2013 REGISTRATION DOCUMENT

BUILDING TOGETHER

TEAM SPIRIT

SOCIETE GENERALE

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

REGISTRATION DOCUMENT **2013**

SOCIETE GENERALE

The AMF has conducted no verification of the content of this document. Only the French version of the Registration Document («Document de Référence») has been controlled by the AMF.

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

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

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HISTORY AND PROFILE OF SOCIETE GENERALE

HISTORY

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

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

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

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

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

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

Societe Generale expanded internationally through acquisitions in its various businesses all around the world. For example, it developed its Retail Banking network in Eastern Europe through the acquisition of BRD (Romania) in 1999, Komerčni Banka (Czech Republic) in 2001, followed by a dozen other acquisitions across the rest of the region. Most importantly, it acquired a stake in Rosbank (Russia) in 2006. The Group currently holds an 82.4% of this subsidiary's capital, making it a leading bank in Russia. This strategy of international expansion, strengthened by the presence of the Corporate and Investment Banking (SG CIB), Private Banking, Global Investment Management and Services (GIMS) and Specialised Financial Services (DSFS) businesses, has extended the Group's reach across 76 countries.

In the tumultuous environment of 2010, the Group initiated a transformation programme aimed at meeting the economic and regulatory challenges associated with the crisis and embracing a sustainable growth strategy. This programme has already delivered tangible results, as seen in the reduction of the Group's risk profile, the optimisation of its asset portfolio and enhancement of its capital. The Group plans to continue making customer satisfaction its top priority.

PROFILE OF SOCIETE GENERALE

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

The Group has over 154,000 employees across 76 countries, who serve more than 32 million customers across the globe. Societe Generale's teams offer advisory and other services to individual customers, companies and institutions as part of three main business lines:

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

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

On March 4, 2013, Societe Generale's long-term rating was A2 at Moody's, A+ at Fitch and A at Standard & Poor's.

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GROUP STRATEGY AND BUSINESSES

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

2012 was marked by a climate of latent recession in Europe with repercussions on the CEE countries (Central and Eastern Europe). Even so, significant progress was made in terms of the political and economic responses to the crisis in the eurozone, helping to prevent its breakup: the European stability treaty strengthened the eurozone's macroeconomic and fiscal governance, ECB aid mechanisms for financing governments or banks (LTRO - Long-term refinancing operations) were established, and finally the foundations were laid for a banking union. Growth in the United States continued at the same pace as in 2011, benefiting from the fiscal stimulus. The BRIC countries (Brazil, Russia, India and China) held up well despite more modest growth.

At the regulatory level, and as part of the extended 2010 G20 initiatives, in 2012 new constraints were added to existing requirements pertaining to capital, liquidity and trading. In particular, the European Banking Authority required European banks to have a Core Tier One capital ratio above 9%, in Basel 2.5 regulatory capital, as from June 30, 2012. In addition, France established a financial transaction tax applicable from August 1, 2012.

Against such a difficult backdrop, Societe Generale benefited from its solid franchises and balance sheet, including limited exposure to peripheral sovereign risk (Greece, Italy, Ireland, Portugal and Spain), considerable cash reserves, earning power, and good risk diversification. The Group demonstrated the resilience of its businesses and their ability to generate capital over the long term.

At the same time, the Group accelerated and adapted the implementation of its Ambition SG 2015 strategic plan whose main strategic thrusts, announced in June 2010, remain the pillars of the Group's transformation:

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

The sudden change in the monetary and economic environment in the summer of 2011, coupled with growing regulatory restrictions, made it necessary to give priority to strengthening the Group's financial structure and transforming its balance sheet by stepping up certain projects and carrying out additional actions.

In 2012, the Group notably sold its Greek subsidiary Geniki to Piraeus, and in general continued the process of simplifying its Group activity portfolio, announcing the sale of TCW to the Carlyle Group and several divestments in Consumer Credit (India, Bulgaria, etc.) and Private Banking (United States and Canada). The Group also signed a definitive agreement with Qatar National Bank to sell his Retail Banking subsidiary NSGB in Egypt. It is expected to come into effect at the end of the first quarter of 2013

In addition, in 2012, the Group completed its Corporate and Investment Banking deleveraging programme (EUR 16 billion in loan book assets sold since end-June 2011), continued its legacy asset disposal programme (EUR 19 billion sold over the last 18 months), and strengthened its financing structure, primarily by improving its loan/deposit ratio. Core businesses also paid special attention to controlling operating expenses in 2012.

The Group intends to build on this trend and:

- continue its balance sheet optimisation, particularly for Corporate and Investment Banking, where the Group aims to reduce its financing needs on capital markets;
- continue to optimise its activity portfolio, particularly in light of their scarce resource consumption (capital and liquidity) and synergies with the three Group pillars;
- control the cost base over the long term.

In all, the Group has confirmed its ability to meet a Core Tier 1 ratio target of between 9.0% and 9.5% under Basel 3 regulations by the end of 2013.

