10 FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS

(In millions of euros)		IFRS December 31, 2009	IFRS December 31, 2008
Cash, due from central banks	Note 5	14,394	13,745
Financial assets at fair value through profit or loss	Note 6	400,157	488,415
Hedging derivatives	Note 7	5,561	6,246
Available-for-sale financial assets	Note 8	90,433	81,723
Due from banks	Note 9	67,655	71,192
Customers loans	Note 10	344,543	354,613
Lease financing and similar agreements	Note 12	28,856	28,512
Revaluation differences on portfolios hedged against interest rate risk		2,562	2,311
Held-to-maturity financial assets	Note 13	2,122	2,172
Tax assets	Note 14	5,493	4,674
Other assets	Note 15	37,438	51,469
Non-current assets held for sale	Note 16	375	37
Deferred profit-sharing	Note 33	320	3,024
Investments in subsidiaries and affiliates accounted for by the equity method		2,001	185
Tangible and intangible fixed assets	Note 17	15,171	15,155
Goodwill	Note 18	6,620	6,530
Total		**1,023,701**	**1,130,003**

Consolidated balance sheet (continued)

LIABILITIES

(In millions of euros)		IFRS December 31, 2009	IFRS December 31, 2008
Due to central banks		3,100	6,503
Financial liabilities at fair value through profit or loss *	Note 6	302,753	414,256
Hedging derivatives *	Note 7	7,348	7,426
Due to banks	Note 19	90,086	115,270
Customer deposits	Note 20	300,054	282,514
Securitised debt payables	Note 21	133,246	120,374
Revaluation differences on portfolios hedged against interest rate risk		774	583
Tax liabilities	Note 14	1,423	981
Other liabilities	Note 22	48,800	57,817
Non-current liabilities held for sale	Note 16	261	35
Underwriting reserves of insurance companies	Note 33	74,451	67,147
Provisions	Note 24	2,311	2,291
Subordinated debt	Note 26	12,256	13,919
Total liabilities		**976,863**	**1,089,116**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Common stock		925	726
Equity instruments and associated reserves		23,544	17,727
Retained earnings		18,336	17,775
Net income		678	2,010
Sub-total		**43,483**	**38,238**
Unrealised or deferred capital gains and losses	Note 28	(1,279)	(2,153)
Sub-total equity, Group share		**42,204**	**36,085**
Minority interests		**4,634**	**4,802**
Total equity		**46,838**	**40,887**
Total		**1,023,701**	**1,130,003**

* *Amounts reclassified following a correction of presentation with respect to the published financial statements as at December 31, 2008.*

Consolidated income statement

(In millions of euros)		IFRS December 31, 2009	IFRS December 31, 2008
Interest and similar income	Note 34	30,545	40,188
Interest and similar expense	Note 34	(18,910)	(32,240)
Dividend income		329	466
Fee income	Note 35	10,445	10,505
Fee expense	Note 35	(2,633)	(3,090)
Net gains and losses on financial transactions		947	4,770
o/w net gains and losses on financial instruments at fair value through profit or loss	*Note 36*	*1,002*	*4,677*
o/w net gains and losses on available-for-sale financial assets	*Note 37*	*(55)*	*93*
Income from other activities	Note 38	18,281	15,383
Expenses from other activities	Note 38	(17,274)	(14,116)
Net banking income		**21,730**	**21,866**
Personnel expenses	Note 39	(9,157)	(8,616)
Other operating expenses		(5,679)	(6,040)
Amortisation, depreciation and impairment of tangible and intangible fixed assets		(930)	(872)
Gross operating income		**5,964**	**6,338**
Cost of risk	Note 41	(5,848)	(2,655)
Operating income		**116**	**3,683**
Net income from companies accounted for by the equity method		15	(8)
Net income/expense from other assets (1)		711	633
Impairment losses on goodwill	Note 18	(42)	(300)
Earnings before tax		**800**	**4,008**
Income tax	Note 42	308	(1,235)
Consolidated net income		**1,108**	**2,773**
Minority interests		430	763
Net income, Group share		**678**	**2,010**
Earnings per ordinary share *	**Note 43**	**0.45**	**3.20**
Diluted earnings per ordinary share *	**Note 43**	**0.45**	**3.19**

* *Amounts adjusted with respect to the published financial statements as at December 31, 2008.*

(1) *The sale of the assets and liabilities to Crédit Agricole Asset Management as part of Amundi operation generated a net gain of EUR 732 million on December 31, 2009 (see note 2). When creating Newedge, a gain of EUR 602 million was realised in 2008 on the sale of 50% of the Fimat shares owned by the Group.*

Statement of net income and gains and losses recognised directly in equity

(In millions of euros)		IFRS December 31, 2009	IFRS December 31, 2008
Net income		**1,108**	**2,773**
Translation differences		(74)	(708)
Revaluation of available-for-sale financial assets		1,512	(3,335)
Cash flow hedge derivatives revaluation		(149)	297
Gains and losses recognised directly in equity for companies accounted for by the equity method		10	-
Tax		(414)	797
Total gains and losses recognised directly in equity	**Note 28**	**885**	**(2,949)**
Net income and gains and losses recognised directly in equity		**1,993**	**(176)**
O/w Group share		1,552	(789)
O/w minority interests		441	613

Changes in shareholders' equity

(In millions of euros)	Capital and associated reserves			Consolidated reserves	Gains and losses recognised directly in equity								
	Common stock	Equity instruments and associated reserves	Elimination of treasury 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 (see Note 27)	Gains and losses recognised directly in equity, minority interests	Shareholders' equity, minority interests	Total consolidated shareholders' equity
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**
Increase in common stock	143	4,474							4,617				4,617
Elimination of treasury stock			1,974	(9)					1,965				1,965
Issuance of equity instruments		3,576		95					3,671				3,671
Equity component of share-based payment plans		189							189				189
2008 Dividends paid				(581)					(581)	(340)		(340)	(921)
Effect of acquisitions and disposals on minority interests				(224)					(224)	495		495	271
Sub-total of changes linked to relations with shareholders	***143***	***8,239***	***1,974***	***(719)***	***-***	***-***	***-***	***-***	***9,637***	***155***	***-***	***155***	***9,792***
Change in value of financial instruments and fixed assets having an impact on equity						(2,950)	306		(2,644)		(60)	(60)	(2,704)
Change in value of financial instruments and fixed assets recognised in income						(340)			(340)		6	6	(334)
Tax impact on change in value on financial instruments and fixed assets having an impact on equity or recognised in income								797	797				797
Translation differences and other changes				(4)	(612)				(616)		(96)	(96)	(712)
2008 Net income for the period				2,010					2,010	763		763	2,773
Sub-total	***-***	***-***	***-***	***2,006***	***(612)***	***(3,290)***	***306***	***797***	***(793)***	***763***	***(150)***	***613***	***(180)***
Change in equity of associates and joint ventures accounted for by the equity method													
Shareholders' equity at December 31, 2008	**726**	**19,217**	**(1,490)**	**19,785**	**(1,115)**	**(2,090)**	**407**	**645**	**36,085**	**4,843**	**(41)**	**4,802**	**40,887**
Increase in common stock (see Note 27)	199	5,322		-					5,521			-	5,521
Elimination of treasury stock (1)			(25)	(80)					(105)			-	(105)
Issuance of equity instruments (see Note 27)		286		115					401			-	401
Equity component of share-based payment plans (2)		234							234	-		-	234
2009 Dividends paid (see Note 27)				(1,144)					(1,144)	(342)		(342)	(1,486)
Effect of acquisitions and disposals on minority interests (3)(4)				(341)					(341)	(267)		(267)	(608)
Sub-total of changes linked to relations with shareholders	***199***	***5,842***	***(25)***	***(1,450)***	***-***	***-***	***-***	***-***	***4,566***	***(609)***	***-***	***(609)***	***3,957***
Change in value of financial instruments and fixed assets having an impact on equity (see note 28)						1,447	(147)		1,300		49	49	1,349
Change in value of financial instruments and fixed assets recognised in income (see note 28)						(2)	(1)		(3)		16	16	13
Tax impact on change in value on financial instruments and fixed assets having an impact on equity or recognised in income (see note 28)								(399)	(399)		(13)	(13)	(412)
Translation differences and other changes (see note 28)				1	(34)				(33)	-	(41)	(41)	(74)
2009 Net income for the period				678					678	430		430	1,108
Sub-total	***-***	***-***	***-***	***679***	***(34)***	***1,445***	***(148)***	***(399)***	***1,543***	***430***	***11***	***441***	***1,984***
Change in equity of associates and joint ventures accounted for by the equity method						10	1	(1)	10			-	10
Shareholders' equity at December 31, 2009	**925**	**25,059**	**(1,515)**	**19,014**	**(1,149)**	**(635)**	**260**	**245**	**42,204**	**4,664**	**(30)**	**4,634**	**46,838**

(1) At December 31, 2009, the Group held 29,097,881 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 3.93% of the capital of Societe Generale.

The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 1,515 million, including EUR 328 million for shares held for trading purposes.

The change in treasury stock over 2009 breaks down as follows:

(In millions of euros)	**Transaction-related activities**	**Buybacks and active management of Shareholders' equity**	**Total**
Purchases net of disposals	(125)	100	(25)
	(125)	**100**	**(25)**
Capital gains net of tax on treasury shares and treasury share derivatives, booked under shareholders' equity	3	(96)	(93)
Related dividends, removed from consolidated results	2	11	13
	5	**(85)**	**(80)**

(2) Share-based payments settled in equity instruments in 2009 amounted to EUR 234 million:
EUR 29 million for the stock-option plans, EUR 131 million for the free shares attribution and EUR 74 million for Global Employee Share Ownership Plan.

(3) 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 afforded 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 Group shares was allocated to consolidated reserves.
Adjustments details as at December 31, 2009:

Gains on sales cancellation	8
Minority interests buybacks not subject to any put options	(358)
Transactions and variation of value on put options granted to minority shareholders	7
Net income attributable to the minority interests of shareholders holding a put option on their Group shares allocated to consolidated reserves	2
Total	(341)

(4) Movements booked in the amount of EUR -267 million under minority interest reserves correspond to:

- *EUR 132 million to the capital increase among which EUR 37 million relative to Rosbank and EUR 80 million relative to Geniki,*
- *EUR 73 million of positive effect on minority interests buybacks not subject to any put options,*
- *EUR -472 million of negative effect of the variations in scope including EUR -387 million relative to the acquisition of Credit du Nord's minorities interests, EUR 35 million in the launch of a new internet bank named Selfbank in Spain, owned jointly by Boursorama and Caixa and EUR -80 million in the acquisition of the Rosbank's minorities interests.*

Cash flow statement

(In millions of euros)	December 31, 2009	December 31, 2008
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES		
Net income (I)	**1,108**	**2,773**
Amortisation expense on tangible fixed assets and intangible assets	2,815	2,665
Depreciation and net allocation to provisions * [(1)]	10,081	(1,696)
Net income/loss from companies accounted for by the equity method	(15)	8
Deferred taxes	(1,695)	768
Net income from the sale of long-term available-for-sale assets and subsidiaries	(126)	(1,018)
Change in deferred income	69	(134)
Change in prepaid expenses	30	(25)
Change in accrued income *	440	198
Change in accrued expenses *	(1,733)	603
Other changes *	2,907	568
Non-monetary items included in net income and others adjustments (not including income on financial instruments at fair value through P&L) (II)	**12,773**	**1,937**
Income on financial instruments at fair value through P&L [(2)] (III)	**(1,002)**	**(4,677)**
Interbank transactions	(19,930)	(16,449)
Customers transactions	18,767	(43,820)
Transactions related to other financial assets and liabilities	(8,682)	55,695
Transactions related to other non-financial assets and liabilities *	3,794	(5,147)
Net increase / decrease in cash related to operating assets and liabilities (IV)	**(6,051)**	**(9,721)**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III) + (IV)	**6,828**	**(9,688)**
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES		
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	(1,453)	(811)
Tangible and intangible fixed assets	(2,131)	(3,293)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**(3,584)**	**(4,104)**
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES		
Cash flow from / to shareholders [(3)]	4,216	9,235
Other net cash flows arising from financing activities	(1,626)	1,644
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**2,590**	**10,879**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**5,834**	**(2,913)**
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at start of the year		
Net balance of cash accounts and accounts with central banks	7,242	8,320
Net balance of accounts, demand deposits and loans with banks	4,533	6,368
Cash and cash equivalents at end of the year		
Net balance of cash accounts and accounts with central banks	11,303	7,242
Net balance of accounts, demand deposits and loans with banks	6,306	4,533
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS	**5,834**	**(2,913)**

** Amounts reclassified with respect to the published financial statements at December 2008.*

(1) O/w EUR 6,382 million at December 2008 of reversals linked to provisions for the loss linked to the closing of unauthorised and concealed trading activities positions.

(2) Income on financial instruments at fair value through P&L includes realised and unrealised income.

(3) O/w several capital increases and decreases for EUR 199 million with EUR 5,384 million of issuing premiums net of the EUR 62 million expenses after tax linked to the capital increase using preferred subscription rights, i.e. a net amount of issuing premiums of EUR 5,322 million.

O/w three super subordinated loans issued in February (USD 450 million), September (EUR 1,000 million) and October (USD 1,000 million).

O/w reimbursement of the deeply subordinated notes amounting to EUR 1,700 million (issued on December 11, 2008) and reimbursement premiums of EUR 60 million.

O/w 2009 Dividends paid for EUR 1,486 million (see note 27).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on February 17, 2010.

Note 1

Significant accounting principles

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, the Societe Generale Group ("the Group") prepared its consolidated financial statements for the year ending December 31, 2009 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 8 and International Accounting Standards (IAS) 1 to 41, as well as the interpretations of these standards adopted by the European Union as at December 31, 2009.

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

The consolidated financial statements are presented in euros.

IFRS AND IFRIC INTERPRETATIONS APPLIED BY THE GROUP AS OF JANUARY 1, 2009

Accounting standards or Interpretations	Publication dates by IASB	Adoption dates by the European Union
IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions"	November 2, 2006	June 1, 2007
IFRS 8 "Operating Segments"	November 30, 2006	November 21, 2007
Amendment to IAS 23 "Borrowing Costs"	March 29, 2007	December 10, 2008
Amendment to IFRS 2 "Vesting conditions and cancellations"	January 17,2008	December 16, 2008
IFRIC 13 "Customer Loyalty Programmes"	June 28, 2007	December 16, 2008
IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"	July 4, 2007	December 16, 2008
IAS 1 (Revised) "Presentation of Financial Statements"	September 6, 2007	December 17, 2008
Amendments to IAS 32 and IAS 1 "Puttable Financial Instruments and Obligations Arising on Liquidation"	February 14, 2008	January 21, 2009
Improvements to IFRS – May 2008 – except IFRS 5	May 22, 2008	January 23, 2009
Amendments to IFRS 1 and IAS 27 "Cost of an Investment in a subsidiary, joint-controlled entity or associate"	May 22, 2008	January 23, 2009
Amendments to IAS 39 and IFRS 7 "Reclassification: Effective Date and Transition"	November 27, 2008	September 9, 2009
Amendments to IFRS 7 and IFRS 4 "Improvements on Derivative Instruments Disclosures"	March 5, 2009	November 27, 2009
Amendments to IFRIC 9 and IAS 39 "Embedded Derivatives"	March 12, 2009	November 27, 2009

The application of these new measures has no effect on net income or shareholders' equity of the Group.

- **IFRIC 11 “IFRS 2 – Group and treasury share transactions”**

This interpretation of IFRS 2 “Share-based payment” 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 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 financial statements of Group entities in no way modifies the accounting treatment at a Group level, its application by the Group has no impact on its financial statements.

- **IFRS 8 “Operating segment”**

This standard will modify segment reporting definition and disclosure of related information. It requires to be the same information reported to the main chiefs operating decision maker for the purposes of allocating resources to the segment and assessing its performance. It does not have an impact on segment information previously disclosed.

- **Amendment to IAS 23 “Borrowing costs”**

This amendment eliminates the option to expense immediately borrowing costs and mandatory requiring their capitalisation 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.

- **Amendment to IFRS 2 “Vesting conditions and cancellations”**

This amendment to IFRS 2 clarifies the definition of vesting and non-vesting conditions and the accounting treatment of cancellations to a share-based payment.

- **IFRIC 13 “Customer loyalty programmes”**

This interpretation 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 clarifies the accounting treatment for the effect of any statutory or contractual funding requirements when a surplus (in the form of refunds from the plan or reductions in future contributions to the plan) in a pension plan can be recognised.

- **IAS 1 (Revised) “Presentation of financial statements”**

This revised standard sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

As part of this revision, the Group maintains its presentation of the consolidated income statement in order to list the components of net income and presents in a new statement starting with income statement and the detail of gains and losses recognised directly in equity (statement of net income and gains and losses recognised directly in equity).

The new additional informations related to gains and losses recognised directly in equity required by the revised standard IAS 1 are described in note 28:

- informations on reclassification out of gains and losses recognised directly in equity to net income and,
- informations on income tax relating to each component of gains and losses recognised directly in equity.

- **Amendments to IAS 32 and IAS 1 “Puttable Financial Instruments and Obligations Arising on Liquidation”**

These amendments explain the accounting classification of puttable financial instruments and obligations arising on liquidation.

- **Improvements to IFRSs – May 2008 – except IFRS 5**

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published 35 minor amendments to 20 accounting standards. They are required to be applied from January 1, 2009, except for the amendments to IFRS 5 “Non-current Assets Held for Sale and Discounted Operations”, which are required to be applied from July 1, 2009.

- **Amendments to IFRS 1 and IAS 27 “Cost of an Investment in a Subsidiary, Joint-controlled Entity or Associate”**

These amendments will have to be applied by IFRS first-time adopters only. They have no effect on net income or shareholders’ equity of the Group.

- **Amendments to IAS 39 and IFRS 7 “Reclassification of financial assets”**

This additional amendment relating to reclassification of financial assets explains conditions for a possible retrospective reclassification on July 1, 2008. Any reclassification made after November 1, 2008 takes effect from the date of reclassification.

This new amendment will have no effect on the reclassification made by the Group on October 1, 2008.

- **Amendments to IFRS 7 and IFRS 4 "Improvements on Derivative instruments Disclosures"**

These amendments clarify and enhance the existing requirements for the disclosure on financial instruments and especially for liquidity risk and for fair value measurement.

- **Amendments to IFRIC 9 and IAS 39 "Embedded derivatives"**

For entities that make use of the reclassification amendment to IAS 39 and IFRS 7, these new amendments clarify that all embedded derivatives have to be assessed initially and, if necessary, separately accounted for in financial statements.

IFRS EARLY APPLIED BY THE GROUP AS OF JANUARY 1, 2009

- **IFRS 3 (Revised) "Business Combinations" and IAS 27 (Revised) "Consolidated and Separate Financial Statements"**

These revised standards, published by the IASB on January 10, 2008 and adopted by the European Union on June 3, 2009 have been applied earlier by the Group from January 1, 2009. They modify the accounting treatment for acquisitions and disposals of consolidated subsidiaries. The main changes concern the accounting treatment for all acquisition-related costs, contingent consideration, calculation of goodwill, measurement of the non-controlling interest in the acquiree, step acquisition and calculation of gains and losses on disposal of an investment in a subsidiary that results in a loss of control. The application of these revised standards will have no effect on business combinations that occurred before January 1, 2009.

The main valuation and presentation rules used in drawing up the consolidated financial statements are shown below. Except the application of these new IFRS and IFRIC interpretations described above, these accounting methods and principles were applied consistently in 2008 and 2009.

USE OF ESTIMATES

When applying the accounting principles disclosed below for the purpose of preparing the consolidated financial statements of the Group, the Management makes assumptions and estimates that may have an impact on figures booked in the income statement, on valuation of assets and liabilities in the balance sheet, and on information disclosed in the notes to the consolidated financial statements.

In order to make assumptions and estimates, the Management uses information available at the date of preparation of the financial statement and can exercise its judgment. By nature, valuations based on estimates include, especially in the context of the financial crisis that grew up since 2008, risks and uncertainties relating to their occurrence in the future. Consequently actual future results may differ from these estimates and have a significant impact on the financial statements.

The use of estimates principally concern the following valuations:

- fair value in the balance sheet of financial instruments non-quoted in an active market which are classified as *Financial assets and liabilities at fair value through profit or loss, Hedging derivatives* or *Available-for-sale financial assets* (described in notes 1 and 3) and fair value of unlisted instruments for which this information shall be disclosed in the notes to the financial statements;
- the amount of impairment of financial assets (*Loans and receivables, Available-for-sale financial assets, Held-to-maturity financial assets*), lease financing and similar agreements, tangible or intangible fixed assets and goodwill (described in notes 1, 4 and 18);
- provisions recognised under liabilities, including provisions for employee benefits or underwriting reserves of insurance companies as well as the deferred profit-sharing on the asset side of the balance sheet (described in notes 1, 23, 24, 25 and 33);
- initial value of goodwill determined for each business combination (described in notes 1 and 2);
- in case of loss of control on a consolidated subsidiary, fair value used to remeasure the portion possibly kept by the Group in this entity (described in note 1).

1. Consolidation principles

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

CONSOLIDATION METHODS

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

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

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

The following consolidation methods are used:

- **Full consolidation**

This method is applied to companies over which Societe Generale exercises 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 Societe Generale being represented on the board of directors or supervisory board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Societe Generale. The Group is assumed to exercise significant influence over the financial and operating policies of a subsidiary when it holds directly or indirectly at least 20% of the voting rights in this subsidiary.

SPECIFIC TREATMENT 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 recognised as debt in the balance sheet.

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

The balance sheet items of consolidated companies reporting in foreign currencies are translated at the official exchange rates prevailing at year-end. Income statement items of these companies are translated at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are included in shareholders' equity under *Unrealised or deferred capital gains and 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

- **Transactions occurred before December 31, 2008:**

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 recognised 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 balance sheet 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 accounted for as an equity transaction between shareholders.

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*.

- **Transactions occurred after January 1, 2009:**

The accounting methods described above have been amended due to the early application of the revised standards IFRS 3 ("Business Combinations") and IAS 27 ("Consolidated and Separate Financial Statements"). The main changes are as follows:

- The costs directly linked to business combinations are now recognised in the income statement for the period.
- Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurence is only potential. It is recognised under equity or debt in the balance sheet depending on the settlement alternatives; its subsequent adjustments are booked under income for the financial liabilities in accordance with IAS 39 and within the scope of appropriate standards for the other debts. For equity instruments, these subsequent adjustments are not recognised.
- Minority interests may, on the acquisition date, be valued at fair value (a portion of the goodwill being allocated to these minority interests), or based on their stake in the fair value of the identifiable assets and liabilities of the acquired entity (the former method described above is in this case maintained). The choice between these two approaches must be made individually for each business combination. Subsequent acquisitions of minority interests are systematically recognised under equity whatever the option retained at the acquisition date.
- In case of business combinations, contingent liabilities are recognised in the consolidated balance sheet when there is a present obligation (and not a possible obligation like previously) at the acquisition date and if their fair value can be measured reliably.

- Deferred tax assets of the acquiree not recognised at the acquisition date are subsequently recorded in the income statement and without any adjustment on goodwill.
- On the date of acquisition of an entity, any stake in this entity already held by the Group is revalued at fair value through profit or loss. In the case of a step acquisition, the goodwill is therefore determined by referring to the fair value on the acquisition date rather than the fair value of the assets and liabilities acquired on each transaction date.
- At the date when the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is revalued at fair value through profit or loss.

COMMITMENTS TO BUY OUT MINORITY SHAREHOLDERS IN FULLY CONSOLIDATED SUBSIDIARIES

The Group has awarded minority shareholders in some fully consolidated Group subsidiaries commitments to buy out their stakes. For the Group, these buyouts commitments are put options sales. The exercise price for these options can be based on a formula agreed at the time of the acquisition of the shares of the subsidiary that takes into account its future performance or can be set as the fair value of these shares at the exercise date of the options.

The commitments are booked in the accounts as follows:

- in accordance with IAS 32, the Group booked a financial liability for put options granted to minority shareholders of the subsidiaries over which it exercises sole control. This liability is initially recognised at the present value of the estimated exercise price of the put options under *Other liabilities;*
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group 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.

For the accounting treatments of commitments to buy out minority shareholders related to business combinations occurred after January 1, 2009, the application of the revised standards IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" does not modify the accounting principles applied until now by the Group in accordance with the treatment of minority interests buy outs. These accounting principles are likely to be revised over the coming years in line with amendments that could be proposed by IASB or IFRIC.

SEGMENT REPORTING

The Group is managed on a matrix basis that takes account of its different business lines and the geographical breakdown of its activities. Segment information is therefore presented under both criteria.

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

The Group is organised into five core business lines:

- French Networks**,** which include Societe Generale and Crédit du Nord networks in France and cash management activities. The real estate subsidiaries previously attached to Corporate and Investment Banking have been incorporated in the French Networks since January 1, 2009 and the 2008 comparative data have been restated accordingly;
- International Retail Banking, which covers retail banking activities abroad;
- Specialised Financing and Insurance**,** which comprises Specialised Financing subsidiaries serving businesses (equipment and vendor finance, IT asset leasing and management, operational vehicle leasing and fleet management), and individuals (consumer finance) and providing life and non-life insurance;

- Private Banking, Global Investment Management and Services including Asset Management, Private Banking, Securities Services and Online Savings. The Securities Services division includes the Group's brokerage arm, operated by Newedge, together with the securities and employee savings business. The Online Savings business is operated by the direct bank "Boursorama";
- Corporate and Investment Banking consisting of:
  - "Global Markets", which encompasses all market activities, "Equities" and "Fixed Income, Currencies & Commodities",
  - "Financing & Advisory", which covers all strategy, capital raising and structured financing advisory services,
  - "Legacy Assets", which manages financial assets that have become illiquid in the wake of the financial crisis.

These operating divisions are complemented by the Corporate Centre, which acts as the Group's central funding department vis-à-vis the divisions. As such, it recognises the financing cost of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income and expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre. This means that, since January 1, 2009, the debt revaluation differences linked to own credit risk and the revaluation differences of the credit derivatives hedging the loans and receivables portfolios have been allocated to the Corporate Centre, instead of Corporate and Investment Banking as previously. The 2008 comparative figures have been restated accordingly.

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

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

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

An operation is classified as discontinued at the date the Group has actually disposed of the operation, or when the operation meets the criteria to be classified as held for sale. Discontinued operations are recognised as a single item in the income statement for the period, at their net income for the period up to the date of sale, combined with any net gains and 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 balance sheet date, monetary assets and liabilities denominated in foreign currencies are converted into euros (the Group's functional currency) at the prevailing spot exchange rate. Realised or unrealised foreign exchange losses or gains are recognised in the income statement.

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

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

DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between 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.

Determining whether a market is inactive requires the use of indicators such as a sharp decline in trading volume and the level of activity in the market, a sharp disparity in prices over time and between various market participants mentioned above, or on the fact that the latest transactions dealt on an arm's length basis are not recent enough.

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

If the market for a financial instrument is not or is no longer considered as active, its fair value is established using a valuation technique (in-house valuation models). Depending on the instrument under consideration, these may use data derived from recent transactions concluded on an arm's length basis, from the fair value of substantially similar instruments, from discounted cash flow or option pricing models, or from valuation parameters.

If market participants frequently use some valuation techniques and if those techniques have proved that they provide a reliable estimation of prices applied on real market transactions, then the Group can use those techniques. To use own hypothesis for future cash flows and discount rates, correctly adjusted for the risks that any market participant would take into account, is permitted. Such adjustments are made in a reasonable and appropriate manner after examining the available information. Notably, own hypothesis consider counterparty risk, non-performance risk, liquidity risk and model risk, if necessary.

Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price. If the valuation parameters used are observable market data, the fair value is taken as the market price, and any difference between the transaction price and the price given by the in-house valuation model, i.e. the sales margin, is immediately recognised in the income statement. However, if valuation parameters are not observable or the valuation models are not recognised by the market, the fair value of the financial instrument at the time of the transaction is deemed to be the transaction price and the sales margin is then generally recognised in the income statement over the lifetime of the instrument. For some instruments, due to their complexity, this margin is recognised at their maturity or in the event of early sale. Where substantial volumes of issued instruments are traded on a secondary market with quoted prices, the sales margin is recognised in the income statement in accordance with the method used to determine the instruments price. When valuation parameters become observable, any portion of the sales margin that has not yet been booked is recognised in the income statement at that time.

FINANCIAL ASSETS AND LIABILITIES

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

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

- **Loans and receivables**

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and neither held for trading purposes nor intended for sale from the time they are originated or contributed. Loans and receivables are recognised in the balance sheet under *Due from banks* or *Customer loans* depending on the type of counterpart. Thereafter, they are valued at amortised cost using the effective interest method and an impairment loss may be recorded if appropriate.

- **Financial assets and liabilities at fair value through profit or loss**

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

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

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

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

  The Group also books at fair value through profit or loss the financial assets held to guarantee unit-linked policies of its life insurance subsidiaries to ensure their financial treatment matches that of the corresponding insurance liabilities. Under IFRS 4, insurance liabilities have to be recognised according to local accounting principles. The revaluations of underwriting reserves on unit-linked policies, which are directly linked to revaluations of the financial assets underlying their policies, are therefore recognised in the income statement. The fair value option thus allows the Group to record changes in the fair value of the financial assets through 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 financial assets with fixed or determinable payments and a fixed maturity, that are quoted in an active market and which the Group has the intention and ability to hold to maturity. They are valued after acquisition at their amortised cost and may be subject to impairment as appropriate. The amortised cost includes premiums and discounts as well as transaction costs and they are recognised in the balance sheet under *Held-to-maturity financial assets*.

- **Available-for-sale financial assets**

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

RECLASSIFICATION OF FINANCIAL ASSETS

When initially recognised, financial assets may not be later reclassified into *Financial assets at fair value through profit or loss*.

