CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007

(audited figures)

CONTENTS

FINANCIAL STATEMENTS

Consolidated balance sheet	1
Consolidated income statement	3
Changes in shareholder's equity	4
Cash flow statement	6

ACCOUNTING PRINCIPLES, CHANGES IN CONSOLIDATION SCOPE, FAIR VALUE OF FINANCIAL INSTRUMENTS AND MANAGING THE RISKS LINKED TO FINANCIAL INSTRUMENTS

Note 1	Significant accounting principles	7
Note 2	Changes in consolidation scope and business combinations	31
Note 3	Fair value of financial instruments	34
Note 4	Managing the risks linked to financial instruments	40

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note 5	Cash, due from central banks	61
Note 6	Financial assets and liabilities at fair value through profit and loss	62
Note 7	Hedging derivatives	64
Note 8	Available for sale financial assets	65
Note 9	Non current assets held for sale	66
Note 10	Due from banks	67
Note 11	Customer loans	68
Note 12	Lease Financing and similar agreements	69
Note 13	Held to maturity financial assets	70
Note 14	Tax assets and liabilities	71
Note 15	Other assets	72
Note 16	Tangible and intangible fixed assets	73
Note 17	Goodwill affected by Business Unit	74
Note 18	Due to banks	75
Note 19	Customer deposits	76
Note 20	Securitized debt payables	77
Note 21	Other liabilities	78
Note 22	PEL/CEL mortgage savings accounts	79
Note 23	Provisions and depreciation	80
Note 24	Employee benefits	81
Note 25	Subordinated debt	84
Note 26	Société Générale ordinary shares, treasury shares, shares held by employees	85
Note 27	Commitments	86
Note 28	Assets pledged as security	88
Note 29	Breakdown of assets and liabilities by term to maturity	89
Note 30	Foreign exchange transactions	90
Note 31	Insurance activities	91

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 32	Interest income and expense	93
Note 33	Fee income and expense	95
Note 34	Net gains or losses on financial instruments at fair value through P&L	96
Note 35	Net gains or losses on available for sale financial assets	97
Note 36	Income and expenses from other activities	98
Note 37	Personnel expenses	99
Note 38	Share-based payment plans	100
Note 39	Cost of risk	103
Note 40	Net loss on unauthorized and concealed trading activities	104
Note 41	Income tax	105
Note 42	Earnings per share	106

TRANSACTIONS WITH RELATED PARTIES, CONSOLIDATION SCOPE AND SECTOR INFORMATION

Note 43	Transactions with related parties	107
Note 44	Companies included in the consolidation scope	109
Note 45	Sector information	113

POST-CLOSING EVENTS

Note 46	Post-closing events	117

CONSOLIDATED BALANCE SHEET

Assets

(in millions of euros)		*IFRS* December 31, 2007	December 31, 2006
Cash, due from central banks	Note 5	11,302	9,358
Financial assets measured at fair value through profit and loss	Note 6	489,959	453,207
Hedging derivatives	Note 7	3,709	3,668
Available for sale financial assets	Note 8	87,808	78,754
Non current assets held for sale	Note 9	14,229	34
Due from banks	Note 10	73,065	68,157
Customers loans	Note 11	305,173	263,547
Lease financing and similar agreements	Note 12	27,038	25,027
Revaluation differences on portfolios hedged against interest rate risk		(202)	(20)
Held to maturity financial assets	Note 13	1,624	1,459
Tax assets	Note 14	3,933	1,503
Other assets	Note 15	35,000	34,514
Investments in subsidiaries and affiliates accounted for by the equity method		747	646
Tangible and intangible fixed assets	Note 16	13,186	12,072
Goodwill	Note 17	5,191	4,915
Total		**1,071,762**	**956,841**

Liabilities

(in millions of euros)		*IFRS* December 31, 2007	December 31, 2006
Due to central banks		3,004	4,183
Financial liabilities measured at fair value through profit and loss	Note 6	340,751	298,693
Hedging derivatives	Note 7	3,858	2,826
Non current liabilities held for sale	Note 9	15,080	-
Due to banks	Note 18	131,877	129,835
Customer deposits	Note 19	270,662	267,397
Securitized debt payables	Note 20	138,069	100,372
Revaluation differences on portfolios hedged against interest rate risk		(337)	143
Tax liabilities	Note 14	2,400	1,959
Other liabilities	Note 21	46,052	39,326
Underwriting reserves of insurance companies	Note 31	68,928	64,583
Provisions	Note 23 Note 40	8,684	2,579
Subordinated debt	Note 25	11,459	11,513
Total liabilities		**1,040,487**	**923,409**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Common stock		583	577
Equity instruments and associated reserves		7,514	6,294
Retained earnings		17,551	14,773
Net income		947	5,221
Sub-total		**26,595**	**26,865**
Unrealized or deferred capital gains or losses		646	2,189
Sub-total equity, Group share		**27,241**	**29,054**
Minority interests		4,034	4,378
Total equity		**31,275**	**33,432**
Total		**1,071,762**	**956,841**

CONSOLIDATED INCOME STATEMENT

(in millions of euros)		*IFRS* **December 31, 2007**	*IFRS* **December 31, 2006**
Interest and similar income	Note 32	38,093	30,056
Interest and similar expense	Note 32	(35,591)	(26,944)
Dividend income		400	293
Fee income	Note 33	10,745	9,242
Fee expense	Note 33	(3,217)	(2,389)
Net gains or losses on financial transactions		10,252	10,984
o/w net gains or losses on financial instruments at fair value through profit and loss	Note 34	*9,307*	*10,360*
o/w net gains or losses on avalaible-for-sale financial assets	Note 35	*945*	*624*
Income from other activities	Note 36	16,084	16,763
Expenses from other activities	Note 36	(14,843)	(15,588)
Net banking income		**21,923**	**22,417**
Personnel expenses	Note 37	(8,172)	(8,350)
Other operating expenses		(5,348)	(4,635)
Amortization, depreciation and impairment of tangible and intangible fixed assets		(785)	(718)
Gross operating income		**7,618**	**8,714**
Cost of risk	Note 39	(905)	(679)
Operating income excluding net loss on unauthorized and concealed trading activities		**6,713**	**8,035**
Net loss on unauthorized and concealed trading activities	Note 40	**(4,911)**	
Operating income including net loss on unauthorised and concealed trading activities		**1,802**	**8,035**
Net income from companies accounted for by the equity method		44	18
Net income/expense from other assets		40	43
Impairment losses on goodwill		-	(18)
Earnings before tax		**1,886**	**8,078**
Income tax	Note 41	(282)	(2,293)
Consolidated net income		**1,604**	**5,785**
Minority interests		657	564
Net income, Group share		**947**	**5,221**
Earnings per share	Note 42	**1.98**	**12.33**
Diluted earnings per share	Note 42	**1.96**	**12.16**

For information, the earning per share and diluted earning excluding the net loss on unauthorized and concealed trading activities of EUR 3.221 million after tax, are shown below :

Earning per share excluding net loss on unauthorized and concealed trading activities	*Note 42*	***9.37***	***12.33***
Diluted earning per share excluding net loss on unauthorized and concealed trading activities	*Note 42*	***9.25***	***12.16***

CHANGES IN SHAREHOLDERS' EQUITY

	Capital and associated reserves			Consolidated reserves	Unrealized or deferred capital gains or losses								
(in millions of euros)	Common stock	Equity instruments and associated reserves	Elimination of treasury stock	Retained earnings	Translation reserves	Change in fair value of assets available for sale	Change in fair value of hedging derivatives	Tax impact	**Shareholders' equity, Group share**	Minority interests (5)	Unrealized or deferred capital gains or losses, minority interests	**Shareholders' equity, minority interests**	**Total consolidated shareholders' equity**
Shareholders' equity at December 31, 2005	**543**	**5,244**	**(1,435)**	**16,544**	**429**	**1,916**	**67**	**(265)**	**23,043**	**3,911**	**246**	**4,157**	**27,200**
Increase in common stock	34	2,791							2,825				2,825
Elimination of treasury stock			(425)	217					(208)				(208)
Issuance of equity instruments				22					22				22
Equity component of share-based payment plans		119							119				119
2006 Dividends paid				(1,966)					(1,966)	(415)		(415)	(2,381)
Effect of acquisitions and disposals on minority interests				(44)					(44)	106		106	62
Sub-total of changes linked to relations with shareholders	***34***	***2,910***	***(425)***	***(1,771)***	***-***	***-***	***-***	***-***	***748***	***(309)***	***-***	***(309)***	***439***
Change in value of financial instruments and fixed assets having an impact on equity						830	(39)	(14)	777		53	53	830
Change in value of financial instruments and fixed assets recognized in income						(392)		37	(355)		(7)	(7)	(362)
2006 Net income for the period				5,221					5,221	564		564	5,785
Sub-total	***-***	***-***	***-***	***5,221***	***-***	***438***	***(39)***	***23***	***5,643***	***564***	***46***	***610***	***6,253***
Change in equity of associates and joint ventures accounted for by the equity method						1			1				1
Translation differences and other changes					(381)				(381)		(80)	(80)	(461)
Sub-total	***-***	***-***	***-***	***-***	***(381)***	***1***	***-***	***-***	***(380)***	***-***	***(80)***	***(80)***	***(460)***
Shareholders' equity at December 31, 2006	**577**	**8,154**	**(1,860)**	**19,994**	**48**	**2,355**	**28**	**(242)**	**29,054**	**4,166**	**212**	**4,378**	**33,432**
Increase in common stock (1)	6	530							536				536
Elimination of treasury stock (2)			(1,604)	46					(1,558)				(1,558)
Issuance of equity instruments (3)		2,081		44					2,125				2,125
Equity component of share-based payment plans (4)		213							213				213
2007 Dividends paid				(2,397)					(2,397)	(299)		(299)	(2,696)
Effect of acquisitions and disposals on minority interests (6) (7)				(127)					(127)	(599)		(599)	(726)
Sub-total of changes linked to relations with shareholders	***6***	***2,824***	***(1,604)***	***(2,434)***	***-***	***-***	***-***	***-***	***(1,208)***	***(898)***	***-***	***(898)***	***(2,106)***
Change in value of financial instruments and fixed assets having an impact on equity						(214)	73		(141)		(15)	(15)	(156)
Change in value of financial instruments and fixed assets recognized in income						(941)			(941)		(12)	(12)	(953)
Tax impact on change in value of financial instruments and fixed assets having an impact on equity or recognized in income								90	90				90
2007 Net income for the period				947					947	657		657	1,604
Sub-total	***-***	***-***	***-***	***947***	***-***	***(1,155)***	***73***	***90***	***(45)***	***657***	***(27)***	***630***	***585***
Change in equity of associates and joint ventures accounted for by the equity method													
Translation differences and other changes (8)				(9)	(551)				(560)		(76)	(76)	(636)
Sub-total	***-***	***-***	***-***	***(9)***	***(551)***	***-***	***-***	***-***	***(560)***	***-***	***(76)***	***(76)***	***(636)***
Shareholders' equity at December 31, 2007	**583**	**10,978**	**(3,464)**	**18,498**	**(503)**	**1,200**	**101**	**(152)**	**27,241**	**3,925**	**109**	**4,034**	**31,275**

(1) At December 31, 2007, Société Générale's fully paid-up capital amounted to EUR 583,228,241.25 and was made up of 466,582,593 shares with a nominal value of EUR 1.25.
In 2007, Société Générale operated several capital increases for EUR 6.4 million with EUR 530 million of issuing premiums.
- EUR 5.7 million subscribed by employees under the Employee Share Ownership Plan, with EUR 493 million of issuing premiums,
- EUR 0.7 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 37 million issuing premiums.

(2) At December 31, 2007, the Group held 37,790,738 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 8.10% of the capital of Société Générale.
The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 3,464 million, including EUR 798 million for shares held for trading purposes.

The change in treasury stock over 2007 breaks down as follows:

(in millions of euros)	Transaction-related activities	Buybacks and active management of Shareholders' equity	Total
Purchases net of disposals	(449)	(1,155)	(1,604)
	(449)	(1,155)	(1,604)
Capital gains net of tax on treasury shares and treasury share derivatives, booked und shareholders' equity	(4)	(4)	(8)
Related dividends, removed from consolidated results	7	47	54
	3	43	46

(3) Société Générale has issued in March, 2007 an undated subordinated note amounting to GBP 350 million, in April, 2007 two super subordinated loans amounting to USD 1,100 million and USD 200 million and in December, 2007 a super subordinated loan amounting to EUR 600 million.
In view of the discretionary nature of their remuneration, these super and undated subordinated loans are classified in shareholders' equity.
Movements relative to the super subordinated loans and the undated subordinated notes are detailed below :

(in millions of euros)	Super Subordinated Notes	Undated Subordinated Notes	Total
Tax savings on the remuneration to be paid to shareholders, and booked under reserves	29	15	44
Remuneration paid booked under dividends (2007 Dividends paid line)	69	20	89

(4) Share-based payments settled in equity instruments in 2007 amounted to EUR 213 million, including EUR 68 million for the stock option plans, EUR 56 million for the free shares attribution plan and EUR 89 million for Global Employee Share Ownership Plan.

(5) In 1997, Société Générale issued USD 800 million of preferred shares in the United States via its subsidiary SocGen Real Estate Company llc. Those preferred shares have been reimbursed at the end of 2007.
In 2000, Société Générale issued a further EUR 500 million via its subsidiary SG Capital Trust, and USD 425 million via SG Americas in 2001.
In 2003, Société Générale issued a further EUR 650 million of preferred shares in the United States via SG Capital Trust III.
At December 31, 2007, preferred shares amounted to EUR 1,439 million.

(6) In compliance with the accounting principles indicated in note 1, transactions relative to minority interests were treated for accounting purposes as equity transactions. Accordingly:
- capital gains and losses on the disposal of fully-consolidated subsidiaries which do not lead to a loss of exclusive control are booked under shareholders' equity;
- additional goodwill linked to buyback commitments granted to minority shareholders in fully-consolidated subsidiaries and minority interest buybacks following the acquisition of exclusive control is booked under shareholders' equity.
In the balance sheet, net income attributable to the minority interests of shareholders holding a put option on their shares towards the Group was allocated to consolidated reserves.

Adjustments details as at December 31, 2007 :

Gains on sales cancellation	-
Minority interests buybacks not subject to any put options	(2)
Transactions and variation of value on put options granted to minority shareholders	(153)
Net income attributable to the minority interests of shareholders holding a put option on their shares towards the Group allocated to consolidated reserves.	28
Total	(127)

CHANGES IN SHAREHOLDERS' EQUITY (continued)

(7) Movements booked in the amount of EUR -599 million under minority interest reserves correspond to:

. EUR -587 million to preferred shares reimbursement by SocGen Real Estate Company llc,

. EUR -83 million in changes in scope over the period (mainly the deconsolidation of SocGen Real Estate Company llc for an amount of EUR -46 million),

. EUR -28 million in the reclassification of net income attributable to the minority interests of shareholders with a put option on their shares towards the Group from minority interest reserves to consolidated reserves.

. EUR +100 million in capital increase by General Bank of Greece.

(8) The variation in Group translation differences for 2007 amounted to EUR -551 million.
This variation was mainly due to the increase of the euro against the US dollar (EUR -393 million), the Pound sterling (EUR -113 million), the Leu (EUR -30 million), the Egyptian pound (EUR -29 million), the Japanese yen (EUR -20 million), and the increase of the Tcheque Krone against the euro (EUR 35 million).

The variation in translation differences attributable to Minority Interests amounted to EUR -76 million. This was mainly due to the revaluation of the euro against US dollar linked to the issue of USD-denominated preferred shares (EUR -54 million) and against the Leu (EUR -25 million).

CASH FLOW STATEMENT

(in millions of euros)	*IFRS* **December 31, 2007**	*IFRS* **December 31, 2006**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES		
Net income (I)	**1,604**	**5,785**
Amortization expense on tangible fixed assets and intangible assets	2,383	2,138
Depreciation and net allocation to provisions (mainly underwriting reserves of insurance companies)	5,120	7,885
Allocation to provisions for the loss linked to the closing of unauthorized and concealed trading activities positions [1]	6,382	
Net income/loss from companies accounted for by the equity method	(44)	(18)
Deferred taxes	(2,219)	194
Net income from the sale of long term available for sale assets and subsidiaries	(954)	(494)
Change in deferred income	(338)	274
Change in prepaid expenses	181	(361)
Change in accrued income	(575)	(668)
Change in accrued expenses	90	509
Other changes	1,457	2,986
Non-monetary items included in net income and others adjustments (not including income on financial instruments measured at fair value through P&L) (II)	**11,483**	**12,445**
Income on financial instruments measured at fair value through P&L [2] (III)	**(9,307)**	**(10,360)**
Interbank transactions	(457)	1,844
Customers transactions	(35,792)	8,555
Transactions related to other financial assets and liabilities	44,573	(10,267)
Transactions related to other non financial assets and liabilities	(996)	(165)
Net increase / decrease in cash related to operating assets and liabilities (IV)	**7,328**	**(33)**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III) + (IV)	**11,108**	**7,837**
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES		
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	438	(1,284)
Tangible and intangible fixed assets	(3,546)	(3,511)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**(3,108)**	**(4,795)**
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES		
Cash flow from/to shareholders	(2,182)	236
Other net cash flows arising from financing activities	6	(170)
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**(2,176)**	**66**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**5,824**	**3,108**
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at start of the year		
Net balance of cash accounts and accounts with central banks	5,175	3,409
Net balance of accounts, demand deposits and loans with banks	3,689	2,347
Cash and cash equivalents at end of the year [3]		
Net balance of cash accounts and accounts with central banks	8,320	5,175
Net balance of accounts, demand deposits and loans with banks	6,368	3,689
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS [1]	**5,824**	**3,108**

[1] The provision for loss on unauthorized and concealed trading activities amounting to EUR 6.382 million, realized between January 21st and 23rd, is excluded from 2007 cash flow variation.

[2] Income on financial instruments measured at fair value through P&L includes realized and unrealized income.

[3] o/w EUR 83 million cash related to entities acquired in 2007.

The consolidated financial statements were approved by the Board of Directors on February 20, 2008.

Note 1

Significant accounting principles

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, Société Générale Group ("the Group") prepared its consolidated financial statements for the year ending December 31, 2007 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date (these standards are available on European Commission Website at : http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission).

The standards comprise IFRS 1 to 7 and International Accounting Standards (IAS) 1 to 41, as well as the interpretations of these standards adopted by the European Union as at December 31, 2007.

The Group also continued to make use of the provisions of IAS 39 as adopted by the European Union for applying macro-fair value hedge accounting (IAS 39 "carve-out").

On January 19 and 20, 2008, the Société Générale Group has uncovered unauthorized and concealed trading activities of an exceptional scale involving directional positions taken during 2007 and the beginning of 2008 by a trader responsible for trading on plain vanilla derivatives instruments based on European stock market indices. The identification and analysis of these positions on January 19 and 20 ,2008 prompted the Group to close them as quickly as possible while respecting the market integrity.

For the information of the shareholders and the public, the Group considered that the application of IAS 10 “Events After the Balance Sheet Date “ and IAS 39 “Financial Instruments: Recognition and Measurement “ for the accounting of transactions relating to the unauthorized activities and their unwinding was inconsistent with the objective of the financial statements described in the framework of IFRS standards. For the purpose of a fair presentation of its financial situation , it was more appropriate to record all the financial consequences of the unwinding of these unauthorized activities under a separate caption in consolidated income for the 2007 financial year. To this end and in accordance with the provisions of paragraphs 17 and 18 of IAS 1 “Presentation of Financial Statements” the Group decided to depart from the provisions of IAS10 “Events After the Balance Sheet Date” and IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, by booking the estimated consolidated income for the 2007 financial year a provision for the total cost of the unauthorized activities. This treatment has been submitted to the banking supervisory body (Secrétariat Général de la Commission bancaire) and to the market authority (Autorité des Marchés Financiers) to confirm its acceptability regarding the regulatory framework. The consequences of the accounting treatment so applied are disclosed in the note 40.

The consolidated financial statements are presented in euros.

IFRS and IFRIC interpretations applied by the Group as of January 1, 2007

IFRS 7 "Financial Instruments: Disclosures"

The European Union adopted IFRS 7 on January 11, 2006. Applicable as of January 1, 2007, this standard relates exclusively to the disclosure of financial information and in no way affects the valuation and recognition of financial instruments. It incorporates, and therefore supersedes, IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" and IAS 32

"Financial Instruments: Presentation" on the information to be provided on financial instruments, and requires the disclosure of additional quantitative and qualitative data, notably on credit risk. The application of this standard by the Group as of January 1, 2007 will consequently have no effect on its net income or shareholders' equity.

Information on capital

In addition to IFRS 7, on January 11, 2006 the European Union also adopted an amendment to IAS 1 "Presentation of Financial Statements", applicable as of January 1, 2007, which requires the Group to disclose additional quantitative and qualitative information on its capital. As this amendment only relates to information disclosure, it will have no impact on net income or shareholders' equity when applied by the Group as of January 1, 2007.

Two interpretations issued by the IFRIC and adopted by the European Union have been applied retrospectively by the Group as of January 1, 2007

IFRIC 10 "Interim financial reporting and impairment"

This interpretation published by the IASB on July 20, 2006 and adopted by the European Union on June 1, 2007 specifies that the provisions of standards IAS 36 "Impairment of assets" and IAS 39 "Financial instruments: recognition and measurement" take precedence over the provisions of standard IAS 34 "Interim financial reporting" as regards the impairment of goodwill and the impairment of equity instruments classified as available-for-sale financial assets. As the Group has not reversed any impairment on goodwill or available-for-sale equity instruments in its interim reporting in past financial years, the application by the Group of this interpretation has no impact on its financial statements.

IFRIC 11 "IFRS 2 – Group and treasury share transactions"

This interpretation of IFRS 2 "Share-based payment" published by the IASB on November 2, 2006 and adopted by the European Union on June 1, 2007 outlines the accounting treatment of share-based payments that involve two or more entities within a same group (parent company or other entity of a same group) in the individual or separate financial statements of each entity within a group that benefits from the goods or services in question. As the application of this interpretation governing the individual or separate financial statements of group entities in no way modifies the accounting treatment at a Group level, its early application by the Group has no impact on its financial statements.

The main valuation and presentation rules used in drawing up the consolidated financial statements are shown below. These accounting methods and principles were applied consistently in 2006 and 2007.

Use of estimates

Some of the figures booked in these consolidated financial statements are based on estimates and assumptions made by the Management. This applies in particular to the fair value assessment of financial instruments and the valuation of goodwill, intangible assets, impairments of assets and provisions. The main estimates are indicated in the note 3 to the financial statements disclosing notably a description of the methods used for the fair value of financial instruments based on assumptions that are note supported by prices from observable current market transactions. Actual future results may differ from these estimates.

1 Consolidation principles

The consolidated financial statements of Société Générale include the financial statements of the Parent Company and of the main French and foreign companies making up the Group. Since the financial statements of foreign subsidiaries are prepared in accordance with accepted accounting principles in their respective countries, any necessary restatements and adjustments are made prior to consolidation so that they comply with the accounting principles used by the Société Générale Group.

Consolidation methods

The consolidated financial statements comprise the financial statements of Société Générale, including the bank's foreign branches, and all significant subsidiaries over which Société Générale exercises control. Companies with a fiscal year ending more than three months before or after that of Société Générale prepare pro-forma statements for a twelve-month period ended December 31. All significant balances, profits and transactions between Group companies are eliminated.

When determining voting rights for the purpose of establishing the Group's degree of control over a company and the appropriate consolidation methods, potential voting rights are taken into account where they can be freely exercised or converted at the time the assessment is made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

The results of newly acquired subsidiaries are included in the consolidated financial statements from the date the acquisition became effective and results of subsidiaries disposed of are included up to the date where the Group relinquished control.

The following consolidation methods are used:

Full consolidation

This method is applied to companies over which Société Générale exercises sole control. Sole control over a subsidiary is defined as the power to govern the financial and operating policies of the said subsidiary so as to obtain benefits from its activities. It is exercised:

- either by directly or indirectly holding the majority of voting rights in the subsidiary;
- or by holding the power to appoint or remove the majority of the members of the subsidiary's governing, management or supervisory bodies, or to command the majority of the voting rights at meetings of these bodies;
- or by the power to exert a controlling influence over the subsidiary by virtue of an agreement or provisions in the company's charter or by laws.

Proportionate consolidation

Companies over which the Group exercises joint control are consolidated by the proportionate method.

Joint control exists when control over a subsidiary run jointly by a limited number of partners or shareholders is shared in such a way that the financial and operating policies of the said subsidiary are determined by mutual agreement.

A contractual agreement must require the consent of all controlling partners or shareholders as regards the economic activity of the said subsidiary and any strategic decisions.

Equity method

Companies over which the Group exercises significant influence are accounted for under the equity method. Significant influence is the power to influence the financial and operating policies of a subsidiary without exercising control over the said subsidiary. In particular, significant influence can result from Société Générale being represented on the board of directors or supervisory board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Société Générale. The Group is assumed to exercise significant influence over the financial and operating policies of a subsidiary when it holds directly or indirectly at least 20% of the voting rights in this subsidiary.

Specific treatment for special purpose vehicles (SPV)

Independent legal entities ("special purpose vehicles") set up specifically to manage a transaction or group of similar transactions are consolidated whenever they are substantially controlled by the Group, even in cases where the Group holds none of the capital in the entities.

Control of a special purpose vehicle is generally considered to exist if any one of the following criteria applies:

- the SPV's activities are being conducted on behalf of the Group so that the Group obtains benefits from the SPV’s operation;
- the Group has the decision-making powers to obtain the majority of the benefits of the SPV, whether or not this control has been delegated through an "autopilot" mechanism;
- the Group has the ability to obtain the majority of the benefits of the SPV;
- the Group retains the majority of the risks of the SPV.

In consolidating SPVs considered to be substantially controlled by the Group, the shares of said entities not held by the Group are recognized as debt in the balance sheet.

Translation of foreign entity financial statements

The balance sheet items of consolidated companies reporting in foreign currencies are translated at the official exchange rates prevailing at year-end. Income statement items of these companies are translated at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are included in shareholders' equity under *Unrealized or deferred capital gains or losses - Translation differences.* Gains and losses on transactions used to hedge net investments in foreign consolidated entities or their income in foreign currencies, along with gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in changes in consolidated shareholders’ equity under the same heading.

In accordance with the option allowed under IFRS 1, the Group allocated all differences arising on translation of foreign entity financial statements at January 1, 2004 to consolidated reserves. As a result, if any of these entities are sold, the proceeds of the sale will only include writebacks of those translation differences arising since January 1, 2004.

Treatment of acquisitions and goodwill

The Group uses the purchase method to record its business combinations. The acquisition cost is calculated as the total fair value, at the date of acquisition, of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired company plus all costs directly attributable to the business combination.

At the acquisition date, all assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities that are identifiable under the provisions of IFRS 3 (Business Combinations) are valued individually at their fair value regardless of their purpose. The analysis and professional appraisals required for this initial valuation must be carried out within 12 months of the date of acquisition as must any corrections to the value based on new information.

All excess of the price paid over the assessed fair value of the proportion of net assets acquired is booked on the assets side of the consolidated balance sheet under *Goodwill.* Any deficit is immediately recognized in the income statement.

Goodwill is carried in the balance sheet at its historical cost denominated in the subsidiary's reporting currency, translated into euros at the official exchange rate at the closing date for the period.

In case of increase in Group stakes in entities over which it already exercises sole control: the difference between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired is henceforth booked under the Group's *consolidated reserves*. Also, any reduction in the Group's stake in an entity over which it keeps sole control is treated as an equity transaction in the accounts. The impact of this retrospective change in accounting treatment with respect to previous comparable financial years is indicated in the note on changes in shareholders' equity.

Goodwill is reviewed regularly by the Group and tested for impairment of value whenever there is any indication that its value may have diminished, and at least once a year. At the acquisition date, each item of goodwill is attributed to one or more cash-generating units expected to derive benefits from the acquisition. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating units.

If the recoverable amount of the cash-generating units is less than their carrying amount, an irreversible impairment is booked to the consolidated income statement for the period under *Impairment losses on goodwill.*

Commitments to buy out minority shareholders in fully consolidated subsidiaries

The Group has awarded minority shareholders in some fully consolidated Group subsidiaries commitments to buy out their stakes. For the Group, these buyouts commitments are put options sales. The exercise price for these options is based on a formula agreed at the time of the acquisition of the shares of the company that takes into account the future performance of the subsidiaries.

The commitments are booked in the accounts as follows:

- In accordance with IAS 32, the Group booked a liability for put options granted to minority shareholders of the subsidiaries over which it exercises sole control. This liability is initially recognized at the present value of the estimated exercise price of the put options under *"Other liabilities"*.
- The obligation to recognize a liability even though the put options have not been exercised means that, in order to be consistent, the Group has followed the same accounting treatment as that applied to transactions on minority interests. As a result, the counterpart of this liability is a write-down in value of the minority interests underlying the options with any balance deducted from the Group's *consolidated reserves*.

- Subsequent variations in this liability linked to changes in the exercise price of the options and the carrying value of minority interests are booked in full in the Group's *consolidated reserves*.
- If the stake is bought, the liability is settled by the cash payment linked to the acquisition of minority interests in the subsidiary in question. However if, when the commitment reaches its term, the purchase has not occurred, the liability is written off against the minority interests and the Group's *consolidated reserves*.
- Whilst the options have not been exercised, the results linked to minority interests with a put option are recorded under *Minority interests* on the Group's *consolidated income statement*.

Segment reporting

The Group is managed on a matrix basis that takes account of its different business lines and the geographical breakdown of its activities. Segment information is therefore presented under both criteria, broken down primarily by business line and secondly by geographical region.

The Group includes in the results of each subdivision all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Center, also includes the yield on capital allocated to it, based on the estimated rate of return on Group capital. On the other hand, the yield on the sub-division's book capital is reassigned to the Corporate Center. Transactions between subdivisions are carried out under identical terms and conditions to those applying to non-Group customers.

The Group is organized into five core business lines:

- French Retail Banking Network which includes the domestic networks of Société Générale and those of Crédit du Nord.
- International Retail Banking (BHFM)
- Financial Services Divison (DSFS) which includes vendor finance, leasing, consumer credit, life and non-life insurance.
- Global Investment Management and Services (GIMS) including Asset Management, Private Banking and Boursorama, and Securities Services and Online Savings, including Fimat and other securities and employee savings services.
- Corporate and Investment Banking (SGCIB) which covers, on the one hand, Corporate Banking and Fixed Income (structured finance, debt, forex and treasury activities, commodity finance and trading, commercial banking) and, on the other hand, Equity and Advisory activities.

In addition, the Corporate Center acts as the central funding department for the Group's five core businesses.

Segment income is presented taking into account internal transactions in the Group, while segment assets and liabilities are presented after elimination of internal transactions within the Group. The tax rate levied on each business line is based on the standard tax rate applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Center.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

Non-current assets held for sale and discontinued operations

A fixed asset or group of assets and liabilities is deemed to be "held for sale" if its carrying value will primarily be recovered via a sale and not through its continuing use. For this classification to apply, the asset must be immediately available for sale and its sale must be highly probable. Assets and liabilities falling under this category are reclassified as *Non-current assets held for sale* and *Liabilities directly associated with non-current assets classified as held for sale,* with no netting.

Any negative differences between the fair value less cost to sell of non-current assets and groups of assets held for sale and their net carrying value is recognized as an impairment loss in profit or loss. Moreover, non-current assets classified as held for sale are no longer depreciated.

