SOCIETE GENERALE

A French corporation with share capital of EUR 933,027,038.75
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FIRST UPDATE TO THE 2011 REGISTRATION DOCUMENT

Registration document filed with the AMF (French Securities Regulator) on March 4, 2011
under No. D.11-0096.

This document is a free translation into English of the update to the Registration Document (Document de Référence) issued in French. Only the French version of the update to the Registration Document has been submitted to the AMF. It is therefore the only version legally binding.
The original update to the registration document was filed with the AMF (French Securities Regulator) on May 6, 2011, under the number D.11-0096-A01. 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.

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where they are not, rankings are based on internal sources.

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1.1.1 PRESS RELEASE DATED MAY 5, 2011: FIRST QUARTER RESULTS

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II. CHAPTER 3: THE COMPANY AND ITS SHAREHOLDERS

2.1 INFORMATION ON SHARE CAPITAL

The Board of Directors decided to implement a capital increase reserved for employees, representing a maximum of EUR 13,995,405 and corresponding to the issue of 11,196,324 shares to be subscribed to in cash. The subscription period will be open from May 11, 2011, to May 26, 2011 inclusive. The capital increase is expected to come into effect on July 13, 2011. GESOP information document is available on Societe Generale's website (www.societegenerale.com).

III. CHAPTER 5: CORPORATE GOVERNANCE

3.1 BOARD OF DIRECTORS AND GENERAL MANAGEMENT

3.1.1 MESSAGE FROM THE BOARD OF DIRECTORS MEETINGS OF 15 FEBRUARY 2011: PROPOSED APPOINTMENTS AND RENEWALS OF DIRECTORS

At its meeting on February 15, 2011, the Board of Directors, on the proposal of the Nomination and Corporate Governance Committee, approved the appointments and renewals of directors, which will be submitted to the Annual General Meeting on May 24, 2011.

The following will be proposed to shareholders:

- the director's mandates of Messrs. **Frederic OUDEA, Anthony WYAND** and independent director **Jean-Martin FOLZ**, be renewed for a period of four years;
- the following persons be appointed as directors, for a period of four years:
  - Mrs. **Kyra HAZOU**;
  - Mrs. **Ana Maria LLOPIS RIVAS**.

Mrs. **HAZOU** and Mrs. **LLOPIS RIVAS** would be appointed independent directors. If these resolutions are adopted by the Annual General Meeting, the Board of Directors will include 15 members:

- 13 appointed by the Annual General Meeting;
- 2 elected by employees.

Eleven of the thirteen directors appointed by the Annual General Meeting will be independent, which is well above the 50% recommended by the AFEP-MEDEF Corporate Governance Code. Women will account for 33% of directors (31% of the directors appointed by the Annual General Meeting, which is above the 20% requirement that will apply to listed companies as of 2014. Six of the fifteen members of the Board of Directors will be non-French nationals.

Biographies

Mrs. **Kyra HAZOU** is a dual US and British national, resides in Italy and is a graduate of Georgetown University in the United States, where she earned a law degree. After beginning her career as a solicitor, she was Managing Director and Regional General Counsel for Salomon Smith Barney/Citibank for Europe, the Middle East and Africa (1985-2000), then nonexecutive director at the Financial Services Authority in London, as well as a member of the Audit and Risk Committees (2001-2007).

Mrs. **Ana Maria LLOPIS RIVAS** is a Spanish national with a PhD in engineering from the University of California and a former student of the University of Maryland. In 2007, she founded and remains the CEO of Global Ideas4all.sl. She has been a director and member of the Nomination and Compensation Committee at British American Tobacco since 2003 and a director and Chairman of the Nomination and Compensation Committee at Service Point Solutions since 2009. From 2007 to 2010, she was a member of ABN AMRO's Supervisory Board. From 1993 to 2000, she was CEO of OpenBank, Banco Santander's online bank. Previously, she held various positions in retail (Procter & Gamble, Playtex International and Schweppes), banking and financial services, particularly in marketing and online services (Banesto, Razona, Indra).

3.2 REMUNERATION POLICY

3.2.1 BOARD OF DIRECTORS DECISIONS OF MARCH 7, 2011 ON CHIEF EXECUTIVE OFFICERS' REMUNERATION

■ Executive officers' compensation for 2010

On the proposal of its Compensation Committee, the Board of Directors, on March 7, 2011, set the 2010 variable pay for Frédéric Oudéa, Chairman and Chief Executive Officer, Séverin Cabannes, Jean-François Sammarcelli and Bernardo Sanchez-Incera, Deputy Chief Executive Officers. This compensation was determined in accordance with the provisions previously set out and published in 2010 by the Board, and which are detailed in the 2011 registration document. The Board of Directors noted the results of applying the rules on the quantitative share of executive officers' variable pay. The Board judged that the general management had very largely met the qualitative goals set for it by the Board in 2010. The Board of Directors set out each factor of variable pay in line with the new standards applicable to bank executives, which take effect as of the 2010 financial year (European Directive CRDIII). The amount of variable compensation to be paid immediately in cash was set at €598,400 for Frédéric Oudéa, €332,640 for Séverin Cabannes, €337,920 for Jean-François Sammarcelli and €333,840 for Bernardo Sanchez-Incera. No stock options are granted for 2010. The remaining compensation is deferred over 1 to 4 years and is linked to Societe Generale's future performance:

- approximately 25% indexed to Societe Generale's share price and paid in cash in March 2012, representing 12,163 share equivalents for Frédéric Oudéa, 6,761 share equivalents for Séverin Cabannes, 6,868 share equivalents for Jean-François Sammarcelli and 6,785 share equivalents for Bernardo Sanchez-Incera;

- approximately 75% not vested, and subject to Societe Generale's performance conditions through 2013:

  - 30% of this total, amounting to €523,600 for Frédéric Oudéa, €291,060 for Séverin Cabannes, €295,680 for Jean-François Sammarcelli and €292,110 for Bernardo Sanchez Incera, will be paid in cash in March 2014, provided net EPS for 2013 is at least 75% of net EPS for 2010, or the SG share price's annual TSR over 3 years (2011, 2012 and 2013) is higher than the median annual TSR for 11 of the Group's peers[1].

  - 70% of this total includes performance shares that will only vest, either partially or fully, if the performance conditions approved in the May 25, 2010 General Shareholders' Meeting are met. As a reminder, these conditions stipulate that the number of vested shares will vary according to the Group's net ROE. Only 50% of shares are vested if the Group's net ROE for 2012 is 10%, and the Group's ROE must be at least 15% to vest 100% of shares. If the Group's ROE for 2012 is less than 10%, the percentage of vested shares will vary between 0% and 50%, depending on SG's ranking in the sample of 11 banks comparable1 to Societe Generale, based on the SG share's annualized

[1] The peer group is comprised of the 11 banking groups in the European Economic Area and Switzerland with the highest market capitalization at December 31, 2009, excluding banking groups receiving significant State assistance or those whose net income, Group share, includes at least 35% profits from insurance. It is made up of universal banks, investment banks and retail banks, including the following: Barclays, BBVA, BNPP, CASA, Credit Suisse, Deutsche Bank, HSBC, Intesa, Santander, Standard Chartered, UCI.

TSR over 3 years (2010 to 2012). 34,461 performance shares were granted to Frédéric Oudéa, 19,156 to Séverin Cabannes, 19,460 to Jean-François Sammarcelli and 19,225 to Bernardo Sanchez-Incera. These shares will not be available before 4 years.

■ Compensation for 2011

Given the new CRDIII requirements on how senior bank executives' fixed and variable compensation is structured and paid, the Board decided to revise each component of compensation without modifying the maximum total amount of executive officers' compensation.

In terms of fixed compensation, the Board of Directors increased its share as a percentage of executive officers' total compensation. Fixed compensation was set at: €1,000,000 for Frédéric Oudéa, €700,000 for Bernardo Sanchez-Incera and €650,000 for Séverin Cabannes and Jean François Sammarcelli, given their proven capacity to perform their duties since their appointment and competitors' practices (European banks and non-banking French corporations of similar size).

In terms of variable compensation, the Board decided to cut immediate cash compensation to a maximum of 20% of all variable pay (short term and long term), and consequently to increase the deferred portion to at least 80% of variable pay, with 75% of the deferred pay subject to future performance conditions. The aim of this pay structure is to compensate the executive officers' real contribution to Societe Generale's performance measured not only for the past financial year but also over the medium term.

In terms of variable cash compensation (immediate, and deferred over time and subject to performance conditions), the Board decided to set it for a target performance at 105% of fixed compensation for Frédéric Oudéa and 85% for the Deputy Chief Executive Officers. In the event of exceptional performance, this compensation could reach a maximum of 141% of fixed compensation for Frédéric Oudéa and 113% for the Deputy Chief Executive Officers; this maximum was capped at 150% in 2010.

In terms of variable compensation in shares and share equivalents, the Board decided that the executive officers could, in addition to variable cash compensation, be granted shares subject to performance conditions and share-indexed instruments representing no less than 60% of total variable compensation, including twothirds as performance shares not available before 4 years and the rest indexed to Societe Generale’s future share performance, not available before 1 year.
In application of the resolutions voted on in the 2010 shareholder's meeting, all shares are subject to the approved performance conditions and cannot be sold before a minimum of four years. Moreover, the executive officers remain bound by obligations to own and retain Societe Generale shares.

■ Obligations to own and retain Societe Generale shares

The obligations of Chief Executive Officers to own shares in effect since 2002 have been tightened. Frédéric Oudéa will have to own 80,000 shares, which represents approximately 4 years of fixed compensation; Séverin Cabannes, Jean-François Sammarcelli and Bernardo Sanchez-Incera will have to own 40,000 shares, which represents approximately 3 years of fixed compensation. Moreover, starting in 2011, until the shareholding obligation is met, the executive officers must keep 50% of their vested shares as part of Societe Generale's share grant plans. Once the minimum shareholding level is met, each executive officer must keep 20% of these shares in a registered account in his name until the end of his term of office.

- **Chief Executive Officer's severance benefits**

On the proposal of its compensation committee the Board of Directors decided to eliminate the Chief Executive Officer's severance allowance. This decision will take effect when his term expires on May 24. The Board decided to maintain the non-compete clause, set for a term of 18 months, starting from the renewal of the Chief Executive Officer's term, set for May 24, 2011. This period is in line with the Afep/Medef code of corporate governance, which sets the limit at 24 months.

3.2.2 STANDARD TABLES 1 AND 2 IN ACCORDANCE WITH AMF RECOMMENDATIONS

▪ Table 1

SUMMARY OF REMUNERATION AND STOCK OPTIONS AND SHARES ALLOCATED TO EACH CHIEF EXECUTIVE OFFICER [(1)]

	2009 fiscal year	2010 fiscal year
Mr. **Frédéric OUDEA**, Chairman and Chief Executive Officer [(2)]		
Remuneration due for the fiscal year *(detailed in table 2)*	1 116 577	2 876 325
Value of options allocated during the fiscal year	0	0
Value of performance shares allocated during the fiscal year	0	0
Total	**1 116 577**	**2 876 325**
Mr. **Séverin CABANNES**, Deputy Chief Executive Officer [(3)]		
Remuneration due for the fiscal year *(detailed in table 2)*	725 909	1 512 751
Value of options allocated during the fiscal year	0	0
Value of performance shares allocated during the fiscal year	0	0
Total	**725 909**	**1 512 751**
Mr. **Jean François SAMMARCELLI**, Deputy Chief Exeutive Officer (3)		
Remuneration due for the fiscal year *(detailed in table 2)*		1 527 556
Value of options allocated during the fiscal year		0
Value of performance shares allocated during the fiscal year		0
Total		**1 527 556**
Mr. **Bernardo SANCHEZ INCERA**, Deputy Chief Exeutive Officer [(3)]		
Remuneration due for the fiscal year *(detailed in table 2)*		1 613 698
Value of options allocated during the fiscal year		0
Value of performance shares allocated during the fiscal year		0
Total		**1 613 698**

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

Table 2

SUMMARY OF THE REMUNERATION OF EACH CHIEF EXECUTIVE OFFICER (1)	2009 fiscal year		2010 fiscal year	
	Amounts paid	Amounts due for the fiscal year	Amounts paid	Amounts due for the fiscal year
Mr. **Frédéric OUDEA**, Chairman and Chief Executive Officer [2]				
– fixed salary	850,000	850,000	850,000	850,000
– non-deferred performance-linked pay [3]	0	0	0	598,400
– deferred performance-linked pay [4]			0	1,122,000
– additional remuneration [5]	195,000	195,000	300,000	300,000
– time savings account balance	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**	**2,876,325**
Mr. **Séverin CABANNES**, Deputy Chief Executive Officer [7]				
– fixed salary	400,000	400,000	550,000	550,000
– non-deferred performance-linked pay [3]	0	310,636	310,636	332,640
– deferred performance-linked pay [4]	0	0	0	623,700
– exceptional remuneration	0	0	0	0
– 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**	**1,512,751**
Mr. **Jean François SAMMARCELLI**, Deputy Chief Executive Officer [8]				
– fixed salary			550,000	550,000
– non-deferred performance-linked pay [3]			332,500	337,920
– deferred performance-linked pay [4]			0	633,600
– exceptional remuneration			0	0
– attendance fees			0	0
– benefits in kind [6]			6,036	6,036
Total			**888,536**	**1,527,556**
Mr. **Bernardo SANCHEZ INCERA**, Deputy Chief Executive Officer [8]				
– fixed salary			650,000	650,000
– non-deferred performance-linked pay [3]			0	333,840
– deferred performance-linked pay [4]			0	625,950
– exceptional remuneration			0	0
– attendance fees			0	0
– benefits in kind [6]			3,908	3,908
Total			**653,908**	**1,613,698**

(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 chapter 5 on remuneration policy. Performance-linked amounts for chief executive officers in respect of the 2010 fiscal year were set by the Board of Directors' meeting on March 7, 2011.

(4) This amount includes a portion deferred for one year, allocated in the form of a share equivalent i.e. a vehicle indexed to the SG share's future performance, and a portion whose payment is deferred for three years subject to the Group's results (EPS). It does not include the performance share award of March 7, 2011.

(5) This additional remuneration (EUR 300,000 over the full year, or EUR 195,000 in 2009) was awarded to Mr. Oudéa when he had to terminate his employment contract due to his appointment as Chairman and Chief Executive Officer.

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

(7) Mr. Séverin CABANNES' mandate as Deputy Chief Executive Officer started on May 13, 2008.
(8) Messrs. Jean François SAMMARCELLI's and Bernardo SANCHEZ INCERA's mandates as Deputy Chief Executive Officers started on January 1, 2010.

3.2.3 2011 SHARE PLAN FOR EMPLOYEE

On the proposal of the Compensation Committee, the Board of Directors' meeting of March 7, 2011 allocated performance shares to certain members of staff in accordance with resolution 22 of the Annual General Meeting of May 25, 2010.

Around 5,670 Group employees are beneficiaries of this plan, representing a total of 2.4 million shares, or 0.32% of the capital.

The vesting of the shares is subject to the condition of the beneficiary's presence in the company throughout the vesting period.

Secondly, the shares shall vest only if the performance condition is fulfilled.

For the Group's chief executive officers and senior management, the condition is as follows:

1- The first criterion covers the Group's Return on Equity ('ROE') after tax in 2012.
- If ROE is greater or equal to 15%, all shares subject to the performance condition vest;
- If ROE is between 10% and 15%, the number of shares vested between these two limits is calculated linearly, with an ROE of 10% enabling the vesting of half the shares subject to the performance condition;
- If ROE is less than 10%, the number of vested shares depends on the achievement of the performance criterion below.

2- The second performance criterion would only apply if the first condition was not met and would enable the vesting of up to 50% of the shares subject to the performance condition. It measures Societe Generale Group's relative performance in terms of the annualised Total Shareholder Return ('TSR') for Societe Generale share over the three years 2010, 2011 and 2012 compared with the median of annualised TSRs for a peer sample.

The sample comprises the 11 banking groups having the highest market capitalisation within the European Economic Area and Switzerland as at December 31, 2009, excluding banking groups having received significant government subsidies and those whose Group net income includes a portion of profits resulting from insurance activities equal to at least 35%. It consists of universal banks, investment banks and retail banks, and encompasses the following financial institutions: Barclays, BBVA, BNP Paribas, Crédit Agricole, Credit Suisse, Deutsche Bank, HSBC, Intesa, Santander, Standard Chartered, and UCI.

For other employees, the performance condition relates to Societe Generale Group's results.

There are two distinctive vesting periods depending on whether the shares are granted to beneficiaries resident for tax purposes in France or beneficiaries non-resident for tax purposes in France, with this status assessed at the grant date. In the case of beneficiaries resident for tax purposes in France, the allocation of shares shall be definitive after a period of two years. For beneficiaries non-resident for tax purposes in France, the allocation of shares shall be definitive after a period of four years. In accordance with French legislation, the shares are may not be transferred or sold during the two years following their definitive acquisition. This latter provision does not apply to beneficiaries non-resident for tax purposes in France.

3.2.4 ATTENDANCE FEES RECEIVED BY CHIEF EXECUTIVE OFFICERS FOR 2010

(in euros)	Total amount paid in respect of the 2010 fiscal year
AZEMA Jean (1)	32 632
CASTAIGNE Robert	111 229
CICUREL Michel	59 299
DELICOURT Patrick (2)	39 299
FOLZ Jean-Martin	75 264
HOUSSAYE France (3)	39 299
LEVY Jean-Bernard	39 299
LULIN Elisabeth	111 229
OSCULATI Gianemilio	87 896
RACHOU Nathalie	111 229
VANDEVELDE Luc	59 299
WYAND Anthony	264 028
Total	**1 030 000**

(1) Paid to Groupama Vie/Groupama Gan Vie

(2) Paid to the Societe Generale CFDT trade union

(3) Paid to the Societe Generale SNB trade union

The Chairman and Chief Executive Officer does not receive attendance fees in respect of his mandate.

The non-voting director, Mr. Kenji MATSUO, received a remuneration of EUR 9,474.

3.2.5 **2010 Remuneration Policies and Practices Report**

Introduction

This document has been produced pursuant to the terms of Articles 43.1 and 43.2 of Regulation no. 97-02 concerning the internal control of credit institutions and investment firms, as amended by the French ministerial decree of December 13, 2010 which modified the regulatory requirements concerning the remuneration of staff whose activities are liable to have an impact on the risk exposure of credit institutions and investment firms.

Art. 43-1. – Each year, companies subject to this regulation prepare a report sent to the French Prudential Supervisory Authority (Autorité de contrôle prudentiel) showing the following information on remuneration policy and practices concerning the company executive officers as well as employees whose professional activities have a material impact on the risk profile of the company:

1. The decision-making process implemented to define the company's remuneration policy, including the composition and remit of the committee specialized in remunerations and, where applicable, the identity of the external consultants whose services have been used for the determination of the remuneration policy;

2. The principal characteristics of the remuneration policy, including, the criteria used to measure performance and adjust remuneration to risk, the link between remuneration and performance, the policy on deferred remuneration and guaranteed remuneration, and the criteria used to determine the proportion of cash amounts compared to other forms of remuneration;

3. Consolidated quantitative information on remuneration of company executive officers as well as of employees whose activities have a significant impact on the company's risk profile, by indicating for each of these two categories:

- *a) The amounts of remuneration for the financial year, divided into fixed part and variable part, and the number of beneficiaries. This information shall also be provided for each business area;*
- *b) The amounts and form of variable remuneration, divided into cash payments, shares and share-linked instruments, and others;*
- *c) The amounts of deferred remuneration outstanding, divided into vested and unvested remuneration;*
- *d) The amounts of deferred remuneration awarded during the financial year, paid out or reduced through performance adjustments;*
- *e) New sign-on and severance payments made during the financial year and the number of beneficiaries of such payments;*
- *f) The amounts of severance payments awarded during the financial year, the number of beneficiaries, and the highest such amount awarded to a single beneficiary.*

Art. 43-2. – Once a year, companies subject to this regulation publish the information mentioned in 1) to 3) of Article 43-1, in a manner and to an extent appropriate to their size, internal organisation and the nature, scope and the complexity of their activities. […]

Part 1. Corporate Governance of Remuneration Policy

The Group's remuneration policy is reviewed annually. It is defined by General Management, on the proposal of the Group's Human Resources Department. The Board of Directors approves the remuneration policy, on the recommendation of the Compensation Committee.

The Group's remuneration policy, in particular for employees whose activities have a significant impact on the Group's risk profile (hereafter "the regulated employees"), applies to Société Générale and the subsidiaries it controls in France and the rest of the world. The policy applied to regulated employees is adapted to take into account local legal and regulatory constraints outside of France.

In defining this policy, the Group takes into consideration the context in the market place based on the analysis of market data from external consultants, in particular Towers Watson, Mercer and McLagan for the different categories of regulated employees.

1.1 The composition and the role of the Compensation Committee

At January 1, 2011, the Compensation Committee was made up of four members, including **three independent directors**, who are neither company executives nor tied to the company or any of its subsidiaries by an employment contract. The presence of the Vice Chairman of the Board of Directors on the committee ensures the liaison with the Audit, Internal Control and Risk Committee.

Jean-Martin Folz, Company Director: Independent Director, Chairman of the Compensation Committee and the Nomination and Corporate Governance Committee.

Michel Cicurel, Chairman of the Compagnie Financiere Edmond de Rothschild and the Compagnie Financiere Saint-Honore: Independent Director, Member of the Compensation Committee and the Nomination and Corporate Governance Committee.

Luc Vandevelde, Company Director: Independent Director, Member of the Compensation Committee and the Nomination and Corporate Governance Committee.

Anthony Wyand, Vice-Chairman of the Board of Directors: Chairman of the Audit, Internal Control and Risk Committee, Member of the Compensation Committee and the Nomination and Corporate Governance Committee.

The **Compensation Committee:**

- prepares the annual performance appraisal of the Chief Executive Officers;
- proposes to the Board, in accordance with the principles set out in the AFEP-MEDEF Corporate Governance Code and with professional banking standards, **the policy governing remuneration of Chief Executive Officers and Directors**, and particularly the determination criteria, structure and amount of this remuneration, including benefits in kind, such as personal protection insurance or pension benefits, as well as any remuneration received from Group companies, ensures that the policy is properly applied;
- gives its opinion to the Board on the General Management's proposals concerning the remuneration policy applicable within the Group, **the remuneration policy and the identification of regulated employees**, and verifies with the General Management that the policy has been implemented. 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 Departments do effectively cooperate in the definition and the application of this policy, as required by the 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. 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;

- reviews the overall amounts allocated in terms of basic salary increases for the current year and variable remuneration for the previous year;

- submits a proposal to the Board for the **performance share and stock option policy**, intended to retain key employees, and the performance conditions required for their vesting. It formulates an opinion on the list of beneficiaries;

- prepares the decisions of the Board relating to the **employee savings plan**;

- oversees the individual remuneration of the head of Compliance, head of Group Internal Audit, the head of Internal Control Coordination and the head of Risk Management, as well as individual remuneration amounts of employees above a threshold it determines.

1.2 Internal governance of remuneration within the Group

General Management has defined a **system for the delegation of the management of remuneration** 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 Group Human Resources Department or General Management.

Moreover, the **Group Human Resources Department is responsible for coordinating the process for reviewing individual situations** (basic salary, variable remuneration, stock options and/or performance shares), with a series of validation stages at the subsidiary, business divisions, Group Human Resources Department, General Management and finally Group Compensation Committee level. The methodology for determining the variable remuneration pools is reviewed annually by the Finance and Risk Management Departments. 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. These validations cover policy, budgets, and individual allocations, with the Group Human Resources Department ensuring the consistency of the overall process and documentation of the validation phases at Group level. The legal and regulatory obligations in force in the various entities and countries are taken into account in this process.

1.3 The role of control functions

The Risk and Compliance Divisions are involved in the review process for the variable remuneration of the regulated population. As of 2010, in compliance with the new rules concerning bank remuneration policies and practices defined within the framework of the European Directive 2010/76/EU of 24 November 2010 ("CRD III Directive"), their scope covers all categories of staff whose activities have a material impact on the Group's risk profile. These Divisions, in collaboration with the Group Human Resources Department, contributed to the identification of the populations targeted by the new rules.

The Risk Department, the Compliance Department and the Internal Audit Department contribute to the decision making process by providing their opinions and conclusions to General Management on risk management and compliance with the rules of professional conduct, during the financial year, by those professionals targeted by the CRDIII Directive and by the French texts transposing this Directive.

The independence of these control functions is guaranteed by direct reporting to the Group's General Management. Moreover, as with all Group support functions, these functions are compensated through variable remuneration pools determined according to the Group's overall performance, independently of the results of the activities they control. The allocation of these variable remuneration pools is based on the achievement of objectives linked to their function.

This system of governance ensures that remuneration decisions are made independently and objectively. The process is reviewed after the fact by the Group's permanent and periodic controls division.

Part 2. Group remuneration policies and principles

The aim of the Group remuneration policy is to make remuneration an **effective tool for attracting and retaining employees who contribute to the success of the company.** This policy is based on principles common to the whole Group, but may vary by business line and geographic area in which the Group operates (these principles are detailed in Section 5 of the 2011 Registration Document). This policy is consistent with the principles set out by regulators and French professional banking standards, and respects local social, legal, and fiscal legislation.

2.1 Perimeter of the regulated population

In accordance with the new dispositions of Regulation no. 97-02, **the perimeter of employees subject to specific regulation has been extended** to include, in addition to the financial market professionals covered in 2009, all employees whose professional activities have potentially a significant impact on the risk profile of the bank (including employees exercising control functions). **Consequently, more than 3600 employees have been included in the perimeter in 2010 versus 2600 for 2009, representing an increase of 41%.**

The approach used to determine the regulated population was firstly an identification of the activities covered and then the positions within these activities having a material impact.

The perimeter of activities having a material impact on the Group's risk profile was determined mainly on the basis of work already carried out by the Risk and Finance Departments, in the context of the process of formal definition of the Group's risk appetite and based on stress test scenarios, the results of which have been presented to the Board of Directors and communicated to the French Prudential Supervisory Authority. This process is designed to assess the sensitivity of the Group businesses' profitability to stress tests and therefore is a means of identifying those activities having potentially a significant impact on the Group's results. The assessment of the "material impact" of each activity on the risk profile was made at the consolidated Group level.

Within the activities identified, the material impact of individual positions on the risk profile of the company was assessed by the Risk and Compliance departments in order define the identified populations based on the level and type of risk of the activity and the managerial/decisional level of the position with regard to risk management and compliance. As such, the regulated population covers categories of employees having individually or collectively an impact on the risk profile of the Group. Finally, pursuant to article 31-4 of Regulation no. 97-02, employees with a level of remuneration comparable to that of the risk takers were also included in the perimeter.

In addition to the perimeter covered by the 2009 remuneration disclosure (that is the executive officers and the financial market professionals), the perimeter of the regulated population for 2010 has been extended to include the majority of the Group's senior management, the Senior management of the Corporate and Investment banking division, the Senior Bankers, professionals belonging to certain specific Financing activities within SG CIB, the senior management of the other activities identified (including Private Banking and Retail Banking) and certain control functions.

With respect to the activities identified outside of the Corporate and Investment banking division, those employees having the responsibility to make decisions having potentially a material impact on the risk profile of the Group are principally those occupying senior management positions.

Concerning the control functions, the positions included in the perimeter include senior staff from the Risk Management, Compliance, Internal Audit, Finance and Human Resources Divisions, as well as staff responsible for operational risks within the perimeter of the identified activities.

2.2 The main principles of the remuneration policy for the regulated population

For the second consecutive year, remuneration in the financial sector has been subject to significant regulatory changes, leading Société Générale to adapt its remuneration policy. As such, the remuneration policy applicable to the regulated population in 2010 was adapted to meet the requirements of the aforementioned European Directive 2010/76/EU of 24 November 2010, transposed in France by the ministerial decree of December 13, 2010, which represent 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.

Building on the initiatives undertaken in 2009, Société Générale continued in 2010 to adapt its remuneration policy for the regulated population, in compliance with the new regulations, in particular:

- **by extending the perimeter of the identified population** as described in section 2.1 ;
- **through adopting a global approach to variable remuneration**, taking into account all elements of remuneration (annual cash variable remuneration and long term incentives) and with a payout structure in line with the new regulations (see below, payout process for variable remuneration) ;
- **by reducing significantly the portion of the variable remuneration paid upfront in cash** and thus ensuring the risk alignment of a significant portion of the variable remuneration (indexation on the share value, retention periods and performance conditions).