A non-derivative financial asset, initially recognised as asset held for trading purpose among *Financial assets at fair value through profit or loss* may be reclassified out of its category when it fulfils the following condition:

- if a financial asset with fixed or determinable payments, initially held for trading purposes, is no more, after acquisition, negotiable on a active market and the Group has the intention and ability to hold it for the foreseeable future or until maturity, then this financial asset, may be reclassified into the *Loans and receivables* category, provided that the eligibility criteria to this category are met.
- If rare circumstances generate a change of the holding purpose of non-derivative debt or equity financial assets held for trading, then these assets may be reclassified into *Available-for-sale financial assets* or into *Held-to-maturity financial assets*, provided in that latter case, that the eligibility criteria to this category are met.

In any case, financial derivatives and financial assets measured using fair value option shall not be reclassified out of *Financial assets at fair value through profit or loss.*

A financial asset initially recognised as *Available-for-sale financial assets* may be reclassified into *Held-to-maturity financial assets,* provided that the eligibility criteria to this category are met. Furthermore if a financial asset with fixed or determinable payments initially recognised as *Available-for-sale financial assets* is subsequently no longer negotiable on a active market and if the Group has the intention and ability to hold it for the foreseeable future or until maturity, then this financial asset, may be reclassified into *Loans and receivables* provided that the eligibility criteria to this category are met.

These reclassified financial assets are transferred to their new category at their fair value on the date of reclassification and then are measured according to the rules that apply to the new category. Amortised cost of these financial assets reclassified out of *Financial assets at fair value through profit or loss* or *Available-for-sale financial assets* to *Loans and receivables* and amortised cost of the financial assets reclassified out of *Financial assets at fair value through profit or loss* to *Available-for-sale financial assets* are determined on the basis of estimated future cash flows measured at the date of reclassification. The estimated future cash flows should be reviewed at each closing. In case of increase of estimated future cash flows, as a result of increase of their recoverability, the effective interest rate is adjusted prospectively. On the contrary, if there is objective evidence that financial asset has been impaired as a result of an event occurring after reclassification and that loss event has a negative impact on the estimated future cash flows of the financial asset, the impairment of this financial asset is recognised under *Cost of risk* in the income statement.

DEBT

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

• Amounts due to banks and customer deposits

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

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

• Securitised debt payables

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

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

SUBORDINATED DEBT

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

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

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

Financial derivatives are divided into two categories:

- **Trading financial derivatives**

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

Changes in the fair value of financial derivatives, which involve counterparties who have been later in default, are recorded under *Net gains and losses on financial instruments at fair value through profit or loss* until the termination date of these instruments. On this termination date, receivables and debts on theses counterparties are recognised at fair value in the balance sheet. Any further impairment on these receivables is recognised under *Cost of risk* in the income statement.

- **Derivative hedging instruments**

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

Fair value hedge

In a fair value hedge, the carrying value of the hedged item is adjusted for gains and losses attributable to the hedged risk which are reported under *Net gains and losses on financial instruments at fair value through profit or loss.* As the hedging is highly effective, changes in the fair value of the hedged item are faithfully reflected in the fair value of the derivative hedging instrument. As regards interest rate derivatives, accrued interest income or expenses are booked 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 recognised under the hedge accounting are amortised over its remaining life. Hedge accounting is discontinued automatically if the hedged item is sold before maturity or redeemed early.

Cash flow hedge

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

Amounts directly recognised in equity under cash flow hedge accounting are reclassified in *Interest income and expenses* in the income statement at the same time as the cash flows being hedged. Accrued interest income or expense on hedging derivatives is booked to the income statement under *Interest income and expense – Hedging derivatives* at the same time as the interest income or expense related to the hedged item.

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

Hedging of a net investment in a foreign operation

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

Macro-fair value hedge

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

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

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

Embedded derivatives

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

IMPAIRMENT OF FINANCIAL ASSETS

- **Financial assets valued at amortised cost**

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

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. 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 there is objective evidence that loans or other receivables, or financial assets classified as *Held-to-maturity financial assets* are impaired, a depreciation is booked for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees, discounted at the financial assets' original effective interest rate. This depreciation is booked to *Cost of risk* in the income statement and the value of the financial asset is reduced by a depreciation amount. Allocations to and reversals of depreciations are recorded under *Cost of risk.* The impaired loans or receivables are remunerated for accounting purposes by the reversal over time of the discounting to present value, which is recorded under *Interest and similar income* in the income statement.

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

In case there is no objective evidence that an impairment loss has been incurred on a financial instrument considered individually, be it significant or not, the Group includes that financial asset in a group of financial assets having similar characteristics in terms of credit risk and tests the whole group for impairment.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, a depreciation is recognised without waiting for the risk to individually affect one or more receivables. Homogeneous portfolios thus depreciated can include :

- receivables on counterparties which have encountered financial difficulties since these receivables have been initially recognised without any objective evidence of impairment that has not yet been identified at the individual level (sensitive amounts) or;
- receivables on counterparties linked to economic sectors considered as being in crisis further to the occurrence of losses events or;
- receivables on geographical sectors or countries on which a deterioration of credit risk has been assessed.

The amount of depreciation on a group of homogeneous assets is notably determined on the basis of historical loss for assets with credit risk characteristics similar to those in the portfolio, or using hypothetical extreme loss scenarii or, if necessary, *ad-hoc* studies. These factors are then adjusted to reflect any relevant current economic conditions. Allocations to and reversals of such depreciations are recorded under *Cost of risk.*

- **Available-for-sale financial assets**

Impairment loss on an Available-for-sale financial asset is recognised through profit or loss if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of this asset.

For listed equity instruments, a significant or prolonged decline of their price below their acquisition cost is an objective evidence of impairment. For this purpose, the Group considers as impaired listed shares showing on the balance sheet date an unrealised loss greater than 50% of acquisition price, as wells as listed shares which quoted prices have been below their acquisition price in every trading days for at least the last 24 months before the balance sheet date. Further factors, like the financial situation of the issuer or its development prospective can lead the Group to estimate that the cost of its investment may not be recovered even if the above-mentioned criteria are not met. An impairment loss is then recorded through profit or loss equal to the difference between the last quoted price of the security on the balance sheet date and its acquisition price.

For unlisted equity instruments, the criteria used for the assessing the evidence of impairment are similar to those above-mentioned; the value of these instruments at the balance sheet date 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 recognised directly in the shareholders' equity account under *Unrealised or deferred capital gains and losses* and subsequent objective evidence of impairment emerges, the Group recognises the total accumulated unrealised loss previously booked to shareholders' equity in the income statement under *Cost of risk* for debt instruments and under *Net gains and losses on available-for-sale financial assets* for equity securities.

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

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

LEASE FINANCING AND SIMILAR AGREEMENTS

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

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

Interest included in the lease payments is booked under *Interest and similar income* in the income statement such that the lease generates a constant periodic rate of return on the lessor's net investment. If there has been a reduction in the estimated unguaranteed residual value used to calculate the lessor's gross investment in the finance lease, the present value of this reduction is booked as a loss under *Expenses from the other activities* in the income statement and as a reduction of receivables on lease financing on the assets side of the balance sheet.

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

TANGIBLE AND INTANGIBLE FIXED ASSETS

Operating and investment fixed assets are carried at their purchase price on the 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 expenditures on hardware and services and personnel expenses which can be directly attributed to the production of the asset and its preparation for use.

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount. In case of subsequent decrease or increase of this initial residual value the depreciable amount of the asset is adjusted leading to a prospective modification of the depreciation schedule.

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 or loss under *Amortisation, depreciation and impairment of tangible and intangible fixed assets*. The Group has applied this approach to its operating and investment property, breaking down its assets into at least the following components with their corresponding depreciation periods:

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

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

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

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

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

PROVISIONS

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

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

COMMITMENTS UNDER “CONTRATS EPARGNE-LOGEMENT” (MORTGAGE SAVINGS AGREEMENTS)

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

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

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

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

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

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

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

LOAN COMMITMENTS

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

FINANCIAL GUARANTEES ISSUED

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

LIABILITIES/SHAREHOLDERS' EQUITY DISTINCTION

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

- **Perpetual subordinated notes (TSDI)**

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

These perpetual subordinated notes (TSDI) are then classified under *Subordinated debt*.

On the contrary, perpetual subordinated notes (TSDI) issued by the Group and that include some discretionary features governing the payment of interest are classified as equity and recorded under *Equity instruments and associated reserves.*

- **Preferred shares**

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

- **Deeply subordinated notes**

Given the discretionary nature of the decision to pay interest in order to remunerate the deeply subordinated notes issued by the Group, these notes have been classified as equity and recognised under *Equity instruments and associated reserves*.

TREASURY SHARES

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

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

INTEREST INCOME AND EXPENSE

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

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

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

NET FEES FOR SERVICES

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

Fees for continuous services, such as some payment services, custody fees, or web-service subscriptions are booked as income over the lifetime of the service. Fees for one-off services, such as fund 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 recognised 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 benefits;
- long-term benefits such as deferred variable remunerations, long service awards or the *Compte Epargne Temps* (CET) flexible working provisions;
- termination benefits.

• Post-employment benefits

Pension plans may be defined contribution or defined benefit.

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

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the 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 and losses. They are amortised in the income statement according to the "corridor" method: i.e. over the expected average remaining working lives of the employees participating in the plan, as soon as they exceed the greater of:

- 10% of the present value of the defined benefit obligation (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 amortisation of actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

• Long-term benefits

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

PAYMENTS BASED ON SOCIETE GENERALE SHARES OR SHARES ISSUED BY A CONSOLIDATED ENTITY

Share-based payments include:

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

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

- **Global Employee Share Ownership Plan**

Every year the Group carries out a capital increase reserved for current and former employees as part of the Global Employee Share Ownership Plan. New shares are offered at a discount with an obligatory five-year holding period. The resultant benefit to the employees is booked by the Group as an expense for the year under *Personnel expenses – Employee profit-sharing and incentives*. This benefit is measured as the difference between the fair value of each security acquired and the acquisition price paid by the employee, multiplied by the number of shares subscribed. The fair value of the acquired securities is measured taking account of the associated legal obligatory holding period using market parameters (notably the borrowing rate) applicable to market participants which benefits from these 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 Societe Generale share price (SAR).

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, 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 behaviour 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 instruments, 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 these instruments is revised taking into account performance and service conditions 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 Societe Generale shares), the fair value of the options is booked as an expense over the vesting period of the options against a corresponding liabilities entry booked in the balance sheet under *Other liabilities – Accrued social charges*. This payables item is then remeasured at fair value against income until settled.

COST OF RISK

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

INCOME TAX

- **Current taxes**

Current tax is based on taxable profits of each consolidated taxable entity and determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

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

- **Deferred tax**

Deferred taxes are recognised whenever the Group identifies a timing difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured in each consolidated taxable entity and in accordance with the rules established by the taxation authorities, upon which their income taxes are payable. This amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. These deferred taxes are adjusted in case of changes to tax rates. This amount is not discounted to the present value. Deferred tax assets can result from deductible temporary differences or from carryforward of tax losses. These deferred tax assets are recorded if it is probable that the entity is likely to be able to apply them within a set time. These temporary differences or carryforward of tax losses can also be utilised against future taxable profit.

Current and deferred taxes are booked in the income statement under *Income tax*. But the deferred taxes related to gains and losses booked under *Unrealised or deferred capital gains and losses* are also booked under the same caption of shareholders' equity.

INSURANCE ACTIVITIES

- **Financial assets and liabilities**

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

- **Underwriting reserves of insurance companies**

Underwriting reserves correspond to the commitments of insurance companies with respect to insured persons and the beneficiaries of policies.

In accordance with IFRS 4 on insurance contracts, life and non-life underwriting reserves continue to be measured under the same local regulations.

Life insurance underwriting reserves mainly comprise actuarial reserves, which correspond to the difference between the current value of commitments falling to the insurer an those falling to the policyholder, and reserves for claims incurred but not settled. The risks covered are principally death, invalidity and incapacity for work.

Underwriting reserves for unit-linked policies with discretionary profit-sharing or any other significant features, are valued at the balance sheet date on the basis of the current value of the assets underlying these policies.

Non-life insurance underwriting reserves comprise reserves for unearned premiums (share of premium income relating to following financial years) and for outstanding claims. The risks covered are principally risks linked to home, car and accident insurance guarantees.

Under the principles defined in IFRS 4, life insurance policies with discretionary profit-sharing features are subject to "mirror accounting", whereby the financial assets' value changes that may potentially affect policyholders is recorded in *Deferred profit-sharing*. This reserve is calculated to reflect the potential rights of policyholders to unrealised gains on financial instruments measured at fair value or their potential share for unrealised losses.

To demonstrate the recoverability of the deferred profit-sharing asset in the event of an unrealised net loss, two approaches are used to show that the liquidity requirements caused by an unfavourable economic environment would not require assets to be sold should there be unrealised losses:

The first consists of simulating deterministic stress scenarii ("standardised" or extreme). This is used to show that in these scenarii no significant losses would be realised on the assets existing on the balance sheet date for the scenarii tested.

The aim of the second approach is to ensure that in the long or medium-term the sale of assets to meet liquidity needs would not generate any significant losses. The approach is verified for projections based on extreme scenarii.

A liability adequacy test is also carried out semi-annually with a stochastic model based on parameter hypotheses consistent with those used for the MCEV (Market Consistent Embedded Value). This test takes into account all of the future cash flows from policies, including management charges, fees and policy options and guarantees.

3. Presentation of financial statements

CNC RECOMMENDED FORMAT FOR BANKS' SUMMARY FINANCIAL STATEMENTS

As the IFRS accounting framework does not specify a standard model, the format used for the financial statements is consistent with the format proposed by the French National Accounting Standards Board, the CNC, under Recommendation 2009-R-04 of July 2, 2009 which cancels and replaces Recommendation 2004-R-03 of October 27, 2004. This new Recommendation takes into account the amendment to IAS 1 as adopted by the European Union on December 17, 2008.

The Group maintains its presentation of the consolidated income statement in order to list the components of net income and presents in a new statement starting with income statement and the detail of gains and losses recognised directly in equity ("statement of net income and gains and losses recognised directly in equity")

The new additional informations related to gains and losses recognised directly in equity required by the revised standard IAS 1 are described in note 28:

- informations on reclassification out of gains and losses recognised directly in equity to net income and,
- informations on income tax relating to each component of gains and losses recognised directly in equity.

RULE ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

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

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

- the counterparty to the agreements is the same legal entity;
- they have the same 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 recognises in its balance sheet for their net amount the fair value of options on indexes traded on organised markets and whose underlyings are securities within a single legal entity, provided these options meet the following criteria:

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

CASH AND CASH EQUIVALENTS

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

EARNINGS PER SHARE

Earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, except for treasury shares. The net profit attributable to ordinary shareholders takes account of dividend rights of preferred shareholders. 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, 2009. Some have been adopted and others have not been yet adopted by the European Union. These accounting standards and interpretations are required to be applied from annual periods beginning on March 29, 2009 at the earliest or on the date of their adoption by the European Union. They have not been applied by the Group as of December 31, 2009.

ACCOUNTING STANDARDS, AMENDMENTS OR INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION

Accounting standards or Interpretations	Adoption dates by the European Union:	Effective dates: annual periods beginning on or after
IFRIC 12 “Service Concession Arrangements”	March 25, 2009	March 29, 2009
IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”	June 4, 2009	July 1, 2009
IFRIC 15 “Agreements for the Construction of Real Estate”	July 22, 2009	December 31, 2009
Amendment to IAS 39 “Financial Instruments: Recognition and Measurement – Eligible Hedged Items”	September 15, 2009	July 1, 2009
IFRS 1 (Revised) “First-time adoption of IFRS”	November 25, 2009	January 1, 2010
IFRIC 17 “Distribution of Non-cash Assets to Owners”	November 26, 2009	October 31, 2009
IFRIC 18 “Transfers of Assets from Customers”	November 27, 2009	October 31, 2009
Amendment to IAS 32 “Classification of Rights Issues”	December 23, 2009	February 1, 2010

• IFRIC 12 “Service Concession Arrangements”

This interpretation explains the concession accounting treatment. This interpretation does not apply to Group operations and will consequently have no effect on net income or shareholders’ equity of the Group.

• IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”

The interpretation clarifies the accounting treatment for the hedge of a net investment in a foreign operation in an entity’s consolidated financial statements.

• IFRIC 15 “Agreements for the Construction of Real Estate”

The interpretation clarifies the accounting treatment for the recognition of revenue among real Estate developers for sales of units, such as apartments or houses.

• Amendment to IAS 39 “Financial Instruments: Recognition and Measurement – Eligible Hedged Items”

The amendment provides additional guidance on two particular situations in relation to hedge accounting under IAS 39: the identification of inflation as a hedged risk and how to consider the time value of an option in a hedge relationship. It must be applied retrospectively.

• IFRS 1 (Revised) “First-time adoption of International Financial Reporting Standards”

This revision of IFRS 1 improves the structure of the standard and makes it clearer and easier but its technical content remains unchanged. This new version is designed to better accommodate future changes.

• IFRIC 17 “Distribution of Non-cash Assets to Owners”

The interpretation provides guidance on the measurement and on the accounting treatment of distribution of non-cash assets to owners.

• IFRIC 18 “Transfers of Assets from Customers”

This interpretation clarifies the circumstances and requirements in which the revenue related to the transfer of asset from customer has to be recognised as part of commercial contract.

• Amendment to IAS 32 “Classification of Rights Issues”

This amendment addresses the accounting for rights issues (rights, options, warrants…) that are denominated in a currency other than the functional currency of the issuer. Such rights issues were previously accounted for as derivative liabilities. Provided certain conditions are met, they will be classified as equity regardless of the currency in which the exercise price is denominated.

AMENDMENTS OR INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION ON DECEMBER 31, 2009

Accounting standards or Interpretations	Publication dates by IASB	Effective dates: annual periods beginning on or after
Improvements to IFRSs – April 2009	April 16, 2009	July 1, 2009 at the earliest
Amendments to IFRS 2 "Group Cash-settled Share-based Payment Transactions"	June 18, 2009	January 1, 2010
Amendments to IFRS 1 "Additional Exemptions for First-time Adopters"	July 23, 2009	January 1, 2010
IAS 24 (Revised) "Related Party Disclosures"	November 4, 2009	January 1, 2011
IFRS 9 "Financial Instruments" (Phase 1: Classification and Measurement)	November 12, 2009	January 1, 2013
Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement"	November 26, 2009	January 1, 2011
IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"	November 26, 2009	July 1, 2010

• Improvements to IFRSs – April 2009

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published amendments to 12 accounting standards. They are required to be applied to annual periods beginning on July 1, 2009.

• Amendments to IFRS 2 "Group Cash-settled Share-based Payment Transactions"

IASB clarifies the accounting treatment in individual financial statements of a subsidiary for cash-settled share-based payment arrangements in a group. The subsidiary that receives goods or services must account them no matter which entity settles the transaction and no matter whether the transaction is settled in shares or cash.

• Amendments to IFRS 1 "Additional Exemptions for First-time Adopters"

These amendments introduce new exemptions for entities using the full cost method from retrospective application of IFRS (oil and gas assets, leasing contracts) and applying IFRS for first-time.

• IAS 24 (Revised) "Related Party Disclosures"

This revised standard simplifies the disclosure requirements for entities controlled (or jointly controlled) or significantly influenced by the same government and clarifies the definition of a related party.

• IFRS 9 "Financial Instruments" (Phase 1: Classification and Measurement)

This standard, which represents the first step of the replacement of IAS 39, introduces new requirements for classifying and measuring financial assets. The classification and measurement of financial liabilities, impairment methodology for financial assets and hedge accounting will expand IFRS 9 in further steps.

Financial assets are required to be classified into three categories (amortised cost, fair value through profit or loss and fair value through other comprehensive income) depending on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

All debt instruments (loans, receivables and bonds) will be measured at amortised cost only if the objective of the entity (business model) is to collect the contractual cash flows and if these cash flows are only payments of principal and interest. All other debt instruments will be measured at fair value through profit or loss.

All equity instruments will be measured at fair value through profit or loss except in case of irrevocable election made at initial recognition for measurement at fair value through other comprehensive income (providing these financial assets are not held for trading purposes and not measured at fair value through profit or loss)

Embedded derivatives will not be recognised separately when their host contracts are financial assets and the hybrid instrument in its entirety will then be measured at fair value through profit or loss.

- **Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement"**

This amendment clarifies the circumstances in which an entity, subjected to minimum funding requirements, makes an early payment of contributions and can treat it as an asset.

- **IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"**

This interpretation provides for the debtor guidance on accounting treatment for the extinguishment of a financial liability by the issue of equity treatment. These equity instruments issued are measured at their fair value. The difference between the carrying value of the financial liability extinguished and the initial measurement amount of the equity instruments issued is included in profit or loss.

Note 2

Changes in consolidation scope

As at December 31, 2009, the Group's consolidation scope includes 888 companies:

- ***745*** fully consolidated companies;
- ***93*** proportionately consolidated companies;
- ***50*** 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, 2009, compared with the scope applicable for the account at December 31, 2008 are as follows:

- In the first half of 2009:
  - The Societe Generale Group sold SG Asset Management Group Ltd to GLG Partners, Inc.
  - Mobiasbanca joined Group's consolidation scope and is now fully consolidated. Societe Generale granted a put option to the minority shareholders on 8.84% of the company. In accordance with IAS 32, the Group accounted for this option as a liability.
  - The Societe Generale Group acquired an additional stake of 7.11% in Rosbank, bringing its interest rate to 64.68%.
  - The stake in Societe Generale de Banques au Burkina was increased by 6.45% compared to December 31, 2008 to reach 50.93%.
  - The Group consolidated by the equity method its partnership in the consumer finance activity with La Banque Postale. The Group's share in this subsidiary is 35%.
  - Societe Generale acquired the non-financial entity New Esporta Holding Ltd in a debt for equity swap. This company is fully consolidated since then.
  - Gaselys previously proportionately consolidated, is now consolidated by the equity method.
  - The put options granted by Societe Generale to the minority shareholders on 6.57% of Boursorama's shares expired without being exercised. The Societe Generale Group consequently cancelled the liability recognised until then in accordance with IAS 32.
  - Following a buy-out offer, the stake in La Marocaine Vie increased by 12.18% compared to December 31, 2008 to reach 85.93%.
  - The Global Commodities Finance Fund, Ltd, which is 100%-owned by the Group, was fully consolidated.
  - Societe Generale, through Boursorama, launched a new internet bank named Selfbank, which is 51%-owned by Boursorama.
- During the second half of 2009:
  - Amundi, the 25% held company resulting of the merger between Societe Generale Asset Management and Crédit Agricole Asset Management asset management activities, is consolidated by using the equity method. Assets and liabilities brought to Amundi were reclassified in *Non-current assets and liabilities held for sale* during the first half of 2009. Only assets that will be brought in 2010 remain classified in this category on December 31, 2009.

The net gain on sale related to this operation amounts to EUR 732 million.

- The Group decreased the stake in Groupama Bank by 20% following the exercise of a put option. This stake was reclassified as *Non-current assets held for sale* during the first half of 2009.
- The Group's stake in Geniki was increased by 1.65%, bringing its stake to 53.97% at the end of December 2009.
- The stake in Bank Republic was increased to 80%, i.e. a 20% increase compared to December 31, 2008 due to minority shareholders who have exercised their put options.
- The Societe Generale Group acquired the stake of 20% of Dexia in Crédit du Nord bringing its interest rate to 100%.
- The stake in Express Bank was increased by 1.74% compared to December 31, 2008 to reach 99.69%.
- The stake in BRD was increased by 0.83% compared to December 31, 2008 to reach 59.37%.
- The stake in Societe Generale de Banques au Burkina was increased by 0.26% compared to the first half of 2009 to reach 51.19%.
- The stake in La Marocaine Vie was increased by 0.04% compared to the first half of 2009 to reach 85.97%.
- The stake in Rosbank was increased by 0.65% compared to the first half of 2009 to reach 65.33% following the acquisition of treasury stock.
- Through SG Consumer Finance, the Group has fully consolidated the Family Credit individual financial services activities in India.

In application of IFRS 5 "*Non-current assets held for sale and discontinued operations*", the following items were classified in *Non-current assets and liabilities held for sale*:

- Assets and liabilities that will be sold to Amundi during 2010.
- IBK SGAM's assets and liabilities following the signing of an agreement with IBK.
- SG Cyprus's assets and liabilities following the project of transfer to SG Liban.

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 or loss", note 7 "Hedging derivatives", note 8 "Available-for-sale financial assets", note 9 "Due from banks", note 10 "Customer loans", note 12 "Lease financing and similar agreements", note 13 "Held-to-maturity financial assets", note 19 "Due to banks", note 20 "Customer deposits" and note 21 "Securitised debt payables".

In a second part, this section details the valuation methods used by the Group to establish the fair value of the financial instruments affected by the financial crisis.

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

1. Valuation methods

1.1. FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE BALANCE SHEET

For financial instruments recognised at fair value through profit or loss, fair value is determined primarily on the basis of the prices quoted in an active market. These prices might be adjusted if none are available on the balance sheet date or if the clearing value does not reflect transaction prices.

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

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for swaps or the Black & Scholes formula for certain options and using valuation parameters that reflect current market conditions as at the balance sheet date. Before being used, these valuation models are validated independently by the experts from the market risk department of the Group's Risk Division who also carry out subsequent consistency checks (back-testing). Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are subject to exhaustive monthly checks by specialists from the market risk department of the Group's Risk Division, and if necessary are supplemented by further reserves (such as bid-ask spreads and liquidity).

For information purposes, in the notes to the consolidated financial statements, financial instruments carried at fair value through profit or loss are classified using a fair value hierarchy that reflects the significance of the inputs used:

- Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 (L2): instruments valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 (L3): instruments valued using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Observable data must be: independent of the bank (non-bank data), available, publicly distributed, based on a narrow consensus and backed up by transaction prices.

For example, consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, theses consensus data are not observable data, that is the case for the implicit volatility used for the valuation of the derivative instruments such as more than seven years maturity option on shares. On the other hand, when the residual maturity of the instrument is less than seven years, its fair value becomes sensitive to observable parameters.

In the case of particular tensions on the markets, leading to a lack of usual reference data for the valuation of a financial instrument, the Risk Division may implement a new model in accordance with pertinent available data, similar to methods used by other market players. This was the case during the first half of the year 2008 for some American CDO (Collateralised Debt Obligations), CLO (Collateralised Loan Obligations), ABS (Asset Backed Securities), CMBS (Credit Commercial Mortgage Backed Securities) (see § 2 – Financial instruments affected by the financial crisis).

- **Shares and other variable income securities**

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

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

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

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

The fair value of these financial instruments is determined based on the quoted price on the balance sheet date or prices provided by brokers on the same date, when available. For unlisted financial instruments, fair value is determined by valuation techniques (see note 1 "Significant accounting principles"). Concerning liabilities measured at fair value, the on-balance sheet amounts include changes in the Group's issuer credit risk.

- **Other debt**

For listed financial instruments, fair value is taken as their closing quoted price on the balance sheet date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates (including counterparty risks, non-performance and liquidity risks).

1.2. FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE ON THE BALANCE SHEET

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

The fair values of financial instruments include accrued interest as applicable.

- **Loans, receivables and lease financing agreements**

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

The fair value of loans, receivables and lease financing transactions for retail banking customers, essentially comprised of individuals and small or medium-sized companies, is determined, in the absence of an actively-traded market for these loans, by discounting the associated expected cash flows to present value at the market rates in force on the balance sheet closing date for similar type of loans 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, assuming there is no significant changes in credit spreads on the concerned counterparties since they were recognised in the balance sheet.

- **Customer deposits**

The fair value of retail customer deposits, in the absence of an actively-traded market for these liabilities, is taken to be the same as the value of future cash flows discounted to present value at the market rates prevailing on the balance sheet closing date.

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

2. Financial instruments affected by the financial crisis

The year 2009 was affected by the continuation of the crisis involving all financial instruments related to the residential and commercial mortgage market in the United States.

Consequently, the Societe Generale Group was primarily affected by:

- its positions on super senior and senior tranches of RMBS CDOs (Collateralised Debt Obligations);
- its RMBS (Residential Mortgage Backed Securities) trading positions;
- its CMBS (Commercial Mortgage Backed Securities) trading positions;
- its exposure to counterparty risk on monoline insurers.

2.1. SUPER SENIOR AND SENIOR CDO TRANCHES OF RMBS

In the absence of observable transactions, the valuation of super senior and senior CDO tranches of RMBS was carried out using parameters that were neither observable nor quoted in an active market.

As and when observable data become available, the model results are compared and adjusted so as to converge. The Societe Generale Group's approach focuses on the valuation of individual mortgage pools underlying structured bonds, in order to estimate the fundamental value of RMBS bonds, and consequently of CDO tranches, using a prospective credit stress scenario, as opposed to a Marked-to-Market approach.

Four key variables are used to value mortgage pools: the probability of default, the loss in given default, the pre-payment speed and the timing of default. These key variables continued to be adjusted throughout 2009 to reflect changes in the economic environment, such as the delinquency and default rates, home price appreciation, and observed losses. Indeed, the Societe Generale Group increased its cumulative losses assumptions on the underlying loans, following a degradation of US residential mortgage market (acceleration of default rates, increase in the loss severity). Furthermore, in order to complete the valuation of CDO tranches, all non-RMBS positions were discounted based on their rating and type of asset.

As a reminder, additional discounts were performed so as to reflect the illiquidity of the relevant tranches. This liquidity add-on is defined as the additional loss caused by a 10% increase in cumulative loss assumptions in the credit scenario (e.g. from 15% to 16.5% on 2005 RMBS), completed, for 2006 and 2007 subprime loans, by an additional add-on resulting from an alignment to the ABX indices.

On December 31, 2009, gross exposure to super senior and senior US RMBS CDO tranches carried at fair value on the balance sheet, totalled EUR 1.6 billion (versus EUR 1.8 billion at December 31, 2008). Concerning this position, write-downs recorded in 2009 amounted to EUR 0.4 billion and negatively affected bonds and other debt instruments at fair value through profit or loss booked on the assets side of the consolidated balance sheet. On December 31, 2009, the net exposure to US RMBS CDO tranches was EUR 0.4 billion.

