding tax for the last fiscal year (local currency) (1)(2)(3)**	**Net income (loss) for the last fiscal year (local currency) (1)(3)**	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
1,629,123	0	36,331	21,261	6,762	
0	0	139,435	14,991	0	1 EUR = 1.92065 TND
1,052	250,000	3,399,946	1,094,854	14,977	difference = 1,142 1 EUR = 11.1736 MAD
189,336	460,000	151,007	(3,702)	0	
389,825	249,785	492,019	73,226	7,903	

(in thousands of euros or local currencies) Company/Head Office	Activity/Division		2010 Registered capital (local currency) [(1)]	2010 Shareholders' equity other than capital (local currency) [(1)]	2010 Share of capital held (%)	2010 Book value of shares held Gross (EUR)	2010 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	357,170	48.68	224,318	186,909
SG CONSUMER FINANCE	**Portfolio management**						
59, Avenue de Chatou 92853 Rueil Malmaison – France	Specialised Financial Services and Insurance	EUR	56,336	161,813	25.37	480,037	109,766
SOGEPARTICIPATIONS	**Portfolio management**						
29, boulevard Haussmann 75009 Paris – France	Corporate centre	EUR	411,267	459,696	24.58	234,000	234,000
SG CALEDONIENNE DE BANQUE	**International Retail Banking**						
56, rue de la Victoire, Noumea, New Caledonia	International Retail Banking	XPF	1,068,375	9,955,025	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	770,125,505	20.00	91,283	91,283
CREDIT LOGEMENT	**Credit institution**						
50, boulevard Sébastopol 75003 Paris – France	Corporate centre	EUR	1,253,975	1,358,735	13.50	171,037	171,037

(1) For foreign subsidiaries and affiliates, shareholders' equity booked in the Group consolidated accounts in their consolidated reporting currency.

(2) For banking and finance subsidiaries, revenues refer to net banking income.

(3) Financial statements not yet audited known on: 25/02/2011 for French companies

2010	2010	2010	2010	2010	2010
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR)**	**Revenue excluding tax for the last fiscal year (local currency) [1][2][3]**	**Net income (loss) for the last fiscal year (local currency) [1][3]**	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
0	0	238,844	(193,547)	0	
649,992	0	36,307	(73,587)	0	Provisional net income
798,605	0	96,455	59,601	0	
56,331	154,222	9,444,471	3,138,971	3,794	1 EUR = 119.33174 XPF
0	0	1,384,000,000	634,000,000	4,438	o.w. 4,438 of 2010 interim payments/dividends 1 EUR = 26,017.00 VND
334,917	0	286,541	132,278	15,346	

Activities of subsidiaries and affiliates (continued)

(in thousands of euros)	Book value of shares held Gross	Net	Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Dividends received during the year	Remarks	
II – INFORMATION CONCERNING OTHER SUBSIDIARIES AND AFFILIATES							
A) Subsidiaries not included in paragraph 1:							
1) French subsidiaries	63,611	58,358	11,073,602	6,128,871	90,513	Revaluation difference:	2,158
2) Foreign subsidiaries	141,915	58,803	85,348	59,571	5,149	Revaluation difference:	0
B) Affiliates not included in paragraph 1:							
1) French subsidiaries	3,394	3,391	196	0	212	Revaluation difference:	0
2) Foreign subsidiaries	20,335	12,155	24,791	646	1,810	Revaluation difference:	0
	229,255	132,707	11,183,937	6,189,089	97,684		

MAIN CHANGES IN THE INVESTMENT PORTFOLIO IN 2010

In 2010, the following transactions affected Societe Generale's investment portfolio:

Outside France	In France
Creation of	**Creation of**
Acquisition of interest in	**Acquisition of interest in** Inter Europe Conseil
Acquisition	**Acquisition**
Increase of interest in Rosbank	**Increase of interest in** Sogessur
Subscription to capital increase Rosbank – General Bank of Greece	**Subscription to capital increase** Crédit du Nord – SG SCF – SG Consumer Finance Inter Europe Conseil – SG FHF – Lyxor Asset Management
Disposal of total interest in SG Cyprus	**Disposal of total interest in**
Reduction of interest in (*) SG Finance Ireland LTD – SG Canada – Centradia	**Reduction of interest in (*)** SGAM Banque

(*) Includes capital reductions, dissolutions by transfer of assets and liquidations.