An operation is classified as discontinued at the date the Group has actually disposed of the operation, or when the operation meets the criteria to be classified as held for sale. Discontinued operations are recognized as a single item in the income statement for the period, at their net income for the period up to the date of sale, combined with any net gains or losses on their disposal or on the fair value less cost to sell of the assets and liabilities making up the discontinued operations. Similarly, cash flows generated by discontinued operations are booked as a separate item in the statement of cash flow for the period.

2 Accounting policies and valuation methods

Transactions denominated in foreign currencies

At period-end, monetary assets and liabilities denominated in foreign currencies are converted into euros (the Group's functional currency) at the prevailing spot exchange rate. Realized or unrealized foreign exchange losses or gains are recognized in the income statement.

Forward foreign exchange transactions are recognized at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are valued using the official spot rates applying at the end of the period. Unrealized gains and losses are recognized in the income statement.

Non-monetary financial assets denominated in foreign currencies, including shares and other variable income securities that are not part of the trading portfolio, are converted into euros at the exchange rate applying at the end of the period. Currency differences arising on these financial assets are only recognized in the income statement when sold or impaired or where the currency risk is fair value hedged. In particular, non-monetary assets funded by a liability denominated in the same currency are converted at the spot rate applying at the end of the period by booking the impact of exchange rate fluctuations to income subject to a hedging relationship existing between the two financial instruments.

Determining the fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The first choice in determining the fair value of a financial instrument is the quoted price in an active market. If the instrument is not traded in an active market, fair value is determined using valuation techniques.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and they reflect actual and regular market transactions on an arm's length basis.

When the financial instrument is traded in several markets to which the Group has immediate access, the fair value is the price at which a transaction would occur in the most advantageous active market. Where no price is quoted for a particular instrument but its components are quoted, the fair value is the sum of the various quoted components incorporating bid or asking prices for the net position as appropriate.

If the market for a financial instrument is not active, its fair value is established using a valuation technique (in-house valuation models). Depending on the instrument under consideration, these may use data derived from recent transactions, from the fair value of substantially similar instruments, from discounted cash flow or option pricing models, or from valuation parameters. Where necessary, these valuations are adjusted to take certain factors into account, depending on the instruments in question and the associated risks, namely the bid or asking price of the net position and the modeling risk in the case of complex products.

If the valuation parameters used are observable market data, the fair value is taken as the market price, and any difference between the transaction price and the price given by the in-house valuation model, i.e. the sales margin, is immediately recognized in the income statement. However, if valuation parameters are not observable or the valuation models are not recognized by the market, the fair value of the financial instrument at the time of the transaction is deemed to be the transaction price and the sales margin is then generally recognized in the income statement over the lifetime of the instrument, except for some complex financial instruments for which it is recognized at maturity or in the event of early sale. Where substantial volumes of issued instruments are traded on a secondary market with quoted prices, the sales margin is recognized in the income statement in accordance with the method used to determine the instruments price. When valuation parameters become observable, any portion of the sales margin that has not yet been booked is recognized in the income statement at that time.

Financial assets and liabilities

Purchases and sales of non-derivative financial assets at fair value through profit or loss, financial assets held to maturity and available-for-sale financial assets (see below) are recognized in the balance sheet on the settlement date while derivatives are recognized on the trade date. Changes in fair value between the trade and settlement dates are booked in the income statement or to shareholders' equity depending on the relevant accounting category. Customer loans are recorded in the balance sheet on the date they are paid.

When initially recognized, financial assets and liabilities are measured at fair value including transaction costs (except for financial instruments recognized at fair value through profit or loss) and are classified under one of the following categories.

Loans and receivables

Loans and receivables neither held for trading purposes nor intended for sale from the time they are originated or contributed are recognized in the balance sheet under *Due from banks* or *Customer loans* depending on the type of counterpart. Thereafter, they are valued at amortized cost using the effective interest method and an impairment loss may be recorded if appropriate.

Financial assets and liabilities at fair value through profit and loss

These are financial assets and liabilities held for trading purposes. They are booked at fair value at the balance sheet date and recognized in the balance sheet under *Financial assets or liabilities at fair value through profit and loss*. Changes in fair value are recorded in the income statement for the period as *Net gains or losses on financial instruments at fair value through profit and loss*.

This category also includes non-derivative financial assets and liabilities designated by the Group upon initial recognition to be carried at fair value through profit or loss in accordance with the option available under IAS 39, specified in the amendment to the standard published in June 2005. The Group's aim in using the fair value option is:

- first to eliminate or significantly reduce discrepancies in the accounting treatment of certain financial assets and liabilities.

  The Group thus recognizes at fair value through profit or loss some structured bonds issued by Société Générale Corporate and Investment Banking. These issues are purely commercial and the associated risks are hedged on the market using financial instruments managed in trading portfolios. The use of the fair value option enables the Group to ensure consistency between the accounting treatment of these issued bonds and that of the derivatives hedging the associated market risks, which have to be carried at fair value.

  The Group also books at fair value through profit or loss the financial assets held to guarantee unit-linked policies of its life insurance subsidiaries to ensure their financial treatment matches that of the corresponding insurance liabilities. Under IFRS 4, insurance liabilities have to be recognized according to local accounting principles. The revaluations of underwriting reserves on unit-linked policies, which are directly linked to revaluations of the financial assets underlying their policies, are therefore recognized in the income statement. The fair value option thus allows the Group to record changes in the fair value of the financial assets through the income statement so that they match fluctuations in value of the insurance liabilities associated with these unit-linked policies;

- second so that the Group can book certain compound financial instruments at fair value thereby avoiding the need to separate out embedded derivatives that would otherwise have to be booked separately. This approach is notably used for valuation of the convertible bonds held by the Group.

Held-to-maturity financial assets

These are non-derivative fixed income assets with a fixed maturity, which the Group has the intention and ability to hold to maturity. They are valued after acquisition at their amortized cost and may be subject to impairment as appropriate. The amortized cost includes premiums and discounts as well as transaction costs and they are recognized in the balance sheet under *Held-to-maturity financial assets*.

Available-for-sale financial assets

These are non-derivative financial assets held for an indeterminate period which the Group may sell at any time. By default, these are any assets that do not fall into one of the above three categories. These financial assets are recognized in the balance sheet under *Available-for-sale financial assets* and measured at their fair value at the balance sheet date. Interest accrued or paid on fixed-income securities is recognized in the income statement using the effective interest rate method under *Interest and similar income - Transactions on financial instruments.* Changes in fair value other than income are recorded in shareholders' equity under *Unrealized or deferred gains or losses*. The Group only records these changes in fair value in the income statement when assets are sold or impaired, in which case they are reported as *Net gains or* losses *on available-for-sale financial* assets. Depreciations regarding equity securities recognized as available-for-sale financial assets are irreversible. Dividend income earned on these securities is booked in the income statement under *Dividend income.*

Debt

Group borrowings that are not classified as financial liabilities recognized through profit or loss are initially recognized at cost, measured as the fair value of the amount borrowed net of transaction fees. These liabilities are valued at period end and at amortized cost using the effective interest rate method, and are recognized in the balance sheet under *Due to banks, Customer deposits* or *Securitized debt payables.*

Amounts due to banks, customer deposits

Amounts due to banks and customer deposits are classified according to their initial duration and type: demand (demand deposits and current accounts) and time deposits and borrowings in the case of banks and regulated savings accounts and other deposits in the case of customers. They also include securities sold to banks and customers under repurchase agreements.

Interest accrued on these accounts is recorded as *Related payables* and in the income statement.

Securitized debt payables

These liabilities are classified by type of security: loan notes, interbank market certificates, negotiable debt instruments, bonds and other debt securities excluding subordinated notes which are classified under *Subordinated debt.*

Interest accrued is recorded as *Related payables* and as an expense in the income statement. Bond issuance and redemption premiums are amortized at the effective interest rate over the life of the related borrowings. The resulting charge is recognized under *Interest expenses* in the income statement.

Subordinated debt

This item includes all dated or undated borrowings, whether or not in the form of securitized debt, which in the case of liquidation of the borrowing company may only be redeemed after all other creditors have been paid. Interest accrued and payable in respect of long-term subordinated debt, if any, is booked as *Related payables* and as an expense in the income statement.

Derecognition of financial assets and liabilities

The Group derecognizes all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to the ownership of the asset.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has not retained control of the financial asset, it derecognizes it and, where necessary, books a separate asset or liability to cover any rights and obligations created or retained as a result of the asset's transfer. If the Group has retained control of the asset, it continues to recognize it in the balance sheet to the extent of its continuing involvement in that asset.

When a financial asset is derecognized in its entirety, a gain or loss on disposal is recorded in the income statement for the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealized profit or loss previously recognized directly in equity.

The Group only derecognizes all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Financial derivatives and hedge accounting

All financial derivatives are recognized at fair value in the balance sheet as financial assets or financial liabilities. Changes in the fair value of financial derivatives, except those designated as cash flow hedges (see below), are recognized in the income statement for the period.

Derivatives are divided into two categories:

Trading financial derivatives

Derivative instruments are considered to be trading financial derivatives by default, unless they are designated as hedging instruments for accounting purposes. They are booked in the balance sheet under *Financial assets or liabilities at fair value through profit or loss.* Changes in fair value are recorded in the income statement under *Net gains or losses on financial instruments at fair value through profit or loss.*

Derivative hedging instruments

To designate an instrument as a derivative hedging instrument, the Group must document the hedging relationship at the inception of the hedge. This documentation specifies the asset, liability, or future transaction hedged, the risk to be hedged, the type of financial derivative used and the valuation method applied to measure its effectiveness. The derivative designated as a hedging instrument must be highly effective in offsetting the variation in fair value or cash flows arising from the hedged risk, both when the hedge is first set up and throughout its life. Derivative hedging instruments are recognized in the balance sheet under *Derivative hedging instruments.*

Depending on the risk hedged, the Group designates the derivative as a fair value hedge, cash flow hedge, or currency risk hedge for a net foreign investment.

<u>Fair value hedge</u>

In a fair value hedge, the book value of the hedged item is adjusted for gains or losses attributable to the hedged risk which are reported under *Net gains or losses on financial instruments at fair value through profit and loss.* As the hedging is highly effective, changes in the fair value of the hedged item are faithfully reflected in the fair value of the derivative hedging instrument. As regards interest rate derivatives, accrued interest income or expenses are booked to the income statement under *Interest income and* expense - *Hedging derivatives* at the same time as the interest income or expense related to the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is sold, hedge accounting is prospectively discontinued. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value and the cumulative adjustments previously recognized under the hedge accounting are amortized over its remaining life. Hedge accounting is discontinued automatically if the hedged item is sold before maturity or redeemed early.

<u>Cash flow hedge</u>

In a cash flow hedge, the effective portion of the changes in fair value of the hedging derivative instrument is recognized in a specific equity account, while the ineffective portion is recognized in the income statement under *Net gains or losses on financial instruments at fair value through profit and loss.*

Amounts directly recognized in equity under cash flow hedge accounting are reclassified in *Interest income and expenses* in the income statement at the same time as the cash flows being hedged.

Accrued interest income or expense on hedging derivatives is booked to the income statement under *Interest income and expenses - Hedging derivatives* at the same time as the interest income or expense related to the hedged item.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, hedge accounting is prospectively discontinued. Amounts previously recognized directly in equity are reclassified under *Interest income and expenses* in the income statement over the periods where the interest margin is affected by cash flows arising from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the forecast transaction hedged ceases to be highly probable, unrealized gains and losses booked to equity are immediately reclassified in the income statement.

Hedging of a net investment in a foreign operation

As with the cash flow hedge, the effective portion of the changes in the fair value of the hedging derivative designated for accounting purposes as hedging a net investment is recognized in equity under *Unrealized or deferred capital gains or losses* while the ineffective portion is recognized in the income statement.

Macro-fair value hedge

In this type of hedge, interest rate derivatives are used to globally hedge structural interest rate risks usually arising from Retail Banking activities. When accounting for these transactions, the Group applies the IAS 39 "carve-out" standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to macro-hedges used for asset-liability management including customer demand deposits in the fixed-rate positions being hedged;
- the carrying out of effectiveness tests required by IAS 39 as adopted by the European union.

The accounting treatment for financial derivatives designated as a macro-fair value hedge is similar to that for other fair value hedging instruments. Changes in fair value of the portfolio of macro-hedged instruments are reported on a separate line in the balance sheet under *Revaluation differences on portfolios hedged against interest rate risk* through profit or loss.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument. If this hybrid instrument is not valued at fair value through profit and loss the Group separates out the embedded derivative from its host contract if, at the inception of the operation, the economic characteristics and risks of the derivative are not closely related to the economic characteristics and risk profile of the host contract and it would separately meet the definition of a derivative. Once separated out, the derivative is recognized at its fair value in the balance sheet under *Financial assets or liabilities at fair value through profit and loss* and accounted for as above.

Impairment of financial assets

Financial assets valued at amortized cost

At each balance sheet date, the Group assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognized (a "loss event") and whether that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. In spite of the existence of guarantee, the criteria of assessment of an objective evidence of credit risk include the existence of unpaid installments overdue by over three months (over six months for real estate loans and over nine months for loans to local authorities) or independently of the existence of any unpaid amount, the existence an objective evidence of credit risk counterparty or when the counterparty subject to judiciary proceedings.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that loans or other receivables, or financial assets classified as held-to-maturity financial assets are impaired, a depreciation is booked for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees, discounted at the financial assets' original effective interest rate. This depreciation is booked to *Cost of risk* in the income statement and the value of the financial asset is reduced by a depreciation amount. Allocations to and reversals of depreciations are recorded under *Cost of risk.* The impaired loans or receivables are remunerated for accounting purposes by the reversal over time of the discounting to present value, which is recorded under *Interest and similar income* in the income statement.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, a depreciation is recognized without waiting for the risk to individually affect one or more receivables. The amount of depreciation is notably determined on the basis of historical loss for assets with credit risk characteristics similar to those in the portfolio, or using hypothetical extreme loss scenarios or, if necessary, *ad-hoc* studies. These factors are then adjusted to reflect any relevant current economic conditions.

Where a loan is restructured, the Group books a loss in *Cost of risk* representing the change in terms of the loan if the value of expected recoverable future cash flows, discounted at the loan's original effective interest rate, is less than the amortized cost of the loan.

Available-for-sale financial assets

Where there is objective evidence of long-term impairment to a financial asset that is available for sale, an impairment loss is recognized through profit or loss.

For listed equity instruments, the need to book a long-term impairment is analysed as soon as there is a significant decrease (over 20%) in the average price over 12 months compared to the acquisition cost of the security and that this reduction is still relevant on the balance sheet date.

For unlisted equity instruments, a qualitative analysis of their long-term impairment is carried out using the valuation methods described in note 3.

The criteria for the impairment of debt instruments are similar to those for the impairment of financial assets measured at amortised cost.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in the shareholders' equity account under *Unrealized or deferred capital gains or losses* and subsequent objective evidence of impairment emerges, the Group recognizes the total accumulated unrealized loss previously booked to shareholders' equity in the income statement under *Cost of risk* for debt instruments and under *Net gains or losses on available-for-sale financial assets* for equity securities.

This cumulative loss is measured as the difference between acquisition cost (net of any repayments of principal and amortization) and the current fair value, less any loss of value on the financial asset that has already been booked through profit or loss.

Impairment losses recognized through profit and loss on an equity instrument classified as available for sale are only reversed through profit and loss when the instrument is sold. Once a shareholders' equity instrument has been recognized as impaired, any further loss of value is booked as an additional impairment loss. For debt instruments, however, an impairment loss is reversed through profit and loss if they subsequently recover in value.

Lease financing and similar agreements

Leases are classified as finance leases if they substantially transfer all the risks and rewards incident to ownership of the leased asset to the lessee. Otherwise they are classified as operating leases.

Lease finance receivables are recognized in the balance sheet under *Lease financing and similar agreements* and represent the Group's net investment in the lease, calculated as the present value of the minimum payments to be received from the lessee, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease.

Interest included in the lease payments is booked under *Interest and similar income* in the income statement such that the lease generates a constant periodic rate of return on the lessor's net investment. If there has been a reduction in the estimated unguaranteed residual value used to calculate the lessor's gross investment in the finance lease, an expense is recorded to adjust the financial income already recorded.

Fixed assets arising from operating lease activities are presented in the balance sheet under *Tangible and intangible fixed assets*. In the case of buildings, they are booked under *Investment property.* Lease payments are recognized in the income statement on a straight-line basis over the life of the lease under *Income from other activities.* The accounting treatment of income invoiced for maintenance services provided in connection with leasing activities aims to show a constant margin on these products in relation to the expenses incurred, over the life of the lease.

Tangible and intangible fixed assets

Operating and investment fixed assets are carried at their purchase price on the assets side of the balance sheet. Borrowing expenses incurred to fund a lengthy construction period for the fixed assets are included in the acquisition cost, along with all other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets.

Software developed internally is recorded on the assets side of the balance sheet in the amount of the direct cost of development. This includes external expenditure on hardware and services and personnel expenses which can be directly attributed to the production of the asset and its preparation for use.

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount.

Where one or several components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life through profit and loss under *Amortization, depreciation and impairment of tangible and intangible fixed assets*. The Group has applied this approach to its operating and investment property, breaking down its assets into at least the following components with their corresponding depreciation periods:

Infrastructure	Major structures Doors and windows, roofing Façades	50 years 20 years 30 years
Technical installations	Elevators Electrical installations Electricity generators Air conditioning, extractors Technical wiring Security and surveillance installations Plumbing Fire safety equipment	10 to 30 years
Fixtures and fittings	Finishings, surroundings	10 years

Depreciation periods for fixed assets other than buildings depend on their useful life which are usually estimated within the following ranges:

Plant and equipment	5 years
Transport	4 years
Furniture	10-20 years
Office equipment	5-10 years
IT equipment	3-5 years
Software, developed or acquired	3-5 years
Concessions, patents, licenses, etc.	5-20 years

Fixed assets are tested for impairment whenever there is any indication that their value may have diminished and, for intangible assets, at least once a year. Evidence of a loss in value is assessed at every balance sheet date. Impairment tests are carried out on assets grouped by cash-generating unit. Where a loss is established, an impairment loss is booked to the income statement under *Amortization, depreciation and impairment of tangible and intangible fixed assets*. It may be reversed when the factors that prompted impairment have changed or no longer exist. This impairment loss will reduce the depreciable amount of the asset and so also affect its future depreciation schedule.

Realized capital gains or losses on operating fixed assets are recognized under *Net income on other assets*, while profits or losses on investment real estate are booked as Net Banking Income under *Income from other activities.*

Provisions

Provisions, other than those for credit risk or employee benefits, represent liabilities whose timing or amount cannot be precisely determined. Provisions may be booked where, by virtue of a commitment to a third-party, the Group will probably or certainly incur an outflow of resources to this third-party without receiving at least equivalent value in exchange.

The expected outflows are then discounted to present value to determine the amount of the provision, where this discounting has a significant impact. Allocations to and reversals of provisions are booked through profit and loss under the items corresponding to the future expense.

Commitments under "contrats épargne-logement" (mortgage savings agreements)

The *comptes d'épargne-logement* (CEL or mortgage savings accounts) and *plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of July 10, 1965 and combine an initial deposits phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. Under the current regulation, this last phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are booked at amortized cost.

These instruments create two types of commitments for the Group: the obligation to remunerate customer savings for an indeterminate future period at an interest rate fixed at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also fixed at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Group, a provision is booked on the liabilities side of the balance sheet. Any variations in these provisions are booked as Net Banking Income under *Net interest income*. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) which constitute a single generation.

During the savings phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of savings and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observed past behavior of customers.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of the amount of balance sheet loans at the date of calculation and the historical observed past behavior of customers.

A provision is booked if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products (with similar estimated life and date of inception).

Loan commitments

The Group initially recognizes at fair value loan commitments that are not considered as financial derivatives . Thereafter, these commitments are provisioned as necessary in accordance with the accounting principles for *Provisions.*

Financial guarantees issued

When considered as financial non derivative instruments, financial guarantees issued by the Group are initially recognized in the balance sheet at fair value. Thereafter, they are measured at the higher of the amount of the obligation and the amount initially recognized less, when appropriate, the cumulative amortization of a guarantee commission. Where there is objective evidence of a loss of value, a provision for the financial guarantees given is booked to balance sheet liabilities.

Liabilities/shareholders' equity distinction

Financial instruments issued by the Group are booked in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to remunerate the holders of the security in cash.

Perpetual subordinated notes (TSDI)

Given their terms, perpetual subordinated notes (TSDI) issued by the Group and that do not include any discretionary features governing the payment of interest, as well as shares issued by a Group subsidiary in order to fund its property leasing activities are classified as debt instruments. These perpetual subordinated notes (TSDI) are then classified under *Subordinated debt*.

On the contrary, perpetual subordinated notes (TSDI) issued by the Group and that do not include any discretionary features governing the payment of interest are classified under *Subordinated debt.*

On March 27,2007, the Group issued GBP 350 million of perpetual subordinated notes classified as equity and recognized under *Equity instruments and associated reserves* and paying 5.75% annually and then, from March 27,2012, 3-month GBP Libor +1.1% annually.

Preferred shares

In the second half of 1997, Société Générale issued USD 800 million in preferred shares through a wholly-owned US subsidiary. These non-voting securities entitle the holder to a fixed non-cumulative dividend equal to 7.64% of their nominal value, payable semi-annually by decision of the subsidiary's Board of Directors. They have been repaid during 2007.

In the first half of 2000, Société Générale issued EUR 500 million in preferred shares through a wholly-owned US subsidiary. These securities entitle the holder to a fixed non-cumulative dividend equal to 7.875% of nominal value payable annually, with a step-up clause that comes into effect after 10 years.

In the fourth quarter of 2001, Société Générale 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, Société Générale 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.

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

Deeply subordinated notes

In January 2005, the Group issued EUR 1 billion of deeply subordinated notes, paying 4.196% annually for 10 years and, after 2015, 3-month Euribor +1.53% annually.

On April 5,2007, 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,

On April 5,2007, the Group issued USD 1 100 million of deeply subordinated notes, paying 5.922% semi annually and then, from April 5,2017, 3-month USD Libor + 1.75% annually,

On December 19,2007, the Group issued EUR 600 million of deeply subordinated notes paying 6.999 % annually and then, from 2018, 3-month Euribor + 3.35% annually,

Given the discretionary nature of the decision to pay dividends to shareholders, they have been classified as equity and recognized under *Equity instruments and associated reserves*.

Treasury shares

Société Générale shares held by the Group and shares in subsidiaries over which the Group exercises sole control are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is eliminated from the consolidated income statement.

Financial derivatives that have Société Générale shares as their underlying instrument as well as shares in subsidiaries over which the Group exercises sole control and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Société Générale shares (other than derivatives) are initially recognized as equity. Premiums paid or received on these financial derivatives classified as equity instruments are booked directly to equity. Changes in the fair value of the derivatives are not recorded.

Other financial derivatives that have Société Générale shares as their underlying instrument are booked to the balance sheet at fair value in the same manner as derivatives with other underlying instruments.

Interest income and expenses

Interest income and expenses are booked to the income statement for all financial instruments valued at amortized cost using the effective interest rate method.

The effective interest rate is taken to be the rate that discounts future cash inflows and outflows over the expected life of the instrument in order to establish the book value of the financial asset or liability. To calculate the effective interest rate, the Group estimates future cash flows as the product of all the contractual provisions of the financial instrument without taking account of possible future loan losses. This calculation includes commissions paid or received between the parties where these may be assimilated to interest, transaction costs and all types of premiums and discounts.

When a financial asset or group of similar financial assets has been impaired following an impairment of value, subsequent interest income is booked through profit or loss under *Interest and similar income* using the effective interest rate, which is the rate used to discount the future cash flows when measuring the loss of value. Moreover, except for those related to employee benefits, provisions booked as balance sheet liabilities generate interest expenses that are calculated using the same interest rate as is used to discount the expected outflow of resources.

Net fees for services

The Group recognizes fee income and expense for services provided and received in different ways depending on the type of service.

Fees for continuous services, such as some payment services, custody fees, or telephone subscriptions are booked as income over the lifetime of the service. Fees for one-off services, such as fund movements, finder's fees received, arbitrage fees, or penalties following payment incidents are booked to income when the service is provided under *Fees paid for services provided and other.*

In syndication deals, underwriting fees and participation fees proportional to the share of the issue placed are booked to income at the end of the syndication period provided that the effective interest rate for the share of the issue retained on the Group's balance sheet is comparable to that applying to the other members of the syndicate. Arrangement fees are booked to income when the placement is legally complete. These fees are recognized in the income statement under *Fee income* - *Primary market transactions.*

Personnel expenses

The *Personnel expenses* account includes all expenses related to personnel, notably the cost of the legal employee profit-sharing and incentive plans for the year as well as the costs of the various Group pension and retirement schemes and expenses arising from the application of IFRS 2 "Share-based payments".

Employee benefits

Group companies, in France and abroad, may award their employees:

- post-employment benefits, such as pension plans or retirement bonuses,
- long-term benefits such as deferred bonuses, long service awards or the *Compte Epargne Temps* (CET) flexible working provisions,
- termination benefits.

Post-employment benefits

Pension plans may be defined contribution or defined benefit.

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are booked as an expense for the year in question.

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the medium- or long-term risk.

Provisions are booked on the liabilities side of the balance sheet under *Provisions,* to cover the whole of these retirement obligations. This is assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

When these plans are financed from external funds classed as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) or differences between actuarial assumptions and real performance (return on plan assets) are booked as actuarial gains or losses. They are amortized in the income statement according to the "corridor" method: i.e. over the expected average remaining working lives of the employees participating in the plan, as soon as they exceed the greater of:

- 10% of the present value of the defined benefit obligation (before deducting plan assets),
- 10% of the fair value of the assets at the end of the previous financial year.

Where a new or amended plan comes into force, the cost of past services is spread over the remaining period until vesting.

An annual charge is booked under *Personnel expenses* for defined benefit plans, consisting of:

- the additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- the expected return on plan assets (gross return);
- the amortization of actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

Long-term benefits

These are benefits paid to employees more than 12 months after the end of the period in which they provided the related services. Long-term benefits are measured in the same way as post-employment benefits, except for the treatment of actuarial gains and losses and past service costs which are booked immediately to income.

Payments based on Société Générale shares or shares issued by a consolidated entity

Share-based payments include:

- payments in equity instruments of the entity,
- cash payments whose amount depends on the performance of equity instruments.

Share-based payments systematically give rise to a personnel expense booked to *Personnel expenses* under the terms set out below.

Global Employee Share Ownership Plan

Every year the Group carries out a capital increase reserved for current and former employees as part of the Global Employee Share Ownership Plan. New shares are offered at a discount with an obligatory five-year holding period. The resultant benefit to the employees is booked by the Group as an expense for the year under *Personnel expenses - Employee profit-sharing and incentives.* This benefit is measured as the difference between the fair value of each security acquired and the acquisition price paid by the employee, multiplied by the number of shares subscribed. The fair value of the acquired securities is measured taking account of the associated legal obligatory holding period using market parameters (notably the borrowing rate) applicable to market participants which benefits from these not negotiable shares to estimate the free disposal ability.

Other share based payments

The Group can award some of its employees stock purchase or subscription options, free shares or rights to a future cash payment based on the increase in Société Générale share price (SAR).

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, nor for the beneficiaries to exercise their options.

Group stock-option plans are valued using a binomial formula when the Group has adequate statistics to take into account the behavior of the option beneficiaries. When such data are not available, the Black & Scholes model or Monte Carlo model are used. Valuations are performed by independent actuaries.

For equity-settled share-based payments (free shares, stock purchase or subscription options), the fair value of these options, measured at the assignment date, is spread over the vesting period and booked to *Equity instruments and associated reserves* under shareholders' equity. At each accounting date, the number of options expected to be exercised is revised and the overall cost of the plan as originally determined is adjusted. Expenses booked to *Personnel expenses* from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments (stock options granted by unlisted companies or compensation indexed on Société Générale shares), the fair value of the options is booked as an expense over the vesting period of the options against a corresponding liabilities entry booked in the balance sheet under *Other liabilities - Accrued social charges.* This payables item is then remeasured at fair value against income until settled.

Cost of risk

The *Cost of risk* account is limited to allocations, net of reversals, to depreciation for counterparty risks and provisions for legal disputes. Net allocations to provisions are classified by type of risk in the corresponding accounts in the income statement.

Income tax

Current taxes

In France, the normal corporate income tax rate is 33.33%. Since January 1, 2007, long-term capital gains on equity investments are exempted but taxed a share of expenses of 1.66%. Additionally, a *Contribution sociale de solidarité* (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). Dividends from companies in which Société Générale's interest is at least 5% are tax exempt.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under *Income tax* in the consolidated income statement.

Deferred tax

Deferred taxes are recognized whenever the Group identifies a timing difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. The impact of changes to tax rates is booked in the income statement under *Deferred taxes* or as shareholders' equity according to the principle of symmetry used. Net deferred tax assets are not recorded unless it is probable that the subsidiary that owns the assets is likely to be able to apply them within a set time.

From 2007 onwards, the normal tax rate applicable to French companies to determine their deferred tax is 34.43%. The reduced rate is 1.72% taking into account the nature of the taxed transactions.

Deferred taxes are determined separately for each taxable entity and are not discounted to present value.

Insurance activities

Financial assets and liabilities

The financial assets and liabilities of the Group's insurance companies are recognized and measured according to the rules governing financial instruments explained above.

Underwriting reserves of insurance companies

Underwriting reserves correspond to the commitments of insurance companies with respect to insured persons and the beneficiaries of policies. In accordance with IFRS 4 on insurance contracts, life and non-life underwriting reserves continue to be measured under the same local regulations.

Underwriting reserves for unit-linked policies are valued at the balance sheet date on the basis of the market value of the assets underlying these policies. Life insurance underwriting reserves mainly comprise mathematical reserves, which correspond to the difference between the current value of commitments made respectively by the insurer and insured persons, and reserves for outstanding losses.

Non-life insurance underwriting reserves comprise provisions for unearned premiums (share of premium income relating to following financial years) and for outstanding losses.

Embedded derivatives that are not included in underwriting reserves are booked separately.

Under the "shadow accounting" principles defined in IFRS 4, an allocation to a provision for deferred profit-sharing is booked in respect of insurance contracts that provide discretionary profit-sharing. This provision is calculated to reflect the potential rights of policyholders to unrealized capital gains on financial instruments measured at fair value or their potential liability for unrealized losses.

Under IFRS 4 a liability adequacy test is carried out semiannually.

3 Presentation of financial statements

CNC recommended format for banks' summary financial statements

As the IFRS accounting framework does not specify a standard model, the format used for the financial statements is consistent with the format proposed by the French National Accounting Standards Board, the CNC, under Recommendation 2004 R 03 of October 27, 2004.

In order to provide a more relevant information to understand the financial performance of the Group in 2007, the loss before income taxes of the closing of the directional positions on unauthorized and concealed trading activities discovered on January 19 and 20, 2008 is presented under a separate caption of the consolidated income statement entitled “ Net loss on unauthorized and concealed trading activities” .

Rule on offsetting financial assets and liabilities

A financial asset and liability are offset and a net balance presented in the balance sheet when the Group is entitled to do so by law and intends either to settle the net amount or to realize the asset and settle the liability at the same time.

The Group recognizes in the balance sheet the net value of agreements to repurchase securities given and received where they fulfill the following conditions:

- the counterparty to the agreements is the same legal entity;

- they have the same certain maturity date from the start of the transaction;
- they are agreed in the context of a framework agreement that grants permanent entitlement, enforceable against third parties, to offset amounts for same-day settlement;
- they are settled through a clearing system that guarantees delivery of securities against payment of the corresponding cash sums.