The sensitivity of fair value to cumulative loss rates was estimated at December 31, 2009 for unhedged US RMBS CDOs, based on a fixed variation, for each vintage, in the cumulative loss rates for these CDOs' super senior and senior tranches. A +10% rise in these cumulative loss rates (i.e. a change from 20% to 22%) would reduce the value of these tranches by EUR 76 million.

CUMULATIVE LOSSES RATES * ON SUBPRIME ASSETS (CALCULATED ON THE ORIGINAL AMOUNT)

	2004	2005	2006	2007
Assumptions for cumulative losses at the end of 2008	4.8%	12.1%	27.5%	29.7%
Assumptions for cumulative losses at the end of 2009	6.1%	16.5%	39.6%	49.5%

* *Including liquidity add-on.*

2.2. RMBS *(RESIDENTIAL MORTGAGE BACKED SECURITIES)*

For positions relative to bonds whose underlying is subprime risks on US residential mortgage exposure, it has become difficult to establish reliable prices on all securities individually ever since the second half of 2007.

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

Each RMBS bond was valued using the credit spread of its ABX reference index (same vintage, same rating). The valuation method includes the base (spread between cash instruments and derivative indices) as well as the liquidity aspect.

The subprime RMBS portfolio has been widely hedged through the acquisition of protection on ABX indices or sold. The residual exposure net of hedging, carried at fair value on the balance sheet totalled EUR 245 million[(1)] as at December 31, 2009.

2.3. CMBS *(COMMERCIAL MORTGAGE BACKED SECURITIES)*

In a similar way to RMBS, CMBS are valued using market parameters. Each CMBS US bond was valued using the credit spread of its CMBX reference index (same vintage, same rating). The valuation method includes the base (spread between cash instruments and derivative indices) as well as the liquidity aspect.

The CMBS portfolio has been widely hedged through the acquisition of protection on CMBX indexes or sold. As at December 31, 2009, the residual exposure net of hedging at fair value totalled EUR 176 million[(1)].

2.4. EXPOSURE TO COUNTERPARTY RISK ON MONOLINES

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

The tightening of the credit spreads as well as the commutations and disposals undertaken during the year 2009 on certain assets hedged by monolines resulted in a decrease in the fair value of the protection purchased from monolines.

However, counteracting this positive effect was the deterioration of the American residential market that led to the revision of the cumloss rates on US RMBS CDOs.

Consequently, the estimate of the amounts that may be due to the Societe Generale Group from monoline guarantees decreased from EUR 4.2 billion as at December 31, 2008 to EUR 3.9 billion as at December 31, 2009.

The Group continued its conservative approach maintaining a hedging rate (CDS + reserves) amounting to 77% of gross exposure at December 31, 2009.

In 2009, the value adjustments calculated for credit risk on monolines increased by EUR 0.2 billion for a total of EUR 2.3 billion (these figures exclude ACA and Bluepoint). This adjustment is calculated based on applying severe cumulative loss rates (up to 90% for the most poorly rated monoline insurers).

In 2009, the Group reviewed the methodology used to determine the value adjustment rate. The previously used fundamental ratings-based approach (provisioning rate being a function of the internal rating of the monoline) was complemented with the use of market indications (CDS spreads for a given monoline and expected recovery rates). These elements are used to derive an expected loss estimation and the appropriate impairment rate.

(1) Excluding Exotic credit derivative portfolio.

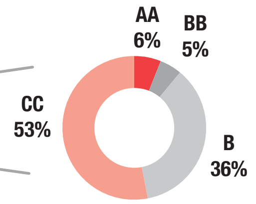
The impairment rate of each monoline is reviewed quarterly and adjusted when needed.

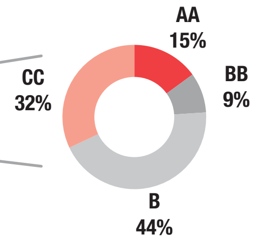
The Group's exposure to counterparty risk on monoline insurers can be broken down into three parts:

- exposure linked to CDO tranches of RMBS, for which our methodology and parameters applied are the same as for unhedged CDOs;
- exposure linked to non-RMBS CDO, CLO and the infrastructure finance, using a mark-to-stress methodology (maximum historical cumulative loss over five years for each asset class) and a liquidity reserve based on Marked-to-Market;
- exposure linked to other secured financial instruments measured at Marked-to-Market.

COUNTERPARTY RISK EXPOSURE TO MONOLINES (IMMEDIATE DEFAULT SCENARIO FOR ALL THE SOCIETE GENERALE GROUP COUNTERPARTY MONOLINE [(a)] INSURERS)

(In billions of euros)	Dec 31, 2008	Dec 31, 2009
Fair value of protection before value adjustments	4.2	3.9
Nominal amount of hedges purchased *	(0.9)	(0.7)
Fair value of protection net of hedges and before value adjustments	3.3	3.2
Value adjustments for credit risk on monolines (booked under protection)	(2.1)	(2.3)
Residual exposure to counterparty risk on monolines	1.2	0.9
Total fair value hedging rate	*73%*	*77%*





(a) Excluding defaulting counterparties: ACA from end-2007, Bluepoint as of September 30, 2008.

* The nominal amount of hedges purchased from bank counterparties had a EUR +345m Marked-to-Market impact as at December 31, 2009, which has been neutralised since 2008 in the income statement.

The rating used is the lowest issued by Moody's or S&P (as at December 31, 2009)
AA: Assured Guaranty
BB: Radian, Syncora Capital Assurance
B: MBIA
CC: Ambac, CIFG, FGIC

3. Sensitivity of fair value

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

To quantify this, sensitivity of fair value at December 31, 2009 was estimated on instruments whose valuation is based on unobservable parameters. This estimate was made:

- using a fixed 10% variation: this involves the Cumloss used to model the super senior and senior CDO tranches of US RMBS and the non-RMBS CDO (the Cumloss is the estimated loss rate per year of production of the underlying assets); for a 10% rise (e.g. from 25% to 27.5%), valuation would decrease by EUR 285 million, and, for a 10% drop, valuation would increase by EUR 328 million[(1)].

(1) The exposures taken into account in this calculation:
- *include the possible hedges on the bonds considered (CDS),*
- *include, where applicable, the provisions made on monoline CDS.*

- either using a standardised[(1)] variation of unobservable parameters.

Sensitivity to a standardised variation of the unobservable parameters – absolute value in millions of euros

Shares, other equity instruments and derivatives	
Equity instruments volatility	39
Dividends	8
Correlation	16
Mutual Funds volatility	22
Hedge Funds volatility	86
Bonds, other debt instruments and derivatives	
Correlations between exchange rates	9
Correlations between exchange and interest rates	6
Time to default correlation (CDO)	62
Correlation between exchange rates and time to default CDO)	0.3
Unobservable credit spreads (CDO)	17
Others	
Commodities correlations	6

It should be noted that, given the already conservative valuation levels (see 1.1 – Financial instruments carried at fair value on the balance sheet), the probability attached to this uncertainty is higher for a favourable impact on results than for an unfavourable impact.

Note 4

Risk management linked to financial instruments

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

The risks associated with Societe Generale's banking activities are the following:

- **Credit risk** (including country risk): risk of losses arising from the inability of the bank's customers, sovereign issuers or other counterparties to meet their financial commitments. Credit risk also includes the **counterparty risk** linked to market transactions, as well as that stemming from the bank's securitisation activities. In addition, credit risk may be further increased by a **concentration risk**, which arises either from large individual exposures to a given risk or to certain groups of counterparties.
- **Market risk**: risk of losses resulting from changes in the price of market products, in volatility and correlations.
- **Liquidity risk:** risk of the Group not being able to meet its obligations as they come due.
- **Structural interest and exchange rates risk:** risk of loss or of residual depreciation in the bank's assets arising from variations in interest or exchange rates. Structural interest and exchange rate risk arises from commercial activities and Corporate Centre transactions (operations concerning equity capital, investments and bond issues).

In the specific context of the financial crisis, the Group has strengthened its risk measurement and analysis practices by improving procedures and alert devices and by gathering modelling and portfolio analysis teams.

1. Organisation, procedures and methods

1.1. RISK MANAGEMENT STRATEGY

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

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

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

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

1.2. RISK MANAGEMENT GOVERNANCE, CONTROL AND ORGANISATION PRINCIPLES

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

- strong managerial involvement, throughout the entire organisation, from the Board of Directors down to operational field management teams;

(1) Meaning:
- *either the standard deviation of consensus prices used to assess the parameter (TOTEM…); or*
- *the standard deviation of historical data used to assess the parameter.*

- a tight framework of internal procedures and guidelines;
- continuous supervision by an independent body to monitor risks and to enforce rules and procedures.

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

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

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

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

The Board of Directors

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

The Audit, Internal Control and Risk Committee

Within the Board of Directors, the Audit, Internal Control and Risk Committee plays a crucial role in the assessment of the quality of the Group's internal control. More specifically it is responsible for examining the internal framework for risk monitoring to ensure consistency and compliance with existing procedures, laws and regulations. With the benefit of specific presentations made by the General Management, the Committee reviews the procedures for controlling market risks as well as the structural interest rate risk and is consulted about the setting of the related risk limits. It also issues an opinion on the Group's overall provisioning policy as well as on large specific provisions. Lastly, it examines the risk and control procedure assessment report which is submitted each year to the French Banking Commission (*Commission bancaire*).

The risk Committee

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

Risk Division

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

Accordingly, the Risk Division is responsible for:

- identifying the financial (credit and market risks) and operational risks borne by the Group;
- defining or validating risk analysis, assessment, approval and monitoring methods and procedures;
- assessing the risks incurred on transactions proposed by the Group's sales managers and analysing portfolios;
- ensuring the adequacy of information systems and risk assessment tools;
- anticipating levels of risk provisioning for the Group.

The new product Committee

Each department is responsible for submitting all new products and activities or products under development to the New Product Committee. The New Product Committee aims to ensure that, prior to the launch of a new activity or product, **all associated risks** are fully understood, measured, approved and subjected to adequate procedures and controls, using the appropriate information systems and processing chains.

The finance Division

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

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

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

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

2. Credit risk

2.1. RISK MANAGEMENT GENERAL PRINCIPLES

2.1.1. Risk approval and limits

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

The risk approval process is based on four core principles:

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

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

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

2.1.2. Counterparty risk management

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

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

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

In 2009, the Societe Generale Group continued the reinforced monitoring of the risk on financial counterparties that were significantly affected by the crisis.

2.2. RISK MEASUREMENT AND INTERNAL RATINGS

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

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

- the internal ratings models used to measure both counterparty risk (expressed as a probability of default by the borrower within one year) and transaction risk (expressed as the amount that would be lost should a borrower default) in accordance with the Basel II principles;

- a set of procedures defining guidelines for the use of ratings (scope, frequency of rating revision, procedure for approving ratings, etc.) and for the supervision, the back-testing and the validation of models;
- reliance on human judgment to look critically at model results.

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

As such, counterparty ratings are one of the criteria for determining the decision-making approval limits granted to operational staff and risk division.

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

2.3. CREDIT RISK EXPOSURE

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

(In millions of euros)	December 31, 2009	December 31, 2008
Financial assets measured at fair value through profit or loss (excluding variable income securities)	310,198	430,963
Hedging derivatives	5,561	6,246
Available-for-sale financial assets (excluding variable income securities)	78,668	71,261
Due from banks	67,655	71,192
Customers loans	344,543	354,613
Lease financing and similar agreements	28,856	28,512
Held-to-maturity financial assets	2,122	2,172
Exposure to balance sheet commitments, net of depreciation	**837,603**	**964,959**
Loans commitments granted	145,557	136,797
Guarantee commitments granted	62,460	64,325
Provisions for commitments granted and endorsements	(200)	(176)
Exposure to off-balance sheet commitments, net of depreciation	**207,817**	**200,946**
Total net exposure *	**1,045,420**	**1,165,905**

* *The unused portion of the loans is held in its entirety.*

2.4. CREDIT RISK MITIGATION

Minimising risk is an integral part of the commercial process. Protections may be purchased at the origination of the transaction or later if necessary, for the life of the loan until maturity.

• Guarantees and collateral

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

Besides, the Societe Generale Group has strengthened the guarantees and collaterals process and updating of their valuation (data collection of the guarantees and collateral, operational procedures).

The Societe Generale Group therefore proactively manages its guarantees with the aim of reducing the risks it takes by diversifying guarantees: physical collateral, guarantees (including CDS).

- **Credit derivatives**

The Group uses credit derivatives in the management of its corporate loan portfolio, essentially to reduce single name, sector and geographic concentrations, and to implement a proactive risk and capital management policy. The Group's overconcentration management policy has led it to take major individual hedging positions: for example, the ten most-hedged names account for 32% of the total amount of purchased individual protections.

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

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

2009 was marked by the tightening of credit spreads after the significant widening recorded in 2008. To limit the sensitivity of the hedging portfolio, measures to reduce positions were introduced. In 2009, the Credit Default Swap (CDS) portfolio decreased from EUR 28.2 billion to EUR 13.2 billion as at December 31, 2009.

Futhermore, the senior protection (synthetical Collateral Debt Obligations, CDO) purchased the previous years have been unwound.

The bank also has a credit derivatives trading activity (both buy and sell positions). The level of risk of this activity is measured in VaR.

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

- **Master netting agreements**

In order to reduce its credit risk exposure, the Societe Generale Group has signed a number of master netting agreements with various counterparties (ISDA contracts 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.

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 impairment (debt instruments, customer loans, due from banks, lease financing and similar agreements) can be broken as follows:

	December 31, 2009				December 31, 2008			
(Gross outstanding in billions of euros)	Debt instruments (1)	Customer loans (2)	Due from banks	Total	Debt instruments (1)	Customer loans (2)	Due from banks	Total
Outstanding performing assets	79.29	354.60	40.82	474.72	72.27	372.53	44.00	488.80
of which including past due amount		6.87	0.01	6.88		7.33	0.02	7.35
Impaired	0.70	23.73	0.38	24.81	0.23	14.67	0.24	15.14
Total gross outstanding loans	**79.99**	**378.33**	**41.21**	**499.53**	**72.51**	**387.20**	**44.24**	**503.95**
Other (impairment, repos, ...)	0.80	(4.93)	26.44	22.31	0.93	(4.07)	26.95	23.80
Total	**80.79**	**373.40**	**67.65**	**521.84**	**73.43**	**383.13**	**71.19**	**527.75**

(1) Available-for-sale and held-to-maturity assets.

(2) Including Lease Financing and similar agreements.

Performing loans including past due amounts account for 1.7% of unimpaired on-balance sheet assets and include loans that are past due for technical reasons.

The relative stability compared to the proportion observed on December 31, 2008 (1.8% of outstanding performing loans) results from a compensation between the increase of performing loans including past due amounts because of the deterioration of the economy and the decrease of such amounts following to restructurations and depreciations.

2.5.2. Information on risk concentration

The 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 at the time of granting of the loan. The counterparts representing the most important exposures of the bank are regularly reviewed by the General Management.

As at December 31, 2009, the Group's commitments (balance sheet and off-balance sheet) on its ten largest corporate[1] counterparties accounted for 5% of this portfolio.

Portfolio analysis, globally and also in terms of geographic regions and industry sectors, are performed and are periodically presented to the General Management.

As at December 31, 2009, only one sector accounts for more than 10% of the Group corporate portfolio on and off-balance sheet assets standing for EUR 280 billion exposure at default[2].

As at December 31, 2009, the five main sectors were Financial Activities (18%), Business Services (8%), Real Estate (8%), Wholesale trade (8%) and Transport, Postal Services and Logistics (8%) and expressed as a percentage of Corporate on and off-balance sheet assets measured as exposure at default.

As at December 31, 2008, the five main sectors were Financial Activities (20%), Business Services (8%), Transport, Postal Services and Logistics (7%), Real Estate (7%), Utilities (7%) and expressed as a percentage of Corporate on and off-balance sheet assets measured as exposure at default.

As at December 31, 2009, on-balance sheet and off-balance sheet loans commitments are divided between the following main four geographic regions: France, Western Europe and Eastern Europe within the EU, Northern America, and Africa, Near and Middle East (representing 43%, 31%, 12% and 4% of the on and off-balance sheet commitments exposure at default standing for EUR 664 billion).

As at December 31, 2008, the four main regions were France, Western Europe and Eastern Europe within the EU, Northern America, Central and Eastern Europe (respectively 41%, 25%, 13% and 11%, respectively, of the on and off-balance sheet EAD standing for EUR 700 billion).

2.5.3. Breakdown of unimpaired past due loans

As at December 31, 2009. unimpaired past due loans accounted for 1.7% of the on-balance sheet portfolio of performing loans, against 1.8% at December 31, 2008. They can be broken down as follows:

	December 31, 2009			December 31, 2008		
(Gross outstanding loans in billions of euros)	Customers	Banks	% of Gross outstanding loans	Customers	Banks	% of Gross outstanding loans
Past due amounts less than 90 days old	6.36	0.01	92.6%	6.9	0.01	94.1%
Included less than 29 days old	*3.91*	*-*	*57.0%*	*5.05*	*0.01*	*69.0%*
Past due amounts between 90 and 179 days old	0.38	-	5.5%	0.3	-	4.1%
Past due amounts over 180 days old	0.13	-	1.9%	0.13	-	1.8%
TOTAL	**6.87**	**0.01**		**7.33**	**0.01**	

(1) Corporate according to the Basel II definition includes insurances companies, hedge fund as well as small and medium companies and specialised financial services.

(2) Exposure at Default (EAD) adds the portion of loans drawn and converts off-balance sheet commitments using average credit conversion factor to calculate the exposure recorded in the balance sheet at the moment of the counterparty's default.

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 on account of a delay between the accounting in the customer account and the payment value date.

Total unimpaired past due loans declared are all receivables (outstanding balance, interests and past due amount) with at least one recognised past due amount, regardless of its size (an oustanding debt with a past due of one euro would thus be included). These outstanding loans are monitored as soon as the first payment is missed and can be placed on a watch list at that time as of then.

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

2.5.4. Renegotiated outstanding loans

Within the Societe Generale Group, renegotiated outstanding loans relate to loans made to any type of customer (retail clients and legal entities). These loans have been restructured (in terms of principal and/or interest rates and/or maturities) on the grounds of the likelihood of the counterparty being unable to pay.

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

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

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

The renegotiated outstanding loans during the year 2009 amount EUR 163 million (EUR 50 million in 2008).

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

Guarantees and collateral relating to past due, unimpaired outstanding loans and impaired outstanding loans can be broken down as follows:

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

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 and pledge over unlisted securities, for instance, are not included in these amounts.

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

2.6. IMPAIRMENT ANALYSIS

2.6.1. Individual provisions for credit risk

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

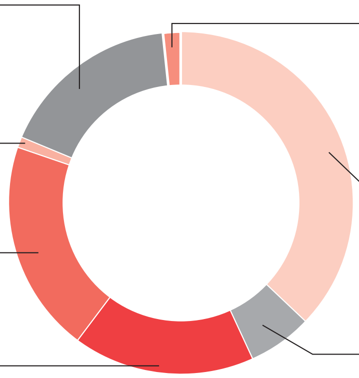
A counterparty is deemed to be in default when at least one of the three following conditions is verified:

- a significant financial degradation of the borrower prevents it from fulfilling its overall commitments (credit obligations) hence a risk of loss to the bank; and/or
- one or several past due of more than 90 days are recorded and/or an out of court settlement procedure is initiated, (with the exception of certain asset categories, such as loans to local authorities); and/or
- a legal proceeding such as a bankruptcy, legal settlement or compulsory liquidation is in progress.

Sovereign issuers are deemed to be in default when the debt service is no longer paid or where an exchange offer is proposed, involving a loss in value for the creditors.

As at December 31, 2009, impaired outstanding loans stood at EUR 24.2 billion (EUR 14.9 billion at December 31, 2008), including EUR 3.6 billion on assets that were reclassified in 2008.

As at December 31, 2009, the breakdown of impaired outstanding assets is as follows:



As at December 31, 2008, the impaired outstanding loans can be broken down as follow: 43% France, 21% Western Europe and Eastern Europe EU, 18% Central and Eastern Europe excluding EU, 10% Africa, Near and Middle East, 4% Northern America, 2% Latin America and Caribbean, 2% Asia Pacific.

• 2.6.2. Depreciation on groups of homogeneous assets

Depreciations on groups of homogeneous assets are collective depreciations booked:

- for groups of receivables which are homogeneous in terms of sensitivity to risk factors (list of counterparties in financial difficulties, identified as sensitive);
- for portfolio segment which have suffered an impairment in value following a deterioration in risk (country or sector risk).

These provisions are calculated on the basis of observed historical losses, adjusted to reflect any relevant current economic conditions, and regular analyses of the portfolio by industrial sector, country or counterparty type. They are reviewed quarterly by the Risk division.

As at December 31, 2009, provisions on groups of homogeneous assets amounted to EUR 1,181 million; it totalled EUR 1,070 million at December 31, 2008.

• 2.6.3. Depreciation

Impairment on assets are broken down as follows:

(In millions of euros)	Amount at December 31, 2008	Net allocations to provisions for impairment	Reversal used	Currency and scope effects	Amount at December 31, 2009
Specific impairments (Bank loan + Customer loan + lease financing)	8,293	4,994	(1,359)	(280)	11,648
Impairments on groups of similar assets	1,070	138	-	(27)	1,181
Assets available-for-sales, fixed income instruments	192	238	-	-	430
Others	1,608	1,545	(36)	256	3,373
Total	**11,163**	**6,915**	**(1,395)**	**(51)**	**16,632**

3. Market risks

Market risk is the risk of losses resulting from unfavourable changes in market parameters. It concerns all the trading book transactions as well as some of the banking book portfolio valued through the Marked-to-Market approach.

3.1. MARKET RISK MANAGEMENT STRUCTURE

Although the front-office managers naturally assume primary responsibility in terms of risk exposure, risk global management relies on an independent structure: the Market Risk Department of the Risk Division. The Department's key mission is to continually monitor, independently from front office, the positions and risks generated by the Group's market activities, and to compare these positions and risks to authorised limits.

It carries out the following tasks:

- daily analysis (independently from the front office) of the exposure and risks incurred by the Group's market activities and comparison of those exposure and risks to approved limits;

- definition of risk-measurement methods and control procedures, approval of valuation models used to calculate risks and results and setting of provisions for market risks (reserves and adjustments to earnings);
- definition of the functionalities of the databases and systems used to assess market risks;
- approval of the limit applications submitted by the operating divisions, within the global authorisation limits set by the General Management, and monitoring of their use;
- centralisation, consolidation and reporting of the Group's market risks;
- proposals to the Group Risk Committee of the levels of authorised risk by type of activity.

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

Within each entity that incurs market risk, risk managers are appointed to implement Level 1 risk controls. The main tasks of these managers, carried out independently from front office, 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.

A daily report on the use of VaR limits, Stress Tests and general sensitivity to interest rates compared to the limits set out at Group level is submitted to General Management and the managers of the business lines, in addition to a monthly report which summarises key events in the area of market risk management and specifies the use of the limits set by General Management and the Board of Directors.

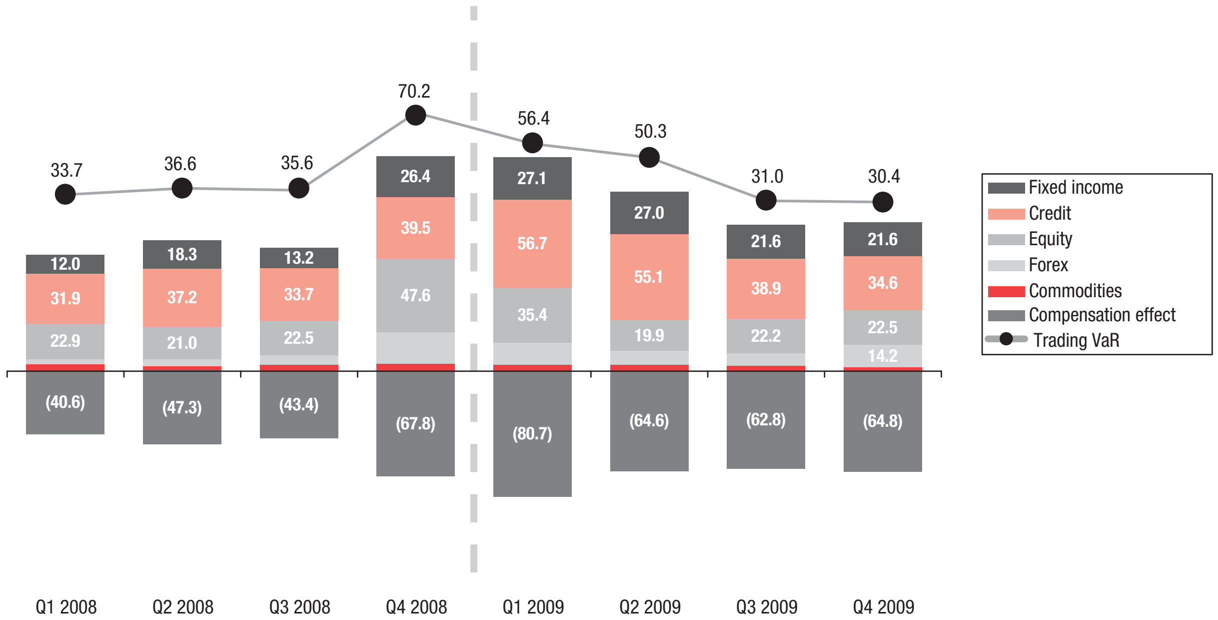
3.2. METHODS FOR MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

The Group's market risk assessment and the sensitivity analysis of these risks are based on three main indicators, which are used to define exposure limits:

- the 99% Value-at-Risk (VaR) method: in accordance with the regulatory internal model, this composite indicator is used for the day-to-day monitoring of the market risks incurred by the bank, notably on the scope of its trading activities;
- a Stress Test measurement, based on a decennial shock-type indicator Stress Test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary limits (sensitivity, nominal, concentration or holding period, etc.), which ensure consistency between the total risk limits and the operational limits used by the front office. These limits also allow for control of risks that are only partially detected by VaR or Stress Test measurements.

BREAKDOWN OF TRADING VAR BY TYPE OF RISK

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



• 3.2.1. Average VaR

The average VaR amounts to EUR 42 million for year 2009 against a yearly average of EUR 44 million in 2008.

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

The decrease observed until the third quarter results from a reduction of the exposures, mainly on equity (cash and derivatives), as well as from a diversification of equity and credit positions generating a high compensation level on the rest of the year.

During the fourth quarter 2009, the exit of very volatile scenarii due to the financial crisis affecting the last quarter 2008 has maintained a low level of VaR despite the entry of new scenarii (Dubai and Greece).

• 3.2.2. VaR calculation method

The method was introduced at the end of 1996 and the Internal VaR Model has been approved by the regulator in order to calculate Regulatory Capital requirements.

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

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

The 99% Value-at-Risk is the largest loss that would occur once eliminated the top 1% of most unfavourable occurrences over one year. It corresponds to the average of the second and third largest losses.

• 3.2.3. Methodological limitations of the VaR assessment

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

- the use of "1-day" shocks assumes that all positions can be unwound or hedged within one day, which is not the case for certain products and crisis situations;
- the use of the 99% confidence interval does not take into account 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 computed using closing prices, so intra-day fluctuations are not taken into account;
- there are a number of approximations in the VaR calculation. For example, benchmark indices are used sometimes instead of risk factors and, in the case of some activities, not all of the relevant risk factors are taken into account, due to occasional difficulties in obtaining daily data.

The Group controls these limits by:

- systematically assessing the relevance of the model through a "back-testing" which to verifies if the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval;
- complementing the VaR assessment with Stress Test measurements.

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

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

3.2.4. Stress Test assessment

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

A Stress Test estimates the loss resulting from an extreme change in market parameters over a period corresponding to the time required to unwind or hedge the positions concerned (5 to 20 days for most trading positions).

The Stress Test risk assessment is based on 19 historical scenarii and 7 hypothetical scenarii, including the "Societe Generale Hypothetical Financial Crisis Scenario", derived from the events that occurred in 2008. Alongside the VaR model, the set of Stress Tests is one of the main pillars of our risk management system. It is based on the following principles:

- risks are calculated daily for each of the bank's market activities (all products combined), using the 19 historical scenarii and 7 hypothetical scenarii;
- stress test limits are established for the Group's activity as a whole and then for the different business lines. They reflect the most unfavourable result arising from the 26 historic and hypothetical scenarii;
- the different Stress Test scenarii are reviewed and expanded by the Risk Division on a regular basis, in conjunction with the Group's teams of economists and specialists.

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

3.2.5. Historical Stress Tests

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

3.2.6. Hypothetical Stress Tests

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

4. Structural interest rate and exchange rate risks

Structural exposure to interest rate risks encompasses all exposures due to the commercial activities and their hedging and the proprietary transactions of the Group's consolidated entities.

The interest rate and exchange rate risks linked to trading activities are excluded from the structural risk measurement scope as they belong to the category of market risks. The structural and market exposures constitute the overall interest rate and exchange rate exposure of the Group.

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

Wherever possible, commercial transactions are hedged against interest rate and exchange rate risks, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within a treasury department). Interest rate and exchange rate risks linked to proprietary transactions must also be hedged as far as possible excepted for some foreign exchange positions kept to immunise its Tier 1 ratio.

4.1. ORGANISATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The principles and standards for managing these risks are defined at the Group level. The entities are first and foremost responsible for managing these risks. The Balance Sheet Management Department, which is part of the Group Finance Division, conducts Level 2 controls of the entities' structural risk management.

- The Group Finance Committee, a General Management body:
  - validates the structural risk monitoring, management and supervision system,
  - reviews changes to the Group's structural risks through consolidated reporting by the Finance Division.
- The Balance Sheet Management Department, which is part of the Finance Division, is responsible for:
  - identifying the structural risks (interest rate, exchange rate and liquidity risks) of the Group,
  - defining the methods and procedures for analysing, measuring and monitoring risks,
  - validating the models and methods used by the entities,
  - proposing risk limits,
  - consolidating and reporting on structural risks.
- The operating entities are responsible for controlling structural risks.