In addition, Société Générale decided not to grant any stock options with respect to 2010, preferring the grant of performance shares (or share indexed instruments under performance conditions) for the entire Group.

In compliance with the new regulations, the Board of Directors has approved the appropriate ratio between the variable and fixed components of total remuneration for the regulated population and this ratio has been communicated to the French Prudential Supervisory Authority.

2.3 The 2010 variable remuneration policy for the regulated population

Allocation of variable remuneration is not contractual, it depends on both individual and collective performance and takes into account both quantitative and qualitative criteria. In particular, in order to avoid any conflicts of interest, for sales staff there is no direct link between their variable remuneration and the type of product or the amount of Net Banking Income generated; it is also based on qualitative criteria and a significant portion is differed over three years and subject to a performance condition of the business division and/or activity concerned. The variable remuneration also takes into account the economic, social, and competitive context.

2.3.1 Performance and risk alignment of variable remuneration (*ex ante*)

2.3.1.1 The setting of variable remuneration pools

The variable remuneration pools are fixed by business line, on a global basis, in order to ensure financial solidarity between the different activities and to avoid conflicts of interest.

The variable pools within the **Corporate and Investment Banking Division** are calculated based on the normalized profit of the activity, after deduction of:

- direct and indirect overheads;
- liquidity costs (cost of refinancing cross-charged internally);
- cost of risk;
- cost of capital.

These elements are determined by the Group Risk Division and Finance Division, in respect of all associated regulatory requirements.

Within the CIB division, a portion of each business line's variable remuneration pool is allocated to a transversal pool which is used to finance variable remuneration for activities in the development stage.

With respect to the **Private Banking, Global Investment Management and Services Division**, the variable remuneration pools are adjusted based on the evolution of Operating Income (after deduction of cost of risk), reduced by the cost of capital.

For the **Corporate and Investment Banking Division and the Private Banking, Global Investment Management and Services Division**, the allocation of the variable remuneration pools to the teams in the various countries is made both on the basis of the results of these teams, but also taking into consideration how these results were achieved. As such, as detailed in section 1.3, the Risk and Compliance Divisions review, at least annually, the risk management and compliance with the rules of professional conduct, at the level of the identified activities and at the individual level for the professionals responsible for managing these activities. Their conclusions are taken into due consideration by the senior management of these Divisions, the Group General Management and the Group Human Resources Department, in the validation of the variable remuneration pools and their allocation. The whole process is documented by the Human Resources Division.

With respect to **control functions**, the variable remuneration pools are determined independently of the results of the business activities they control. They are determined taking into account the Group's overall results.

For the **Group's senior management functions** (Executive Officers, Group Executive Committee and Group Management Committee), the variable remuneration is not based on a collective pool, but is determined individually taking into account the Group's results, where applicable the results of the business activity which they supervise, the level of realisation of their qualitative and quantitative performance targets and taking into account the market remuneration level for an equivalent function, determined through the analysis of external remuneration benchmarking data.

2.3.1.2 Individual allocation of variable remuneration

The **individual allocations** of variable remuneration for the regulated population are, as for the entire Group, **correlated with the individual annual performance appraisal which takes into account the level of achievement of quantitative and qualitative objectives.**

There is no direct or automatic link between the financial results of an individual employee and his or her level of variable remuneration since they are subject to an overall assessment, including the manner in which the results were achieved.

The objectives set always respect the SMART method (the objectives are Specific, Measurable, Accessible, Realistic and fixed within a Timeframe), which means that the objectives are clearly identified and that their realisation can be assessed via indicators which are known to the employee.

The qualitative objectives are individual, in relation with the professional activity of the employee and adapted to the position held (i.e. where applicable the managerial or decisional level of the position). The quality of risk management, the means and behaviours used to achieve the results, cooperation and teamwork and personnel management are some examples of behavioural qualities which might be assessed.

Thus, **the level of individual variable remuneration depends on**:

- the **results of the employee's business line**;
- **individual performance**, assessed on the basis of annual qualitative and quantitative objectives (that may include achieving individual financial objectives);
- **the way in which performance level has been reached**: **prudent risk management** (including market risks, counterparty risks, and operational risks), **compliance with the professional rules of conduct**, and **the quality of cooperation internally** (for example between front offices and back/middle offices).

The competitive context in the market place is taken into account by participating in **remuneration benchmark surveys** (carried out by type of business and geographic area), which shed light on the remuneration levels practiced by the principal competitors.

In addition, for control functions, the Group conducts **transversal reviews across the different business lines for comparable job functions,** to ensure consistency of remuneration between the various Group activities and to facilitate mobility.

2.3.2 The payout process for variable remuneration

The variable remuneration allocated for 2010 will be paid out according to the rules set out in the new regulations.

A significant portion of variable remuneration for the regulated population is deferred over three or four years and vesting of the deferred portion is subject to the achievement of performance conditions and risk alignment described in section 2.3.3.

The vesting takes place no faster than on a pro-rata basis (one third each year).

For the 2010 financial year, **deferred variable remuneration represents nearly 60%** of the total variable remuneration for the regulated population. With respect to individual employees, the level of deferral is proportional to the level of variable remuneration: higher variable remuneration is subject to a higher deferral percentage. This percentage is at least 40% for those employees identified as having individually a material impact on the Group's risk profile and increases to 70% for the highest variable remuneration levels.

A significant portion of the variable remuneration is paid out in the form of Société Générale performance shares or instruments indexed on the Société Générale share value. For the 2010 financial year, at the individual level, the portion paid out in shares or share equivalents represents at least 50% of the deferred portion of the variable remuneration and 50% of the total variable remuneration for those employees identified as having individually a material impact on the Group's risk profile. The percentage is more than 60% for the executive officers.

The combination of these two conditions (the deferral of a portion of variable remuneration and pay-out in the form of share or share equivalents) means that **the portion of the variable remuneration paid out immediately in cash is limited to 30% for employees identified as having individually a material impact on the Group's risk profile and is only 15% for the highest variable remuneration levels.**

At the individual level, the pay-out structure is adapted based on the level of responsibility of the position held and based on the level of variable remuneration, in order that the level of risk alignment of variable remuneration is proportional to the material impact that such employee may influence on the Group's risk profile.

The **individual variable remuneration** can thus **be structured in four parts** for the regulated population:

- a portion paid in cash in march of the year following the close of the financial year ;
- a portion paid out in the form of instruments indexed on the Société Générale share value and subject to a retention period of at least six months (one year for the Group's senior management functions), the final amount to be paid out at the end of that period being dependent on the Société Générale share value at that time.

- a deferred cash award (without indexation on the share value) for which final pay-out is subject to the realisation of the conditions described in section 2.3.3 ;

- a deferred award of Société Générale performance shares, or instruments indexed on the Société Générale share value, the vesting of which is dependent on the realisation of pre-determined performance conditions and subject to a retention period post-vesting and for which the final value to the beneficiary is dependant on the Société Générale share value at the end of the retention period.

The retention period is at least six months for the instruments indexed on the Société Générale share value and is one year for the Group's senior management functions (Executive Officers, Group Executive Committee and Group Management Committee). For the **performance shares, the retention period is two years in addition to the two-year vesting period**, in accordance with French regulations.

All employees receiving deferred variable remuneration are **prohibited from using hedging or insurance strategies during both the deferral period and the retention period.**

2.3.3 Performance conditions and risk alignment for deferred variable remuneration (*ex post*)

The vesting of the deferred portion of the variable remuneration is conditional on both the realisation of a performance condition and on appropriate risk management and compliance with the professional rules of conduct during the vesting period.

As such, all deferred variable remuneration is subject to a minimum performance condition. The type of performance condition varies according to the Division and business line, but in all cases, if a minimum performance level is not met each year during the vesting period, the deferred remuneration will be partially or completely forfeited.

Within the Corporate and Investment Banking Division, the vesting of the deferred remuneration is subject in part to a minimum performance condition for the whole CIB Division and in part to a minimum performance of the business line (Markets, Financing,..). These performance conditions are based on the level of Operating Income of the CIB and of the business line, respectively.

Within the Private Banking, Global Investment Management and Services Division, the minimum performance condition is based on the cost of credit risk and of operational losses.

With respect to control functions, the performance condition is based on the Group Net Income.

The performance thresholds are determined by the Finance Division, after consultation with the Risk Division and are approved by the Board of Directors.

The nature of the performance condition is adapted to the level of responsibility of the professional concerned. The Group's senior management functions are subject to specific performance conditions, in line with their capacity to influence the Group's results. For this category of professional, the minimal performance conditions are more demanding than those applicable to the other categories of employee and are in line with the Group's Strategic and Financial Plan.

As such, the performance based deferred cash remuneration will be paid in cash in March 2014, provided the net EPS for 2013 is at least 75% of the net EPS for 2010, or the SG share's annual TSR over 3 years (2011, 2012 and 2013) is higher than the median annual TSR for 11 of the Group's peers[1]. The performance condition applicable to the performance shares is that approved by the May 25, 2010 General Shareholders' Meeting. As a reminder, these conditions stipulate that the number of vested shares will vary according to the Group's net ROE. As such only 50% of shares will vest if the Group's net ROE for 2012 is 10%, and the Group's ROE must be at least 15% for 100% of the shares to vest. If the Group's ROE for 2012 is less than 10%, the percentage of vested shares will vary between 0% and 50%, depending on SG's ranking in the panel of 11 banks comparable[1] to Société Générale, based on the SG share's annualized TSR over 3 years (2010 to 2012).

In addition, any **excessive risk-taking or any behaviour deemed to be unacceptable by General Management can lead to the reduction or total forfeiture of the deferred remuneration awards.**

2.3.4 Policy concerning guaranteed variable remuneration

Finally, the award of a **guaranteed variable remuneration,** in the context of hiring is:

- strictly limited to one year (according the Regulation no. 97-02);
- subject to the terms of the deferral plan applicable for the given financial year.

2.4 Conclusion

The remuneration policy adopted by the Group for 2010 was designed to **meet the requirements of the new regulatory framework**, in particular that applicable further to the aforementioned European Directive 2010/76/EU of 24 November 2010 concerning the supervisory review of remuneration policies.

A large perimeter of regulated employees has been identified (more than 3600 employees) **with the objective of raising their awareness of the risks related to their professional activities**. The scope includes all professionals who have the capacity to exert, individually or collectively, a significant impact on the risk profile of the Group. **The level of risk alignment of the remuneration is proportional to the level of responsibility and the level of remuneration.**

With respect to certain categories of the regulated population, the constraints implemented go beyond the minimal regulatory requirements: higher deferral levels for the highest variable remunerations, longer retention periods and more stringent performance conditions for the Group's senior management functions, a more significant portion of variable remuneration aligned on the Société Générale share value for the Group's executive officers.

[1] The peer group is comprised of the 11 banking groups in the European Economic Area and Switzerland with the highest market capitalisation at December 31, 2009, excluding banking groups receiving significant State assistance or those whose Group net income includes at least 35% profits from insurance. It is made up of universal banks, investment banks and retail banks and includes the following institutions: Barclays, BBVA, BNPP, CASA, Credit Suisse, Deutsche Bank, HSBC, Intesa, Santander, Standard Chartered, UCI.

All of these measures will be subject to review by the French Prudential Supervisory Authority during the course of 2011 and, where applicable, by the various international regulatory bodies.

Part 3. Information on remuneration for the 2010 financial year

The remuneration disclosure respects the standard presentation format defined by the professional standards on remuneration disclosure defined by the French Banking Federation on March 8th 2011.

3.1. The regulated population (individuals whose professional activities have a material impact on the risk profile of the company)

Société Générale has increased the perimeter of its regulated population by 41% in order to fully comply with the new regulatory framework. The average variable remuneration awarded in March 2011 with respect to 2010 has decreased by 14,7% compared to 2009, while the results of the CIB division have significantly increased with an Operating Income of 2,4 billion Euros versus 0,7 billion in 2009, representing in increase of 225%.

<u>**Remuneration awarded for the financial year**</u> **:**

	Number of beneficiaries	Total remuneration in M€	Fixed remuneration in M€	Variable remuneration in M€*
Group Total	**3 663**	**1 133,4**	**404,8**	**728,6**
o/w Corporate and Investment Banking	3 589	1 093,3	391,7	701,6
o/w Other activities and Central Group Functions	74	40,1	13,1	27,0
***o/w Vested portion paid or delivered in M€ (2)**				***310,8***
**o/w Conditional deferred portion in M€ (1)(2)*				*417,7*

Those professionals whose remuneration is below a certain threshold have their variable remuneration paid out in full in the year of award.

(1) Payable between October 2011 and March 2014, o/w 80,4 million Euros due in October 2011.

(2) Based on the value at the time of award

** o/w* Payment or conditional award in cash in M€	**o/w* Payment or conditional award in shares or share equivalents in M€ (2)
478,1	250,5

Amounts of outstanding deferred remuneration

The amount of outstanding deferred variable remuneration for prior financial years corresponds, this year, to the outstanding deferred variable remuneration awarded with respect to 2009, being the first year for which the disclosure requirements apply. The data concerning 2009 are based on the perimeter concerned by the 2009 remuneration disclosure, i.e. « financial market professionals ». By way of reminder the 2010 perimeter is much wider than this (see « perimeter of the regulated population »), therefore any comparison between 2009 and 2010 would not be based on equivalent populations **:**

Amounts of conditional deferred remuneration in M€ (2)	
With respect to 2010 financial year	**With respect to prior financial years (2009)** *(*)*
417,7	217,2

(*) 2009 perimeter: financial market professionals
(2) Based on the value at the time of award

Deferred remuneration paid out or reduced through performance adjustments for the financial year :
(This information is disclosed by award year from 2009, first year of application of the disclosure requirements)

Year of award	**Amount of deferred remuneration paid out in M€** *(*)* **(2)**	**Amount of deferred remuneration reduced through performance adjustments M€** *(*)* **(2)**
2009	103,2	0

(*)*2009 perimeter : financial market professionals*
(2) *Based on the value at the time of award*

Sign-on and severance payments made during the financial year :
This information is based on the 2010 disclosure perimeter.

Total amount of severance payments made and number of beneficiaries		**Sign-on payments made and number of beneficiaries**	
Amount in M€	**Number of beneficiaries**	**Amount in M€**	**Number of beneficiaries**
29,5	72	0,5	10

Severance payments awarded during the financial year :

The amount of severance payments awarded during the financial year	
Total amount	**Number of beneficiaries**
0	0
Highest such award	
0	

3.2. Group executive officers

The perimeter of Group executive officers for the 2010 financial year includes Mr. Oudéa, Mr. Cabannes, Mr. Sammarcelli, and Mr. Sanchez Incera.

The remuneration of the executive officers is covered in a specific chapter in the 2011 Registration Document on pages 109 to 127 and was subject to a specific disclosure following the March 7th 2011 Board of Directors meeting which fixed variable remuneration for 2010.

Remuneration awarded for the financial year :

Number of beneficiaries	Total remuneration in M€	Fixed remuneration in M€	Variable remuneration in M€*(1)
4	7,2	2,6	4,6

Note: in addition to these amounts, Mr. Oudéa receives an additional remuneration of 0,3M€.

** o/w Vested portion paid or delivered in M€*	** o/w Conditional deferred portion in M€* **(2)(3)**
1,6	3

** o/w Payment or conditional award in cash in M€*	**o/w Payment or conditional award in shares or share equivalents in M€ (2)*
1,4	1,6

(1) In addition, the group executive officers were awarded 92 302 performance shares which will vest only if the performance conditions approved by the May 25, 2010 General Shareholders' Meeting are met. These shares are not available to the beneficiaries for 4 years.
(2) o/w 1,6 million Euros due in March 2012.
(3) Based on the value at the time of award

Amounts of outstanding deferred remuneration

The amount of outstanding deferred variable remuneration for prior financial years corresponds, this year, to the outstanding deferred variable remuneration awarded with respect to 2009, being the first year for which the disclosure requirements apply.

Amounts of conditional deferred remuneration in M€ (2)	
With respect to 2010 financial year	**With respect to prior financial years (2009)**
3	0

(2) Based on the value at the time of award

Deferred remuneration paid out or reduced through performance adjustments for the financial year :

(This information is disclosed by award year from 2009, first year of application of the disclosure requirements)

Year of award	Amount of deferred remuneration paid out in M€	Amount of deferred remuneration reduced through performance adjustments M€
2009	**0**	**0**

Sign-on and severance payments made during the financial year :

Total amount of severance payments made and number of beneficiaries		Sign-on payments made and number of beneficiaries	
Amount in M€	**Number of beneficiaries**	**Amount in M€**	**Number of beneficiaries**
0	**0**	**0**	**0**

Severance payments awarded during the financial year :

The amount of severance payments awarded during the financial year	
Total amount	**Number of beneficiaries**
0	0
Highest such award	
0	

4.1 SPECIFIC FINANCIAL INFORMATION – FSF RECOMMENDATIONS FOR FINANCIAL TRANSPARENCY

UNHEDGED CDOs EXPOSED TO THE US RESIDENTIAL MORTGAGE SECTOR

In EUR m	CDO Super senior & senior tranches — L&R Portfolios	CDO Super senior & senior tranches — Trading Portfolios
Gross exposure at December 31, 2009 (1)	**4,686**	**1,456**
Gross exposure at December 31, 2010 (1)	**5,616**	**3,804**
Gross exposure at March 31, 2011 (1) (2)	**5,269**	**3,053**
Underlying	**high grade / mezzanine (4)**	**high grade / mezzanine (4)**
Attachment point at December 31, 2010	12%	9%
Attachment point at March 31, 2011 (3)	12%	6%
At March 31, 2011		
% of underlying subprime assets	44%	66%
o.w. 2004 and earlier	*6%*	*18%*
o.w. 2005	*28%*	*43%*
o.w. 2006	*7%*	*2%*
o.w. 2007	*4%*	*4%*
% of Mid-prime and Alt-A underlying assets	11%	6%
% of Prime underlying assets	16%	10%
% of other underlying assets	29%	17%
Total impairments & write-downs (Flow in Q1 11)	**-1,775** *(o.w. 0 in Q1 11)*	**-1,879** *(o.w. -56 in Q1 11)*
Total provisions for credit risk (Flow in Q1 11)	**-1,629** *(o.w. -89 in Q1 11)*	—
% of total CDO write-downs at March 31, 2011	**65%**	**62%**
Net exposure at March 31, 2011 (1)	**1,866**	**1,175**

As the exposures classified as **AFS** (gross exposures of EUR 11m) have been fully written down in cost of risk, they are no longer included in the reporting.

(1) Exposure at closing price
(2) The fall in L&R outstandings vs. 31/12/10 is mainly due to the foreign exchange effect. The fall in Trading outstandings, in addition to the foreign exchange effect, is mainly due to the removal from the scope of a CDO following its dismantlement.
(3) The change in attachment points results:
- upwards: from early redemptions at par value
- downwards: from defaults of some underlying assets

(4) 29% of the gross exposure classified as L&R and 53% of the gross exposure classified as trading relates to mezzanine underlying assets.

CDOS OF RMBS (TRADING): CUMULATIVE LOSS RATES

- Cumulative loss rates(1) for subprimes (calculated based on the initial nominal value)

	2004	2005	2006	2007
Q4 10	**6.1%**	**16.5%**	**39.6%**	**49.5%**
Q1 11	**8.5%**	**20.6%**	**39.6%**	**49.5%**

(1) including liquidity writedown

on NBI		In EUR m
+10% cumulative losses for each year of production	⇒	-249

- The effective prime and midprime/Alt-A cumulative loss assumptions represent an average of 36% and 67% respectively of the assumptions applied for subprimes

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

PROTECTION PURCHASED TO HEDGE EXPOSURES TO CDOS AND OTHER ASSETS

- From monoline insurers

In EUR m	Gross notional amount of hedged instruments		Gross notional amount of protection purchased	March 31, 2011 Fair value of hedged instruments	Fair value of protection before value adjustments
Protection purchased from monolines					
against CDOs (US residential mortgage market)	1,598	(1)	1,598	559	1,038
against CDOs (excl. US residential mortgage market)	1,705		1,705	1,489	217
against corporate credits (CLOs)	6,864		6,864	6,665	198
against structured and infrastructure finance	1,273		1,360	1,142	192
Other replacement risks					211
				Total	**1,857**

(1) O.w. EUR 0.6bn of underlying subprime assets (vintages: 2007: 9%, 2006: 27%, 2005 and before: 64%)

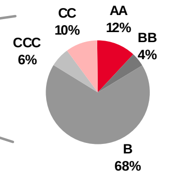
- From other counterparties
  - **Fair value of protection purchased from other large financial institutions (multiline insurers and international banks): EUR 87m mainly corresponding to corporate bonds and hedges of CDOs of structured RMBS' until the end of 2005.**
  - **Other replacement risks (CDPCs): net residual exposure: EUR 82m**
    - Fair value of protection before adjustments: EUR 97m for a nominal amount of EUR 2,868m
    - Value adjustments for credit risk: EUR 15m
    - Purchase of hedge covering 15% of the underlying

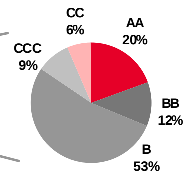
PROTECTION PURCHASED TO HEDGE EXPOSURES TO CDOS AND OTHER ASSETS: VALUATION METHOD

- CDOs on the US residential mortgage market
  - **Application of the same methodologies and criteria as those used to value unhedged CDOs**
- Corporate loan CLOs
  - **Rating of tranches hedged by monolines: 15% AAA – 67% AA – 17% A**
  - **Distribution of underlying assets by rating: 4% BBB and above – 23 % BB – 63% B – 10% CCC and below**
  - **Cumulative loss rate over 5 years applied to underlying assets:**
    - Rated on the most negative events observed over the last 30 years
    - According to underlying asset ratings
      5% for BBB – 17% for BB – 31% for B – 51% for CCC – 100% below
  - **Weighted loss rate scenario for underlying assets: 24% after considering the maturity of assets at risk**
  - **Weighted attachment point: 34% (38% after deduction of the cash available in the CLO)**
  - **Weighted write-down scenario of the SG portfolio: around 3%**
- Other assets (CDOs excluding US residential mortgage market, infrastructure finance and other structured assets)
  - **Application of methods similar to those used for CLOs**
- Liquidity add-on for all hedged assets, reflecting the changes in the indices or spreads

EXPOSURE TO COUNTERPARTY RISK ON MONOLINE INSURERS
HEDGING OF CDOS AND OTHER ASSETS

In EUR bn	Dec. 31, 2010	Mar. 31, 2011
Fair value of protection before value adjustments	1.8	1.9
Nominal amount of hedges purchased (1)	-0.6	-1.0
Fair value of protection net of hedges and before value adjustments	1.3	0.9
Value adjustments for credit risk on monolines (booked under protection)	-0.8	-0.6
Residual exposure to counterparty risk on monolines	0.4	0.3
Total fair value hedging rate	*77%*	*84%*





* The nominal amount of hedges purchased from bank counterparties had a EUR +278m Marked-to-Market impact at March 31st, 2011, which has been reserved since 2008 in the income statement.

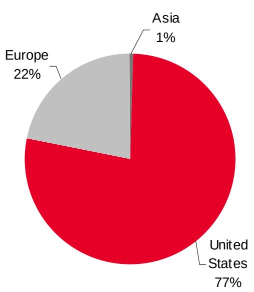
The rating used is the lowest issued by Moody's or S&P at March 31 2011

AA : Assured Guaranty
BB : Radian, Syncora Capital Assurance
B : MBIA
CCC : Ambac
CC : CIFG

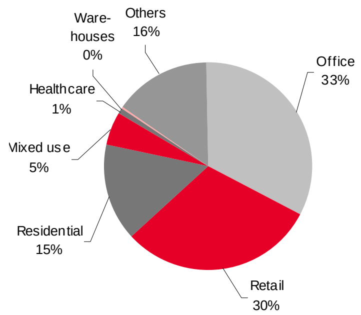
EXPOSURE TO CMBS(1)

In EUR m	Dec. 31, 2010	March 31, 2011					Q1 11		
	Net exposure (2)	Net exposure (2)	Gross exposure (3) Amount	Gross exposure (3) % net exposure	%AAA (4)	% AA & A (4)	Net Banking Income	Cost of Risk	Equity
'Held for Trading' portfolio	92	94	*179*	*52%*	*0%*	*13%*	23	-	-
'Available For Sale' portfolio	170	156	*222*	*70%*	*11%*	*54%*	3	-	15
'Loans & Receivables' portfolio	6,271	5,778	*6,220*	*93%*	*57%*	*34%*	77	-	-
'Held To Maturity' portfolio	46	43	*45*	*96%*	*33%*	*50%*	-	-	-
TOTAL	6,578	6,070	*6,666*	*91%*	*55%*	*34%*	103	-	15

Geographic breakdown(4)



Sector breakdown(4)



(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 US RESIDENTIAL MORTGAGE MARKET: RESIDENTIAL LOANS AND RMBS

- Societe Generale has no residential mortgage loan origination activity in the US
- US RMBS (1)

In EUR m	Dec. 31, 2010	March 31, 2011					Q1 11		
	Net exposure (2)	Net exposure (2)	Gross exposure (3) Amount	Gross exposure (3) % net exposure	%AAA (4)	% AA & A (4)	Net Banking Income	Cost of Risk	Equity
'Held for Trading' portfolio	2	-	-	-	-	-	-	-	-
'Available For Sale' portfolio	207	534	972	55%	2%	10%	17	- 4	133
'Loans & Receivables' portfolio	527	479	563	85%	4%	11%	2	-	-
TOTAL	736	1,013	1,535	66%	2%	11%	19	- 4	133

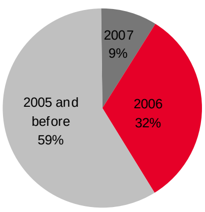
(1) Excluding "exotic credit derivative portfolio" presented below

(2) Net of hedging and impairments

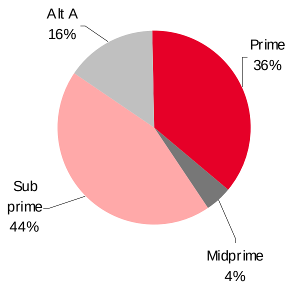
(3) Remaining capital of assets before hedging

(4) As a % of remaining capital

Breakdown of subprime assets by vintage(4)



Breakdown of RMBS portfolio by type(4)



NB: Societe Generale has a portfolio of mid-prime loans purchased from an originator who defaulted (EUR 164m in the banking book net of writedowns)

EXPOSURE TO RESIDENTIAL MORTGAGE MARKETS IN SPAIN AND THE UK

- Societe Generale has no origination activity in Spain or the UK
- Spain RMBS(1)

In EUR m	Dec. 31, 2010	March 31, 2011					Q1 11		
	Net exposure (2)	Net exposure (2)	Gross exposure (3) Amount	Gross exposure (3) % net exposure	%AAA (4)	% AA & A (4)	Net Banking Income	Cost of Risk	Equity
'Held for Trading' portfolio	4	5	20	25%	46%	8%	3	-	-
'Available For Sale' portfolio	96	103	155	66%	28%	66%	6	-	16
'Loans & Receivables' portfolio	235	225	269	84%	25%	74%	1	-	-
'Held To Maturity' portfolio	5	5	5	100%	0%	100%	-	-	-
TOTAL	342	338	449	75%	26%	68%	10	-	16

- UK RMBS(1)

In EUR m	Dec. 31, 2010	March 31, 2011					Q1 11		
	Net exposure (2)	Net exposure (2)	Gross exposure (3) Amount	Gross exposure (3) % net exposure	%AAA (4)	% AA & A (4)	Net Banking Income	Cost of Risk	Equity
'Held for Trading' portfolio	52	53	68	78%	4%	96%	3	-	-
'Available For Sale' portfolio	85	78	120	65%	33%	46%	9	-	18
'Loans & Receivables' portfolio	101	73	82	89%	98%	2%	- 5	-	-
'Held To Maturity' portfolio	0	-	-	-	-	-	-	-	-
TOTAL	239	204	270	75%	45%	46%	7	-	18

(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

EXOTIC CREDIT DERIVATIVES

- Business portfolio linked to client-driven activity
  - **Securities indexed on ABS credit portfolios marketed to investors**
  - **Hedging of credit protection generated in SG's accounts by the purchase of the underlying ABS portfolio and the sale of indices**
  - **Dynamic hedge management based on changes in credit spreads by adjusting the portfolio of ABS' held, positions on indices and the marketed securities**

- Net position as 5-yr equivalent: EUR -52m
  - **EUR 0.5bn of securities sold in Q1 11**
  - **Partial inclusion of monoline hedges (46%) following the fall in the monolines' credit ratings (stable vs. Q4 10)**
  - **33% of residual portfolio made up of A-rated securities and above**