The Group recognizes in its balance sheet for their net amount the fair value of options on indexes traded on organized markets and whose underlyings are securities within a single legal entity, provided these options meet the following criteria:

- the market where they are traded requires a settlement on a net basis;
- they are managed according to the same strategy;
- they are traded on the same organized market;
- the settlement of options via the physical delivery of underlying assets is not possible on these organized markets;
- they have the same characteristics (offsetting of call options with other call options on the one hand and offsetting of put options with other put options on the other);
- they share the same underlying, currency and maturity date.

Cash and cash equivalents

In the cash flow statement, *Cash and cash equivalents* includes cash accounts, demand deposits, loans and borrowings due to and from central banks and other credit establishments.

Earnings per share

Earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, except for treasury shares. The net profit attributable to ordinary shareholders takes account of dividend rights of preferred shareholders. Diluted earnings per share takes into account the potential dilution of shareholders' interests assuming the issue of all the additional ordinary shares envisaged under stock options plans. This dilutive effect is determined using the share buyback method.

4. Accounting standards and interpretations to be applied by the Group in the future

Some accounting standards and interpretations have been published by the IASB as of December 31, 2007. Some have been adopted and others have not been yet adopted by the European Union. These accounting standards and interpretations are required to be applied from January 1, 2009 but they will not be applied earlier by the Group as of December 31, 2007.

Accounting standards or amendments adopted by the European Union

IFRS 8 “Operating segment”

The European Union adopted IFRS 8 on November 21, 2007. Applicable as of January 1, 2009, this standard modifies segment reporting definition and disclosure of information.

Interpretations not yet adopted by the European Union on December 31, 2007

Revising IAS1 “Presentation of financial statements”

This revising norm, published by the IASB on September 6,2007, is required to be applied from January 1, 2009. This standard sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

Amendment to IAS 23 “Borrowing costs”

This amendment, published by the IASB on March 29, 2007, is required to be applied from January 1, 2009. It eliminates the option to expense immediately borrowing costs and mandatory requiring their capitalization when they are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of this amendment by the Group will consequently have no effect on its net income or shareholders’ equity. The Group already used this allowed alternative treatment that is required to be applied by this amendment.

IFRIC 12 “Service concession arrangements”

This interpretation, published by the IASB on November 30, 2006 is required to be applied from January 1, 2008. It explains the concession accounting treatment. This interpretation does not apply to Group operations and will consequently have no effect on its net income or shareholders’ equity .

IFRIC 13 “Customer loyalty programmes”

This interpretation published by the IASB on June 28, 2007, shall only be mandatory for financial years beginning after July 1, 2008. It explains the accounting treatment for loyalty programmes. The current accounting treatment is similar to this interpretation. In the future, it will consequently have no effect on net income or shareholders’ equity of the Group.

IFRIC 14 “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”

This interpretation published by the IASB on July 4, 2007, shall only be mandatory for financial years beginning after January 1, 2008. It clarifies the accounting treatment for the effect of any statutory or contractual funding requirements when a surplus in a pension plan can be recognized. In the future, it should consequently have no effect on net income or shareholders’ equity of the Group.

Note 2

Changes in consolidation scope and business combinations

1. Consolidation scope

As at December 31, 2007, the Group's consolidation scope includes 854 companies :

739 fully consolidated companies ;

79 proportionately consolidated companies ;

36 companies accounted for by the equity method.

The consolidation scope includes entities that have a significant impact on the Group's consolidated financial statements. It means companies whose balance sheet exceeds 0.02% of the Group's one, for full or proportionate consolidation, or companies in which the equity held by the Group exceeds 0.10% of the consolidated Group's total equity. These criteria do not apply to sub-consolidated subsidiaries.

The main changes to the consolidation scope at December 31, 2007, compared with the scope applicable for the accounts at December 31, 2006 were as follows :

- In the first half of 2007:
  - Bank Republic, which is 60%-owned by the Group, was fully consolidated. Société Générale made a commitment to acquire 30 % of the remaining shares through sales of put options. In accordance with IAS 32, the Group booked this options commitment as a liability.
  - SG Banque Burkina, which is 42.28%-owned by the Group, was fully consolidated considering the exclusive control by the Group.
  - The stake in TCW was increased to 98.40%, i.e. a 3.34% increase compared to December 31, 2006. As a reminder, the remaining shares held by employees include deferred call and put options exercisable in 2007 and 2008. The exercise prices are dependent on future performance.
  - The holding SGCF Hellas Finance (wholly-owned by SG Consumer Finance) has fully consolidated SFS HF Lease & Trade (ex.Chrofin) and SFS HF Consumer (ex. Cofidis Hellas).

- During the second half of 2007:
  - Banco Pecunia, which is 70%-owned by the Group, was fully consolidated through the holding GALO SA.
  - Fimat Japan acquired Himawari CX Inc's wholesale commodities business, a Japanese commodity futures commission merchant.

- At the end of September 2007, the Group acquired a further 50% of Locatrent, bringing its stake to 100%. At the end of December, Locatrent and Axus Italiana have merged.
- The Group consolidated ALD USA (ex. Ultea), using the equity method.
- SG Group increased its stake in the capital of Fortune Fund Management to 49%. Fortune Fund Management is now proportionately consolidated.
- Buchanan Street Advisors, 49.89%-owned by the Group, was fully consolidated.
- Banka Popullore, which is 75%-owned by the Group, was fully consolidated.
- Banco Cacique SA was fully consolidated by the holding Trancoso Participaçoes Ltda (wholly-owned by Banco SG Brasil).
- PACE, (Premier Asset Collateralised Entity), *Structured Investment Vehicle*, was fully consolidated (100%) further to its refinancing.
- On Vista AG, which is 46.01%-owned by the Group, was fully consolidated.
- Société Générale took, through EuroVL, 100% stake in the capital of Pioneer Investments Funds Services, which was fully consolidated.
- The Group's stake in Compagnie Financière de Bourbon was increased from 49% to 100% at the end of December 2007. Compagnie Financière de Bourbon is now fully consolidated.
- Société Générale, through SG Hambros, acquired the London-based private banking business ABN AMRO Bank N.V.
- Following the acquisition of 20% less one share in Rosbank, Société Générale has exercised its call option on Rosbank. Société Générale has increased its stake to 50%+1 share as at February, 13th 2008 and has taken control of Rosbank. At December 31, 2007, Rosbank is consolidated using the equity method due to operating constraints that did not allow the disposal of Group compliant financial statements within closing deadlines. This business combination is fully detailed in § 2.
- Seven SGAM funds were fully consolidated as they were refinanced by the Group.

In application of IFRS 5 " Non-current assets held for sale and discontinued operations " and following the creation of Newedge at January, 2nd 2008, entity resulting from the merger of the brokerage activities currently carried out by Fimat and Calyon Financial, 50% of all Fimat's assets and liabilities were reclassified in non-current assets and liabilities held for sale.

Also, in application of IFRS 5 " Non-current receivables held for sale and discontinued operations " and following the signing of a bank insurance partnership in Morocco with the Banque Populaire Group, 43.53 % of the held for sale assets and liabilities of La Marocaine Vie were reclassified in non-current assets and liabilities.

2. Business combinations

Control of Rosbank

Following the acquisition of 20% less one share in Rosbank for USD 634 million in 2006, and after having received all the necessary regulatory approvals from the Central Bank of Russia and the Federal Antimonopoly service, Société Générale has decided to exercise its call option on 30% plus two shares on Rosbank at the price of USD 1,700 million as at December, 20th, 2007. Société Générale will thereby increase its stake to 50% plus one share by mid-February 2008 hence taking control of Rosbank.

The exercise of the option will trigger a mandatory offer to current minority shareholders which will lead to the increase of Société Générale's stake in Rosbank up to 57.8 % by the end of the 1st half 2008.

The Group intends to continue its successful relationship with Interros which should remain a significant minority shareholder of Rosbank in the medium term.

Rosbank is one of the leading players in the Russian banking market with 3 million individual customers, 60,000 SME and 7,000 corporate clients. The bank operates through around 600 branches which make it the largest private bank branch network in the country. Its network covers more than 80% of the Russian territory with a presence in all the large urban centers as well as in the fast growing regions of Siberia and the Far East. Since 2004, Rosbank has grown faster than the market, with loans and assets increasing by 40% per year and 26% per year respectively.

This acquisition confirms the position of Société Générale as one of the main banking players in Russia, a market which experiences strong growth (loans +37% in 9 months 2007, deposits +24% in 9 months 2007).

The identifiable assets and liabilities of Rosbank as at June 30th, 2007 are:

Assets	**M EUR**
Current assets	1,206
Customer loans	4,971
Due from banks	658
Property, plant and equipment	278
Other	56
Total Assets	**7,169**
Liabilities	
Customer deposits	4,575
Due to banks	519
Debt securities issued	901
Other	175
Subordinated debt	86
Equity	913
Total Liabilities	**7,169**

Rosbank contribution to 2007 net income from companies consolidated by equity method was EUR 33 million

Note 3

Fair value of financial instruments

In a first part, this section specifies the valuation methods used by the Group to establish the fair value of the financial instruments presented in the following notes: note 6 "Financial assets and liabilities at fair value through profit and loss", note 7 "Hedging derivatives", note 8 "Available-for-sale financial assets", note 10 "Due from banks", note 11 "Customer loans", note 12 "Lease financing and similar agreements", note 13 “Held-to-maturity financial assets” note 18 "Due to banks", note 19 "Customer deposits" and note 20 "Securitized debt payables".

In a second part, this section details the valuation methods used by the Group to establish the fair value of the financial instruments linked to US residential mortgage exposure (subprime crisis).

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

1. Valuation methods

1.1 Financial instruments carried at fair value on the balance sheet

For financial instruments recognized at fair value through profit and loss, fair value is determined primarily on the basis of the prices quoted in an active market which are adjusted if no quoted prices are available on the balance sheet date or if the clearing value does not reflect transaction prices.

However, due notably to the various characteristics of derivatives traded over-the-counter on the financial markets, a large number of financial products processed by the Group do not have a quoted price in the markets.

For these products, fair value is determined using valuation models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for swaps or the Black & Scholes formula for certain options and using valuation parameters that reflect current market conditions as at the balance sheet closing date. Before being used, these valuation models are validated independently by the experts from the market risk department of the Group's Risk Division, who also carry out subsequent consistency checks (back-testing).

For information purposes, in the notes to the consolidated financial statements, financial instruments carried at fair value through profit and loss are differentiated by the valuation technique applied:

- Instruments *valued on the basis of prices quoted in an active market:* financial instruments that are quoted in an active market.
- Instruments *valued using valuation techniques based on observable market data:* financial instruments that are not directly quoted but which are valued using parameters that are quoted in an active market.
- Instruments whose *valuation is not based on market data*: financial instruments which are not directly quoted and for which a large part of the data used in their valuation is not observable or is not listed on an active market.

Observable data must be independent from the bank (non-proprietary data), available, publicized, and based on a narrow consensus.

For example, consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. Consensus data that are confirmed by broker prices are considered observable parameters.

In the event of particular market tensions, leading to a lack of the usual reference data used in the valuation of a financial instrument, the Risk Division may be led to implement a new model in accordance with relevant available data, similar to methods used by other market participants. This was the case, for example, with the super senior CDO (Collateralized Debt Obligations) tranches of American RMBS (Residential Mortgage Backed Securities).

Complex valuation methods applied to positions that are likely to have a material impact on performance are submitted to the Board of Directors' Audit Committee.

Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are subject to exhaustive monthly checks by specialists from the market risk department of the Group's Risk Division, and if necessary are supplemented by the necessary reserves, (as bid-ask spreads and liquidity).

Shares and other variable income securities

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

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

For unlisted securities in which the Group has significant holdings, valuations based on the above methods are checked against a discounted future cash flow valuation based on business plans or the valuation multiples of similar companies.

Debt (fixed-income) instruments held in portfolio, issues of structured securities measured at fair value and financial derivatives

The fair value of these financial instruments is determined based on the quoted price on the balance sheet closing date or prices provided by brokers on the same date, where available. For unlisted financial instruments, fair value is determined using valuation techniques (described in note 1 “Significant accounting principles”). Concerning liabilities measured at fair value, the on-balance sheet amounts include changes in Société Générale's own credit risk.

Other debt

For listed financial instruments, fair value is taken as their quoted price on the balance sheet closing date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates.

<u>1.2 Financial instruments not carried at fair value on the balance sheet</u>

For financial instruments that are not recognized at fair value in the balance sheet, the figures given in the notes should not be taken as an estimate of the amount that would be realized if all such financial instruments were to be settled immediately.

The fair values of financial instruments, if applicable, include any accrued interest.

Loans, receivables and lease financing agreements

The fair value of loans, receivables and lease financing transactions for large corporates is calculated, in the absence of an actively-traded market for these loans, by discounting future cash flows to present value based on the market interest rates (benchmark maturity yield published by Banque de France and zero-coupon yield) on the balance sheet date for loans with broadly similar terms and maturities. These discount rates are adjusted according to borrower credit risk.

The fair value of loans, receivables and lease financing transactions for retail banking customers, mainly comprised of individuals and small- or medium-sized companies, is determined, in the absence of an actively-traded market for these loans, by discounting the associated future cash flows to present value at the market rates in force on the balance sheet closing date for similar type of loan and similar maturities.

For all floating-rate loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity of less than one year, fair value is taken to be the same as book value.

Financial guarantees issued

Given the nature of the financial guarantees issued by Société Générale Group, fair value is taken to be the same as book value.

Customer deposits

The fair value of retail customer deposits, mainly comprised of individuals and small- or medium-sized companies, in the absence of an actively-traded market for these liabilities, is taken to be the same as the value of future cash flows discounted to present value at the market rates prevailing on the balance sheet date.

For floating-rate deposits, demand deposits and borrowings with an initial maturity of less than one year, fair value is taken to be the same as book value

2.Financial instruments linked to US residential mortgage exposure (subprime crisis)

2.1. RMBS (Residential Mortgage Backed Securities)

For positions relative to bonds whose underlyings are subprime risks on the US residential mortgage exposure, in the second half of 2007 it became difficult to establish reliable prices on all securities individually.

In these conditions, the valuation technique was based on using observable prices on benchmark indices, in particular the ABX Index (valuation based on observable market data). A weighted-average life was determined for the various ABX Indices and RMBS investments held in portfolio, including default, recovery, and pre-payment scenarios. The implied credit spread of the indices was subsequently determined based on their prices.

Each RMBS bond was valued using the credit spread of its reference index (same vintage, same rating). The consistency of the average credit quality of bonds with the credit quality of bonds making up the ABX Index was also monitored to legitimate the use of ABX levels to value positions.

The subprime RMBS portfolio has been widely hedged through acquisition of protection on ABX indexes or sold. On December 31, 2007, exposure to RMBS, net of unhedged exposure and write-downs totalised EUR 184 million (EUR 49 million of nominal exposure, sensitivity hedged and EUR 135 million covered by monoline insurance). The RMBS trading portfolio has generated a loss of EUR 325 million recorded in *Net banking income.*

2.2 CDO (Collateralized Debt Obligations) tranches of RMBS

The valuation of super senior CDO tranches of RMBS was not based on observable transactions but was carried out using parameters that were neither observable nor listed on an active market.

Societe Generale's approach focuses on the valuation of individual mortgage pools underlying structured bonds to estimate the fundamental value of RMBS bonds, and consequently of CDO tranches, using a credit stress testing prospective scenario, as opposed to a mark-to-market approach.

Four key variables are used to value mortgage pools: the probability of default, the loss in given default, the pre-payment speed and the timing of default. These key variables were adjusted over the fourth quarter of 2007 to reflect changes in the economic environment, such as the delinquency and default rates home price appreciation, and observed losses experience.

The calculation's compliance to the so-defined methodology was reviewed by Group's "General Inspection"

To complete the valuation of CDO tranches, all non-RMBS positions were written down as follows: 100% for junior CDO tranches and 30% for other non-CDO assets. All losses calculated using this methodology were all taken upfront . The input of this calculation was then compared to the implied write-downs from ABX index.

Additional write downs were taken so as to reflect the illiquidity of the relevant tranches.

On the whole, the valuations obtained at December 31, 2007 were consistent with the valuation levels of benchmark ABX indices for this type of exposure where the comparison was appropriate (2006 and 2007 subprime vintage).

On December 31, 2007, the gross exposure to AAA super senior CDO tranches amounted to EUR 4.85 bn. Concerning this position, write-downs recorded in 2007 amounted to –EUR 1.25 bn and negatively affected bonds and other debt instruments at fair value through profit and loss booked on the assets side of the consolidated balance sheet. On December 31, 2007, the net exposure to CDO tranches was EUR 3.6 bn.

Cumulative losses on CDO subprime assets and sensitivity analysis

	2005	2006	2007	Impact on NBI
Assumptions for cumulative Q3 07 losses	9,1%	14,6%	14,5%	EUR -167m for 9M 07
Assumptions for cumulative Q4 07 losses	9,0%	23,0%	25,0%	EUR -1,250m for FY 2007

Sensitivity	Impact on NBI
+ 10% cumulative losses for each year of production	EUR -431m (1)

(1) : Impact of average exchange rate in Q4 07

Total US residential real estate loss assumptions : approximately USD 350bn

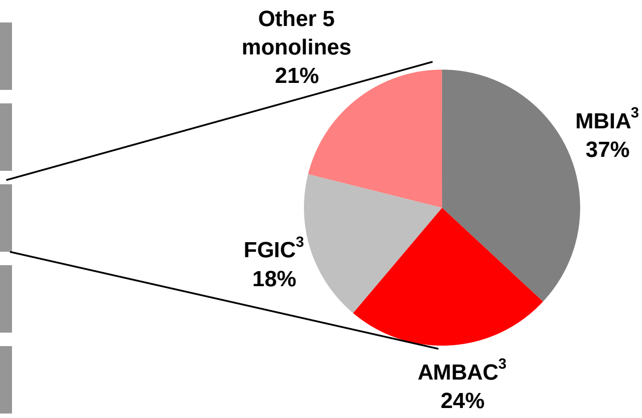
2.3 Counterparty risk exposure to US monoline insurers

The relevant exposures are included under financial assets at fair value through profit or loss. The fair value of the Group's exposures to monoline insurers that have granted credit enhancements on assets notably including underlying US real estate takes account of the deterioration in the estimated counterparty risk on these players.

These factors led the Group to book write-downs in 2007 totaling EUR -900 million recorded in the income statement under *Net banking income*. This adjustment of the valuation of credit derivatives is recorded in the balance sheet under financial instruments at fair value through profit and loss. The amount of these write-downs has been based on an analysis of each of the insured assets (under the assumption of immediate default by all monoline insurers that insure these assets), notably consistent with our risk valuation models used for the underlying assets of unhedged CDO portfolios with an underlying US real estate, and was set on the basis of the management's best estimates.

Counterparty risk exposure to "monolines" (default scenario for all Société Générale Group counterparty monoline insurers)

	In EUR bn
Gross counterparty exposure [1&2&3]	1.9
CDS bought from banks	-0.6
Net counterparty exposure [3]	1.3
Write-downs [4]	-0.9
Net residual counterparty exposure	0.4



(1) Based on valuation methodologies consistent with those applied for uninsured assets and excluding ACA

(2) Including EUR 1.5 bn gross counterparty exposure related to a EUR 7.9 bn US mortgage related nominal exposure, of which EUR 4.2 bn subprime (vintages : 3% 2007, 21% 2006 and 76% 2005 and earlier)

The Group has also impaired its entire exposure to the ACA company for an amount of EUR -47 million.

2.4. Sensitivity of fair value

Unobservable parameters are assessed carefully and conservatively. However, by their very nature, unobservable parameters imply a degree of uncertainty in their valuation.

At December 31, 2007, the sensitivity of fair value to a standardized[(1)] variation of unobservable parameters was + or – EUR 194.5 million over the entire valuation scope of financial instruments measured at fair value using unobservable parameters (*financial instruments whose valuation is not based on market data)*, excluding the super senior CDO tranches of US RMBS. The Equities business line was the main contributor to this scope, with the variation calibrated to a typical spread of consensus or historic data.

For super senior CDO tranches of US RMBS, the sensitivity to a 10% variation in loss rates, estimated by year of production of the underlying assets, was as follows:

- for a 10% rise (e.g. from 25% to 27.5%): depreciation increased by EUR 431 million
- for a 10% drop: depreciation decreased by EUR 635 million

(1) : meaning

- either the standard deviation of consensus prices used to assess the parameter
- or the standard deviation of historical data used to assess the parameter

Note 4

Risk management linked to financial instruments

This note describes the main risks linked to financial instruments and the way they are managed by the Group according to the IFRS7 requirements.

The main risks incurred on banking activities are the following:

- credit risks (including country risk): risk of loss arising from the inability of the bank's clients, sovereign issuers and other counterparties to meet their financial commitments;
- market risks: risk of loss resulting from changes in market prices and interest rates, in the correlation between these elements and in their volatility;
- structural risks: risk of loss or of residual depreciation in the bank's balance sheet arising from variations in interest or exchange rates;
- liquidity risks: risk of the Group not being able to meet its commitments at their maturities.

1 - Organization, procedures and methods

Risks are inherent to all banking activities and must therefore be taken into account from the inception of a transaction through to its completion. As such, responsibility for risk management lies first with the Operating Divisions.

In accordance with current regulations, Societe Generale's Risk Division is an independent division of the commercial entities. It reports directly to the Group's General Management and its role is to contribute to the development and profitability of the Group by ensuring that the risk management framework in place is both sound and effective.

The Risk Division ensures a consistent approach to risk assessment and risk monitoring at the Group level.

The division employs risk modeling teams, information system project managers, industry experts and economic research teams, and is responsible for:

- defining and validating the methods used to analyze, assess, approve and monitor credit risks, country risks and market risk;
- conducting a critical review of sales strategies for high-risk areas and permanently seeking to improve the forecasting and management of all such risks;
- contributing to the independent assessment of credit risks by validating and commenting on transactions proposed by sales managers and monitoring them from the beginning to the end;
- identifying all Group risks and monitoring the adequacy and consistency of risk management information systems.

Structural interest and exchange rate risks are incurred in commercial and proprietary activities (transactions involving shareholders' equity, investments, bond issues).

Structural interest and exchange rate risks and liquidity risks, as well as the Group’s long-term refinancing, capital requirements and capital structure are managed by the Financial Division’s Capital, Assets and Liabilities and Regulations Department.

A systematic review of the bank's key management issues relating to credit and market risks is carried out during the monthly Risk Committee meetings (CORISQ), which bring together the members of the Executive Committee and Risk Division managers.

This Committee meets to review all core strategic issues: risk-taking policies, assessment methods, material and human resources, portfolios and the cost of risk analyses (by product, country, sector, region, etc…), market and credit concentration limits and crisis management.

All new products and activities or products under development must be submitted to the New Product Committee of the relevant division. The New Product Committee aims to ensure that, prior to the launch of a new activity or product, all associated risks are fully understood, assessed, approved and subjected to adequate procedures and controls, using the appropriate information systems and processing chains.

2 - Credit Risks

2 - 1 Risk-taking: general principles

Approval of a credit risk must be based on sound knowledge of the client, the Group's risk strategy, the purpose, nature and structure of the transaction and the sources of repayment. It assumes that the return on the transaction will sufficiently reflect the risk of loss in the event of default.

The risk approval process is based on five core principles:

- all transactions giving rise to a counterparty risk (debtor risk, non-settlement or non-delivery risk, issuer risk) must be authorized in advance;
- all requests for authorizations relating to a specific client or client group must be handled centrally by a single sales division. The centralizing division is designated on a case-by-case basis in order to ensure a consistent risk management approach and the permanent control of the Group's potential exposure to major clients;
- systematic recourse to internal counterparty risk ratings upstream of all credit decisions. These ratings are provided by the Operating Divisions and validated by the risk function; they are included in all loan applications and are to be factored in for all decisions regarding the issue of a loan;
- responsibility for analyzing and approving risk is delegated to the most appropriate section of the business lines or credit risk units;
- risk assessment departments are fully independent at each decision-making level.

The Risk Division has a specialized department for financial institutions, which aims to further develop the Group's expertise in this client segment by centralizing the analysis of the quality of counterparties and the approval of exposure limits allocated to all entities and business.

The definition of country risk limits is intended to assign an appropriate exposure limit to each emerging country, on the basis of the risk incurred and the expected return on transactions in each country. The allocation of limits is subject to the final approval by the Group's General Management and is based on a process that takes due account of the Operating Divisions and the Risk Division.

The Group also has specific procedures to manage any credit crisis that may arise with respect to a counterparty, industry, country or region.

2 - 2 Risk measurement and internal ratings

In order to provide the credit function with the necessary tools for deciding on, structuring and pricing transactions, Societe Generale Group undertook to create internal models for quantitative risk measurement and risk-adjusted return on capital in the mid-1990s.

These models have been adapted in order to comply with new regulatory documents. Today, they cover almost all of the Group's credit portfolio (retail and corporate banking).

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

- the internal rating models used by both the sales function which proposes the ratings and the risk function which validates them. These models are used to quantify the following risks:

- counterparty risk (expressed as a probability of default by the borrower within one year);
- transaction risk (expressed as the amount that will be lost should a borrower default);

- a body of procedures which regroups banking principles and the rules for using the models (scope, frequency of rating revision, procedure for approving ratings, etc.);
- the human judgment of those involved in the ratings process who apply the models in compliance with the relevant banking principles and whose expertise is invaluable in drawing up the final ratings.

Since the early 2000s, the Group has progressively developed its credit risk management policy, with ratings now forming an integral part of its day-to-day operations.

2007 proved to be a particularly important year in terms of preparing the Group for IRBA accreditation.

To this end, much work has been done to enhance the main credit portfolios risk monitoring system, both in terms of auditing and improvements, resulting in operational models capable of meeting the "use test" criteria and the technical conditions required by regulations. The IRBA accreditation has been given by the Commission Bancaire on December 20, 2007

Modeling carried out for credit risk purposes was accompanied by the implementation of permanent procedures in the Group enabling required data gathering for modeling and back testing. The Group rating system is now permanently operational for exposures in France, and it is used regularly for risk monitoring purposes. Accordingly, the Risk Division defined a body of procedures detailing the rating conditions for counterparties and transactions, which was then deployed in each Operating Division. A portfolio analysis governance system was also established, both globally and at the sector and regional levels. Conclusions from these analyses are periodically presented to the Group's governing bodies.

The systems for measuring Default and Loss given default probabilities are now in the optimisation phase for all of the credit portfolios under the scope of the IRBA.

2 - 3 Credit risk exposure

The table below outlines the maximum credit risk exposure of the Group's financial assets, net of depreciation and before any bilateral netting agreements and collateral (notably any cash, financial or non-financial assets received as collateral and any guarantees received from corporates), excluding revaluation differences on items hedged or listed at fair value on the balance sheet

(In millions of euros)	**Dec. 31, 2007**	**Dec. 31, 2006**
Financial assets at fair value through profit and loss (excluding variable income securities)	373,925	337,193
Derivative hedging instruments	3,709	3,668
Available-for-sale financial assets (excluding variable income securities)	76,497	68,400
Due from banks	73,065	68,157
Customer loans	305,173	263,547
Lease financing and similar agreements	27,038	25,027
Held-to-maturity financial assets	1,624	1,459
Exposure to balance sheet commitments, net of depreciation (*)	***861,031***	***767,451***
Loan commitments granted	162,595	167,299
Guarantee commitments granted	68,039	56,125
Provisions for commitments granted and endorsements	-105	-128
Exposure to off-balance sheet commitments, net of depreciation	***230,529***	***223,296***
	,	
Total net exposure	***1,091,560***	***990,747***

(*) The unused portion of the loans are withheld in their entirety

2 - 4 Hedging credit risk

Minimizing risk is an integral part of the sales process, with hedges made as and when loans are issued and then in accordance with the life of a loan from the moment it is approved until its final payment.

Guarantees and collateral

Guarantees and collateral are used by the bank to partially or fully protect against the risk of debtor insolvency (e.g. mortgage or cover through a Crédit Logement mortgage for loans granted to individuals). Guarantor ratings are reviewed internally at least once a year and collateral is subject to revaluation at least once every twelve months.

In preparing for the implementation of Basel II, Societe Generale Group has reinforced its policies on taking guarantees and collaterals and on updating their valuation (guarantee collection database, establishment of operational procedures).

Societe Generale Group therefore proactively manages its guarantees with the aim of reducing the risks it takes. It does this primarily by diversifying guarantees: physical collaterals, guarantees (including CDS).

Credit derivatives

The Group uses credit derivatives in the management of its corporate loan portfolio. They not only serve to reduce individual, sector and geographic exposure but also allow dynamic risk and capital management.

Our overconcentration management policy leads us to take important individual hedging positions. For example, the ten most-hedged names account for EUR 6.4 billion in protection (i.e. 27% of the total amount of individual protections), of which EUR 0.8 billion for the most-hedged name.

In 2007, total credit derivatives outstanding increased by EUR 24.1 billion, reaching a total of EUR 50.5 billion at end-December: EUR 24.0 billion in the form of Credit Default Swaps (CDS) and EUR 26.5 billion in the form of synthetic Collateralized Debt Obligations (CDOs). The increase in the portfolio’s size was generated by individual-name CDS and structured transactions hedging against pools of exposure.

All new transactions were protection purchases, no sell of protection have been made in 2007.

Almost all protection purchases were carried out with banking counterparties with ratings of A or above, the average being between AA and AA-.

Credit derivatives are also used in trading activities (both buy and sell positions). The nominal positions within these portfolios cannot be used to assess the level of risk: those activities are measured in VaR.

In accordance with IAS 39, all credit derivatives regardless of their purpose shall be recognized at fair value through profit and loss and cannot be booked as hedging instruments.

Master netting agreements

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

Impairment

Decisions to book individual provisions on certain counterparties are taken where there is objective evidence of default. The amount of the depreciation depends on the probability of recovering the sums due. Depreciation is then booked based on the financial position of the counterparty, its economic prospects and the guarantees called up or which may be called up.

In collaboration with Division heads, the Risk Division draws up portfolio-based provisions which are reviewed each quarter. The aim of these provisions is to factor in any credit risks incurred on other similar portfolio segments before any depreciation at an individual level.

2 - 5 Credit portfolio analysis

2-5-1 Breakdown of on-balance-sheet credit portfolio.

Outstanding loans in the on-balance-sheet credit portfolio before impairement (customer loans, due from banks, lease financing and similar agreements) break down as follows at December 31, 2007:

In billions of euros	Dec. 31, 2007		
	Non-banking customers*	**Banks**	**Total**
Performing loans without any past due amount	309,33	46,88	356,21
Performing loans including past due amounts	5,09	0,01	5,10
Impaired	11,36	0,04	11,40
Total gross outstanding loans	325,78	46,93	372,71
Other (impairment, repos…)	6,43	26,14	32,57
Total	332,21	73,07	405,28

**including Lease financing and similar agreements*

Performing loans including past due amounts account for 1,4% of unimpaired on-balance sheet assets and include loans that are past due for technical reasons.

At December 31, 2006, these outstanding loans (different consolidation scope from 2007, accounting for 95% of total outstanding loans in 2006) broke down as follows:

In billions of euros	**Dec. 31, 2006**		
	Non-banking customers*	**Banks**	**Total**
Performing loans without any past due amount	251,59	36,07	287,66
Performing loans including past due amounts	3,72	0,01	3,73
Impaired	9,78	0,05	9,83
Total gross outstanding loans	265,09	36,13	301,22

**including Lease financing and similar agreements*

At December 31, 2006, performing loans without any past due amount accounted for 1.3% of unimpaired on-balance sheet assets.