The **French Networks** form the first pillar of the Group's universal banking strategy. 2012 was marked by the continuation of satisfactory commercial activity as well as good control of operating expenses, despite a depressed economic climate. The increased cost of risk, tied to a deteriorating environment, took a toll on the French Networks' income, which nevertheless contributed the most to Group income.

In 2013, the French Networks will continue their multi-brand strategy, drawing on their three strong, complementary brand companies, with different market positionnings (11.1 million individual customers and nearly 3,200 branches):

- the multi-channel relationship bank Societe Generale;
- the Network formed by Crédit du Nord and its regional banks, with its local presence and strong culture of local customer relations, which has now successfully consolidated Société Marseillaise de Crédit;
- the leading French online bank Boursorama, which draws on an innovative model and attractive price positioning.

The Group's ambition for French retail banking is to be the reference bank for customer satisfaction and protection. In doing so, the Group aims to increase customer loyalty, continue to win over new individual customers and consolidate its standing as a key player for Business customers. To do so, it will draw on strategies that are further differentiated by customer segment (regional focus, expanded services offering core banking expertise, etc.), on useful innovations (new methods of payment and new digital technologies, etc.) and on adapting its system (network density, multi-channel, etc.). Furthermore, the Group will continue to develop industrial synergies between its brand companies, particularly through the "Convergence" project (shared IT architecture), while respecting and strengthening its brand identities and improving quality of service. In a low-interest environment constrained by regulations and consumer pressures, the Group expects stable revenues and will optimise its operating model in order to reduce its cost/income ratio.

International Retail Banking is the second pillar of the Group's universal banking strategy. In 2012, its earnings suffered from a difficult global economic environment. In 2013, however, International Retail Banking is expected to contribute more to the Group's income by developing its customer base, particularly in the retail banking market, through reorganisation efforts made in Russia and Romania, and in more general terms through cost-cutting strategies it has implemented. On the whole, the Group remains confident about the medium-term outlook for its activities in countries with strong potential and in which it enjoys solid positions:

- in Russia, with its three brand companies: Rosbank (third largest branch network in the country), DeltaCrédit and Rusfinance;

in Central and Eastern Europe (excluding Russia), where the Group has over 6.1 million individual customers and leading franchises (No. 1 privately-owned retail bank in Romania and third largest bank in the Czech Republic by balance sheet size);

- in the Mediterranean Basin and Sub-Saharan Africa, particularly through its positions in Morocco (fourth largest bank by total assets), in Senegal and Cameroon (leading banks by loan outstandings) and in Côte d'Ivoire (leading bank by total assets).

The Group's ambition is to better serve all of its customers, whether individual or business, and support its business customers abroad by exploiting the assets of its local network in the growth regions of the future. To achieve this, subsidiaries will draw on various levers. In particular, this involves improving marketing expertise and innovation to intensify the customer relationship and tailor products to demand. The development of Group synergies (particularly with CIB and Private Banking) and adjustment of the set-up to demand will also continue. Furthermore, the Group intends to strengthen its risk culture beginning with loan origination, pool its resources (particularly IT and support functions) and expertise, and standardise procedures in order to improve the operating model and management of subsidiaries.

Societe Generale Corporate & Investment Banking is the third pillar of the Group's universal banking strategy. 2012 was a year of transformation and adaptation to a difficult environment. Substantial efforts were made to refocus activities, deleverage the balance sheet, reduce liquidity requirements and adjust the cost base. Despite this difficult environment, commercial performance was robust in 2012. Faced with the new environment, particularly in terms of regulation, the model will continue to be adapted in order to constantly support Group customers, businesses and financial institutions as closely as possible in their needs, and to optimise profits.

The three major core businesses (Global Finance, Global Markets and Investment Banking) will be developed by capitalising on their global franchises, particularly equity derivatives and natural resource financing, with a comprehensive European product range. In the Americas and Asia-Pacific region, Societe Generale Corporate & Investment Banking will focus on its core strengths and franchises. Group synergies, through increased cooperation and better integrated systems, will also be developed (Central and Eastern Europe, Africa and Middle East region, private banking). Finally, marketing and distribution will be reinforced, particularly by leveraging on synergies between the centres of expertise, in order to have a more efficient, integrated model in a context of heightened disintermediation in financing transactions.

With this in mind, optimisation of scarce resource consumption (capital and liquidity) will remain a priority, as well as cost control, particularly for infrastructure-related costs, and rigorous risk management, by capitalising on all measures taken by the Group over the last few years.

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

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

In 2012, the core businesses of **Specialised Financial Services and Insurance** significantly improved their overall profitability while adapting to a more constrained environment for capital and liquidity. Efforts to optimise scarce resources, diversify refinancing, cut costs and manage risks will continue in 2013. By 2015, the Group intends to selectively develop its most profitable franchises in synergy with the French Networks and International Retail Banking. This will involve consolidating its leadership positions in Europe while continuing to streamline its activity portfolio and develop sources of external financing. More specifically, Insurance activities continued to demonstrate their strength and vigour in 2012. The Group will continue to develop its bank insurance model through its policy of generating new business and expanding its product range for the Group's French and International Retail customers.