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

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

Retail banking entities both in France and abroad generally have an ad-hoc ALM (Asset Liability Management) Committee responsible for validating the models used, managing their exposures to interest rate and exchange rate risks and implementing the hedging programmes in line with the principles set out by the Group and the limits validated by the Finance Committee.

4.2. STRUCTURAL INTEREST RATE RISK

Structural interest rate risk is measured within the scope of structural activities (transactions with clients, the associated hedging operations and proprietary transactions).

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

4.2.1. Objective of the Group

The Group's main aim is to reduce each Group entity's exposure to structural interest rate risk as much as possible.

To this end, any residual interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. The sensitivity is defined as the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficits) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit set at Group level is EUR 500 million, representing an amount equal to 1.2% of its risk-based capital.

4.2.2. Measurement and monitoring of structural interest rate risks

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

Assets and liabilities are analysed independently, without any a priori matching. The maturities of outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models based on historic clients' behaviour patterns (particularly for regulated savings accounts, early loan repayments, etc.), as well as conventional assumptions relating to certain balance sheet items (principally shareholders' equity and sight deposits).

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

In addition to this analysis, the Group also analyses the sensitivity to different yield curve configurations of the fixed rate position (steepening and flattening of the yield curve). The measurement of the net interest income sensitivity is also used by the Group to quantify the structural interest rate risk of significant entities.

Throughout 2009, the Group's global sensitivity to interest rate risk remained below 1% of Group risk-based capital and within the EUR 500 million limit.

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

- within the French retail networks, the outstanding amounts of customers' deposits, generally considered to be fixed-rate, exceed fixed-rate loans for maturities over than 6 years. Indeed, thanks to macro-hedging essentially through the use of interest rate swaps and caps, the French retail networks' (Societe Generale and Crédit du Nord) sensitivity to interest rate risk (on the basis of the adopted scenarii) has been kept to a low level. At end-December 2009, the sensitivity of the French retail networks' economic value, based on their euro-denominated assets and liabilities, was EUR - 33 million;
- transactions with large companies are generally micro-hedged and therefore present no residual interest rate risk;
- transactions with clients of the Specialised Financial Services subsidiaries are generally macro-hedged and therefore present only a very low interest rate risk;
- clients' transactions for our subsidiaries and branches located in countries with weak currencies can generate structural interest rate risk, which remains limited at the Group level. These entities may have problems to optimally hedge interest rate risk due to the low development of the financial markets in some countries;
- proprietary transactions are generally well hedged. Residual positions are limited and arise primarily from shareholders' equity that has not been fully reinvested on expected maturities.

Sensitivity to interest rate variations of the main entities of the Group represented EUR -77 million on December 31, 2009 (for a 1% parallel and instantaneous rise of the yield curve). These entities account for 82% of the Group's credits oustanding.

(In millions of euros)

Less than one year	between 1 and 7 years	More than 7 years	**Total sensitivity**
26	(196)	93	**(77)**

4.3. STRUCTURAL EXCHANGE RATE RISK

Structural exchange rate risk is mainly caused by:

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

4.3.1. Objective of the Group

The Group's policy is to immunise its solvency ratio against fluctuations in currencies in which it has significant balance sheet positions (USD, CZK, GBP, JPY, etc.). To do this, it may decide to purchase currencies to finance long-term foreign currency-denominated investments, thus creating structural foreign exchange positions. Any valuation differences of these structural positions are subsequently booked as conversion reserves.

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

4.3.2. Measurement and monitoring of structural exchange rate risks

The Group quantifies its exposure to structural exchange rate risks by analysing all assets and liabilities denominated in foreign currencies, arising from commercial operations and proprietary transactions.

The Balance Sheet Management Department monitors structural exchange rate positions and manages the immunisation of the solvency ratio to exchange rate fluctuations.

In 2009, the Group successfully neutralised the sensitivity of its solvency ratio to fluctuations in strong currencies by monitoring the structural positions in these currencies (the sensitivity of the solvency ratio is limited to a 5bp variation in case of a 10% variation in the exchange rate of one of the main currencies).

4.4. HEDGING INTEREST RATE AND EXCHANGE RATE RISK

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

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

- **Fair value hedging**

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

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

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

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

- **Cash flow hedging**

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

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

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

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

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

At December 31, 2009 Remaining term *(In millions of euros)*	**Up to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Floating cash flow hedged	110	252	576	22	960
Highly probable forecast transactions	3	38	91	145	277
Others			136		136
Total	**113**	**290**	**803**	**167**	**1.373**

At December 31, 2008 Remaining term *(In millions of euros)*	**Up to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Floating cash flow hedged	122	140	454	36	752
Highly probable forecast transactions	46	272	83	36	437
Total	**168**	**412**	**537**	**72**	**1,189**

- **Hedging of a net investment in a foreign company**

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

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

5. Liquidity risk

Liquidity risk is defined as the risk of not being able to meet cash flow or collateral requirements when they fall due and at a reasonable price.

A structural liquidity position is defined as resulting from the maturities of all balance sheet or off-balance sheet outstanding positions, according to their liquidity profile, determined either based on the contractual maturity of the transactions, or, for non-maturing products, based on a maturity modelled using historic client behaviour or a conventional maturity.

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

5.1. ORGANISATION OF LIQUIDITY RISK MANAGEMENT

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

- The Group Finance Committee, chaired by the General Management and composed of members of the Executive Committee and Finance Department:
  - validates the organisation principles and monitoring of the Group's liquidity risk;
  - examines the reports on liquidity risk provided by the Balance Sheet Management Department;
  - reviews the liquidity crisis scenarii and the limit system;
  - validates the Group's funding programmes.
- The Group's Executive Committee:
  - validates the internal liquidity pricing policy.
- The Balance Sheet Management Department, which is part of the Group Finance Division:
  - defines the standards for liquidity risk management;
  - validates the models used by the entities;
  - centralises, consolidates and reports on liquidity risk exposure, and carries out Level 2 controls (independently of the operating divisions supervising the entities);
  - validates the liquidity crisis scenarii;
  - plans the Group's funding programmes;
  - proposes the internal liquidity pricing policy.
- The Treasury Department of the Corporate and Investment Banking Division is responsible for managing short-term liquidity (less than one year), within the limits defined by the Finance Committee. The liquidity stress scenarii are implemented in collaboration with the Balance Sheet Management Department.
- The operating entities are responsible for managing their own liquidity risk.

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

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

5.2. OBJECTIVE OF THE GROUP

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

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

- as far as possible, central management of liquidity by transferring the liquidity positions of the entities (liquidity surpluses and requirements) to the Group's treasury departments;
- central management of market resources using the access to the markets of the Group's main treasury departments (Paris, New York, London, Tokyo, Hong Kong, Singapore, etc.);
- diversification of sources of funding, both in terms of geographic regions and activity sectors;
- optimised management of resources by limiting the number of issuers within the Group (Societe Generale, SG Acceptance NV, SG North America, Societe Generale SCF….);

- management of short-term liquidity in accordance with the regulatory framework, and within the scope of the Group's main treasury departments, with the use of internal stress scenarii.

5.3. MEASUREMENT AND MONITORING OF LIQUIDITY RISK

The Group's liquidity management framework comprises the following processes:

- an assessment of the Group's structural liquidity profile and its development over time;

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

The breakdown of liabilities and contractual commitments by maturity are disclosed in Note 31.

Medium- and long-term issues featuring a clause providing for early repayment options to the issuer are included in the repayment timetables at their first call date for subordinated issues and at their contractual maturity for structured issues (specific monitoring is applied to the amounts repaid for these issues).

- monitoring of the diversification of funding sources:

Societe Generale maintains a broadly diversified range of funding sources, firstly including a large base of customer deposits that represents a large share of its medium-term resources, and secondly market resources.

For its deposit base, the Group relies on inflows from Retail Banking Networks (France and abroad) and Private Banking structure.

For its medium- and long-term market resources, the Group operates a diversified funding policy relying on various types of debt and forms of issue, currencies and investor pools.

In 2009, the Group was able to refinance the roll over of its debt maturing during the year as well as the growth of its businesses, thanks to an active and diversified funding programme on the capital markets (issues of vanilla and structured private placements, senior and subordinate benchmark issues), and thanks to additional deposit inflows and the contribution of the SFEF (*Société de Financement de l'Economie Française*) under the French Government's economic stimulus plan.

The Group monitors the risk of the early repayment of its medium- and long-term debt instruments:

- the Group's medium- and long-term issue programmes feature no clauses that could generate an early repayment risk linked to a decline in the Group's credit quality;
- the proportion of medium- and long-term issues featuring a clause providing for early repayment options to investors is limited (less than EUR 1.5 billion).

- an assessment of the Group's funding needs on the basis of budget forecasts in order to plan appropriate funding solutions;
- an analysis of liquidity risk exposure using liquidity crisis scenarii;
- close monitoring of long-term liquidity.

A long-term funding plan aims to keep a medium- and long-term surplus liquidity gap.

The issue policy aims to execute the funding plan in a regular and non-opportunistic way.

- conservative short-term liquidity management.

The Treasury Department of the Corporate and Investment Banking division, which manages by delegation the Group's short-term liquidity, monitors its liquidity gap in stress scenarii taking into account assets eligible for central bank refinancing operations.

A weekly liquidity committee meeting, chaired by the Chief Financial Officer and attended by the Chief Risk Officer, the Head and Treasurer of SGCIB and the Head of the Balance Sheet Management Department, assesses the Bank's short-term liquidity position and makes management decisions according to the market environment by delegation from the Finance Committee.

- active management of eligible assets.

The Group works to optimise the management of the pool of assets eligible for the various refinancing mechanisms (central bank refinancing operations, Société de Crédit Foncier, securitisations, etc.) using a centralised application that creates an inventory of saleable assets to allow an optimum allocation and secure management of these asset pools.

The regulatory one-month liquidity ratio is calculated on a monthly basis, and concerns Societe Generale Company (which comprises the head office in mainland France and its branches). In 2009, Societe Generale systematically maintained a ratio above the required regulatory minimum.

6. Capital management and compliance with regulatory ratios

6.1. QUALITATIVE INFORMATION

- **Description of the approach to capital management**

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

To this end, the Societe Generale Group establishes a capital objective based on a combination of factors specific to the Group (target rating, business mix, risk profile and Group strategy) and external factors (competitors' level of shareholders' equity, market expectations, minimum capitalisation expected by the market authorities). The capital is also sized to cover extreme losses calculated through global stress tests taking into account the whole risk profile of the Group and allowing the measurement of its resistance to macroeconomic crisis scenarii.

Financial planning is used to maintain this objective: it simulates the balance of resources in relation to capital requirements and capital transactions (share issues, buybacks). Capital management is monitored through data collected at least every quarter within the framework of the Group budget and strategic plan.

- **Compliance with ratios**

The solvency ratio (Basel II solvency ratio) complies with the calculation methods established by the French Banking Commission (*Commission bancaire*). This ratio is based on the Group's consolidated banking activities, thus eliminating the contributions of the insurance entities.

Prudential capital is comprised of the following: Tier 1 capital, upper Tier 2 capital and lower Tier 2 capital is calculated in accordance with Regulation No. 90-02 relating to capital. Supplementary capital (Tier 2) is taken into account only within the limit of 100% of Tier One capital. Furthermore, additional Tier 2 capital may not exceed the limit of 50% of Tier 1 capital. Hybrid equity instruments (both innovative and non-innovative) are limited to 35% of the consolidated bank's Tier 1 capital, innovative hybrid equity instruments being subject to stringent conditions and limited to a maximum of 15% of this Tier 1 capital.

As a reminder, Regulation No. 95-02 relating to prudential monitoring of market risks allows for another type of additional capital (ancillary capital) in the form of subordinated securities with an initial maturity greater than or equal to two years. Societe Generale does not use this option.

The solvency ratio represents the level of capital in reserve on a permanent basis, in order to cover all the risks to which the Societe Generale Group is exposed. The minimum level of capital required is 8% of risks expressed in risk-weighted assets for credit risks and in capital requirements multiplied by 12.5 for market risks and operational risks, calculated using internal models for which Societe Generale obtained authorisation from the French Banking Commission (*Commission bancaire*) in 2007.

Basel II introduced new deductions to be made 50% from Tier 1 capital and 50% from Tier 2 capital (equity holdings in financial institutions, negative amount resulting from the difference between provisions and expected losses, securitisation positions, etc.).

In 2009, the Societe Generale Group complied with all of the prudential ratios applicable to its activities. The Societe Generale Group also applies CRBF Regulation No. 2005-04 relating to "additional monitoring of financial conglomerates".

6.2. QUANTITATIVE DATA

At the end of 2009, the total risk-based capital was EUR 41,996 million.

Prudential capital – Basel II *(In millions of euros)*	**December 31, 2009**	**December 31, 2008**
Group shareholders' equity	42,204	36,085
Estimated and forecast dividends	(392)	(843)
Minority interests including preference shares	4,634	4,802
Estimated and forecast minority interest dividends	(250)	(329)
Prudential adjustments	(9,239)	(7,994)
Tier 1 capital	**36,957**	**31,721**
Basel II deductions	(2,264)	(1,398)
Total Tier 1 capital	**34,693**	**30,323**
Tier 2 capital	12,974	14,280
Other deductions	(5,671)	(4,370)
Total risk-based capital	**41,996**	**40,234**

Note 5

Cash, due from central banks

(In millions of euros)	December 31, 2009	December 31, 2008
Cash	2,476	2,518
Due from central banks	11,918	11,227
Total	**14,394**	**13,745**

Note 6

Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss

	December 31, 2009				December 31, 2008 **			
(In millions of euros)	Level 1 valuation *	Level 2 valuation *	Level 3 valuation *	Total	Level 1 valuation *	Level 2 valuation *	Level 3 valuation *	Total
Trading portfolio								
Treasury notes and similar securities	38,314	3,721	-	42,035	30,455	1,135	-	31,590
Bonds and other debt securities	13,262	12,992	6,844	33,098	13,000	24,124	8,343	45,467
Shares and other equity securities(1)	62,269	10,795	14	73,078	31,537	10,366	372	42,275
Other financial assets	2	44,951	35	44,988	44	30,790	-	30,834
Sub-total trading portfolio	**113,847**	**72,459**	**6,893**	**193,199**	**75,036**	**66,415**	**8,715**	**150,166**
o/w securities on loan				*7,804*				*2,446*
Financial assets measured using fair value option through P&L								
Treasury notes and similar securities	143	239	-	382	162	565	-	727
Bonds and other debt securities	5,745	377	17	6,139	5,303	526	-	5,829
Shares and other equity securities (1)	15,050	1,726	105	16,881	13,414	1,763	-	15,177
Other financial assets	90	5,781	466	6,337	109	4,385	272	4,766
Sub-total of financial assets measured using fair value option through P&L	**21,028**	**8,123**	**588**	**29,739**	**18,988**	**7,239**	**272**	**26,499**
o/w securities on loan				-				-
Interest rate instruments **	**32**	**97,579**	**1,537**	**99,148**	**724**	**130,655**	**1,576**	**132,955**
Firm instruments								
Swaps				75,857				106,481
FRA				479				1,225
Options								
Options on organised markets				2				155
OTC options				15,378				18,817
Caps, floors, collars				7,432				6,277
Foreign exchange instruments	**210**	**23,159**	**53**	**23,422**	**825**	**38,083**	**104**	**39,012**
Firm instruments				*19,374*				*33,023*
Options				*4,048*				*5,989*
Equity and index instruments	**1,019**	**18,671**	**1,638**	**21,328**	**1,083**	**41,344**	**2,740**	**45,167**
Firm instruments				*1,651*				*8,591*
Options				*19,677*				*36,576*
Commodity instruments	**360**	**11,424**	**365**	**12,149**	**2,158**	**21,792**	**101**	**24,051**
Firm instruments-Futures				*9,468*				*18,068*
Options				*2,681*				*5,983*
Credit derivatives	**-**	**16,059**	**4,728**	**20,787**	**-**	**63,375**	**6,546**	**69,921**
Other forward financial instruments	**123**	**24**	**238**	**385**	**284**	**91**	**269**	**644**
On organised markets				*65*				*242*
OTC				*320*				*402*
Sub-total trading derivatives	**1,744**	**166,916**	**8,559**	**177,219**	**5,074**	**295,340**	**11,336**	**311,750**
Total financial instruments at fair value through P&L	**136,619**	**247,498**	**16,040**	**400,157**	**99,098**	**368,994**	**20,323**	**488,415**

(1) Including UCITS.

* *See note 3 for valuation level definitions.*

** *Amounts reclassified with respect to the published financial statements: EUR 6,090 million have been reclassified from Level 3 to Level 2 following a correction of presentation as at December 31, 2008.*

Financial liabilities at fair value through profit or loss

(In millions of euros)	December 31, 2009 Level 1 valuation *	Level 2 valuation *	Level 3 valuation *	Total	December 31, 2008 ** Level 1 valuation *	Level 2 valuation *	Level 3 valuation *	Total
Trading portfolio								
Securitised debt payables	-	17,527	16,592	34,119	-	15,093	18,133	33,226
Amounts payable on borrowed securities	64	37,181	11	37,256	20	21,015	374	21,409
Bonds and other debt instruments sold short	4,082	708	-	4,790	1,377	187	-	1,564
Shares and other equity instruments sold short	2,948	37	2	2,987	2,966	1	-	2,967
Other financial liabilities	-	37,022	44	37,066	-	41,080	531	41,611
Sub-total trading portfolio (2)	**7,094**	**92,475**	**16,649**	**116,218**	**4,363**	**77,376**	**19,038**	**100,777**
Interest rate instruments **	**25**	**93,974**	**4,072**	**98,071**	**165**	**129,403**	**3,440**	**133,008**
Firm instruments								
Swaps				74,002				104,604
FRA				473				1,105
Options								
Options on organised markets				35				175
OTC options				15,020				19,575
Caps, floors, collars				8,541				7,549
Foreign exchange instruments	**215**	**22,095**	**16**	**22,326**	**651**	**37,137**	**26**	**37,814**
Firm instruments				*18,425*				*32,591*
Options				*3,901*				*5,223*
Equity and index instruments	**936**	**22,731**	**1,775**	**25,442**	**485**	**42,959**	**3,074**	**46,518**
Firm instruments				*2,009*				*9,093*
Options				*23,433*				*37,425*
Commodity instruments	**570**	**10,401**	**1,186**	**12,157**	**2,231**	**19,841**	**429**	**22,501**
Firm instruments-Futures				*9,516*				*16,720*
Options				*2,641*				*5,781*
Credit derivatives	**-**	**15,410**	**1,638**	**17,048**	**-**	**57,981**	**1,966**	**59,947**
Other forward financial instruments	**55**	**1,505**	**1**	**1,561**	**107**	**2,832**	**1**	**2,940**
On organised markets				*20*				*44*
OTC				*1,541*				*2,896*
Sub-total trading derivatives	**1,801**	**166,116**	**8,688**	**176,605**	**3,639**	**290,153**	**8,936**	**302,728**
Sub-total of financial liabilities measured using fair value option through P&L (2) (3)	**789**	**7,788**	**1,353**	**9,930**	**816**	**8,478**	**1,457**	**10,751**
Total financial instruments at fair value through P&L	**9,684**	**266,379**	**26,690**	**302,753**	**8,818**	**376,007**	**29,431**	**414,256**

* *See note 3 for valuation level definitions.*

** *Amounts reclassified with respect to the published financial statements, of which EUR 6,090 million have been reclassified from Level 3 to Level 2 following a correction of presentation as at December 31, 2008.*

Financial liabilities measured using fair value option through profit or loss

(In millions of euros)	December 31, 2009 Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	December 31, 2008 Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity
Total of financial liabilities measured using fair value option through P&L (2) (3)	**9,930**	**10,628**	**(698)**	**10,751**	**11,584**	**(833)**

(2) The variation in fair value attributable to the Group's own credit risk is an expense of EUR 720 million as at December 31, 2009.

(3) Mainly indexed EMTNs.

Variation on financial assets at fair value through profit or loss which valuation is not based on market data (Level 3 *)

	Trading portfolio			Financial assets measured using fair value option through profit or loss			Trading derivatives						
(In millions of euros)	Bonds and other debts securities	Shares and other equity securities	Other financial assets	Bonds and other debts securities	Shares and other equity securities	Other financial assets	Interest rate instruments	Foreign exchange instruments	Equity and index instruments	Commodity instruments	Credit derivatives	Other forward financial instruments	Total financial instruments at fair value through P&L
Balance at January 1	**8,343**	**372**	**-**	**-**	**-**	**272**	**1,576**	**104**	**2,740**	**101**	**6,546**	**269**	**20,323**
Acquisitions	1,262	4	35	17	-	448	786	2	199	(19)	994	-	3,728
Disposals / redemptions	(1,257)	(470)	-	-	-	(77)	(336)	(1)	(713)	(88)	(588)	(75)	(3,605)
Transfer to Level 2 *	(179)	-	-	-	-	(182)	(292)	(91)	(219)	-	-	-	(963)
Transfer from Level 2 *	7	7	-	-	-	-	-	42	5	2	-	-	63
Gains and losses on changes in fair value (1)	(1,123)	2	-	-	-	5	(196)	(3)	(346)	369	(2,388)	41	(3,639)
Translation differences	(208)	99	-	-	-	-	(1)	-	(28)	-	(154)	3	(289)
Change in scope and others	(1)	-	-	-	105	-	-	-	-	-	318	-	422
Balance at December 31	**6,844**	**14**	**35**	**17**	**105**	**466**	**1,537**	**53**	**1,638**	**365**	**4,728**	**238**	**16,040**

Variation on financial liabilities at fair value through profit or loss which valuation is not based on market data (Level 3 *)

	Trading portfolio				Trading derivatives							
(In millions of euros)	Securitised debt payables	Amounts payable on borrowed securities	Shares and other equity instruments sold short	Other financial liabilities	Interest rate instruments	Foreign exchange instruments	Equity and index instruments	Commodity instruments	Credit derivatives	Other forward financial instruments	Financial liabilities measured using fair value option through P&L	Total financial instruments at fair value through P&L
Balance at January 1	**18,133**	**374**	**-**	**531**	**3,440**	**26**	**3,074**	**429**	**1,966**	**1**	**1,457**	**29,431**
Issue	4,055	-	-	-	-	-	-	-	-	-	-	4,055
Acquisitions / disposals	(1,055)	(466)	2	(391)	(412)	(13)	(121)	257	(126)	-	(112)	(2,437)
Redemptions	(2,830)	-	-	-	-	-	(10)	-	-	-	-	(2,840)
Transfer to Level 2 *	(1,723)	-	-	(100)	(190)	(2)	(882)	-	-	-	(66)	(2,963)
Transfer from Level 2 *	19	5	-	-	1,094	-	4	47	-	-	-	1,169
Gains and losses on changes in fair value (1)	83	-	-	4	173	4	(282)	464	(390)	-	59	115
Translation differences	(90)	98	-	-	(33)	1	(8)	(9)	(32)	-	15	(58)
Change in scope and others	-	-	-	-	-	-	-	(2)	220	-	-	218
Balance at December 31	**16,592**	**11**	**2**	**44**	**4,072**	**16**	**1,775**	**1,186**	**1,638**	**1**	**1,353**	**26,690**

(1) Gains and losses of the year are recognised in "Net gains and losses on financial instruments at fair value through P&L" in P&L.

** See note 3 for valuation level definitions.*

Note 7

Hedging derivatives

	December 31, 2009		December 31, 2008	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
FAIR VALUE HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	4,794	6,641	4,749	6,680
Forward Rate Agreements (FRA)	-	-	-	-
Options				
Options on organised markets	-	73	-	2
OTC options	172	-	145	-
Caps, floors, collars	1	-	40	-
Foreign exchange instruments				
Firm instruments				
Currency financing swaps *	145	19	141	51
Forward foreign exchange contracts	13	13	29	24
Equity and index instruments				
Equity and stock index options	*23*	*6*	*29*	*7*
CASH FLOW HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	284	408	765	653
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	31	125	327	-
Forward foreign exchange contracts	-	56	21	9
Other forward financial instruments				
On organised markets	*98*	*7*	-	-
Total *	**5,561**	**7,348**	**6,246**	**7,426**

** Amounts adjusted with respect to the published financial statements as at December 31, 2008.*

Note 8

Available-for-sale financial assets

(In millions of euros)	December 31, 2009 Level 1 valuation *	Level 2 valuation *	Level 3 valuation *	Total	December 31, 2008 Level 1 valuation *	Level 2 valuation *	Level 3 valuation *	Total
Current assets								
Treasury notes and similar securities	14,330	1,620	-	15,950	11,226	999	20	12,245
o/w related receivables				*242*				*185*
o/w provisions for impairment				*(27)*				*(25)*
Bonds and other debt securities	46,462	15,509	747	62,718	40,427	18,395	179	59,001
o/w related receivables				*957*				*895*
o/w provisions for impairment				*(403)*				*(167)*
Shares and other equity securities (1)	6,949	620	268	7,837	5,645	590	283	6,518
o/w related receivables				*2*				*2*
o/w impairment losses				*(2,103)*				*(494)*
Loans and advances	-	-	-	-	16	-	-	16
o/w related receivables				-				-
o/w provisions for impairment				-				-
Sub-total current assets	**67,741**	**17,749**	**1,015**	**86,505**	**57,314**	**19,984**	**482**	**77,780**
Long-term equity investments	**1,665**	**171**	**2,092**	**3,928**	**1,439**	**320**	**2,184**	**3,943**
o/w related receivables				*5*				*7*
o/w impairment losses				*(799)*				*(781)*
Total available-for-sale financial assets (2)	**69,406**	**17,920**	**3,107**	**90,433**	**58,753**	**20,304**	**2,666**	**81,723**
o/w securities on loan				202				3

* *See note 3 for valuation level definitions.*

(1) Including UCITS.

(2) O/w activities of insurance companies for EUR 48,712 million as at December 31, 2009 and EUR 40,250 million as at December 31, 2008 (see note 33).

Changes in available-for-sale financial assets

(In millions of euros)	December 31, 2009	December 31, 2008
Balance at January 1	**81,723**	**87,808**
Acquisitions	105,714	194,079
Disposals / redemptions *	(100,724)	(189,460)
Reclassification (entries) from Trading portfolio (see note 11)	-	890
Reclassification as (transferring to) “Held-to-maturity” or Loans and Receivables (see note 11)	-	(4,344)
Change in scope and others	446	(1,756)
Gains and losses on changes in fair value **	5,175	(4,682)
Change in impairment on fixed income securities	(238)	(110)
O/w: increase	*(433)*	*(185)*
write-backs	*264*	*70*
others	*(69)*	*5*
Impairment losses on variable income securities	(1,802)	(737)
Change in related receivables	117	66
Translation differences	22	(31)
Balance at December 31	**90,433**	**81,723**

* *Disposals are valued according to the weighted average cost method.*

** *The difference with the caption “Revaluation of available-for-sale assets of the period” in note 28 mainly results from the variation of caption Insurance Companies-Deferred profit-sharing.*

Variation of Available-for-sale assets of which valuation method is not based on observable market data (Level 3 *)

(In millions of euros)	Treasury notes and similar securities	Bonds and other debt securities	Shares and other equity securities	Long-term equity investments	Total
Balance at January 1	**20**	**179**	**283**	**2,184**	**2,666**
Acquisitions	-	250	1	98	349
Disposals / redemptions	(3)	(207)	(16)	(65)	(291)
Transfer to Level 2 *	(17)	(347)	-	-	(364)
Transfer from Level 2 *	-	526	-	26	552
Gains and losses recognised directly in equity	1	(12)	1	(16)	(26)
Changes in impairment on fixed income securities recognised in P&L	-	-	-	4	4
O/w: increase	-	-	-	*(16)*	*(16)*
write-backs	-	-	-	*20*	*20*
others	-	-	-	-	-
Impairment losses on variable securities recognised in P&L	-	-	-	-	-
Changes in related receivables	-	-	-	-	-
Translation differences	(1)	-	(1)	(36)	(38)
Change in scope and others	-	358	-	(103)	255
Balance at December 31	**-**	**747**	**268**	**2,092**	**3,107**

** See note 3 for valuation level definition.*

Note 9

Due from banks

(In millions of euros)	December 31, 2009	December 31, 2008
Deposits and loans		
Demand and overnights		
Current accounts	15,144	14,774
Overnight deposits and loans and others	4,636	3,911
Loans secured by overnight notes	6	4
Term		
Term deposits and loans (1)	20,127	24,056
Subordinated and participating loans	707	658
Loans secured by notes and securities	453	547
Related receivables	142	291
Gross amount	**41,215**	**44,241**
Depreciation		
- Depreciation for individually impaired loans	(178)	(120)
- Depreciation for groups of homogenous receivables	(29)	(36)
Revaluation of hedged items	63	94
Net amount (2)	**41,071**	**44,179**
Securities purchased under resale agreements	26,584	27,013
Total	**67,655**	**71,192**
Fair value of amounts due from banks	**67,564**	**71,111**

(1) As at December 31, 2009, the amount of receivables with incurred credit risk is EUR 378 million compared with EUR 240 million as at December 31, 2008.

(2) The entities acquired in 2009 have a total impact of EUR 91 million on amounts due from banks.

Note 10

Customer loans

(In millions of euros)	December 31, 2009	December 31, 2008
Customer loans		
Trade notes	9,504	11,712
Other customer loans (1) (2)		
- Short-term loans	99,437	104,625
- Export loans	8,537	6,934
- Equipment loans	61,614	59,149
- Housing loans	89,204	85,810
- Other loans	63,951	71,723
Sub-total	**322,743**	**328,241**
Overdrafts	15,342	16,662
Related receivables	1,382	1,750
Gross amount	**348,971**	**358,365**
Depreciation		
- Depreciation for individually impaired loans	(10,977)	(7,848)
- Depreciation for groups of homogeneous receivables	(1,145)	(1,032)
Revaluation of hedged items	576	943
Net amount (3)	**337,425**	**350,428**
Loans secured by notes and securities	175	235
Securities purchased under resale agreements	6,943	3,950
Total amount of customer loans	**344,543**	**354,613**
Fair value of customer loans	**343,612**	**346,482**

(1) Breakdown of other customer loans by customer type

(In millions of euros)	December 31, 2009	December 31, 2008
Non-financial customers		
- Corporate	144,265	140,240
- Individual Customers	120,391	118,117
- Local authorities	11,310	10,473
- Self-employed professionals	10,578	11,206
- Governments and central administrations	6,247	3,566
- Others	2,223	2,457
Financial customers	27,729	42,182
Total	**322,743**	**328,241**

(2) As at December 31, 2009, the amount of receivables with incurred credit risk is EUR 22,431 million, o/w EUR 3,557 million of reclassified financial assets, compared with EUR 13,798 million as at December 31, 2008.