At December 31, 2007, the data gathering benefited from the gradual improvement during the year of the central information system supplying relating to the Basle 2 work. In addition, the gathering scope at December 31, 2007 covers the entire Group. The unimpaired outstandings with past due amounts relating to entities not included in the scope at December 31, 2006 stood at EUR 0,6 billion at December 31, 2007.

2-5-2 Information on risk concentration.

Societe Generale Group proactively manages its risk concentrations, both at the individual and portfolio levels (geographic and industry concentration).

The individual concentration is a parameter managed when granting the loan. The counterparts representing the most important exposures of the bank are regularly reviewed by the General Management .

At December 31, 2007, the Group ' s commitments on its ten largest industrial counterparties accounted for 5% of this portfolio.

A portfolio analysis governance system was also established, globally and also in terms of geographic regions and industry sectors. The conclusions of these analyses are periodically presented to the General Management.

At December 31, 2007, only one sector accounts for more than 11% of total Group outstanding loans on and off-balance sheet assets, excluding retail and banks (standing for EUR 356 billion at the end of 2007 including EUR 220 billion on-balance-sheet outstanding). This sector Financial activities - excluding banks is characterized by a moderate cost of risk.

At December 31, 2007, the five main sectors were Financial Activities (16%), Public Administration (10%), Real Estate activities (7%), Business Services (7%) and Transport Postal Services and Logistics (6%), expressed as a percentage of Corporate on and off-balance sheet assets, excluding repo agreements.

At December 31, 2006, the five main sectors were Financial Activities (16%), Public Administration (10%), Real Estate (6%), Wholesale Trade (6%) and Transport, postal services and logistics (6%), expressed as a percentage of Corporate on and off-balance sheet assets, excluding repo agreements.

At December 31, 2007, on-balance sheet commitments on non-banking clients were divided between the following four main geographic regions: France, Western Europe, Eastern Europe and Africa/Near Middle East (representing 56%, 22%, 11% and 4%, respectively, of on-balance sheet commitments on non-banking clients standing for EUR 326 billion.

At December 31, 2006, the four main regions were France, Western Europe, Eastern Europe and Africa/Near Middle East, representing 59%, 20%, 10% and 4%, respectively, of on-balance sheet commitments on non-banking clients standing for EUR 279 billion.

2-5-3 Impairment analysis

At December 31, 2007, impaired outstanding loans stood at EUR 11.4 billion (EUR 10.6 billion at December 31, 2006).

A counterparty is deemed to be in default when any of the following takes place when at least one of the three following conditions are verified:

- A significant financial degradation of the borrower will not allow him to fulfill its overall commitments (credit obligations), and as regards will lead an important probability of losses,

and/or

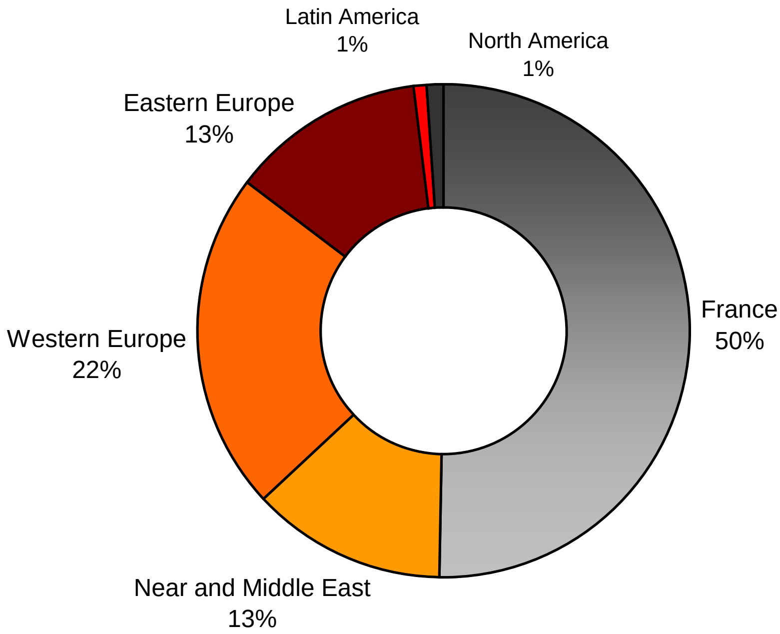
- One or several past due of more than 90 days are recorded and/or an out of court settlement procedure has been initiated, (with the exception of certain asset categories, such as housing loans and loans to local authorities)

and/or

- a legal proceeding such as a bankruptcy, legal settlement or compulsory liquidation is in progress.

Sovereign issuers are deemed to be in default where the debt service is no longer paid or where an exchange offer is proposed, involving a loss in value for the creditors.
At December 31, 2007, impaired outstanding assets broke down as follows:

Impaired loans



Impairement on assets are broken down as follows:

In Million EUR	Amount at Dec. 31, 2006	Net allocations to provisions for impairment	Reversals used	Currency and scope effects	Amount at Dec. 31, 2007
Specific impairments (Bank loan + Customer loan + lease financing)	6,477	894	(798)	(6)	6,576
Impairments on groups of similar assets	1,025	(110)	-	(14)	901
Others (*)	870	99	(31)	-	938
TOTAL	8,372	883	(820)	(20)	8,415

(*) Includes impairments on the available-for-sale assets described in Note No. 8.

2-5-4 Breakdown of unimpaired past due loans

At December 31, 2007. unimpaired past due loans accounted for 1.4% of the on-balance sheet portfolio of performing loans

In billions of euros	Dec. 31, 2007		
	Customers	**Banks**	% of Gross outstanding loans
Past due amounts less than 90 days old	4,64	0,01	91 %
Included less than 29 days old	3,23	0,01	63 %
Past due amounts between 90 and 179 days old	0,23	NS	5 %
Past due amounts over 180 days old	0,22	NS	4 %
TOTAL	**5,09**	**0,01**	**100 %**

For the sake of comparison, unimpaired past due loans stood at EUR 3.73 billion at December 31, 2006 and broke down as follows: 90.8% less than 90 days old, 7.8% 90-179 days old and 1.4% over 180 days old.

The amounts presented in the table above include past due loans for technical reasons, with past due loans mainly belonging to the category "less than 29 days old".

Loans past due for technical reasons are loans that are classified as past due due to a delay between the value date and the payment value date.

The whole debt (outstanding balance, interests and past due amount) is disclosed as past due loans. These outstanding loans are monitored as soon as the first payment is missed. They may be placed on a watch list at that time.

Once an installment has been past due for 90 days, the counterparty is deemed to be in default (with the exception of certain categories of outstanding loans, particularly those relating to Public Sector entities).

2-5-5 Renegotiated outstanding loans

Within Societe Generale Group, renegotiated outstanding loans relate to loans made to any type of clientele (retail clients and legal entities). These loans have been restructured (in terms of principal and/or interest rates and/or maturities) due to the probability that the counterparty will be unlikly to pay in the absence of such a restructuring.

These amounts do not include any renegotiation of the sales terms pertaining to adjustments of conditions on interest rates and/or repayment periods granted by the Bank for the purpose of maintaining the quality of the Bank's relations with a client.

Societe Generale Group's banking practices call for most clients whose loans have been renegotiated to be maintained in the category "impaired", as long as the bank remains uncertain of their ability to meet their future commitments (definition of default under Basel II).

This approach explains the low number of unimpaired renegotiated loans and the volatility of this asset class.

The renegotiated outstanding loans presented below apply to the corporate clients of the Corporate and Investment Banking and of French retail banking loans (loans exceeding EUR 150,000 in the Société Générale network) and for the main subsidaries of the International retail Banking and the retail clients for the other divisions.

The renegotiated outstanding loans during the year 2007 amount EUR 46 million (EUR 83 million in 2006).

2-5-6- Fair value of guarantees and collateral for impaired outstanding loans and non-doubtful outstanding loans with past due installments.

At December 31, 2007, guarantees and collateral relating to past due, unimpaired outstanding loans and impaired outstanding loans broke down as follows:

	Dec. 31, 2007			
	guarantees and collaterals related to past due, unimpaired outstanding loans		guarantees and collaterals related to impaired outstanding loans	
	non-retail	retail	non-retail	retail
Total (in millions of euros)	755	183	1,120	164

The amounts of the guarantees and collaterals presented in the table above correspond to the amounts of the Basel-II eligible guarantees and collaterals, limited to the amounts remaining due. Some guarantees and collaterals, among which personal guarantees provided by a business owner, pledge over unlisted securities, for instance, are not included in these amounts. Some guarantees and collaterals to outstanding loans with intrinsic guarantees are also excluded (for example financial leasing).

The Risk function is responsible for validating the operational procedures established by the business divisions for the regular valuation of guarantees and collateral, on a regular basis, either automatically or on the basis of an expert's opinion, whether the valuation is established during the decision phase for a new loan or on the annual renewal of the credit application.

3 – Market risks

3 - 1 Market risk management structure

The Group's market risk management structures are continually adjusted in a bid to harmonize existing procedures and ensure that the risk management teams remain independent from the operating divisions.

Although the front-office managers naturally assume primary responsibility when it comes to risk exposure, its global management lies with an independent structure: the Market Risk unit of the Risk Division. This unit carries out the following functions:

- daily analysis (independently from the front office) of the exposure and risks incurred by the Group's market activities and comparison of said exposure and risks with the limits set;
- definition of the risk-measurement methods and control procedures, approval of the valuation methods used to calculate risks and results and setting of the provisions for market risks (reserves and adjustments to earnings);
- definition of the functionalities of the databases and systems used to measure market risks;
- approval of the limit applications submitted by the operating divisions, within the global authorization limits set by the General Management, and monitoring of their use;
- centralization, consolidation and reporting of the Group's market risks.

At the proposal of this Division the Group Risk Committee sets the levels of authorized risk by type of activity and makes the main decisions concerning Group risk management. Within each entity that incurs market risk, risk managers are designated to implement the Level 1 risk control. The main tasks of these managers, who are independent of the front offices, include:

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

Since the uncovering in January 2008 of unauthorized and concealed trading activities such as described in the note 40, the monitoring oh the limits set in gross notionnal will be extended to all the activites .

In the major trading rooms in France and abroad, these specialized market risk managers report directly to the Risk Division.

3-2 Methods of measuring market risk and defining exposure limits

Societe Generale 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 model, this composite indicator is used for the day-to-day monitoring of the market risks incurred by the bank, in particular as regards the regulatory scope of its trading activities.
- a stress test measurement, based on a decennial shock-type indicator. Stress test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary limits (sensitivity, nominal, concentration, holding period, etc.), which ensure consistency between the total risk limits and the operational limits used by the front office. These limits also allow for the control of risks that are only partially detected by VaR or stress test measurements.

Breakdown of trading VaR by type of risk – change between 2006 and 2007

1-day, 99%	Year-end		Average		minimum		maximum	
	2007	2006	2007	2006	2007	2006	2007	2006
Equity price risk	-26	-25	-36	-21	-11	-7	-53	-38
Interest rate risk	-13	-9	-13	-15	-7	-9	-20	-20
Credit risk	-57	-18	-30	-14	-12	-9	-69	-24
Exchange rate risk	-4	-3	-3	-2	-1	-1	-6	-5
Commodity price risk	-2	-2	-3	-2	-1	-1	-6	-5
Compensation effect	57	35	43	29	NM*	NM*	NM*	NM*
Total	-44	-22	-43	-25	-27	-11	-66	-44

The figures concerning the 2007 do not take into account the unauthorized and concealed trading activities

Compensation is defined as the difference between the total VaR and the sum of the VaR by type of risk. It reflects the extent of elimination between the different type of risks (interest rate, equity, exchange rate, commodities).

Method used to calculate VaR

This method was introduced at the end of 1996 and it is constantly improved with the addition of new risk factors and the extension of the scope covered by the VaR (in 2007, for example, the VaR calculation was refined to better reflect the range of variation between equity volatilities and index volatilities). Today, the market risks on almost all investment banking activities are monitored using the VaR method, in particular those relating to more complex activities and products, as well as certain retail banking and private banking activities outside France.

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

- the creation of a database containing risk factors which are representative of Societe Generale's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). The VaR is calculated using a database of several thousand risk factors;
- the definition of 250 scenarios, corresponding to one-day variations in these market parameters over a sliding one-year period;

- the application of these 250 scenarios to the market parameters of the day;
- the revaluation of daily positions, on the basis of the adjusted daily market parameters and on the basis of a revaluation taking into account the new linearity of these positions.

The 99% Value at Risk is the biggest loss that would be incurred after eliminating the top 1% of most unfavorable occurrences. Over one year, or 250 scenarios, it corresponds to the average of the second and third largest losses observed.

The VaR is first and foremost designed to monitor market activity in the bank's trading portfolios. In 2007, the VaR limit for all trading activities was increased to EUR 70 million (EUR 10 million more than in 2006) to reflect the aforementioned change in the VaR calculation method.

Limitations of the VaR assessment

The VaR assessment is based on a model and a certain number of assumptions and approximations. Its 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 some products and in some crisis situations;
- the use of the 99% confidence interval does not take into account any losses arising beyond this interval; the VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptionally large fluctuations;
- VaR is calculated 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 instead of certain risk factors and, in the case of some activities, not all of the relevant risk factors are taken into account which can be due to difficulties in obtaining daily data.

The Group controls the limitations therein by:

- systematically assessing the relevance of the model by back-testing to verify that the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval, which has been the case at the Group level since the VaR system was introduced;
- complementing the VaR system with stress test measurements.

Moreover, work is constantly carried out on the internal model to improve its quality.

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

The stress test risk assessment methodology is based on 18 historic scenarios and 8 hypothetical scenarios, including the “Societe Generale Hypothetical Scenario”, which has been used since the early 1990s. Alongside the VaR model, the stress test is one of the main pillars of our risk management system and is based on the following principles:

- risks are calculated every day for each of the bank's market activities (all products combined), using the 18 historic scenarios and 8 hypothetical scenarios;
- stress test limits are established for the Group’s activity as a whole and then for the different business lines. These set, firstly, the maximum acceptable loss under the Societe Generale Hypothetical Scenario and the hypothetical scenario of a stock market krach such as that of October 1987, and, secondly, the maximum acceptable loss under the 24 remaining historic and hypothetical scenarios;
- the different stress test scenarios are reviewed and expanded by the Risk Division on a regular basis, in conjunction with the Group's teams of economists and specialists.

The list of scenarios used was reviewed in 2007. No scenarios were either added or withdrawn subsequent to this review.

Historic stress tests

This method consists in an analysis of the major economic crises that have affected the financial markets since 1990: the changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises are analyzed 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 18 historic scenarios.

Hypothetical stress tests

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

4 - Structural interest rate and exchange rate risks

The application of regulations 1997-02, 2001-01 and 2004-02 of the French Banking and Financial Regulation Committee on internal control provided Societe Generale Group with the opportunity to formally define the principles for monitoring the Group's exposure to interest rate and exchange rate risks which had been in force for several years.

The general principle is to concentrate structural interest rate and exchange rate risks within capital market activities, where they are monitored and controlled using the methods described above for market risks, and to reduce structural interest rate and exchange rate risks as much as possible.

Wherever possible, commercial transactions are hedged against interest rate and exchange rate risks, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within a treasury department). Interest rate and exchange rate risks on proprietary transactions must also be hedged as far as possible.

Consequently, structural interest rate and exchange rate risks are only borne on the residual positions remaining after this hedging.

4-1 Organization of the management of structural interest rate and exchange rate risks

The principles and standards for managing these risks are defined at the Group level. The operating entities assume primary responsibility for the management of their risk exposure, while the Group's Asset and Liability Management Department (ALM Department) carries out a Level 2 control on the management of these risks performed by the entities.

- The Group's Finance Committee, chaired by the General Management and composed of members of the Executive Committee and Finance Department:

- validates the basic principles for the organization and management of the Group's structural risks;
- validates the limits for each entity based on recommendations by the Group’s Asset and Liability Management Department;
- examines the reports on these risks provided by the ALM Department;
- validates the asset and liability management policy of the French Networks;
- validates the hedging programs implemented by Societe Generale Metropole (excluding the French networks).

- The Group ALM Department, which comes under the authority of the Group Finance Department :

- defines the standards for the management of structural risks (organization, monitoring methods);
- centralizes, consolidates and reports on structural risk exposure, and carries out Level 2 controls (independently of the operating divisions supervising the entities);
- validates the models used by the entities;

- The operating entities are responsible for controlling structural risks.

The operating entities are required to follow the standards defined at the Group level for the management of risk exposure, but also develop their own models, measure their exposure and implement the required hedges.

Each entity has its own structural risk manager, attached to the entity Finance Department, who is responsible for conducting Level 1 controls and for reporting the entity's structural risk exposure to the Group ALM Department via a shared IT system.

Retail banking entities both in France and abroad generally have an ad-hoc ALM Committee which validates the maturities of non-contractual commitments (sight deposits, etc.) and therefore determines the corresponding transformation strategy, reviews structural interest and exchange rate positions and validates the associated hedging programs in accordance with Group standards.

4-2 Structural interest rate risk

Structural interest rate risk arises from residual gaps (surplus or deficit) in each entity's fixed-rate positions with future maturities.

Objective of the Group

The Group's principal aim is to reduce each entity's exposure to interest rate risk as much as possible once the transformation policy has been decided.

To this end, any residual structural interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. Said sensitivity is defined as the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficits on assets and liabilities) for a 1% parallel shift in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit for the overall Group is EUR 500 million (which equates to less than 1.7% of shareholders' equity).

Measurement and monitoring of structural interest rate risks

In order to quantify its exposure to structural interest rate risks, the Group analyzes all fixed-rate assets and liabilities with future maturities to identify any gaps. These positions come from transactions remunerated or charged at fixed rates and from their maturities.

Assets and liabilities are generally analyzed independently, without any a priori matching. Maturities on outstanding positions are determined on the basis of the contractual terms governing transactions, models of historic client behavior patterns (special savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and sight deposits). Options exposure is analyzed through its delta equivalent.

Once the Group has identified the gaps in its fixed-rate positions (surplus or deficit), it calculates their sensitivity (as defined above) to variations in interest rates. This sensitivity is defined as the variation in the net present value of fixed-rate positions corresponding to an immediate parallel increase of 1% in the yield curve.

In addition to this analysis, analyses are also performed on scenarios of potential variations in net interest income, which factor in assumptions as to how assets and liabilities are likely to evolve in the future.

Throughout 2007, the Group's global sensitivity to interest rate risk remained below 1% of Group shareholders' equity and well within the EUR 500 million limit.

The following observations can be made with regard to the business lines' structural interest rate risk:

- Within the domestic retail banking division, outstanding customer deposits, generally considered to be fixed-rate funds, exceed fixed-rate loans for maturities over 5 years. Indeed, thanks to macro-hedging essentially using interest rate swaps or caps, the French Networks' sensitivity to interest rate risk (on the basis of the adopted scenarios) has been kept to a minimum. At end-December 2007, the sensitivity of French networks (Societe Generale and Crédit du Nord) based on their euro-denominated assets and liabilities stood at less than EUR 160 million.
- Transactions with large companies are match-funded (on an individual basis), and therefore present no interest rate risk.
- Transactions with clients of the Specialised Financial Services subsidiaries are generally macro-hedged and therefore present only a small residual risk.
- Client transactions at subsidiaries and branches located in countries with weak currencies can generate limited structural interest rate risk. These entities may have problems optimally hedging their fixed-income positions due to poor development in the financial markets of certain countries.
- Proprietary transactions are generally well hedged. Residual positions are limited and arise primarily from shareholders' equity that has not yet been fully reinvested with the desired maturities.

Sensitivity to interest rate fluctuations at the main entities of CDN Group, SG Metropole, KB and BRD represented EUR 247 million overall at December 31, 2007. These entities accounted for 63% of the Group’s outstanding client transactions based on figures taken at September 30, 2007.

4 - 3 Structural exchange rate risk

Structural exchange rate risks essentially arise from:

- foreign-currency denominated capital contributions and equity investments financed through the purchase of foreign currencies;
- retained earnings in foreign subsidiaries;
- investments made by some subsidiaries in a currency other than that used for their equity funding for regulatory reasons.

Objective of the Group

The Group's policy is to immunize its solvency ratio against fluctuations in strong currencies (USD, CZK, GBP, JPY, etc.). To do this, it may decide to purchase currencies to finance very long-term foreign currency-denominated investments, thus creating foreign exchange structural positions. Any valuation differences on these structural positions are subsequently booked as translation differences.

In the case of other currencies, the Group's policy is to reduce its structural foreign exchange positions as much as possible.

Measurement and monitoring of structural exchange rate risks

The Group quantifies its exposure to structural exchange rate risk by analyzing all assets and liabilities denominated in foreign currencies, arising from client and proprietary transactions.

As client transactions are hedged against exchange rate risk, the Group's residual exposure results primarily from proprietary transactions.

The Group's Asset and Liability Management Department monitors structural exchange rate positions and the currency sensitivity of the solvency ratio.

In 2007, the Group successfully neutralized the sensitivity of its solvency ratio to fluctuations in strong currencies using structural positions in these currencies. Moreover, its positions in other currencies remained very limited.

4-4 Hedging interest rate and exchange rate risk

In order to hedge certain market risks inherent to Societe Generale's Corporate and Investment Banking arm, the Group has set up hedges which, in accounting terms, are referred to as fair value hedges or cash flow hedges depending on the risks and/or financial instruments to be hedged.

In order to qualify these transactions as accounting hedges, the Group documents said hedge transactions in detail, specifying the risk covered, the risk management strategy and the method used to measure the effectiveness of the hedge from its inception. This effectiveness is verified when changes in the fair value or cash flow of the hedged instrument are almost entirely offset by changes in the fair value or cash flow of the hedging instrument - the expected ratio between the two changes in fair value being within the range of 80%-125%. Effectiveness is measured each quarter on a prospective (discounted over future periods) and retrospective (booked in past periods) basis. Where the effectiveness falls outside the range specified above, hedge accounting is discontinued.

Fair value hedging

Within the framework of its activities and in order to hedge its fixed-rate financial assets and liabilities against fluctuations in long-term interest rates (essentially loans/borrowings, securities issues and fixed-income securities), the Group uses fair value hedges primarily in the form of interest rate swaps.

The purpose of these hedges is to protect against a decline in the fair value of an instrument which does not affect the income statement in principle but would do so if the instrument were no longer booked on the balance sheet.

Prospective effectiveness is assessed via a sensitivity analysis based on probable market trends or via a regression analysis of the statistical relation (correlation) between certain components of the hedged and hedging instruments.

Retrospective effectiveness is assessed by comparing any changes in the fair value of the hedging instrument with any changes in the fair value of the hedged instrument.

Cash flow hedging

Cash flow hedges on interest rates are used to hedge against the risk that the future cash flow of a floating-rate financial instrument fluctuate in line with market interest rates.

The purpose of these hedges is to protect against a decline in the fair value of an instrument which would affect the income statement.

Societe Generale's Corporate and Investment Banking arm is exposed to future variations in cash flow by virtue of its short- and medium-term financing needs. Its highly probable refinancing requirement is determined according to the historic data drawn up for each activity and which reflects balance sheet assets. This data may be revised upwards or downwards depending on how management styles evolve.

The effectiveness of the hedge is assessed using the hypothetical derivative method, which consists in creating a hypothetical derivative which bears exactly the same characteristics as the instrument being hedged (in notional terms, in terms of the date on which the rates are reset, in terms of the rates themselves, etc.) but which works in the opposite way and whose fair value is nil when the hedge is set up, then comparing the expected changes in the fair value of the hypothetical derivative with those of the hedge instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge. Here, only any "over-hedging" is deemed ineffective.

The following table specifies the amount of cash flow that is subject to a cash flow hedge relationship (broken down by provisional due date) and the amount of highly probable forecast transactions hedged.

At December 31, 2006

(in EUR millions)	**Up to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Remaining term					
Floating cash flow hedged	183	205	692	274	1 354
Highly probable forecast transactions	240	312	28	3	583
Total	**423**	**517**	**720**	**277**	**1 937**

At December 31, 2007

(in EUR millions)	Up to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Remaining term					
Floating cash flow hedged	162	148	666	633	1,609
Highly probable forecast transactions	160	233	155	13	561
Total	**322**	**381**	**821**	**646**	**2170**

Hedging of a net investment in a foreign company

The purpose of a hedge on a net investment in a foreign company is to protect against exchange rate risk.

The item hedged is an investment in a country whose currency differs from the Group's functional currency. The hedge therefore serves to protect the net position of a foreign subsidiary against an exchange rate risk linked to the entity's functional currency.

5 - Liquidity risk

Liquidity risk management covers all areas of Societe Generale's business, from market transactions to structural transactions (client or proprietary transactions).

The Group manages this exposure using a specific system designed to manage liquidity risk both under normal day-to-day conditions and in the event of a potential liquidity crisis.

Organization of liquidity risk management

The principles and standards applicable to liquidity risk management are defined at the Group level. The operating entities are responsible for managing their own liquidity and for respecting applicable regulatory constraints, while the ALM Department manages liquidity for the overall Group, in conjunction with the Treasury Department of the Corporate Banking Division.

- The Group's Finance Committee, chaired by the General Management and composed of members of the Executive Committee and Finance Department:
- validates the basic principles for the organization and management of the Group's liquidity risk;
- examines the reports on liquidity risk provided by the ALM Department;
- reviews the liquidity crisis scenarios;
- validates the Group's financing programs.
- The ALM Department, which is part of the Group Finance Department:
- defines the standards for liquidity risk management;
- validates the models used by the entities;
- centralizes, consolidates and reports on liquidity risk exposure, and carries out Level 2 controls (independently of the operating divisions supervising the entities);
- constructs liquidity crisis scenarios;
- defines the Group's financing programs.
- The Treasury Department of the Corporate and Investment Banking Division is responsible for managing short-term liquidity (less than one year).
- The operating entities are responsible for managing their own liquidity risk.

They apply the standards defined at Group level, develop models, measure their liquidity positions and finance their activities or reinvest surplus liquidity via the treasury departments (subject to regulatory and fiscal constraints).

The entities submit reports on their liquidity risk to the Group via a shared IT system.

Objective of the Group

The Group's objective is to finance its activities at the best possible rates under normal conditions and to ensure it can meet its obligations in the event of a crisis.

The main principles of the Group's liquidity management are as follows:

- as far as possible, central management of liquidity (mainly in Paris, New York, London, Tokyo, Hong Kong, Singapore, etc.);
- diversification of sources of funding, both in terms of geographic regions and activity sectors; to this end, in 2007 Societe Generale created a mortgage company and increased its use of financing provided by the Caisse de Refinancement Hypothécaire;
- limitation of the number of issuers within the Group (Societe Generale, SG Acceptance NV, SG North America, etc.);
- management of short-term liquidity in accordance with the regulatory framework.

Measurement and monitoring of liquidity risk

The Group's liquidity management system comprises two main processes:

- assessment of the Group's financing requirements on the basis of budget forecasts in order to plan appropriate funding solutions;
- analysis of liquidity risk exposure using liquidity crisis scenarios.

Risk analysis is conducted using reports submitted by the different entities, listing their respective on and off-balance sheet items according to currency of denomination and residual maturity. The principle retained enables assets and liabilities to be categorized in terms of maturity. Maturities on outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models of historic client behavior patterns (special savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and sight deposits). The breakdown of assets and liabilities by term to maturity are disclosed in note 29 .

In 2007, the Group continued to maintain a surplus of long-term liquidity. Indeed, through its retail banking activities, Societe Generale has a large and diversified deposits base which serves as a permanent financing resource.

After the liquidity crisis affecting all financial instruments related to the residential real estate sector in the United States, the Group reduced its short-term refinancing positions while at the same time increasing the available stock of assets eligible for refinancing by central banks.
In addition, in 2007, the Société Générale Group completed an issue programm for medium- and long-term senior and subordinated debts. Despite the liquidity crisis in the second half, it was possible to complete the initially scheduled programme by partially substituting private placements and securitised issues for public issues.

The regulatory one-month liquidity coefficient is calculated on a monthly basis, and concerns Societe Generale Metropole (which comprises the head office in mainland France and all French branches and activities). In 2007, Societe Generale systematically maintained a coefficient above the required regulatory minimum.

6 – Capital management and compliance with regulatory ratios

1. Qualitative information

Description of the approach to capital management

Group policy on the use of shareholders' equity meets the following three priorities: for a given market capitalization objective, 1) to ensure internal growth, 2) to ensure external growth and 3) to maintain a clear and consistent policy with respect to its shareholders (principally on matters of dividend pay-outs and share buybacks).

To this end, Societe Generale establishes a capital objective based on a combination of factors specific to the Group (target rating, business mix, risk profile and Group strategy) and external factors (competitors' level of shareholders' equity, market expectations, minimum capitalization expected by the market authorities).

Financial planning is used to maintain this objective in that it simulates the balance of resources in relation to requirements in terms of shareholders' equity and capital transactions (share issues, buybacks) within the framework of the Group budget and strategic plan.

Compliance with ratios

The solvency ratio complies with the calculation methods established by the French Banking Commission (Cooke ratio). This ratio is based on the Group's consolidated banking activities, thus eliminating the contributions of the insurance entities. Societe Generale also applies CRBF Regulation No. 2000-03 relating to "additional monitoring of financial conglomerates", which also includes the solvency margin of the insurance companies.

The Cooke ratio represents the margin available to face an increase in both credit and/or market risks. The minimum capital requirement is comprised of requirements for credit risks set forth in the 1988 Basel Agreement and requirements for market risks. Tier 1 and Tier 2 capital, established on a consolidated basis, must be at least 8% of the sum of the risk-weighted credit equivalents and market risk equivalents multiplied by 12.5.

Additional capital is taken into account only within the limit of 100% of Tier 1 capital. Furthermore, additional Tier 2 capital may not exceed the limit of 50% of Tier 1 capital. Hybrid equity instruments (both innovative and non innovative) are limited to 25 % of the consolidated bank's Tier 1 capital, innovative hybrid equity instruments being subject to stringent conditions and limited to a maximum of 15% of this Tier 1 capital

In 2007, Societe Generale complied with prudential solvency ratios mentionned herebefore without taking into account the potential impact of the transactions linked to unauthorised and concealed market activties .

Basel II reform

The transposition of the European Directive into French law led to the publication of the Ministerial Order of February 20, 2007 on capital requirements applicable to credit institutions and investment firms. In June 2007, Societe Generale filed a request with the French Banking Commission for authorization to use advanced methods for calculating capital requirements (IRBA and AMA) as from January 1, 2008. The application was then submitted to the foreign regulators for review and the the approval of the regulators has been given in December 2007.

2. Quantitative data

In accordance with Regulation 90-02 relating to capital, prudential capital is comprised of the following: Tier 1 capital, upper Tier 2 capital and lower Tier 2 capital.

Societe Generale's prudential capital	31/12/2007	31/12/2006
Group shareholders equity	27 241	29 054
Estimated and forecasted dividends	- 473	- 2 322
Minority interest including preferred shares	4 034	4 378
Estimated and forecasted minority interest dividends	- 263	- 259
Prudential adjustments	- 8 922	- 8 523
Total Tier-1 capital	**21 616**	**22 327**
Total Tier- 2 capital	**12 936**	**11 987**
Deductions	**- 5 607**	**- 2 602**
Total risk based capital	**28 946**	**31 712**

As a reminder, Regulation 97-02 relating to prudential monitoring of market risks allows for another type of additional capital in the form of subordinated securities with an initial maturity greater than or equal to two years. Societe General does not use this option.