In an unfavourable environment, **Private Banking, Global Investment Management and Services** participated in the effort to transform the Group, in particular by refocusing the set-up and rigorously managing costs.

Private Banking will continue to be developed in 2013 with the goal of strengthening its status as the benchmark private bank in its markets. This will involve capitalising on the quality of its services, strengthening synergies with the Group's pillar businesses and optimising operating efficiency. This development will be accompanied by the gradual modernisation of information systems and ongoing rigorous risk management.

Societe Generale Securities Services will continue its efforts to consolidate its competitive positioning, support income growth and optimise its profitability. The Brokerage business (Newedge) will continue its initiative to improve its competitiveness in the face of changes in the markets and the regulatory environment. Amundi, in which the Group has a 25% stake along with Crédit Agricole S.A., will have to maintain its asset base, especially from its shareholders' retail banking networks, in a persistently unfavourable market and regulatory environment, and develop its initiatives with institutional clients.

Overall, in a lacklustre economic environment, particularly in Europe, and more restrictive regulatory conditions, particularly with the draft bank reform law in France, Societe Generale Group will continue with the structural adaptation of its business model in order to support and better serve its customers. It will extend its efforts to simplify its structure and manage risks and costs in order to increase the Group's agility and offer satisfactory profits to its shareholders by 2015.

THE GROUP'S CORE BUSINESSES

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

FRENCH NETWORKS

Societe Generale's retail networks in France are formed from the alliance of three complementary brands: Societe Generale, the renowned national bank; Crédit du Nord, a group of regional banks; Boursorama Banque, a major online bank. Thanks to a dedicated team of more than 32,000 professionals, an efficient multi-channel system including 3,176 branches, the pooling of best practices and simplification of processes, the three brands offer a wide range of products and services suited to the needs of a diversified base of over 11 million individual customers and more than 615,000 businesses and professional customers.

Amid rife competition for savings inflows, the French Networks posted strong deposit outstandings in 2012, up +5.4% vs. 2011. Buoyed by the increase of the Livret A and Livret Développement Durable (LDD) passbook account ceilings, outstandings from individual customers increased by +6.0 % vs. 2011 to EUR 88.0 billion. Driven by term deposit inflows and Certificates of Deposit under the "CAT Tréso +" offer for businesses, outstandings from corporate customers continued to increase, totalling EUR 49.9 billion. The momentum of these deposit inflows has improved the loan/deposit ratio to meet regulatory constraints.

The French Networks maintained their policy of supporting the economy and continued to help their clients finance their projects, as reflected by the rise in loan outstandings (+3.2% vs. 2011). Since early 2012, loan outstandings for corporate customers have increased by +3.4 % vs. 2011 to EUR 79.5 billion, driven by strong growth in operating loans (+9.0 % vs. 2011). Loan outstandings for individual customers increased by +2.9 % to EUR 94.9 billion, driven by housing loans (+3.5 %), in line with new housing loans.

The French Networks distribute insurance products from Sogecap and Sogessur, subsidiaries operating within the Specialised Financial Services and Insurance division. Life insurance outstandings stood at EUR 80.3 million: in 2012 and inflows remained positive at EUR 165 million.

Net banking income generated by the French Networks amounted to EUR 8,161 million for 2012, stable vs. 2011 with the increase in outstanding offsetting (i) decreased interest rates weighing on sight deposit margins and regulated savings schemes, (ii) the impact of the regulations calling for reduced service fees (iii) the adverse effect of weak volumes in the financial markets on financial commissions.

Societe Generale Network

The Societe Generale Network offers solutions suited to the needs of its 8.6 million individual customers and 466,000 professional customers, associations and business customers trusting it with their business, and draws on three major strengths:

- 22,300 employees[(1)] and 2,257 branches located mainly in urban areas where a large part of the national wealth is concentrated.
- A full and diversified range of products and services, from savings vehicles to asset management solutions, including corporate finance and payment instruments.
- An efficient and innovative multi-channel distribution system: internet, telephone and *Agence Directe* (online branch). In April 2012, *Agence Directe* was given the "Open to Dialog" label (awarded by Teletech International, 2.0 customer relations specialists), ranking it first place in the "Online banking" category.

With nearly 5.6 million current accounts, the individual customer base is a key component of the Societe Generale Network portfolio. Thanks to ambitious marketing campaigns, an attractive offer and dedicated advisors, the Societe Generale Network boasted close to 80,000 new individual accounts in 2012. Regulated savings accounts were boosted by the first increase of the Livret A passbook account ceiling and the doubling of the *Livret Développement Durable* (LDD) passbook account, with no effect, however, the trend in *Comptes sur Livret* (CSL) savings accounts which benefited from a sales offer at improved rates.