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

In EUR m	Dec. 31, 2010	Mar. 31, 2011
US ABS'	-153	-52
RMBS' (1)	27	15
o.w. Prime	-11	-12
o.w. Midprime	-31	-26
o.w. Subprime	69	53
CMBS' (2)	-249	-141
Others	70	74
European ABS'	0	0
Total	-153	-52

(1) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 26m, o.w. EUR 0m Prime, EUR 7m Midprime and EUR 19m Subprime
(2) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 0.7bn

4.2 PROVISIONING OF DOUBTFUL LOANS

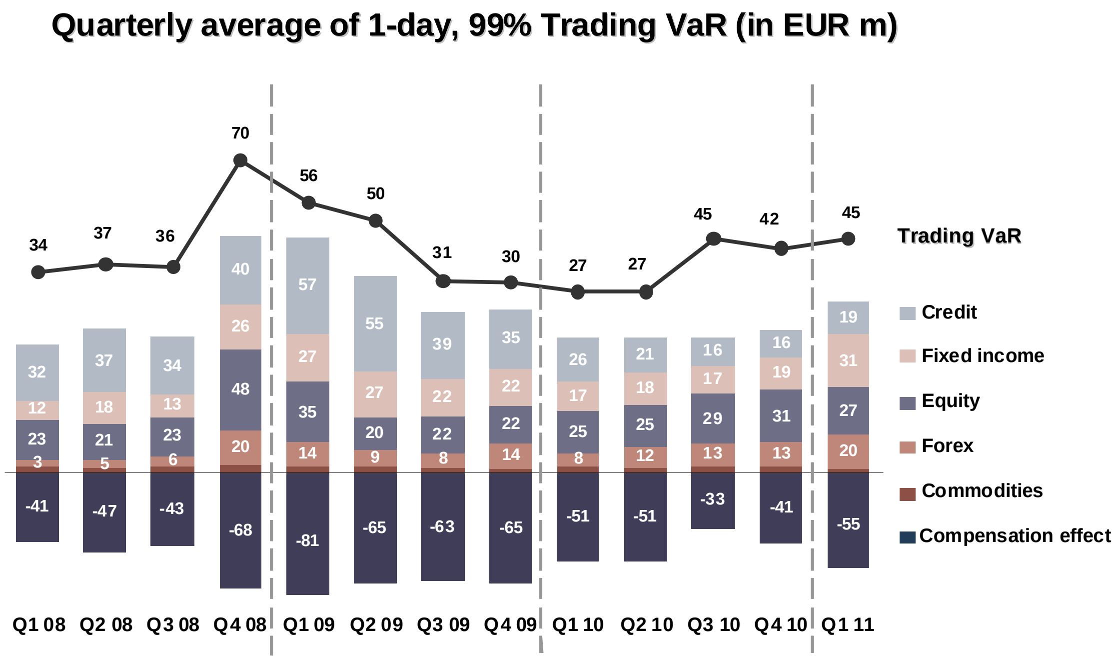
DOUBTFUL LOANS* (INCLUDING CREDIT INSTITUTIONS)

	Group		
	31/12/2009	31/12/2010	31/03/2011
Customer loans in EUR bn *	**400.4**	**426.0**	**429.9**
*Doubtful loans in EUR bn **	*20.8*	*23.1*	*23.0*
*Collateral relating to loans written down in EUR bn **	*3.4*	*4.1*	*3.8*
Provisionable commitments in EUR bn *	**17.4**	**19.0**	**19.2**
Provisionable commitments / Customer loans *	***4.3%***	***4.5%***	***4.5%***
Specific provisions in EUR bn *	**10.6**	**12.5**	**12.6**
Specific provisions / Provisionable commitments *	***61%***	***66%***	***66%***
Portfolio-based provisions in EUR bn *	**1.2**	**1.2**	**1.3**
Overall provisions / Provisionable commitments *	***68%***	***72%***	***72%***

* Excluding legacy assets

4.3 CHANGE IN TRADING VAR

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



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

4.4 REGULATORY RATIOS

■ **Prudential ratio management**

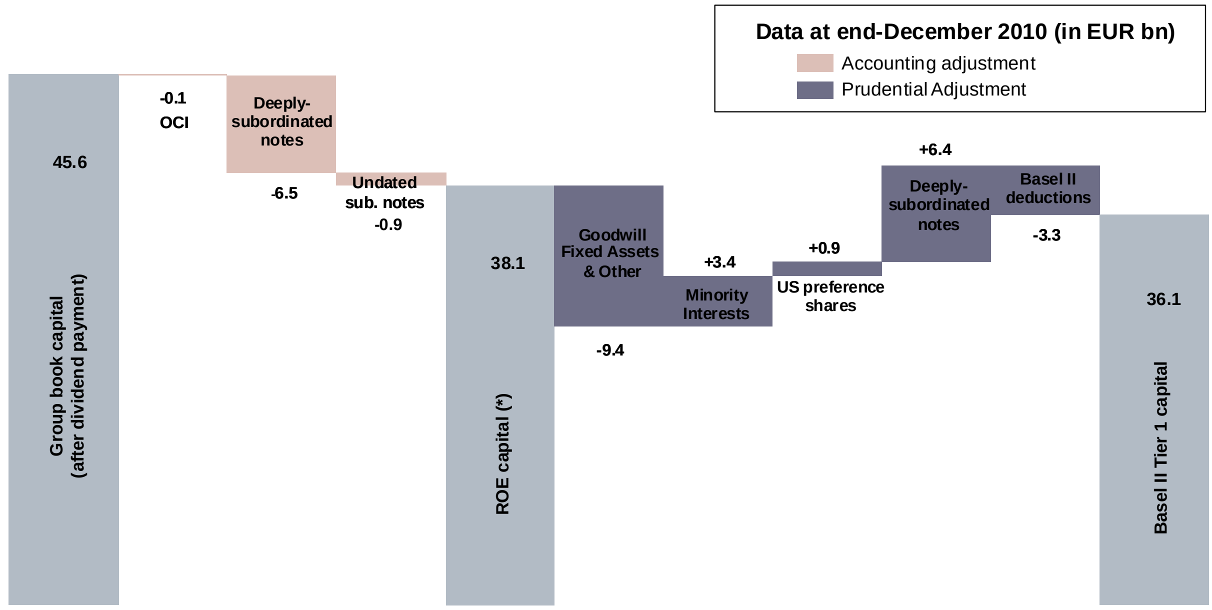
During Q1 2011, Societe Generale proceeded with no new subordinated note issues at Group level as part of the management of its prudential solvency ratios.

■ **Extract from the presentation dated May 5, 2011: First quarter 2011 results (and supplements)**

BASEL II RISK-WEIGHTED ASSETS AT END-MARCH 2011 (in EUR bn)

	Credit	Market	Operational	Total
French Networks	*80.4*	*0.0*	*3.2*	83.7
International Retail Banking	*68.0*	*0.4*	*4.0*	72.5
Corporate & Investment Banking	*69.6*	*13.1*	*29.2*	111.8
Specialised Financial Services & Insurance	*39.0*	*0.0*	*2.4*	41.5
Private Banking, Global Investment Management and Services	*10.6*	*0.7*	*3.4*	14.7
Corporate Centre	*4.0*	*0.4*	*4.8*	9.2
Group total	271.6	14.6	47.0	333.3

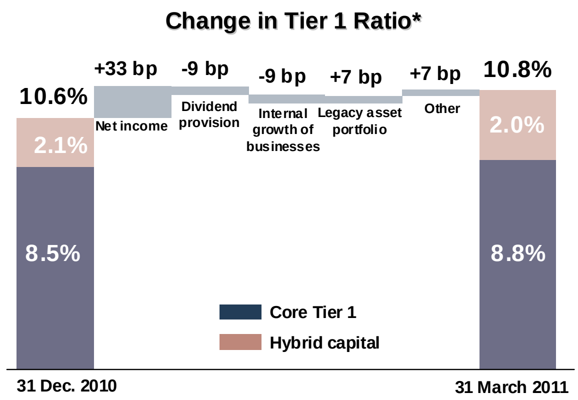
CALCULATION OF ROE CAPITAL AND THE TIER 1 RATIO

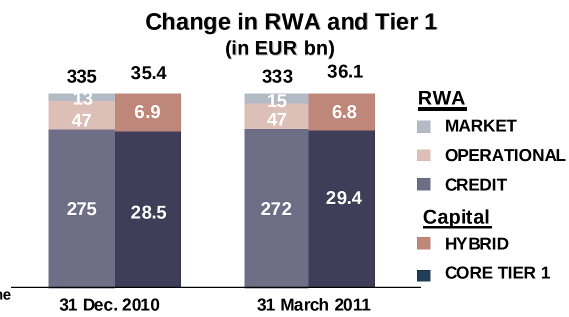


(*) Data at period end; the average capital at period-end is used to calculate ROE

ROBUST FINANCIAL STRUCTURE (1/2)

- Significant capital generation driven by strong income: +33bp in Q1 11
- Risk-Weighted Assets: EUR 333.3bn (-0.5% vs. end-2010)
  - **Strict management of volumes**
- Legacy asset portfolio optimised
  - **Disposals and amortisations totalling EUR 1.9bn in Q1 11**
  - **Restructurings of RMBS CDOs representing a cumulative capital relief of up to EUR 0.8bn** under Basel III**





Tier 1 ratio of 10.8%* and Core Tier 1 of 8.8% at end-March 2011

* Excluding floor effects (additional capital requirements with respect to floor levels)

** Net of negative P&L impact of the restructurings and assuming all underlying assets in the CDOs are sold

4.5 PILLAR III REPORT (INFORMATION AT DECEMBER 31, 2010)

The Pillar III report is presented in Appendix 1 of the present update of the 2011 Registration Document, page 69.

V. CHAPTER 10: FINANCIAL INFORMATION

5.1 FIRST QUARTER 2011 RESULTS *(PRESS RELEASE DATED MAY 5, 2011)*

Q1 2011: Good overall business performance

- **Increased revenues excluding revaluation of own financial liabilities: EUR 7.0bn** (+7.7%** vs. Q1 10)**
- **Ongoing decline in cost of risk for all businesses: 70 bp*** (-21 bp vs. Q1 10)**
- **Group net income: EUR 916m, of which**
  - **Group net income excluding revaluation of own financial liabilities: EUR 1,155m** after tax**
  - **Impact of the improved credit spread: EUR -239m after tax**
- **Enhanced financial strength of the Group: generation of 0.3 pts of capital in Q1 11 ➔ Tier 1 Ratio (Basel II) of 10.8%(1), Core Tier 1 of 8.8%**
- **EPS(2): € 1.15 in Q1 11 vs. € 1.36 in Q1 10**

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

** Excluding revaluation of own financial liabilities

*** Cost of risk excluding litigation issues and legacy assets

(1) Excluding floor effects (additional capital requirements with respect to floor levels)

(2) After deducting interest to be paid to holders of deeply subordinated notes and undated subordinated notes (respectively EUR 75 million and EUR 6 million)

At its May 4th, 2011 meeting, the Board of Directors of Societe Generale examined the Group's financial statements for Q1 2011. Group net income totalled EUR 916 million, reflecting the good overall business performance. It includes a EUR -239 million impact for the revaluation of own financial liabilities related to the Group's improved issuer spread.

Against a tumultuous and volatile political, economic and financial backdrop, the Group pursued its strategy of realigning its operations to the new regulatory environment during Q1 2011. It continued with investments to develop its businesses, strengthen risk control and transform its operating model as part of the implementation of the "Ambition SG 2015" plan.

Its business results were generally very satisfactory. The dynamism of the French Networks, the revenue growth in Corporate and Investment Banking, and the ongoing recovery of Specialised Financial Services & Insurance as well as Private Banking, Global Investment Management and Services testify to the quality of the Group's customer franchises. International Retail Banking continued to enjoy a healthy commercial momentum but saw its financial performance impacted by the political upheavals in Africa and the Mediterranean Basin.

Frédéric Oudéa, the Group's Chairman and CEO, stated: "The Q1 results provide further evidence of the robustness of the Group's businesses and their ability to grow in an uncertain international, political, economic and financial environment. Drawing on its substantial capital-generating capacity, the Group continued to systematically realign its operations to the new regulatory environment and implement its resolutely customer-focused strategy, based on a rigorous allocation of its financial resources."

1. GROUP CONSOLIDATED RESULTS

In EUR m	Q1 10	Q1 11	Change Q1 vs Q1	Chg Q1 vs. Q1**
Net banking income	**6,581**	**6,619**	**+0.6%**	**+7.7%**
On a like-for-like basis*			***-0.9%***	***+6.2%***
Operating expenses	**(4,001)**	**(4,376)**	**+9.4%**	
On a like-for-like basis*			***+9.2%***	
Gross operating income	**2,580**	**2,243**	**-13.1%**	**+5.1%**
On a like-for-like basis*			***-16.4%***	***+1.4%***
Net allocation to provisions	**(1,132)**	**(878)**	**-22.4%**	
Operating income	**1,448**	**1,365**	**-5.7%**	**+28.3%**
On a like-for-like basis*			***-11.0%***	***+21.9%***
Group net income	**1,063**	**916**	**-13.8%**	**+9.8%**

	Q1 10	Q1 11
Group ROE after tax	**11.1%**	**8.8%**
ROE (after tax)**	**10.3%**	**11.3%**

Net banking income

With EUR 7.0 billion of revenues (excluding revaluation of own financial liabilities) in Q1 2011, up 7.7%, Societe Generale posted a good performance for all its business activities:

- The **French Networks** enjoyed a marked increase in revenues to EUR 2,038 million (+7.3%[1] vs. Q1 10 in absolute terms or +4.6%[1] excluding the SMC acquisition), driven by the division's strong commercial dynamism;
- **International Retail Banking**, with stable NBI of EUR 1,189 million (+0.5% in absolute terms or -2.1%*) compared with Q1 10, continued to expand especially in Russia, the Czech Republic, South-Eastern Europe and the Mediterranean Basin. However, the good commercial performances were partially concealed in Q1 by the economic consequences of the political transition situations experienced in Egypt, Tunisia and Cote d'Ivoire;
- **Corporate and Investment Banking,** with revenues up +4.2%* vs. Q1 10 at EUR 2,280 million, demonstrated its ability to deliver consistent revenues with good control of risks and allocated capital. Q1 results were driven by the performances of market activities, particularly equities. The results for Fixed Income, Currencies & Commodities were slightly lower than in Q1 10, whereas Financing & Advisory saw its revenues grow over the same period.

  Corporate and Investment Banking's legacy assets made a slightly positive contribution to Q1 net banking income (EUR 42million).
- The recovery process continued in **Specialised Financial Services & Insurance**, with still active growth in corporate financing, and good commercial momentum in life insurance. Revenues were +8.3%* higher than in Q1 10 at EUR 873 million.
- The NBI of **Private Banking, Global Investment Management and Services** was sharply higher at EUR 580 million vs. EUR 504 million in Q1 10. The increase was particularly significant in Private Banking and Securities Services.

[1] Excluding PEL/CEL effect

The revaluation of own financial liabilities reduced the Group's net banking income by EUR -362 million (vs. EUR +102 million in 2010) due to the tightening of its issuer spread.

The Group's Q1 11 revenues totalled EUR 6.6 billion, stable vs. Q1 10.

Operating expenses

Operating expenses totalled EUR 4.4 billion (+9.2%* vs. Q1 10). This increase reflects investments over several quarters for the development of Corporate and Investment Banking businesses, efficiency investments in retail banking, and the impact of new taxes applicable to banks in France and the UK in particular.

The Q1 cost to income ratio was 62.7%[**].

Operating income

The Group's gross operating income (excluding revaluation of own financial liabilities) totalled EUR 2.6 billion in Q1 11, compared with EUR 2.5 billion for the same period in 2010 (+5.2%).

The **cost of risk** continued to decline to EUR -878 million, down -22.4% vs. Q1 10 and -20.2% vs. Q4 10.

At 70 basis points (excluding legacy assets) in Q1, Societe Generale's cost of risk showed a significant decline compared with the same period in 2010 (-21 basis points).

- The **French Networks'** cost of risk amounted to 40 basis points (49 bp in Q4 10 and 54 bp in Q1 10). This improvement reflects the stabilised economic environment in France, with a particularly positive effect on business customers.
- At 174 basis points (vs. 194 bp in Q4 10 and 225 bp in Q1 10), **International Retail Banking's** cost of risk continued to decline, despite a still high level in Greece and prudential risk provisioning in Q1 in respect of countries undergoing political transition. The positive trend observed in Central and Eastern Europe during previous quarters continued (decrease in Russia and the Czech Republic, stabilisation in Romania).
- **Corporate and Investment Banking's** core activities posted a very low net cost of risk in Q1 11 of EUR -38 million (EUR -19 million in Q1 10) or 12 basis points. Legacy assets' cost of risk remained under control at EUR -96 million over the period.
- **Specialised Financial Services'** cost of risk amounted to 155 basis points in Q1 11 vs. 193 basis points in Q4 10. The trend observed in 2010 (-44 bp for the business line) accelerated for both consumer finance and equipment finance.

At the same time, at Group level, the coverage rate for provisionable outstandings of 72% in Q1 11 was stable vs. end-Q4 10.

The Group's operating income totalled EUR 1.4 billion in Q1 11, down -5.7% vs. Q1 10, but substantially higher (+28.3%) excluding the impact of the revaluation of own financial liabilities.

Net income

After taking into account tax (the Group's effective tax rate was 27.1%) and minority shareholders' share of income, Group net income totalled EUR 916 million at end-March 2011 (vs. EUR 1,063 million in Q1 10).

Group net income increased by 16.0% to EUR 1,155 million (vs. EUR 996 million in Q1 10), excluding the revaluation of own financial liabilities.

Group ROE after tax was 8.8% (11.1% in Q1 10) and 11.3% excluding the revaluation of own financial liabilities, an increase of 1 point vs. Q1 10 (10.3%).

Earnings per share amounts to EUR 1.15 over this period, after deducting interest to be paid to holders of deeply subordinated notes and undated subordinated notes[1].

[**] Excluding the revaluation of own financial liabilities

[1] The interest net of tax effect to be paid at end-March 2011 amounts to EUR 75 million for holders of deeply subordinated notes and EUR 6 million for holders of undated subordinated notes.

2. THE GROUP'S FINANCIAL STRUCTURE

Group shareholders' equity totalled EUR 47.2 billion[1] at March 31st, 2011 and net asset value per share was EUR 55.2 (including EUR +0.2 of unrealised capital gains).

Societe Generale did not buy back any of its own shares in the first three months of 2011. As a result, at March 31st, 2011, Societe Generale possessed, directly and indirectly, 20.0 million shares (including 9.0 million treasury shares), representing 2.68% of the capital (excluding shares held for trading purposes). At this date, the Group also held 7.5 million purchase options on its own shares to cover stock option plans allocated to its employees.

Basel II risk-weighted assets (EUR 333.3 billion at March 31st, 2011 vs. EUR 334.8 billion at December 31st, 2010) were slightly lower in Q1 (-0.5%).

Societe Generale's Tier 1 and Core Tier 1 ratios were respectively 10.8% and 8.8% at March 31st, 2011. This represented an improvement of 31 basis points in Q1, confirming the Group's financial strength.

At May 2nd, 2011, the Group had issued EUR 17.2 billion of senior debt, equating to 66% of its total programme for 2011. The "vanilla" issue programme, encompassing Societe Generale's unsecured issues and secured financing, is 77% complete compared with a figure of 49% for the structured notes programme. There is an increase of one year in the average maturity of 2011 vanilla issues (from 6 years in 2010 to 7 years in 2011).

The Group has put in place a new secured financing vehicle, SG SFH, with a EUR 25 billion programme (additional to the existing SG SCF vehicle).

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

[1] This figure includes notably (i) EUR 6.3 billion of deeply subordinated notes, EUR 0.9 billion of undated subordinated notes and (ii) EUR 0.12 billion of net unrealised capital gains.

3. FRENCH NETWORKS

In EUR m	Q1 10	Q1 11	Change Q1 vs Q1
Net banking income	**1,892**	**2,038**	**+7.7%**
NBI excl. PEL/CEL & excl. SMC			*+4.6%*
Operating expenses	**(1,241)**	**(1,324)**	**+6.7%**
Gross operating income	**651**	**714**	**+9.7%**
GOI excl. PEL/CEL & excl. SMC			*+6.2%*
Net allocation to provisions	**(232)**	**(179)**	**-22.8%**
Operating income	**419**	**535**	**+27.7%**
Group net income	**279**	**352**	**+26.2%**
Net income excl. PEL/CEL & excl. SMC			*+21.1%*

In an environment of consolidating growth marked by a slight increase in inflation, the **French Networks** (Societe Generale, Crédit du Nord, Boursorama) made a good start to the year.

The three brands' **customer franchises** continued to expand at a steady pace, with the number of individual customers rising by around 74,000[a] in Q1.

The **loan/deposit ratio** was down 12 points year-on-year at 126%. Outstanding deposits totalled EUR 134.1 billion, a significant increase of +11.7%[a] vs. Q1 10, while outstanding loans were up 2.8%[a] vs. Q1 10 at EUR 168.3 billion.

This improvement illustrates the success of the strategy to step up **deposit** inflow, underpinned by the recent rise in short-term interest rates. The growth in outstandings was driven primarily by term deposits and Regulated Savings Schemes (*Épargne à Régime Spécial*), which grew by respectively +23.1%[a] and +7.7%[b]year-on-year.

The historically high level of new **housing loan** origination observed at end-2010 has stabilised, up 15.3%[a] vs. Q1 10, in line with forecasts incorporating recent tax changes (Scellier law). New consumer finance business rose +7.1%[a] in Q1 11 vs. Q1 10. New investment loan business also exhibited a strong momentum (+27.9%[a] vs. Q1 10) despite uncertainties over growth.

In a **life insurance** market down -13% in Q1 2011[c], the French Networks achieved a satisfactory performance with stable[a] gross inflow vs. Q1 10.

In terms of **financial results**, the French Networks produced a very satisfactory performance in Q1 11. Net banking income rose +4.6%[b] vs. Q1 10 to EUR 2,038 million as a result of the dynamic growth in the interest margin. This very positive trend is expected to flatten out during the rest of 2011 due to increased interest rates for Regulated Savings Schemes in 2010 and February 2011 and a probable rise in August 2011.

With the increase in operating expenses (+3.9%[a] vs. Q1 10) less than the rise in net banking income, the French Networks were able to improve their cost to income ratio (down -0.4 points vs. Q1 10 at 64.9% excluding the PEL/CEL effect), despite investments aimed at financing the "Convergence" information system sharing project. As a result, gross operating income was 9.7% higher than in Q1 10 at EUR 714 million.

The **French Networks'** cost of risk amounted to 40 basis points (vs. 49 bp in Q4 10 and 54 bp in Q1 10). This downward trend reflects the stabilised economic environment in France, with a particularly positive effect on business customers.

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[a] Excluding SMC acquisition
[b] Excluding PEL/CEL effect and SMC acquisition
[c] FFSA (*French Federation of Insurance Companies*) data regarding changes in gross inflow March 2011

The French Networks' contribution to Group net income totalled EUR 352 million in Q1 11, up +26.2% vs. Q1 10.

4. INTERNATIONAL RETAIL BANKING

In EUR m	Q1 10	Q1 11	Change Q1 vs Q1
Net banking income	**1,183**	**1,189**	**+0.5%**
On a like-for-like basis*			***-2.1%***
Operating expenses	**(658)**	**(738)**	**+12.2%**
On a like-for-like basis*			***+9.7%***
Gross operating income	**525**	**451**	**-14.1%**
On a like-for-like basis*			***-16.9%***
Net allocation to provisions	**(366)**	**(323)**	**-11.7%**
Operating income	**159**	**128**	**-19.5%**
On a like-for-like basis*			***-24.2%***
Group net income	**114**	**44**	**-61.4%**

Despite a strong Q1 in commercial terms, **International Retail Banking's** financial performance was impacted by political upheavals and the still challenging economic situation in some countries.

With 150,000 new individual customers year-on-year, International Retail Banking's **customer franchise** continued to grow. This was reflected in outstanding loans and deposits, which amounted to respectively EUR 65.2 billion and EUR 65.9 billion at end-March 2011, up +5.2%* and +3.0%* vs. Q1 10. International Retail Banking's loan/deposit ratio increased slightly to 99%.

In **Russia**, International Retail Banking benefited from the combined effects of a buoyant economic environment (2011 GDP growth forecast of +4.3% - *Economist Intelligence Unit*) and the optimisation of the sales infrastructure initiated in 2010. Outstanding loans to individuals and businesses grew by respectively +14.3%* and +6.3%* year-on-year. Overall, outstanding loans experienced strong growth, rising +10.1%* year-on-year.

In **Central and Eastern Europe (excluding Russia)**, outstandings were generally stable in a mixed economic environment (+1.0%* for loans and -1.4%* for deposits vs. Q1 10).
In the Czech Republic, Komercni Banka maintained its solid positions, with loans growing +4.3%* year-on-year and a contribution to Group net income of EUR 64 million, up 4.9%* year-on-year.
In Romania, the still deteriorated economic environment prompted the Group to continue with its selective loan approval policy and increased control of overhead costs. Likewise, the Group maintained the restrictive measures in place for several quarters in Greece, against the backdrop of a still challenging environment.
Other countries in the region enjoyed good commercial momentum, with growth in outstanding loans, up 6.4%* vs. Q1 10.

Subsidiaries in the **Mediterranean Basin** continued to expand their customer franchises as testified by the growth in outstanding loans (+13.5%*) and outstanding deposits (+12.8%*) year-on-year. The gradual normalisation in Tunisia and Egypt has prompted a recovery in business activities. However, the recovery has not resulted in these countries contributing to the Group's results due to the prudential provisioning policy implemented in Q1 and the decline in activity over the period.

In **Sub-Saharan Africa and French Overseas Territories,** excluding Cote d'Ivoire, business was buoyant: outstanding loans grew by 14.9%* and deposits by 11.2%* year-on-year. In Cote d'Ivoire, the political unrest forced the subsidiary to cease its activities between February 17th and April 28th in order to ensure the security of employees and protect its interests.

Against this backdrop, International Retail Banking revenues proved highly resilient at EUR 1,189 million (-2.1%* vs. Q1 10 and +0.5% in absolute terms).

The increase in operating expenses (+9.7%* vs. Q1 10 at EUR -738 million) can be attributed to high inflation, particularly in Russia (+9.1% in 2011 – *Economist Intelligence Unit*), the effects of strong organic growth in the Mediterranean Basin and Sub-Saharan Africa, as well as investments aimed at boosting International Retail Banking's operating efficiency.

Overall, gross operating income was down -16.9%* vs. Q1 10, at EUR 451 million. The cost to income ratio was 62.1% vs. 55.6% in Q1 10.

International Retail Banking's Q1 net cost of risk amounted to EUR -323 million or 174 basis points (vs. 194 bp in Q4 10 and 225 bp in Q1 10). This decline reflects mixed trends. There was a sharp improvement in Russia and the Czech Republic, while the cost of risk stabilised in Romania. In countries undergoing political transition, prudent crisis management prompted the Group to book EUR 50 million of portfolio-based provisions (Cote d'Ivoire, Tunisia, Egypt).

International Retail Banking's contribution to Group net income totalled EUR 44 million in Q1 11.

5. CORPORATE AND INVESTMENT BANKING

In EUR m	Q1 10	Q1 11	Change Q1 vs Q1
Net banking income	**2,144**	**2,280**	**+6.3%**
On a like-for-like basis*			***+4.2%***
Financing and Advisory	**602**	**641**	**+6.5%**
Global Markets (1)	**1,565**	**1,597**	**+2.0%**
Legacy assets	**(23)**	**42**	**NM**
Operating expenses	**(1,152)**	**(1,315)**	**+14.1%**
On a like-for-like basis*			***+12.2%***
Gross operating income	**992**	**965**	**-2.7%**
On a like-for-like basis*			***-5.0%***
Net allocation to provisions	**(233)**	**(134)**	**-42.5%**
O.w. Legacy assets	**(214)**	**(96)**	**-55.1%**
Operating income	**759**	**831**	**+9.5%**
On a like-for-like basis*			***+6.3%***
Group net income	**541**	**591**	**+9.2%**

(1) O.w. "Equities" EUR 884m in Q1 11 (EUR 786m in Q1 10) and "Fixed income, Currencies and Commodities" EUR 713m in Q1 11 (EUR 779m in Q1 10)

Corporate and Investment Banking once again demonstrated the soundness of its business in Q1 2011. Revenues were higher at EUR 2,280 million in Q1 11 (including EUR 42 million for legacy assets), vs. EUR 2,144 million in Q1 10 and EUR 2,007 million in Q4 10, this without an increase in either risk or capital consumption.