In 2007, the level of Tier 1 capital decreased by 3.1% over EUR 22,327 million (at December 31, 2006).

7 – US residential mortgage exposure

The second half of 2007 was affected by a crisis invlovling all financial instruments related to the residential real estate sector in the United States.

An ad hoc structure was created in the Risk Department to indentify and assess the positions and transactions at risk to this sector.
Relatively unaffected through its direct exposures to this sector (limited direct exposure to US originators of commercial real estate loans, no direct origination activity for individual real estate loans in the United States), following the gradual deterioration in the market environment, the Société Générale Group was impacted mainly on:

- its RMBS (Residential Mortgage Backed Securities) trading positions,
- its positions on super senior tranches of RMBS CDOs (Collateralised Debt Obligations),
- its exposure to the counterparty risk on monoline insurers,
- its involvement in a SIV (Structured Investment Vehicle), a financial securitisation vehicle.

A specific valuation model was designed to appropriately measure the risks relating to RMBS CDOs (Cf. note 3), using the economic research, quantitative research and market risk management teams. The model was used for the valuation of write-downs on the CDO portfolio and on counterparty risks relating to monoline insurers.

The Group's revenues were impacted by the effects of this crisis for a total of EUR -2.6 billion, with:

-
- EUR 1,250 million on the portfolio of unhedged CDOs (Collateralised Debt Obligations),

- EUR 947 million on counterparty risks relating to monoline insurers,
- EUR 325 million on the RMBS (Residential Mortgage Backed Securities) trading portfolio.

Moreover, the Group, which is present in the SIV (Structured Investment Vehicles) market as the sponsor of a single conduit, PACE (Premier Asset Collateralised Entity), decided on December 10th 2007 to ensure the refinancing of the latter. The decision to consolidate the SIV PACE on December 31st 2007 resulted in the recording of EUR -49 million under net banking income (and EUR -12 million under net allocation to provisions) . and the increase of financial assets for an amount of EUR 1.6 bn.

This financial crisis has also affected Asset Management activities which suffered from a net outflows on some products during the second half of 2007. Against this backdrop, the Group was obliged to ensure the liquidity of some dynamic money market funds for the benefit of its clients, particularly by purchasing assets or funds' units. at December 31, 2007, seven funds have been fully consolidated, involving an increase of total Group assets for an amount of EUR 5.6bn.

NOTE 5
CASH, DUE FROM CENTRAL BANKS

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Cash	2,104	2,111
Due from central banks	9,198	7,247
Total	**11,302**	**9,358**

NOTE 6

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**December 31, 2007**				**December 31, 2006**
(in millions of euros)	**Valuation is established using prices published in an active market**	**The valuation technique is based on observable market data**	**Valuation is not based on market data [2]**	**Total**	**Total**
ASSETS					
Trading portfolio					
Treasury notes and similar securities	37,903	1,551	-	39,454	38,422
Bonds and other debt securities	45,446	65,389	1,860	112,695	88,807
Shares and other equity securities [1]	93,830	1,071	3	94,904	96,104
Other financial assets	9,971	48,930	-	58,901	81,823
Sub-total trading assets	**187,150**	**116,941**	**1,863**	**305,954**	**305,156**
o/w securities on loan				*14,811*	*14,386*
Financial assets measured using fair value option through P&L					
Treasury notes and similar securities	52	659	-	711	1,843
Bonds and other debt securities	8,941	278	3	9,222	9,853
Shares and other equity securities [1]	19,173	1,957	-	21,130	19,910
Other financial assets	45	2,549	733	3,327	2,416
Sub-total of financial assets measured using fair value option through P&L	**28,211**	**5,443**	**736**	**34,390**	**34,022**
o/w securities on loan				-	-
Interest rate instruments	**589**	**61,066**	**668**	**62,323**	**54,223**
Firm instruments					
Swaps				49,782	45,128
FRA				229	120
Options					
Options on organized markets				360	158
OTC options				8,112	5,792
Caps, floors, collars				3,840	3,025
Foreign exchange instruments	**55**	**16,031**	**28**	**16,114**	**10,867**
Firm instruments				14,448	9,363
Options				1,666	1,504
Equity and index instruments	**749**	**31,390**	**961**	**33,100**	**26,904**
Firm instruments				2,970	1,031
Options				30,130	25,873
Commodity instruments	**2,761**	**14,254**	**546**	**17,561**	**15,259**
Firm instruments-Futures				11,829	10,196
Options				5,732	5,063
Credit derivatives	**-**	**18,400**	**1,210**	**19,610**	**5,829**
Other forward financial instruments	**131**	**118**	**658**	**907**	**947**
On organized markets				323	366
OTC				584	581
Sub-total trading derivatives	**4,285**	**141,259**	**4,071**	**149,615**	**114,029**
Total financial instruments measured at fair value through P&L	**219,646**	**263,643**	**6,670**	**489,959**	**453,207**

Total financial instruments measured at fair value through P&L as at December 31, 2006	**242,783**	**207,541**	**2,883**	**453,207**

[1] *Including UCITS*

[2] *P&L impact of the fair value variation determined by valuation technique not based on market data is disclosed in note 34.*

NOTE 6 (continued)

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS (in millions of euros)	December 31, 2007: Valuation is established using prices published in an active market	December 31, 2007: The valuation technique is based on observable market data	December 31, 2007: Valuation is not based on market data [(2)]	December 31, 2007: Total	December 31, 2006: Total
LIABILITIES					
Trading portfolio					
Securitized debt payables	-	25,025	24,546	49,571	39,902
Amounts payable on borrowed securities	1,726	41,116	2,034	44,876	20,528
Bonds and other debt instruments sold short	3,637	405	-	4,042	38,752
Shares and other equity instruments sold short	6,790	112	-	6,902	15,219
Other financial liabilities	6,316	49,986	388	56,690	44,498
Sub-total trading liabilities [(3)]	**18,469**	**116,644**	**26,968**	**162,081**	**158,899**
Interest rate instruments	**417**	**61,881**	**7,338**	**69,636**	**58,139**
Firm instruments					
Swaps				56,034	48,495
FRA				186	114
Options					
Options on organized markets				391	100
OTC options				7,929	5,679
Caps, floors, collars				5,096	3,751
Foreign exchange instruments	**247**	**14,287**	**10**	**14,544**	**9,203**
Firm instruments				12,967	8,381
Options				1,577	822
Equity and index instruments	**10,420**	**24,397**	**3,473**	**38,290**	**34,009**
Firm instruments				2,118	787
Options				36,172	33,222
Commodity instruments	**1,138**	**15,860**	**1**	**16,999**	**14,914**
Firm instruments-Futures				11,599	10,043
Options				5,400	4,871
Credit derivatives	**-**	**16,669**	**1,778**	**18,447**	**5,888**
Other forward financial instruments	**27**	**72**	**-**	**99**	**801**
On organized markets				32	221
OTC				67	580
Sub-total trading derivatives	**12,249**	**133,166**	**12,600**	**158,015**	**122,954**
Sub-total of financial liabilities measured using fair value option through P&L [(3) (4)]	**380**	**18,189**	**2,086**	**20,655**	**16,840**
Total financial instruments measured at fair value through P&L	**31,098**	**267,999**	**41,654**	**340,751**	**298,693**
Total financial instruments measured at fair value through P&L as at December 31, 2006	**59,516**	**205,460**	**33,717**	**298,693**	

FINANCIAL LIABILITIES MEASURED USING FAIR VALUE OPTION THROUGH P&L

(in millions of euros)	December 31, 2007: Fair value	December 31, 2007: Amount repayable at maturity	December 31, 2007: Difference between fair value and amount repayable at maturity
Total of financial liabilities measured using fair value option through P&L [(3) (4)]	**20,655**	**21,374**	**(719)**
Total of financial liabilities measured using fair value option through P&L as at December 31, 2006 [(4)]	**16,840**	**17,103**	**(263)**

[(2)] P&L impact of the fair value variation determined by valuation technique not based on market data is disclosed in note 34.

[(3)] The variation in fair value attributable to the Group's own credit risk is EUR 242 million.

[(4)] Mainly indexed EMTNs.

NOTE 7
HEDGING DERIVATIVES

(in millions of euros)	**December 31, 2007** Assets	**December 31, 2007** Liabilities	**December 31, 2006** Assets	**December 31, 2006** Liabilities
Fair value hedge				
Interest rate instruments:				
Firm instruments				
Swaps	2,789	3,413	2,468	2,323
Forward Rate Agreements (FRA)	-	-	-	-
Options				
Options on organized markets	-	-	-	-
OTC options	82	-	158	-
Caps, floors, collars	256	-	170	-
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	93	56	96	42
Forward foreign exchange contracts	76	75	92	87
Equity and index instruments				
Equity and stock index options	7	19	71	1
Cash-flow hedge				
Interest rate instruments				
Firm instruments				
Swaps	401	293	611	371
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	-	-	2	-
Forward foreign exchange contracts	5	2	-	2
Total	**3,709**	**3,858**	**3,668**	**2,826**

NOTE 8
AVAILABLE FOR SALE FINANCIAL ASSETS

(in millions of euros)	December 31, 2007				December 31, 2006 *			
	Valuation is established using prices published in an active market	The valuation technique is based on observable market data	Valuation is not based on market data	Total	Valuation is established using prices published in an active market	The valuation technique is based on observable market data	Valuation is not based on market data	Total
Current assets								
Treasury notes and similar securities	7,716	1,525	71	**9,312**	9,521	1,022	974	**11,517**
o/w related receivables				**155**				**288**
o/w provisions for impairment				**(25)**				**(25)**
Bonds and other debt securities	58,195	8,086	904	**67,185**	43,431	11,430	2,022	**56,883**
o/w related receivables				**862**				**763**
o/w provisions for impairment				**(57)**				**(8)**
Shares and other equity securities [(1)]	5,290	494	1,013	**6,797**	3,569	271	738	**4,578**
o/w related receivables				**1**				**1**
o/w provisions for impairment				**(121)**				**(69)**
Sub-total	**71,201**	**10,105**	**1,988**	**83,294**	**56,521**	**12,723**	**3,734**	**72,978**
Long-term equity investments	2,135	222	2,157	**4,514**	3,243	404	2,129	**5,776**
o/w related receivables				**5**				**4**
o/w provisions for impairment				**(475)**				**(520)**
Total available for sale financial assets	**73,336**	**10,327**	**4,145**	**87,808**	**59,764**	**13,127**	**5,863**	**78,754**
o/w securities on loan				5				32

[(1)] *Including UCITS*

Changes in available for sale financial assets

(in millions of euros)	2007	2006
Balance at January 1	**78,754**	**73,028**
Acquisitions	188,796	168,571
Disposals/redemptions **	(177,569)	(162,442)
Reclassification and change in scope	2,468	2,144
Gains and losses on changes in fair value	(2,472)	(830)
Change in impairment on fixed income securities	(50)	50
o/w : *increase*	*(29)*	*(24)*
write-backs	*3*	*51*
others	*(24)*	*22*
Impairment losses on variable income securities	(6)	250
Change in related receivables	(33)	14
Translation differences	(2,080)	(2,031)
Balance at December 31	**87,808**	**78,754**

** Amounts adjusted with respect to the published financial statements.*
*** Disposals are valued according to the weighted average cost method*

NOTE 9
NON CURRENT ASSETS HELD FOR SALE

(in millions of euros)

	December 31, 2007	December 31, 2006
ASSETS	**14,229**	**34**
Fixed assets and Goodwill	65	25
Financial assets	3,011	-
Due from banks and others	11,145	-
Other assets	8	9
LIABILITIES	**15,080**	**-**
Allowances	107	-
Amounts due	9,434	-
Other liabilities	5,539	-

The increase of EUR 14,195 million and EUR 15,080 million in non-current assets and liabilities classified as held-for-sale is mainly due to the disposal of 50% of Fimat as part of the Newedge transaction (see post-closing event: note 46). The Group applied IFRS 5 and consequently isolated in non-current assets and liabilities classified as held-for-sale 50% of Fimat's assets and liabilities and 43.53% of those of La Marocaine Vie as at December 31st 2007.

NOTE 10
DUE FROM BANKS

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Deposits and loans		
Demand and overnights		
Current accounts	19,165	14,690
Overnight deposits and loans and others	4,038	2,780
Loans secured by overnight notes	26	11
Term		
Term deposits and loans [(1)]	22,613	18,809
Subordinated and participating loans	693	650
Loans secured by notes and securities	55	221
Related receivables	340	343
Gross amount	**46,930**	**37,504**
Depreciation		
- Depreciation for individually impaired loans	(35)	(45)
- Depreciation for groups of homogenous receivables	(116)	(161)
Revaluation of hedged items	(1)	(10)
Net amount [(2)]	**46,778**	**37,288**
Securities purchased under resale agreements	26,287	30,869
Total	**73,065**	**68,157**
Fair value of amounts due from banks	**73,052**	**68,151**

[(1)] At December 31, 2007, the amount of receivables with incurred credit risk is EUR 43 million compared with EUR 46 million at December 31, 2006.

[(2)] The entities acquired in 2007 have a total impact of EUR 1,591 million on amounts due from banks.

NOTE 11
CUSTOMER LOANS

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Customer loans		
Trade notes	11,437	12,224
Other customer loans [(1) (2)]		
– Short-term loans	88,531	64,406
– Export loans	5,712	4,429
– Equipment loans	51,586	45,956
– Housing loans	77,477	67,363
– Other loans	43,556	41,891
Sub-total	**266,862**	**224,045**
Overdrafts	18,704	15,808
Related receivables	1,467	1,495
Gross amount	**298,470**	**253,572**
Depreciation		
- depreciation for individually impaired loans	(6,272)	(6,197)
- depreciation for groups of homogeneous receivables	(785)	(864)
Revaluation of hedged items	(6)	2
Net amount [(3)]	**291,407**	**246,513**
Loans secured by notes and securities	309	1,124
Securities purchased under resale agreements	13,457	15,910
Total amount of customer loans	**305,173**	**263,547**
Fair value of customer loans	**303,097**	**263,548**

[(1)] **Breakdown of other customer loans by customer type :**

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Non-financial customers		
– Corporate	118,441	100,704
– Individual Customers	101,648	87,645
– Local authorities	9,642	9,240
– Self-employed professionals	9,659	8,904
– Governments and central administrations	3,904	3,029
– Others	5,096	3,985
Financial customers	18,472	10,538
Total	**266,862**	**224,045**

[(2)] *As at December 31, 2007, the amount of receivables with incurred credit risk is EUR 10,713 million compared with EUR 9,888 million as at December 31, 2006.*

[(3)] *Entities acquired in 2007 had a EUR 2,554 million impact on net customer loans.*

NOTE 12
LEASE FINANCING AND SIMILAR AGREEMENTS

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Real estate lease financing agreements	6,519	6,177
Non-real estate lease financing agreements	20,713	18,998
Related receivables	76	86
Gross amount [1]	**27,308**	**25,261**
Depreciation for individually impaired loans	(269)	(235)
Revaluation of hedged items	(1)	1
Net amount	**27,038**	**25,027**
Fair value of receivables on lease financing and similar agreements	**26,898**	**24,863**

[1] At December 31, 2007, the amount of receivables with incurred credit risk is EUR 645 million compared with EUR 668 million at December 31, 2006.

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Gross investments	**30,190**	**27,851**
- less than one year	7,417	6,665
- 1-5 years	16,760	15,073
- more than five years	6,013	6,113
Present value of minimum payments receivable	**26,374**	**24,320**
- less than one year	6,656	5,977
- 1-5 years	14,508	13,002
- more than five years	5,210	5,341
Unearned financial income	**2,882**	**2,590**
Unguaranteed residual values receivable by the lessor	**934**	**941**

NOTE 13
HELD-TO-MATURITY FINANCIAL ASSETS

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Treasury notes and similar securities	**1,443**	**1,404**
Listed	1,406	1,377
Unlisted	10	-
Related receivables	27	27
Bonds and other debt securities	**181**	**55**
Listed	177	54
Related receivables	4	1
Total held-to-maturity financial assets	**1,624**	**1,459**
Fair value of held-to-maturity financial assets	**1,627**	**1,476**

NOTE 14
TAX ASSETS AND LIABILITIES

(in millions of euros)	December 31, 2007	December 31, 2006
Current tax assets	801	863
Deferred tax assets	3,132	640
- o/w on balance sheet items [1]	3,239	726
- o/w on items credited or charged to shareholders'equity for unrealized gains or losses	(107)	(86)
Total	**3,933**	**1,503**

(in millions of euros)	December 31, 2007	December 31, 2006
Current tax liabilities [2]	1,770	1,497
Deferred tax liabilities	630	462
- o/w on balance sheet items	577	293
- o/w on items credited or charged to shareholders'equity for unrealized gains or losses	53	169
Total	**2,400**	**1,959**

(1) Including EUR 2.197 million linked to the consideration of a deferred tax asset on unauthorized and concealed trading activities of EUR 6. 382 millions. (see note 40)

(2) Including EUR 507 million linked to the consideration of an income on unauthorized and concealed trading activities of EUR 1.471 millions. (see note 40)

NOTE 15
OTHER ASSETS

(in millions of euros)	December 31, 2007	December 31, 2006
Guarantee deposits paid	13,808	11,482
Settlement accounts on securities transactions	3,950	3,537
Prepaid expenses	961	1,136
Miscellaneous receivables	16,408	18,498
Gross amount	**35,127**	**34,653**
Depreciation	(127)	(139)
Net amount	**35,000**	**34,514**

NOTE 16
TANGIBLE AND INTANGIBLE FIXED ASSETS

(in millions of euros)	Gross book value at December 31, 2006	Acquisitions	Disposals	Changes in consolidation scope and reclassifications [1]	**Gross value at December 31, 2007**	Accumulated depreciation and amortization of assets at December 31, 2006	Allocations to amortization in 2007	Impairment of assets 2007	Write-backs from amortization in 2007	Changes in consolidation scope and reclassifications [1]	**Net book value at December 31, 2007**	Net book value at December 31, 2006
Intangible assets												
Software, EDP development costs	1,195	113	(14)	2	1,296	(898)	(142)	-	14	56	326	297
Internally generated assets	1,183	16	-	137	1,336	(863)	(139)	-	-	(6)	328	320
Assets under development	228	299	(2)	(189)	336	-	-	-	-	-	336	228
Others	408	47	(3)	(6)	446	(124)	(34)	-	1	42	331	284
Sub-total	**3,014**	**475**	**(19)**	**(56)**	**3,414**	**(1,885)**	**(315)**	**-**	**15**	**92**	**1,321**	**1,129**
Operating tangible assets												
Land and buildings	3,181	55	(48)	-	3,188	(963)	(86)	2	17	13	2,171	2,218
Assets under development	188	350	(1)	155	692	-	-	-	-	-	692	188
Lease assets of specialised financing companies	9,066	3,722	(2,878)	(32)	9,878	(2,277)	(1,585)	(6)	1,260	(63)	7,207	6,789
Others	4,277	409	(108)	(102)	4,476	(3,009)	(379)	(3)	71	179	1,335	1,268
Sub-total	**16,712**	**4,536**	**(3,035)**	**21**	**18,234**	**(6,249)**	**(2,050)**	**(7)**	**1,348**	**129**	**11,405**	**10,463**
Investment property												
Land and buildings	572	3	(11)	(13)	551	(102)	(18)	1	4	8	444	470
Assets under development	10	7	-	(1)	16	-	-	-	-	-	16	10
Sub-total	**582**	**10**	**(11)**	**(14)**	**567**	**(102)**	**(18)**	**1**	**4**	**8**	**460**	**480**
Total tangible and intangible fixed assets	**20,308**	**5,021**	**(3,065)**	**(49)**	**22,215**	**(8,236)**	**(2,383)**	**(6)**	**1,367**	**229**	**13,186**	**12,072**

[1] *Including translation differences arising from the conversion of financial statements denominated in foreign currencies: gross amount: EUR 145 million, amortization: EUR 65 million*

Leasing activities

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Breakdown of minimum payments receivable		
- due in less than one year	*1,172*	*1,146*
- due in 1-5 years	*2,176*	*1,683*
- due in more than five years	*6*	*6*
Total minimum future payments receivable	***3,354***	***2,835***

NOTE 17
GOODWILL AFFECTED BY BUSINESS UNIT

(in millions of euros)	FRENCH NETWORKS	INTERNATIONAL RETAIL BANKING	FINANCIAL SERVICES	CORPORATE AND INVESTMENT BANKING	GLOBAL INVESTMENT MANAGEMENT AND SERVICES			CORPORATE CENTRE	GROUP TOTAL
					Asset Management	Private Banking	SGSS and Online Savings		
Gross book value at December 31, 2006	**53**	**2,326**	**860**	**69**	**478**	**261**	**603**	**293**	**4,943**
Acquisitions and other increases	-	88	325	-	45	19	124	-	601
Disposals and other decreases	-	-	-	-	-	-	-	(293)	(293)
Change	-	(6)	15	(5)	(53)	(9)	(2)	-	(60)
Gross value at December 31, 2007	**53**	**2,408**	**1,200**	**64**	**470**	**271**	**725**	**-**	**5,191**
Impairment of goodwill at December 31, 2006	-	-	-	-	-	-	-	(28)	(28)
Impairment losses	-	-	-	-	-	-	-	28	28
Impairment of goodwill at December 31, 2007	-	-	-	-	-	-	-	-	-
Net goodwill at December 31, 2006	53	2,326	860	69	478	261	603	265	4,915
Net goodwill at December 31, 2007	**53**	**2,408**	**1,200**	**64**	**470**	**271**	**725**	**-**	**5,191**

Cash-generating units (CGU) are the most accurate measurement units used by management to measure return on investment in a particular activity. The Group divides its activities into 12 cash-generating units, which is consistent with the management of the Group by core business lines. The recoverable value of a cash-generating unit is calculated by the most appropriate method, notably by discounting cash flows by cash-generating unit rather than by individual legal entity. The discount rates used are derived from recent analyses of the Group's business lines and cash flows are projected over the same horizon as the budgets and strategic plans approved by the management.

In compliance with IAS 36 "Impairment of assets", the Group implemented impairment tests on goodwill at December 31, 2007.

As at December 31, 2007, the Group identified the following Cash Generating Units (CGU) :

CGU	BUSINESS UNIT
International Retail Banking - European Union and Pre-European Union	International Retail Banking
International Other Retail Banking	International Retail Banking
Crédit du Nord	French Networks
Société Générale network	French Networks
Insurance Financial Services	Financial Services
Individual financial services	Financial Services
Company financial services	Financial Services
Car renting Financial Services	Financial Services
Corporate and Investment Banking	Corporate and Investment Banking
SGSS and Online Savings	SGSS and Online Savings
Asset management	Asset management
Private banking	Private Banking

Breakdown of main sources of goodwill by CGU
(in millions of euros)

Entities	Goodwill (net book value at 12.31.2007)	Allocation (CGU)
Komercni Banka	843	International Retail Banking - European Union and Pre-European Union
Splitska Banka	769	International Retail Banking - European Union and Pre-European Union
TCW Group Inc	394	Asset management
2S Banka	395	SGSS and Online Savings
MIBank*	351	Other International Retail Banking
Trancoso Participaçoes Ltda. (Banco Cacique)	243	Individual Financial Services
Eurobank	182	Individual Financial Services
SG Private Banking (Suisse) SA	169	Private Banking
Gefa Bank	155	Company Financial Services
Hanseatic Bank	131	Individual Financial Services
Modra Pyramida	127	International Retail Banking - European Union and Pre-European Union
On Vista	88	SGSS and Online Savings

* Goodwill booked in NSGB since the merger

NOTE 18
DUE TO BANKS

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Demand and overnight deposits		
Demand deposits and current accounts	13,828	11,001
Overnight deposits and borrowings and others	16,274	21,972
Sub-total	**30,102**	**32,973**
Term deposits		
Term deposits and borrowings	75,757	82,937
Borrowings secured by notes and securities	9,211	686
Sub-total	**84,968**	**83,623**
Related payables	705	751
Revaluation of hedged items	(83)	(11)
Securities sold under repurchase agreements	16,185	12,499
Total [1]	**131,877**	**129,835**
Fair value of amounts due to banks	**131,798**	**129,675**

[1] *Entities acquired in 2007 had a EUR 881 million impact on amounts due to banks.*

NOTE 19
CUSTOMER DEPOSITS

(in millions of euros)	December 31, 2007	December 31, 2006
Regulated savings accounts		
Demand	32,234	29,423
Term	18,211	20,128
Sub-total	**50,445**	**49,551**
Other demand deposits		
Businesses and sole proprietors	44,549	42,093
Individual customers	34,696	32,588
Financial customers	24,556	29,087
Others	10,696	12,218
Sub-total	**114,497**	**115,986**
Other term deposits		
Businesses and sole proprietors	27,546	24,753
Individual customers	22,252	17,272
Financial customers	14,820	15,872
Others	11,498	15,827
Sub-total	**76,116**	**73,724**
Related payables	1,278	1,144
Revaluation of hedged items	4	11
Total customer deposits [(1)]	**242,340**	**240,416**
Borrowings secured by notes and securities	338	196
Securities sold to customers under repurchase agreements	27,984	26,785
Total	**270,662**	**267,397**
Fair value of customer deposits	**270,712**	**267,411**

[(1)] *Entities acquired in 2007 accounted for EUR 638 million in customer deposits.*

NOTE 20
SECURITIZED DEBT PAYABLES

(in millions of euros)	December 31, 2007	December 31, 2006
Term savings certificates	2,607	2,715
Bond borrowings	4,302	4,611
Interbank certificates and negotiable debt instruments	130,061	92,126
Related payables	1,099	966
Sub-total	**138,069**	**100,418**
Revaluation of hedged items	-	(46)
Total	**138,069**	**100,372**
o/w floating rate securities	54,813	14,997
Fair value of securitized debt payables	**137,871**	**100,341**

NOTE 21
OTHER LIABILITIES

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Guarantee deposits received	20,198	13,389
Settlement accounts on securities transactions	5,610	3,914
Other securities transactions	69	36
Accrued social charges	2,560	3,071
Deferred income	1,591	1,928
Miscellaneous payables	16,024	16,988
Total	**46,052**	**39,326**

NOTE 22
PEL/CEL MORTGAGE SAVING ACCOUNTS

1. Outstanding deposits in PEL/CEL accounts

(In millions of euros)	**December 31, 2007**	**December 31, 2006**
PEL accounts		
less than 4 years old	1,658	1,227
between 4 and 10 years old	5,840	7,024
more than 10 years old	5,775	7,025
Sub-total	13,273	15,276
CEL accounts	2,294	2,334
Total	**15,567**	**17,610**

2. Outstanding housing loans granted with respect to PEL/CEL accounts

(In millions of euros)	**December 31, 2007**	**December 31, 2006**
less than 4 years old	203	201
between 4 and 10 years old	184	235
more than 10 years old	66	83
Total	**453**	**519**

3. Provisions for commitments linked to PEL/CEL accounts

(In millions of euros)	**December 31, 2006**	Allocations	Reversals	**December 31, 2007**
PEL accounts				
less than 4 years old	7	22	-	29
between 4 and 10 years old	-	2	-	2
more than 10 years old	94	-	80	14
Sub-total	101	24	80	45
CEL accounts	35	5	1	39
Total	**136**	**29**	**81**	**84**

The “Plans d'Epargne Logement” (PEL or housing savings plans) entail two types of commitment that have the negative effect of generating a PEL/CEL provision for the Group: a commitment to lend at an interest rate fixed on the plan opening date and a commitment to remunerate the savings at an interest rate also fixed on the plan opening date.

The current level of interest rates is relatively high compared to the interest rates paid on “Epargne Logement” deposits of Société Générale Group. Consequently, it is mainly the commitment to lend at the interest rate fixed on the plan opening date based on recent generations of “PEL" plans which triggers the PEL/CEL provision.

As interest rates rose during 2007, the proportion of the provision linked to the commitment to remunerate the deposits at a fixed interest rate decreased during 2007 while the provision for the risks attached to the commitment to lend at a fixed interest rate has risen. Provisioning for PEL/CEL savings amounted to 0,54% of total outstandings at December 31, 2007.

4. Methods used to establish the parameters for valuing provisions:

The parameters used for estimating the future behavior of customers are derived from historical observations of customer behavior patterns over long period (more than 10 years). The values of these parameters can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past datas as an indicator of future customer behavior.

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable datas and constitute a best estimate, at the date of valuation, of the future value of these elements for the period concerned, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps vs. Euribor yield curve on valuation date, averaged over a 12-month period.

NOTE 23
PROVISIONS AND DEPRECIATION

A. Assets depreciations

(in millions of euros)	December 31, 2007	December 31, 2006
Banks	35	45
Customer loans	6,272	6,197
Lease financing and similar agreements	269	235
Groups of homogenous receivables	901	1,025
Available-for-sale assets	678	622
Others	260	248
Total	**8,415**	**8,372**

The change in assets' depreciations can be analysed as follows :

(in millions of euros)	Assets depreciations at December 31, 2006	Impairment losses	Reversals available	**Net impairment losses**	Reversals used	Currency and scope effects	**Assets depreciations at December 31, 2007**
Banks	45	-	(12)	**(12)**	(1)	3	**35**
Customer loans	6,197	2,147	(1,315)	**832**	(751)	(6)	**6,272**
Lease financing and similar agreements	235	136	(70)	**66**	(37)	5	**269**
Groups of homogenous receivables	1,025	253	(363)	**(110)**	-	(14)	**901**
Available-for-sale assets(1)	622	168	(106)	**62**	-	(6)	**678**
Others (1)	248	108	(72)	**36**	(30)	6	**260**
Total	**8,372**	**2,812**	**(1,938)**	**874**	**(819)**	**(12)**	**8,415**

(1) including a EUR 48 million net allocation for identified risks

B. Provisions

(in millions of euros)	December 31, 2007	December 31, 2006
Provisions for off-balance sheet commitments to customers	105	128
Provisions for employee benefits	836	1,172
Provisions for tax adjustments	674	497
Other provisions	7,069	782
Total	**8,684**	**2,579**

The change in provisions can be analysed as follows :

(in millions of euros)	Provisions at December 31, 2006	Allocations	Write-backs available	**Net allocation**	Write-backs used	Effect of discounting	Currency and scope effects	**Provisions at December 31, 2007**
Provisions for off-balance sheet commitments to customers	128	49	(65)	**(16)**	-	-	(7)	**105**
Provisions for employee benefits	1,172	121	(255)	**(134)**	(170)	-	(32)	**836**
Provisions for tax adjustments	497	365	(264)	**101**	(3)	2	77	**674**
Other provisions(2) (3)	782	6,499	(79)	**6,420**	(106)	3	(30)	**7,069**
o/w Provision for loss on unauthorized and concealed trading activities (see note 40)	-	*6,382*	-	***6,382***	-	-	-	***6,382***
Total	**2,579**	**7,034**	**(663)**	**6,371**	**(279)**	**5**	**8**	**8,684**

(2) including a EUR 9 million net allocation for net cost of risk

(3) The Group's other provisions include EUR 136 million of PEL/CEL provisions at December 31, 2006 and EUR 84 million at December 31, 2007 i.e. a combined net allocation of EUR 52 million over 2007 for the Société Générale France Network and for Crédit du Nord.

The consequences, as assessed on December 31, 2007, of those disputes and tax risks that are liable to have or have recently had a significant impact on the financial position of the Group, its activities or results have been taken into account in the Group's financial statements.

NOTE 24
EMPLOYEE BENEFITS

(in million EUR at 31 décember)

1. Defined Contribution Plans

Defined contribution plans limit the Group's liability to the contributions paid to the plan but do not commit the Group to a specific level of future benefits.