Since 2008, Societe Generale has been developing a sales programme targeting high net worth individual customers

(1) Measured in full-time equivalent (FTE).

through the joint venture entered into with Societe Generale Private Banking, which now has 8 centres in France.

Deposits by individual customers amounted to EUR 69.6 billion. Outstanding loans granted to individual customers totalled EUR 73.7 billion, of which 89.5% were housing loans.

The Societe Generale Network has maintained its commitment to financing the economy by continuing to adapt its system and its organisation to the needs and constraints of business customers. As part of this resolve to continue to provide companies with an increasingly comprehensive range of expertise, a number of offers were launched: a complete range of services to enable business customers to carry out import and export operations in China, a new website called "Import-Export Solutions" dedicated to international trade, as well as forums with SMEs to discuss how Societe Generale can assist in penetrating new territories in Asia.

The growth of the customer base illustrates the relevance of this strategy: having gained close to 660 new SME customers in 2012, the portfolio comprised over 90,000 companies at end-2012. The professionalism and responsiveness of our dedicated advisors have helped to build a close relationship with customers.

The chief purpose of the joint venture with Corporate and Investment Banking is to assist the development and speed up the growth of business customers. The team of 75 employees, a dozen of whom are based outside Paris, is structured into four businesses so as to meet the needs of business customers at the different stages of their growth in terms of strategy and wealth. The four businesses cover growth financing (acquisition financing, LBO financing), mergers and acquisitions (external growth, disposals, private capital increases, assessment), primary equity and bond markets (initial public offerings, quasi-equity and capital increases, reclassification of block shares, public offers, bond issues, private debt placements, securitisation, syndicated loans, etc.) and private equity (non-controlling interests in unlisted companies).

In a deteriorated economic climate where companies remain undecided about the future, business customer outstandings amounted to EUR 35.7 billion and EUR 62.8 billion in terms of deposits and loans, respectively, at December 31, 2012.

Societe Generale also introduced "Jeunes Avenir" loans for young adults. These loans are issued with the active support of the Caisses d'Allocations Familiales (family allocation agencies) and are designed for young adults aged 18-24 financial aid to help pay for the expenses of securing a new job. Since they were launched at the end of 2007, Societe Generale has helped over 2,500 young adults enter the workforce with the "Jeunes Avenir" loan.

As the budget allocated by Caisse des Dépôts was fully used up over the course of 2010 and was not renewed, Societe Générale no longer offers this type of loan.

At the end of 2012, more than 1,200 loans were still being repaid, representing outstandings of EUR 1.9 million.

Crédit du Nord Network

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

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

The 8,481 employees of the Crédit du Nord Group and its network of 918 branches are on hand to serve 2.1 million individual customers, nearly 218,000 professional customers and some 84,000 business and institutional customers.

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

The excellent quality of the relationships built up every day by the banks in this network, which are based on personal attention and advisory services, is reflected in the competition surveys[1] conducted by CSA with the customers of major French banking groups. In 2012, for the eighth year running, Crédit du Nord was ranked as the leading bank in terms of both individual and business customer satisfaction.

Gilbert Dupont and Corporate and Investment Banking (via Societe Generale Mid Cap Investment Banking) entered into a capital market cooperation agreement for Societe Generale's SME customers with a valuation or market capitalisation below EUR 200 million[2].The transactions falling under this agreement are initial public offerings, capital increases, secondary placement of securities and convertible bond issues.

(1) The competition survey measuring customer satisfaction was conducted in spring 2012 and addressed a representative sample of customer in all its markets and on several themes: overall customer satisfaction, image, branch, products and services.

(2) Excluding the technology and biotech/medtech sectors.

Drawing on its rich historic presence and renowned expertise in this segment of the market, Gilbert Dupont will handle distribution while Societe Generale Mid Cap Investment Banking structures the transactions. This agreement is proof of the Group's determination to promote synergies between businesses and confirms its commitment to financing the economy and businesses.

Boursorama

Created in 1995, Boursorama is a major online broker in Europe, with nearly 5.1 million orders executed at December 31, 2012, over 426,000 customers in France and total financial investment outstandings of EUR 4.4 billion at the end of December 2012.