(3) Entities acquired in 2009 had a EUR 106 million impact on net customer loans.

Note 11

Reclassification of financial assets

On October 1, 2008, the Group has reclassified non-derivative financial assets out of the fair value through profit or loss and the Available-for-sale categories. These reclassifications have been decided and then performed in accordance with the provisions of the amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" adopted by the European Union on October 15, 2008.

The Group identified in its trading and available-for-sale portfolios certain financial assets that were no more quoted in an active market on October 1, 2008. Having the ability and intent to hold these financial assets for the foreseeable future or until their maturity, the Group then decided to reclassify them at this date into the loans and receivables categories.

Furthermore, due to the exceptional deterioration of world's financial markets the Group has decided on October 1, 2008 to reclassify into the available-for-sale category certain financial instruments initially measured at fair value through profit or loss, as far as these instruments were then no more held for trading purpose.

No financial asset has been reclassified into the *Held-to-maturity financial assets* category according to these amendments.

Financial assets that have been reclassified have been recognised in their new category at their fair value on the date of reclassification.

No reclassification performed during 2009.

The amounts of reclassified financial assets and the related consequences are the following:

New Category *(In millions of euros)*	**Fair value on December 31, 2009 ***	**Accounting value on December 31, 2009 ***	**Fair value on December 31, 2008**	**Accounting value on December 31, 2008**	**Accounting value on the date of reclassification (October 1, 2008)**
Available-for-sale financial assets	737	737	890	890	969
Due from banks	6,467	6,353	5,485	6,115	6,345
Customer loans	15,547	17,512	20,243	22,331	21,293
Total	**22,751**	**24,602**	**26,618**	**29,336**	**28,607**

	On December 31, 2009
Contribution of financial assets on the period	
recognised in shareholders' equity	62
recognised in profit or loss	853
recognised in net cost of risk	(1,136)

	On December 31, 2009	**On December 31, 2008**
Changes in the fair value		
that would have been recognised in shareholders' equity if the financial assets had not been reclassified **	676	(538)
that would have been recognised in profit or loss if the financial assets had not been reclassified **	(1,571)	(1,454)

** Net reimbursements and disposals that have been received since January 1, 2009: EUR 1,594 million and EUR 1,064 million.*

The effective interest rates on December 31, 2009 of reclassified financial assets are ranged from 1.10% to 9.45%.

Expected recoverable cash flows on reclassified financial assets are EUR 31,198 million.

*** Including insurance activity reclassifications whose impact would have been neutralised by deferred profit-sharing for EUR 671 million in shareholders' equity and for EUR 81 million in Net banking income.*

Note 12

Lease financing and similar agreements

(In millions of euros)	December 31, 2009	December 31, 2008
Real estate lease financing agreements	7,518	6,892
Non-real estate lease financing agreements	21,764	21,863
Related receivables	72	80
Gross amount (1)	**29,354**	**28,835**
Depreciation for individually impaired loans	(493)	(325)
Depreciation for not individualised risks	(7)	(3)
Revaluation of hedged items	2	5
Net amount	**28,856**	**28,512**
Fair value of receivables on lease financing and similar agreements	**29,122**	**28,245**

(1) As at December 31, 2009, the amount of receivables with incurred credit risk is EUR 1,398 million compared to EUR 871 million as at December 31, 2008.

(In millions of euros)	December 31, 2009	December 31, 2008
Gross investments	**32,983**	**32,315**
- less than one year	8,502	8,223
- 1-5 years	17,484	17,796
- more than five years	6,997	6,296
Present value of minimum payments receivable	**28,346**	**27,905**
- less than one year	7,390	7,452
- 1-5 years	14,885	15,044
- more than five years	6,071	5,409
Unearned financial income	**3,629**	**3,480**
Unguaranteed residual values receivable by the lessor	**1,008**	**930**

Note 13

Held-to-maturity financial assets

(In millions of euros)	December 31, 2009	December 31, 2008
Treasury notes and similar securities	**1,738**	**1,575**
Listed	1,702	1,542
Unlisted	-	-
Related receivables	36	33
Bonds and other debt securities	**387**	**597**
Listed	344	433
Unlisted	41	157
Related receivables	2	7
Depreciation	(3)	-
Total held-to-maturity financial assets	**2,122**	**2,172**
Fair value of held-to-maturity financial assets	**2,162**	**2,214**

Note 14

Tax assets and liabilities

(In millions of euros)	December 31, 2009	December 31, 2008
Current tax assets (1)	553	1,724
Deferred tax assets	4,940	2,950
*- o/w on balance sheet items **	*4,723*	*2,310*
*- o/w on items credited or charged to shareholders' equity for unrealised gains and losses **	*217*	*640*
Total	**5,493**	**4,674**

(In millions of euros)	December 31, 2009	December 31, 2008
Current tax liabilities	593	650
Deferred tax liabilities	830	331
- o/w on balance sheet items	*848*	*338*
- o/w on items credited or charged to shareholders' equity for unrealised gains and losses	*(18)*	*(7)*
Total	**1,423**	**981**

** Amounts reclassified following a correction of presentation with respect to the published financial statements as at December 31, 2008.*

(1) The carry-back note of EUR 1,147 million booked as at December 31, 2008, has been paid during the second half of 2009.

Note 15

Other assets

(In millions of euros)	December 31, 2009	December 31, 2008
Guarantee deposits paid (1)	20,934	27,036
Settlement accounts on securities transactions	1,973	4,071
Prepaid expenses	928	981
Miscellaneous receivables	13,849	19,588
Gross amount	**37,684**	**51,676**
Depreciation	(246)	(207)
Net amount	**37,438**	**51,469**

(1) It mainly concerns guarantee deposits paid on financial instruments.

Note 16

Non-current assets and liabilities held for sale

(In millions of euros)	December 31, 2009	December 31, 2008
ASSETS	**375**	**37**
Fixed assets and Goodwills	17	17
Financial assets	59	-
Receivables	295	19
O/w: due from banks	*38*	-
customer loans	*249*	-
others	*8*	*19*
Other assets	4	1
LIABILITIES	**261**	**35**
Allowances	3	-
Debts	254	13
O/w: due to banks	*7*	-
customer deposits	*233*	-
others	*14*	*13*
Other liabilities	4	22

Companies which assets and liabilities are classified in this section as at December 31, 2009 are detailed in note 2.

Note 17

Tangible and intangible fixed assets

(In millions of euros)	Gross book value at December 31, 2008	Acquisitions	Disposals	Changes in consolidation scope and reclassifications (1)	Gross value at December 31, 2009	Accumulated depreciation and amortisation of assets at December 31, 2008	Allocations to amortisation in 2009	Impairment of assets 2009	Write-backs from amortisation in 2009	Changes in consolidation scope and reclassifications (1)	Net book value at December 31, 2009	Net book value at December 31, 2008
Intangible assets												
Software, EDP development costs	1,472	110	(7)	(47)	1,528	(1,114)	(189)	-	-	94	319	358
Internally generated assets	1,496	37	(27)	225	1,731	(1,156)	(166)	-	21	(7)	423	340
Assets under development	390	214	(3)	(279)	322	-	-	-	-	-	322	390
Others	637	28	(6)	43	702	(165)	(41)	-	-	(20)	476	472
Sub-total	**3,995**	**389**	**(43)**	**(58)**	**4,283**	**(2,435)**	**(396)**	**-**	**21**	**67**	**1,540**	**1,560**
Operating tangible assets												
Land and buildings	4,079	121	(12)	85	4,273	(1,105)	(119)	(4)	6	(12)	3,039	2,974
Assets under development	465	273	(1)	(207)	530	-	-	-	-	-	530	465
Lease assets of specialised financing companies	11,281	3,231	(3,121)	138	11,529	(3,120)	(1,851)	(87)	1,526	(49)	7,948	8,161
Others	4,894	310	(114)	150	5,240	(3,372)	(432)	(3)	79	140	1,652	1,522
Sub-total	**20,719**	**3,935**	**(3,248)**	**166**	**21,572**	**(7,597)**	**(2,402)**	**(94)**	**1,611**	**79**	**13,169**	**13,122**
Investment property												
Land and buildings	578	3	(16)	-	565	(122)	(17)	-	11	-	437	456
Assets under development	17	8	-	-	25	-	-	-	-	-	25	17
Sub-total	**595**	**11**	**(16)**	**-**	**590**	**(122)**	**(17)**	**-**	**11**	**-**	**462**	**473**
Total tangible and intangible fixed assets	**25,309**	**4,335**	**(3,307)**	**108**	**26,445**	**(10,154)**	**(2,815)**	**(94)**	**1,643**	**146**	**15,171**	**15,155**

(1) Including translation differences arising from the conversion of financial statements denominated in foreign currencies: gross amount: EUR 48 million, amortisation: EUR -16 million.

Operational leasing

(In millions of euros)	December 31, 2009	December 31, 2008
Breakdown of minimum payments receivable		
- due in less than one year	1,288	1,362
- due in 1-5 years	3,810	2,761
- due in more than five years	16	60
Total minimum future payments receivable	**5,114**	**4,183**

Note 18

Goodwill affected by business unit

(In millions of euros)	French Networks	International Retail Banking	Specialised Financing and Insurance	Corporate and Investment Banking	Private Banking, Global Investment Management and Services			Corporate Centre	Group Total
					Asset Management	Private Banking	SGSS and Online Savings		
Gross value at December 31, 2008	**69 ***	**3,471**	**1,238**	**53 ***	**471**	**313**	**1,190**	**-**	**6,805**
Acquisitions and other increases	-	7	83	41			2	-	133
Disposals and other decreases	-	-	(18)		(8)	(2)	(6)	-	(34)
Change	-	(40)	69	3	(16)	3	3	-	22
Gross value at December 31, 2009	**69**	**3,438**	**1,372**	**97**	**447**	**314**	**1,189**	**-**	**6,926**
Impairment of goodwill at December 31, 2008	-	(275)	-	-	-	-	-	-	(275)
Impairment losses	-	-	(42)	-	-	-	-	-	(42)
Change	-	11	-	-	-	-	-	-	11
Impairment of goodwill at December 31, 2009	**-**	**(264)**	**(42)**	**-**	**-**	**-**	**-**	**-**	**(306)**
Net goodwill at December 31, 2008	69 *	3,196	1,238	53 *	471	313	1,190	-	6,530
Net goodwill at December 31, 2009	**69**	**3,174**	**1,330**	**97**	**447**	**314**	**1,189**	**-**	**6,620**

* *Amounts in the opening were reprocessed further to the change of business unit of Sogeprom from Corporate and Investment Banking to French Networks.*

At the acquisition date, each item of goodwill is allocated to one or more cash-generating units (CGU) expected to derive benefits from the acquisition. Cash-generating units are the most accurate measurement units used by management to measure return on investment in a particular activity. The Group divides its activities into 13 cash-generating units, which is consistent with the management of the Group by core business lines.

The Group performs an annual impairment test on December 31, for each cash-generating unit to which goodwill has been allocated. An impairment loss is recognised through income statement if the carrying amount of a cash-generating unit, including its allocated goodwill, is higher than its recoverable amount. This impairment loss is then allocated first to reduce the carrying amount of goodwill.

The recoverable amount of a cash-generating unit is calculated using the most appropriate method, notably by discounting net cash flows expected from the whole cash-generating unit rather than from individual legal entities.

Cash flows used in that calculation are income available for distribution generated by all the entities included in the cash-generating unit; they are determined on the basis of a business plan which is derived from the prospective three-yearly budgets approved by management.

The discount rate used is a cost of capital calculated using a Capital Asset Pricing Model. This method is based on a risk free interest rate grossed up by a risk premium which is determined according to the underlying activities of the cash-generating unit. For entities located in emerging countries, a sovereign risk premium is also added, representing the difference between the risk free interest rate available in the area of monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term Treasury bonds issued in the implementation country and denominated in the currency of assignment.

Tests of sensibility are realised, notably allowing to measure the impact on the recoverable value of the variation in certain assumptions as the profitability, the long-term growth or the discount rate. As at December 31, 2009, none of the reasonably possible changes of these assumptions, as used for performing these sensitivity tests, has caused the carrying amount of any unit to exceed its recoverable amount.

During 2009, the goodwill of 3 entities totalling EUR 42 million was depreciated following the Group's decision to stop their activities. These entities belong to Individual Financial Services CGU.

As at December 31, 2009, the Group identified the following cash-generating units (CGU):

(In millions of euros)		December 31, 2009		
CGU	**BUSINESS UNIT**	**Goodwill (gross book value)**	**Impairment losses**	**Goodwill (net book value)**
International Retail Banking–European Union and Pre-European Union	International Retail Banking	1,947		1,947
Russian Retail Banking	International Retail Banking	1,051	(264)	787
International Other Retail Banking	International Retail Banking	440		440
Crédit du Nord	French Networks	57		57
Societe General Network	French Networks	12		12
Insurance Financial Services	Specialised Financing and Insurance	10		10
Individual Financial Services	Specialised Financing and Insurance	742	(42)	700
Company Financial Services	Specialised Financing and Insurance	445		445
Car renting Financial Services	Specialised Financing and Insurance	175		175
Corporate and Investment Banking	Corporate and Investment Banking	97		97
SGSS and Online Savings	SGSS and Online Savings	1,189		1,189
Asset Management	Asset Management	447		447
Private Banking	Private Banking	314		314

Note 19

Due to banks

(In millions of euros)	December 31, 2009	December 31, 2008
Demand and overnight deposits		
Demand deposits and current accounts	8,846	10,238
Overnight deposits and borrowings and others	9,842	9,413
Sub-total	**18,688**	**19,651**
Term deposits		
Term deposits and borrowings	54,874	80,408
Borrowings secured by notes and securities	362	223
Sub-total	**55,236**	**80,631**
Related payables	231	715
Revaluation of hedged items	702	35
Securities sold under repurchase agreements	15,229	14,238
Total (1)	**90,086**	**115,270**
Fair value of amounts due to banks	**89,101**	**115,493**

(1) Entities acquired in 2009 have a EUR 80 million impact on amounts due to banks.

Note 20

Customer deposits

(In millions of euros)	December 31, 2009	December 31, 2008
Regulated savings accounts		
Demand	39,712	35,151
Term	16,782	16,145
Sub-total	**56,494**	**51,296**
Other demand deposits		
Businesses and sole proprietors	43,509	45,843
Individual customers	38,452	35,388
Financial customers	32,603	29,959
Others (1)	8,609	14,807
Sub-total	**123,173**	**125,997**
Other term deposits		
Businesses and sole proprietors	41,168	37,503
Individual customers	19,197	23,924
Financial customers	24,184	17,049
Others (2)	13,552	6,329
Sub-total	**98,101**	**84,805**
Related payables	1,156	1,529
Revaluation of hedged items	143	120
Total customer deposits (3)	**279,067**	**263,747**
Borrowings secured by notes and securities	136	287
Securities sold to customers under repurchase agreements	20,851	18,480
Total	**300,054**	**282,514**
Fair value of customer deposits	**300,617**	**282,483**

(1) O/w EUR 2,844 million linked to governments and central administrations as at December 31, 2009 and EUR 7,571 million as at December 2008.
(2) O/w EUR 10,886 million linked to governments and central administrations as at December 31, 2009 and EUR 4,189 million as at December 2008.
(3) Entities acquired in 2009 accounted for EUR 181 million in customer deposits.

Note 21

Securitised debt payables

(In millions of euros)	December 31, 2009	December 31, 2008
Term savings certificates	2,414	2,699
Bond borrowings	8,427	4,360
Interbank certificates and negotiable debt instruments	121,622	112,373
Related payables	652	842
Sub-total	**133,115**	**120,274**
Revaluation of hedged items	131	100
Total	**133,246**	**120,374**
O/w floating rate securities	76,457	57,157
Fair value of securitised debt payables	**134,337**	**120,452**

Note 22

Other liabilities

(In millions of euros)	December 31, 2009	December 31, 2008
Guarantee deposits received (1)	26,717	33,063
Settlement accounts on securities transactions	2,590	2,512
Other securities transactions	35	36
Accrued social charges	2,597	2,240
Deferred income	1,527	1,458
Miscellaneous payables	15,334	18,508
Total	**48,800**	**57,817**

(1) It mainly concerns guarantee deposits received on financial instruments.

Note 23

PEL / CEL mortgage saving accounts

1. Outstanding deposits in PEL / CEL accounts

(In millions of euros)	December 31, 2009	December 31, 2008
PEL accounts less than 4 years old	2,828	1,869
between 4 and 10 years old	4,616	5,205
more than 10 years old	4,287	4,309
Sub-total	**11,731**	**11,383**
CEL accounts	2,127	2,199
Total	**13,858**	**13,582**

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

(In millions of euros)	December 31, 2009	December 31, 2008
less than 4 years old	352	284
between 4 and 10 years old	116	160
more than 10 years old	31	53
Total	**499**	**497**

3. Provisions for commitments linked to PEL / CEL accounts

(In millions of euros)	December 31, 2008	Allocations	Reversals	December 31, 2009
PEL accounts less than 4 years old	33	-	33	-
between 4 and 10 years old	-	18	-	18
more than 10 years old	17	46	3	60
Sub-total	**50**	**64**	**36**	**78**
CEL accounts	40	3	31	12
Total	**90**	**67**	**67**	**90**

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

The level of provisions is sensitive to the long-term interest rates. Since the long-term rates have decreased during 2009, the provisions for PEL and CEL mortgage saving accounts are linked to the risks attached to the commitment to remunerate the deposits. Provisioning for PEL / CEL savings amounted to 0.65% of total outstandings as at December 31, 2009.

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

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

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

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

Note 24

Provisions and depreciations

1. Assets depreciations

(In millions of euros)	December 31, 2009	December 31, 2008
Banks	178	120
Customer loans	10,977	7,848
Lease financing and similar agreements	493	325
Groups of homogenous receivables	1,181	1,070
Available-for-sale assets	3,332	1,467
Others	471	333
Total	**16,632**	**11,163**

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

(In millions of euros)	Assets depreciations at December 31, 2008	Impairment losses	Reversals available	Net impairment losses	Reversals used	Currency and scope effects	Assets depreciations as at December 31, 2009
Banks	120	99	(36)	**63**	-	(5)	**178**
Customer loans	7,848	6,224	(1,513)	**4,711**	(1,299)	(283)	**10,977**
Lease financing and similar agreements	325	331	(111)	**220**	(60)	8	**493**
Groups of homogeneous receivables	1,070	394	(256)	**138**	-	(27)	**1,181**
Available-for-sale assets (1)	1,467	2,276	(638)	**1,638**	(3)	230	**3,332**
Others (1)	333	338	(193)	**145**	(33)	26	**471**
Total	**11,163**	**9,662**	**(2,747)**	**6,915**	**(1,395)**	**(51)**	**16,632**

(1) Including a EUR 219 million net allocation for identified risks.

2. Provisions

(In millions of euros)	December 31, 2009	December 31, 2008
Provisions for off-balance sheet commitments to banks	13	18
Provisions for off-balance sheet commitments to customers	187	158
Provisions for employee benefits	724	715
Provisions for tax adjustments	507	545
Other provisions	880	855
Total	**2,311**	**2,291**

The change in provisions can be analysed as follows:

(In millions of euros)	Provisions as at December 31, 2008	Allocations	Write-backs available	Net allocation	Write-backs used	Effect of discounting	Currency and scope effects	Provisions as at December 31, 2009
Provisions for off-balance sheet commitments to banks	18	-	(5)	**(5)**	-	-	-	13
Provisions for off-balance sheet commitments to customers	158	162	(137)	**25**	-	-	4	187
Provisions for employee benefits	715	159	(174)	**(15)**	-	-	24	724
Provisions for tax adjustments	545	56	(88)	**(32)**	(26)	4	16	507
Other provisions (2) (3)	855	385	(92)	**293**	(230)	3	(41)	880
Total	**2,291**	**762**	**(496)**	**266**	**(256)**	**7**	**3**	**2,311**

(2) Including a EUR 261 million net allocation for net cost of risk.

(3) The Group's other provisions include EUR 90 million of PEL/CEL provisions as at December 31, 2009 for the Societe Generale France Network and for Crédit du Nord (see note 23).

The consequences, as assessed on December 31, 2009, of those disputes and tax risks that are liable to have or have recently had a significant impact on the financial position of the Group, its activities or results have been taken into account in the Group's financial statements.

Note 25

Employee benefits

1. Defined Contribution Plans

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

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 555 million in 2009 (EUR 530 million in 2008).

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

2.1. RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

		December 31, 2009				December 31, 2008			
		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 net liabilities recorded in the balance sheet		411	45	206	**662**	449	48	179	**676**
Reminder of assets recorded in the balance sheet		(173)	-	-	**(173)**	(198)	-	-	**(198)**
Net balance		**238**	**45**	**206**	**489**	**251**	**48**	**179**	**478**
Breakdown of the net balance									
Present value of defined benefit obligations		2,003	-	87	**2,090**	1,791	-	78	**1,869**
Fair value of plan assets		(1,593)	-	(49)	**(1,642)**	(1,541)	-	(45)	**(1,586)**
Actuarial deficit (net balance)	A	410	-	38	**448**	250	-	33	**283**
Present value of unfunded obligations	B	301	46	168	**515**	256	43	146	**445**
Unrecognised items									
Unrecognised Past Service Cost		47	-	-	**47**	62	-	-	**62**
Unrecognised Net Actuarial (Gain) / Loss		433	1	-	**434**	233	(5)	-	**228**
Separate assets		(1)	-	-	**(1)**	(1)	-	-	**(1)**
Plan assets impacted by change in Asset Celling		(6)	-	-	**(6)**	(39)	-	-	**(39)**
Total unrecognised items	C	473	1	-	**474**	255	(5)	-	**250**
Net balance (Deficit in the plan)	**A + B- C**	**238**	**45**	**206**	**489**	**251**	**48**	**179**	**478**

Notes:

Until December 31, 2008 the two first lines of the table mentioned the gross liabilities and assets (amounts recognised in the balance sheet and the unrecognised items). As from 2009, these two first lines mention only net liabilities and net assets recorded in the balance sheet; the unrecognised items are detailed in the table.

1. *For pensions and other post-employment plans, actuarial gains and losses, which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortised on the estimated average remaining working life of the employees participating in the plan in accordance with option of IAS 19 (corridor approach).*
2. *Pension plans include pension benefit as annuities, end of career payments and cash balance plans. Pension benefit annuities are paid additionally to pensions state plans. The Group grants 146 pension plans located in 40 countries. 11 pension plans located in France, the UK, Germany, the US and Switzerland represent 80% of gross liabilities of these pension plans. Other post employment benefit plans are healthcare plans. These 12 plans are located in 5 countries among which France represents 56% of gross liabilities. Other long-term employee benefits include deferred variable remuneration non-linked to the Societe Generale's share, flexible working provisions (French acronym: compte épargne temps) and long-service awards. Roughly 75 benefits are located in 22 countries.*
3. *The present values of defined benefit obligations have been valued by independent qualified actuaries.*
4. *A defined benefit pension plan was closed in Norway, it will be replaced at the beginning of 2010 by a defined contribution plan.*
5. *The Societe Generale Pension fund (CRSG) was dissolved on December 31, 2009 but not yet closed out. The liabilities which it managed were either transferred to external insurers to the Group or been purchased.*

2.2. EXPENSES RECOGNISED IN THE INCOME STATEMENT

	2009				2008			
	Post employment benefits				Post employment benefits			
(In millions of euros)	Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Current Service Cost including Social Charges	66	2	47	**115**	71	8	50	**129**
Employee contributions	(4)	-	-	**(4)**	(4)	-	-	**(4)**
Interest Cost	121	2	7	**130**	124	2	7	**133**
Expected Return on Plan Assets	(91)	-	(3)	**(94)**	(117)	-	(4)	**(121)**
Expected Return on Separate Assets	-	-	-	**-**	-	-	-	**-**
Amortisation of Past Service Cost	24	-	-	**24**	30	(1)	-	**29**
Amortisation of Losses (Gains)	14	(1)	12	**25**	(4)	-	32	**28**
Settlement, Curtailment	1	-	1	**2**	60	-	-	**60**
Change in asset ceiling	1	-	-	**1**	(57)	-	-	**(57)**
Transfer from non-recognised assets	-	-	-	**-**	-	-	-	**-**
Total Charges	**132**	**3**	**64**	**199**	**103**	**9**	**85**	**197**

2.3. MOVEMENTS IN NET LIABILITIES OF POST-EMPLOYMENT BENEFIT PLANS BOOKED IN THE BALANCE SHEET

• 2.3.1. Movements in the present value of defined benefit obligations

	2009			2008		
	Post employment benefits			Post employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**2,047**	**43**	**2,090**	**2,344**	**55**	**2,399**
Current Service Cost including Social Charges	66	2	**68**	71	8	**79**
Interest Cost	121	2	**123**	124	2	**126**
Employee contributions	-	-	**-**	-	-	**-**
Actuarial Gain / loss	312	5	**317**	(236)	(5)	**(241)**
Foreign Exchange adjustment	30	-	**30**	(129)	-	**(129)**
Benefit payments	(250)	(4)	**(254)**	(139)	(16)	**(155)**
Past Service Cost	7	-	**7**	44	(1)	**43**
Acquisition of subsidiaries	12	-	**12**	10	-	**10**
Transfers and others	(41)	(2)	**(43)**	(42)	-	**(42)**
At December 31	**2,304**	**46**	**2,350**	**2,047**	**43**	**2,090**

• 2.3.2. Movements in Fair Value of plan assets and separate assets

	2009			2008		
	Post employment benefits			Post employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**1,541**	**-**	**1,541**	**2,071**	**-**	**2,071**
Expected Return on Plan Assets	91	-	**91**	117	-	**117**
Expected Return on Separate Assets	-	-	**-**	-	-	**-**
Actuarial Gain / loss	96	-	**96**	(532)	-	**(532)**
Foreign Exchange adjustment	26	-	**26**	(116)	-	**(116)**
Employee contributions	4	-	**4**	4	-	**4**
Employer contributions to plan assets	59	-	**59**	192	-	**192**
Benefit payments	(165)	-	**(165)**	(102)	-	**(102)**
Acquisition of subsidiaries	13	-	**13**	7	-	**7**
Transfers and others	(72)	-	**(72)**	(100)	-	**(100)**
At December 31	**1,593**	**-**	**1,593**	**1,541**	**-**	**1,541**

2.4. INFORMATION REGARDING PLAN ASSETS

• 2.4.1. General information regarding plan assets

(for all benefits and future contributions)

The breakdown of the fair value of plan assets is as follows: 36% bonds, 47% equities, 5% monetary instruments and 12% others. The Societe Generale's own financial instruments directly held are not significant.

For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 179 million, including EUR 6 million unrecognised.

Employer contributions to be paid to post-employment defined benefit plans for 2010 are estimated at EUR 67 million.

• 2.4.2. Actual returns on plan assets

The actual return on plan and separate assets were:

	2009				2008			
	Post employment benefits				Post employment benefits			
(In millions of euros)	Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Plan assets	187	-	**5**	**192**	(415)	-	**(29)**	**(444)**

The assumption on return on assets is presented in the section 2.5 (note 3).