Main defined contribution plans provided to employees of the Group are located in France. They include State pension plans and other national retirement plans such as ARRCO and AGIRC, as well as pension schemes put in place by some entities of the Group for which the only commitment is to pay annual contributions (PERCO).

Contributions to those schemes amount to EUR 539 million in 2007.

2. Post-employment benefit plans (defined benefit Plans) and other long term benefits

2.1. Reconciliation of assets and liabilities recorded in the balance sheet

		12.31.2007				12.31.2006			
		Post employment benefits		Other long term benefits	Total	Post employment benefits		Other long term benefits	Total
(in millions of euros)		Pension plans	Others			Pension plans	Others		
Reminder of gross liabilities		2,377	55	272	**2,704**	2,448	215	351	**3,014**
Reminder of assets		(1,979)	-	(74)	**(2,053)**	(1,985)	-	(78)	**(2,063)**
Deficit in the plan		**398**	**55**	**198**	**651**	**463**	**215**	**273**	**951**
Breakdown of the deficit in the plan									
Present value of defined benefit obligations		2,069	**-**	80	**2,149**	2,236	-	78	**2,314**
Fair value of plan assets		(2,071)	**-**	(74)	**(2,145)**	(2,075)	-	(78)	**(2,153)**
Actuarial deficit (net balance)	A	(2)	-	6	**4**	161	-	-	**161**
Present value of unfunded obligations	B	276	55	192	**523**	276	216	273	**765**
Other items recognized in balance sheet	C								
Unrecognized items									
Unrecognized Past Service Cost		48	-	-	**48**	58	-	-	**58**
Unrecognized Net Actuarial (Gain/Loss)		(80)	-	-	**(80)**	6	1	-	**7**
Separate assets		(1)	-	-	**(1)**	(1)	-	-	**(1)**
Plan assets impacted by change in Asset Celling		(91)	-	-	**(91)**	(89)	-	-	**(89)**
Total unrecognized items	D	(124)	-	-	**(124)**	(26)	1	-	**(25)**
Deficit in the plan (Net balance)	**A + B + C - D**	**398**	**55**	**198**	**651**	**463**	**215**	**273**	**951**

1. For pensions and other post-employment plans, actuarial gains and losses, which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortized on the estimated average remaining working life of the employees participating in the plan in accordance with option of IAS 19.

2. Pension plans include pension benefit as annuities and end of career payments. Pension benefit annuities are paid additionally to pensions state plans.
The Group grants 130 pension plans located in 39 countries. 10 pension plans located in France, the UK, Germany, the US and Switzerland represents 80% of gross liabilities of these pension plans.

Other post employment benefit plans are healthcare plans. These 10 plans are located in 7 countries among which France represents 50% of gross liabilities .

Other long-term employee benefits include deferred bonuses, flexible working provisions (French acronym : compte épargne temps) and long-service awards. 80 benefits are located in 22 countries. 75% of gross liabilities of these benefits are located in France.

3. The present values of defined benefit obligations have been valued by independant qualified actuaries.

4. Information regarding plan assets
The break down of the fair value of plan assets is as follows: 34% bonds, 54% equities, 6% monetary instruments and 6% others.
For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 154 million, including EUR 91 million unrecognized.

5. Employer contributions to be paid to post-employment benefit plans for 2008 are estimated at EUR 55 million.

6. Generally, expected return rates of plan assets are calculated by weighting expected anticipated returns on each category of assets with their respected weights in the asset fair value.

7. In France, the Social Security funding act for 2007 forbade the retirement at the employer volition before 65 after 2014. Its impact on the retirement indemnity schemes is valued at December 31, 2006 and treated as a past service cost. Consequently, the 2007 expense of the retirement indemnity schemes is restated.
The residual impact of the Social Security funding act for 2008 is mainly due to a new social tax that amounts 25% in 2008 and 50% after 2009 and applied on the indemnities paid when an employee retires at the employer's volition. This impact is valued at December 31, 2007, treated as gains and losses and does not modify the 2007 expense of the retirement indemnity schemes.

The actual return on plan and separate assets were, in millions of euros

	Post employment benefits				**Other long term benefits**		**Total**	
	Pension plans		Others					
	12.31.2007	**12.31.2006**	**12.31.2007**	**12.31.2006**	**12.31.2007**	**12.31.2006**	**12.31.2007**	**12.31.2006**
Plan assets	52	175	-	-	3	5	55	180

2.2. Amounts recognized in the income statement

	Post employment benefits				**Other long term benefits**		**Total**	
	Pension plans		Others					
In Millions of euros	**12.31.2007**	**12.31.2006**	**12.31.2007**	**12.31.2006**	**12.31.2007**	**12.31.2006**	**12.31.2007**	**12.31.2006**
Current Service Cost including Social Charges	77	70	6	8	36	50	119	128
Employee contributions	(3)	(3)	-	-	-	-	(3)	(3)
Interest Cost	116	106	2	6	5	5	123	117
Expected Return on Plan Assets	(120)	(107)	-	-	(4)	(3)	(124)	(110)
Expected Return on Separate Assets	-	-	-	-	-	-	-	-
Amortisation of Past Service Cost	5	5	-	-	-	-	5	5
Amortisation of Losses (Gains)	1	5	-	2	3	(7)	4	-
Settlement, Curtailment	5	-	-	60	-	(1)	5	59
Change in asset ceiling	(5)	6	-	-	-	-	(5)	6
Transfert from non recognized assets	-	-	-	-	-	-	-	-
Total Charges	**76**	**82**	**8**	**76**	**40**	**44**	**124**	**202**

2.3.a. Movements in the present value of defined benefit obligations (in Millions of euros)

(in millions of euros)	2007 Post employment benefits Pension plans	Others	Total	2006 Post employment benefits Pension plans	Others	Total
At January 1	**2,512**	**216**	**2,728**	**2,483**	**159**	**2,642**
Current Service Cost including Social Charges	77	6	83	70	8	78
Interest Cost	116	2	118	106	6	112
Employee contributions	-	-	-	(3)	-	(3)
Actuarial Gain / loss	(154)	(1)	(155)	(32)	(1)	(33)
Foreign Exchange adjustment	(80)	(2)	(82)	(6)	(2)	(8)
Benefit payments	(124)	(1)	(125)	(96)	(10)	(106)
Past Service Cost	(5)	-	(5)	9	-	9
Acquisition of subsidiaries	1	-	1	(4)	(2)	(6)
Transferts and others	1	(165)	(164)	(15)	58	43
At December 31	**2,344**	**55**	**2,399**	**2,512**	**216**	**2,728**

2.3.b. Movements in Fair Value of plan assets (in Millions of euros)

(in millions of euros)	2007 Post employment benefits Pension plans	Others	Total	2006 Post employment benefits Pension plans	Others	Total
At January 1	**2,075**	**-**	**2,075**	**1,924**	**-**	**1,924**
Expected Return on Plan Assets	120	-	120	107	-	107
Expected Return on Separate Assets	-	-	-	-	-	-
Actuarial Gain / loss	(68)	-	(68)	72	-	72
Foreign Exchange adjustment	(62)	-	(62)	(2)	-	(2)
Employee contributions	3	-	3	3	-	3
Employer Contributions to plan assets	108	-	108	132	-	132
Benefit payments	(95)	-	(95)	(78)	-	(78)
Acquisition of subsidiaries	-	-	-	-	-	-
Transferts and others	(10)	-	(10)	(83)	-	(83)
At December 31	**2,071**	**-**	**2,071**	**2,075**	**-**	**2,075**

2.4.Main Assumptions

	31.12.2007	31.12.2006
Discount rate		
Europe	5.16%	4.50%
Americas	6.27%	5.20%
Asia-Oceania-Africa	4.90%	4.30%
Expected return on plan assets (separate and plan assets)		
Europe	5.31%	5.87%
Americas	6.50%	6.50%
Asia-Oceania-Africa	4.06%	2.50%
Future salary increase		
Europe	1.58%	1.00%
Americas	2.00%	2.00%
Asia-Oceania-Africa	2.05%	1.80%
Healthcare cost increase rate		
Europe	5.59%	4.63%
Americas	NA	NA
Asia-Oceania-Africa	4.15%	3.50%
Average and remaining lifetime of employees (in years)		
Europe	13.6	11.5
Americas	7.5	9.5
Asia-Oceania-Africa	13.5	11

1.The range in discount rate is due to various post-employment benefit plans durations and to different levels of interest rates used in the same geographical area like Europe and Asia.

2. The range of expected return on plan assets rate is due to actual plan assets allocation.

3. Average and remaining lifetime of employees is calculated taking into account based on turnover assumptions

2.5. Sensitivities analysis of post-employment defined benefit obligations compared to main assumptions ranges

Measured element percentage	2007 Pension plans	Post employment healthcare plans	Other plans	2006 Pension plans	Post employment healthcare plans	Other plans
Variation from +1% in discount rate						
Impact on Defined Benefit Obligations at 31 december	-11%	-15%	-7%	-14%	-14%	-6%
Impact on total Expenses	-10%	-10%	-51%	-19%	-8%	-34%
Variation from +1% in Expected return on plan assets						
Impact on Plan Assets at 31 december	1%	1%	1%	1%	1%	1%
Impact on total Expenses	-3%	NA	-1%	-21%	NA	-3%
Variation from +1% in Future salary increases						
Impact on Defined Benefit Obligations at 31 december	11%	NA	7%	5%	NA	5%
Impact on total Expenses	13%	NA	49%	17%	NA	39%
Variation from +1% in Healthcare cost increase rate						
Impact on Defined Benefit Obligations at 31 december		9%			15%	
Impact on total Expenses		4%			19%	

2.6. Experience Adjustments of post-employment defined benefit obligations (in MEUR)

	31.12.2007	31.12.2006
Defined Benefit Obligations	2,344	2,512
Fair value of plan assets	2,071	2,075
Deficit / (surplus)	273	437
Adjustments of Plan Liabilities due to experience (negative:gain)	49	(11)
Adjustments of Plan Assets due to experience (negative:gain)	68	(67)

NOTE 25
SUBORDINATED DEBT

(in millions of euros)

Currency issue	2008	2009	2010	2011	2012	Other	Outstanding at December 31, 2007	Outstanding at December 31, 2006
Subordinated Capital notes								
EUR	121	313	649	439	920	6,271	8,713	8,004
USD	-	-	-	-	-	1,459	1,459	1,935
GBP	-	-	-	-	-	818	818	893
Other currencies	54	-	-	-	-	97	151	148
Sub-total	**175**	**313**	**649**	**439**	**920**	**8,645**	**11,141**	**10,980**
Dated subordinated debt								
EUR	-	-	-	4	-	29	33	37
Sub-total	**-**	**-**	**-**	**4**	**-**	**29**	**33**	**37**
Related payables	233	-	-	-	-	-	233	274
Total excluding revaluation of hedged items	**408**	**313**	**649**	**443**	**920**	**8,674**	**11,407**	**11,291**
Revaluation of hedged items							52	222
Total							**11,459**	**11,513**

The fair value of subordinated debt securities amounts to EUR 12,692 million at December 31, 2007 (EUR 11,751 million at December 31,2006).

NOTE 26

SOCIETE GENERAL ORDINARY SHARES, TREASURY SHARES, SHARES HELD BY EMPLOYEES

Number of shares	**December 31, 2007**	**December 31, 2006**
Ordinary shares	466,582,593	461,424,562
Including treasury shares with voting rights [1]	30,311,822	22,939,831
Including shares held by employees	33,458,863	32,424,638

[1] *Doesn't include the Société Générale shares held for trading.*

NOTE 27
COMMITMENTS

A. Commitments granted and received

Commitments granted

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Loan commitments		
to banks	23,430	19,279
to customers [1]		
Issuance facilities	38	100
Confirmed credit lines	136,667	146,194
Others	2,460	1,726
Guarantee commitments		
on behalf of banks	7,407	11,011 *
on behalf of customers [1] [2]	60,632	45,114 *
Securities commitments		
Securities to deliver	41,031	28,663

Commitments received

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Loan commitments		
from banks	24,254	17,526
Guarantee commitments		
from banks	53,677	58,352
other commitments [3]	60,133	49,854
Securities commitments		
Securities to be received	42,400	32,783

[1] *As at December 31, 2007, credit lines and guarantee commitments granted to securization vehicles and other special purpose vehicles amounted to EUR 27,7 billion and EUR 0,6 billion respectively.*

[2] *Including capital and performance guarantees given to the holders of units in mutual funds managed by entities of the Group.*

[3] *Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 34,1 billion as at December 31, 2007 and EUR 28,3 billion as at December 31, 2006. The remaining balance mainly corresponds to securities and assets assigned as guarantee.*

B. Forward financial instrument commitments (notional amounts)

(in millions of euros)	**December 31, 2007**		**December 31, 2006**	
	Trading transactions	**Hedging transactions**	**Trading transactions**	**Hedging transactions**
Interest rate instruments				
Firm transactions				
Swaps	6,345,931	202,337	5,566,581	216,633
Interest rate futures	1,244,166	-	1,454,300	20
Options	*3,473,469*	*12,682*	*2,397,826*	*16,357*
Foreign exchange instruments				
Firm transactions	*834,864*	*24,900*	*685,824*	*37,514*
Options	*354,186*	-	*205,201*	-
Equity and index instruments				
Firm transactions	*275,766*	-	*231,930*	-
Options	*842,302*	*207*	*646,448*	*148*
Commodity instruments				
Firm transactions	*165,919*	-	*155,635*	-
Options	*122,445*	-	*154,586*	-
Credit derivatives	2,175,336	-	991,383	-
Other forward financial instruments	19,301	-	16,826	-

** Amounts adjusted with respect to the published financial statements.*

NOTE 27 (continued)

C. Credit risk equivalent

The credit risk equivalent on these transactions, determined in accordance with the methods recommended by the Basel Committee for the calculation of the international solvency ratio, breaks down as follows:

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
OECD member governments and central banks	2,276	993
OECD member banks and local authorities	32,115	23,176
Customers	19,316	15,407
Non-OECD member banks and central banks	849	657
TOTAL (after netting agreements)	**54,556**	**40,233**

Netting agreements reduced the credit risk equivalent by EUR 136,950 million at December 31, 2007 compared with a reduction of EUR 102,921 million at December 31, 2006.

Securitization transactions

The Société Générale Group carries out securitization transactions on behalf of customers or investors, and as such provides credit enhancement and liquidity facilities to the securitization vehicles.

There were 6 non-consolidated vehicles (Barton, Antalis, Asset One, Homes, ACE Australia, ACE Canada) structured by the Group on behalf of customers or investors. Total assets held by these vehicles and financed through the issuance of commercial papers amounted to EUR 19,260 million as at 12.31.2007 (EUR 19,815 million as at 12.31.2006).

The non-controlling situation of the Group over these vehicules is regularly assessed using the consolidation criteria applicable to special purpose entities (Cf. note 1). As at December 31, 2007, none of these vehicles is consolidated as far as the Group does not control them and is neither exposed to the majority of the related risks and rewards.

The default risk on the assets held by these vehicles is borne by the transferors of the underlying receivables or by third parties. The Société Générale Group provides an additional guarantee as a credit enhancement through the issuance of letters of credit in the amount of EUR 600 million (EUR 731 million as at 12.31.2006). Furthermore, the Group has granted these vehicles short-term loan facilities in the amount of EUR 27,738 million at this date (EUR 29,237 million as at 12.31.2006).

NOTE 28
ASSETS PLEDGED AS SECURITY

(in millions of euros)	**December 31, 2007**	**December 31, 2006 ***
Assets pledged as security		
Book value of assets pledged as security for liabilities	42,779	27,649
Book value of assets pledged as security for transactions in financial instruments	13,716	10,687
Book value of assets pledged as security for off-balance sheet commitments	407	385
Total	**56,902**	**38,721**
Assets received as security and available for the entity		
Fair value of reverse repos	**39,783**	**46,831**

** Amounts adjusted with respect to the published financial statements.*

Assets pledged as security for liabilities include mainly securities given as guarantees into repo transactions, and loans given as guarantees for refinancing transactions granted by the Banque de France and the Caisse de Refinancement Hypothécaire.

Assets pledged as security for transactions in financial instruments correspond mainly to surety deposits paid on organized market.

NOTE 29
BREAKDOWN OF ASSETS AND LIABILITIES BY TERM TO MATURITY

Maturities of financial assets and liabilities

(in millions of euros at December 31, 2007)	Less than 3 months [1]	3 months to 1 year	1-5 years	More than 5 years	Total
ASSETS					
Cash, due from central banks	11,302	-	-	-	**11,302**
Financial assets measured at fair value through profit and loss	317,500	143,924	13,993	14,542	**489,959**
Hedging derivatives	3,709	-	-	-	**3,709**
Available for sale financial assets	19,078	7,828	20,914	39,988	**87,808**
Due from banks	47,770	8,163	14,639	2,493	**73,065**
Customer loans	76,104	50,215	103,380	75,474	**305,173**
Lease financing and similar agreements	3,110	5,079	13,399	5,450	**27,038**
Revaluation differences on portfolios hedged against interest rate risk	(202)	-	-	-	**(202)**
Held to maturity financial assets	136	139	580	769	**1,624**
Total Assets	**478,507**	**215,348**	**166,905**	**138,716**	**999,476**
LIABILITIES					
Due to central banks	3,004	-	-	-	**3,004**
Financial liabilities measured at fair value through profit and loss	260,203	29,121	30,388	21,039	**340,751**
Hedging derivatives	3,858	-	-	-	**3,858**
Due to banks	117,004	7,285	4,016	3,572	**131,877**
Customer deposits	218,822	11,726	26,658	13,456	**270,662**
Securitized debt payables	95,816	22,780	14,397	5,076	**138,069**
Revaluation differences on portfolios hedged against interest rate risk	(337)	-	-	-	**(337)**
Total Liabilities	**698,370**	**70,912**	**75,459**	**43,143**	**887,884**

[1] As a convention, derivatives are classified as having a maturity of less than three months.

Notional maturities of commitments on financial derivatives [2]

	ASSETS				LIABILITIES			
(in millions of euros at December 31, 2007)	less than 1 year	1-5 years	more than 5 years	Total	less than 1 year	1-5 years	more than 5 years	Total
Interest rate instruments								
Firm instruments								
Swaps	2,328,414	2,321,254	1,898,599	**6,548,267**	-	-	-	**-**
Interest rate futures	506,904	78,012	180	**585,096**	500,370	158,700	-	**659,070**
Options	666,610	533,381	377,293	**1,577,284**	947,045	534,786	427,036	**1,908,867**
Forex instruments								
Firm instruments	600,959	164,937	93,868	**859,764**	-	-	-	**-**
Options	101,850	71,979	2,863	**176,692**	102,077	72,419	2,998	**177,494**
Equity and index instruments								
Firm instruments	103,069	34,970	1,954	**139,993**	104,224	27,191	4,357	**135,772**
Options	244,032	120,811	19,792	**384,635**	278,611	155,577	23,685	**457,873**
Commodity instruments								
Firm instruments	59,849	23,400	926	**84,175**	58,467	22,243	1,034	**81,744**
Options	41,154	19,515	338	**61,007**	41,613	19,744	81	**61,438**
Credit derivatives	25,032	688,051	329,393	**1,042,476**	28,776	710,944	393,140	**1,132,860**
Other forward financial instruments	8,583	286	2	**8,871**	9,997	424	10	**10,431**

[2] These items are presented according to the accounting maturity of financial instruments.

NOTE 30
FOREIGN EXCHANGE TRANSACTIONS

(in millions of euros)	December 31, 2007				December 31, 2006			
	Assets	**Liabilities**	**Currencies bought, not yet received**	**Currencies sold, not yet delivered**	**Assets**	**Liabilities**	**Currencies bought, not yet received**	**Currencies sold, not yet delivered**
EUR	592,147	599,332	21,538	19,305	533,154	530,927	13,151	10,223
USD	282,285	295,430	26,060	33,709	249,846	265,322	19,242	22,147
GBP	34,125	31,919	7,770	7,002	29,532	30,722	6,306	3,811
JPY	28,358	27,567	8,387	7,403	37,244	35,237	2,743	4,674
AUD	21,322	19,641	-	3	14,669	11,683	60	42
CZK	20,930	21,905	68	135	18,520	19,153	88	308
Other currencies	92,595	75,968	20,943	17,375	73,876	63,797	7,829	8,556
Total	**1,071,762**	**1,071,762**	**84,766**	**84,932**	**956,841**	**956,841**	**49,419**	**49,761**

NOTE 31
INSURANCE ACTIVITIES

Underwriting reserves of insurance companies

(in millions of euros)	December 31, 2007	December 31, 2006
Underwriting reserves for unit-linked policies	21,789	21,010
Life insurance underwriting reserves	46,869	43,341
- o/w provisions for deferred profit sharing	857	2,170
Non-life insurance underwriting reserves	270	232
Total	**68,928**	**64,583**
Attributable to reinsurers	303	295
Underwriting reserves of insurance companies net of the part attribuable to reinsurers	**68,625**	**64,288**

Statement of changes in underwriting reserves of insurance companies

(in millions of euros)	Underwriting reserves for unit-linked policies	Life insurance underwriting reserves	Non-life insurance underwriting reserves
Reserves at January 1, 2007	**21,010**	**43,341**	**232**
Allocation to insurance reserves	1,215	3,006	39
Revaluation of policies	(93)	30	-
Charges deducted from policies	(147)	-	-
Transfers and arbitrage	(524)	525	-
New customers	255	(254)	-
Profit sharing	83	367	-
Others	(10)	(146)	(1)
Reserves at December 31, 2007	**21,789**	**46,869**	**270**

Net investments of insurance companies

(in millions of euros)	December 31, 2007	December 31, 2006
Financial assets measured at fair value through P&L	**27,579**	**28,014**
Treasury notes and similar securities	1	332
Bonds and other debt securities	8,107	8,986
Shares and other equity securities	19,471	18,696
Available-for-sale financial assets	**43,435**	**39,312**
Treasury notes and similar securities	916	45
Bonds and other debt securities	37,488	36,085
Shares and other equity securities	5,031	3,182
Investment property	**392**	**400**
Total	**71,406**	**67,726**

NOTE 31 (continued)

Technical income from insurance companies

(in millions of euros)	December 31, 2007	December 31, 2006
Earned premiums	9,673	10,458
Cost of benefits (including changes in reserves)	(8,904)	(11,146)
Net income from investments	252	1,497
Other net technical income (expense)	(614)	(444)
Contribution to operating income before elimination of intercompany transactions	**407**	**365**
Elimination of intercompany transactions [1]	348	329
Contribution to operating income after elimination of intercompany transactions	**755**	**694**

[1] This essentially concerns the elimination of commissions paid by the insurance companies to the distribution networks and the elimination of financial income on investments made in other Group companies.

Net fee income [2]

(in millions of euros)	December 31, 2007	December 31, 2006
Fees received		
- acquisition fees	197	200
- management fees	467	491
- others	151	48
Fees paid		
- acquisition fees	(182)	(172)
- management fees	(240)	(198)
- others	(10)	(9)
Total fees	**383**	**360**

[2] Fees are presented in this table before elimination of intercompany transactions.

MANAGEMENT OF INSURANCE RISKS

There are two main types of insurance risk :

· pricing risks and risks of discrepancies in total fluctuations in claim experience : in non-life insurance and individual personal protection alike, benefits are exposed to risks of deterioration in the claim rate observed compared to the claim rate anticipated at the time the price schedule is established. Discrepancies can be linked to multiple complex factors such as changes in the behavior of the policyholders, changes in the macroeconomic environment, pandemics, natural disasters, etc.
· risks linked to the financial markets: in life insurance, insurers are exposed to the instabilities of the financial markets (changes in interest rates and stock market fluctuations) which can be made worse by the behavior of policyholders.

Managing these risks is a fundamental priority for the insurance business line. It is carried out by qualified and experienced teams with major, bespoke IT resources at their disposal. Risks undergo regular monitoring and are reported to the General Management of both the entities concerned and the business lines.

In the **area of pricing risks and risks of discrepancies in total loss experience**, there are a number of guidelines which are applied:

· heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile from the very beginning. Proper application of these procedures is verified via Quality Audits and multi-annual Internal Audits. These processes have been ISO-certified;
· monitoring of claim/premium ratios on a regular basis, based on statistics developed per year of occurence. This analysis (expansion of the portfolio, level of provisions for claims filed or IBNRs) allows pricing adjustments to be made, where applicable, for the subsequent financial years;
· implementation of a reinsurance plan to protect the Group from major/serial claims.

Management of risks linked to the financial markets is just as much an integral part of the investment strategy as the search for maximum performance. The optimization of these two elements is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of contracts), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analyzed by the Finance and Risk Department of the life insurance business line. Societe Generale's overall asset and liability management policy is validated by the Group's General Management at the ALM Committee meetings held every six months.

Risk management and analysis are based on the following key principles:
- Asset/liability risk management:
· monitoring of long-term cash flows: matching the term of a liability against the term of an asset, and cash flow peaks are strictly controlled in order to minimize reinvestment risks;
· close monitoring of the equity markets and stress scenario simulations;
· hedging of exchange rate risks using financial instruments.
- Financial risk management via the establishment of limits:
· counterparty limits (e.g. limits according to the issuer's country of domiciliation, distinction between sovereign issuers and private issuers);
· rating limits (e.g. AAA: min. 50%, of which 20% in government bonds and government-backed bonds);
· limits per type of asset (e.g. equities, private equity);

All of these strategies are assessed by simulating various scenarios of financial markets behavior and insured party behavior using stress tests and stochastic modeling.

NOTE 32
INTEREST INCOME AND EXPENSE

(in millions of euros)	2007	2006
Transactions with banks	**6,897**	**5,372**
Demand deposits and interbank loans	3,231	2,844
Securities purchased under resale agreements and loans secured by notes and securities	3,666	2,528
Transactions with customers	**17,414**	**13,758**
Trade notes	719	1,038
Other customer loans [1]	14,509	10,819
Overdrafts	1,122	862
Securities purchased under resale agreements and loans secured by notes and securities	1,064	1,039
Other income	-	-
Transactions in financial instruments	**12,121**	**9,584**
Available for sale financial assets	3,686	2,492
Held to maturity financial assets	106	110
Securities lending	33	244
Hedging derivatives	8,296	6,738
Finance leases	**1,661**	**1,342**
Real estate finance leases	375	315
Non-real estate finance leases	1,286	1,027
Total interest income	**38,093**	**30,056**
Transactions with banks	**(10,072)**	**(7,401)**
Interbank borrowings	(7,218)	(6,011)
Securities sold under resale agreements and borrowings secured by notes and securities	(2,854)	(1,390)
Transactions with customers	**(11,976)**	**(9,197)**
Regulated savings accounts	(1,234)	(1,024)
Other customer deposits	(8,813)	(6,825)
Securities sold under resale agreements and borrowings secured by notes and securities	(1,929)	(1,348)
Transactions in financial instruments	**(13,538)**	**(10,341)**
Securitized debt payables	(4,965)	(3,426)
Subordinated and convertible debt	(603)	(615)
Securities borrowing	(121)	(36)
Hedging derivatives	(7,849)	(6,264)
Other interest expense	**(5)**	**(5)**
Total interest expense [2]	**(35,591)**	**(26,944)**
Including interest income from impaired financial assets	263	233

[1] **Breakdown of "Other customer loans"**

(in millions of euros)	2007	2006
– short-term loans	5,772	3,873
– export loans	396	255
– equipment loans	2,334	1,840
– housing loans	3,398	2,753
– other customer loans	2,609	2,098
Total	**14,509**	**10,819**

[2] These expenses include the refinancing cost of financial instruments measured at fair value through P&L, which is classified in net gain or loss (note 34). As far as income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by the activities on financial instruments measured at fair value through P&L must be assessed as a whole.

NOTE 33
FEE INCOME AND EXPENSE

(in millions of euros)	**2007**	**2006**
Fee income from		
Transactions with banks	122	133
Transactions with customers	2,610	2,237
Securities transactions	815	816
Primary market transactions	177	246
Foreign exchange transactions and financial derivatives	1,406	822
Loan and guarantee commitments	521	505
Services	4,902	4,299
Others	192	184
Total fee income	**10,745**	**9,242**
Fee expense on		
Transactions with banks	(239)	(189)
Securities transactions	(523)	(418)
Foreign exchange transactions and financial derivatives	(1,083)	(618)
Loan and guarantee commitments	(219)	(202)
Others	(1,153)	(962)
Total fee expense	**(3,217)**	**(2,389)**

These commission income and expense include:

	2007	**2006**
commission income excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	3,557	3,280
commission income linked to trust activities or similar	3,507	2,902
commission expense excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	(219)	(226)
commission expense linked to trust activities or similar	(856)	(597)

NOTE 34
NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH P&L

(in millions of euros)	**2007**	**2006**
Net gain/loss on non-derivative financial assets held for trading	16,331	22,056
Net gain/loss on financial assets measured using fair value option	419	557
Net gain/loss on non-derivative financial liabilities held for trading	(12,103)	(10,799)
Net gain/loss on financial liabilities measured using fair value option	(259)	(177)
Net gain/loss on derivative instruments	4,439	(2,268)
Net income from hedging instruments \ fair value hedge	(443)	(559)
Revaluation of hedged items attributable to hedged risks	470	949
Ineffective portion of cash flow hedge	2	-
Net gain/loss on foreign exchange transactions	451	601
Total[1]	**9,307**	**10,360**

[1] As far as income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by the activities on financial instruments measured at fair value through P&L must be assessed as a whole. It should be noted that the income shown here does not include the refinancing cost of these financial instruments, which is shown among interest expense and interest income.

The change in fair value in net gains or losses on financial instruments at fair value calculated using valuation parameters which are not based on market data stood at EUR 1 481 million for the financial year. Assets and liabilities at fair value through profit and loss which valuation is not based on market data are disclosed in note 6.

Amount remaining to be booked in profit and loss relative to financial assets and liabilities at fair value through profit or loss whose fair value is determined using valuation techniques which are not based on market data.

The remaining amount to be registered in the income statement resulting from the difference between the transaction price and the amount which would be established at this date using valuation techniques, minus the amount registered in the income statement after initial recognition in the accounts, breaks down as follows:

(In millions of euros)	**2007**	**2006**
Remaining amount to be registered in the income statement as at January, 1st	**1,069**	**1,091**
Amount generated by new transactions within the period	**978**	**709**
Amount registered in the income statement within the period	**(999)**	**(731)**
Depreciation	(738)	(519)
Switch to observable parameters	(86)	(39)
Expired or terminated	(153)	(137)
Translation differences	(22)	(36)
Remaining amount to be registered in the income statement as at December, 31th	**1,048**	**1,069**

NOTE 35

NET GAINS OR LOSSES ON AVAILABLE FOR SALE FINANCIAL ASSETS

(in millions of euros)	**2007**	**2006**
Current activities		
Gains on sale	201	150
Losses on sale	(177)	(22)
Impairment of equity investments	(70)	(8)
Capital gain on the disposal of available-for-sale financial assets, after payment of profit-sharing to policy holders (insurance business)	62	9
Sub-total	**16**	**129**
Long-term equity investments		
Gains on sale (1)	1,030	532
Losses on sale (1)	(51)	(17)
Impairment of equity investments	(50)	(20)
Sub-total	**929**	**495**
Total	**945**	**624**

(1) The net capital gain from the exchange of Euronext for NYSE shares and subsequent sale of shares in the new merged company was EUR 235 million.