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

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

- a key player in online banking in France under the Boursorama Banque brand via the website www.boursorama-banque.com, with a full range of innovative and efficient banking solutions ranging from conventional banking products to investment products such as UCITS and life insurance vehicles. This offer is also available in Germany under the Onvista Bank brand, and in Spain (2009) and the United Kingdom (2011) under the SelfBank brand. In 2012, Boursorama Banque was voted "Best Online Bank" *(L'internaute.com,* March 2012) and was again ranked "Most Affordable Bank" in three of the four categories defined by *Le Point magazine* (April 2012). Boursorama Bank was also voted "Most Affordable Bank" by *Capital* magazine and *Le Monde Argent* in February 2013 (according to the "executive" profile of *Capital* and the "employee" and "executive" profiles of *Le Monde Argent).* The success of the online banking offer (nearly 60,000 current accounts opened in 2012) was boosted by users of the boursorama.com website, the leading financial and economic news website with a daily average of 560,000 unique visitors, and the 13th most visited site in France according to the *OJD* (January 2013).
- a major player in online brokerage and savings in Europe, offering private investors an opportunity to manage their online savings independently thanks to a full range of investment products and services and access to the main international financial markets. This offer is available in France at www.boursorama.com, in Germany at www.onvista-bank.de, in Spain at www.selftrade.es and in the United Kingdom at www.selftrade.co.uk.
- the leader in online financial information in France and Germany with the websites www.boursorama.com and www.onvista.de.

Global Transaction and Payment Service

Operating in France and through 21 entities around the world, GTPS (Global Transaction and Payment Service) is part of the French Networks. This activity targets individual customers, business customers and financial institutions that need assistance managing their banking and sales flows and payments.

With more than 1,750 employees, GTPS is structured in two activities:

Global Transaction Banking (GTB) offers a broad range of services to Corporate customers and financial institutions. This encompasses the following businesses:

- cash management
- international trade finance
- correspondent banking
- factoring
- foreign exchange services related to transaction banking activities

Sales and marketing are coordinated closely with the Group's distribution networks: French Networks, SG CIB and International Retail Banking.

Global Payment Services (GPS) is in charge of internal provider services, which covers:

- the development of payment instruments and banking solution engineering (management of projects and developments in the processing system)
- flow management – EUR 200 billion in flows per day
- transaction processing

INTERNATIONAL RETAIL BANKING

For more than a decade, International Retail Banking has implemented a universal banking model tailored to local conditions and requirements. International Retail Banking has continued to expand through targeted acquisitions and organic growth. Today, it holds leading positions in its regions of operation such as Central and Eastern Europe (including Russia), the Mediterranean Basin, Northern Africa, Sub-Saharan Africa and the French Overseas territories. Drawing on its range of innovative products and services and the partnership it has developed with its customers, International Retail Banking is helping to finance the economies of all the regions in which it has developed its activity. However, 2012 was marked by three major events. In response to the deteriorated situation in Greece, and against the backdrop of the consolidation of the Greek banking sector, the Group sought to find an alternative, forward-looking strategy. The Group therefore sold its entire 99.08% stake in its Greek subsidiary Geniki to Piraeus Bank in December 2012. In addition, the Group received interest from Qatar National Bank (QNB) to acquire its majority stake (77.17%) in its Egyptian subsidiary, National Societe Generale Bank (NSGB). The Group accepted QNB's offer which valued NSGB's total capital at twice the book value of its capital as at September 30, 2012. Lastly, the Group began streamlining its activities in Russia by selling its Byelorussian subsidiary and its collections activity.

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

The robust performance of business indicators confirms the relevance of the strategic choices International Retail Banking has made. At end-2012, its outstanding loans stood at EUR 62.8 billion (excluding Greece and Egypt), i.e. +3.2%(1) over the year. Deposits reached EUR 61.9 billion (excluding Greece and Egypt), i.e. +2.1%(1) over the year. The network totals more than 3,750 branches in 36 countries and 38 subsidiaries, serving about 14.0 million customers (individuals, businesses, institutions and associations) and over 57,800 employees. With income of EUR 4,943 million in 2012, the division accounted for nearly 21% of Group income in 2012 versus slightly more than 12% ten years ago.

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

In Romania, BRD remains the market leader in terms of privately owned networks, with 915 branches and market share of around 15% in loans and deposits.

In the Czech Republic, KB is ranked the third bank in the country in terms of balance sheet size and was awarded the prestigious title of "Bank of the Year 2012" for the fifth time in 11 years of existence of the Fincentrum awards.

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

The two Group subsidiaries in Slovenia and Montenegro were voted "Bank of the Year 2012" by The Banker Magazine. This award recognises banks which have risen to the challenges of the economic environment with unprecedented discipline, thanks their innovative spirit and effective management that benefited their customers.

In all, the Group operates in 13 countries in Central and Eastern Europe (including Russia), with total outstandings of EUR 45.0 billion in loans and EUR 46.1 billion in deposits.

In the Mediterranean Basin, the Group first established a presence in Morocco (1962), followed by Lebanon (1969), Algeria (1999) and Tunisia (2002). Today, the network totals 7 entities including a presence in Egypt, Jordan and Cyprus, acquired in 2010 by Societe Generale de Banque au Liban. The network has 838 branches and an individual customer base of more than 2,550,000. At December 31, 2012, outstanding deposits totalled EUR 8.0 billion(2) and outstanding loans EUR 8.2 billion(1), mainly driven by its subsidiaries in Morocco, where the Group is ranked fourth in private banking. The Group recently received the "2012 Banking Awards" award from *Intercontinental Finance Magazine*

(1) Adjusted for changes in Group structure and at constant exchange rates.