2.5. MAIN ASSUMPTIONS DETAILED BY GEOGRAPHIC AREA

	December 31, 2009	December 31, 2008
Discount rate		
Europe	5.12%	5.78%
Americas	6.60%	6.99%
Asia-Oceania-Africa	4.41%	5.74%
Long-term inflation		
Europe	2.61%	2.16%
Americas	2.16%	1.44%
Asia-Oceania-Africa	1.90%	1.82%
Expected return on plan assets (separate and plan assets)		
Europe	5.73%	5.24%
Americas	6.50%	6.50%
Asia-Oceania-Africa	6.16%	4.40%
Future salary increase		
Europe	1.68%	1.55%
Americas	2.00%	2.00%
Asia-Oceania-Africa	1.70%	2.28%
Healthcare cost increase rate		
Europe	4.33%	5.95%
Americas	NA	NA
Asia-Oceania-Africa	4.55%	5.22%
Average and remaining lifetime of employees (in years)		
Europe	10.0	13.8
Americas	9.2	7.5
Asia-Oceania-Africa	11.5	14.2

Notes:

1. *For year 2009, the assumptions by geographical zone are weighted averages by the present value of the liabilities (DBO) with the exception of the expected returns on plan assets which are weighted averages by the fair value of assets. For year 2008, these assumptions by geographical zone were arithmetic averages.*
2. *Since 2004, the rate curve used to discount the liabilities is based on the yields of the corporate AA bonds (Merrill Lynch source) observed in the middle of October. As these rates may not be available for all the durations, an interpolation is realised: a spread of rate corresponding to an estimation of the risk premium required on corporate AA bonds is added to the rate curve of government bonds (zero coupon bonds). Another observation of these rates is done at the beginning of December for possible adjustment.*

   Inflation rates are determined, for the main durations, by the measure of the spread between bonds rates not indexed to inflation and the rates of indexed bonds for the same durations.
3. *The range of expected return on plan assets rate is due to actual plan assets allocation. Generally, expected return rates of plan assets are calculated by weighting expected anticipated returns on each category of assets with their respected weights in the asset fair value. For the French plan assets, the long-term return rates are 7% for the equities, 4.5% for the bonds and 3.5% for the cash. For the United Kingdom plan assets, the return rates are 7.7% for the equities and the 5% for the bonds.*
4. *Average and remaining lifetime of employees is calculated taking into account based on turnover assumptions.*

2.6. SENSITIVITIES ANALYSIS OF OBLIGATIONS COMPARED TO MAIN ASSUMPTIONS RANGES

	2009			2008		
(Measured element percentage)	Pension plans	Post employment healthcare plans	Other plans	Pension plans	Post employment healthcare plans	Other plans
Variation from +1% in discount rate						
Impact on Defined Benefit Obligations at December 31	-12%	-14%	-8%	-11%	-13%	-6%
Impact on total Expenses N+1	-23%	-30%	-1%	-18%	-182%	-40%
Variation from +1% in Expected return on plan assets						
Impact on Plan Assets at December 31	1%	NA	1%	1%	1%	1%
Impact on total Expenses N+1	-15%	NA	-4%	-9%	NA	-1%
Variation from +1% in Future salary increases						
Impact on Defined Benefit Obligations at December 31	3%	NA	5%	9%	NA	6%
Impact on total Expenses N+1	11%	NA	8%	18%	NA	40%
Variation from +1% in Healthcare cost increase rate						
Impact on Defined Benefit Obligations at December 31	NA	10%	NA	NA	13%	NA
Impact on total Expenses N+1	NA	16%	NA	NA	99%	NA

Note:

1. *For year 2009, the disclosed sensibilities are weighted averages of the variations observed by the liabilities (impact on the Defined Benefit Obligation at December 31, 2009), or by the fair values of assets (impact on the Plan Assets at December 31, 2009) or by the expected expenses N+1 (impact on total expenses N+1). For year 2008, these assumptions by geographical zone were arithmetic averages.*

2.7. EXPERIENCE ADJUSTMENTS OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(In millions of euros)	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005
Defined Benefit Obligations	2,304	2,047	2,344	2,512	2,484
Fair value of plan assets	1,593	1,541	2,071	2,075	1,924
Deficit / (surplus)	**711**	**506**	**273**	**437**	**560**
Adjustments of Plan Liabilities due to experience (negative: gain)	55	17	49	(11)	23
Adjustments of Plan Liabilities due to experience (negative: gain), % of DBO	2.4%	0.8%	2.1%	-0.4%	0.9%
Adjustments of Plan Assets due to experience (negative: gain)	(95)	532	68	(67)	(84)
Adjustments of Plan Assets due to experience (negative: gain), % of Assets	-6.0%	34.5%	3.3%	-3.2%	-4.4%

Note 26

Subordinated debts

(In millions of euros)

Currency issue	2010	2011	2012	2013	2014	Other	Outstanding at December 31, 2009	Outstanding at December 31, 2008
Subordinated Capital notes								
EUR	610	210	907	345	369	6,697	9,138	10,181
USD	-	-	-	-	-	1,387	1,387	1,543
GBP	-	-	-	-	-	676	676	630
Other currencies	-	-	-	-	-	93	93	105
Sub-total	**610**	**210**	**907**	**345**	**369**	**8,853**	**11,294**	**12,459**
Dated subordinated debt								
EUR	-	8	-	-	-	47	55	74
Other currencies	-	-	-	-	-	179	179	13
Sub-total	**-**	**8**	**-**	**-**	**-**	**226**	**234**	**87**
Related payables	**278**	**-**	**-**	**-**	**-**	**-**	**278**	**329**
Total excluding revaluation of hedged items	**888**	**218**	**907**	**345**	**369**	**9,079**	**11,806**	**12,875**
Revaluation of hedged items	-	-	-	-	-	-	450	1,044
Total	**-**	**-**	**-**	**-**	**-**	**-**	**12,256**	**13,919**

The fair value of subordinated debt securities amounts to EUR 11,388 million as at December 31, 2009.

Note 27

Societe Generale ordinary shares, treasury shares, shares held by employees and shareholders' equity issued by the Group

1. Ordinary shares and preferred shares issued by the Group

(Number of shares)	December 31, 2009	December 31, 2008
Ordinary shares	739,806,265	580,727,244
Including treasury shares with voting rights [1]	20,963,637	19,990,602
Including shares held by employees	52,775,564	41,219,452

(1) Doesn't include the Societe Generale shares held for trading.

At December 31, 2009, Societe Generale's fully paid-up capital amounted to EUR 924,757,831 and was made up of 739,806,265 shares with a nominal value of EUR 1.25.

Societe Generale proceeded in 2009 to the following increases and decreases of capital, representing a total of EUR 199 million, with EUR 5,384 million of issuing premiums net of the EUR 62 million expenses after tax linked to the capital increase using preferred subscription rights, i.e. a net issuing premiums amount of EUR 5,322 million.

1.1. ORDINARY SHARES

Societe Generale S.A. proceeded during the first half of 2009 to an increase of capital, representing a total of EUR 17 million, with EUR 432 million of issuing premium. This ordinary share issue is due to the exercise by the shareholders of the option to distribute 2008 dividend in Societe Generale shares.

During the second half of 2009, Societe Generale S.A. proceeded to the three following increases of capital:

- EUR 13.5 million for the capital increase reserved to the employees, with EUR 278 million of issuing premium;
- EUR 0.001 million resulting from the exercise by employees of stock-options granted by the Board of Directors, with EUR 0.010 million of issuing premium;
- EUR 168.1 million for the capital increase using preferred subscription rights, with EUR 4,674 of issuing premium. The EUR 62 million expenses after tax linked to the capital increase were deducted from the amount of the issuing premium.

1.2. PREFERRED SHARES ISSUED BY SOCIETE GENERALE S.A.

Societe Generale S.A. proceeded in the first half of 2009 to a capital increase reserved for SPPE *(Société de prise de participation de l'Etat)* by issuing preferred shares representing a total of EUR 56 million, with EUR 1,644 million of issuing premium.

The Group exercised the buyback options it was granted on the preferred shares; theses last have been fully repaid during the second half of 2009 for an amount of EUR 1,760 million.

The net impact of the preferred shares in Group's shareholders equity is a deduction of EUR 60 million.

2. Shareholders' equity issued

2.1. PERPETUAL SUBORDINATED NOTES

Perpetual subordinated notes (TSDI) issued by the Group and that include some discretionary features governing the payment of interests are classified as equity.

Issuance Date	Amount issued	Remuneration
July 1, 1985	EUR 69.657 M	BAR -0.25% with BAR = Bond Average Rate of the period from June, 1 to May, 31 before each due date
November 24, 1986	USD 247.8 M	Average 6-months EuroDollar deposit rates communicated by reference banks +0.075%
June 30, 1994	JPY 15,000 M	5.385% until December 2014 and for next due dates: the more favourable rate between the fixed rate and a variable rate + spread defined as follow: Mid Swap Rate JPY 5 years +1,25% until December 2019 and Mid Swap JPY 5 years + 2% for the next due dates
December 30, 1996	JPY 10,000 M	3.936% until September 2016 and for next due date: the more favourable rate between the fixed rate and a variable rate + spread defined as follow: Mid Swap Rate JPY 5 years +2.0%
March 27, 2007	GBP 350 M	5.750% until March 2012 and for the next due dates 3-months GBP Libor +1.10%

2.2. PREFERRED SHARES ISSUED BY SUBSIDIARIES

Due to the discretionary nature of the decision to pay dividends to shareholders, preferred shares issued by the Group's subsidiaries are classified as equity.

At December 31, 2009, the amount of preferred shares issued by the Group's subsidiaries and recognised under minority interests equals to EUR 1,445 million.

Issuance Date	Amount issued	Remuneration
1st half of 2000 (step up clause after 10 years)	EUR 500 M	7.875%, from 2010 12-months Euribor +2.95% annually
4th quarter of 2001 (step up clause after 10 years)	USD 335 M	6.302%, from 2011 3-months USD Libor +1.92% annually
4th quarter of 2001 (step up clause after 10 years)	USD 90 M	3-months USD Libor +0.92%, from 2011 3-months USD Libor +1.92% annually
4th quarter of 2003 (step up clause after 10 years)	EUR 650 M	5.419%, from 2013 3-months Euribor +1.95% annually

2.3. DEEPLY SUBORDINATED NOTES

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

The Societe Generale Group reimbursed the deeply subordinated notes amounting to EUR 1,700 million issued on December 11, 2008.

Issuance Date	Amount issued	Remuneration
January 26, 2005	EUR 1,000 M	4.196%, from 2015 3-months Euribor +1.53% annually
April 05, 2007	USD 200 M	3-months USD Libor +0.75% annually, from 2017 3-months USD Libor +1.75% annually
April 05, 2007	USD 1,100 M	5.922%, from 2017 3-months USD Libor +1.75% annually
December 19, 2007	EUR 600 M	6.999%, from 2018 3-months Euribor +3.35% annually
May 22, 2008	EUR 1,000 M	7.76%, from 2013 3-months Euribor +3.35% annually
June 12, 2008	GBP 700 M	8.875%, from 2018 3-months GBP Libor +3.4% annually
February 27, 2009	USD 450 M	3-months USD Libor +6.77% annually
September 4, 2009	EUR 1,000 M	9.375%, from 2019 3-months Euribor +8.901% annually
October 7, 2009	USD 1,000 M	8.75%

The EUR 6 million expenses and premiums linked to the different insurances were deducted from the *Capital and associated reserves*.

Movements related to the perpetual subordinated notes and to the deeply subordinated notes including *Retained earnings* are detailed below:

(In millions of euros)	Deeply subordinated notes	Perpetual subordinated notes	Total
Tax savings on the remuneration to be paid to shareholders and booked under reserves	161	13	174
Remuneration paid booked under dividends (2009 Dividends paid line)	425	37	462

3. Dividends paid

Dividends paid by the Societe Generale Group in 2009 amount to EUR 1,486 million and are detailed in the following table:

(In millions of euros)	Group Share	Minority interests	Total
Ordinary shares	682	251	933
o/w paid in equity	*449*	*-*	*449*
o/w paid in cash	*233*	*251*	*484*
Other equity instruments	462	91	553
Total	**1,144**	**342**	**1,486**

Note 28

Gains and losses recognised directly in equity

(In millions of euros)	December 31, 2009	Period	December 31, 2008
Change in gains and losses recognised directly in equity			
Translation differences [(1)]	**(1,228)**	**(74)**	**(1,154)**
Revaluation differences		(74)	
Recycled to P&L		-	
Revaluation of available-for-sale assets [(2)]	**(579)**	**1,512**	**(2,091)**
Revaluation differences		1,498	
Recycled to P&L		14	
Cash flow hedge derivatives revaluation	**254**	**(149)**	**403**
Revaluation differences		(148)	
Recycled to P&L		(1)	
Amounts transferred into hedged item value		-	
Net unrealised or deferred capital gains and losses from companies accounted for by the equity method	**10**	**10**	**-**
Tax	**234**	**(414)**	**648**
TOTAL	**(1,309)**	**885**	**(2,194)**

	December 31, 2009			December 31, 2008		
(In millions of euros)	**Gross Value**	**Tax**	**Net of tax**	**Gross Value**	**Tax**	**Net of Tax**
Translation differences	(1,228)	-	(1,228)	(1,154)	-	(1,154)
Revaluation of available-for-sale assets	(579)	281	(298)	(2,091)	774	(1,317)
Revaluation of hedging derivatives	254	(46)	208	403	(126)	277
Net unrealised or deferred capital gains and losses from companies accounted for by the equity method	10	(1)	9	-	-	-
Total gains and losses recognised directly in equity	**(1,543)**	**234**	**(1,309)**	**(2,842)**	**648**	**(2,194)**
Group share			**(1,279)**			**(2,153)**
Minority interests			**(30)**			**(41)**

(1) The variation in Group translation differences for 2009 amounted to EUR -34 million.

This variation was mainly due to the decrease of the Rouble against the Euro (EUR -80 million), the US Dollar (EUR -115 million), the Yen (EUR -20 million), the Romanian Leu (EUR -29 million) and to the increase of the Pound Sterling against the Euro (EUR 87 million), the Norvegian Krown (EUR 59 million) and the Real (EUR 58 million).
The variation in translation differences attributable to minority interests amounted to EUR -40 million.
This was mainly due to the revaluation of the Euro against Czech Koruna (EUR 12 million), and to the decrease of the Romanian Leu against the Euro (EUR -22 million), the Rouble (EUR -16 million) and the US Dollar (EUR -11 million).

(2) Unrealised gains and losses on available-for-sale assets amounts to EUR -579 million. Breakdown of gains and losses are given in the table below:

(In millions of euros)	**Unrealised gains**	**Unrealised losses**	**Unrealised gains and losses**
Unrealised gains and losses on equity instruments available-for-sale	755	(91)	664
Unrealised gains and losses on debt instruments available-for-sale	891	(2,113)	(1,222)
Unrealised gains and losses on assets reclassified in Loans and receivables	-	(2)	(2)
Unrealised gains and losses of insurance companies	67	(86)	(19)
o/w equity instruments available-for-sale	*996*	*(77)*	
o/w debt instruments available-for-sale and assets reclassified in Loans and receivables	*1,899*	*(1,169)*	
o/w profit-sharing recordings	*(2,828)*	*1,160*	
Total	**1,713**	**(2,292)**	**(579)**

Note 29

Commitments

1. Commitments granted and received

COMMITMENTS GRANTED

(In millions of euros)	**December 31, 2009**	**December 31, 2008**
Loan commitments		
to banks	12,141	10,275
to customers [(1)]		
Issuance facilities	20	26
Confirmed credit lines	131,270	124,637
Others	2,126	1,859
Guarantee commitments		
on behalf of banks	3,418	5,414
on behalf of customers [(1) (2)]	59,042	58,911
Securities commitments		
Securities to deliver	20,882	30,809

(1) As at December 31, 2009, credit lines and guarantee commitments granted to securisation vehicles and other special purpose vehicles amounted to EUR 13,515 million and EUR 542 million respectively.

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

COMMITMENTS RECEIVED

(In millions of euros)	December 31, 2009	December 31, 2008
Loan commitments		
from banks	44,336	47,241
Guarantee commitments		
from banks	56,859	56,802
other commitments (3)	104,549	74,645
Securities commitments		
Securities to be received	20,788	24,769

(3) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 41,604 million as at December 31, 2009 and EUR 28,059 million as at December 31, 2008. The remaining balance mainly corresponds to securities and assets assigned as guarantee for EUR 5,619 million as at December 31, 2009 and EUR 1,734 million as at December 31, 2008.

2. Forward financial instrument commitments (notional amounts)

	December 31, 2009		December 31, 2008	
(In millions of euros)	Trading transactions	Hedging transactions	Trading transactions	Hedging transactions
Interest rate instruments				
Firm transactions				
Swaps	7,482,943	211,061	7,101,099	206,821
Interest rate futures	1,600,011	851	1,147,736	475
Options	*2,650,018*	*8,498*	*2,853,682*	*10,200*
Foreign exchange instruments				
Firm transactions	*1,223,930*	*18,912*	*946,711*	*11,143*
Options	*456,456*	-	*669,462*	-
Equity and index instruments				
Firm transactions	*81,441*	-	*61,016*	-
Options	*648,626*	*80*	*782,247*	*238*
Commodity instruments				
Firm transactions	*120,885*	-	*161,936*	-
Options	*71,344*	-	*134,266*	-
Credit derivatives	**1,287,612**	**-**	**1,539,801**	**-**
Other forward financial instruments	**2,753**	**755**	**5,176**	**581**

Securitisation transactions

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

As at December 31, 2009, there are 4 non-consolidated vehicles (Barton, Antalis, Homes, ACE Australia) structured by the Group on behalf of customers or investors. Total assets held by these vehicles and financed through the issuance of commercial papers amounted to EUR 10,986 million (EUR 15,982 million as at December 31, 2008).

The non-controlling situation of the Group over these vehicles is regularly assessed using the consolidation criteria applicable to special purpose entities (see note 1). As at December 31, 2009, 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 Societe Generale Group provides an additional guarantee as a credit enhancement through the issuance of letters of credit in the amount of EUR 542 million (EUR 710 million as at December 31, 2008). Furthermore, the Group has granted these vehicles short-term loan facilities in the amount of EUR 13,515 million at this date (EUR 18,682 million as at December 31, 2008).

Note 30

Assets pledged as security

1. Assets pledged as security

(In millions of euros)	December 31, 2009	December 31, 2008
Book value of assets pledged as security for liabilities	90,767	76,138
Book value of assets pledged as security for transactions in financial instruments	20,373	26,775
Book value of assets pledged as security for off-balance sheet commitments	522	487
Total	**111,662**	**103,400**

Assets pledged as security for liabilities mainly include loans given as guarantees in liabilities (in particular with the Banque de France).

Assets pledged as security for transactions in financial instruments correspond mainly to surety deposits.

2. Assets received as security and available for the entity

(In millions of euros)	December 31, 2009	December 31, 2008
Fair value of reverse repos	**33,526**	**30,867**

Note 31

Breakdown of assets and liabilities by term to maturity

Contractual maturities of financial liabilities (1)

(In millions of euros at December 31, 2009)	Less than 3 months	3 months to 1 year	1-5 years	More than 5 years	Undetermined	Total
Due to central banks	2,437	685	-	-	-	**3,122**
Financial liabilities at fair value through profit or loss, except derivatives	72,524	9,771	19,253	17,229	-	**118,777**
Due to banks	66,279	11,507	2,900	2,673	-	**83,359**
Customer deposits	230,440	18,386	31,854	2,764	-	**283,444**
Securitised debt payables	83,539	21,342	23,257	9,172	-	**137,310**
Subordinated debts	48	558	1,930	8,809	236	**11,581**
Total Liabilities	**455,267**	**62,249**	**79,194**	**40,647**	**236**	**637,593**
Loans commitment granted	51,576	21,559	40,280	9,980	-	**123,395**
Guarantee commitments granted	45,297	7,017	14,061	15,523	-	**81,898**
Total commitments granted	**96,873**	**28,576**	**54,341**	**25,503**	**-**	**205,293**

(1) The displayed amounts are the contractual amounts except provisional interests and except derivatives.

Technical insurance allowances *

(In millions of euros at December 31, 2009)	Less than 3 months	3 months to 1 year	1-5 years	More than 5 years	Undetermined	Total
Technical insurance allowances	1,772	4,819	17,751	50,109	-	**74,451**

* *Breakdown of accounting amounts.*

Notional maturities of commitments on financial derivatives (2)

	ASSETS				LIABILITIES			
(In millions of euros at December 31, 2009)	**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	2,438,367	2,665,772	2,589,865	7,694,004	-	-	-	-
Interest rate futures	651,410	107,426	5	758,841	691,806	150,215	-	842,021
Options	*307,389*	*517,840*	*460,269*	*1,285,498*	*310,292*	*564,458*	*498,268*	*1,373,018*
Forex instruments								
Firm instruments	*747,942*	*318,856*	*176,044*	*1,242,842*	-	-	-	-
Options	*124,729*	*55,476*	*47,753*	*227,958*	*123,826*	*55,895*	*48,777*	*228,498*
Equity and index instruments								
Firm instruments	*16,819*	*7,405*	*2,695*	*26,919*	*45,784*	*5,028*	*3,710*	*54,522*
Options	*157,570*	*114,942*	*27,283*	*299,795*	*178,051*	*144,259*	*26,601*	*348,911*
Commodity instruments								
Firm instruments	*47,811*	*13,719*	*538*	*62,068*	*44,361*	*13,961*	*495*	*58,817*
Options	*16,121*	*15,456*	*3,925*	*35,502*	*16,460*	*15,658*	*3,724*	*35,842*
Credit derivatives	**54,224**	**459,834**	**118,065**	**632,123**	**53,810**	**455,806**	**145,873**	**655,489**
Other forward financial instruments	**1,347**	**385**	**56**	**1,788**	**1,181**	**535**	**4**	**1,720**

(2) These items are presented according to the contractual maturity of financial instruments.

Note 32

Foreign exchange transactions

(In millions of euros)	December 31, 2009				December 31, 2008			
	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	611,269	604,162	2,334	3,805	643,808	651,692	11,680	13,608
USD	224,235	259,341	19,970	24,546	282,365	302,166	16,410	19,063
GBP	31,852	31,750	2,703	4,598	35,053	31,759	2,957	3,736
JPY	23,688	17,855	4,239	2,844	31,421	23,611	5,980	3,678
AUD	17,723	16,931	2,256	2,172	18,323	17,223	1,413	1,027
CZK	24,701	25,878	132	148	23,811	24,968	134	446
RUB	11,508	10,305	120	105	13,694	8,351	4	6
RON	5,386	5,872	65	155	6,562	7,091	314	493
Other currencies	73,339	51,607	9,033	7,232	74,966	63,142	8,405	5,906
Total	**1,023,701**	**1,023,701**	**40,852**	**45,605**	**1,130,003**	**1,130,003**	**47,297**	**47,963**

Note 33

Insurance activities

Underwriting reserves of insurance companies

(In millions of euros)	December 31, 2009	December 31, 2008
Underwriting reserves for unit-linked policies	16,761	15,721
Life insurance underwriting reserves	57,274	51,109
Non-life insurance underwriting reserves	416	317
Total	**74,451**	**67,147**
Deferred profit-sharing (1)	(320)	(3,024)
Attributable to reinsurers	(323)	(299)
Underwriting reserves of insurance companies net of the part attributable to reinsurers	**73,808**	**63,824**

(1) According to the December 19, 2008 CNC recommendation, a test of recoverability was carried out on the provisions for deferred profit-sharing booked in the assets. The accountancy method used for the calculation of the deferred profit-sharing in the assets is based on the consideration of the fair value of the assets compared to their historical value. The recoverability test is based on cash flows forecasts and relies on different stressed assumptions of collection and repurchase. In this context, forecasts on cash flows had been carried out on the base of different scenarii of stress combining or not decrease of turnover and/or increase of the repurchase: turnover decreasing up to 60% and repurchase increasing up to 80%. Like this, cash flows remain clearly positives and no assets sell (or realisation of unrealised losses) should be necessary on the duration of the forecasts (from 5 to 10 years). In these conditions, the test of recoverability is convincing and shows the recoverable character of the deferred profit-sharing booked in the assets.

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, 2009 (except provisions for deferred profit-sharing)	**15,721**	**51,109**	**317**
Allocation to insurance reserves	60	3,860	98
Revaluation of policies	1,499	-	-
Charges deducted from policies	(103)	-	-
Transfers and arbitrage	(477)	477	-
New customers	-	64	1
Profit-sharing	61	1,759	-
Others	-	5	-
Reserves at December 31, 2009 (except provisions for deferred profit-sharing)	**16,761**	**57,274**	**416**

According to the IFRS rules and the Group accounting standards, the Liability Adequacy Test (LAT) was performed as at December 31, 2009. It is carried out on the basis of stochastic modelling similar to the one used for our assets liabilities management. The result of the test as at December 31, 2009 is conclusive.

Net investments of insurance companies

(In millions of euros)	December 31, 2009	December 31, 2008
Financial assets at fair value through P&L	**21,511**	**19,421**
Treasury notes and similar securities	-	-
Bonds and other debt securities	5,758	5,172
Shares and other equity securities	15,753	14,249
Due from Banks	**5,210**	**4,695**
Available-for-sale financial assets	**48,712**	**40,250**
Treasury notes and similar securities	341	357
Bonds and other debt securities	41,319	34,970
Shares and other equity securities	7,052	4,923
Investment property	**399**	**405**
Total	**75,832**	**64,771**

Technical income from insurance companies

(In millions of euros)	2009	2008
Earned premiums	10,713	9,443
Cost of benefits (including changes in reserves)	(12,114)	(4,251)
Net income from investments	2,316	(4,174)
Other net technical income (expense)	(540)	(619)
Contribution to operating income before elimination of intercompany transactions	**375**	**399**
Elimination of intercompany transactions [1]	167	128
Contribution to operating income after elimination of intercompany transactions	**542**	**527**

(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)	2009	2008
Fees received		
- acquisition fees	216	182
- management fees	585	589
- others	82	55
Fees paid		
- acquisition fees	(266)	(235)
- management fees	(217)	(204)
- others	(31)	(15)
Total fees	**369**	**372**

(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 claim rate observed compared to claim rate anticipated at the time the price schedule is established. Discrepancies can be linked to multiple complex factors such as changes in the behaviour of the policyholders, 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 behaviour of policyholders.

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

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

- heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile from the very beginning. Proper application of these procedures is verified via Quality Audits and multi-annual Internal Audits. These processes have been ISO-certified;
- monitoring of claim / premium ratios on a regular basis, based on statistics developed per year of occurrence. This analysis (expansion of the portfolio, level of provisions for incurred but not reported claims) allows pricing adjustments to be made, where applicable, for the subsequent financial years;
- implementation of a reinsurance plan to protect the Group from major/serial claims.

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

Risk management and analysis are based on the following key principles:

- Asset / liability risk management:
  - monitoring of long-term cash flows: the term of a liability is matched against the term of an asset, and cash flow peaks are strictly controlled in order to minimise liquidity and reinvestment risks;
  - close monitoring of the flows of repurchase and stress scenarii simulations;
  - close monitoring of the equity markets and stress scenarii simulations;
  - hedging of exchange rate risks using financial instruments.

- Financial risk management via the establishment of limits:
  - counterparty limits (e.g. limits according to the issuer's country of domiciliation, distinction between sovereign issuers and private issuers);
  - rating limits (e.g. AAA: min. 45%, min. 27% in government bonds and government-backed bonds);
  - limits per type of asset (e.g. equities, private equity);

All of these strategies are assessed by simulating various scenarii of financial market behaviour and insured party behaviour using stress tests and stochastic modelling.

Note 34

Interest income and expense

(In millions of euros)	2009	2008
Transactions with banks	**2,092**	**5,182**
Demand deposits and interbank loans	1,626	3,458
Securities purchased under resale agreements and loans secured by notes and securities	466	1,724
Transactions with customers	**16,899**	**20,241**
Trade notes	1,068	1,103
Other customer loans (1) *	14,949	17,560
Overdrafts	815	1,186
Securities purchased under resale agreements and loans secured by notes and securities	67	392
Transactions in financial instruments	**9,900**	**12,848**
Available-for-sale financial assets	3,080	3,420
Held-to-maturity financial assets *	91	108
Securities lending	41	143
Hedging derivatives	6,688	9,177
Finance leases	**1,654**	**1,917**
Real estate finance leases	274	404
Non-real estate finance leases	1,380	1,513
Total interest income	**30,545**	**40,188**
Transactions with banks	**(2,014)**	**(6,333)**
Interbank borrowings	(1,793)	(5,248)
Securities sold under resale agreements and borrowings secured by notes and securities	(221)	(1,085)
Transactions with customers	**(6,789)**	**(10,413)**
Regulated savings accounts	(1,205)	(1,590)
Other customer deposits	(5,358)	(7,475)
Securities sold under resale agreements and borrowings secured by notes and securities	(226)	(1,348)
Transactions in financial instruments	**(10,100)**	**(15,485)**
Securitised debt payables	(2,289)	(5,825)
Subordinated and convertible debt	(589)	(639)
Securities borrowing	(66)	(260)
Hedging derivatives	(7,156)	(8,761)
Other interest expense	**(7)**	**(9)**
Total interest expense (2)	**(18,910)**	**(32,240)**
Including interest income from impaired financial assets	404	346

(1) Breakdown of "Other customer loans"

- short-term loans	6,241	7,553
- export loans	248	342
- equipment loans	2,645	2,922
- housing loans	4,113	4,034
- other customer loans	1,702	2,709
Total *	**14,949**	**17,560**

(2) These expenses include the refinancing cost of financial instruments at fair value through P&L, which is classified in net gain or loss (see note 36). Insofar as income and expenses booked in the income statement are classified by type of instruments rather than by purpose, the net income generated by the activities on financial instruments at fair value through P&L must be assessed as a whole.

** Amounts reclassified with respect to the published financial statements as at December 31, 2008.*

Note 35

Fee income and expense

(In millions of euros)	2009	2008
Fee income from		
Transactions with banks	254	247
Transactions with customers	2,890	2,858
Securities transactions	684	760
Primary market transactions	326	136
Foreign exchange transactions and financial derivatives	885	1,086
Loan and guarantee commitments	692	567
Services	4,615	4,691
Others	99	160
Total fee income	**10,445**	**10,505**
Fee expense on		
Transactions with banks	(293)	(282)
Securities transactions	(558)	(625)
Foreign exchange transactions and financial derivatives	(758)	(837)
Loan and guarantee commitments	(77)	(174)
Others	(947)	(1,172)
Total fee expense	**(2,633)**	**(3,090)**

These commission income and expense include:

(In millions of euros)	2009	2008
Commission income excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	4,177	3,946
Commission income linked to trust activities or similar	2,571	3,219
Commission expense excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	(77)	(174)
Commission expense linked to trust activities or similar	(878)	(938)

Note 36

Net gains and losses on financial instruments at fair value through P&L

(In millions of euros)	2009	2008
Net gain/loss on non-derivative financial assets held for trading	13,374	(16,598)
Net gain/loss on financial assets measured using fair value option	118	366
Net gain/loss on non-derivative financial liabilities held for trading	(9,022)	3,048
Net gain/loss on financial liabilities measured using fair value option	(772)	826
Net gain/loss on derivative instruments	(4,171)	15,572
Net income from hedging instruments / fair value hedge	-	(1,104)
Revaluation of hedged items attributable to hedged risks	(123)	1,462
Ineffective portion of cash flow hedge	(4)	2
Net gain / loss on foreign exchange transactions	1,602	1,103
Total (1) (2)	**1,002**	**4,677**

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

(2) See note 6 for the amount of financial instruments at Level 3 valuation.

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

(In millions of euros)	2009	2008
Remaining amount to be registered in the income statement as at January, 1	**849**	**1,048**
Amount generated by new transactions within the period	**647**	**648**
Amount registered in the income statement within the period	**(673)**	**(847)**
Depreciation	*(530)*	*(637)*
Switch to observable parameters	*(14)*	*(56)*
Expired or terminated	*(122)*	*(167)*
Translation differences	*(7)*	*13*
Remaining amount to be registered in the income statement as at December, 31	**823**	**849**

This amount is registered in the income statement according to the spread over time or when the valuation techniques switch to observable parameters.