At EUR 1,597 million, **Market Activities** enjoyed an excellent Q1 particularly for **Equities**, with **Fixed Income, Currencies & Commodities** having been slightly penalised by a tumultuous environment (political upheavals in Africa and the Middle East, earthquakes in Japan). Overall, revenues were stable at -0.1%* (+2.0% in absolute terms), compared with the good revenue levels in Q1 10, and rose +40.3%* vs. Q4 10.

Equities achieved an excellent performance in Q1 11, with revenues up +12.5% vs. Q1 10 and +29.1% vs. Q4 10. All the business lines posted very good performances, driven by volume growth, the upward trend in the main indexes and the decline in volatility. Moreover, Lyxor was once again awarded the title “Best Managed Account Platform” (*Hedgeweek Awards*, March 2010), proof of its recognised expertise in this area. Lyxor had EUR 93.2 billion of assets under management at end-March 2011.

Despite a lacklustre market environment (still weak volumes, declining margins), **Fixed Income, Currencies & Commodities** reported satisfactory revenues in Q1 11 at EUR 713 million vs. EUR 779 million in Q1 10. Revenues were up +57.5% vs. Q4 10, driven by the commercial performances of the rates and credit activities. SG CIB continued to gain market share in the forex markets, especially on the “FX All” platform (6.0% vs. 4.1% in Q1 10).

At EUR 641 million, **Financing & Advisory** revenues were higher than in Q1 10 (+4.7%* and +6.5% in absolute terms). Structured financing posted good performances, especially in the infrastructure financing segment. In contrast, capital raising activities were stable because of the weak momentum in European markets. The business line played a leading role in several deals during Q1. SG CIB was the joint-bookrunner for both a GBP 400 million bond issue for Experian and Sanofi-Aventis’ USD issue aimed at financing the acquisition of Genzyme. SG CIB was also recognised in the category “European Large Corporate Banking Quality” for the quality of the services provided to its clients (*Greenwich Associates Quality Leaders,* March 2011).

Legacy assets' contribution to Q1 revenues totalled EUR 42 million. The reduction in exposure under way for several quarters represented a nominal value of EUR 1.9 billion in Q1 11 (disposals and amortisations).

Corporate and Investment Banking's operating expenses amounted to EUR 1,315 million, up +12.2%* (+14.1% in absolute terms) vs. Q1 10, as a result of investments undertaken in 2010 and continued in Q1. SG CIB's Q1 cost to income ratio was 57.7% and gross operating income totalled EUR 965 million.

The Q1 **net cost of risk** of core activities was low at 12 basis points due to a rigorous and prudent risk management policy. At EUR -96 million in Q1, legacy assets' cost of risk continues to decline and was in line with expectations.

Corporate and Investment Banking's operating income totalled EUR 831 million in Q1 11 (vs. EUR 759 million in Q1 10). The contribution to Group net income was EUR 591 million (vs. EUR 541 million in Q1 10).

6. SPECIALISED FINANCIAL SERVICES AND INSURANCE

In EUR m	Q1 10	Q1 11	Change Q1 vs Q1
Net banking income	**849**	**873**	**+2.8%**
On a like-for-like basis*			***+8.3%***
Operating expenses	**(446)**	**(470)**	**+5.4%**
On a like-for-like basis*			***+15.8%***
Gross operating income	**403**	**403**	**0.0%**
On a like-for-like basis*			***+0.7%***
Net allocation to provisions	**(299)**	**(213)**	**-28.8%**
Operating income	**104**	**190**	**+82.7%**
On a like-for-like basis*			***+81.7%***
Group net income	**70**	**131**	**+87.1%**

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

(i) **Specialised Financial Services** (consumer finance, equipment finance, operational vehicle leasing and fleet management)

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

Specialised Financial Services and Insurance's contribution to the Group's results totalled EUR 131 million, a significant improvement vs. Q1 10 (+78.9%* and +87.1% in absolute terms).

Underpinned by robust car loan activity, new **Consumer Finance** business amounted to EUR 2.6 billion in Q1 11, stable (excluding Italy) vs. Q1 10. The refocusing policy continued in Q1, resulting in particular in the signing of new commercial partnerships in France, the announcement of a restructuring plan in Italy and the disposal of activities in Kazakhstan and Latvia[(1)]. Consumer finance outstandings totalled EUR 22.6 billion at end-March 2011, down-0.9%* vs. end-March 2010.

Against the backdrop of a recovery in investment, **Equipment Finance** achieved a good performance, with new loan business representing EUR 1.8 billion (excluding factoring) in Q1 11, up +19.2%* vs. Q1 10. Business growth was particularly strong in Germany (+25.9%* vs. Q1 10) and Scandinavia (+4.7%* vs. Q1 10). In France, an agreement was signed with La Banque Postale for the implementation of an equipment leasing partnership in H2 2011.

With the leasing of approximately 60,000 vehicles in Q1, ALD Automotive (**Operational vehicle leasing and fleet management**) reported new business up +32.1%[(2)] vs. Q1 10. The vehicle fleet grew +6.5%[(2)] vs. Q1 10, representing a total of approximately 855,000 vehicles.

Specialised Financial Services' net banking income amounted to EUR 728 million in Q1, up +7.0%* vs. Q1 10 (+0.7% in absolute terms). Gross operating income totalled EUR 315 million, slightly lower than in Q1 10 (-2.7%* and -3.7% in absolute terms).

Specialised Financial Services' cost of risk continued to improve in Q1 11, illustrated by a sharp decline year-on-year of 82 basis points to 155 basis points vs. 237 basis points in Q1 10.

Insurance activities confirmed their growth in Q1 11. Net life insurance inflow amounted to EUR 786 million against the backdrop of an unfavourable market. New business for non-life insurance policies was stable vs. Q1 10 (excluding insurance for payment cards and cheques). Societe Generale Insurance continued to develop its bancassurance model internationally and doubled the number of clients in Russia year-on-year.

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(1) Subject to the agreement of the banking supervisor.
(2) At constant structure

The **Insurance** activity's net banking income amounted to EUR 145 million in Q1 11, up +15.1%* vs. the level in Q1 10.

Specialised Financial Services and Insurance's operating income totalled EUR 190 million in Q1 11 vs. EUR 104 million in Q1 10, up +82.7%*.

7. PRIVATE BANKING, GLOBAL INVESTMENT MANAGEMENT AND SERVICES

In EUR m	Q1 10	Q1 11	Change Q1 vs Q1
Net banking income	**504**	**580**	**+15.1%**
*On a like-for-like basis**			*+13.3%*
Operating expenses	**(466)**	**(484)**	**+3.9%**
*On a like-for-like basis**			*+2.5%*
Operating income	**38**	**84**	**x2.2**
*On a like-for-like basis**			*x 2,1*
Group net income	**55**	**97**	**76.4%**
o.w. Private Banking	24	43	*+79.2%*
o.w. Asset Management	19	40	*x2.1*
o.w. SG SS & Brokers	12	14	*+16.7%*

In EUR bn	Q1 10	Q1 11
Net inflow for period (a)	**-11.2**	**3.0**
AuM at end of period (a)	**164**	**169**

(a) Excluding assets managed by Lyxor and excluding Amundi

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

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

The recovery process continued in **Private Banking, Global Investment Management and Services**, which posted good Q1 earnings growth in a slightly more favourable environment in terms of interest rates and market volatility.

With EUR 84.2 billion of assets under management (vs. EUR 79.1 billion in March 2010), **Private Banking** continued to strengthen its client base in France, where it was named "best Private Bank in France" *(Euromoney,* February 2011), and in Europe. **Securities Services** boosted its assets under custody by 4.7% year-on-year. **Newedge** maintained its leadership position, with a 12.2% market share, and was named "Best European Prime Broker" *(Hedgeweek,* March 2011). In **Asset Management**, TCW generated positive inflow for the second quarter running, after a year of restructuring.

At EUR 580 million, the division's Q1 revenues were up +13.3%* vs. Q1 10 (+15.1% in absolute terms). Hirings and commercial development projects generated a slight increase in operating expenses to EUR 484 million (+2.5%* or +3.9% in absolute terms vs. Q1 10). That said, operating expenses remained under control. The division generated gross operating income of EUR 96 million, more than double the figure in Q1 10, and improved its cost to income ratio by 9.1 points year-on-year. Its contribution to Group net income was EUR 97 million, substantially higher (+76.4%) year-on-year.

Private Banking

Private Banking enjoyed good commercial momentum in Q1 2011, with a net inflow of EUR +1.7 billion.

At EUR 220 million, the business line's net banking income was substantially higher (+30.2%* and +35.8% in absolute terms) than in Q1 10, driven primarily by the increase in treasury revenues, structured product business and the smaller contribution of non-recurring items compared with Q1 10. As a result, the gross margin, excluding non-recurring items, advanced by +8 basis points to 106 basis points vs. Q1 10.

At EUR -155 million, operating expenses rose more slowly than net banking income (14.0%* or +19.2% in absolute terms) vs. Q1 10.

Gross operating income totalled EUR 65 million in Q1 and the business line's contribution to Group net income was EUR 43 million vs. EUR 24 million in Q1 10.

Asset Management

TCW's net inflow was positive at EUR 1.3 billion in Q1 11. The good performance of funds was once again rewarded (five funds recognised at the Lipper Fund Awards in March 2011).

The business line's net banking income totalled EUR 89 million, up +6.0%* (+7.2% in absolute terms) vs. Q1 2010.

Operating expenses were down -17.9%* vs. Q1 10 (-17.0% in absolute terms) at EUR -78 million. Gross operating income came out at EUR 11 million in Q1 11 vs. EUR -11 million in Q1 10.

Amundi's EUR 32 million contribution takes the business line's contribution to Group net income to EUR 40 million vs. EUR 19 million in Q1 10.

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

Securities Services maintained good commercial momentum in Q1 11. Assets under custody totalled EUR 3,397 billion at end-March 2011 (up +4.7% year-on-year), while assets under administration remained stable at EUR 452 billion at end-March 2011 vs. end-December 2010.

Benefiting from market volatility, **Newedge** saw its business volumes increase +11%.

SGSS and Newedge posted net banking income up +4.6%* (when adjusted for changes in Group structure and at constant exchange rates and also in absolute terms) vs. Q1 10, at EUR 271 million. With operating expenses increasing more slowly than net banking income (+4.1%* vs. Q1 10 and +3.7% in absolute terms), gross operating income totalled EUR 20 million in Q1 11 vs. EUR 17 million in Q1 10.

There was an overall improvement in the business line's contribution to Group net income at EUR 14 million vs. EUR 12 million one year earlier.

8. CORPORATE CENTRE

The **Corporate Centre's** gross operating income was EUR -386 million in Q1 11 vs. EUR -29 million in Q1 10. It includes, in particular:

- the revaluation of the Group's own financial liabilities, amounting to EUR -362 million (EUR +102 million in Q1 10);
- the revaluation of credit derivative instruments used to hedge corporate loan portfolios, amounting to EUR -5 million (EUR +3 million in Q1 10);
- industrial equity portfolio income, which amounted to EUR 71 million;
- the new so-called "systemic risk" banking taxes implemented in France and the UK, amounting to EUR -25 million in Q1 11.

At March 31st, 2011, the IFRS net book value of the industrial equity portfolio amounted to EUR 547 million, representing market value of EUR 800 million.

9. CONCLUSION

With Q1 group net income of EUR 1.2 billion**, Societe Generale has provided further evidence of the relevance of its customer-focused universal banking model. The good momentum of customer-driven revenues, based on a rigorous capital allocation policy and cost control, has generated strong profits growth. Combined with efforts to durably improve the Group's risk profile, this growth has enabled the Group to generate the equity necessary for its expansion. On the back of these successes, Societe Generale will continue, in 2011, with the transformation strategy implemented as part of the "Ambition SG 2015" plan.

2011 financial communication calendar

May 11th-26th 2011	Subscription period for capital increase reserved for employees
May 24th 2011	Annual General Meeting
May 31st 2011	Dividend detachment*
May 31st-June 15th 2011	Scrip dividend subscription period*
June 21st 2011	Capital increase* resulting from exercise of the scrip dividend option
June 24th 2011	Dividend payment*
Mid-July 2011	Capital increase reserved for employees
August 3rd 2011	Publication of second quarter 2011 results
November 8th 2011	Publication of third quarter 2011 results

* Subject to the approval of the AGM on May 24th, 2011. Issue price of new shares to cover scrip dividends: equal to 90% of the amount resulting from the calculation of the average of initial quoted prices for the twenty trading sessions preceding the date of the distribution decision, minus the dividend amount and rounded up to the nearest euro cent.

This document may contain a number of forecasts and comments relating to the targets and strategies of the Societe Generale Group. These forecasts are based on a series of assumptions, both general and specific (notably – unless specified otherwise – the application of accounting principles and methods in accordance with IFRS as adopted in the European Union as well as the application of existing prudential regulations).
This information was developed from scenarios based on a number of economic assumptions for a given competitive and regulatory environment. The Group may be unable to:
- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential impact on its operations;
- precisely evaluate the extent to which the occurrence of a risk or combination of risks could cause actual results to differ materially from those contemplated in this press release.

There is a risk that these projections will not be met. Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when basing their investment decisions on information provided in this document.
Unless otherwise specified, the sources for the rankings are internal.

APPENDIX 1: FIGURES AND QUARTERLY RESULTS BY CORE BUSINESS

CONSOLIDATED INCOME STATEMENT (in EUR millions)	1st quarter					
			Change (absolute terms)		Change (constant structure & exchange rates)	
	Q1 10	**Q1 11**	**Change Q1 vs Q1**	**Chg Q1 vs. Q1****	**Change Q1 vs Q1**	**Chg Q1 vs. Q1****
Net banking income	6,581	6,619	+0.6%	**+7.7%**	**-0.9%***	**+6.2%***
Operating expenses	(4,001)	(4,376)	+9.4%		+9.2%*	
Gross operating income	**2,580**	**2,243**	**-13.1%**	**+5.1%**	**-16.4%***	**+1.4%***
Net allocation to provisions	(1,132)	(878)	-22.4%		-23.3%*	
Operating income	**1,448**	**1,365**	**-5.7%**	**+28.3%**	**-11.0%***	**+21.9%***
Net profits or losses from other assets	12	1	-91.7%			
Net income from companies accounted for by the equity method	40	38	-5.0%			
Impairment losses on goodwill	0	0	NM			
Income tax	(375)	(370)	-1.3%			
Net income before minority interests	**1,125**	**1,034**	**-8.1%**			
O.w. non controlling Interests	62	118	+90.3%			
Group net income	**1,063**	**916**	**-13.8%**	**16.0%**	**-19.3%**	**+9.8%***
ROE (after tax)	11.1%	8.8%				
ROE (after tax**)	10.3%	11.3%				
Tier 1 ratio at end of period	10.6%	10.8%				

*** When adjusted for changes in Group structure and at constant exchange rates**
**** Excluding revaluation of own financial liabilities**

NET INCOME AFTER TAX BY CORE BUSINESS (in EUR millions)	1st quarter		
	Q1 10	**Q1 11**	**Change Q1 vs Q1**
French Networks	**279**	**352**	**+26.2%**
International Retail Banking	**114**	**44**	**-61.4%**
Corporate & Investment Banking	**541**	**591**	**+9.2%**
Specialised Financial Services & Insurance	**70**	**131**	**+87.1%**
Private Banking, Global Investment Management and Services	**55**	**97**	**+76.4%**
o.w. Private Banking	24	43	+79.2%
o.w. Asset Management	19	40	x2.1
o.w. SG SS & Brokers	12	14	+16.7%
CORE BUSINESSES	**1,059**	**1,215**	**+14.7%**
Corporate Centre	**4**	**(299)**	**NM**
GROUP	**1,063**	**916**	**-13.8%**

CONSOLIDATED BALANCE SHEET

Assets (in billions of euros)	**March 31, 2011**	December 31, 2010	% change
Cash, due from central banks	23.9	14.1	+70%
Financial assets at fair value through profit or loss	440.3	455.1	-3%
Hedging derivatives	7.1	8.2	-13%
Available-for-sale financial assets	110.6	103.8	+7%
Due from banks	77.1	70.3	+10%
Customer loans	372.3	371.8	+0%
Lease financing and similar agreements	28.8	29.1	-1%
Revaluation differences on portfolios hedged against interest rate risk	1.0	2.4	-56%
Held-to-maturity financial assets	1.9	1.9	-1%
Tax assets and other assets	49.7	49.0	+1%
Non-current assets held for sale	0.1	0.1	-13%
Deferred profit-sharing	1.6	1.1	+41%
Tangible, intangible fixed assets and other	25.4	25.2	+1%
Total	**1,139.8**	1,132.1	+1%

Liabilities (in billions of euros)	**March 31, 2011**	December 31, 2010	% change
Due to central banks	2.6	2.8	-5%
Financial liabilities at fair value through profit or loss	345.2	359.0	-4%
Hedging derivatives	8.9	9.3	-4%
Due to banks	76.5	77.3	-1%
Customer deposits	340.9	337.4	+1%
Securitised debt payables	156.1	141.4	+10%
Revaluation differences on portfolios hedged against interest rate risk	-0.3	0.9	n/s
Tax liabilities and other liabilities	61.2	56.3	+9%
Non-current liabilities held for sale	0.0	0.0	-100%
Underwriting reserves of insurance companies	84.0	82.7	+2%
Provisions	1.9	2.0	-3%
Subordinated debt	11.0	12.0	-9%
Shareholders' equity	47.2	46.4	+2%
Non controlling Interests	4.6	4.6	+2%
Total	**1,139.8**	1,132.1	+1%

QUARTERLY RESULTS BY CORE BUSINESSES

	2009 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2010 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2011 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)			
(in EUR millions)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
French Networks												
Net banking income	1,781	1,875	1,867	1,943	1,892	1,931	1,913	2,055	2,038			
Operating expenses	-1,198	-1,206	-1,181	-1,326	-1,241	-1,240	-1,199	-1,378	-1,324			
Gross operating income	*583*	*669*	*686*	*617*	*651*	*691*	*714*	*677*	*714*			
Net allocation to provisions	-230	-214	-220	-306	-232	-216	-197	-219	-179			
Operating income	*353*	*455*	*466*	*311*	*419*	*475*	*517*	*458*	*535*			
Net income from other assets	0	1	0	1	4	1	0	1	1			
Net income from companies accounted for by the equity method	2	2	3	6	3	1	2	2	2			
Income tax	-120	-155	-158	-107	-144	-162	-176	-155	-182			
Net income before minority interests	*235*	*303*	*311*	*211*	*282*	*315*	*343*	*306*	*356*			
O.w. non controlling Interests	11	13	15	14	3	3	3	4	4			
Group net income	*224*	*290*	*296*	*197*	*279*	*312*	*340*	*302*	*352*			
Average allocated capital	6,078	6,160	6,224	6,291	6,569	6,494	6,189	6,487	6,607			
International Retail Banking												
Net banking income	1,167	1,189	1,174	1,219	1,183	1,240	1,250	1,257	1,189			
Operating expenses	-663	-681	-657	-680	-658	-699	-695	-717	-738			
Gross operating income	*504*	*508*	*517*	*539*	*525*	*541*	*555*	*540*	*451*			
Net allocation to provisions	-299	-310	-336	-353	-366	-334	-305	-335	-323			
Operating income	*205*	*198*	*181*	*186*	*159*	*207*	*250*	*205*	*128*			
Net income from other assets	1	10	0	-4	4	0	-2	-1	4			
Net income from companies accounted for by the equity method	1	2	2	1	3	3	3	2	2			
Impairment losses on goodwill	0	0	0	0	0	0	0	1	0			
Income tax	-41	-42	-36	-36	-31	-40	-46	-39	-29			
Net income before minority interests	*166*	*168*	*147*	*147*	*135*	*170*	*205*	*168*	*105*			
O.w. non controlling Interests	45	42	35	47	21	45	56	64	61			
Group net income	*121*	*126*	*112*	*100*	*114*	*125*	*149*	*104*	*44*			
Average allocated capital	3,559	3,611	3,562	3,574	3,603	3,653	3,770	3,865	3,980			

	2009 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2010 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2011 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Corporate and Investment Banking												
Net banking income	1,232	2,645	2,348	803	2,144	1,751	1,934	2,007	2,280			
Operating expenses	-937	-1,162	-1,037	-845	-1,152	-1,074	-1,159	-1,321	-1,315			
Gross operating income	*295*	*1,483*	*1,311*	*-42*	*992*	*677*	*775*	*686*	*965*			
Net allocation to provisions	-569	-257	-605	-889	-233	-142	-123	-270	-134			
Operating income	*-274*	*1,226*	*706*	*-931*	*759*	*535*	*652*	*416*	*831*			
Net income from other assets	0	-2	1	-6	1	-3	0	-5	2			
Net income from companies accounted for by the equity method	0	21	13	18	9	0	0	0	0			
Impairment losses on goodwill	0	0	0	0	0	0	0	0	0			
Income tax	108	-361	-200	360	-225	-121	-181	-97	-239			
Net income before minority interests	*-166*	*884*	*520*	*-559*	*544*	*411*	*471*	*314*	*594*			
O.w. non controlling Interests	5	6	2	3	3	1	3	3	3			
Group net income	*-171*	*878*	*518*	*-562*	*541*	*410*	*468*	*311*	*591*			
Average allocated capital	9,336	9,229	8,877	8,401	8,196	8,717	9,626	9,981	9,848			
Core activities												
Net banking income	2,824	2,810	2,635	1,579	2,167	1,680	2,024	1,894	2,238			
Financing and Advisory	578	661	642	629	602	656	729	757	641			
Global Markets	2,246	2,149	1,993	950	1,565	1,024	1,295	1,137	1,597			
o.w. Equities	*647*	*1,034*	*1,057*	*693*	*786*	*357*	*639*	*684*	*884*			
o.w. Fixed income, Currencies and Commodities	*1,599*	*1,115*	*936*	*257*	*779*	*667*	*656*	*453*	*713*			
Operating expenses	-928	-1,153	-1,026	-834	-1,140	-1,060	-1,139	-1,295	-1,299			
Gross operating income	*1,896*	*1,657*	*1,609*	*745*	*1,027*	*620*	*885*	*599*	*939*			
Net allocation to provisions	-348	-239	-249	-86	-19	-45	-15	7	-38			
Operating income	*1,548*	*1,418*	*1,360*	*659*	*1,008*	*575*	*870*	*606*	*901*			
Net income from other assets	0	-1	0	-6	1	-4	1	-5	2			
Net income from companies accounted for by the equity method	0	21	14	18	9	0	0	0	0			
Impairment losses on goodwill	0	0	0	0	0	0	0	0	0			
Income tax	-494	-424	-416	-165	-305	-133	-251	-158	-260			
Net income before minority interests	*1,054*	*1,014*	*958*	*506*	*713*	*438*	*620*	*443*	*643*			
O.w. non controlling Interests	5	6	3	2	3	1	4	2	3			
Group net income	*1,049*	*1,008*	*955*	*504*	*710*	*437*	*616*	*441*	*640*			
Average allocated capital	7,936	7,427	6,882	6,557	6,486	6,771	7,026	7,075	6,782			
Legacy assets												
Net banking income	-1,592	-165	-287	-776	-23	71	-90	113	42			
Operating expenses	-9	-9	-11	-11	-12	-14	-20	-26	-16			
Gross operating income	*-1,601*	*-174*	*-298*	*-787*	*-35*	*57*	*-110*	*87*	*26*			
Net allocation to provisions	-221	-18	-356	-803	-214	-97	-108	-277	-96			
Operating income	*-1,822*	*-192*	*-654*	*-1,590*	*-249*	*-40*	*-218*	*-190*	*-70*			
Net income from other assets	0	-1	1	0	0	1	-1	0	0			
Net income from companies accounted for by the equity method	0	0	-1	0	0	0	0	0	0			
Impairment losses on goodwill	0	0	0	0	0	0	0	0	0			
Income tax	602	63	216	525	80	12	70	61	21			
Net income before minority interests	*-1,220*	*-130*	*-438*	*-1,065*	*-169*	*-27*	*-149*	*-129*	*-49*			
O.w. non controlling Interests	0	0	-1	1	0	0	-1	1	0			
Group net income	*-1,220*	*-130*	*-437*	*-1,066*	*-169*	*-27*	*-148*	*-130*	*-49*			
Average allocated capital	1,400	1,802	1,995	1,844	1,710	1,946	2,600	2,906	3,066			

	2009 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2010 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2011 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Specialised Financial Services & Insurance												
Net banking income	740	805	810	884	849	926	888	876	873			
Operating expenses	-430	-441	-446	-501	-446	-466	-464	-465	-470			
Gross operating income	*310*	*364*	*364*	*383*	*403*	*460*	*424*	*411*	*403*			
Net allocation to provisions	-234	-293	-338	-359	-299	-311	-299	-265	-213			
Operating income	*76*	*71*	*26*	*24*	*104*	*149*	*125*	*146*	*190*			
Net income from other assets	0	1	1	-18	0	-4	0	-1	-1			
Net income from companies accounted for by the equity method	-18	-13	-7	-16	-1	-7	1	-5	1			
Impairment losses on goodwill	0	-19	1	-26	0	0	0	0	0			
Income tax	-22	-18	-8	0	-30	-41	-35	-42	-55			
Net income before minority interests	*36*	*22*	*13*	*-36*	*73*	*97*	*91*	*98*	*135*			
O.w. non controlling Interests	3	2	3	1	3	5	4	4	4			
Group net income	*33*	*20*	*10*	*-37*	*70*	*92*	*87*	*94*	*131*			
Average allocated capital	4,423	4,511	4,611	4,712	4,739	4,825	4,954	4,806	4,968			
Private Banking, Global Investment Management and Services												
Net banking income	588	670	636	640	504	592	568	606	580			
Operating expenses	-554	-562	-557	-555	-466	-511	-504	-521	-484			
Gross operating income	*34*	*108*	*79*	*85*	*38*	*81*	*64*	*85*	*96*			
Net allocation to provisions	-18	-9	-12	-1	0	-5	5	-7	-12			
Operating income	*16*	*99*	*67*	*84*	*38*	*76*	*69*	*78*	*84*			
Net income from other assets	-1	2	-1	-1	0	0	0	-1	2			
Net income from companies accounted for by the equity method	0	0	0	0	26	21	28	25	32			
Income tax	1	-26	-15	-20	-9	-22	-17	-23	-21			
Net income before minority interests	*16*	*75*	*51*	*63*	*55*	*75*	*80*	*79*	*97*			
O.w. non controlling Interests	1	1	1	1	0	1	0	-1	0			
Group net income	*15*	*74*	*50*	*62*	*55*	*74*	*80*	*80*	*97*			
Average allocated capital	1,368	1,327	1,323	1,352	1,391	1,466	1,422	1,391	1,376			
o.w. Private Banking												
Net banking income	197	222	206	204	162	163	203	171	220			
Operating expenses	-131	-132	-131	-132	-130	-134	-147	-140	-155			
Gross operating income	*66*	*90*	*75*	*72*	*32*	*29*	*56*	*31*	*65*			
Net allocation to provisions	-17	-9	-11	-1	0	-1	0	-3	-11			
Operating income	*49*	*81*	*64*	*71*	*32*	*28*	*56*	*28*	*54*			
Net income from other assets	0	0	0	0	0	0	-1	1	0			
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0			
Income tax	-11	-18	-15	-16	-8	-5	-13	-7	-10			
Net income before minority interests	*38*	*63*	*49*	*55*	*24*	*23*	*42*	*22*	*44*			
O.w. non controlling Interests	0	0	0	0	0	0	0	0	1			
Group net income	*38*	*63*	*49*	*55*	*24*	*23*	*42*	*22*	*43*			
Average allocated capital	452	436	443	427	405	461	473	476	502			
o.w. Asset Management												
Net banking income	113	169	171	193	83	135	109	150	89			
Operating expenses	-152	-151	-174	-179	-94	-133	-116	-114	-78			
Gross operating income	*-39*	*18*	*-3*	*14*	*-11*	*2*	*-7*	*36*	*11*			
Net allocation to provisions	0	0	0	0	0	-3	4	-4	1			
Operating income	*-39*	*18*	*-3*	*14*	*-11*	*-1*	*-3*	*32*	*12*			
Net income from other assets	0	-1	1	-1	0	0	0	-1	0			
Net income from companies accounted for by the equity method	0	0	0	0	26	21	28	25	32			
Income tax	13	-5	0	-4	4	0	1	-10	-4			
Net income before minority interests	*-26*	*12*	*-2*	*9*	*19*	*20*	*26*	*46*	*40*			
O.w. non controlling Interests	0	2	0	1	0	0	0	0	0			
Group net income	*-26*	*10*	*-2*	*8*	*19*	*20*	*26*	*46*	*40*			
Average allocated capital	402	375	355	418	491	435	418	419	435			
o.w. SG SS & Brokers												
Net banking income	278	279	259	243	259	294	256	285	271			
Operating expenses	-271	-279	-252	-244	-242	-244	-241	-267	-251			
Gross operating income	*7*	*0*	*7*	*-1*	*17*	*50*	*15*	*18*	*20*			
Net allocation to provisions	-1	0	-1	0	0	-1	1	0	-2			
Operating income	*6*	*0*	*6*	*-1*	*17*	*49*	*16*	*18*	*18*			
Net income from other assets	-1	3	-2	0	0	0	1	-1	2			
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0			
Income tax	-1	-3	0	0	-5	-17	-5	-6	-7			
Net income before minority interests	*4*	*0*	*4*	*-1*	*12*	*32*	*12*	*11*	*13*			
O.w. non controlling Interests	1	-1	1	0	0	1	0	-1	-1			
Group net income	*3*	*1*	*3*	*-1*	*12*	*31*	*12*	*12*	*14*			
Average allocated capital	514	516	525	507	495	570	532	496	439			