The following table summarises the significant changes in Societe Generale's investment portfolio in 2010:

Increase [1]				Decrease [1]			
		(% of capital)				(% of capital)	
Declaration threshold	**Company**	**Dec. 31, 2010**	**Dec. 31, 2009**	**Declaration threshold**	**Company**	**Dec. 31, 2010**	**Dec. 31, 2009**
5%				**5%**			
					SAS Carte Bleue	0%	15.56%
					BMS Exploitation	0%	14.22%
					SFPMEI	0%	9.58%
					Centradia	0%	29.03%
					SG Cyprus	0%	51%
10%				10%			
20%				20%			
33.33%				33.33%			
					SG Consumer Finance [3]	25.36%	100%
50%	Inter Europe Conseil [2][4]	100%	0%	50%			
66.66%				66.66%			
	Rosbank	74.89%	64.68%				
	Sogessur [3][4]	84.15%	65%				
	General Bank of Greece	88.44%	53.97%				

(1) Exceeding of thresholds by percentage of direct ownership by Societe Generale SA.

(2) Shares preivously indirectly fully owned by the Group.

(3) Shares indirectly fully owned by the Group at December 31, 2010.

(4) Stakes held in accordance with 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.

Societe Generale – Year ended December 31, 2010

Statutory auditors' report on the annual 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, 2010, on:

- the audit of the accompanying annual financial statements of Societe Generale;
- 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, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to note 1 to the annual financial statements that describes changes in accounting methods arising from a new regulation issued by the Accounting Regulation Committee *(Comité de la Réglementation Comptable)* and the Accounting Standards Authority *(Autorité des Normes Comptables)* which are applied starting 2010.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Accounting principles

As mentioned in note 1 to the annual financial statements, accounting methods have changed over the fiscal year ended December 31, 2010 as a result of the application of new regulations issued by the Accounting Regulation Committee *(Comité de la Réglementation Comptable)* and the Accounting Standards Authority *(Autorité des Normes Comptables)*. As part of our assessment of the general accounting policies applied by your company, we have verified the correct application of these changes in accounting methods and the appropriateness of their presentation.

Accounting estimates

- 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 context of a volatility on financial markets that remains at a high level and of a still uncertain environment,
  - 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 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 information used to prepare these annual financial statements and, where applicable, with the information obtained by your Company or being controlled by your Company. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 4, 2011

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES

Damien Leurent Jean-Marc Mickeler

ERNST & YOUNG Audit

Philippe Peuch-Lestrade

11 LEGAL INFORMATION

BY-LAWS

(Updated on July 16, 2010)

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 933,027,038.75. This is divided into 746,421,631 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 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.*

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;

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 fulfil 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 programme of the Statutory Auditors and more generally ensuring the supervision of account monitoring by the Statutory Auditors;
- offering an assessment of the quality of internal control, in particular the consistency of risk assessment, monitoring and management systems, and proposing additional actions where appropriate. To this end, the Committee is responsible primarily for:
  - 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 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 January 1, 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 was appointed.

Article 2: Mission

Each Director undertakes to improve his knowledge of the Company and its sector of activity on an ongoing basis. He assumes an obligation of vigilance, circumspection and confidentiality.

Each Director undertakes to preserve the objectivity of his 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 is appointed, the Corporate Secretary 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.

Each Director or Non-Voting Director may consult with the Corporate Secretary, at any time, regarding the scope of these documents and his rights and obligations as a Director or Non-Voting Director.

* *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.*

Article 4: Insider trading rules

Each Director or Non-Voting Director shall refrain from carrying out transactions on the shares of companies where (and insofar as) he has access in his capacity as Board member to privileged information not yet publicly disclosed.