Note 37

Net gains and losses on available-for-sale financial assets

(In millions of euros)	2009	2008
Current activities		
Gains on sale [(1)]	316	459
Losses on sale [(2)]	(285)	(531)
Impairment losses on variable income securities	(1,673)	(402)
Deferred profit-sharing on available-for-sale financial assets of insurance subsidiaries	1,664	447
Sub-total	**22**	**(27)**
Long-term equity investments		
Gains on sale [(3)]	86	474
Losses on sale	(34)	(19)
Impairment losses on variable income securities	(129)	(335)
Sub-total	**(77)**	**120**
Total	**(55)**	**93**

(1) O/w EUR 155 million for Insurance activities as at December 31, 2009.

(2) O/w EUR -130 million for Insurance activities as at December 31, 2009.

(3) The capital gain from the sale of the Group's stake in Bank Muscat amounts to EUR 262 million in 2008.

Note 38

Income and expenses from other activities

(In millions of euros)	2009	2008
Income from other activities		
Real estate development	38	57
Real estate leasing	136	126
Equipment leasing	5,976	5,731
Other activities (including income from insurance activity)	12,131	9,469
Sub-total	**18,281**	**15,383**
Expenses from other activities		
Real estate development	-	(13)
Real estate leasing	(27)	(33)
Equipment leasing	(4,474)	(4,063)
Other activities (including expenses from insurance activity)	(12,773)	(10,007)
Sub-total	**(17,274)**	**(14,116)**
Net total	**1,007**	**1,267**

Note 39

Personnel expenses

(In millions of euros)	2009	2008
Employee compensation	(6,454)	(6,170)
Social security charges and payroll taxes	(1,243)	(1,098)
Net retirement expenses - defined contribution plans	(555)	(530)
Net retirement expenses - defined benefit plans	(134)	(111)
Other social security charges and taxes	(412)	(364)
Employee profit-sharing and incentives	(359)	(343)
Total	**(9,157)**	**(8,616)**

For the accounting treatment of remuneration schemes that follows the provisions of the Ministerial Order issued in France on November 3, 2009 and related to the remunerations of employees whose activities may have consequences on the risk exposure of banks and investment companies, two payment schemes are to be distinguished regarding variable remuneration for 2009 that will be granted to financial market professionals:

- a short-term part of these variable remunerations that will be paid in cash during the first quarter of 2010. The related expense is fully recorded as expense in the income statement at the end of 2009;
- a deferred part that will be subject to service and performance conditions, paid over several years and based on shares (cash payment indexed on Societe Generale shares, or allocation of free Societe Generale shares the number of which will be fixed by the Board of Directors that will award them in 2010). The related expense is recorded in the income statement over the vesting period beginning on January 1, 2009.

	2009	2008
Average headcount		
- France	59,381	59,003
- Outside France	100,763	101,427
Total	**160,144**	**160,430**

Note 40

Share-based payment plans

1. Expenses recorded in the income statement

	December 31, 2009			December 31, 2008		
(In millions of euros)	Cash-settled plans	Equity-settled plans	Total plans	Cash-settled plans	Equity-settled plans	Total plans
Net expenses from stock purchase plans	-	55.1	**55.1**	-	65.3	**65.3**
Net expenses from stock-option and free share plans	171.3	174.2	**345.5**	13.8	142.0	**155.8**

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

2. Main characteristics of Societe Generale stock-option plans and free share plans

2.1. EQUITY-SETTLED STOCK-OPTION PLANS FOR GROUP EMPLOYEES FOR THE YEAR ENDED DECEMBER 31, 2009 ARE BRIEFLY DESCRIBED BELOW:

- **2.1.1 Stock-options (purchase and subscription)**

Issuer	Societe Generale	Societe Generale	Societe Generale	Societe Generale	Societe Generale	Societe Generale for TCW	Societe Generale	Societe Generale for TCW	Societe Generale	Societe Generale
Year of attribution	**2002**	**2003**	**2004**	**2005**	**2006**	**2006**	**2007**	**2007**	**2008**	**2009**
Type of plan	**purchase stock-option**	**purchase stock-option**	**purchase stock-option**	**purchase stock-option**	**purchase stock-option**	**purchase stock-option**	**purchase stock-option**	**purchase stock-option**	**subscription stock-option**	**subscription stock-option**
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	05.30.2006	05.27.2008
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	03.21.2008	03.09.2009
Number of stock-options granted [(1)]	3,614,262	4,110,798	4,267,021	4,656,319	1,738,329	154,613	1,418,916	135,729	2,328,128	1,344,552 [(4)]
Contractual life of the options granted	7 years	7 years	7 years	7 years	7 years	7 years	7 years	7 years	7 years	7 years
Settlement	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares
Vesting period	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	03.21.2008 - 03.31.2011	03.09.2009 - 03.31.2012
Performance conditions	no	no	no	no	no	no	no except for the directors [(3)]	no	yes [(3)]	yes [(3)]
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	maintained	maintained	maintained	maintained	maintained	maintained	maintained	maintained	maintained	maintained
Death	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months
Share price at grant date (In euros) (average of 20 days prior to grant date) [(1)]	57.17	44.81	60.31	64.63	93.03	107.82	115.6	104.17	63.6	23.18
Discount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Exercise price (In euros) [(1)]	57.17	44.81	60.31	64.63	93.03	107.82	115.6	104.17	63.6	23.18
Options authorised but not attributed	-	-	-	-	-	-	-	-	-	-
Options exercised as at December 31, 2009	2,685,280	2,543,311	727,877	53,340	2,174	-	-	-	-	411
Options forfeited as at December 31, 2009	928,982	205,797	131,503	244,220	89,690	19,666	47,725	14,466	54,402	99,986
Options outstanding as at December 31, 2009	-	1,361,690	3,407,641	4,358,759	1,646,465	134,947	1,371,191	121,263	2,273,726	924,155
Number of shares reserved as at December 31, 2009	-	1,361,690	3,407,641	(2)	(2)	134,947	(2)	121,263	-	-
Share price of shares reserved (In euros)	-	45.11	44.51	(2)	(2)	109.71	(2)	105.69	-	-
Total value of shares reserved (In millions of euros)	-	61	152	(2)	(2)	15	(2)	13	-	-
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	03.21.2012	03.31.2013
Delay for selling after vesting period	1 year	1 year	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%	21%	24%	27%
Valuation method used to determine the fair value	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo

(1) In accordance with IAS 33, as a result of the detachment of Societe Generale share preferential subscription right, the historical share data have been adjusted by the coefficients given by Euronext which reflect the parts attributables to the share after detachment following the capital increases which took place in the fourth quarter of 2006, in the first quarter of 2008 and in the fourth quarter of 2009.

(2) 2005, 2006 and 2007 stock-option plans have been hedged using call options on Societe Generale shares.

(3) There are performance conditions which are described in the corporate governance part. As at December 31, 2009, it is estimated that the conditions of performance on EPS should not be reached for the options granted in 2008. It is also estimated that the conditions of performance on EPS should be reached at the level of 14% for the options granted in 2009.

(4) Among which 320,000 options for the chief executive officers who gave them up.

2.1.2 Free shares

Issuer	Societe Generale	Societe Generale	Societe Generale	Societe Generale
Year of grant	**2006**	**2007**	**2008**	**2009**
Type of plan	**free shares**	**free shares**	**free shares**	**free shares**
Shareholders agreement	05.09.2005	05.30.2006	05.30.2006	05.27.2008
Board of Directors' decision	01.18.2006	01.19.2007	03.21.2008	01.20.2009
Number of free shares granted (1)	775,042	903,916	3,143,595	3,155,781
Settlement	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale 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	03.21.2008 - 03.31.2010 03.21.2008 - 03.31.2011	01.20.2009 - 03.31.2012
Performance conditions	conditions on ROE for certain recipients	conditions on ROE for certain recipients	yes (2)	yes (2)
Resignation from the Group	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited
Retirement	maintained	maintained	maintained	maintained
Death	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months
Share price at grant date (In euros) (1)	93.66	116.61	58.15	23.36
Shares delivered as at December 31, 2009	655,960	399,107	538	513
Shares forfeited as at December 31, 2009	119,082	83,605	125,848	28,780
Shares outstanding as at December 31, 2009	-	421,204	3,017,209	3,126,488
Number of shares reserved as at December 31, 2009	-	421,204	3,017,209	3,126,488
Share price of shares reserved (In euros)	-	112	100.88	60.98
Total value of shares reserved (In millions of euros)	-	47	304	191
First authorised date for selling the shares	03.31.2010	03.31.2011	03.31.2012	03.31.2014
	03.31.2011	03.31.2012	03.31.2013	
Delay for selling after vesting period	2 years	2 years	2 years	2 years
Fair value (% of the share price at grant date)	vesting period 2 years: 86% vesting period 3 years: 81%	vesting period 2 years: 86% vesting period 3 years: 81%	vesting period 2 years: 87% vesting period 3 years: 81%	78%
Valuation method used to determine the fair value	Arbitrage	Arbitrage	Arbitrage	Arbitrage

(1) In accordance with IAS 33, as a result of the detachment of Societe Generale share preferential subscription right, the historical share data have been adjusted by the coefficients given by Euronext which reflect the parts attributables to the share after detachment following the capital increases which took place in the fourth quarter of 2006, in the first quarter of 2008 and in the fourth quarter of 2009.

(2) There are performance conditions which are described in the corporate governance part. As at December 31, 2009, it is estimated that the conditions on EPS for the shares granted in 2008 and the conditions on ROE for the shares granted in 2007 should not be reached. It is also estimated that performance on EPS for the shares granted in 2009 should be reached at the level of 14%.

The Tarneaud Bank granted 12,000 free shares for all employees. These shares were valued at EUR 59.89 and have a vesting period of 3 years.

2.2. STATISTICS CONCERNING SOCIETE GENERALE STOCK-OPTION PLANS

Main figures concerning Societe Generale stock-option plans, for the year ended December 31, 2009:

	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	Options granted in 2008	Options granted in 2009	Weighted average remaining contractual life	Weighted average fair value at grant date (In euros)	Weighted average share price at exercise date (In euros)	Range of exercise prices (In euros)
Options outstanding as at January 1, 2009	644,483	1,397,780	3,228,666	4,157,824	1,581,581	130,718	1,313,200	121,073	2,184,878	-				
Options granted in 2009	-	82,088	195,315	259,169	88,275	7,088	73,630	6,354	119,208	1,024,552				
Options forfeited in 2009	-	12,272	16,340	58,234	23,391	2,859	15,639	6,164	30,360	99,986				
Options exercised in 2009	-	105,906	-	-	-	-	-	-	-	411			51.79	24.45-47.57
Options expired in 2009	644,483	-	-	-	-	-	-	-	-	-				
Outstanding options as at December 31, 2009	-	1,361,690	3,407,641	4,358,759	1,646,465	134,947	1,371,191	121,263	2,273,726	924,155	32 months	13.39		
Exercisable options as at December 31, 2009	-	1,361,690	3,407,641	4,358,759	1,646,465	134,947	-	-	-	-				

Note:

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

	2002-2004	2005	2006	2007	2008	2009
Risk-free interest rate	3.8%	3.3%	3.3%	4.2%	4.2%	3.0%
Implicit share volatility	27%	21%	22%	21%	38%	55%
Forfeited rights rate	0%	0%	0%	0%	0%	0%
Expected dividend (yield)	4.3%	4.3%	4.2%	4.8%	5.0%	3.5%
Expected life (after grant date)	5 years	5 years	5 years	5 years	5 years	5 years

The implicit volatility used is that of Societe Generale 5-year share options traded OTC (TOTEM parameters), which was 55% in 2009. 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, 2009 ARE BRIEFLY DESCRIBED BELOW:

Issuer	**TCW**	**TCW**	**TCW**	**TCW**
Year of attribution	**2003**	**2005**	**2006**	**2007**
Type of plan	**purchase stock-option**	**purchase stock-option**	**purchase stock-option**	**purchase stock-option**
Shareholders agreement	07.07.2001	07.01.2005	09.01.2006	09.30.2007
Board of Directors' decision	02.19.2003	07.01.2005	09.01.2006	09.30.2007
	03.31.2003			
	06.27.2003			
Number of stock-options granted	1,268,350	2,753,708	2,385,515	2,468,849
Contractual life of the options granted	10 years	7 years	7 years	7 years
Settlement	SG shares	SG shares	SG shares	SG shares
Vesting period	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
Resignation from the Group	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited
Retirement	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
Share price at grant date (In euros)	15.50	41.35	36.95	33.32
Discount	2.30	13.48	5.64	5.12
Exercise price (In euros)	13.21	27.87	31.31	28.20
Options authorised but not attributed	-	-	-	-
Options exercised as at December 31, 2009	716,208	827,816	339,574	190,911
Options forfeited as at December 31, 2009	552,142	726,231	548,589	530,659
Options outstanding as at December 31, 2009	-	1,199,661	1,497,353	1,747,279
First authorised date for selling the shares	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
Fair value (% of the share price at grant date)	51%	66%	41%	38%
Valuation method used to determine the fair value	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, 2009:

	Total no. of options	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 (In euros)	Weighted average share price at exercise date (In euros)	Range of exercise prices (In euros)
Options outstanding as at January 1, 2009	5,898,927	119,360	1,614,169	1,906,484	2,258,914				
Options granted in 2009	-	-	-	-	-				
Options forfeited in 2009	804,928	-	240,623	243,581	320,724				
Options exercised in 2009	649,706	119,360	173,885	165,551	190,911			46.63	16.47-37.78
Options expired in 2009	-	-	-	-	-				
Options outstanding as at December 31, 2009	4,444,293	-	1,199,661	1,497,353	1,747,279	40 months	14.27		
Exercisable options as at December 31, 2009	1,106,221	-	474,505	418,920	212,797				

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 mean historical volatility of US listed companies over the past 5 years and that belong to the same segment. The fair value reflects the future performances of the Company.*
3. *Due to the term of this plan, which is settled in Societe Generale shares, no shares have been specifically allocated.*

4. Information on other plans

The other share-based payment plans granted to Group employees during 2009 are as follows:

4.1 GLOBAL EMPLOYEE SHARE-OWNERSHIP PLAN

As part of the Group employee shareholding policy, Societe Generale offered on the April 23, 2009 to employees of the Group to subscribe to a reserved capital increase at a share price of EUR 27.09, with a discount of 20% linked to the average of the 20 Societe Generale share prices before this date.

Number of shares subscribed has been 10,757,876 representing a 2009 expense of EUR 55.0 million for the Group 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 Societe Generale 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 at the subscription date are:

- average Societe Generale share price retained for the subscription period: EUR 39.63
- risk-free interest rate: 2.79%
- interest rate of a non-affected five years falicites credit applicable to market actors which are benefiting of non-transferable shares: 6.50%

The notional 5-year holding period cost is valued at 18.7% of the Societe Generale average price before discount.

4.2 BOURSORAMA STOCK-OPTION AND FREE SHARES PLAN

The 2009 expense of the 2006 plan is EUR 0.5 million.

The 2009 expense of the 2008 plan is EUR 1 million. In 2009, 5,112 free shares and 66,693 options were forfeited.

Note 41

Cost of risk

(In millions of euros)	2009	2008
Counterparty risk		
Net allocation to impairment losses	(5,371)	(2,525)
Losses not covered	**(359)**	**(148)**
- on bad loans	(268)	(118)
- on other risks	(91)	(30)
Amounts recovered	**143**	**156**
- on bad loans	132	147
- on other risks	11	9
Other risks		
Net allocation to other provisions	(261)	(138)
Total	**(5,848)**	**(2,655)**

Note 42

Income tax

(In millions of euros)	2009	2008
Current taxes	(1,387)	(467)
Deferred taxes	1,695	(768)
Total taxes (1)	**308**	**(1,235)**

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

	2009	2008
Income before tax excluding net income from companies accounted for by the equity method and impairment losses on goodwill (In millions of euros)	827	4,316
Normal tax rate applicable to French companies (including 3.3% tax contributions)	34.43%	34.43%
Permanent differences	-6.06%	9.31%
Differential on items taxed at reduced rate	-21.98%	-3.91%
Tax rate differential on profits taxed outside France	-32.70%	-6.85%
Impact of non-deductible losses and use of tax losses carried forward	-10.99%	-4.37%
Group effective tax rate	**-37.30%**	**28.61%**

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 Societe Generale's interest is at least 5% are tax exempt.

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

Note 43

Earnings per share

(In millions of euros)	2009	2008 *
Net income, Group Share	678	2,010
Net attributable income to ordinary shareholders (1)	280	1,826
Weighted average number of ordinary shares outstanding (2)	624,488,571	570,040,951
Earnings per ordinary share (In EUR)	**0.45**	**3.20**

(In millions of euros)	2009	2008 *
Net income, Group Share	678	2,010
Net attributable income to ordinary shareholders (1)	280	1,826
Weighted average number of ordinary shares outstanding (2)	624,488,571	570,040,951
Average number of ordinary shares used to calculate dilution	2,332,455	3,117,080
Weighted average number of ordinary shares used to calculate diluted net earnings per share	626,821,026	573,158,031
Diluted earnings per ordinary share (In EUR)	**0.45**	**3.19**

The dividend paid in 2009 regarding 2008 financial year amounts to EUR 1.14 per share.

** Amounts adjusted with respect to the published financial statements as at December 31, 2008.*

(1) The variation reflects interest after tax paid to holders of deeply subordinated notes and undated subordinated notes as well as the difference between issuance and redemption price of preferred shares issued by Societe Generale S.A. (see note 27).

(2) Excluding treasury shares.

Note 44

Transactions with related parties

1. Definition

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

1.1. REMUNERATION OF THE GROUP'S MANAGERS

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

(In millions of euros)	December 31, 2009	December 31, 2008
Short-term benefits	7.9	8.2
Post-employment benefits	0.1	0.4
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	1.8	3.7
Total	**9.8**	**12.3**

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

1.2. RELATED PARTY TRANSACTIONS

The transactions with Board of Directors members, chief executive officers and members of their families included in this note comprise loans and guarantees outstanding as at December 31, 2009, in a total amount of EUR 3 million. All other transactions with these individuals are unsignificant.

1.3. TOTAL AMOUNTS PROVISIONED OR BOOKED BY THE SOCIETE GENERALE GROUP FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS

The total amount provisioned or booked by the Societe Generale Group at December 31, 2009 under IAS 19 for the payment of pensions and other benefits to Societe Generale's chief executive officers and directors in office as at December 31, 2009 (Mr. Cabannes and the 2 staff-elected directors) was EUR 0.52 million.

2. Principal subsidiaries and affiliates [1]

OUTSTANDING ASSETS WITH RELATED PARTIES

(In millions of euros)	December 31, 2009	December 31, 2008
Financial assets at fair value through profit or loss	142	128
Other assets	831	706
Total outstanding assets	**973**	**834**

OUTSTANDING LIABILITIES WITH RELATED PARTIES

(In millions of euros)	December 31, 2009	December 31, 2008
Liabilities at fair value through profit or loss	186	217
Customer deposits	1,528	580
Other liabilities	672	777
Total outstanding liabilities	**2,386**	**1,574**

NET BANKING INCOME FROM RELATED PARTIES

(In millions of euros)	2009	2008
Interest and similar income	(11)	(12)
Commissions	30	(11)
Net income from financial transactions	17	3
Net income from other activities	-	-
Net banking income	**36**	**(20)**

COMMITMENTS TO RELATED PARTIES

(In millions of euros)	December 31, 2009	December 31, 2008
Loan commitments granted	298	57
Guarantee commitments granted	1,964	1,162
Forward financial instrument commitments	**3,395**	**2,876**

(1) Entities consolidated using the proportionate method and equity method.

Note 45

Companies included in the consolidation scope

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
FRANCE						
BANKS						
BANQUE DE POLYNESIE (1)	France	FULL	72.10	72.10	72.10	72.10
BANQUE FRANCAISE COMMERCIALE OCEAN INDIEN	France	FULL	50.00	50.00	50.00	50.00
CREDIT À L'INDUSTRIE FRANÇAISE (CALIF)	France	FULL	100.00	100.00	100.00	100.00
CREDIT DU NORD (1)	France	FULL	100.00	80.00	100.00	80.00
GENEBANQUE	France	FULL	100.00	100.00	100.00	100.00
GROUPAMA BANQUES (6)	France	EQUITY	-	20.00	-	20.00
SG CALEDONIENNE DE BANQUE (1)	France	FULL	90.10	90.10	90.10	90.10
SG DE BANQUE AUX ANTILLES	France	FULL	100.00	100.00	100.00	100.00
SG ASSET MANAGEMENT BANQUE	France	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
BAREP ASSETS MANAGEMENT (9)	France	FULL	-	100.00	-	100.00
SOCIETE GENERALE SECURITIES SERVICES FRANCE (1)	France	FULL	98.25	98.25	98.25	98.25
INTER EUROPE CONSEIL	France	FULL	100.00	100.00	100.00	100.00
INTERGA	France	FULL	100.00	100.00	100.00	100.00
JS CREDIT FUND	France	FULL	100.00	100.00	100.00	100.00
LYXOR ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
LYXOR INTERNATIONAL ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
ORBEO	France	PROP	50.00	50.00	50.00	50.00
SGAM INDEX (9)	France	FULL	-	100.00	-	100.00
SG ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
SG EUROPEAN MORTGAGE INVESTMENTS	France	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE ASSET MANAGEMENT ALTERNATIVE INVESTMENTS (9)	France	FULL	-	100.00	-	100.00
SGAM AI CREDIT PLUS	France	FULL	100.00	100.00	100.00	100.00

* *FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
SGAM AI CREDIT PLUS OPPORTUNITES	France	FULL	100.00	100.00	100.00	100.00
SGAM NEGOCIATION (14)	France	EQUITY	-	100.00	-	100.00
SOCIETE GENERALE RETIREMENT SERVICES	France	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SCF	France	FULL	100.00	100.00	100.00	100.00
SOGEMONECREDIT (4)	France	FULL	-	100.00	-	100.00
AMUNDI (1) (2)	France	EQUITY	25.00	-	25.00	-
SPECIALIST FINANCING						
AIR BAIL	France	FULL	100.00	100.00	100.00	100.00
TEMSYS (1)	France	FULL	100.00	100.00	100.00	100.00
BULL FINANCE	France	FULL	51.35	51.35	51.35	51.35
CAFIREC	France	FULL	100.00	100.00	100.00	100.00
COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS (1)	France	FULL	99.88	99.88	99.88	99.88
DALAREC (8)	France	FULL	-	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 (5)	France	FULL	-	100.00	-	100.00
FCC OUREA (5)	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 (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 (5)	France	FULL	-	100.00	-	100.00
GENECAL	France	FULL	100.00	100.00	100.00	100.00
GENECOMI	France	FULL	100.00	100.00	100.00	100.00
IPERSOC SAS (10)	France	FULL	-	100.00	-	100.00
LINDEN	France	FULL	100.00	100.00	100.00	100.00
ORPAVIMOB	France	FULL	100.00	100.00	100.00	100.00
PROMOPART (8)	France	FULL	-	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
SG EQUIPMENT FINANCE SA	France	FULL	100.00	100.00	100.00	100.00
SG SERVICES	France	FULL	100.00	100.00	100.00	100.00

* *FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
SNC FINOVADIS [7]	France	FULL	-	100.00	-	100.00
SOFRAFI	France	FULL	100.00	100.00	100.00	100.00
SOGEFIMUR	France	FULL	100.00	100.00	100.00	100.00
SOGEFINANCEMENT	France	FULL	100.00	100.00	100.00	100.00
SG POUR LE FINANCEMENT DES INVESTISSEMENTS ECONOMISANT L'ENERGIE	France	FULL	100.00	100.00	100.00	100.00
SOGEGA PME [8]	France	FULL	-	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 [7]	France	FULL	-	100.00	-	100.00
FCC HYPERION [5]	France	FULL	-	100.00	-	100.00
FCT RED & BLACK-GUARANTEED HOME LOANS [2]	France	FULL	100.00	-	100.00	-
PORTFOLIO MANAGEMENT						
FCC ALBATROS	France	FULL	100.00	100.00	51.00	51.00
FCP LYXOR OBLIGATIUM [1] [4] [12]	France	FULL	-	-	-	-
FINAREG	France	FULL	100.00	100.00	100.00	100.00
GENE ACT 1	France	FULL	100.00	100.00	100.00	100.00
GENEFINANCE	France	FULL	100.00	100.00	100.00	100.00
GENEVAL [1]	France	FULL	100.00	100.00	100.00	100.00
GENINFO	France	FULL	100.00	100.00	100.00	100.00
LIBECAP	France	FULL	100.00	100.00	100.00	100.00
SOCIETE ALSACIENNE ET LORRAINE DE VALEURS, D'ENTREPRISES ET DE PARTICIPATIONS	France	FULL	51.42	51.42	51.42	51.42
LA FONCIERE DE LA DEFENSE	France	FULL	99.99	99.99	100.00	100.00
SG CAPITAL DEVELOPPEMENT	France	FULL	100.00	100.00	100.00	100.00
SG CONSUMER FINANCE [1]	France	FULL	100.00	100.00	100.00	100.00
SG FINANCIAL SERVICES HOLDING [1]	France	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SECURITIES SERVICES HOLDING [1]	France	FULL	100.00	100.00	100.00	100.00
SOGEFIM HOLDING	France	FULL	100.00	100.00	100.00	100.00
SOGENAL PARTICIPATIONS	France	FULL	100.00	100.00	100.00	100.00

* *FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
SOCIETE GENERALE DE PARTICIPATIONS	France	FULL	100.00	100.00	100.00	100.00
SOGEPARTICIPATIONS [(1)]	France	FULL	100.00	100.00	100.00	100.00
SOGEPLUS	France	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE CAPITAL PARTENAIRES	France	FULL	100.00	100.00	100.00	100.00
SOCIETE DE LA RUE EDOUARD VII	France	FULL	99.91	99.91	99.91	99.91
VOURIC	France	FULL	100.00	100.00	100.00	100.00
BROKERS						
BOURSORAMA SA [(1)]	France	FULL	55.78	55.78	55.78	55.78
CLICKOPTIONS	France	FULL	100.00	100.00	100.00	100.00
GASELYS [(13)]	France	EQUITY	49.00	49.00	49.00	49.00
SOCIETE GENERALE ENERGIE	France	FULL	100.00	100.00	100.00	100.00
SG EURO CT	France	FULL	100.00	100.00	100.00	100.00
SG OPTION EUROPE	France	FULL	100.00	100.00	100.00	100.00
SG SECURITIES (PARIS) SAS	France	FULL	100.00	100.00	100.00	100.00
NEWEDGE GROUP [(1)]	France	PROP	50.00	50.00	50.00	50.00
REAL ESTATE AND REAL ESTATE FINANCING						
GALYBET	France	FULL	100.00	100.00	100.00	100.00
GENEFIM [(1)]	France	FULL	100.00	100.00	100.00	100.00
GENEFIMMO [(1)]	France	FULL	100.00	100.00	100.00	100.00
ORIENT PROPERTIES	France	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER	France	FULL	100.00	100.00	100.00	100.00
SOGEPROM [(1)]	France	FULL	100.00	100.00	100.00	100.00
SOPHIA-BAIL	France	FULL	51.00	51.00	51.00	51.00
THE IVORY OIP FUND LIMITED [(5)]	France	FULL	-	100.00	-	100.00
SERVICES						
COMPAGNIE GENERALE D'AFFACTURAGE	France	FULL	100.00	100.00	100.00	100.00
EUROPE COMPUTER SYSTEMES SA [(1)]	France	FULL	100.00	100.00	100.00	100.00
PARIS REGLEMENT LIVRAISON	France	FULL	100.00	100.00	100.00	100.00

* *FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
SOCIETE DE CONTROLE ET DE GESTION FINANCIERE- SOCOGEFI	France	FULL	100.00	100.00	100.00	100.00
GROUP REAL ESTATE MANAGEMENT COMPANIES						
COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM) (1)	France	FULL	100.00	100.00	100.00	100.00
ELEAPARTS	France	FULL	100.00	100.00	100.00	100.00
GENEGIS I	France	FULL	100.00	100.00	100.00	100.00
GENEGIS II	France	FULL	100.00	100.00	100.00	100.00
GENEVALMY	France	FULL	100.00	100.00	100.00	100.00
SOGEMARCHE	France	FULL	100.00	100.00	100.00	100.00
SOGECAMPUS	France	FULL	100.00	100.00	100.00	100.00
SC ALICANTE 2000	France	FULL	100.00	100.00	100.00	100.00
SC CHASSAGNE 2000	France	FULL	100.00	100.00	100.00	100.00
OPERA 72	France	FULL	99.99	99.99	100.00	100.00
SI DU 29 BOULEVARD HAUSSMANN	France	FULL	100.00	100.00	100.00	100.00
SOGE COLLINE SUD (4)	France	FULL	-	100.00	-	100.00
SOGE PERIVAL I	France	FULL	100.00	100.00	100.00	100.00
SOGE PERIVAL II	France	FULL	100.00	100.00	100.00	100.00
SOGE PERIVAL III	France	FULL	100.00	100.00	100.00	100.00
SOGE PERIVAL IV	France	FULL	100.00	100.00	100.00	100.00
SOGEFONTENAY	France	FULL	100.00	100.00	100.00	100.00
SOGINFO - SOCIETE DE GESTION ET D'INVESTISSEMENTS FONCIERS (1)	France	FULL	100.00	100.00	100.00	100.00
SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	France	FULL	99.99	99.99	100.00	100.00
VALMINVEST	France	FULL	100.00	100.00	100.00	100.00
INSURANCE						
SG DE COURTAGE ET DE REASSURANCE (GENECAR)	France	FULL	100.00	100.00	100.00	100.00
ORADEA VIE	France	FULL	100.00	100.00	100.00	100.00
SOGECAP (1)	France	FULL	100.00	100.00	100.00	100.00
SOGESSUR	France	FULL	65.00	65.00	65.00	65.00