	2009 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2010 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2011 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Corporate Centre												
Net banking income	-595	-1,468	-865	-358	9	239	-252	56	-341			
Operating expenses	5	-55	-20	-77	-38	-75	-18	-38	-45			
Gross operating income	*-590*	*-1,523*	*-885*	*-435*	*-29*	*164*	*-270*	*18*	*-386*			
Net allocation to provisions	-4	8	-2	2	-2	-2	1	-4	-17			
Operating income	*-594*	*-1,515*	*-887*	*-433*	*-31*	*162*	*-269*	*14*	*-403*			
Net income from other assets	3	-1	-1	725	3	-6	0	20	-7			
Net income from companies accounted for by the equity method	-1	-2	1	0	0	0	-1	4	1			
Impairment losses on goodwill	0	1	-1	2	0	0	0	0	0			
Income tax	134	480	377	213	64	-45	83	-8	156			
Net income before minority interests	*-458*	*-1,037*	*-511*	*507*	*36*	*111*	*-187*	*30*	*-253*			
O.w. non controlling Interests	42	42	49	46	32	40	41	47	46			
Group net income	*-500*	*-1,079*	*-560*	*461*	*4*	*71*	*-228*	*-17*	*-299*			
Group												
Net banking income	4,913	5,716	5,970	5,131	6,581	6,679	6,301	6,857	6,619			
Operating expenses	-3,777	-4,107	-3,898	-3,984	-4,001	-4,065	-4,039	-4,440	-4,376			
Gross operating income	*1,136*	*1,609*	*2,072*	*1,147*	*2,580*	*2,614*	*2,262*	*2,417*	*2,243*			
Net allocation to provisions	-1,354	-1,075	-1,513	-1,906	-1,132	-1,010	-918	-1,100	-878			
Operating income	*-218*	*534*	*559*	*-759*	*1,448*	*1,604*	*1,344*	*1,317*	*1,365*			
Net income from other assets	3	11	0	697	12	-12	-2	13	1			
Net income from companies accounted for by the equity method	-16	10	12	9	40	18	33	28	38			
Impairment losses on goodwill	0	-18	0	-24	0	0	0	1	0			
Income tax	60	-122	-40	410	-375	-431	-372	-364	-370			
Net income before minority interests	*-171*	*415*	*531*	*333*	*1,125*	*1,179*	*1,003*	*995*	*1,034*			
O.w. non controlling Interests	107	106	105	112	62	95	107	121	118			
Group net income	*-278*	*309*	*426*	*221*	*1,063*	*1,084*	*896*	*874*	*916*			
Average allocated capital	29,274	29,373	29,889	32,442	35,339	36,503	37,187	37,538	37,972			
ROE (after tax)	NM	2.9%	4.1%	1.5%	11.1%	10.9%	8.7%	8.4%	8.8%			

APPENDIX 2: METHODOLOGY

1- The Group's Q1 results as at March 31st, 2011 were approved by the Board of Directors on May 4th, 2011.

The financial information presented for Q1 2011 have been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This financial information does not constitute a set of financial statements for an interim period as defined by IAS 34 "Interim Financial Reporting". Societe Generale's management intends to publish summarised interim consolidated financial statements for the six-month period ended June 30th, 2011.

2- Group ROE is calculated on the basis of average Group shareholders' equity under IFRS excluding (i) unrealised or deferred capital gains or losses booked directly under shareholders' equity excluding conversion reserves, (ii) deeply subordinated notes, (iii) undated subordinated notes recognised as shareholders' equity, and deducting (iv) interest to be paid to holders of deeply subordinated notes and of the restated, undated subordinated notes. The net income used to calculate ROE excludes interest, net of tax impact, to be paid to holders of deeply subordinated notes for the period and, since 2006, holders of restated, undated subordinated notes (EUR 6 million in Q1 11).

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

(i) deeply subordinated notes (EUR 75 million in Q1 11),
(ii) undated subordinated notes recognised as shareholders' equity (EUR 6 million in Q1 11).

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 6.3 billion), undated subordinated notes previously recognised as debt (EUR 0.9 billion) and (ii) interest to be paid to holders of deeply subordinated notes and undated subordinated notes, but reinstating the book value of trading shares held by the Group and shares held under the liquidity contract. The number of shares used to calculate book value per share is the number of shares issued at March 31st, 2011 (including preference shares), excluding own shares and treasury shares but including (a) trading shares held by the Group and (b) shares held under the liquidity contract.

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

VI. CHAPTER 11 : LEGAL INFORMATION

6.1 DIRECTOR'S CHARTER[(*)]

(Updated on April 19, 2011)

ARTICLE 1: REPRESENTATION

The Board of Directors represents all shareholders and acts in the best interests of the Company. Each Director represents all the Company's shareholders, regardless of the manner in which he or she was appointed and should act in all circumstances in the best interests of the company.

ARTICLE 2: MISSION

Each Director undertakes to continuously improve his knowledge of the Company and its sector of activity. He or she assumes an obligation of vigilance and circumspection; he or she does not disclose to third parties confidential information which he or she receives, details of debates in which he or she participate or decisions taken until they are made public.

Each Director remains independent in his or her views, decisions and actions under all circumstances.

Each Director undertakes not to seek, nor to accept, any benefits liable to compromise said objectivity.

ARTICLE 3: KNOWLEDGE OF RIGHTS AND OBLIGATIONS

When a new Director or Non-Voting Director (censeur) is appointed, the Secretary of the Board of Directors provides him with a file containing the Company's By-laws, the provisions enacted by the Board governing its functioning, and a presentation of the legal principles as regards the responsibilities of Directors. The Secretary of the Board of Directors organizes him or her an informative training course on the Group and its businesses, adapted to his or her specific needs.

Each Director or Non-Voting Director may consult with the Secretary of the Board of Directors, at any time, regarding the scope of these documents and his or her rights and obligations as a Director or Non-Voting Director.

ARTICLE 4: HELD SHARES BY PERSONAL CAPACITY

Each Director, nominated by the General Meeting (in proper name or as a permanent representative of a legal entity) must hold at least 1,000 shares or the equivalent. Each Director within a six month time-frame must hold the 600 shares envisaged by the by-laws and must increase his or her stake to 1,000 shares within the following six months.

[(*)] *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.*

Directors in function on April 19, 2011 must hold 1,000 shares on October 19, 2011 at the latest.

Each Director shall refrain from *hedging* his or her shares.

ARTICLE 5: INSIDER TRADING RULES

Each Director or Non-Voting Director must respect the provisions set out by the French Monetary and Financial Code and the General Regulations of the French Financial Markets Authority (AMF) relating to the communication and the use of insider information, with regard to Societe Generale's securities as well as securities of companies on which he or she has insider information.

Directors and Non-Voting Directors shall abstain from carrying out any operations on Societe Generale shares or assimilated securities[(1)] during the 30 calendar days prior to the publication of Societe Generale's quarterly, half-yearly and annual results as well as on the date of publication itself.

Directors and Non-Voting Directors shall abstain from carrying out speculative or leveraged transactions in the securities, and, to this end:

shall conserve the acquired stocks for at least two months as of their date of purchase;

shall abstain from using financial instruments likely to allow them to carry out speculative transactions. This specifically applies to transactions on derivative instruments.

The same rules apply for dealings in the shares of French or foreign listed companies that are controlled directly or indirectly by Societe Generale as defined in Article L.233-3 of the French Commercial Code.

Directors and Non-Voting Directors shall bring any difficulty they may encounter in enforcing this provision to the attention of the Secretary of the Board of Director.

ARTICLE 6: TRANSPARENCY

The Directors and Non-Voting Directors of Societe Generale must register all Societe Generale securities which they hold in compliance with article 4 above.

In accordance with Articles L. 621-18-2 of the French Monetary and Financial Code and Articles 223-22 and 223-26 of the General Regulations of the French Financial Markets Authority (AMF) and in compliance with AMF directive No. 2006-05 of February 3, 2006 amended on April 23, 2008, Deputy Chief Executive Officers, Directors, Non-Voting Directors or anyone closely related to them must report all transactions involving the acquisition, disposal, subscription or exchange of Societe Generale shares or any other type of financial instruments linked to Societe Generale shares.

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(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)).*

A copy of this declaration is sent to the Secretary of the Board of Directors. These declarations are kept on record by the Corporate Secretary.

ARTICLE 7: CONFLICTS OF INTEREST - STATEMENT

7.1 Each Director or Non-Voting Director shall inform the Board of any existing or potential conflict of interest to which he or she may be directly or indirectly exposed. He or she shall refrain from participating in any discussion and voting on such matters.

7.2 Each Director or Non-Voting Director also informs the Chairman of the Nominations committee of his or her intention to accept a new mandate in a listed company not belonging to the group in which he or she is an Executive Officer. This is to allow the Board of Directors, on the Nominations committee proposal, if necessary, to decide that such appointment is incompatible with the mandate of Director of Société Générale.

7.3 Each Director or Non-Voting Director informs the Chairman of the Board of Directors of any conviction for involvement in fraud, of any criminal charges and/or public sanction, and about any ban to manage or to administer pronounced against him or her, as well as of any bankruptcy, sequestration or liquidation proceeding in which he or she would have been associated.

7.4 Each Director or Non-Voting Director fills in an affidavit declaring whether or not he or she has been involved in the above mentioned cases in 7.1 and 7.3. This affidavit is required i) upon taking his or her role, ii) every year on the request of the Secretary of Board of Directors at the time of the preparation of the Registration document, iii) at any time on the request of the Secretary of the Board of Directors, and iv) in ten working days following any event rendering the previous statement partially or totally inaccurate.

ARTICLE 8: REGULAR ATTENDANCE

Each Director or Non-Voting Director shall dedicate the time needed to fulfill his duties. He or she shall respect the principles laid out by the AFEP/MEDEF corporate governance Code and the French Commercial Code as regards multiple mandates.

In the event that a Director or Non-Voting Director accepts a new Directorship or changes his or her professional responsibilities, he or she shall inform the Board within 10 working days as from the acceptance of the new mandate or the change of professional responsibilities.

He or she makes a commitment to put his or her mandate at the Board's disposal in case of significant change in his or her professional responsibilities and mandates.

He or she commits himself or herself to resign from his or her mandate if he or she is no longer capable of performing his or her office within the Board and Committees of which he or she is member.

The Annual Report shall indicate the rate of attendance at Board meetings and Committee meetings.

Each Director shall strive to attend the General Meetings of Shareholders.

VII. CHAPTER 12: PERSON RESPONSIBLE FOR UPDATING THE REGISTRATION DOCUMENT

7.1 PERSON RESPONSIBLE FOR UPDATING THE REGISTRATION DOCUMENT

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

7.2 STATEMENT OF THE PERSON RESPONSIBLE FOR UPDATING THE REGISTRATION DOCUMENT

I hereby certify, having taken all reasonable measures to this effect and to the best of my knowledge, that the information contained in the present update of the 2011 Registration Document is in accordance with the facts and that it makes no omission likely to affect its import.

I have received a completion letter from the Statutory Auditors, stating that they have verified the information contained in the present update about the Group's financial position and accounts and that they have read the 2011 Registration Document and its update A-01 in their entirety.

The historical financial information presented in the 2011 Registration Document has been discussed in the Statutory Auditors' reports found on pages 343 to 344 and 416 to 417 of the 2011 Registration Document, and those enclosed for reference purposes 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 the 2009 and 2008 parent company and consolidated financial statements contain observations.

Paris, May 6, 2011

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

7.3 PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

STATUTORY AUDITORS

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

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

SUBSTITUTE STATUTORY AUDITORS

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

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

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APPENDIX 1 : PILLAR III REPORT

PILLAR III REPORT

SOCIETE GENERALE

Disclosures as at December 31, 2010

Except where indicated otherwise, all figures provided in this report are as of December 31, 2010 and stated in millions of Euros. The drawing-up process of Societe Generale's Pillar III report and the data contained in it are not subject to review by the Group's statutory auditors.

Abbreviations: millions of Euros = EURm
billions of Euros = EURbn

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INTRODUCTION

THE BASEL 2 FRAMEWORK

Following the first Basel Agreement, so-called Basel 1, published in 1988, the Basel Committee on banking supervision proposed a new set of recommendations in 2004 in order to more accurately measure credit risk. They include, in particular, taking into account the borrower's credit profile through a financial rating system specific to each credit institution. These so-called Basel 2 recommendations are based on the following three pillars:

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

The Basel 2 framework was enshrined into European legislation with the enactment of the Capital Requirement Directive (CRD), which was eventually transposed into French law through the February 20, 2007 Decree.

SOCIETE GENERALE'S PILLAR III REPORT

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

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

SCOPE OF PRUDENTIAL REPORTING

Societe Generale is subject to consolidated regulatory reporting to its home supervisor, the "*Autorité de Contrôle Prudentiel*". Accordingly, the Pillar III report is based on the Group's consolidated regulatory solvency reporting. In addition, the contribution to the Group's total risk-weighted assets of selected key subsidiaries can be found in chapter 1 of this report.

■ Table 1: Difference between accounting and prudential scope

Type of entity	Accounting treatment	Prudential treatment under Basel 2
Subsidiaries with a finance activity	Full or proportional consolidation	Capital requirement based on the subsidiary's activities
Subsidiaries with an insurance activity	Full or proportional consolidation	Capital deduction
Holdings, joint ventures with a finance activity by nature	Equity method	Capital deduction (50% Tier 1 and 50% Tier 2)
Venture capital investments treated as holdings	Full or proportional consolidation	Underlying investments are weighted individually and added to the risk-weighted assets of the prudential scope

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

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

■ Table 2: Subsidiaries excluded from the prudential scope

Company	Activity	Country
Antarius	Insurance	France
Catalyst Re International	Insurance	Bermuda
Génécar	Insurance	France
Généras	Insurance	Luxembourg
Inora Life	Insurance	Ireland
Komerčni Pojstovna	Insurance	Czech Republic
La Marocaine Vie	Insurance	Morocco
Oradéa Vie	Insurance	France
Société Générale Ré	Insurance	Luxembourg
Sogécap	Insurance	France
Sogecap Life Insurance	Insurance	Russia
Sogelife	Insurance	Luxembourg
Sogéssur	Insurance	France
SG Banque au Liban	Banking	Lebanon
La Banque Postale	Banking	France
Amundi	Asset Management	France

■ STATUS OF CONSOLIDATED SUBSIDIARIES

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

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

1 CAPITAL ADEQUACY

COMPOSITION OF REGULATORY CAPITAL

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

Tier 1 capital

Tier 1 capital comprises own funds elements less prudential deductions:

- Common stock (net of share buybacks and treasury stock).
- Retained earnings, including translation reserves and changes in the fair value of assets available for sale and hedging derivatives, net of tax.
- Non-controlling interests.
- Certain deeply subordinated instruments and preferred shares, further described below

Less prudential deductions:

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

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

1. Investments and subordinated claims towards non-consolidated banks or financial institutions if the shares held represent an interest of more than 10% of the outstanding capital of the entity.
2. Securitisation exposures weighted at 1250% where such exposures are not included in the calculation of total risk-weighted exposures.
3. Expected loss on equity investment portfolio exposures.
4. Positive difference, if any, between expected losses on loans and receivables risk-weighted using the Internal Ratings Based (IRB) approach and the sum of related value adjustments and collective impairment losses.

Tier 2 capital

Tier 2 capital (or supplementary capital) comprises:

- Undated subordinated debt *(upper Tier 2)*.
- The positive difference, if any, between i) the sum of value adjustments and collective impairment losses related to loans and receivables exposures risk-weighted using the IRB approach, and ii) expected losses, is included in upper Tier 2 up to 0.6% of the total Risk-Weighted Assets.
- Dated subordinated debt *(lower Tier 2)*.

Moreover, using the option offered by the Financial Conglomerates Directive, equity interests of more than 20% held in insurance affiliates and any investment qualifying as regulatory capital for insurance solvency requirements are deducted from total own funds until December 31, 2012 if acquired prior to January 1, 2007.

DEBT INSTRUMENTS QUALIFYING AS TIER 1 CAPITAL FOR REGULATORY PURPOSES

Societe Generale's obligations relating to the principal and interest of US preferred shares issued by indirect subsidiaries benefiting from its guarantee and deeply subordinated notes directly issued by the bank share the following features:

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

Table 3: Total amount of debt instruments qualifying as capital

Issue date	Currency	Amount issued Nominal (in EURm)	Value in EURm at end-2010	Value in EURm at end-2009
US Trust preferred shares			**968**	**1 445**
Mar-00*(1)	EUR	500	0	500
Oct-01*	USD	425	318	295
Oct-03*	EUR	650	650	650
Deeply subordinated notes			**6,571**	**6,397**
Jan-05*	EUR	1,000	1,000	1,000
Apr-07*	USD	1,100	823	764
Apr-07*	USD	200	150	139
Dec-07*	EUR	600	600	600
May-08	EUR	1,000	1,000	1,000
June-08	GBP	700	813	788
July-08*	EUR	100	100	100
Dec-08	EUR	1,700	0	0
Feb-09	USD	450	337	312
Sept-09*	EUR	1,000	1,000	1,000
Oct-09	USD	1,000	748	694
Total			**7,539**	**7,842**

Note: innovative instruments*
Note 1:instrument redeemed in Q1 2010

US Trust preferred shares

- In the first half of 2000, Societe Generale issued EUR 500 million in preferred shares through a wholly-owned US subsidiary. These securities entitle the holder to a fixed non-cumulative dividend equal to 7.875% of nominal value payable annually, with a step-up clause that comes into effect after 10 years. These preferred shares were redeemed early during the first quarter of 2010.
- In the fourth quarter of 2001, Societe Generale issued USD 425 million in preferred shares through a wholly-owned US subsidiary, with a step-up clause that comes into effect after 10 years. These shares entitle holders to a non-cumulative dividend, payable quarterly, at a fixed rate of 6.302% of nominal value on USD 335 million of the issue, and at a variable rate of Libor +0.92% on the other USD 90 million.
- In the fourth quarter of 2003, Societe Generale issued EUR 650 million of preferred shares through a wholly-owned US subsidiary (paying a non-cumulative dividend of 5.419% annually) with a step-up clause that comes into effect after 10 years.

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

Deeply subordinated notes – Titres Super Subordonnés (TSS)

- In January 2005, the Group issued EUR 1 billion of deeply subordinated notes (Titres Super Subordonnés – TSS), paying 4.196% annually for 10 years and, as from January 26, 2015, 3-month Euribor +1.53% per annum payable quarterly.
- In April 2007, the Group issued USD 200 million of deeply subordinated notes, paying 3-month USD Libor +0.75% annually and then, from April 5, 2017, 3-month USD Libor +1.75% annually.
- In April 2007, the Group issued USD 1,100 million of deeply subordinated notes, paying 5.922% twice yearly and then, from April 5, 2017, 3-month USD Libor +1.75% annually.
- In December 2007, the Group issued EUR 600 million of deeply subordinated notes paying 6.999% annually and then, from December 19, 2017, 3-month Euribor +3.35% per annum payable quarterly.
- In May 2008, the Group issued EUR 1,000 million of deeply subordinated notes, paying 7.756% annually and then, from May 22, 2013, 3-month Euribor +3.35% per annum payable quarterly.
- In June 2008, the Group issued GBP 700 million of deeply subordinated notes, paying 8.875% annually and then, from June 18, 2018, 3-month Libor +3.40% per annum payable quarterly.
- In July 2008, the Group issued EUR 100 million of deeply subordinated notes, paying 7.715% annually and then, from July 9, 2018, 3-month Euribor +3.70% per annum payable quarterly.
- In December 2008, the Group issued EUR 1,700 million of deeply subordinated notes, fully subscribed by the Société de Prises de Participation de l'Etat, an agency of the French government. Interest was 8.18% annually and then, from 2013, Euribor +4.98%. These notes were fully redeemed in November 2009.
- In February 2009, the Group issued USD 450 million of deeply subordinated notes, paying 9.5045% annually payable every six months and then, from February 29, 2016, 3-month Libor +6.77% per annum payable quarterly.
- In September 2009, the Group issued EUR 1,000 million of deeply subordinated notes, paying 9.375% annually and then, from September 4, 2019, 3-month Euribor +8.9% per annum payable quarterly.
- In October 2009, the Group issued USD 1,000 million of deeply subordinated notes, paying 8.75% annually with no step-up clause.

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

CALCULATION OF REGULATORY RATIOS

The implementation of the Basel 2 standard provides for a transitional period (extended until end-2011) during which Basel 2 capital requirements (calculated as 8% of risk-weighted assets and in accordance with current regulations and French decree of February 20, 2007 amended on August 25, 2010) cannot be less than 80% of the capital requirements in the previous standard (Basel 1 or Cooke standard).

Table 4: Prudential capital and Basel 2 solvency ratios

(in millions of Euros)	**Dec. 2010**	**Dec. 2009**
Consolidated shareholders' equity, Group share (IFRS)	**46,421**	**42,204**
Deeply subordinated notes (TSS)	(6,411)	(6,252)
Undated subordinated notes (TSDI)	(892)	(824)
Consolidated shareholders' equity, Group share, net of TSS and TSDI	**39,118**	**35,128**
Non-controlling interests	3,359	2,930
Deeply subordinated notes	6,571	6,397
US preferred shares	968	1,445
Intangible assets	(1,386)	(1,403)
Goodwill on acquisitions	(8,451)	(7,620)
Dividends proposed at GM and coupons paid on TSS and TSDI	(1,484)	(392)
Other regulatory adjustments	171	473
Total Tier 1 capital	**38,866**	**36,957**
Basel 2 deductions(*)	(3,503)	(2,264)
Total Tier 1 capital, net of deductions	**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 (Tier 1 + Tier 2)	**40,506**	**41,996**
Total risk-weighted assets	**334, 795**	**324,080**
Risk-weighted assets for credit risk	274,646	263,101
Risk-weighted assets for market risk	13,078	13,900
Risk-weighted assets for operational risk	47,071	47,080
Effect of transitional measures on the risk-weighted assets used to calculate the Tier 1 ratio(***)	9,067	
Effect of transitional 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 effect of the transitional measures(***)	10.3%	
Total capital ratio after effect of the transitional measures(***)	11.9%	

(*) Basel 2 deductions are deducted 50% from Tier 1 capital and 50% from Tier 2 capital.

(**) Including the value of equity investments representing EUR -2.6 billion; Société Générale has used the option offered by the Financial Conglomerates Directive of deducting the amount of equity-accounted insurance investments from its total regulatory capital.

(***)Additional capital requirements with respect to floor levels having an impact of -28bp on the Tier 1 ratio and -24bp on the total ratio as at December 31, 2010.

At end-2010, the Tier 1 ratio under Basel 2 was 10.6%. The slight decline of 14bp compared with end-2009 is due to the respective changes in the sources and uses of capital during the financial year, and in particular the increase in Basel 2 deductions. The Core Tier 1 ratio reached 8.5%, up 10bp on 2009, due to the increase in consolidated shareholders' equity resulting from retained earnings in respect of 2010.

■ Table 5: Basel 2 deductions

(in millions of Euros)	Dec. 2010	Dec. 2009
Unconsolidated banking affiliates >10%	(792)	(750)
Book value of equity-accounted investments	(847)	(963)
Subordinated loans to credit institutions > 10%	(725)	(914)
Deductions in respect of securitisation positions	(4,256)	(1,864)
Expected losses on equity investment portfolio exposures	(32)	(34)
Expected losses on outstandings risk-weighted using the internal method, net of related value adjustments and collective impairment losses	(355)	(3)
Total Basel 2 deductions	(7,006)	(4,528)

CAPITAL REQUIREMENTS

Societe Generale has been using the advanced methods (IRB approach and AMA) to calculate its minimum capital requirements since January 1, 2008. The Group continues to extend the scope of application of the advanced methods. The following table presents the risk-weighted assets as well as the Group's capital requirements, classified by risk type.

■ Table 6: The Group's capital requirements and risk-weighted assets

(in millions of Euros)	Dec. 2010		Dec. 2009	
Risk type	**Minimum capital requirements**	**RWA**	**Minimum capit al requirements**	**RWA**
Credit risk under the IRB approach	12,983	162,283	12,312	153,899
Credit risk under the standard approach	8,989	112,363	8,736	109,195
Settlement/delivery risk	0	0	1	6
CREDIT, COUNTERPARTY AND DELIVERY RISK	**21,972**	**274,646**	**21,048**	**263,101**
Market risk using the internal model	928	11,603	878	10,979
Market risk under the standard approach	118	1,476	234	2,921
MARKET RISK	**1,046**	**13,078**	**1,112**	**13,900**
Operational risk under the AMA approach	3,453	43,163	3,441	43,013
Operational risk under the standard approach	313	3,907	325	4,067
OPERATIONAL RISK	**3,766**	**47,070**	**3,766**	**47,080**
TOTAL EXCLUDING THE BASEL I FLOOR EFFECT(1)	**26,784**	**334,795**	**25,927**	**324,080**

Note 1: Capital requirements and risk-weighted assets excluding the Basel 1 floor effect. "The Basel 1 floor effect" amounted to EUR 0 as at December 31, 2009, and as at December 31, 2010, to EUR 532 million in capital requirements and to EUR 6,651 million in risk-weighted assets..

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The credit and counterparty risk exposures are presented according to the valuation method, using the IRB approach and standard approach. Details of the calculations by type of credit risk exposure are available in Chapter 3 “Credit and Counterparty Risk”.

Capital requirements on securitisation transactions are presented separately, with preference given to the IRB approach. Chapter 5 “Securitisations” provides a more detailed analysis of the Group’s securitisation exposure. The Group’s banking book equity investments are also calculated using mainly the IRB approach.

Similarly, market risk is calculated using the internal “value-at-risk” method. Additional details on the calculation using the internal model are available in Chapter 6 “Equity Risk”. For the calculation of operational risk, the method adopted since 2004 is the advanced measurement approach (AMA). Chapter 8 “Operational Risk” provides details on how operational risk is measured and monitored within the Group.

Increase in risk-weighted assets and capital requirements

Between December 31, 2009 and December 31, 2010, the Group’s capital requirements and risk-weighted assets increased by respectively EUR 857 million and EUR 10,715 million. This increase reflects primarily the increase in the Group’s outstanding loans following a rebound in activity during 2010. By contrast, requirements in terms of market risk declined, while operational risk remained stable.

At December 31, 2010, the Group had EUR 40,506 million of regulatory capital, a level well above the minimum requirement of EUR 27,316 million resulting from the calculation of risk-weighted assets, including the Basel 1 floor effect.