NOTE 36

INCOME AND EXPENSES FROM OTHER ACTIVITIES

(in millions of euros)	**2007**	**2006**
Income from other activities		
Real estate development	71	64
Real estate leasing	104	90
Equipment leasing	5,116	3,576
Other activities (including income from insurance activity)	10,793	13,033
Sub-total	**16,084**	**16,763**
Expenses from other activities		
Real estate development	(3)	-
Real estate leasing	(28)	(44)
Equipment leasing	(3,589)	(3,072)
Other activities (including expenses from insurance activitiy)	(11,223)	(12,472)
Sub-total	**(14,843)**	**(15,588)**
Net total	**1,241**	**1,175**

NOTE 37
PERSONNEL EXPENSES

(in millions of euros)	**2007**	**2006**
Employee compensation [1]	(5,813)	(5,948)
Social security charges and payroll taxes [1]	(989)	(1,147)
Retirement expenses - defined contribution plans	(539)	(502)
Retirement expenses - defined benefit plans	(58)	(77)
Other social security charges and taxes	(361)	(329)
Employee profit sharing and incentives	(412)	(347)
Total	**(8,172)**	**(8,350)**

[1] o/w variable remuneration of EUR (1,503) million as of December 31, 2007 against EUR (2,156) million as of December 31, 2006. This decrease is mainly due to the diminution of investment banking revenue

	2007	**2006**
Average headcount		
- France	57,922	54,718
- Outside France	72,178	60,416
Total	**130,100**	**115,134**

NOTE 38
SHARE-BASED PAYMENT PLANS

1. Expenses recorded in the income statement

(in millions of euros)	December 31, 2007 Cash settled plans	Equity settled plans	Total plans	December 31, 2006 Cash settled plans	Equity settled plans	Total plans
Net expenses from stock purchase plans	-	73.8	**73.8**	-	31.9	**31.9**
Net expenses from stock option plans	105.2	119.2	**224.4**	147.9	91.9	**239.8**

The charge described above relates to equity-settled plans attributed after November 7, 2002 and to all cash settled plans.

2. Main characteristics of Société Générale stock-option and free shares plans

2.1. Equity-settled stock option plans for Group employees for the year ended December 31, 2007 are briefly described below :

Issuer	Société Générale	Société Générale	Société Générale	Société Générale	Société Générale	Société Générale for TCW	Société Générale	Société Générale for TCW
Year of attribution	2002	2003	2004	2005	2006	2006	2007	2007
Type of plan	stock option	stock option	stock option	stock option	stock option	stock option	stock option	stock option
Shareholders agreement	05/13/1997	04/23/2002	04/23/2002	04/29/2004	04/29/2004	04/29/2004	05/30/2006	05/30/2006
Board of Directors decision	01/16/2002	04/22/2003	01/14/2004	01/13/2005	01/18/2006	04/25/2006	01/19/2007	09/18/2007
Number of stock-options granted [(1)]	3,553,549	3,910,662	3,814,026	4,067,716	1,548,218	138,503	1,260,956	121,037
Contractual life of the options granted	7 years	7 years	7 years	7 years	7 years	7 years	7 years	7 years
Settlement	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares
Vesting period	01/16/02 - 01/16/05	04/22/03 - 04/22/06	01/14/04 - 01/14/07	01/13/2005 - 01/13/2008	01/18/2006 - 01/18/2009	04/25/2006 - 04/25/2009	01/19/2007- 01/19/2010	09/18/2007 - 09/18/2010
Performance conditions	no	no	no	no	no	no	no except for the directors [(3)]	no
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	maintained	maintained	maintained	maintained	maintained	maintained	maintained	maintained
Death	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period
Share price at grant date (in EUR) (average of 20 days prior to grant date) [(1)]	62.08	51.65	69.53	74.50	104.85	121.52	130.3	117.41
Discount	0%	0%	0%	0%	0%	0%	0%	0%
Exercise price (in EUR)[(1)]	62.08	51.65	69.53	74.50	104.85	121.52	130.3	117.41
Options authorised but not attributed	-	-	-	-	-	-	-	-
Options exercised at December 31, 2007	2,537,445	2,313,272	668,150	4,000	2,174	-	-	-
Options forfeited at December 31, 2007	283,693	186,374	99,078	130,137	40,156	6,033	13,934	235
Options outstanding at December 31, 2007	732,411	1,411,016	3,046,798	3,933,579	1,505,888	132,470	1,247,022	120,802
Number of shares reserved at December 31, 2007	732,411	1,411,016	3,046,798	[(2)]	[(2)]	132,470	1,247,022	120,802
Share price of shares reserved (in EUR)	63.18	51.03	50.35	[(2)]	[(2)]	124.1	126.69	119.55
Total value of shares reserved (in EUR Millions)	46	72	153	[(2)]	[(2)]	16	158	14
First authorised date for selling the shares	01/16/2006	04/22/2007	01/14/2008	01/13/2009	01/18/2010	04/25/2009	01/19/2011	09/18/2010
Delay for selling after vesting period	1 year	1 year	1 year	1 year	1 year	-	1 year	-
Fair value (% of the share price at grant date)	28%	25%	21%	17%	16%	17%	18%	17%
Valuation method used to determine the fair value	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo

(1) In accordance with IAS33, as a result of the detachment of Société Générale share preferential subscription right, the historical share data has been adjusted by the coefficient given by Euronext which reflects the part attributable to the share after detachment following the capital increase which took place in the fourth quarter of 2006.

(2) 2005 and 2006 stock-option plans have been hedged using call options on Société Générale shares.

(3) There are conditions of performance for the directors which are described in the coporate governance part

2.1.2 Free shares

Issuer	Société Générale	Société Générale
Year of grant	2006	2007
Type of plan	free shares	free shares
Shareholders agreement	05.09.2005	05.30.2006
Board of Directors decision	01.18.2006	01.19.2007
Number of free shares granted	726,666	824,406
Settlement	Société Générale shares	Société Générale shares
Vesting period	01.18.2006 - 03.31.2008 01.18.2006 - 03.31.2009	01.19.2007 - 03.31.2009 01.19.2007 - 03.31.2010
Performance conditions	conditions on ROE for certain recipients	conditions on ROE for certain recipients
Resignation from the Group	forfeited	forfeited
Redundancy	forfeited	forfeited
Retirement	maintained	maintained
Death	maintained for 6 months	maintained for 6 months
Share price at grant date	103.6	131.4
Shares exercised at December 31, 2007	240	470
Shares forfeited at December 31, 2007	33,672	16,376
Shares outstanding at December 31, 2007	692,754	807,560
Number of shares reserved at December 31, 2007	692,754	807,560
Share price of shares reserved (in EUR)	90.62	126.69
Total value of shares reserved (in EUR million)	63	102
First authorized date for selling the shares	03.31.2010 03.31.2011	03.31.2011 03.31.2012
Delay for selling after vesting period	2 years	2 years
Fair value (% of the share price at grant date)	vesting period 2 years: 86% vesting period 3 years: 81%	vesting period 2 years: 86% vesting period 3 years: 81%
Valuation method used to determine the fair value	Arbitrage	Arbitrage

NOTE 38 (continued)

2.2. Statistics concerning Société Générale stock-option plans

Main figures concerning Société Générale stock-option plans, for the year ended December 31, 2007

	Options granted in 2002	Options granted in 2003	Options granted in 2004	Options granted in 2005	Options granted in 2006	TCW Options granted in 2006	Options granted in 2007	TCW Options granted in 2007	Weighted average remaining contractual life	Weighted average fair value at grant date (EUR)	Weighted average share price at exercise date (EUR)	Range of exercise prices (EUR)
Options outstanding on 01/01/2007	1,183,753	2,665,453	3,720,156	3,971,183	1,524,007	137,823		-				
Options granted in 2007	-	-	-	-	-	-	1,260,956	121,037				
Options forfeited in 2007	119	228	7,208	37,604	18,119	5,353	13,934	235				
Options exercised in 2007	451,223	1,254,209	666,150	-	-	-	-	-			139.95	51.65-130.30
Options expired in 2007	-	-	-	-	-	-	-	-				
Outstanding options on 12/31/2007	732,411	1,411,016	3,046,798	3,933,579	1,505,888	132,470	1,247,022	120,802	45 months	15.62		
Exercisable options on 12/31/2007	732,411	1,411,016	3,046,798	-	-	-	-	-				

Notes

1. The main assumptions used to value Société Générale stock-option plans are as follows :

	2002-2004	2005	2006	2007
Risk-free interest rate	3.8%	3.3%	3.3%	4.2%
Implicit share volatility	27%	21%	22%	21%
Forfeited rights rate	0%	0%	0%	0%
Expected dividend (yield)	4.3%	4.3%	4.2%	4.8%
Expected life (after grant date)	5 years	5 years	5 years	5 years

2. The implicit volatility used is that of Société Générale 5-year share options traded OTC, which was 21% in 2007. This implicit volatility reflects the future volatility.

3. Other stock-option plans - TCW company

3.1. Stock option plans for TCW Group employees for the year-ended December 31, 2007 are briefly described below:

Issuer	TCW	TCW	TCW	TCW	TCW	TCW
Year of attribution	2001	2002	2003	2005	2006	2007
Type of plan	stock option	stock option	stock option	stock option	stock option	stock option
Shareholders agreement	07/07/2001	07/07/2001	07/07/2001	07/01/2005	09/01/2006	09/30/2007
Board of Directors decision	07/07/2001	01/01/2002 07/16/2002	02/19/2003 03/31/2003 06/27/2003	07/01/2005	09/01/2006	09/30/2007
Number of stock-options granted	1,343,320	1,417,980	1,268,350	2,753,708	2,385,515	2,468,849
Contractual life of the options granted	10 years	10 years	10 years	7 years	7 years	7 years
Settlement	SG shares	SG shares	SG shares	SG shares	SG shares	SG shares
Vesting period	07/07/2001 - 07/07/2003	01/01/2002 - 07/15/2008	02/19/2003 - 06/26/2009	07/01/2005 - 06/30/2010	09/01/2006 - 08/31/2011	09/30/2007 - 09/29/2012
Performance conditions	no	no	no	no	no	no
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Death	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting
Share price at grant date (in EUR)	22.23	18.14	15.50	41.35	36.95	33.32
Discount (in EUR)	3.29	2.69	2.30	13.48	5.64	5.12
Exercise price (in EUR)	18.93	15.45	13.21	27.87	31.31	28.20
Options authorised but not attributed	-	-	-	-	-	-
Options exercised at December 31, 2007	1,343.320	1,119,452	477,488	323,333	2,824	-
Options forfeited at December 31, 2007	-	59,728	552,142	242,065	146,384	9,070
Options outstanding at December 31, 2007	-	238,800	238,720	2,188,311	2,236,307	2,459,779
First authorized date for selling the shares	08/07/2003	02/01/2003	03/18/2005	08/01/2007	11/01/2008	11/01/2009
Delay for selling after vesting period	no delay	no delay	no delay	no delay	no delay	no delay
Fair value (% of the share price at grant date)	42%	56%	51%	66%	41%	38%
Valuation method used to determine the fair value	black & scholes	black & scholes	black & scholes	black & scholes	black & scholes	black & scholes

3.2. Statistics concerning TCW stock-option plans

Main figures concerning TCW stock-option plans, for the year ended December 31, 2007

	Total no. of options	Options granted in 2001	Options granted in 2002	Options granted in 2003	Options granted in 2005	Options granted in 2006	Options granted in 2007	Weighted average remaining contractual life	Weighted average fair value at grant date (EUR)	Weighted average share price at exercise date (EUR)	Range of exercise prices (EUR)
Options outstanding on 01/01/2007	5,904,552	29,864	492,532	358,080	2,655,035	2,369,041	-				
Options granted in 2007	2,468,849	-	-	-	-	-	2,468,849				
Options forfeited in 2007	282,372	-	-	-	143,392	129,910	9,070				
Options exercised in 2007	729,113	29,864	253,732	119,360	323,333	2,824	-			125.62	32.09-34.52
Options expired in 2007	-	-	-	-	-	-	-				
Options outstanding on 12/31/2007	7,361,917	-	238,800	238,720	2,188,311	2,236,307	2,459,779	52 months	13.48		
Exercisable options in 2007	197,393	-	-	-	197,393	-	-				

Notes

1. The main assumptions used to value TCW stock-option plans are as follows :

	Plans 2001 to 2003	Plan 2005	Plan 2006	Plan 2007
Risk-free interest rate	4%	4%	5%	5%
Implicit share volatility	39%	31%	28%	22%
Forfeited rights rate	0%	5%	0%	0%
Expected dividend (yield)	0%	0%	0%	0%
Expected life (after grant date)	5 years	5 years	5 years	5 years

2. The implicit volatility has been estimated using the historical volatility of US listed companies that belong to the same segment over the past 5 years.
The fair value reflects the future performances of the Company.
3. Due to the term of this plan, which is settled in Société Générale shares, no shares have been specifically allocated.

NOTE 38 (continued)

4. Information on other plans

The other Shares-based payment plans granted to Group employees during 2007 are as follows:

4.1 Global employee share-Ownership plan

As part of the Group employee shareholding policy, Société Générale offered on the 04/26/07 to employees of the Group to subscribe to a reserved capital increase at a share price of EUR 108.90, with a discount of 20% rapported at the average of the 20 SG shares.

For 4,578,835 shares subscribed , the Group recorded a EUR 73.8 million expense taking into account the qualified 5-year holding period. The valuation model used, which complies with the recommendation of the National Accounting Council on the accounting treatment of company savings plans, compares the gain the employee would have obtained if he had been able to sell the shares immediately and the notional cost that the 5-year holding period represents to the employee,

This notional 5-year holding period cost is valuated as the net cost of the SG shares cash purchase financed by a non affected and non revolving five years credit facilities and by a forward sale of these same 5 years maturity shares.

The main market parameters to valuate these 5-year holding period cost, determined at the subscription date are :

- cash SG share price: EUR 151.29
- risk-free interest rate : 4.39%
- interest rate of a non-affected five years facilities credit applicable to market actors which are benefiting of non-transferable titles : 7.57%

This notional 5-year holding period cost is valuated at 17.4% SG reference price before discount,

4.2 Stock-option plans granted by unlisted companies

A number of Group companies have granted stock options to employees and chief executive officers. These plans are settled in cash. The contractual life of the options granted is generally 6 years and the last option will be exercised in 2008 at the latest.

In these companies, no new options were granted during 2007.

When the shares are sold, they are generally bought by another subsidiary of the Group, in accordance with the global equity-control policy of the Société Générale group.

The related impact on the 2007 income statement is a net expense of EUR 5.06 million, resulting from a difference between the exercise price and the value of the shares to be delivered.

These plans were valued using a valuation method adapted to each affiliate,

4.3 Boursorama stock-option and free shares plans

The 2007 expense of the 2004 plan is EUR 0,48 million. In 2007, 45,000 options were forfeited

The 2007 expense related to the 2006 stock-option and free shares plans is EUR 1,7 million. In 2007, 24,996 options and 22,000 free shares were forfeited,

4.4 Other compensation indexed on SG shares

During 2007, several business lines in the Group have granted performance compensation indexed on SG shares, to be settled in cash.

NOTE 39
COST OF RISK

(in millions of euros)	**2007**	**2006**
Counterparty risk		
Net allocation to impairment losses	(808)	(681)
Losses not covered	**(231)**	**(215)**
- losses on bad loans	(126)	(191)
- losses on other risks	(105)	(24)
Amounts recovered	**143**	**184**
- amounts recovered on provisioned loans	136	183
- amounts recovered on other risks	7	1
Other risks		
Net allocation to other provisions	(9)	33
Total	**(905)**	**(679)**

NOTE 40
NET LOSS ON UNAUTHORIZED AND CONCEALED TRADING ACTIVITIES

On January 19 and 20, 2008, the Group has uncovered unauthorized and concealed trading activities of an exceptional scale involving directional positions taken during 2007 and at the beginning of 2008 by a trader responsible for trading on plain vanilla derivative instruments based on European stock market indices. The identification and analysis of these positions on January 19 and 20, 2008 prompted the Group to close them as quickly as possible while respecting the market integrity. The analysis of these unauthorized activities established, before the closing of the accounts for the financial year ended December 31, 2007, that the mechanisms of concealment used throughout the 2007 financial year continued until their discovery in January 2008. At the balance sheet date, Corporate and Investment Banking's activities are currently the subject of various investigations internally and externally and any new fact will be taken into consideration.

The application of the provisions of IAS 10 " Events after the balance sheet date" and IAS 39 " Financial instruments : Recognition and Measurement", for the accounting of transactions relating to these unauthorized activities and their unwinding would have led to recognizing a pre-tax gain of EUR 1,471 million in consolidated income for the 2007 financial year and only presenting the pre-tax loss of EUR 6,382 million ultimately incurred by the Group in January 2008 in the note to the 2007 consolidated financial statements.

For the information of its shareholders and the public, the Group considered that this presentation was inconsistent with the objective of the financial statements described in the framework of IFRS standards and that for the purpose of a fair presentation of its financial situation at Decmber 31, 2007, it was more appropriate to record all the financial consequences of the unwinding of these unauthorized activities under a separate caption in consolidated income for the 2007 financial year. To this end and in accordance with the provisions of paragraphs 17 and 18 of IAS 1 “Presentation of Financial Statements” the Group decided to depart from the provisions of IAS10 “Events After the Balance Sheet Date” and IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, by booking in estimated consolidated income for the 2007 financial year a provision for the total cost of the unauthorized activities.

In order to provide a relevant information about the understanding of the financial Group performance in 2007, the total net loss related to the unwinding of the directional positions pursuant to these unauthorized activities is presented under a separate caption of the consolidated income statement entitled *Net loss on unauthorized and concealed trading activities* :

(in millions of euros)	**December 31, 2007**
Net gains on financial instruments at fair value through profit and loss and entered on unauthorized and concealed trading activities	1,471
Allowance expense on provision for the total cost of the unauthorized and concealed trading activities.	(6,382)
Total	**(4,911)**

The loss thus recognized in this way has been considered as tax deductible. However, the loss covered by the provision mentioned in the previous paragrah will be deducted in the 2008 financial year tax return. This tax position is based on both tax law and relevant jurisprudence and has been supported by the advice received from tax lawyers.

As a result, the impact on 2007 income tax is the following:

- Net gains on financial instruments at fair value through profit and loss and entered on unauthorized and concealed trading activities create current tax expense of EUR 507 million.

- Allowance expense on provision for the total cost of the unauthorized and concealed trading activities create deferred income tax of EUR 2,197 million (recorded in deferred tax assets in the balance sheet)

NOTE 41
INCOME TAX

(in millions of euros)	2007	2006
Current taxes	(2,501)	(2,099)
Deferred taxes	2,219	(194)
Total taxes[1]	**(282)**	**(2,293)**

[1] Reconciliation of the difference between the Group's normative tax rate and its effective tax rate:

	2007	2006
Income before tax and net income from companies accounted for by the equity method (in millions of euros)	1,886	8,078
Normal tax rate applicable to French companies (including 3.3% tax contributions)	34.43%	34.43%
Permanent differences	15.82%	-0.94%
Differential on items taxed at reduced rate	-13.03%	-1.10%
Tax rate differential on profits taxed outside France	-8.86%	-1.31%
Impact of non-deductible losses and use of tax loss carry-forwards	-13.04%	-2.70%
Group effective tax rate	**15.32%**	**28.38%**

NOTE 42
EARNINGS PER SHARE

(in millions of euros)	**2007**	**2006**
Net income, Group Share	947	5,221
Net attributable income to shareholders [(1)]	864	5,180
Weighted average number of shares outstanding [(2)]	435,775,951	420,156,535
Earnings per share (in EUR)	**1.98**	**12.33**

(in millions of euros)	**2007**	**2006**
Net income, Group Share	947	5,221
Net attributable income to shareholders [(1)]	864	5,180
Weighted average number of shares outstanding [(2)]	435,775,951	420,156,535
Average number of shares used to calculate dilution	5,860,094	5,723,992
Weighted average number of shares used to calculate diluted net earnings per share	441,636,045	425,880,527
Diluted earnings per share (in EUR)	**1.96**	**12.16**

For information, the earning per share and diluted earning excluding the net loss on unauthorized and concealed trading activities of EUR 3,221 million after tax, are shown below :

(in millions of euros)	***2007***	***2006***
Net income, Group Share	*4,167*	*5,221*
Net attributable income to shareholders [(1)]	*4,084*	*5,180*
Weighted average number of shares outstanding [(2)]	*435,775,951*	*420,156,535*
Earnings per share without the net loss on unauthorized and concealed trading activities (in EUR)	***9.37***	***12.33***

(in millions of euros)	***2007***	***2006***
Net income, Group Share	*4,167*	*5,221*
Net attributable income to shareholders [(1)]	*4,084*	*5,180*
Weighted average number of shares outstanding [(2)]	*435,775,951*	*420,156,535*
Average number of shares used to calculate dilution	*5,860,094*	*5,723,992*
Weighted average number of shares used to calculate diluted net earnings per share	*441,636,045*	*425,880,527*
Diluted earnings per share without the net loss on unauthorized and concealed trading activities (in EUR)	***9.25***	***12.16***

[(1)] The variation reflects interest after tax paid to holders of super subordinated notes and undated subordinated notes
[(2)] Excluding treasury shares

NOTE 43
TRANSACTIONS WITH RELATED PARTIES

1. Definition

In accordance with the definitions provided under IAS 24, the Group's related parties include the following: board of directors members, the chairman and chief executive officer and the two vice-chief executives officers, their respective spouses and any children residing in the family home, and the following subsidiaries: subsidiaries which are controlled exclusively or jointly by the Group, companies over which Société Générale exercises significant influence.

1.1. Remuneration of the Group's managers

This includes amounts effectively paid by the Group to directors and chief executive officers as remuneration (including employer charges), and other benefits under IAS 24 - paragraph 16 - as indicated below.

(in millions of euros)	**December 31, 2007**	**December 31, 2006**
Short-term benefits	12.5	11.9
Post-employment benefits	0.1	2.9
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	4.2	2.9
Total	**16.8**	**17.7**

The Registration document contains a detailed description of the remuneration and benefits of the Group's senior managers.

1.2. Related party transactions

The transactions with board of directors members, chief executive officers and members of their families included in this note comprise loans and guarantees outstanding at December 31, 2007, in a total amount of EUR 4.1 million. All other transactions with these individuals are unsignificant.

1.3. Total amounts provisioned or booked by the Société Générale Group for the payment of pensions and other benefits

The total amount provisioned or booked by the Société Générale Group at December 31, 2007 under IAS 19 for the payment of pensions and other benefits to Société Générale's chief executive officers and directors (Messrs. Bouton, Citerne, Alix and the 2 staff-elected directors) was EUR 32.1 million.

2. Principal subsidiaries and affiliates [1]

Outstanding assets with related parties

(in millions of euros)	**December 31, 2007**	**December 31, 2006 ***
Financial assets at fair value through profit and loss	126	45
Other assets	296	77
Total outstanding assets	**422**	**122**

Outstanding liabilities with related parties

(in millions of euros)	**December 31, 2007**	**December 31, 2006 ***
Liabilities at fair value through profit and loss	141	79
Customer deposits	-	-
Other liabilities	16	13
Total outstanding liabilities	**157**	**92**

Net banking income from related parties

(in millions of euros)	**December 31, 2007**	**December 31, 2006 ***
Interest and similar income	-	2
Commissions	1	1
Net income from financial transactions	18	(23)
Net income from other activities	-	-
Net banking income	**19**	**(20)**

Commitments to related parties

(in millions of euros)	**December 31, 2007**	**December 31, 2006 ***
Loan commitments granted	73	73
Guarantee commitments granted	1,132	1,245
Forward financial instrument commitments	623	641

[1] *Entities consolidated using the proportionate method and equity method*
** Amounts adjusted with respect to the published financial statements.*

NOTE 44

COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

	COUNTRY	METHOD FULL : FULL CONSOLIDATED PROP : PROPORTIONATE CONSOLIDATIC EQUITY : EQUITY METHOD	Group ownership interest December 2007	 December 2006	Group voting interest December 2007	 December 2006
FRANCE						
			-			
BANKS						
. Banque de Polynésie (1)	France	FULL	72.10	72.10	72.10	72.10
. Barep (9)	France	FULL	-	100.00	-	100.00
. BFCOI	France	FULL	50.00	50.00	50.00	50.00
. Calif	France	FULL	100.00	100.00	100.00	100.00
. Crédit du Nord (1)	France	FULL	80.00	80.00	80.00	80.00
. Génébanque	France	FULL	100.00	100.00	100.00	100.00
. Groupama Banques	France	EQUITY	20.00	20.00	20.00	20.00
. SG Calédonienne de Banque (1)	France	FULL	90.10	90.10	90.10	90.10
. SG de Banque aux Antilles	France	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPAGNIES						
. Barep Court Terme (2) (11)	France	FULL	-	-	-	-
. Barep Assets Management	France	FULL	100.00	100.00	100.00	100.00
. Barep Opportunités Stratégie (2) (11)	France	FULL	-	-	-	-
. Barep Performance Plus (2) (11)	France	FULL	-	-	-	-
. Euro VL (1)	France	FULL	98.25	100.00	98.25	100.00
. FCP Morgan Stanley Aktien (4)	France	FULL	-	100.00	-	98.30
. IEC	France	FULL	100.00	100.00	100.00	100.00
. Interga S.A.S	France	FULL	100.00	100.00	100.00	100.00
. JS Credit Fund	France	FULL	100.00	100.00	100.00	100.00
. Lyxor Asset Management	France	FULL	100.00	100.00	100.00	100.00
. Lyxor International Asset Management	France	FULL	100.00	100.00	100.00	100.00
. Primafair SAS	France	FULL	100.00	100.00	100.00	100.00
. SAS Orbeo	France	PROP	50.00	50.00	50.00	50.00
. SGAM Index	France	FULL	100.00	100.00	100.00	100.00
. SG Asset Management (1)	France	FULL	100.00	100.00	100.00	100.00
. SG Energie Usa Corp	France	FULL	100.00	100.00	100.00	100.00
. SG European Mortgage Investments (2)	France	FULL	100.00	-	100.00	-
. SGAM AI	France	FULL	100.00	100.00	100.00	100.00
. SGAM AI Crédit Plus (2)	France	FULL	100.00	-	100.00	-
. SGAM AI Crédit Plus Opportunités (2)	France	FULL	100.00	-	100.00	-
. SGAM AI Euro Garanti 3 M (2) (11)	France	FULL	-	-	-	-
. SGAM AI Euro Garanti 12 M (2) (11)	France	FULL	-	-	-	-
. SGAM Banque (1)	France	FULL	100.00	100.00	100.00	100.00
. SGAM RTO	France	FULL	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
. Airbail	France	FULL	100.00	100.00	100.00	100.00
. ALD France (1)	France	FULL	100.00	100.00	100.00	100.00
. Bull Finance	France	FULL	51.35	51.35	51.35	51.35
. Cafirec	France	FULL	100.00	100.00	100.00	100.00
. C.G.I (1)	France	FULL	99.88	99.89	98.88	99.89
. Dalarec	France	FULL	100.00	100.00	100.00	100.00
. Disponis	France	FULL	99.94	99.94	100.00	100.00
. Evalparts	France	FULL	100.00	100.00	100.00	100.00
. FCC Ouranos (2)	France	FULL	100.00	-	100.00	-
. FCC Ouréa (2)	France	FULL	100.00	-	100.00	-
. Fenwick Lease	France	FULL	100.00	100.00	100.00	100.00
. Fontanor (1)	France	FULL	100.00	100.00	100.00	100.00
. Franfinance SA (1)	France	FULL	99.99	99.99	99.99	99.99
. Franfinance Location	France	FULL	99.99	99.99	100.00	100.00
. French Supermarkets 1	France	FULL	100.00	100.00	100.00	100.00
. Génécal	France	FULL	100.00	100.00	100.00	100.00
. Génécomi	France	FULL	53.84	60.65	53.84	60.65
. Ipersoc SAS	France	FULL	100.00	100.00	100.00	100.00
. Linden SAS	France	FULL	100.00	100.00	100.00	100.00
. Orpavimob SA	France	FULL	100.00	100.00	100.00	100.00
. Promopart	France	FULL	100.00	100.00	100.00	100.00
. Rusfinance SAS (1)	France	FULL	100.00	100.00	100.00	100.00
. Sagem Lease	France	FULL	100.00	100.00	100.00	100.00
. SAS IPF (3)	France	FULL	-	100.00	-	100.00
. SCP Clémence (8)	France	FULL	-	100.00	-	100.00
. SCP Salomé (8)	France	FULL	-	100.00	-	100.00
. SG Equipement Finance SA	France	FULL	100.00	100.00	100.00	100.00
. SG Services	France	FULL	100.00	100.00	100.00	100.00
. SNC Athena Investissements	France	FULL	100.00	100.00	100.00	100.00
. SNC Cofininvest	France	FULL	100.00	100.00	100.00	100.00
. SNC Distinvest	France	FULL	100.00	100.00	100.00	100.00
. SNC Financières Valmy Investissements	France	FULL	100.00	100.00	100.00	100.00
. SNC Fininva	France	FULL	100.00	100.00	100.00	100.00
. SNC Finovadis	France	FULL	100.00	100.00	100.00	100.00
. SNC Paris Strasbourg	France	FULL	100.00	100.00	100.00	100.00
. SNC Sirius (3)	France	FULL	-	100.00	-	100.00
. Sofom	France	FULL	100.00	100.00	100.00	100.00
. Sofrafi	France	FULL	100.00	100.00	100.00	100.00
. Sogéfimur	France	FULL	100.00	100.00	100.00	100.00
. Sogéfinancement	France	FULL	100.00	100.00	100.00	100.00
. Sogéfinerg	France	FULL	100.00	100.00	100.00	100.00
. Sogéga PME	France	FULL	100.00	100.00	100.00	100.00
. Sogelease France	France	FULL	100.00	100.00	100.00	100.00
. Solocvi	France	FULL	100.00	100.00	100.00	100.00
. Valmyfin	France	FULL	100.00	100.00	100.00	100.00
. Varoner 2	France	FULL	100.00	100.00	100.00	100.00
PORTFOLIO MANAGEMENT						
. Aurelec (6)	France	FULL	-	100.00	-	100.00
. FCC Albatros	France	FULL	100.00	100.00	51.00	51.00
. FCP Lyxor Obligatium (1) (11)	France	FULL	-	-	-	-
. Fimat Americas S.A.S	France	FULL	100.00	100.00	100.00	100.00
. Finareg	France	FULL	100.00	100.00	100.00	100.00
. Finecorp (6)	France	FULL	-	100.00	-	100.00
. Fonvalor2 (6)	France	FULL	-	100.00	-	100.00
. Geforpat (6)	France	FULL	-	100.00	-	100.00
. Géné Act 1	France	FULL	100.00	100.00	100.00	100.00
. Généfinance	France	FULL	100.00	100.00	100.00	100.00
. Généval (1)	France	FULL	100.00	100.00	100.00	100.00
. Geninfo	France	FULL	100.00	100.00	100.00	100.00
. Lyxor Quantic Optimizer (7)	France	FULL	-	100.00	-	100.00
. Libécap	France	FULL	100.00	100.00	100.00	100.00