* *FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
EUROPE						
BANKS						
BRD - GROUPE SOCIETE GENERALE [1]	Romania	FULL	59.37	58.54	59.37	58.54
BANKA POPULLORE SH.A [1]	Albania	FULL	75.01	75.01	75.01	75.01
BANK REPUBLIC [1]	Georgia	FULL	80.00	60.00	80.00	60.00
GENIKI [1]	Greece	FULL	53.97	52.32	53.97	52.32
KOMERCNI BANKA A.S [1]	Czech Republic	FULL	60.44	60.35	60.44	60.35
SOCIETE GENERALE BANK NEDERLAND N.V.	Netherlands	FULL	100.00	100.00	100.00	100.00
SG EXPRESS BANK [1]	Bulgaria	FULL	99.69	97.95	99.69	97.95
SG HAMBROS LIMITED (HOLDING) [1]	Great Britain	FULL	100.00	100.00	100.00	100.00
SG PRIVATE BANKING SUISSE SA [1]	Switzerland	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE BANKA SRBIJA	Serbia	FULL	100.00	100.00	100.00	100.00
BSGV [1]	Russia	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE BANK & TRUST LUXEMBOURG [1]	Luxembourg	FULL	100.00	100.00	100.00	100.00
SG PRIVATE BANKING MONACO	France	FULL	100.00	100.00	100.00	100.00
SKB BANKA [1]	Slovenia	FULL	99.70	99.69	99.70	99.69
SG CYPRUS LTD	Cyprus	FULL	51.00	51.00	51.00	51.00
SOGEPARTICIPATIONS BELGIQUE [1]	Belgium	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SPLITSKA BANKA	Croatia	FULL	100.00	100.00	100.00	100.00
SGSS SPA	Italy	FULL	100.00	100.00	100.00	100.00
ROSBANK [1]	Russia	FULL	65.33	57.57	65.33	57.57
MOBIASBANCA GROUPE SOCIETE GENERALE [2]	Moldova	FULL	79.72	-	87.85	-
FINANCIAL COMPAGNIES						
AMBER [5] [11]	Great Britain	FULL	-	100.00	-	100.00
BRD FINANCE IFN S.A.	Romania	FULL	80.09	79.69	100.00	100.00
BRIGANTIA INVESTMENTS B.V. [1]	Great Britain	FULL	100.00	100.00	80.00	80.00
CLARIS 4 [12]	Jersey	FULL	-	-	-	-
CO-INVEST LBO MASTER FUND LIMITED PARTNERSHIP INCORPORATED	Great Britain	FULL	100.00	100.00	51.00	51.00

* *FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
SOCIETE GENERALE SECURITIES SERVICES LUXEMBOURG	Luxembourg	FULL	99.21	99.21	100.00	100.00
HALYSA S.A.	Luxembourg	FULL	100.00	100.00	100.00	100.00
IRIS II (12)	Ireland	FULL	-	-	-	-
IVEFI SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
LIGHTNING ASSET FINANCE LIMITED	Ireland	FULL	51.00	51.00	51.00	51.00
LYXOR MASTER FUND	Great Britain	FULL	100.00	100.00	100.00	100.00
ORION SHARED LIQUIDITY FUND B.V.	Netherlands	FULL	100.00	100.00	100.00	95.00
PARSIFAL LTD (12)	Great Britain	FULL	-	-	-	-
SGA SOCIETE GENERALE ACCEPTANCE N.V. (“SGA”)	Netherlands Antilles	FULL	100.00	100.00	100.00	100.00
SG ASSET MANAGEMENT GROUP LTD (1) (6)	Great Britain	FULL	-	100.00	-	100.00
SGAM IBERIA AV, SAU	Spain	FULL	100.00	100.00	100.00	100.00
SGAM IRELAND	Ireland	FULL	100.00	100.00	100.00	100.00
SG D’ARBITRAGE ET DE PARTICIPATION SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
SGBF S.A.	Belgium	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE CONSUMER FINANCE HOLDING HELLAS S.A. (1)	Greece	FULL	100.00	100.00	100.00	100.00
SG EFFEKTEN	Germany	FULL	100.00	100.00	100.00	100.00
SG FINANCE IRELAND LTD (1)	Ireland	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE IMMOBEL (1)	Belgium	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SG RUSSELL ASSET MANAGEMENT LTD (14)	Ireland	EQUITY	-	50.00	-	50.00
SG SECURITIES LONDON LTD (5)	Great Britain	FULL	-	100.00	-	100.00
SG WERTPAPIERHANDELSGESELLSCHAFT MB	Germany	FULL	100.00	100.00	100.00	100.00
SOCIETE EUROPEENNE DE FINANCEMENT ET D’INVESTISSEMENT	Luxembourg	FULL	100.00	100.00	100.00	100.00
VERI SG FONDS	Germany	FULL	100.00	100.00	100.00	100.00
CODEIS SECURITIES S.A.	Luxembourg	FULL	100.00	100.00	100.00	100.00
LLC PROSTOFINANCE	Ukraine	FULL	100.00	100.00	100.00	100.00

* *FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
FCT RED & BLACK CONSUMER 2008-1	France	FULL	100.00	100.00	100.00	100.00
MILO FOREIGN DEBT FUND (2)	Netherlands	FULL	100.00	-	100.00	-
MILO FDF INVESTORS CV (2)	Netherlands	FULL	100.00	-	100.00	-
TURQUOISE SICAV (2)	Luxembourg	FULL	100.00	-	100.00	-
PILLAR CAPITAL LP (3)	Great Britain	FULL	100.00	-	100.00	-
SPECIALIST FINANCING						
AXUS SA/NV (1)	Belgium	FULL	100.00	100.00	100.00	100.00
ALD AUTOMOTIVE A/S (1)	Denmark	FULL	100.00	100.00	100.00	100.00
AXUS FINLAND OY (1)	Finland	FULL	100.00	100.00	100.00	100.00
AXUS ITALIANA SRL	Italy	FULL	100.00	100.00	100.00	100.00
AXUS NEDERLAND BV	Netherlands	FULL	100.00	100.00	100.00	100.00
ALD AUTOMOTIVE AS (1)	Norway	FULL	100.00	100.00	100.00	100.00
ALD AUTOMOTIVE AB (1)	Sweden	FULL	100.00	100.00	100.00	100.00
ADRIA LEASING SPA	Italy	FULL	100.00	100.00	100.00	100.00
ALD AUTOLEASING D GMBH (1)	Germany	FULL	100.00	100.00	100.00	100.00
ALD AUTOMOTIVE GROUP PLC (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
ALD AUTOMOTIVE SRO	Czech Republic	FULL	100.00	100.00	100.00	100.00
ALD INTERNATIONAL SAS & CO. KG (1)	Germany	FULL	100.00	100.00	100.00	100.00
ALD INTERNATIONAL SA	France	FULL	100.00	100.00	100.00	100.00
ALD LEASE FINANZ GMBH (1)	Germany	FULL	100.00	100.00	100.00	100.00
SG ALD AUTOMOTIVE PORTUGAL SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENZ SA	Portugal	FULL	100.00	100.00	100.00	100.00
ALD AUTOMOTIVE SA (1)	Spain	FULL	100.00	100.00	100.00	100.00
DC MORTGAGE FINANCE NETHERLAND BV (1)	Netherlands	FULL	100.00	100.00	100.00	100.00
EIFFEL LIMITED	Great Britain	FULL	100.00	100.00	100.00	100.00
ESSOX SRO	Czech Republic	FULL	79.85	79.81	100.00	100.00
EURO BANK SPOLKA AKCYJNA	Poland	FULL	99.44	99.41	99.44	99.41
FIDITALIA SPA (1)	Italy	FULL	100.00	100.00	100.00	100.00
FRAER LEASING SPA	Italy	FULL	67.75	67.75	67.75	67.75
SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.	Czech Republic	FULL	100.00	100.00	100.00	100.00
SG LEASING SPA	Italy	FULL	100.00	100.00	100.00	100.00

* *FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
SG EQUIPMENT LEASING POLSKA SP ZOO	Poland	FULL	100.00	100.00	100.00	100.00
GEFA GESELLSCHAFT FÜR ABSATZFINANZIERUNG MBH (1)	Germany	FULL	100.00	100.00	100.00	100.00
GEFA LEASING GMBH	Germany	FULL	100.00	100.00	100.00	100.00
HANSEATIC BANK GMBH & CO KG	Germany	FULL	75.00	75.00	75.00	75.00
MONTALIS INVESTMENT BV	Netherlands	FULL	100.00	100.00	100.00	100.00
SGBT FINANCE IRELAND LIMITED	Ireland	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE BENELUX BV	Netherlands	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE INTERNATIONAL GMBH (1)	Germany	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE SCHWEIZ AG	Switzerland	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE SA & CO KG	Germany	FULL	100.00	100.00	100.00	100.00
SG FACTORING SPA	Italy	FULL	100.00	100.00	100.00	100.00
SG FINANS AS (1)	Norway	FULL	100.00	100.00	100.00	100.00
SG HOLDING DE VALORES Y PARTICIPATIONES	Spain	FULL	100.00	100.00	100.00	100.00
SG LEASING XII (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE ITALIA HOLDING SPA	Italy	FULL	100.00	100.00	100.00	100.00
SOGELEASE B.V. (1)	Netherlands	FULL	100.00	100.00	100.00	100.00
PEMA KFZ-HANDELS GMBH (1)	Germany	FULL	100.00	100.00	100.00	100.00
MILFORD (2)	Belgium	FULL	100.00	-	100.00	-
NEW ESPORTA HOLDINGS LTD (1) (2)	Great Britain	FULL	96.77	-	96.77	-
SGSS KAG (3)	Germany	FULL	100.00	-	100.00	-
BROKERS						
SG ENERGIE UK LIMITED	Great Britain	FULL	100.00	100.00	100.00	100.00
SGSS UK LIMITED	Great Britain	FULL	100.00	100.00	100.00	100.00
INSURANCE						
GENERAS	Luxembourg	FULL	100.00	100.00	100.00	100.00
INORA LIFE LTD	Ireland	FULL	100.00	100.00	100.00	100.00
KOMERCNI POJISTOVNA A.S	Czech Republic	FULL	80.62	80.57	100.00	100.00

Full: full consolidation – PROP: proportionate consolidation – EQUITY: equity method

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
SOGELIFE	Luxembourg	FULL	100.00	100.00	100.00	100.00
SOGECAP LIFE INSURANCE	Russia	FULL	100.00	100.00	100.00	100.00
AFRICA AND THE MIDDLE-EAST						
BANKS						
BANKY FAMPANDROSOANA VAROTRA SG	Madagascar	FULL	70.00	70.00	70.00	70.00
SG DE BANQUES AU BURKINA	Burkina Faso	FULL	51.19	44.48	52.53	46.07
SG DE BANQUE EN GUINEE EQUATORIALE	Equatorial Guinea	FULL	52.44	52.44	57.24	57.24
NATIONAL SOCIETE GENERALE BANK	Egypt	FULL	77.17	77.17	77.17	77.17
SOCIETE GENERALE ALGERIE	Algeria	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE DE BANQUE AU CAMEROUN	Cameroon	FULL	58.08	58.08	58.08	58.08
SG DE BANQUES EN CÔTE D'IVOIRE (1)	Ivory Coast	FULL	73.25	68.20	73.25	68.20
SG DE BANQUES EN GUINEE	Guinea	FULL	57.94	52.94	57.94	52.94
SG DE BANQUE AU LIBAN (1)	Lebanon	EQUITY	19.00	19.00	19.00	19.00
SG DE BANQUES AU SENEGAL	Senegal	FULL	64.45	58.78	64.87	59.28
SG MAROCAINE DE BANQUES (1)	Morocco	FULL	56.91	56.91	56.91	56.91
SG-SSB LIMITED	Ghana	FULL	52.24	51.00	52.24	51.00
UNION INTERNATIONALE DE BANQUES	Tunisia	FULL	57.20	57.20	52.34	52.34
SPECIALIST FINANCING						
ALD AUTOMOTIVE SA MAROC	Morocco	FULL	43.54	42.95	50.00	50.00
SOCIETE D'EQUIPEMENT DOMESTIQUE ET MENAGER "EQDOM"	Morocco	FULL	46.31	45.41	54.92	54.69
SOGELEASE EGYPT	Egypt	FULL	70.87	70.87	80.00	80.00
SOCIETE GENERALE DE LEASING AU MAROC	Morocco	FULL	74.15	71.81	100.00	100.00
INSURANCE						
LA MAROCAINE VIE	Morocco	FULL	85.97	73.75	100.00	87.07
THE AMERICAS						
BANKS						
BANCO SG BRAZIL SA (1)	Brazil	FULL	100.00	100.00	100.00	100.00
BANCO PECUNIA S.A. (1)	Brazil	FULL	70.00	70.00	70.00	70.00

* *FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
SOCIETE GENERALE (CANADA) (1)	Canada	FULL	100.00	100.00	100.00	100.00
BANCO CACIQUE S.A. (1)	Brazil	FULL	100.00	100.00	100.00	100.00
SG AMERICAS SECURITIES HOLDINGS, LLC (1) (3)	United States	FULL	100.00	-	100.00	-
FINANCIAL COMPANIES						
SG AMERICAS, INC. (1)	United States	FULL	100.00	100.00	100.00	100.00
SG CAPITAL TRUST I (1)	United States	FULL	100.00	100.00	100.00	100.00
SG WARRANTS NV	United States	FULL	100.00	100.00	100.00	100.00
TCW GROUP INC (1)	United States	FULL	100.00	100.00	100.00	100.00
TOBP (12) (15)	United States	FULL	-	-	-	-
THE TURQUOISE FUND LTD	Cayman Islands	FULL	100.00	100.00	100.00	100.00
ARROW OFFSHORE LTD. (5)	Cayman Islands	FULL	-	100.00	-	23.51
PERMAL PJM LTD. (5)	British Virgin Islands	FULL	-	100.00	-	50.00
SOCIETE GENERALE ENERGIE (USA) CORP.	United States	FULL	100.00	100.00	100.00	100.00
THE TURQUOISE II FUND	Cayman Islands	FULL	100.00	100.00	100.00	100.00
THE GLOBAL COMMODITIES FINANCE FUND LIMITED (1) (2)	Cayman Islands	FULL	100.00	-	100.00	-
SPECIALIST FINANCING						
COUSTO INVESTMENTS LP (4)	United States	FULL	-	100.00	-	55.00
PACE (5) (12)	United States	FULL	-	-	-	-
MAKATEA JV INC.	United States	FULL	100.00	100.00	66.67	66.67
REXUS L.L.C.	United States	FULL	100.00	100.00	70.83	70.83
SG ASTRO FINANCE L.P.	United States	FULL	100.00	100.00	100.00	100.00
SG ASTRO FINANCE TRUST (5)	United States	FULL	-	100.00	-	100.00
SG CONSTELLATION CANADA LTD.	Canada	FULL	100.00	100.00	100.00	100.00
SG FINANCE, INC.	United States	FULL	100.00	100.00	100.00	100.00
SG PREFERRED CAPITAL III, L.L.C. (1)	United States	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE USA CORP. (3)	United States	FULL	100.00	-	100.00	-
PORTFOLIO MANAGEMENT						
SOCIETE GENERALE COMMODITIES PRODUCTS, LLC	United States	FULL	100.00	100.00	100.00	100.00

* *FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
SOCIETE GENERALE INVESTMENT MANAGEMENT HOLDING CORP. (1)	United States	FULL	100.00	100.00	100.00	100.00
THE EMERALD FUND LTD (5)	Cayman Islands	FULL	-	100.00	-	100.00
ASIA AND OCEANIA						
BANKS						
SG AUSTRALIA HOLDINGS LTD (1)	Australia	FULL	100.00	100.00	100.00	100.00
SG PRIVATE BANKING (JAPAN) LTD	Japan	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SECURITIES (NORTH PACIFIC) LTD	Japan	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE (CHINA) LIMITED	China	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
FORTUNE SGAM FUND MANAGEMENT CO LTD	China	PROP	49.00	49.00	49.00	49.00
IBK-SG ASSET MANAGEMENT CO. LTD	South Korea	PROP	50.00	50.00	50.00	50.00
SG ASSET MANAGEMENT (SINGAPORE) LTD (14)	Singapore	EQUITY	-	100.00	-	100.00
SOCIETE GENERALE ASSET MANAGEMENT (JAPAN) CO. LTD (14)	Japan	EQUITY	-	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 LTD (14)	Japan	EQUITY	-	100.00	-	100.00
BROKERS						
SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD (HONG KONG) (1)	Hong Kong	FULL	100.00	100.00	100.00	100.00

(1) Companies carrying out sub-consolidation.
(2) Consolidated for the first time in 2009.
(3) Companies now consolidated directly.
(4) Entities deconsolidated during 2009.
(5) Entities wound up in 2009.
(6) Entities sold in 2009.
(7) Dissolution by transfer of assets with Cafirec.
(8) Dissolution by transfer of assets with Généfinance.
(9) Merger with SG Asset Management.
(10) Merger with Societe Generale.
(11) Societe Generale owned only one compartment of Amber at 100%.
(12) Special purpose vehicles substantially controlled by the Group.
(13) Change in consolidation method: from proportionate method to equity method.
(14) Companies now sub-consolidated in Amundi.
(15) Assets and liabilities of this company are now consolidated by transparency in Societe Generale S.A.
** FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method*

Note 46

Sector information

Sector information by business lines

(In millions of euros)	French Network (1) 2009	French Network (1) 2008 *	International Retail Banking 2009	International Retail Banking 2008 *	Specialised Financing and Insurance 2009	Specialised Financing and Insurance 2008 *
Net banking income	7,253	7,179	4,724	4,990	3,225	3,101
Operating Expenses (3)	(4,778)	(4,725)	(2,681)	(2,752)	(1,818)	(1,795)
Gross operating income	**2,475**	**2,454**	**2,043**	**2,238**	**1,407**	**1,306**
Cost of risk	(968)	(494)	(1,298)	(500)	(1,224)	(587)
Operating income	**1,507**	**1,960**	**745**	**1,738**	**183**	**719**
Net income from companies accounted for by the equity method	13	8	6	8	(54)	(21)
Net income / expense from other assets	-	-	7	14	(16)	(1)
Impairment of goodwill	-	-	-	(300)	(43)	-
Earnings before tax	**1,520**	**1,968**	**758**	**1,460**	**70**	**697**
Income tax	(512)	(667)	(150)	(368)	(44)	(220)
Net income before minority interests	**1,008**	**1,301**	**608**	**1,092**	**26**	**477**
Minority interests	37	50	163	474	9	18
Net income, Group share	**971**	**1,251**	**445**	**618**	**17**	**459**

	Private Banking, Global Investment Management and Services					
	Asset Management		Private Banking		SGSS and Online Savings	
(In millions of euros)	2009	2008 *	2009	2008 *	2009	2008 *
Net banking income	765	425	826	834	1,242	1,559
Operating Expenses (3)	(761)	(792)	(525)	(539)	(1,178)	(1,299)
Gross operating income	**4**	**(367)**	**301**	**295**	**64**	**260**
Cost of risk	3	(8)	(38)	(32)	(3)	(13)
Operating income	**7**	**(375)**	**263**	**263**	**61**	**247**
Net income from companies accounted for by the equity method	-	-	-	-	-	-
Net income / expense from other assets	-	-	-	-	(1)	-
Impairment of goodwill	-	-	-	-	-	-
Earnings before tax	**7**	**(375)**	**263**	**263**	**60**	**247**
Income tax	(3)	124	(59)	(54)	(21)	(82)
Net income before minority interests	**4**	**(251)**	**204**	**209**	**39**	**165**
Minority interests	3	(5)	-	-	17	18
Net income, Group share	**1**	**(246)**	**204**	**209**	**22**	**147**

* *All the core business results have been prepared on the basis of an average capital allocation calculated according to Basel II standards.*

(In millions of euros)	Corporate and Investment Banking (1) (2) 2009	2008 *	Corporate Centre (2) 2009	2008 *	Societe Generale Group 2009	2008 *
Net banking income (4)	6,867	1,544	(3,172)	2,234	21,730	21,866
Operating Expenses (3)	(3,877)	(3,430)	(148)	(196)	(15,766)	(15,528)
Gross operating income	**2,990**	**(1,886)**	**(3,320)**	**2,038**	**5,964**	**6,338**
Cost of risk	(2,324)	(1,033)	4	12	(5,848)	(2,655)
Operating income	**666**	**(2,919)**	**(3,316)**	**2,050**	**116**	**3,683**
Net income from companies accounted for by the equity method	53	-	(3)	(3)	15	(8)
Net income / expense from other assets	(7)	10	728	610	711	633
Impairment of goodwill	-	-	1	-	(42)	(300)
Earnings before tax	**712**	**(2,909)**	**(2,590)**	**2,657**	**800**	**4,008**
Income tax	(73)	1,046	1,170	(1,014)	308	(1,235)
Net income before minority interests	**639**	**(1,863)**	**(1,420)**	**1,643**	**1,108**	**2,773**
Minority interests	16	7	185	201	430	763
Net income, Group share	**623**	**(1,870)**	**(1,605)**	**1,442**	**678**	**2,010**

* *All the core business results have been prepared on the basis of an average capital allocation calculated according to Basel II standards.*

(1) *The Group adapted its organisation in the first quarter of 2009. All the real estate subsidiaries previously affiliated with Corporate and Investment Banking, except for ODIPROM, have joined the French Networks. This transfer includes notably GENEFIM, SOGEPROM and GENEFIMMO, as well as their respective subsidiaries.*

(2) *The following items have been charged into Corporate Centre from the fourth quarter of 2009 and retroactively to 2008 and 2009:*
- *CDS revaluation of corporate credit portfolio for EUR -1,622 million in 2009;*
- *financial liabilities revaluation.*

The entities SGAM AI CREDIT PLUS and SGAM AI CREDIT PLUS OPPORTUNITES, previously affiliated with Corporate Centre, have joined the Corporate and Investment Banking. On the other hand, the Group has transfered a portfolio of securities classified in "available-for-sale" and "held-to-maturity" from the Corporate Centre to the Corporate and Investment Banking.

(3) *Including depreciation and amortisation.*

(4) Breakdown of the Net banking income by business for the "Corporate and Investment Banking":

(In millions of euros)	2009	2008 *
Global Markets	7,200	3,093
Financing and Advisory	2,493	1,787
Legacy Assets	(2,826)	(3,336)
Total Net banking income	**6,867**	**1,544**

The breakdown of the 2008 Net banking income by business was aligned on the new organisation of the core business "Corporate and Investment Banking".

(In millions of euros)	French Networks December 31, 2009	French Networks December 31, 2008 (2)	International Retail banking December 31, 2009	International Retail banking December 31, 2008 (3)	Specialised Financing and Insurance December 31, 2009	Specialised Financing and Insurance December 31, 2008	Corporate and Investment Banking December 31, 2009	Corporate and Investment Banking December 31, 2008 (2) (3) (4)
Sector assets	180,143	175,363	87,443	88,037	127,431	118,936	532,964	649,420
Sector liabilities (1)	131,153	126,339	71,426	72,886	81,189	73,751	567,135	692,685

	Private Banking, Global Investment Management and Services											
	Asset Management		Private Banking		SGSS and Online Savings		Division Total		Corporate Centre		Societe Generale Group	
(In millions of euros)	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008 (4)	December 31, 2009	December 31, 2008 (2) (3) (4)
Sector assets	3,544	7,652	18,963	22,090	46,899	43,533	69,406	73,275	26,314	24,972	1,023,701	1,130,003
Sector liabilities (1)	719	7,969	25,012	31,888	62,840	60,560	88,571	100,417	37,389	23,038	976,863	1,089,116

(1) Sector liabilities correspond to debts (i.e. total liabilities except equity).

(2) The Group adapted its organisation in the first quarter of 2009. All the real estate subsidiaries previously affiliated with Corporate and Investment Banking (Financing and Advisory), except for ODIPROM, have joined the French Networks. This transfer includes notably GENEFIM, SOGEPROM and GENEFIMMO, as well as their respective subsidiaries.

(3) The entity SG MUMBAI, previously affiliated with Corporate and Investment Banking (Financing and Advisory), has joined the International Retail banking in the third quarter of 2009.

(4) A new organisation was adopted in the fourth quarter of 2009: the entities SGAM AI CREDIT PLUS and SGAM AI CREDIT PLUS OPPORTUNITES, previously affiliated with Corporate Centre, have joined the Corporate and Investment Banking. On the contrary the entity SG SCF, previously affiliated with Corporate and Investment Banking (Fixed Income, Currencies and Commodities), has joined the Corporate Centre. On the other hand, the Group has transfered a portfolio of securities classified in "available-for-sale" and "held-to-maturity" from the Corporate Centre to the Corporate and Investment Banking.

Sector information by geographical regions

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME

	France		Europe		Americas	
(In millions of euros)	2009	2008	2009	2008	2009	2008
Net interest and similar income	5,581	3,508	3,994	3,949	1,311	44
Net fee income	4,750	4,160	1,772	2,214	826	569
Net income / expense from financial transactions	(1,315)	2,945	1,977	537	(126)	1,038
Other net operating income	318	493	711	848	(39)	(88)
Net banking income	**9,334**	**11,106**	**8,454**	**7,548**	**1,972**	**1,563**

	Asia		Africa		Oceania		Total	
(In millions of euros)	2009	2008	2009	2008	2009	2008	2009	2008
Net interest and similar income	125	81	818	722	135	110	11,964	8,414
Net fee income	131	139	315	304	18	29	7,812	7,415
Net income / expense from financial transactions	374	316	48	65	(11)	(131)	947	4,770
Other net operating income	1	-	1	15	15	(1)	1,007	1,267
Net banking income	**631**	**536**	**1,182**	**1,106**	**157**	**7**	**21,730**	**21,866**

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS

	France		Europe		Americas		Asia	
(In millions of euros)	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Sector assets	708,038	796,906	158,745	162,201	107,429	111,743	15,263	19,251
Sector liabilities [(1)]	669,480	762,684	152,584	157,415	107,601	111,845	14,829	18,727

	Africa		Oceania		Total	
(In millions of euros)	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Sector assets	20,522	18,443	13,704	21,459	1,023,701	1,130,003
Sector liabilities [(1)]	18,804	16,963	13,565	21,482	976,863	1,089,116

(1) Sector liabilities correspond to debts (i.e. total liabilities except equity).

Note 47

Fees to statutory auditors

Fees to statutory auditors recorded in the income statement in 2009 are:

(In millions of euros)	December 31, 2009	December 31, 2008
Fees related to statutory audit, certification, examination of parent company and consolidated accounts	32	32
Fees related to audit services and related assignments	8	3
Total	**40**	**35**

Note 48

Post closing events

On February 12, 2010, the Societe Generale Group and Interros, minority shareholder in Rosbank, have signed an agreement to plan the merger of its Russian subsidiaries.

The Societe Generale Group is currently present in the Russian retail banking and financial services markets via its four main subsidiaries (Rosbank, BSGV, Rusfinance and Delta Credit) and wishes now to combine its activities in Russia in order to:

- take full advantage of revenue synergies among its different business lines,
- and strengthen operational efficiency among its different activities.

The new entity will become the fifth-largest player in the Russian banking sector by the size of its credit portfolio. In late 2010 to early 2011, pending approval from the relevant authorities, the Societe Generale Group will hold a 81.5% stake in the new entity. The remaining 18.5% will be mostly held by Interros Group.

This project has not had any impact on 2009 consolidated financial statements.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Societe Generale – Year ended December 31, 2009

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. The report also includes information relating to the specific verification of information in the Group management report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying consolidated financial statements of Societe Generale;
- the justification of our assessments;
- the specific verification according to the law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I – OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques and other methods of selection, in order to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated Group in accordance with the principles applicable under IFRS, as adopted by the European Union.

Without qualifying our opinion, we draw your attention to note 1 to the consolidated financial statements that describes the changes in accounting methods applied by the Group starting 2009, and particularly the early application of revised IFRS 3 – Business combinations and revised IAS 27 – Consolidated and separate financial statements.

II – JUSTIFICATION OF ASSESSMENTS

Accounting estimates for the purpose of preparing the financial statements for the year ended December 31, 2009 have been made in an economic context and market conditions still deteriorated. It is in this context and in accordance with article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments that we bring to your attention the following matters:

ACCOUNTING PRINCIPLES

As mentioned in note 1 to the consolidated financial statements, accounting methods have changed during the year ended December 31, 2009 as a result of the application of new or amended IFRS standards or interpretations. As part of our assessment of the general accounting policies applied by your Company, we have verified the correct application of these changes in accounting method and the appropriateness of their presentation.

ACCOUNTING ESTIMATES

- For the purpose of preparing the financial statements, your Company records depreciations to cover the credit risks inherent to its activities and performs significant accounting estimates, as described in note 1 to the consolidated financial statements, related in particular to the assessment of the fair value of financial instruments accounted for at amortised cost, goodwills, pension plans and other post-employment benefits. Taking into account the specific context of the current crisis, we have reviewed the processes implemented by management and the underlying assumptions and valuation parameters, and assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies disclosed in note 1 to the consolidated financial statements.

- In the context of the financial crisis, your Company provides in note 3 to the consolidated financial statements its direct and indirect exposures to certain sectors, the procedures implemented to assess them, as well as the process for measuring certain financial instruments. We have reviewed the control procedures implemented to identify and measure such exposures, as well as the appropriateness of the related disclosure included in the aforementioned note.
- As detailed in note 1 to the consolidated financial statements, your Company uses internal models to measure financial instruments that are not listed on active markets. Our procedures consisted in reviewing the control procedures for the models used, assessing the underlying data and assumptions, and verifying that the risks and results related to these instruments were taken into account.
- Likewise, in this same context, we have reviewed the control procedures relating to the identification of financial instruments that can no longer be traded on an active market or for which market parameters could no longer be observed, and the methodology used for their valuation as a consequence.
- As mentioned in note 3 to the consolidated financial statements, your Company assessed the impact of changes in its own credit risk with respect to the valuation of certain financial liabilities measured at fair value through profit or loss. We have verified the appropriateness of the data used for this purpose.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – SPECIFIC VERIFCATION

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group management report. We have no matters to report regarding its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, March 4, 2010

The Statutory Auditors

French original signed by

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