(2) Data excluding Egypt.

for "quality of customer service and commercial achievements". The Group entities in Sub-Saharan Africa posted strong growth in their customer base (+8.8% in the customer portfolio over the year) and branch network (+21 branches in one year).

CORPORATE AND INVESTMENT BANKING

With nearly 10,000[1] employees in 34 countries, Societe Generale Corporate & Investment Banking (SG CIB) is present on the main financial markets in the Group's regions of operation, with extensive European coverage and representative offices in the Central and Eastern Europe, Middle East and Africa, Americas and Asia-Pacific regions. The business line offers its customers bespoke financial solutions combining innovation, advisory services and high execution quality in three areas of expertise: **investment banking, financing and market activities.**

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

The business line's ambition is to be among the leading euro zone corporate and investment banks, adopting a model balanced between businesses and regions, while at the same time continuing to transform its model in order to improve its operating efficiency and risk profile and, as its main objective, to always offer the best customer service. In a highly competitive environment, SG CIB increased its market share across the entire sector, reaching 3.7%[2] out of a panel of 15 banks at end-September 2012 (vs. 2.8% in 2007).

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

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

Global Markets

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

EQUITIES

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

- **Equity derivatives** are one of SG CIB's areas of excellence. For several years, SG CIB has received awards for its expertise, which is recognised both by the banking profession and clients. Once again this year and for the fourth time in five years, SG CIB was named "Most Innovative Investment Bank for Equity Derivatives" *(The Banker,* October 2012) and was ranked number one in the "Global Provider in Equity Derivatives" ranking *(Risk Interdealer Rankings* and *IFR,* 2012). The bank's leadership in this field is also illustrated by its top ranking in flow activities: with market share of 12.6% at end-2012, the bank is the number one global player in warrants. It has also maintained its number three ranking on the European ETF (Exchange Traded Funds) market, with market share of 12.1%.
- **Lyxor Asset Management,** a wholly-owned subsidiary of Societe Generale, boasts a wide range of innovative and high-performance investment products and services enabling it to offer structured, index fund and alternative management solutions. In 2012, Lyxor's managed account platform received seven awards from leading hedge fund publications including "Best Managed Account Platform" *(Hedge Week Awards,* March 2012, and *Hedge Funds Review European FoHF Awards,* November 2012). At December 31, 2012, Lyxor's assets under management totalled EUR 75.4 billion.

(1) Excluding temporary staff, measured in full-time equivalent (FTE).

(2) Based on income excluding non recurring items. Panel consisting of JP Morgan, Citibank, Goldman Sachs, Morgan Stanley, Bank of America, Nomura, Deutsche Bank, UBS, Crédit Suisse, Barclays Capital, HSBC, RBS, BNP Paribas, CA CIB, SG CIB; in 2007, the panel also involved Bear Stearns, Merrill Lynch and Lehman Brothers..

FIXED INCOME, CURRENCIES AND COMMODITIES

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

- **Fixed income and currencies:** the fixed income and currencies teams, based in London, Paris, Madrid and Milan as well as the United States and the Asia-Pacific region, offer a wide range of flow and derivative products. They provide Societe Generale's clients with personalised solutions to meet asset and liability management, risk management and revenue optimisation needs, and have also been regularly recognised. Once again, SG CIB gained recognition in the this field in 2012 by earning first place in "Security Lending/Borrowing in Euros" *(Risk Interdealer Rankings,* September 2012).
- **Commodities:** with 20 years of experience, SG CIB is a major player on the energy markets (oil, refined products, natural gas, coal, carbon emissions, liquified natural gas, etc.), metals (base and precious) and has developed an agricultural commodities offer targeting producers. SG CIB is active with businesses and institutional investors, providing them with hedging and investment solutions. As a category 1 member of the London Metal Exchange, SG CIB also offers clearing and execution services for futures and options contracts. In 2012, SG CIB was recognised as the "Base Metals House of the Year" and "European Natural Gas House of the Year" *(Energy Risk,* May 2012).

Moreover, SG CIB has continued to develop its business by forming a **Cross-Asset Research** team comprised of analysts all over the world to carry out many thematic and multi-product analyses covering all asset classes. These analyses are used to decipher market trends and develop market strategies, and are an excellent decision-making tool for investors, and as such are regularly receive awards. In 2012, Societe Generale was named "Best Overall Trade Ideas" and "Best Overall Credit Strategy" in the fixed income research poll *(Euromoney,* June 2012).

Financing and Advisory

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

COVERAGE & INVESTMENT BANKING

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

extensive strategy advisory services, covering mergers and acquisitions and Initial Public Offering structuring, as well as debt and capital restructuring and Asset and Liability Management; and

- access to optimised fund-raising solutions, notably through the creation of joint ventures with Global Finance and Market Activities.