Article 5: Transactions on Societe Generale's shares (1)

Directors and Non-Voting Directors shall abstain from carrying out any stock market operations 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 put and call transactions, except when they correspond to hedging.

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 Corporate Secretary.

Article 6: Transparency

The Directors of Societe Generale shall register all new Societe Generale securities acquired on or after June 1, 2002. It is recommended that they also register any Societe Generale securities held previously.

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, Deputy Chief Executive Officers, Directors, Non-Voting Directors or anyone working closely with 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.

The following transactions do not need to be declared:

- acquisitions or disposals by means of donations, intervivus gifts and legacies;
- transactions carried out by a portfolio manager as part of discretionary portfolio management services where the principal takes no part in the management of this portfolio;
- transactions carried out by legal entities acting as Directors on behalf of a third-party.

The AMF is notified of each transaction by the parties concerned within five trading days following its completion. The AMF posts each declaration on its website.

A copy of this declaration is sent to the Company's Secretary of the Board of Directors. These declarations are kept on record by the Corporate Secretariat.

The Annual General Meeting of Shareholders is informed of transactions carried out during the fiscal year.

Article 7: Conflicts of interest

Each Director or Non-Voting Director shall inform the Board of any real or potential conflict of interest to which he may be directly or indirectly exposed. He shall refrain from participating in any discussion and voting on such matters.

Article 8: Regular attendance

Each Director or Non-Voting Director shall dedicate the time needed to fulfil his duties. In the event that a Director or Non-Voting Director accepts a new Directorship or changes his professional responsibilities, he shall inform the Chairman of the Nomination and Corporate Governance Committee.

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.

(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)).

12 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 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 343 to 344 and 416 to 417 herein and those enclosed for reference for the financial years 2008 and 2009, found on pages 310 to 311 and 382 to 383 of the 2009 Registration Document and on pages 331 to 332 and 404 to 405 of the 2010 Registration Document. The Statutory Auditors' reports on the 2010 parent company financial statements, and on the 2009 and 2008 parent company and consolidated financial statements contain remarks.

Paris, March 4, 2011

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: Faubourg de l'Arche - 11, allée de l'Arche
92037 Paris, La Défense

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 Messrs. Jean-Marc Mickeler and Damien Leurent

Address: 185, avenue Charles-De-Gaulle - BP 136
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: Faubourg de l'Arche - 11, allée de l'Arche
92037 Paris, La Défense

Date of appointment: May 30, 2006

Term of mandate: six fiscal years

Name: Mr. Alain Pons

Address: 185, avenue Charles-De-Gaulle - BP 136
92524 Neuilly-sur-Seine cedex

Date of nomination: April 18, 2003

Term of mandate: six fiscal years

Registration Document cross reference table

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, 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 parent company and consolidated financial statements for the year ended December 31, 2008, the related Statutory Auditors' report and the Group Management Report presented respectively on pages 313 to 381 and 196 to 309, pages 310 to 311 and 382 to 383 and pages 26 to 62 of the Registration Document D.09-0095 submitted to the AMF on March 4, 2009;

The chapters of the Registration Documents D.10-0087 and D.09-0095 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:

Annual financial report	Page No.
Statement of the person responsible for the Registration Document	434
Management report	
■ Analysis of results, financial condition and parent company and consolidated Group risks and list of authorisations to increase the share capital (Article L. 225-100 and L. 225-100-2 of the French Commercial Code)	4 - 15; 18 - 19; 28 - 31; 38 - 57; 58 - 59; 64; 66 - 69; 134 -135; 154 - 160; 174 - 219; 279
■ Information required by Article L. 225-100-3 of the French Commercial Code relating to factors likely to affect the outcome of a public offer	27
■ Information about share buybacks (Article L. 225-211, paragraph 2, of the French Commercial Code)	24 - 25
Financial statements	
■ Annual financial statements	345 - 415
■ Statutory Auditors' report on the annual financial statements	416 - 417
■ Consolidated financial statements	223 - 342
■ Statutory Auditors' report on the consolidated financial statements	343 - 344

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