INFORMATION ON KEY SUBSIDIARIES' CONTRIBUTION TO THE GROUP'S TOTAL RISK-WEIGHTED ASSETS

The contributions of the three key subsidiaries collectively contributing more than 10% of the Group's risk-weighted assets are as follows:

Table 7: Key subsidiaries' contribution to the Group's risk-weighted assets

	Crédit du Nord		Rosbank		Komerčni Banka	
(in millions of Euros)	**IRB**	**Standard**	**IRB**	**Standard**	**IRB**	**Standard**
Credit and counterparty risks	**11,154**	**5,400**	**562**	**8,337**	**9,910**	**1,329**
Sovereign	0	0	-	660	580	1
Credit institutions	251	0	-	1,102	1,056	77
Corporate	6,400	2,947	-	4,191	6,035	217
Retail	3,962	1,725	-	2,153	1,971	941
Securitisation	0	0	-	-	7	-
Equity	103	132	38	-	0	-
Other assets	438	597	524	232	260	93
Market risk	**41**		**396**		**12**	
Operational risk	**940**		**1,231**		**869**	
2010 total	**17,535**		**10,526**		**12,121**	
2009 total	**14,879**		**10,433**		**11,522**	

The increase in Crédit de Nord's risk-weighted assets in 2010 mainly reflects the impact of the *Société Marseillaise de Crédit* acquisition. Risk-weighted assets remained virtually stable at Rosbank, reflecting the unfavourable economic conditions in Russia at the beginning of 2010. Lastly, at *Komerčni Banka*, the increase in risk-weighted assets followed the increase in the portfolio of retail loans, especially mortgage loans.

2 CAPITAL AND RISK MANAGEMENT POLICY

CAPITAL MANAGEMENT OBJECTIVES AND STRATEGY

Societe Generale's capital management is aimed at ensuring that the Group's solvency level is at all times consistent with its objectives of:

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

ii) Preserving financial flexibility for funding internal and external growth.

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

iv) Ensuring the strong resilience of the Group in case of adverse stress scenarios.

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

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

CAPITAL MANAGEMENT PROCESS

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

The Internal Capital Adequacy Assessment Process (ICAAP) which is closely supervised by Senior Management is based on a multi-pronged approach taking into account:

- Capital planning, updated at regular intervals (e.g. in conjunction with budget and financial planning or the production of a growth funding plan) based on a Group-wide simulation tool. This helps ensure at all times that sources and application of capital fit well with the Group's overall objectives and business needs.
- Business and risk cyclicality, to explicitly factor in the effect of credit cycles, while also taking into account risks outside the scope of Pillar I (e.g. business risk, interest rate risk etc.).
- Stress testing: the Group continues to constantly improve its global stress testing framework which is designed to incorporate all dimensions of the Group's risk profile and to better measure the Group's resilience to adverse macro-economic scenarios. The stress testing exercises are used to assess and define the Group's financial objectives and target Core Tier 1 and Tier 1 ratios. They are carried out regularly (at least annually) as part of the budget process and the results are presented to the Risk Committee.
- The Group also participates in the European stress test exercise carried out under the aegis of the competent European bodies: Committee of European Banking Supervisors (CEBS) in 2010 and European Banking Authority (EBA) in 2011. The 2010 exercise confirmed the Group's strong degree of resilience, in an adverse scenario which included shocks on trading book sovereign debt outstandings. This resulted in Tier 1 ratio of 10.0% for the Societe Generale Group in the adverse scenario, i.e. a level in line with the average ratios for its peers. The 2011 European stress test exercise is currently taking place under the aegis of the EBA, and the results are expected to be published in June 2011.

Finally, in order to vet the outcome of its forward-looking capital management process, the Group supplements the capital planning exercise by conducting benchmarking with relevant peers, as well as by maintaining a constant dialogue with investors, equity analysts and rating agencies.

FORMALISATION OF RISK APPETITE

2010 was marked by the development of the risk appetite framework with a view to further improving the Group's strategic management process. The framework, run jointly by the Finance Division and the Risk Division, under the auspices of the General Management, documents the setting and validation by the Board of Directors of risk appetite targets and boundaries for key Group financial indicators. At the same time it incorporates a risk/return analysis for various Group businesses thereby refining the view already provided by the global stress test exercise. A first set of indicators has already been presented to the Audit, Internal Control and Risk Committee, as well as to the Board of Directors.

This framework should also ultimately enable the Group's Management to regularly monitor various indicators relating to the type of risks incurred by the Group. It will thus allow a more accurate analysis of changes in the risk profile of the Group and its various businesses and help to develop a composite view by risk type (market risk, credit risk, operational risk, other risks).

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.

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TYPES OF RISKS

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.

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.

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 Asset and Liabilities Management (ALM) Department, whereas capital requirements and capital structure are managed by the Financial Management and Capital Planning 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 that it has adequate capital adequacy to bear all business risks.*

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CREDIT RISK MANAGEMENT: ORGANISATION AND STRUCTURE

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

Credit risk supervision is organised by division (French Networks, International Retail Banking, Specialised 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.

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

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

- Exposure is defined as all assets (e.g. loans, receivables, accruals, etc.) associated with market or customer transactions, recorded on- and off-balance sheet.

The Group's internal models 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.

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, the Risk Committee is notified of the conclusions and decisions of the Committees.

SCOPE OF APPLICATION OF CAPITAL EVALUATION METHODS

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.

The following table presents the scope of application of the Standard and IRB approaches for the Group:

Table 8: Scope of application of the IRB and Standard approaches for the Group

	IRB Approach	Standard Approach
French Networks	Majority of portfolios	Some retail customer portfolios including those of the Sogelease subsidiary
International Retail Banking	KB (Czech Republic) subsidiary	All the other subsidiaries
Corporate and Investment Banking	Majority of portfolios	-
Specialised Financial Services and Insurance	The subsidiaries Franfinance Particuliers, CGI, Fiditalia and GEFA	The other consumer finance subsidiaries. All the equipment finance subsidiaries and ALD excluding GEFA
Private Banking, Global Investment Management and Services	Mainly the subsidiaries SG Hambros, SGBT Luxembourg, SGBT Monaco, SG Private Banking Suisse	The majority of the credit institution and corporate portfolios
Corporate Centre	Majority of portfolios	-

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.

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.

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.

The Group uses only the Current Exposure Method (CEM) to estimate EAD relating to counterparty risk.

CREDIT RISK MITIGATION

The Group uses credit risk mitigation techniques both for market and commercial banking activities. These techniques provide partial or full protection against the risk of debtor insolvency.

There are two major categories:

- Personal guarantees correspond to the commitment made by a third party to substitute for the primary debtor in the event of the latter's default. By extension, credit insurance and credit derivatives (purchase of protection) also belong to this category.
- Collateral established in favour of the Group ensures the timely execution of a debtor's financial commitments.

In the case of netting agreements (subject to eligibility in accordance with Basel 2 regulations), the Group takes into account their impact by applying the compensatory effect based on the Exposure at Default (EAD) used to calculate its risk-weighted assets.

For guarantees and credit derivatives, the Group takes into account their impact by substituting the guarantor's Probability of Default (PD), Loss Given Default (LGD) and risk-weighting formula for that of the borrower (the exposure is considered as a direct exposure to the guarantor) where the guarantor's risk-weighting is more favourable than the borrower's.

In the case of collateral (physical or financial), the Group's methodology related to the applicable credit risk mitigation depends on the Basel 2 approach.

Exposures under the IRB approach – two methodologies can be used:

- Credit risk mitigation (CRM) techniques can be incorporated in the LGD calculation, which itself is based on internal loss data and calculated using IRB models ("preliminary" LGD).
- Credit risk mitigation (CRM) techniques are not incorporated in the LGD defined by the model. The impact of each CRM is taken into account individually in the LGD for each transaction.

Exposures under the standard approach: eligible CRM techniques (after regulatory deductions) are taken into account directly in EAD.

- Table 9: Personal guarantees (including credit derivatives) and collateral by exposure class

Exposure class *(in billions of Euros) – Dec. 31, 2010*	Guarantees	Collateral
Sovereign	4.1	0.1
Credit institutions	3.4	2.3
Corporate	27.9	43.3
Retail	48.0	38.7
TOTAL	**83.4**	**84.4**

- Table 10: Personal guarantees (including credit derivatives) and collateral related to past due, unimpaired outstanding loans and impaired outstanding loans

	December 31, 2010		December 31, 2009	
(in billions of Euros)	Retail	Non-retail	Retail	Non-retail
Guarantees and collateral related to past due, unimpaired outstanding loans	1.5	0.9	1.2	0.6
Guarantees and collateral related to impaired outstanding loans	2.1	1.9	1.7	1.7

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.

GUARANTEES AND COLLATERAL

Personal guarantees and collateral are used to partially or fully protect the bank against the risk of losses due to debtor insolvency and can be broken down. :

- Guarantees that encompass the protection commitments and mechanisms provided by banks and similar credit institutions, specialised institutions such as mortgage guarantors (*Crédit Logement* in France), monoline or multiline insurers, public export agencies, etc. This category also includes Credit Default Swaps (CDS).
- Collateral which can consist of physical assets in the form of property, commodities or precious metals, as well as financial instruments such as cash, high quality investments and securities and also insurance policies. Appropriate haircuts are applied to the value of collateral, reflecting its quality and liquidity.

The Group proactively manages its guarantees, with the aim of reducing its risk-taking, through diversification: physical collateral, personal guarantees and others (including CDS'). 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).

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

Guarantor ratings are reviewed internally at least once a year and collateral is subject to revaluation at least once a year.

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.

USE OF CREDIT DERIVATIVES[2]

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.

In 2010, CDS levels 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.

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.

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[2] *See the dedicated section of Note 4 to the consolidated financial statements page 261.*

MASTER NETTING AGREEMENTS

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

In order to reduce its credit risk exposure, Societe Generale 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.

At December 31, 2010, based on gross EAD measured using the Current Exposure Method, 94% of counterparty risk exposure related to over-the-counter derivative instruments is dealt with under a framework contract and 86% is collateralised. After factoring in netting agreements, gross EAD is reduced to a quarter.

IMPACT OF THE DETERIORATION IN THE GROUP'S RATING ON THE AMOUNT OF COLLATERAL TO BE PROVIDED

A number of framework contracts signed with counterparties provide for the implementation of collateral or a reduction of the threshold in the event of a deterioration in the Group's rating. The impact of a deterioration depends on the type of contract:

- The dormant clause in the Credit Support Annex (CSA): dormant clauses in a CSA contract provide for the Group to pay no margin call as long as it retains a minimum credit rating level as defined in the contract. This type of contract is used mainly when the Group acts as counterparty in derivative instrument contracts as part of a securitisation vehicle. In this situation, the Group's credit rating becomes an essential factor in its signature and the rating agencies therefore require the signature of such contract, where the commitment is made unilaterally, as a condition for the rating of the instruments securitised by the vehicle in question. If the Group's rating were downgraded, some of these CSA contracts would become active, resulting in the need for the Group to hedge an additional financing risk corresponding to the initial margin calls required by the derivative instruments contract. For each rating level, the Group monitors the breakdown of dormant CSA contracts that could be reactivated by a downgrading of the Group's credit rating, as well as the corresponding margin call commitments. In the case of a rating downgrade by one level, 32 CSAs with a dormant clause would be activated out of a total of around 5,000 (respectively 112 in the case of a rating downgrade by two levels).
- Credit Support Annex (CSA) dependent on a credit rating clause: in such a clause, the Marked-to-Market value below which it is not necessary for the Group to pay margin calls depends on the Group's credit rating. A downgrade in the Group's rating can therefore result in a decrease in this value causing the Group to be faced with an imminent margin call situation. The Group monitors margin calls that are likely to be generated by credit rating level. Such a CSA contract does not include a dormant support clause as in the contract described previously. This is therefore a means of avoiding having to take into account this type of refinancing risk twice. In the case of a rating downgrade by one level, 14 CSAs dependent on a credit rating clause would be activated out of a total of around 5,000 (respectively 57 in the case of a rating downgrade by two levels).

THE GROUP'S INTERNAL RATING SCALE

The following table presents Societe Generale's internal rating scale and the corresponding scales of the main External Credit Assessment Institutions [1], as well as the corresponding mean estimated probability of default.

Table 11: Societe Generale's internal rating scale and corresponding scales of rating agencies

Counterparty internal rating	Fitch Rating	Moody's rating	S&P rating	1 year probability of default
1	AAA	Aaa	AAA	0.01%
2	AA+ to AA-	Aa1 to Aa3	AA+ to AA-	0.02%
3	A+ to A-	A1 to A3	A+ to A-	0.04%
4	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	0.30%
5	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	2.16%
6	B+ to B-	B1 to B3	B+ to B-	7.93%
7	CCC+ to CCC-	Caa1 to Caa3	CCC+ to CCC-	20.67%
8, 9 and 10	CCC and below	Ca and below	CC and below	100.00%

Societe Generale's definition of a default replicates the definition provided in the Basel 2 framework, whereby a borrower has defaulted if at least one of the three following conditions has been verified:

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

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

(1) *For further details, see the paragraph on External Credit Assessment Institutions on page 49.*

CREDIT RISK: QUANTITATIVE DISCLOSURES

The following tables set forth detailed information on the bank's global credit risk, notably with regard to total exposure, exposure at default and risk-weighted assets as at December 31, 2010. The information provided below is consistent with the bank's published financial statements at that date.

In most of the tables below, Societe Generale's credit risk exposures are laid out along the lines of the obligor categories defined in the Basel 2 framework (the "Basel exposure class"):

Table 12: Societe Generale's credit risk exposures by obligor category

Sovereign:	Claims or contingent claims on central governments, regional governments, local authorities or public sector entities as well as on multilateral development banks and international organisations.
Credit institutions:	Claims or contingent claims on regulated credit institutions, as well as on governments, local authorities and other public sector entities that do not qualify as sovereign counterparties.
Corporate:	Claims or contingent claims on corporates, which include all exposures not covered in the portfolios defined above. In addition, small/medium-sized enterprises are included in this category as a sub-portfolio, and defined as entities with total annual sales below EUR 50 million.
Retail:	Claims or contingent claims on an individual or individuals, or on a small or medium-sized entity, provided in the latter case that the total amount owed to the credit institution does not exceed EUR 1 million. Retail exposure is further broken down into residential mortgages, revolving credit and other forms of credit to individuals, the remainder relating to exposures to very small entities and self-employed.
Securitisation:	Claims relating to securitisation transactions.

The following tables[1] provide a breakdown of Societe Generale's credit risk exposures, exposures at default (EAD) before the risk mitigation effect and risk-weighted assets (RWA) relating to the Group's on- and off-balance sheet exposures after factoring in risk mitigation. They include the residual value risk.

Information is also provided for defaulted exposures.

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

(1) In 2009, the transactions of CGA (France) have been broken down by exposure class.

Table 13: Summary of quantitative credit and counterparty risk disclosures

Table 14: Credit risk exposure, exposure at default (EAD) and risk-weighted assets (RWA) by approach and exposure class

Global portfolio *(in billions of Euros) – Dec. 31,2010*	**IRB approach**			**Standard approach**			**Total**			**Average[(1)]**		**Total Dec. 31, 2009**		
	Exposure	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**	**Exposure**	**RWA**	**Exposure**	**EAD**	**RWA**
Exposure class														
Sovereign	70.4	66.0	6.4	3.8	3.7	1.3	74.1	69.7	7.7	68.5	7.0	63.0	61.1	6.9
Credit institutions	131.3	111.1	11.5	15.2	10.4	4.0	146.5	121.4	15.6	159.5	16.0	134.7	118.5	14.6
Corporate	315.1	230.9	94.2	113.6	69.3	64.2	428.8	300.2	158.3	406.2	156.2	378.6	279.6	151.2
Retail	131.7	129.0	23.7	58.1	50.2	33.0	189.9	179.2	56.7	183.1	55.4	174.3	165.0	54.5
Securitisation	39.1	38.0	6.0	2.8	1.0	0.5	41.9	39.0	6.5	43.7	6.8	43.6	42.5	6.5
TOTAL	**687.6**	**575.0**	**141.8**	**193.5**	**134.6**	**103.0**	**881.2**	**709.6**	**244.9**	**861.1**	**241.4**	**794.3**	**666.7**	**233.6**

(1) The average exposure and RWA are determined by aggregating the total gross exposure and RWA at the end of the last four quarters and dividing the result by 4.

The credit risk exposure and the exposure at default (EAD) of the Group as at December 31, 2010 are up from December 31, 2009, mainly for the Corporate, Retail and Sovereign classes.

The increase in exposure at default (EAD) for the Corporate class was caused in particular by the growing momentum of structured financing and the growth of loans to large corporates.

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

Exposure to the Sovereign class was higher as a result of the Group's liquidity management strategy, especially in the US and France.

Moreover, there was a significant decline regarding securitisation exposure due to sales and, to a lesser extent, amortisation.

Table 15: Retail credit risk exposure, exposure at default (EAD) and risk-weighted assets (RWA) by approach and exposure class

Retail portfolio *(in billions of Euros) – Dec. 31, 2010*	**IRB approach**			**Standard approach**			**Total**			**Average[(1)]**		**Total Dec. 31, 2009**		
	Exposure	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**	**Exposure**	**EAD**	**RWA**	**Exposure**	**RWA**	**Exposure**	**EAD**	**RWA**
Exposure class														
Residential mortgages	71.7	71.8	6.2	13.2	12.9	4.7	85.0	84.6	10.9	81.6	10.0	77.2	76.8	9.6
Revolving credit	11.0	7.6	2.9	5.2	3.3	2.5	16.2	11.0	5.5	15.8	5.3	15.3	10.5	5.3
Other credit to individuals	34.1	34.3	9.1	28.1	24.3	18.5	62.2	58.6	27.5	59.4	26.9	54.8	51.9	25.7
Very small enterprises and self-employed	14.8	15.4	5.5	11.6	9.7	7.3	26.4	25.1	12.8	26.4	13.1	27.1	25.8	13.9
TOTAL	**131.7**	**129.0**	**23.7**	**58.1**	**50.2**	**33.0**	**189.9**	**179.2**	**56.7**	**183.1**	**55.4**	**174.3**	**165.0**	**54.5**

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

Breakdown of credit risk

Table 16: Credit and counterparty risk exposure by approach and exposure class

Exposure class *(in billions of Euros) – Dec. 31, 2010*	**IRB approach**			**Standard approach**			**Total**			**Total Dec. 31, 2009**		
	Credit risk	**Counterparty risk**	**Total**	**Credit risk**	**Counterparty risk**	**Total**	**Credit risk**	**Counterparty risk**	**Total**	**Credit risk**	**Counterparty risk**	**Total**
Sovereign	59.0	11.4	70.4	3.0	0.8	3.8	61.9	12.2	74.1	54.9	8.1	63.[illegible]
Credit institutions	72.8	58.5	131.3	14.2	1.1	15.2	87.0	59.6	146.5	81.4	53.3	134.[illegible]
Corporate	279.5	35.7	315.1	110.9	2.7	113.6	390.4	38.4	428.8	344.3	34.4	378.[illegible]
Retail	131.6	0.1	131.7	58.1	0.0	58.1	189.7	0.2	189.9	174.2	0.1	174.[illegible]
Securitisation	38.4	0.7	39.1	2.8	0.0	2.8	41.1	0.7	41.9	43.1	0.4	43.[illegible]
TOTAL	**581.2**	**106.4**	**687.6**	**189.0**	**4.6**	**193.5**	**770.2**	**111.0**	**881.2**	**698.0**	**96.3**	**794.[illegible]**

Table 17: Credit and counterparty exposure at default (EAD) by approach and exposure class

Exposure class *(in billions of Euros) – Dec. 31, 2010*	**IRB approach**			**Standard approach**			**Total**			**Total Dec. 31, 2009**		
	Credit risk	**Counterparty risk**	**Total**	**Credit risk**	**Counterparty risk**	**Total**	**Credit risk**	**Counterparty risk**	**Total**	**Credit risk**	**Counterparty risk**	**Total**
Sovereign	54.6	11.4	66.0	2.9	0.8	3.[illegible]	57.5	12.2	69.[illegible]	53.0	8.1	61.[illegible]
Credit institutions	52.6	58.5	111.1	9.4	1.0	10.[illegible]	62.0	59.5	121.[illegible]	65.4	53.1	118.[illegible]
Corporate	195.2	35.7	230.9	66.6	2.7	69.[illegible]	261.9	38.4	300.[illegible]	245.2	34.4	279.[illegible]
Retail	128.9	0.1	129.0	50.2	0.0	50.[illegible]	179.1	0.2	179.[illegible]	164.9	0.1	165.[illegible]
Securitisation	37.3	0.7	38.0	1.0	0.0	1.[illegible]	38.3	0.7	39.[illegible]	42.1	0.4	42.[illegible]
TOTAL	**468.6**	**106.4**	**575.0**	**130.1**	**4.5**	**134.[illegible]**	**598.7**	**110.9**	**709.[illegible]**	**570.5**	**96.1**	**666.[illegible]**

The Group's credit and counterparty exposure at default as at December 31, 2010 is up from December 31, 2009, mainly for the Sovereign, Credit Institution and Corporate classes, primarily due to the increase in derivatives activity.

Table 18: Corporate credit exposure at default (EAD) by industry sector

EAD *(in billions of Euros) – Dec. 31, 2010*	**Corporates – Dec. 31, 2010**		**Corporates – Dec. 31, 2009**	
	EAD	**Breakdown in %**	**EAD**	**Breakdown in %**
Finance & insurance	57.9	19.3%	51.2	18.3%
Real estate	24.4	8.1%	22.4	8.0%
Public administration	0.4	0.1%	0.4	0.1%
Food & agriculture	15.0	5.0%	13.1	4.7%
Consumer goods	8.1	2.7%	7.4	2.7%
Chemicals, rubber, plastics	6.4	2.1%	5.6	2.0%
Retail trade	13.9	4.6%	13.2	4.7%
Wholesale trade (import, export)	23.6	7.9%	21.0	7.5%
Construction	12.7	4.2%	12.5	4.5%
Shipbuilding, aircraft & railway industry	3.3	1.1%	3.2	1.1%
Education and Associations	1.0	0.3%	0.9	0.3%
Hotels, catering & leisure	4.7	1.6%	5.1	1.8%
Automobiles	5.3	1.8%	5.3	1.9%
Electrical, electronic and mechanical equipment and components	10.6	3.5%	10.7	3.8%
Forestry, paper	2.1	0.7%	2.0	0.7%
Metals, minerals	13.6	4.5%	14.3	5.1%
Media	4.4	1.5%	5.2	1.9%
Oil & Gas	17.8	5.9%	13.6	4.9%
Health, social services	2.4	0.8%	2.1	0.7%
Business services (including multi-activity conglomerate)	21.3	7.1%	22.6	8.1%
Utilities	20.4	6.8%	17.5	6.3%
Personal & domestic services	0.2	0.1%	0.3	0.1%
Telecoms	8.7	2.9%	8.9	3.2%
Transport & logistics	22.0	7.3%	20.9	7.5%
TOTAL	**300.2**	**100%**	**279.6**	**100%**

Table 19: Exposure at default (EAD) by geographical region

EAD *(in billions of Euros) – Dec. 31, 2010*	**Sovereign**	**Credit institutions**	**Corporate**	**SME**	**Retail**	**Securitisation**	**Total**	**Breakdown in %**	**Total Dec. 31, 2009**
France	16.9	34.1	82.2	28.3	127.9	6.0	295.4	41.6%	**286.2**
EU countries (excluding France)	25.6	48.3	76.2	18.0	39.0	7.0	214.0	30.2%	**204.2**
– o/w Eastern European countries	*11.3*	*3.4*	*11.6*	*8.4*	*16.9*	*0.0*	*51.6*	*7.3%*	***49.9***
Central and Eastern Europe (excluding EU)	3.7	2.6	11.3	2.6	5.9	0.0	26.2	3.7%	**26.0**
Africa/Middle East	8.6	2.6	13.1	5.2	4.5	0.1	34.2	4.8%	**28.9**
America	11.5	28.6	45.7	0.3	1.4	23.5	111.0	15.6%	**96.0**
Asia	3.3	5.2	17.2	0.2	0.6	2.3	28.9	4.1%	**25.4**
TOTAL	**69.7**	**121.4**	**245.6**	**54.6**	**179.2**	**39.0**	**709.6**	**100%**	**666.7**

Table 20: Retail exposure at default (EAD) by geographical region

EAD *(in billions of Euros) – Dec. 31, 2010*	**Residential mortgages**	**Revolving credit**	**Other credit to individuals**	**Very small enterprises and self-employed**	**Total**	**Breakdown in %**	**Total Dec. 31, 2009**
France	71.2	8.6	33.1	14.9	**127.9**	71%	**116.4**
EU countries (excluding France)	10.4	2.1	17.5	8.9	**39.0**	22%	**37.6**
– o/w Eastern European countries	*7.5*	*1.0*	*6.6*	*1.7*	***16.9***	*9%*	***16.2***
Central and Eastern Europe (excluding EU)	1.6	0.3	3.9	0.1	**5.9**	3%	**5.1**
Africa/Middle East	1.1	0.0	2.5	0.9	**4.5**	3%	**4.0**
America	0.2	0.0	1.2	0.0	**1.4**	1%	**1.2**
Asia	0.0	0.0	0.4	0.2	**0.6**	0%	**0.7**
TOTAL	**84.6**	**11.0**	**58.6**	**25.1**	**179.2**	**100%**	**165.0**

Table 21: Under the IRB approach for non-retail customers: credit risk exposure by residual maturity

	Maturity analysis				
Exposure *(in billions of Euros) – Dec. 31, 2010*	**< 1 year**	**1-5 years**	**5-10 years**	**> 10 years**	**Total**
Sovereign	26.2	37.4	3.1	3.6	70.4
Credit institutions	27.1	87.4	3.5	13.4	131.3
Corporate	97.0	175.9	21.8	20.4	315.1
Securitisation	11.7	26.1	0.1	1.2	39.1
TOTAL	**162.0**	**326.9**	**28.4**	**38.5**	**555.9**

Global credit risk by rating

Table 22: Under the standard approach: credit risk exposure by exposure class and external rating

(in billions of Euros) –	External Rating	Credit risk exposure – Dec. 31, 2010 Gross exposure	EAD	RWA	Credit risk exposure – Dec. 31, 2009 Gross exposure	EAD	RWA
Sovereign	AAA to AA-	1.4	1.3	0.0	0.7	0.7	-
	A+ to A-	0.0	0.0	0.0	0.2	0.2	0.0
	BBB+ to BBB-	1.6	1.6	0.8	2.2	2.2	1.1
	BB+ to B-	0.4	0.4	0.4	1.1	1.1	1.1
	<B-	0.0	0.0	0.0	0.0	0.0	0.0
	Without external rating	0.3	0.3	0.1	0.0	0.0	0.0
Sub-total		**3.8**	**3.7**	**1.3**	**4.1**	**4.1**	**2.2**
Credit institutions	AAA to AA-	6.8	7.7	1.4	9.7	6.7	1.4
	A+ to A-	0.3	0.3	0.1	0.3	0.3	0.2
	BBB+ to B-	8.2	2.5	2.5	2.8	2.5	2.6
	<B-	0.0	0.0	0.0	0.0	0.0	0.0
	Without external rating	-0.1	-0.1	0.0	0.0	0.0	0.0
Sub-total		**15.2**	**10.4**	**4.0**	**12.8**	**9.5**	**4.2**
Corporate	AAA to AA-	12.6	2.1	-0.3	4.4	3.3	0.7
	A+ to A-	3.8	3.2	1.5	3.7	3.3	1.8
	BBB+ to B-	40.9	16.6	16.6	50.4	19.0	19.6
	<B-	3.9	3.1	4.7	3.1	2.9	4.3
	Without external rating	52.5	44.3	41.7	45.6	37.7	35.3
Sub-total		**113.6**	**69.3**	**64.2**	**107.1**	**66.2**	**61.7**
Retail	Without external rating	58.1	50.2	33.0	53.0	46.3	31.4
TOTAL		**190.8**	**133.6**	**102.5**	**177.1**	**126.2**	**99.5**

■ Table 23: Under the IRB approach: credit risk exposure by exposure class and internal rating (excluding defaulted exposure)