GLOBAL FINANCE

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

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

SG CIB's holds a leading position on the equity capital markets (No. 2 in "Equity, Equity-Related Issues in France", according to Thomson Reuters, December 2012).

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

The Group continued to roll out its "Originate-to-Distribute" model in 2012, carrying out significant transactions such as the issue of Project Bonds for Dolphin Energy, the private placement of Lactalis bonds and the funding of the SNAM split-off (Società Nazionale Metanodotti). The Group also set up a partnership with Axa to launch a new funding offer for French businesses.

In 2012, *Trade Finance* named SG CIB "Best Global Export Finance Arranger" for the 11th consecutive year and "Best Commodity Finance Bank" for the fourth consecutive year

Legacy assets

Assets made illiquid as a result of the credit crisis, because of their nature (certain CDOs -Collateralised Debt Obligations- of RMBS -Residential Mortgage Backed Securities-, RMBS, CMBS -Commercial Mortgage Backed Securities and other European and US ABS -Asset backed Securities) from 2008-

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

In 2012, the size of the portfolio was halved, shrinking from EUR 17 billion at December 31, 2011 to EUR 8.8 billion at end-2012 (of which EUR 3.1 billion in non-investment grade assets and EUR 5.7 billion in money-good assets).

SPECIALISED FINANCIAL SERVICES AND INSURANCE

The Specialised Financial Services and Insurance Division comprises a set of specialised businesses able to meet the specific needs of businesses and individual customers alike in France and abroad. It offers life, non-life and personal protection insurance products (Societe Generale Insurance), vendor and equipment financing solutions for professionals (Societe Generale Equipment Finance), a wide range of consumer loans (Societe Generale Consumer Finance) as well as financing and management solutions for automobile fleets (ALD Automotive). It operates in 45 countries and is backed by the skills of 27,000 employees.

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

At year-end 2012, the division totalled EUR 51 billion in assets under management (including servicing), of which 90% in Europe, which is the main base of operations and where it holds strong positions.

Insurance (SGI)

Societe Generale Insurance, the Group's insurance business line, covers the needs of individual, professional and business customers for life insurance investment solutions, retirement savings schemes, health insurance, personal protection and non-life insurance.

The business line employs some 2,000 people in 17 countries.

In accordance with an integrated bank insurance model, the life and non-life insurance companies of Societe Generale Insurance offer the Group's French and international networks a full range of insurance products and services in six product categories: life insurance investment solutions, retirement savings schemes, personal protection (including health insurance), payment protection insurance and collective protection, non-life insurance and various risks.

In 2012, while continuing to roll out its bank insurance strategy, Societe Generale Insurance demonstrated the solidity of its set-up with a record level of assets under management and by maintaining its market share in life insurance solutions. It also stepped up its focus, initiated in recent years, on promoting personal protection and non-life products, for which business is booming in both France and abroad.

Societe Generale Insurance continued to develop synergies with the Group's distribution network. In France, the core business finalised the internalisation of payment protection insurance for consumer and revolving credit from Crédit du Nord and Franfinance, the Group's consumer finance subsidiary, and launched a new credit insurance offer with Boursorama. Internationally, the year saw the start of the payment protection insurance activity in Poland, in partnership with Eurobank, and the launch of a new non-life insurance activity in Italy, in partnership with ALD Automotive. Furthermore, the successful marketing of automobile insurance in Russia led to the addition of home insurance to the offer. Throughout all these developments, constant consideration is given to customer satisfaction, as shown by the awards that Societe Generale Insurance regularly receives from the specialised press for the quality of its customer products and services.

Operational vehicle leasing and fleet management (ALD)

ALD Automotive offers operational vehicle leasing and fleet management solutions for businesses of all sizes in both local and international markets. This business combines the financial benefits of operational leasing with a complete range of high-quality services, including in particular maintenance, tyre management, fuel consumption, insurance and vehicle replacement.

ALD Automotive has broad geographic coverage and is active in 37 countries on four continents. It has unique knowledge of the BRIC markets and is partnered with Wheels, Inc. in North America and FleetPartners in Australia and New Zealand. ALD Automotive has for many years ranked number two in Europe and number three worldwide in operational vehicle leasing.

At year-end 2012, ALD Automotive managed a fleet of 955,000 vehicles including 725,000 under operational leases.

For the fifth year in a row, ALD Automotive France won the 2013 "Customer Service" award *(Inférence Opération - Viséo Conseil).*

Vendor and equipment finance (SGEF)

Societe Generale Equipment Finance is specialised in vendor and professional equipment finance. This business is conducted through partnership agreements with business introducers (professional equipment manufacturers and distributors), banking networks and directly. Societe Generale Equipment Finance develops its expertise in three major sectors: transport, industrial equipment and high-tech.