NOTE 44

COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

	COUNTRY	METHOD FULL : FULL CONSOLIDATED PROP : PROPORTIONATE CONSOLIDATIC EQUITY : EQUITY METHOD	Group ownership interest December 2007	 December 2006	Group voting interest December 2007	 December 2006
FRANCE						
. Megaval	France	FULL	100.00	100.00	100.00	100.00
. Mountain Peak (4)	France	FULL	-	100.00	-	100.00
. Salvépar	France	FULL	51.42	51.42	51.42	51.42
. SCI Foncière Défense	France	FULL	99.99	99.99	100.00	100.00
. SG Capital Developpement	France	FULL	100.00	100.00	100.00	100.00
. SG Consumer Finance (1)	France	FULL	100.00	100.00	100.00	100.00
. SG Financial Services Holding	France	FULL	100.00	100.00	100.00	100.00
. SGSS Holding	France	FULL	100.00	100.00	100.00	100.00
. Sivalparts (6)	France	FULL	-	100.00	-	100.00
. Sogéfim	France	FULL	100.00	100.00	100.00	100.00
. Sogénal Participation	France	FULL	100.00	100.00	100.00	100.00
. SG de Participations	France	FULL	100.00	100.00	100.00	100.00
. Sogéparticipations (ex-Sogenal) (1)	France	FULL	100.00	100.00	100.00	100.00
. Sogéplus	France	FULL	100.00	100.00	100.00	100.00
. Société Générale Capital Partenaire	France	FULL	100.00	100.00	100.00	100.00
. Sté Rue Edouard- VII	France	FULL	99.91	99.91	99.91	99.91
. The Emerald Fund Limited	France	FULL	100.00	100.00	100.00	100.00
. Vouric	France	FULL	100.00	100.00	100.00	100.00
BROKERS						
. Boursorama (1)	France	FULL	55.93	56.57	55.93	56.57
. Clickoptions	France	FULL	100.00	100.00	100.00	100.00
. Fimat Banque	France	FULL	100.00	100.00	100.00	100.00
. Fimat SNC Paris	France	FULL	100.00	100.00	100.00	100.00
. Gaselys	France	PROP	49.00	49.00	49.00	49.00
. SG Energie	France	FULL	100.00	100.00	100.00	100.00
. SG Euro CT	France	FULL	100.00	100.00	100.00	100.00
. SG Option Europe	France	FULL	100.00	100.00	100.00	100.00
. SG Securities Paris	France	FULL	100.00	100.00	100.00	100.00
REAL ESTATE AND REAL ESTATE FINANCING						
. Galybet	France	FULL	100.00	100.00	100.00	100.00
. Généfim (1)	France	FULL	100.00	100.00	100.00	100.00
. Généfimmo (1)	France	FULL	100.00	100.00	100.00	100.00
. Orient Properties	France	FULL	100.00	100.00	100.00	100.00
. Sogébail	France	FULL	100.00	100.00	100.00	100.00
. Sogéprom (1)	France	FULL	100.00	100.00	100.00	100.00
. Sophia-bail	France	FULL	51.00	51.00	51.00	51.00
SERVICES						
. CGA	France	FULL	100.00	100.00	100.00	100.00
. ECS (1)	France	FULL	100.00	100.00	100.00	100.00
. Parel	France	FULL	100.00	100.00	100.00	100.00
. Socogéfi	France	FULL	100.00	100.00	100.00	100.00
GROUP REAL ESTATE MANAGEMENT COMPANIES						
. CFM (1)	France	FULL	100.00	100.00	100.00	100.00
. Eléaparts	France	FULL	100.00	100.00	100.00	100.00
. Génégis 1	France	FULL	100.00	100.00	100.00	100.00
. Génégis 2	France	FULL	100.00	100.00	100.00	100.00
. Génévalmy	France	FULL	100.00	100.00	100.00	100.00
. SAS SOCADQUATORZE (2)	France	FULL	100.00	-	100.00	-
. SAS SOCADSEIZE (2)	France	FULL	100.00	-	100.00	-
. SC Alicante 2000	France	FULL	100.00	100.00	100.00	100.00
. SC Chassagne 2000	France	FULL	100.00	100.00	100.00	100.00
. SCI Opéra 72	France	FULL	99.99	99.99	100.00	100.00
. SI 29 Haussmann	France	FULL	100.00	100.00	100.00	100.00
. Société Immobilière de Strasbourg	France	FULL	100.00	100.00	100.00	100.00
. Sogé Colline Sud	France	FULL	100.00	100.00	100.00	100.00
. Sogé Perival 1	France	FULL	100.00	100.00	100.00	100.00
. Sogé Perival 2	France	FULL	100.00	100.00	100.00	100.00
. Sogé Perival 3	France	FULL	100.00	100.00	100.00	100.00
. Sogé Perival 4	France	FULL	100.00	100.00	100.00	100.00
. Sogéfontenay	France	FULL	100.00	100.00	100.00	100.00
. Soginfo (1)	France	FULL	100.00	100.00	100.00	100.00
. S.T.I.P	France	FULL	99.99	99.99	100.00	100.00
. Valminvest	France	FULL	100.00	100.00	100.00	100.00
INSURANCE						
. Génécar	France	FULL	100.00	100.00	100.00	100.00
. Oradéa Vie	France	FULL	100.00	100.00	100.00	100.00
. Sogécap (1)	France	FULL	100.00	100.00	100.00	100.00
. Sogessur	France	FULL	65.00	65.00	65.00	65.00
EUROPE						
BANKS						
. Banca Romana Pentru Devzvoltare (1)	Romania	FULL	58.32	58.32	58.32	58.32
. Banka Popullore (2)	Albania	FULL	75.00	-	75.00	-
. Bank Republic (1) (2)	Georgia	FULL	60.00	-	60.00	-
. General Bank of Greece (1)	Geece	FULL	52.32	52.32	52.32	52.32
. Komercni Banka (1)	Czech Republic	FULL	60.35	60.35	60.35	60.35
. SG Bank Nederland NV	Netherlands	FULL	100.00	100.00	100.00	100.00
. SG Express Bank (1)	Bulgaria	FULL	97.95	97.95	97.95	97.95
. SG Hambros Bank Limited (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
. SG Private Banking (Suisse) (1)	Switzerland	FULL	77.62	77.62	77.62	77.62
. Société Générale SRBIJA	Serbia	FULL	100.00	100.00	100.00	100.00
. SG Vostok (1)	Russia	FULL	100.00	100.00	100.00	100.00
. SGBT Luxembourg (1)	Luxembourg	FULL	100.00	100.00	100.00	100.00
. SG Private Banking (Monaco)	Monaco	FULL	100.00	100.00	100.00	100.00
. SKB Banka (1)	Slovénia	FULL	99.68	99.58	99.68	99.58
. Société Générale Cyprus Ltd	Cyprus	FULL	51.00	51.00	51.00	51.00
. Sogéparticipations Belgique (1)	Belgium	FULL	100.00	100.00	100.00	100.00
. Splitska Banka	Croatia	FULL	99.76	99.76	99.76	99.76
. 2S Banca	Italy	FULL	100.00	100.00	100.00	100.00
. Rosbank	Russia	EQUITY	20.00	20.00	20.00	20.00
FINANCIAL COMPAGNIES						
. Amber	Great Britain	FULL	100.00	100.00	100.00	100.00
. BRD Finance Credite Consum SRL	Romania	FULL	79.58	79.58	100.00	100.00
. Brigantia BV (1)	Great Britain	FULL	100.00	100.00	80.00	80.00
. Claris 4 (11)	Jersey	FULL	-	-	-	-
. Co-Invest LBO Master Fund LLP (2)	Great Britain	FULL	100.00	-	51.00	-

NOTE 44

COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

	COUNTRY	METHOD FULL : FULL CONSOLIDATED PROP : PROPORTIONATE CONSOLIDATIC EQUITY : EQUITY METHOD	Group ownership interest December 2007	 December 2006	Group voting interest December 2007	 December 2006
FRANCE						
. Euro-VL Luxembourg	Luxembourg	FULL	99.21	100.00	100.00	100.00
. Halysa SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
. Iris II (2)(11)	Ireland	FULL	-	-	-	-
. IVEFI	Luxembourg	FULL	100.00	100.00	100.00	100.00
. Lightning Finance Company Ltd (3)	Ireland	FULL	-	51.00	-	51.00
. LFL Asset Finance Ltd	Ireland	FULL	51.00	51.00	51.00	51.00
. Lyxor Master Fund	Jersey	FULL	100.00	100.00	100.00	100.00
. Orion Shared Liquidity Assets Fund BV	Netherlands	FULL	100.00	100.00	95.00	95.00
. Parsifal Ltd (11)	Jersey	FULL	-	-	-	-
. Red & Black Consummer 2006-1 plc (11)	Ireland	FULL	-	-	-	-
. SGA Societe Generale Acceptance N.V.	Netherlands Antilles	FULL	100.00	100.00	100.00	100.00
. SG Asset Management Group Ltd (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
. SGAM Iberia	Spain	FULL	100.00	100.00	100.00	100.00
. SGAM Irlande (2)	Ireland	FULL	100.00	-	100.00	-
. SGAP Luxembourg (2)	Luxembourg	FULL	100.00	-	100.00	-
. SGBF	Belgium	FULL	100.00	100.00	100.00	100.00
. SGCF Holding Hellas SA (1) (2)	Geece	FULL	100.00	-	100.00	-
. SG Effekten	Germany	FULL	100.00	100.00	100.00	100.00
. SG Finance Ireland (1)	Ireland	FULL	100.00	100.00	100.00	100.00
. SG Immobel (1) (2)	Belgium	FULL	100.00	-	100.00	-
. SG Investment UK Ltd (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
. SG Russel	Ireland	PROP	50.00	50.00	50.00	50.00
. SG Securities London Ltd	Great Britain	FULL	100.00	100.00	100.00	100.00
. SG Wertpapierhandelsgesellschaft Mbh	Germany	FULL	100.00	100.00	100.00	100.00
. Société Européenne de Financement et	Luxembourg	FULL	100.00	-	100.00	-
. Verifonds	Germany	FULL	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
. ALD Belgium (1)	Belgium	FULL	100.00	100.00	100.00	100.00
. ALD Danmark (1)	Danemark	FULL	100.00	100.00	100.00	100.00
. ALD Finland (1)	Finland	FULL	100.00	100.00	100.00	100.00
. Axus Italiana S.R.L	Italy	FULL	100.00	100.00	100.00	100.00
. ALD Nederland	Netherlands	FULL	100.00	100.00	100.00	100.00
. ALD Norway (1)	Norway	FULL	100.00	100.00	100.00	100.00
. ALD Sweden (1)	Sweden	FULL	100.00	100.00	100.00	100.00
. Adria Leasing Spa	Italy	FULL	100.00	100.00	100.00	100.00
. ALD Germany (1)	Germany	FULL	100.00	100.00	100.00	100.00
. ALD UK (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
. ALD Czech Republic	Czech Republic	FULL	100.00	100.00	100.00	100.00
. ALD International SAS & Co (1)	Germany	FULL	100.00	100.00	100.00	100.00
. ALD International S.A.	Germany	FULL	100.00	100.00	100.00	100.00
. ALD Lease Finanz Gmbh (1)	Germany	FULL	100.00	100.00	100.00	100.00
. ALD Portugal	Portugal	FULL	100.00	100.00	100.00	100.00
. ALD Spain (1)	Spain	FULL	100.00	100.00	100.00	100.00
. Delta Credit Mortgage Finance BV (1)	Netherlands	FULL	100.00	100.00	100.00	100.00
. Eiffel (2)	Great Britain	FULL	100.00	-	100.00	-
. Essox s.r.o	Czech Republic	FULL	79.81	79.81	100.00	100.00
. Eurobank	Poland	FULL	99.36	99.26	99.36	99.26
. Fiditalia Spa	Italy	FULL	100.00	100.00	100.00	100.00
. Fraer Leasing Spa	Italy	FULL	67.75	67.75	67.75	67.75
. SGEF Czech Republic	Czech Republic	FULL	100.00	100.00	100.00	100.00
. Franfinance Leasing Italia Spa	Italy	FULL	100.00	100.00	100.00	100.00
. SGEF Polska	Polska	FULL	100.00	100.00	100.00	100.00
. Gefa Bank	Germany	FULL	100.00	100.00	100.00	100.00
. Gefa Leasing Gmbh	Germany	FULL	100.00	100.00	100.00	100.00
. Hanseatic Bank	Germany	FULL	75.00	75.00	75.00	75.00
. LocatRent S.P.A (10)	Italy	PROP	-	50.00	-	50.00
. Montalis Investment BV	Netherlands	FULL	100.00	100.00	100.00	100.00
. Promopart Snc	Luxembourg	FULL	100.00	100.00	100.00	100.00
. SGBT Finance Ireland Limited	Ireland	FULL	100.00	100.00	100.00	100.00
. SG Capital Europe Fund III (7)	Great Britain	FULL	-	46.94	-	46.94
. SGEF Benelux	Netherlands	FULL	100.00	100.00	100.00	100.00
. SGEF International GMBH (1)	Germany	FULL	100.00	100.00	100.00	100.00
. SGEF Schwitzerland	Switzerland	FULL	100.00	100.00	100.00	100.00
. SGEF SA & CO KG	Germany	FULL	100.00	100.00	100.00	100.00
. SG Factoring Spa	Italy	FULL	100.00	100.00	100.00	100.00
. SG Finans (1)	Norway	FULL	100.00	100.00	100.00	100.00
. SG Holding de Valores y Participationes	Spain	FULL	100.00	100.00	100.00	100.00
. SG Leasing XII (1) (2)	Great Britain	FULL	100.00	-	100.00	-
. Société Générale Italia holding SPA	Italy	FULL	100.00	100.00	100.00	100.00
. Sogega Pme Snc	Luxembourg	FULL	100.00	100.00	100.00	100.00
. Sogelease BV Nederland (1)	Netherlands	FULL	100.00	100.00	100.00	100.00
BROKERS						
. Cube Financial	Great Britain	FULL	100.00	100.00	100.00	100.00
. Gaselys UK Ltd (2)	Great Britain	FULL	100.00	-	100.00	-
. Squaregain	Great Britain	FULL	100.00	100.00	100.00	100.00
. Succursale Fimat Francfort	Germany	FULL	100.00	100.00	100.00	100.00
. Succursale Fimat Londres	Great Britain	FULL	100.00	100.00	100.00	100.00
. Succursale Fimat Madrid	Spain	FULL	100.00	100.00	100.00	100.00
INSURANCE						
. Généras	Luxembourg	FULL	100.00	100.00	100.00	100.00
. Inora Life	Ireland	FULL	100.00	100.00	100.00	100.00
. Komercni Pojistovna	Czech Republic	FULL	80.57	80.57	100.00	100.00
. Sogelife	Luxembourg	FULL	100.00	100.00	100.00	100.00
AFRICA AND THE MIDDLE-EAST						
BANKS						
. BFV-SG (Madagascar)	Madagascar	FULL	70.00	70.00	70.00	70.00
. SG Banque Burkina (2)	Burkina Faso	FULL	42.28	-	43.87	-
. SGB Guinée Equatoriale	Equatorial Guinea	FULL	52.44	52.44	57.24	57.24
. National SG Bank SAE	Egypt	FULL	77.17	77.17	77.17	77.17
. SG Algérie	Algéria	FULL	100.00	100.00	100.00	100.00
. SGB Cameroun	Cameroon	FULL	58.08	58.08	58.08	58.08
. SG Banques en Côte-d'Ivoire (1)	Ivory Coast	FULL	68.20	68.20	68.20	68.20
. SG Banque en Guinée	Guinea	FULL	52.94	52.94	52.94	52.94
. SG Banque au Liban (1)	Lebanon	EQUITY	19.00	19.00	19.00	19.00
. SG Banques au Sénégal	Sénégal	FULL	58.78	57.72	59.28	57.72
. SG Marocaine de Banques (1)	Morocco	FULL	53.02	53.02	53.02	53.02
. SSB Bank Ghana	Ghana	FULL	51.00	51.00	51.00	51.00
. Union International de Banque	Tunisia	FULL	52.34	52.34	52.34	52.34

NOTE 44

COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

	COUNTRY	METHOD FULL : FULL CONSOLIDATED PROP : PROPORTIONATE CONSOLIDATIC EQUITY : EQUITY METHOD	Group ownership interest December 2007	 December 2006	Group voting interest December 2007	 December 2006
FRANCE						
SPECIALIST FINANCING						
. ALD Marocco	Morocco	FULL	42.95	42.95	50.00	50.00
. Eqdom	Morocco	FULL	45.16	44.84	54.21	53.61
. Sogelease Egypt	Egypt	FULL	70.87	70.87	80.00	80.00
. Sogelease Maroc	Morocco	FULL	71.81	71.81	100.00	100.00
INSURANCE						
. La Marocaine Vie	Morocco	FULL	73.75	73.75	87.07	87.07
THE AMERICAS						
BANKS						
. Banco SG Brasil (ex Banco Société Générale Brasil SA)	Brazil	FULL	100.00	100.00	100.00	100.00
. Galo S.A. (1) (2) (12)	Brazil	FULL	70.00	-	70.00	-
. SG Canada (1)	Canada	FULL	100.00	100.00	100.00	100.00
. Trancoso Participaçoes Ltda. (1) (2) (13)	Brazil	FULL	100.00	-	100.00	-
SPECIALIST FINANCING						
. Andromede Fund	Cayman Islands	FULL	100.00	100.00	100.00	100.00
. GIC LTO (2)	United States	FULL	100.00	-	100.00	-
. Lyxor Ivory Fund (2)	Cayman Islands	FULL	100.00	-	100.00	-
. Raeburn Overseas Partners Ltd	United States	FULL	100.00	100.00	100.00	100.00
. Ruby Fund Limited (2)	Cayman Islands	FULL	100.00	-	100.00	-
. SG Americas Inc (1)	United States	FULL	100.00	100.00	100.00	100.00
. SG Capital Trust (1)	United States	FULL	100.00	100.00	100.00	100.00
. SG Warrants Limited	United States	FULL	100.00	100.00	100.00	100.00
. SocGen Real Estate Company L.L.C.	United States	FULL	-	100.00	-	100.00
. TCW Group (1)	United States	FULL	98.40	95.06	99.40	98.15
. TOBP (11)	United States	FULL	-	-	-	-
. TOPAZ Fund	Cayman Islands	FULL	100.00	100.00	100.00	100.00
. Turquoise	Cayman Islands	FULL	100.00	100.00	100.00	100.00
BROKERS						
. Fimat Alternative Strategies Inc.	United States	FULL	100.00	100.00	100.00	100.00
. Fimat Canada Inc.	Canada	FULL	100.00	100.00	100.00	100.00
. Fimat Futures USA LLC	United States	FULL	100.00	100.00	100.00	100.00
. Fimat Preferred LLC (4)	United States	FULL	-	100.00	-	100.00
SERVICES						
. Fimat Facilities Management	United States	FULL	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
. Cousto Investments LP	United States	FULL	100.00	100.00	55.00	55.00
. PACE (2) (11)	United States	FULL	-	-	-	-
. Makatea JV Inc	United States	FULL	100.00	100.00	66.67	66.67
. Mehetia Inc (7)	United States	FULL	-	100.00	-	51.00
. Rexus LLC	United States	FULL	100.00	100.00	70.83	70.83
. SG Astro Finance LP	United States	FULL	100.00	100.00	100.00	100.00
. SG Astro Finance Trust	United States	FULL	100.00	100.00	100.00	100.00
. SG Constellation Canada LTD	Canada	FULL	100.00	100.00	100.00	100.00
. SG Equity Finance LLC	United States	FULL	100.00	100.00	100.00	100.00
. SG Finance Inc	United States	FULL	100.00	100.00	100.00	100.00
. SG Preferred Capital III LLC (1)	United States	FULL	100.00	100.00	100.00	100.00
. Sorbier Investment Corp	United States	FULL	100.00	100.00	65.00	60.00
PORTOFOLIO MANAGEMENT						
. SG Commodities Product	United States	FULL	100.00	100.00	100.00	100.00
. SG Investissement Management Holding Corp (1)	United States	FULL	100.00	100.00	100.00	100.00
. SG Tandem (5)	United States	FULL	-	100.00	-	100.00
ASIA AND OCEANIA						
BANKS						
. SG Australia Holdings (1)	Australia	FULL	100.00	100.00	100.00	100.00
. SG Private Banking (Japan) Limited	Japan	FULL	100.00	100.00	100.00	100.00
. SG Securities North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPAGNIES						
. Fortune Fund Management Co. (FFMC) (2)	China	PROP	49.00	-	49.00	-
. IBK SGAM	South Korea	PROP	50.00	50.00	50.00	50.00
. SG Asset Management Singapore Ltd	Singapore	FULL	100.00	100.00	100.00	100.00
. SGAM Japan	Japan	FULL	100.00	100.00	100.00	100.00
. SG Asia (Hong Kong) Ltd	Hong-Kong	FULL	100.00	100.00	100.00	100.00
PORTFOLIO MANAGEMENT						
. SGAM North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
BROKERS						
. Fimat Singapour	Singapore	FULL	100.00	100.00	100.00	100.00
. Fimat HK	Hong-Kong	FULL	100.00	100.00	100.00	100.00
. Fimat Japan (2)	Japan	FULL	100.00	-	100.00	-
. Fimat International Banque Hong Kong	Hong-Kong	FULL	100.00	100.00	100.00	100.00
. Fimat Taiwan	Taiwan	FULL	100.00	100.00	100.00	100.00
. SG Securities Asia Int. Holdings (1)	Singapore	FULL	100.00	100.00	100.00	100.00
. Succursale Fimat Sydney	Australia	FULL	100.00	100.00	100.00	100.00

(1) Companies carrying out sub-consolidation.
(2) Consolidated for the first time in 2007.
(3) Entities deconsolidated during 2007.
(4) Entities wound up in 2007.
(5) Entity now sub-consolidated.
(6) Dissolution by a merger of assets with Généval.
(7) Entities sold in 2007.
(8) Dissolution by a merger of assets with Calif.
(9) Barep and SGAM Banque have merged.
(10) LocatRent S.P.A and Axus Italiana have merged.
(11) Special purpose Vehicles substantially controlled by the Group.
(12) Holding which purchased Banco Pecunia.
(13) Holding which purchased Banco Cacique.

NOTE 45
SECTOR INFORMATION BY BUSINESS LINE

(in millions of euros)	French Network December 31, 2007	French Network December 31, 2006	International Retail Banking December 31, 2007	International Retail Banking December 31, 2006	Financial Services December 31, 2007	Financial Services December 31, 2006
Net banking income	7,058	6,833	3,444	2,786	2,838	2,404
Operating Expenses (1)	(4,566)	(4,450)	(1,986)	(1,644)	(1,526)	(1,290)
Gross operating income	**2,492**	**2,383**	**1,458**	**1,142**	**1,312**	**1,114**
Cost of risk	(329)	(275)	(204)	(215)	(374)	(273)
Operating income excluding net loss on unauthorized and concealed trading activities	**2,163**	**2,108**	**1,254**	**927**	**938**	**841**
Net loss on unauthorized and concealed trading activities						
Operating income including net loss on unauthorised and concealed trading activities	**2,163**	**2,108**	**1,254**	**927**	**938**	**841**
Net income from companies accounted for by the equity method	2	2	36	11	(7)	(14)
Net income/expense from other assets	4	5	28	7	1	(1)
Impairment of goodwill	-	-	-	-	-	-
Earnings before tax	**2,169**	**2,115**	**1,318**	**945**	**932**	**826**
Income tax	(736)	(719)	(320)	(242)	(315)	(291)
Net income before minority interests	**1,433**	**1,396**	**998**	**703**	**617**	**535**
Minority interests	58	52	312	232	17	14
Net income, Group share	**1,375**	**1,344**	**686**	**471**	**600**	**521**

	Global Investment Management and Services					
	Asset Management		**Private Banking**		**SGSS and Online Savings**	
(in millions of euros)	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Net banking income	1,119	1,281	823	658	1,799	1,256
Operating Expenses (1)	(841)	(805)	(531)	(434)	(1,336)	(1,059)
Gross operating income	**278**	**476**	**292**	**224**	**463**	**197**
Cost of risk	(4)	1	(1)	(4)	(36)	(5)
Operating income excluding net loss on unauthorized and concealed trading activities	**274**	**477**	**291**	**220**	**427**	**192**
Net loss on unauthorized and concealed trading activities						
Operating income including net loss on unauthorised and concealed trading activities	**274**	**477**	**291**	**220**	**427**	**192**
Net income from companies accounted for by the equity method	-	-	-	-	-	-
Net income/expense from other assets	(6)	(1)	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-
Earnings before tax	**268**	**476**	**291**	**220**	**427**	**192**
Income tax	(91)	(162)	(63)	(49)	(141)	(62)
Net income before minority interests	**177**	**314**	**228**	**171**	**286**	**130**
Minority interests	8	16	13	12	18	10
Net income, Group share	**169**	**298**	**215**	**159**	**268**	**120**

(in millions of euros)	Corporate and Investment Banking		Corporate Center		Société Générale Group	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Net banking income [2]	4,522	6,998	320	201	21,923	22,417
Operating Expenses [1]	(3,425)	(3,890)	(94)	(131)	(14,305)	(13,703)
Gross operating income	**1,097**	**3,108**	**226**	**70**	**7,618**	**8,714**
Cost of risk	56	93	(13)	(1)	(905)	(679)
Operating income excluding net loss on unauthorized and concealed trading activities	**1,153**	**3,201**	**213**	**69**	**6,713**	**8,035**
Net loss on unauthorized and concealed trading activities	(4,911)	-			(4,911)	
Operating income including net loss on unauthorised and concealed trading activities	**(3,758)**	**3,201**	**213**	**69**	**1,802**	**8,035**
Net income from companies accounted for by the equity method	19	24	(6)	(5)	44	18
Net income/expense from other assets	26	30	(13)	3	40	43
Impairment of goodwill	-	-	-	(18)	-	(18)
Earnings before tax	**(3,713)**	**3,255**	**194**	**49**	**1,886**	**8,078**
Income tax	1,501	(902)	(117)	134	(282)	(2,293)
Net income before minority interests	**(2,212)**	**2,353**	**77**	**183**	**1,604**	**5,785**
Minority interests	9	13	222	215	657	564
Net income, Group share	**(2,221)**	**2,340**	**(145)**	**(32)**	**947**	**5,221**

[1] Including depreciation and amortization

[2] Breakdown of the Net Banking Income by business for the Corporate and Investment Banking :

Financing and Advisory	*1,859*	*1,559*
Fixed Income, Currencies and Commodities	*(885)*	*2,252*
Equities	*3,548*	*3,049*
Others	*-*	*138*
Total Net Banking Income	***4,522***	***6,998***

The amounts as at December 31, 2006 have been adjusted with respect to the published financial statements in order to take into account the new organization of the Group and the changes performed as at December 31, 2006 and described in the Registration Document for the year 2006.

NOTE 45 (continued)
SECTOR INFORMATION BY BUSINESS LINE

(in millions of euros)	French Networks		International Retail banking		Financial services		Corporate and Investment Banking	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Sector assets	160,987	144,556	64,156	53,606	115,949	108,445	614,278	560,935
Sector liabilities (1)	118,063	112,469	58,007	49,335	76,941	74,055	650,144	581,325

(in millions of euros)	Global Investment Management and Services								Corporate Center		Société Générale Group	
	Asset Management		Private Banking		SGSS and Online Savings		Division total					
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Sector assets	30,403	21,708	18,943	18,908	45,249	32,237	94,595	72,853	21,797	16,446	1,071,762	956,841
Sector liabilities (1)	21,332	12,675	27,899	23,764	68,805	53,029	118,036	89,468	19,296	16,757	1,040,487	923,409

(1) Sector liabilities correspond to total liabilities except equity

NOTE 45 (continued)
SECTOR INFORMATION BY GEOGRAPHICAL REGION

Geographical breakdown of net banking income

(in millions of euros)	France		Europe		Americas	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Net interest and similar income	733	1,102	2,862	2,235	(1,150)	(260)
Net fee income	4,186	4,012	1,854	1,447	1,011	965
Net income/(expense) from financial transactions	7,361	6,353	859	1,630	1,085	2,174
Other net operating income	628	619	740	676	(136)	(124)
Net banking income	**12,908**	**12,086**	**6,315**	**5,988**	**810**	**2,755**

(in millions of euros)	Asia		Africa		Oceania		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Net interest and similar income	(156)	(192)	633	557	(20)	(37)	2,902	3,405
Net fee income	194	160	259	239	24	30	7,528	6,853
Net income/(expense) from financial transactions	734	638	56	32	157	157	10,252	10,984
Other net operating income	5	-	5	4	(1)	-	1,241	1,175
Net banking income	**777**	**606**	**953**	**832**	**160**	**150**	**21,923**	**22,417**

Geographical breakdown of balance sheet items

(in millions of euros)	France		Europe		Americas		Asia	
	December 31, 2007	**December 31, 2006**	**December 31, 2007**	**December 31, 2006**	**December 31, 2007**	**December 31, 2006**	**December 31, 2007**	**December 31, 2006**
Sector assets	673,182	598,559	191,886	174,749	140,941	128,581	25,357	25,570
Sector liabilities [1]	648,140	572,717	187,217	170,391	141,049	126,684	24,976	25,272

(in millions of euros)	Africa		Oceania		Total	
	December 31, 2007	**December 31, 2006**	**December 31, 2007**	**December 31, 2006**	**December 31, 2007**	**December 31, 2006**
Sector assets	16,570	14,450	23,826	14,932	1,071,762	956,841
Sector liabilities [1]	15,446	13,570	23,659	14,775	1,040,487	923,409

[1] Sector liabilities correspond to total liabilities except equity

NOTE 46
POST CLOSING EVENTS

Creation of Newedge, a 50/50 brokerage joint venture between Société Générale and Calyon

On January 2, 2008, Société Générale and Calyon have concluded the merger of brokerage activities of their respective subsidaries Fimat and Calyon Financial.

On all of the top 10 exchanges, Newedge, the new company arisen from this merger, ranks among the top 5 global players in clearing and execution of listed derivative products.

From January 2, 2008, the 50/50 joint-venture between Société Générale and Calyon, Newedge will be consolidated using the proportionate method in the Société Générale Group financial statements.

In application of IFRS 5 « non-current assets held for sale and discontinued operations », assets and liabilities of Fimat companies on December 31, 2007 have been reclassified as Non current assets held for sale in Société Générale Group consolidated balance sheet.

Launch of partnership between La Banque Postale and Société Générale in electronic payment systems

On January 10, 2008, La Banque Postale and Société Générale have signed a memorandum of understanding bringing together the development and operational use of their electronic payment systems. By mutualising investments, maintenance and operating costs, they aim to share their expertise while reducing costs.

Current and future IT processing will be centralized by a joint venture led equally by La Banque Postale and Société Générale. The operational launch is scheduled on April 1, 2008. This company, over which La Banque Postale and Société Générale exercise joint control, will be consolidated using the proportionate method in the Société Générale Group financial statements.

EUR 5,5 bn Capital increase

On February 11, 2008, Société Générale Group announced the launching of a 5.5 billion euro capital increase with presence of preferential subscription rights. Its main objective is to strenghten the company's equity and give Société Générale the means to continue its sustained and balanced growth.

This issue of new shares is underwritten on an unconditional firm basis (garantie de bonne fin) within the meaning of Article L.225-145 of the French Commercial Law (Code de Commerce) and will result in the issuance of 116 654 168 new shares, that will carry rights to dividends as of January 1, 2008. These new shares will be listed for trading on Eurolist of NYSE Euronext Paris as of March 13, 2008.

Rosbank Takeover

Following its decision to exercise its call option on December 20, 2007, Société Générale has finalized the acquisition of 30% + 2 shares in Rosbank at the price of USD 1,700 million. On February 13, 2008, Société Générale has thereby increased its stake to 50% + 1 share hence taking control of Rosbank.
This business combination is disclosed in note 2.

Asset management

The repurchase of assets originating from SGAM funds invested in credit-type underlyings could continue in the first quarter of 2008 and, given the situation in the credit markets, lead to further write-downs.