(in billions of Euros) – Dec. 31, 2010	Counterparty internal rating	Gross exposure	Balance sheet exposure	Off-balance sheet exposure	Average CCF (Off-balance sheet)	EAD	RWA	Average LGD	Average RW*	Expected losses (EL)
Sovereign	1	42.4	37.3	5.2	66%	39.9	0.0	0%	0%	0.0
	2	7.1	6.2	0.9	23%	6.3	0.5	28%	8%	0.0
	3	4.1	3.6	0.6	90%	4.0	0.3	23%	8%	0.0
	4	9.2	7.5	1.7	74%	8.3	1.4	13%	16%	0.0
	5	6.1	5.9	0.2	81%	6.1	3.6	29%	60%	0.0
	6	1.1	0.8	0.3	71%	1.0	0.4	14%	35%	0.0
	7	0.2	0.1	0.0	75%	0.2	0.1	23%	128%	0.0
Sub-total		**70.2**	**61.4**	**8.8**	**66%**	**65.8**	**6.3**	**9%**	**10%**	**0.0**
Credit institutions	1	17.6	14.7	2.9	82%	16.2	0.4	6%	3%	0.0
	2	34.9	16.4	18.5	94%	29.5	1.2	12%	4%	0.0
	3	60.6	27.9	32.7	96%	49.3	2.7	13%	5%	0.0
	4	13.8	7.5	6.3	84%	12.0	3.7	29%	31%	0.0
	5	2.7	1.5	1.2	67%	2.3	2.2	42%	95%	0.0
	6	0.7	0.5	0.2	59%	0.6	0.6	28%	88%	0.0
	7	0.7	0.3	0.4	61%	0.5	0.6	24%	110%	0.0
Sub-total		**130.9**	**68.7**	**62.2**	**93%**	**110.4**	**11.3**	**14%**	**10%**	**0.1**
Corporate	1	6.9	5.2	1.8	85%	6.5	0.8	78%	11%	0.0
	2	41.5	12.4	29.1	37%	20.7	2.8	39%	13%	0.0
	3	76.3	34.1	42.2	55%	55.3	7.4	29%	13%	0.0
	4	95.2	41.8	53.4	51%	67.3	23.5	31%	35%	0.1
	5	63.4	40.3	23.1	51%	51.8	33.6	27%	65%	0.3
	6	18.8	12.4	6.4	67%	16.4	17.8	28%	109%	0.4
	7	2.8	2.1	0.7	68%	2.6	3.3	25%	129%	0.1
Sub-total		**304.9**	**148.3**	**156.6**	**51%**	**220.6**	**89.2**	**31%**	**40%**	**0.8**
Retail	1	2.5	2.1	0.4	99%	2.5	0.3	100%	10%	0.0
	2	1.7	1.6	0.1	131%	1.7	0.2	100%	10%	0.0
	3	23.1	21.8	1.3	101%	23.1	0.4	17%	2%	0.0
	4	43.9	39.1	4.8	60%	42.1	2.7	15%	6%	0.0
	5	34.7	30.1	4.5	69%	33.4	7.1	18%	21%	0.1
	6	13.1	12.2	0.9	93%	13.2	5.1	23%	39%	0.2
	7	6.7	6.5	0.2	164%	6.9	4.3	23%	63%	0.4
Sub-total		**125.6**	**113.3**	**12.3**	**74%**	**122.9**	**20.1**	**20%**	**16%**	**0.7**
Corporate in IRB slotting		2.5	1.8	0.7	60%	2.1	1.8		82%	0.0
Receivables		2.0	2.0	0.0	0%	2.1	1.5		73%	0.0
TOTAL		**636.1**	**395.5**	**240.6**	**53%**	**523.9**	**130.2**	**19%**	**25%**	**1.7**

** after taking into account the PD floor*

Table 24: Under the IRB approach for retail customers: credit risk exposure by exposure class and internal rating (excluding defaulted exposure)

(in billions of Euros) – Dec. 31, 2010	Counterparty internal rating	Gross exposure	Balance sheet exposure	Off-balance sheet exposure	EAD / Exposure	EAD	RWA	Average LGD	Average RW*	Expected losses (EL)
Residential mortgages	1	0.2	0.2	0.0	100%	0.2	0.0	100%	10%	0.0
	2	1.5	1.5	0.0	102%	1.5	0.1	100%	10%	0.0
	3	18.4	17.6	0.8	100%	18.4	0.2	11%	1%	0.0
	4	29.9	29.3	0.6	100%	29.9	1.1	11%	4%	0.0
	5	14.3	13.9	0.4	100%	14.3	1.8	11%	12%	0.0
	6	4.1	4.0	0.1	100%	4.1	0.9	11%	22%	0.0
	7	2.4	2.4	0.0	100%	2.4	1.0	12%	43%	0.0
Sub-total		**70.7**	**68.9**	**1.9**	**100%**	**70.8**	**5.2**	**11%**	**7%**	**0.1**
Revolving credit	1	0.0	0.0	0.0	0%	0.0	0.0	0%	0%	0.0
	2	0.0	0.0	0.0	0%	0.0	0.0	0%	0%	0.0
	3	0.4	0.0	0.3	100%	0.4	0.0	45%	1%	0.0
	4	3.8	0.3	3.5	49%	1.8	0.1	42%	7%	0.0
	5	3.5	0.6	3.0	60%	2.1	0.5	36%	21%	0.0
	6	1.7	1.2	0.6	94%	1.6	0.8	35%	50%	0.0
	7	0.8	0.7	0.2	103%	0.8	0.9	41%	111%	0.1
Sub-total		**10.2**	**2.7**	**7.5**	**67%**	**6.8**	**2.3**	**38%**	**34%**	**0.1**
Other credit to individuals	1	2.3	2.0	0.4	100%	2.3	0.2	100%	10%	0.0
	2	0.2	0.1	0.1	99%	0.2	0.0	100%	10%	0.0
	3	4.3	4.1	0.2	100%	4.4	0.2	40%	5%	0.0
	4	7.0	6.3	0.6	101%	7.0	0.9	22%	14%	0.0
	5	10.6	9.6	1.0	101%	10.7	3.0	22%	28%	0.0
	6	4.9	4.8	0.2	100%	4.9	2.2	28%	45%	0.1
	7	2.0	1.9	0.0	100%	2.0	1.2	26%	63%	0.2
Sub-total		**31.3**	**28.8**	**2.5**	**101%**	**31.5**	**7.9**	**26%**	**25%**	**0.3**
Very small enterprises and self-employed	1	0.0	0.0	0.0	0%	0.0	0.0	0%	0%	0.0
	2	0.0	0.0	0.0	0%	0.0	0.0	0%	0%	0.0
	3	0.0	0.0	0.0	118%	0.0	0.0	13%	2%	0.0
	4	3.3	3.2	0.1	101%	3.3	0.5	17%	14%	0.0
	5	6.2	6.0	0.2	101%	6.3	1.9	21%	30%	0.0
	6	2.3	2.2	0.1	110%	2.5	1.2	26%	47%	0.0
	7	1.5	1.5	0.0	111%	1.7	1.1	27%	66%	0.1
Sub-total		**13.3**	**12.9**	**0.4**	**104%**	**13.8**	**4.6**	**22%**	**33%**	**0.2**
TOTAL		**125.6**	**113.3**	**12.3**	**98%**	**122.9**	**20.1**	**16%**	**16%**	**0.7**

* *after taking into account the PD floor*

Counterparty risk

Table 25: Counterparty exposure at default (EAD) by exposure class

Exposure class *(in billions of Euros)*	**Counterparty risk Dec. 31, 2010**		**Counterparty risk Dec. 31, 2009**	
	EAD	**RWA**	**EAD**	**RWA**
Sovereign	12.2	0.5	8.1	0.2
Credit institutions	59.5	4.8	53.1	4.4
Corporate	38.4	16.1	34.4	15.2
Retail	0.2	0.0	0.1	0.0
Securitisation	0.7	0.1	0.4	0.2
TOTAL	**110.9**	**21.6**	**96.1**	**20.0**

The ten most important counterparties in terms of counterparty risk account for 36% of the Group's total exposure to counterparty risk. They are mainly institutional and sovereign counterparties.

Table 26: Counterparty exposure at default (EAD) by geographical region

Counterparty risk *(in billions of Euros)*	**EAD Dec. 31, 2010**	**EAD Dec. 31, 2009**
France	18.1	15.1
EU countries (excluding France)	43.2	41.2
– o/w Eastern European countries	*3.5*	*4.2*
Central and Eastern Europe (excluding EU)	0.2	0.3
Africa/Middle East	1.0	0.7
America	42.7	33.9
Asia	5.7	5.0
TOTAL	**110.9**	**96.1**

Table 27: Under the IRB approach: counterparty exposure at default (EAD) by rating

Counterparty risk – IRB approach *(in billions of Euros)*	**EAD Dec. 31, 2010**	**EAD Dec. 31, 2009**
Counterparty internal rating		
1	9.5	6.6
2	33.2	29.9
3	46.1	38.2
4	10.7	9.8
5	3.6	3.5
6	2.7	2.4
7	0.2	0.5
8 to 10	0.4	1.8
TOTAL	**106.4**	**92.6**

Unimpaired past due exposures, impaired exposures, value adjustments and expected losses

Table 28: Breakdown of unimpaired past due exposures [1] by exposure class

Exposure class *(in billions of Euros)*	**Dec. 31, 2010**		**Dec. 31, 2009**	
	Total	***o/w past due amounts less than 29 days in %***	**Total**	***o/w past due amounts less than 29 days in %***
Sovereign	0.0	11%	0.0	24%
Credit institutions	0.1	51%	0.0	49%
Corporate	2.4	43%	2.4	50%
Retail	4.6	60%	4.5	61%
Securitisation	-	-	-	-
TOTAL	**7.1**	**54%**	**6.9**	**57%**

(1) For further details on this scope, refer to the dedicated paragraph in Note 4 of the consolidated financial statements on page 264 of the Registration Document.

Table 29: Impaired exposures and value adjustments by exposure class

	Impaired exposure Balance sheet Dec. 31, 2010			Impaired exposure Balance sheet Dec. 31, 2009	Individual value adjustments Dec. 31, 2010	Individual value adjustments Dec. 31, 2009	Collective value adjustments Dec. 31, 2010	2010 cost of risk
(in billions of Euros)	Standard approach	IRB approach	Total	Total				
Sovereign	0.0	0.1	0.1	0.2	0.1	0.0		
Credit institutions	0.0	0.4	0.4	0.5	0.2	0.2		
Corporate	5.8	5.3	11.0	8.8	5.3	3.9		
Retail	6.1	6.3	12.4	10.9	6.6	6.3		
Securitisation	0.0	3.7	3.7	4.4	2.0	1.3		
TOTAL	**11.9**	**15.7**	**27.6**	**24.8**	**14.2**	**11.6**	**1.2**	**4.2**

Table 30: Changes in value adjustments*

(in billions of Euros) – Dec. 31, 2010	Asset depreciations at Dec. 31, 2009	Write-backs used	Impairment losses	Write-backs available	Other adjustments (currency and other effects)	Asset depreciations at Dec. 31, 2010	Recoveries associated with written-off assets
Collective value adjustments	(1.2)	0.0	(0.7)	0.7	0.0	(1.2)	
Individual value adjustments	(11.6)	1.5	(6.1)	2.4	(0.5)	(14.2)	(0.2)
TOTAL	**(12.8)**	**1.5**	**(6.8)**	**3.1**	**(0.5)**	**(15.4)**	**(0.2)**

* *Excluding equity instruments*

Table 31: Impaired exposures by geographical region

(in billions of Euros) – Dec. 31, 2010	Impaired exposures Dec. 31, 2010	Individual value adjustments Dec. 31, 2010	Impaired exposures Dec. 31, 2009	Individual value adjustments Dec. 31, 2009
France	9.4	4.3	9.4	3.3
EU countries (excluding France)	4.7	2.3	4.2	1.5
Central and Eastern Europe (excluding EU)	6.9	3.9	4.9	4.1
Africa/Middle East	1.5	1.1	1.4	0.9
America	4.8	2.5	4.6	1.5
Asia	0.3	0.1	0.4	0.3
TOTAL	**27.6**	**14.2**	**24.8**	**11.6**

Table 32: Impaired exposures by industry sector

(in billions of Euros) – Dec. 31, 2010	**Impaired exposures**	**%**
Finance & insurance	4.5	16%
Real estate	2.1	8%
Public administration (incl. extra-territorial activities)	0.1	1%
Food & agriculture	0.5	2%
Consumer goods	0.6	2%
Chemicals, rubber, plastics	0.3	1%
Retail trade	0.5	2%
Wholesale trade (import, export)	1.5	5%
Construction	0.5	2%
Shipbuilding, aircraft & railway industry	0.0	0%
Education and Associations	0.0	0%
Hotels, catering & leisure	0.3	1%
Automobiles	0.2	1%
Electrical, electronic and mechanical equipment and components	0.3	1%
Forestry, paper	0.1	0%
Metals, minerals	0.5	2%
Media	0.2	1%
Oil & Gas	0.0	0%
Health, social services	0.1	0%
Business services (including multi-activity conglomerate)	0.6	2%
Utilities	0.1	0%
Personal & domestic services	0.0	0%
Telecoms	0.0	0%
Transport & logistics	0.5	2%
Retail	12.4	45%
Other	1.7	6%
TOTAL	**27.6**	**100%**

■ Table 33: Under the IRB approach: expected losses (EL) on a one-year horizon by exposure class (excluding defaulted exposure)

	Expected losses (EL), excluding defaulted exposure	
(in billions of Euros)	**Dec. 31, 2010**	**Dec. 31, 2009**
Sovereign	0.0	0.0
Credit institutions	0.1	0.0
Corporate	0.9	1.0
Retail	0.7	0.7
Securitisation	0.0	0.0
TOTAL	**1.7**	**1.7**

The expected losses (EL)/Exposure at default (EAD) ratio stood at 0.32% at December 31, 2010, slightly lower than at December 31, 2009 (0.35%). The ratio is calculated on sovereign, banking, institutional, corporate and retail portfolios.

The European Banking Federation's Pillar 3 working group suggests comparing the EL/EAD ratio with provision amounts in relation to gross exposures. This ratio stood at 2.01% at December 31, 2010, compared with 1.85% at end-2009.

A comparison between expected losses (EL) and realised losses is not relevant in our opinion insofar as the parameters of the expected loss calculation (PD, LGD, EAD) provide estimations throughout the cycle, whereas the realised loss presents a piece of accounting information pertaining to a particular year.

4 SECURITISATIONS

SOCIETE GENERALE'S SECURITISATION STRATEGY AND ACTIVITIES

Definitions

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

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

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

Purpose and strategy

Societe Generale is involved in the following securitisation activities:

- **Agency business:** the bank intervenes in the structuring of securitisation transactions on behalf of third parties, and in the placing of the ensuing notes or bonds. Generally speaking, Societe Generale does not assume direct credit risk in relation to its agency securitisation business, which means that there are no consequent risk-weighted assets and capital requirements.
- **Commercial conduits (sponsor activity):** Societe Generale has set up a number of bankruptcy-remote special purpose entities ("conduits"), with the intention of financing various asset classes (e.g. client receivables and consumer loans) through the issuance of short-term notes and commercial paper. This activity, which is closely integrated in its global commercial and investment banking franchise, helps finance the operating capital needs of some of the bank's major clients. The purpose of this business is to generate fees for structuring and managing these conduits (e.g. structuring, commitment, usage and administration fees). The credit risk related to the associated assets is transferred to third party investors, including the riskier tranches. This being said, Societe Generale may incur ancillary credit risk from this activity in its providing of committed back-up liquidity facilities, interest rate or foreign exchange SWAPs and letters of credit, or when it purchases commercial paper issued by the conduits. Ultimately, the underlying credit risk emerging from the pool of assets is guaranteed by strict underwriting standards, high granularity and diversification as well as by over-collateralisation and other credit enhancement techniques.
- **On balance-sheet financing**: when conducting its origination, sponsoring or underwriting activities, associated with the securitisation of various asset classes, the bank may retain some of the underlying asset risks. Additionally, as part of its global credit portfolio management strategy, Societe Generale may tranche specific pools of assets and sell some of the riskier tranches to third party investors, in order to reduce its overall risk exposure. Furthermore, while the Group primarily relies on its large and stable funding base to fund its operations, Societe Generale, as part of its broader liquidity management strategy, has set up four transactions backed by (i) French consumer loans (October 2008), (ii) French residential mortgages guaranteed by Crédit Logement (January 2009), (iii) Italian auto loans originated by Fiditalia (October 2009) and (iv) loans to French professional clients (November 2010). The resulting securities have helped boost the Group's inventory of assets eligible for European Central Bank refinancing. Given that these transactions do not result in any risk transfer for the bank, their capital requirements are unaffected by the securitisation.

- **Societe Generale as an investor:** in addition to assets arising from its main securitisation activities described above, which may be held on its balance sheet, Societe Generale may occasionally hold securitised assets as an investor, seeking to lock-in a positive net interest margin and an adequate return on the capital employed. While the Group's insurance subsidiaries may also hold securitised assets in their investment portfolios, they are outside the scope of the Group's Basel 2 regulatory banking solvency.

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

2010 activities

The Group's securitisation activity was very limited in 2010, with no significant new transaction during the year. However, the Group continued to optimise and extinguish its legacy assets portfolio, while ABCP conduit business remained comparable to the previous year. In 2010, in order to increase its inventory of assets eligible for European Central Bank refinancing, the Group securitised a portfolio of loans to French professional clients and increased the size of the securitisation of its portfolio of French residential mortgages guaranteed by *Crédit Logement*.

TOTAL SECURITISED EXPOSURES

The securitisation transactions detailed in the following tables represent all the transactions where the Group acted as originator and/or sponsor. Exposures are presented on the basis of their book value gross of provisions as at December 31, 2009 and December 31, 2010. These values cannot be reconciled with data in the Registration Document, mainly because they include assets that have been transferred off the bank's balance sheet. This information is partially produced on the basis of the management reports for the instruments considered.

Table 34: Total exposures securitised by the Group as originator and/or sponsor as at December 31, 2010 and 2009, broken down by exposure class

	Securitised exposures at Dec. 31, 2010				Securitised exposures at Dec. 31, 2009			
	Traditional securitisations		Synthetic securitisations		Traditional securitisations		Synthetic securitisations	
Underlying portfolio *(in millions of Euros)*	**Originator**	**Sponsor**	**Originator**	**Sponsor**	**Originator**	**Sponsor**	**Originator**	**Sponsor**
Residential mortgages	0	2,348	0	0	0	2,821	0	0
Commercial property loans	0	152	0	0	0	166	0	0
Credit card receivables	0	1,359	0	0	0	1,865	0	0
Leasing	0	479	0	0	0	342	0	0
Loans to corporates and SMEs	0	0	349	0	0	0	1,513	0
Consumer loans	0	2,156	0	0	0	2,629	0	0
Trade receivables	0	3,092	0	0	0	3,509	0	0
Securitisations/ Re-securitisations	0	3,283	0	0	0	3,063	0	0
Other assets	0	1,182	0	0	0	187	0	0
2010 total	**0**	**14,052**	**349**	**0**	**0**	**14,582**	**1,513**	**0**

At December 31, 2010, most of the Group's securitised exposures related to traditional securitisations where the Group was the sponsor. The amount of securitised exposures has fallen by EUR 530 million to EUR 14,052 million since December 31, 2009. This trend can be attributed primarily to the decline of nearly 13% in exposures under the ABCP programmes marketed by Societe Generale. The Group was the originator only in the case of synthetic transactions. The significant decline in exposures compared with 2009 primarily reflects the Group's decision to close a synthetic CLO for loans to corporates and SMEs, with the remainder being due mainly to the natural amortisation of CDOs.

The following tables present the exposures securitised by the Group where the underlying assets are subject to payment arrears, default or impairment.

■ Table 35: Securitised exposures subject to Past due, default or impairment as at December 31, 2010 and 2009

(in millions of Euros)	Securitised exposures at Dec. 31, 2010				Securitised exposures at Dec. 31, 2009			
	Payment arrears		Defaulted or impaired		Payment arrears		Defaulted or impaired	
Underlyings	**Originator**	**Sponsor**	**Originator**	**Sponsor**	**Originator**	**Sponsor**	**Originator**	**Sponsor**
Residential mortgages	0	92	0	1	0	90	0	1
Commercial property loans	0	0	0	0	0	0	0	0
Credit card receivables	0	68	0	118	0	147	0	212
Leasing	0	2	0	5	0	8	0	4
Loans to corporates and SMEs	0	0	1	0	55	0	3	0
Consumer loans	0	70	0	8	0	64	0	18
Trade receivables	0	774	0	219	0	737	0	134
Securitisations/ Re-securitisations	0	0	0	487	0	0	0	579
Other assets	0	0	0	0	0	0	0	0
2010 total	**0**	**1,006**	**1**	**838**	**55**	**1,047**	**3**	**947**

This information must be considered in the context of the specific characteristics of the structures used for each transaction and the conduits, which cannot be described here. Taken in isolation, the levels of payment arrears or default do not provide sufficient information on the nature of the exposures securitised by the Group, mainly because the definition of payment arrears and defaults can vary from one transaction to another.

Both payment arrears and defaulted or impaired assets have declined. This reflects the stabilisation of the market and the improved quality of underlying assets. As in 2009, most of the defaulted or impaired assets were to be found in two US RMBS CDOs and in ABCP conduits related to credit card exposures and trade receivables.

SECURITISATION EXPOSURES RETAINED OR PURCHASED

The following tables present the exposures retained or purchased by the Group by type of underlying and by geographical region. These exposures cannot be reconciled with the securitisation exposures published in the Registration Document version 2010 and 2011, mainly because only banking book exposures are used and also because off-balance sheet exposures are included.

Table 36: Securitisation exposures retained or purchased by type of underlying

Underlyings *(in millions of Euros)*	Securitisation exposures retained or purchased Dec. 31, 2010	Dec. 31, 2009
Residential mortgages	7,264	6,600
Commercial property loans	6,575	7,349
Credit card receivables	1,946	2,596
Leasing	917	738
Loans to corporates and SMEs	5,914	7,137
Consumer loans	3,379	3,950
Trade receivables	4,416	4,772
Securitisations/ Re-securitisations	6,903	3,316
Other assets	4,574	7,111
Total	**41,887**	**43,567**

At end-December 2010, Societe Generale's exposure to securitisation transactions totalled EUR 41.9 billion, of which EUR 26.5 billion in on-balance sheet assets and EUR 15.4 billion in off-balance sheet commitments, mainly associated with liquidity facilities granted to the securitisation conduits sponsored by Societe Generale. Societe Generale's securitisation exposures cover all asset classes, with a slightly higher share for residential mortgages and commercial property loans as well as CDOs.

During 2010, the Group's securitisation exposures fell by EUR 1,681 million, or nearly 4% compared with 2009. All exposure classes showed a decline, except for residential mortgages and re-securitisations. The overall decline in exposures reflects the natural amortisation of effective exposures, as well as transfers and value adjustments related to legacy asset exposures. The dollar's appreciation by more than 7% in one year may have contributed to the increase in RMBS mortgage loans and re-securitisations, where the dollar is the dominant currency. The reclassification of several CDOs following the realisation of protection purchased from a monoline insurer during 2010 also explains the increase in re-securitisations.

Table 37: Securitisation exposures retained or purchased by geographical origin of underlying

Underlyings *(in millions of Euros)*	Securitisation exposures retained or purchased Dec. 31, 2010	Dec. 31, 2009
Americas	25,133	22,712
Asia	2,593	3,281
Europe	10,969	11,114
Other	3,192	6,460
Total	**41,887**	**43,567**

Only securitisation exposures based on assets located in the Americas region increased during 2010. This reflects both the impact of the dollar's appreciation in 2010 and the reclassification of certain CDOs mentioned previously. At end-December 2010, the Americas region accounted for 60% of exposures compared with 26% for Europe.

CALCULATION OF RISK-WEIGHTED EXPOSURES

Approach for calculating risk-weighted exposures

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

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

The Group's securitisation positions are predominantly valued using the Internal Ratings Based (IRB) approach, with Societe Generale also resorting to specific alternative valuations included in the CRD. Less than 3% of the bank's securitisation exposures are calculated using the Standardised Approach (SA) whereby risk-weighted assets are determined on the basis of ratings assigned by rating agencies (e.g. 20% for instruments rated between AAA and AA -, 50% for those rated between A+ and A-, etc.).

The IRB approach is subdivided into three possible calculations:

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

The following table presents the bank's securitisation exposures broken down by risk weight bands as at December 31, 2010 and December 31, 2009.

■ Table 38: EAD subject to a risk weight

(in millions of Euros)			Dec. 31, 2010			Dec. 31, 2009
Risk weight band	**EAD (IRB approach)**	**EAD (standard approach)**	**Total**	**EAD (IRB approach)**	**EAD (standard approach)**	**Total**
6% – 10%	13,185	0	13,185	16,061	0	16,061
12% – 18%	1,858	0	1,858	1,081	0	1,081
20% – 35%	744	0	744	712	0	712
50% – 75%	758	0	758	683	32	715
100%	344	20	364	351	0	351
250%	124	0	124	131	0	131
425%	364	0	364	113	0	113
650%	54	0	54	169	0	169
1250%	1,990	0	1,990	3,582	0	3,582
EAD subject to a risk weight	**19,421**	**20**	**19,442**	**22,884**	**32**	**22,916**
Supervisory formula approach	2,100	0	2,100	3,033	0	3,033
Look-through approach	0	955	955	0	1,060	1,060
Internal evaluation approach (ABCP programmes)	12,239	0	12,239	13,655	0	13,655
Total EAD before deductions from regulatory capital	**33,760**	**975**	**34,735**	**39,571**	**1,092**	**40,664**
Exposures deducted from regulatory capital	4,256	0	4,256	1,864	0	1,864
Total securitisation-related EAD	**38,016**	**975**	**38,992**	**41,436**	**1,092**	**42,528**

(1) Exposures risk-weighted at 1250% correspond solely to fully provisioned exposures. Amounts giving rise to deductions from regulatory capital are included in the exposure and capital requirement tables presented below.

At December 31, 2010, around 58% of the bank's IRB exposures were risk-weighted using the RBA approach, 6% using the Supervisory Formula and nearly 36% using the IAA approach. Under the standard approach, the bank's risk-weighted exposures relative to securitisation positions and related capital requirements were evaluated based on a look-through method.

External Credit Assessment Institutions used by Societe Generale

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

REGULATORY CAPITAL REQUIREMENTS

At end-2010, Societe Generale's exposures evaluated under the standard approach and IRB approach were as follows:

Table 39: Capital requirements relating to securitisations

(in millions of Euros)	On-balance sheet/off-balance sheet exposure	EAD	Deduction from regulatory capital	EAD after regulatory capital deduction	RWA	Capital requirements
Originator – IRB	241	241	0	241	29	2
Originator – SA	0	0	0	0	0	0
Total as originator	**241**	**241**	**0**	**241**	**29**	**2**
Investor – IRB	23,158	23,158	(3,273)	19,885	4,720	378
Investor – SA	1,982	168	0	168	20	2
Total as investor	**25,139**	**23,325**	**(3,273)**	**20,052**	**4,741**	**379**
Sponsor – IRB	15,699	14,618	(983)	13,635	1,262	101
Sponsor – SA	808	808	0	808	499	40
Total as sponsor	**16,507**	**15,425**	**(983)**	**14,442**	**1,761**	**141**
2010 TOTAL	**41,887**	**38,992**	**(4,256)**	**34,735**	**6,531**	**522**
o/w traditional securitisations	40,039	37,143	(3,998)	33,146	6,407	513
o/w synthetic securitisations	1,848	1,848	(259)	1,590	124	10
2009 TOTAL	**43,567**	**42,528**	**(1,864)**	**40,664**	**6,463**	**517**

The increase in exposures deducted from regulatory capital reflects the deterioration in the ratings of some traditional securitisations such as RMBS and RMBS CDO and the cumulative effect of the negative currency impact related to the dollar's appreciation. Similarly, the slight increase in risk-weighted assets, despite the decline in exposures, reflects the deterioration in some investor positions, particularly RMBS CDO which posted high cumulative losses. However, risk-weighted assets related to sponsor and originator activities fell significantly. The sponsor activity experienced a much faster decline in its risk-weighted assets (-33% in one year) than its exposures (-9%), which reflects the improved quality of underlyings.

4 SECURITISATIONS

5 EQUITY RISK

INVESTMENT STRATEGIES AND PURPOSES

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

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

MONITORING OF BANKING BOOK EQUITY INVESTMENTS AND HOLDINGS

The portfolio of equity investments in non-banking corporations is monitored on a monthly basis by the Group Finance Division and any value adjustments are recognised on a quarterly basis in accordance with the Group's impairment policy. The portfolio is also reviewed annually by a dedicated committee consisting of representatives from the Group's Executive Committee, as well as the Risk and Finance Divisions. The purpose of this review is to validate the portfolio's strategic objectives and assess the strategic nature of these holdings, as well as disposal opportunities. Investment decisions are also submitted to this Committee.

Holdings that are ancillary to Corporate and Investment Banking activities are subject to quarterly monitoring by the Group Finance Division and any value adjustments are recognised on a quarterly basis in accordance with the Group's impairment policy. Investment or disposal decisions are submitted to an Investment Committee consisting of representatives from the Executive Committee, as well as the Risk, Finance and Compliance Divisions. These decisions are also reviewed by Corporate and Investment Banking's Finance Division and the Group Finance Division. Decision-making criteria incorporate both intrinsic financial considerations and an analysis of the contribution of investments to the Corporate and Investment Banking business's activities.

VALUATION OF BANKING BOOK EQUITIES

Fair value of Available-for-sale equity holdings

From an accounting perspective, Societe Generale's exposures to non-trading equities are classified as Available-for-sale (AFS) financial assets, as they may be held for indeterminate periods of time and be sold at any time. Societe Generale's exposure to equities that are not part of the trading book is equal to their book value net of provisions.

The following table presents these exposures at end-December 2009 and 2010. The amounts are not comparable with the portfolio of Available-for-sale (AFS) securities, as presented in the Registration Document, mainly on account of differences between the IFRS accounting scope and the prudential scope.

Table 40: Exposure to banking book equities

(in millions of Euros)	Dec. 31, 2010	Dec. 31, 2009
Equities and other similar equity instruments	8,024	7,837
Long-term equity investments	3,992	3,928
Equities and holdings in the portfolio of AFS financial assets (IFRS)	**12,016**	**11,765**
Regulatory exposures to banking book equities and holdings– Listed shares	1,179	1,399
Regulatory exposures to banking book equities and holdings– Unlisted shares	1,409	1,848
Regulatory exposures to banking book equities and holdings	**2,588**	**3 247**
Gains and losses on the disposal of shares	203	877
Asset impairment related to the holdings portfolio	(217)	(1,802)
Share on the basis of the net income of the holdings portfolio	317	324
Realised net gains/ losses from banking book equities and holdings	**302**	**(602)**
Unrealised gains/losses on holdings	1,728	1,583
o/w share included in Tier 1 or Tier 2 capital	**383**	**328**

Changes in fair value are recorded in the Group's shareholders' equity under "Unrealised or deferred gains or losses". Changes in fair value are recorded in the income statement when assets are sold or durably impaired, in which case they are reported as "Net gains or losses on AFS financial assets". Dividend income earned on these securities is booked in the income statement under "Dividend income".

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

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

Impairment policy

The impairment of an available-for-sale financial asset is recognised as an expense in the income statement if there is objective evidence of impairment resulting from one or more events subsequent to the initial recognition of this asset.

For listed equity instruments, a significant or prolonged decline in their prices below their acquisition cost constitutes objective evidence of impairment. The Group believes this to be particularly true for listed shares that at the balance sheet closing date present unrealised losses representing more than 50% of their acquisition cost as well as for listed shares representing an unrealised loss for a continuous period of 24 months or more prior to the balance sheet closing date. Other factors, such as the issuer's financial situation or its growth prospects may lead the Group to believe that it is unlikely to recover its investment even though the above-mentioned criteria are not fulfilled. An impairment expense is therefore recognised in the income statement for the difference between the share's quoted price at the balance sheet closing date and its acquisition cost.

For unlisted equity instruments, the impairment criteria adopted are identical to those mentioned above, with the value of instruments at the balance sheet closing date determined on the basis of the valuation methods described in Note 3 of Societe Generale's 2011 Registration Document "Fair Value of Financial Instruments".

REGULATORY CAPITAL REQUIREMENT

For the calculation of risk-weighted assets under Basel 2, the Group applies the simple Internal Ratings Based approach for the larger part of its non-trading equity portfolio. As such, shares in listed companies included in diversified portfolios are risk-weighted at 190%, those in other listed companies are risk-weighted at 290% and unlisted shares are risk-weighted at 370%. However, unlisted equity holdings included in diversified portfolios and acquired before January 2008 may be weighted at 150%.

2009 data have been restated to ensure they correspond to the data in COREP statements. As a result, exposures to equities related to activities classified as ancillary activities or organisations within the industry and weighted at 100% have been removed as they are already recognised in COREP statements in other categories, notably sovereign exposures and corporate exposures.

At December 31, 2010, the Group's risk-weighted assets related to non-trading equities and the associated capital requirements were as follows:

Table 41: Capital requirements of banking book equities [1]

(in millions of Euros)	Portfolio	Method	EAD	RWA	Capital requirements
150% risk weighted	Private equity	Standard	165	247	20
190% risk weighted	Listed entities	IRB	194	368	29
290% risk weighted	Listed entities	IRB	739	2,143	171
370% risk weighted	Unlisted entities	IRB	1,009	3,733	299
2010 total			**2,106**	**6,491**	**519**
2009 total			**2,290**	**7,148**	**572**

Note1: Excluding treasury investments

Against the general backdrop of an appreciation in stocks and shares during 2010, the decline in risk-weighted assets related to the Group's exposure to equity investments and holdings reflects a decline in risk-weighted assets both for listed and unlisted entities.

6 MARKET RISK

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.

THE 99% VALUE AT RISK (VaR) METHOD

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.

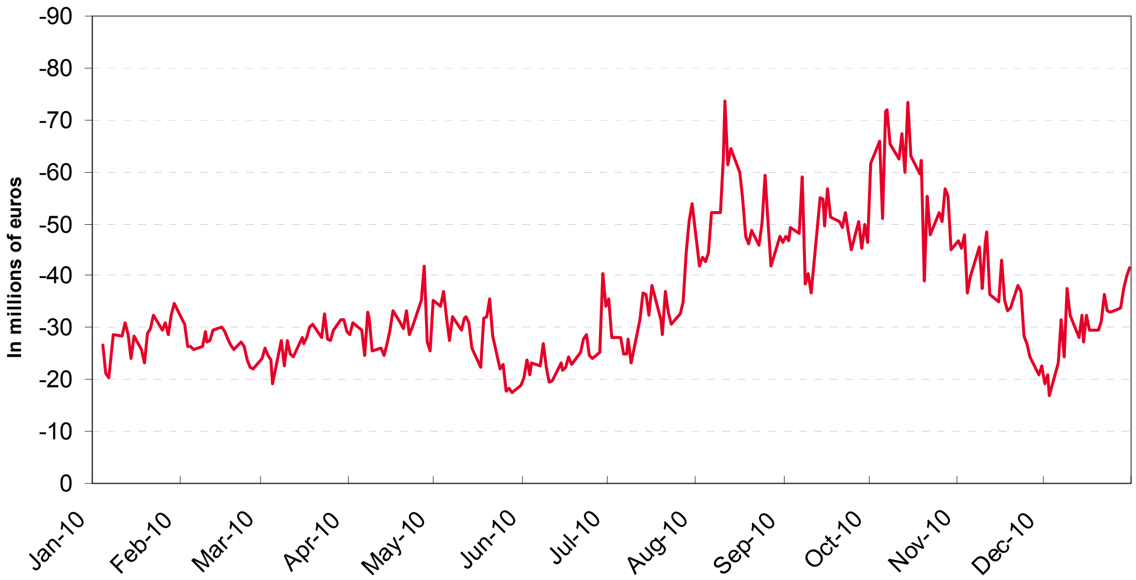
The Group mitigates these limitations by:

- 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.

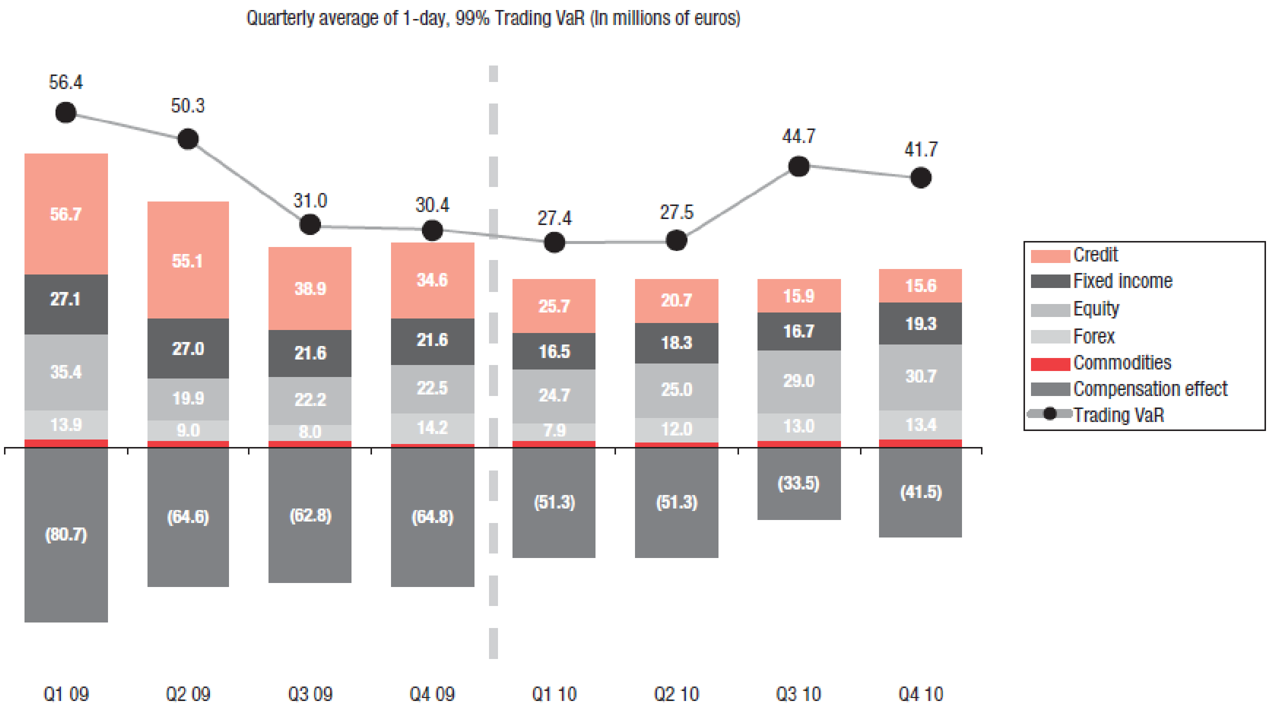
Today, the market risks for almost all of Corporate and Investment Banking’s market activities are covered by the VaR method, including those related to the most complex products, as well as certain Retail Banking and Private Banking activities outside France.

The changes in the VaR of the Group's trading activities in 2010, for the entire monitoring scope, are presented below:

- Table 42: Trading VaR (trading portfolio) changes over the course of 2010 (1 day, 99%) in millions of euros



- Table 43: 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.

Table 44: Breakdown of trading VaR by type of risk – 2010 (in %)

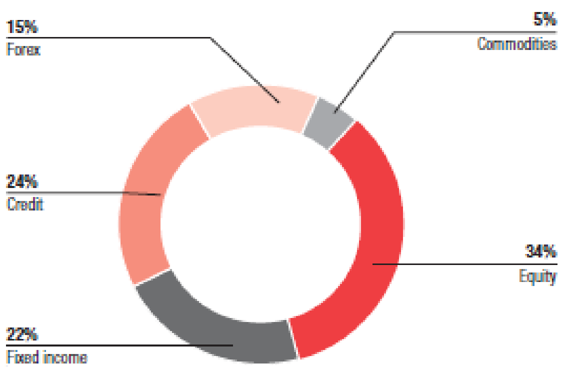
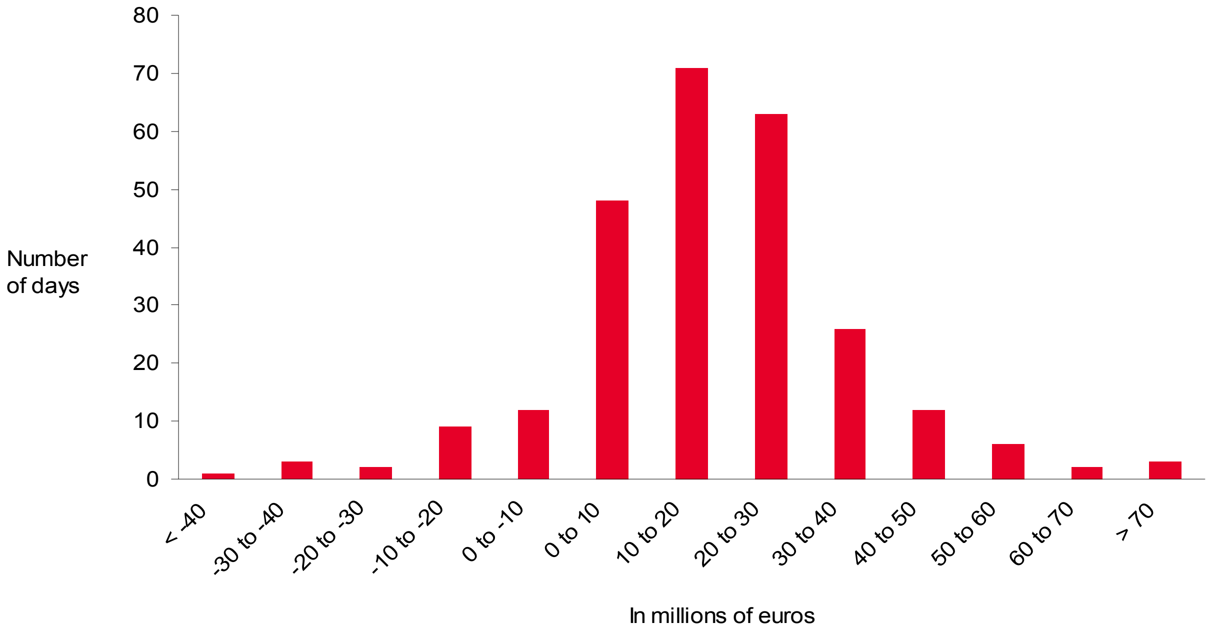


Table 45: Daily trading P&L – 2010 (in millions of euros)



STRESS TEST ASSESSMENT

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

A stress test estimates the loss resulting from an extreme change in market 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;

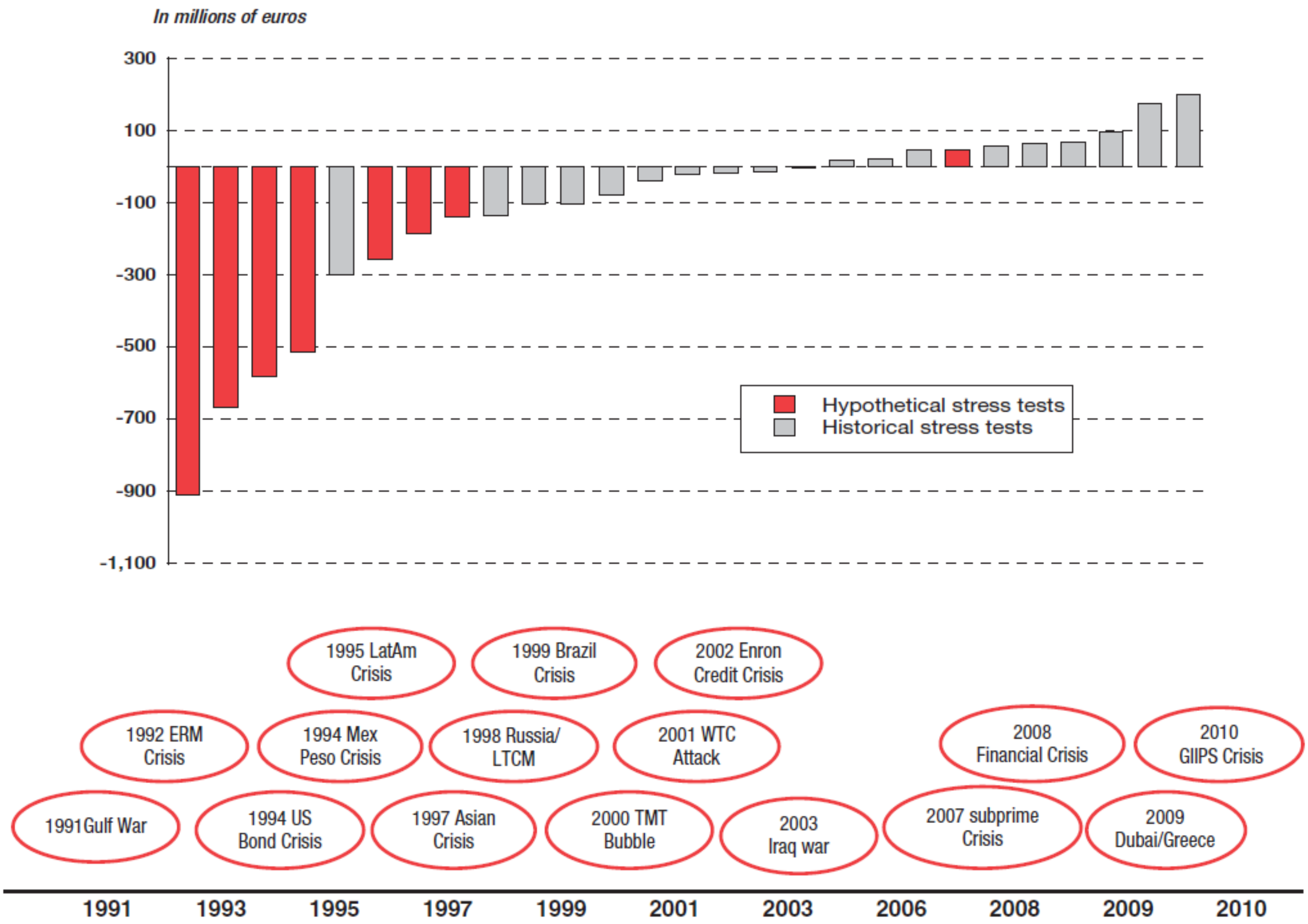
- Yen carry trade unwinding: change in monetary policy in Japan leading to yen carry trade strategies being abandoned: significant widening of credit spreads, decline in JPY interest rates, rise in US and euro zone long-term interest rates and flight to quality.

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.

Table 46: Average amounts for historical and hypothetical stress tests in 2010 (in millions of Euros)



CAPITAL REQUIREMENTS

Societe Generale's capital requirements in respect of market risk are mainly determined using an approach based on internal models (89% in 2010). For 2010, these capital requirements were concentrated on interest rate risk and the risk related to trading book shares and equity securities.

Table 47: Capital requirements by specific risk sub-factor

(in millions of Euros)		Dec. 31, 2010			Dec. 31, 2009	
Market risk	**Internal models approach**	**Standard approach**	**Total**	**Internal models approach**	**Standard approach**	**Total**
Interest rate risk	514	55	569	632	69	701
Risks related to trading book shares and equity securities	371	7	378	231	6	237
Foreign exchange risk	19	44	63	9	133	142
Risks related to commodity positions	24	12	36	6	26	32
Total	**928**	**118**	**1, 046**	**878**	**234**	**1,112**

Capital requirements related to market risk fell by nearly 6% overall in 2010. This decline can be attributed to a number of different factors: the increase in the risk related to trading book shares and equity securities and, to a lesser extent, the risk related to commodity positions, which were more than offset by a decline in the foreign exchange risk and interest rate risk.

7 INTEREST RATE RISK

STRATEGY AND PROCESSES

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

Structural exposure to interest rate risk encompasses all exposures due to i) the commercial activity of the Group's various entities (hereinafter referred to as the "banking book") and ii) the proprietary activity (equity transactions, refinancing investments and transactions) of Group entities. Interest rate risks associated with trading activities are excluded from the scope of structural interest rate risk, and are dealt with under market risk. The structural and market exposures constitute the overall interest rate exposure of the Group.

Governance

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

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

Group norms and procedures set precise guidelines for:

- Policy implementation and management of structural interest rate risk.
- Investment norms covering entities' shareholders' equity.
- How structural and market interest rate risks are to be differentiated.

Organisation

The Group's Management is involved in managing the banking book's interest rate risk through the Group's quarterly Finance Committee meetings, which approve the management principles and sensitivity limits for each entity. It examines the management reports and analyses prepared by the Finance Division. The Finance Committee is also kept regularly informed of the main changes made to the ALM models used by the retail banking network in France (particularly the amortisation rules for current accounts and regulated savings accounts).

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

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

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

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

(1) For more information on the management of other structural risks encompassed by Societe Generale's ALM, see the Group's 2011 Registration Document.

INTEREST RATE RISK MANAGEMENT METHODOLOGY AND OBJECTIVES

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

Whenever possible, commercial transactions are hedged against interest rate risk, either through micro-hedging (individual hedging of each commercial transaction), or macro-hedging (global hedging of portfolios of similar commercial transactions). These principles also apply for proprietary transactions. The interest rate risk exposure on the banking book therefore results only from residual positions. The sensitivity of residual positions must comply with the limits set for each entity, and for the Group overall, as approved by the Finance Committee.

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

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

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

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

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

KEY INTEREST RATE RISK INDICATORS

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

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

Sensitivity limits for the economic value are set for each entity and periodically reviewed by the Group Finance Division. The Group's global sensitivity limit is currently set at EUR 1 billion, which represents 2.5% of Societe Generale's total regulatory capital.

INTEREST RATE RISK INDICATORS AT END-2010

At December 31, 2010, the sensitivities of the economic value by currency in the case of different movements in the yield curve were as follows:

Table 48: Measurement of the sensitivity of the balance sheet's economic value, by currency, to interest rate variations as at December 31, 2010

(in millions of Euros) – Dec. 31, 2010	Sensitivity by currency							
Level of sensitivity by currency	**EUR**	**USD**	**GBP**	**JPY**	**CZK**	**RUB**	**Others**	**Total**
Parallel increase in interest rates of 200 basis points	(574.3)	(111.6)	17.6	16.3	29.7	83.1	74.6	**(464.6)**
Parallel decrease in interest rates of 200 basis points	(752.8)	121.5	(20.4)	(19.8)	(37.0)	(95.2)	(81.1)	**(884.7)**
Parallel increase in interest rates of 100 basis points	(271.4)	(56.9)	9.1	8.5	15.7	43.0	38.2	**(213.9)**
Parallel decrease in interest rates of 100 basis points	(37.2)	59.4	(9.8)	(9.4)	(17.5)	(46.0)	(39.8)	**(100.3)**
Parallel increase in interest rates of 50 basis points	(121.3)	(28.8)	4.6	4.4	8.1	21.8	19.3	**(91.8)**
Parallel decrease in interest rates of 50 basis points	146.1	4.2	1.8	1.0	(1.7)	7.9	6.0	**165.3**
Parallel increase in interest rates of 10 basis points	(19.7)	(5.8)	0.9	0.9	1.6	4.4	3.9	**(13.7)**
Parallel decrease in interest rates of 10 basis points	14.4	5.8	(0.9)	(0.9)	(1.7)	(4.5)	(3.9)	**8.3**
Steepening of the yield curve	(96.3)	16.8	2.5	3.4	10.2	15.6	18.9	**(28.9)**
Flattening of the yield curve	27.6	(16.4)	(2.6)	(3.5)	(10.7)	(15.8)	(18.4)	**(39.7)**

The main assumptions used to measure sensitivity concern early loan repayment and the behaviour of deposits without a contractual term. The assumptions of early loan repayment rates is based on historical data by entity and type of product.

Modelling the behaviour of deposits without a contractual term allows a volatile component and a stable component to be identified. The volatile component is scheduled on a short-term basis, i.e one month. The stable component is scheduled to mature over a number of years, depending on the depth and representativeness of the historical data. The risk of a liquidity crisis arising in a given country, as provided by the analyses prepared by the Risk division, is also taken into account.

The results of the analysis of the Group's sensitivity to interest rate variations are different from those published in the 2011 Registration Document, for three reasons: firstly, the prudential scope is different from the accounting scope. Secondly, in the common scope, it was only possible to take into account 83% of outstanding amounts when the Registration Document was produced compared with 100% for Pillar III. Finally, unlike the Registration Document, the calculations for interest rate risk sensitivity used in this report also take into account optional elements relating to the French Networks, inherent notably in mortgages and home-ownership savings plans (PEL).

An analysis of the Group's sensitivity to interest rate variations shows a substantial asymmetry to the decline in interest rates. This is due primarily to the modelling of the French Networks' optional elements: mortgages and, to a lesser extent, home-ownership savings plans, which exhibit greater elasticity to a decline than to a rise in interest rates.

8 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.

(1) See Chapter 5 of the Registration Document, Chairman's Report on internal control and risk management, page 96.
(2) See Chapter 5 of the Registration Document, Chairman's Report on internal control and risk management, page 97.
(3) See Chapter 9 of the Registration Document, page 212.
(4) See Chapter 5 of the Registration Document, Chairman's Report on internal control and risk management, page 100.
(5) See Chapter 8 of the Registration Document, page 162, and chapter 9 of the Registration Document, page 212.

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.

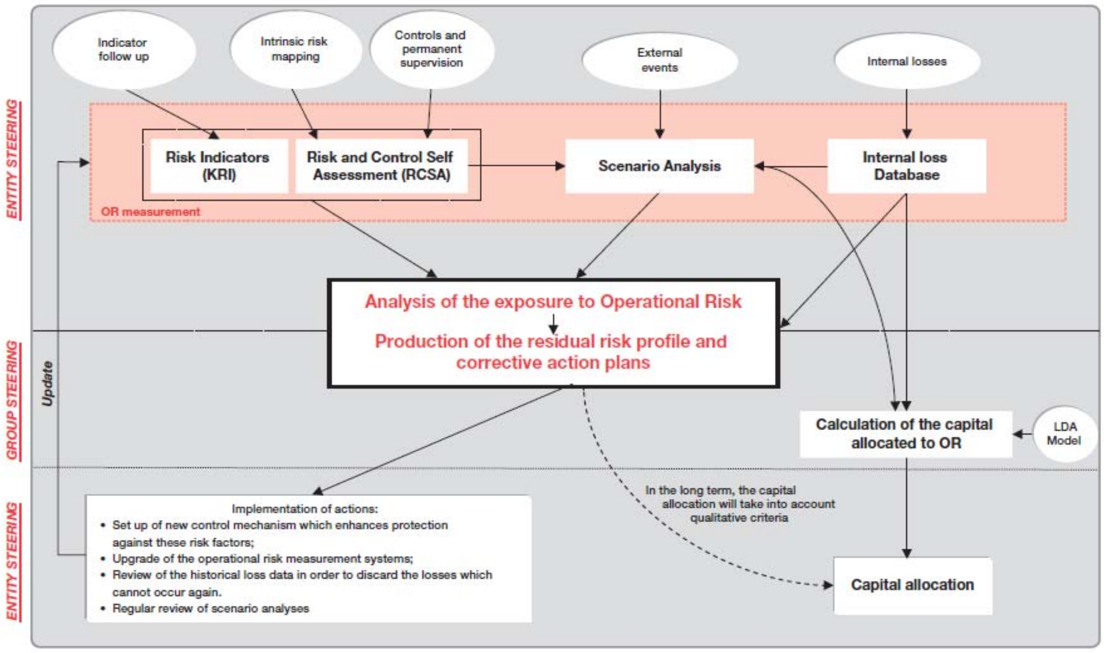
In 2007, the French Prudential Supervisory Authority conducted an in-depth review of the system in place at Societe Generale. As a result, it authorised the Group to use the most advanced measurement approach, as defined by the Basel 2 Accord (i.e. the AMA or Advanced Measurement Approach) to calculate the 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.

Table 49: Operational risk monitoring process



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.

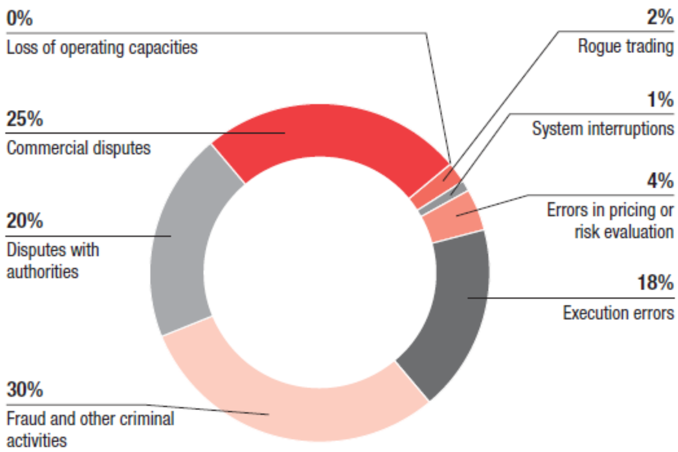
For regulatory requirements, two calculations are carried out, one including, and the other excluding, coverage from existing insurance policies. The aim is to verify that the reduction applied to the total capital requirement as a result of these policies remains below the maximum 20% threshold set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

- Table 50: Operational risk losses (excluding exceptional rogue trading loss): breakdown by Societe Generale risk category (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.