As the leading company in Europe and number three worldwide, SGEF operates in 21 countries, employs 3,000 people and manages a portfolio of EUR 22 billion outstadings. It has a diverse customer base, ranging from large international companies to SMEs, to which it offers a varied range of products (financial leasing, loans, leasing, purchase of receivables, etc.) and services (insurance, truck leasing with services).

Societe Generale Equipment Finance was again recognised by Leasing Life Magazine in 2012 by being named "European Lessor of the Year" and "SME Champion of the Year".

Consumer finance (SGCF)

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

SGCF is active in 19 countries, employs some 18,000 people and manages EUR 29 billion in outstanding loans. In automobile financing, thanks to the consolidation of its competitive position and stronger partnerships with manufacturers, the business is ranked number two in France and Germany, and number three in Russia.

PRIVATE BANKING, GLOBAL INVESTMENT AND MANAGEMENT SERVICES

The Global Investment Management and Services (GIMS) encompasses Private Banking with Societe Generale Private Banking, Asset Management with Amundi and TCW, and lastly, Securities Services with Societe Generale Securities Services and derivatives brokerage with Newedge.

On August 9, 2012, Societe Generale announced that it had agreed to sell its stake in TCW to Carlyle Groupe and TCW's Management. This transaction was completed on February 6, 2013 and is a new step in the implementation of Societe Generale's transformation plan to focus its resources on its core businesses and simplify its structure.

At year-end 2012, the division's assets under management, excluding assets managed by Lyxor Asset Management (a subsidiary consolidated within Corporate and Investment Banking's Global Markets business line) and customer assets managed directly by the French Networks, amounted to EUR 86 billion for Private Banking and EUR 107 billion for Asset Management. Assets under custody continued to rise, reaching EUR 3,449 billion, thus bolstering the Group's positioning as No. 2 among European custodians. For full year 2012, the division posted income of EUR 2,160 million.

Private Banking

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

At December 31, 2012, Societe Generale Private Banking employed 2,500[(1)] people and totalled EUR 86 billion in assets under management.

Societe Generale Private Banking operates in 17 countries. In the past few years it has expanded its business in France and the United Kingdom by opening regional centres for high net worth individuals. Societe Generale Private Banking is also active in fast-growing regions in the Middle East and Asia and strives to attract emerging country clientele by setting up teams dedicated to Russian, Latin American, Arab, Indian and African clients.

(1) Measured in full-time equivalent (FTE).

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

The know-how and expertise of its employees make Societe Generale Private Banking a major player in wealth management that is recognised worldwide, as evidenced by the awards handed out in 2013 for 2012 by *Euromoney* for "Best Private Bank in France" for the second time in three years, and "Best Private Bank for Structured Products in Europe" for the eighth year running. It was also named "Best Private Bank in Luxembourg" and "Best Private Bank in the Middle East" *(by PWM/The Banker* and *The Banker Middle East for 2012,* respectively).

At December 31, 2012, the Private Banking business line posted income of EUR 757 million for the full year.

Asset Management

Following the sale of TCW, Societe Generale will conduct its asset management business primarily through Amundi, which is 25%-held by Societe Generale and 75%-held by Crédit Agricole S.A.

Operational since January 1, 2010, Amundi is the result of the merger of the CAAM and SGAM businesses, with Societe Generale contributing its fundamental management, private equity management and property management activities. This entity offers a comprehensive range of products covering all asset classes and the major currencies. Amundi offers investment solutions to meet the needs of more than 100 million individual customers throughout the world and designs innovative, effective and bespoke solutions for institutional clients suited to their business and risk profile. With the support of two major banking groups (Crédit Agricole and Societe Generale), Amundi ranks No. 2 in Continental Europe and among the world's top nine asset management companies *(IPE Ranking "Top 400 asset managers active in the European marketplace",* June 2012) with more than EUR 727 billion in assets under management at December 31, 2012.

Securities Services

SECURITIES BUSINESS

With 28 operations around the world employing more than 4,000 people, Societe Generale Securities Services (SGSS) offers a comprehensive range of cutting-edge services following the latest trends in the financial markets as well as regulatory changes, including the following:

- **clearing services,** combining the sophisticated and flexible management of securities back-office sub-contracting solutions with a clearing service range that leads the market.
- the **custody** and **depository bank** activity, which provides financial intermediaries (commercial and private banks, brokers and investment banks, global custodians) and institutional investors (asset managers, insurers and mutual insurance companies, pension schemes and pension funds, national and supranational institutions) with local and international custody services, covering all asset classes;
- **fund administration** and **asset servicing services** manage the valuation and middle office operations for complex derivative products (OTC and structured) and calculate the performance and the risk related to portfolios for promoters of mutual funds, asset management and investment companies, banks and institutional investors;
- **issuer services,** comprising primarily the administration of stock option plans or free share plans, the management of registered securities accounts, financial services, and the organisation of Annual General Meetings;
- **liquidity management services** (cash and securities) provide flow optimisation solutions ranging from securities lending/ borrowing to the hedging of forex risk;
- **transfer agent** activities.

With EUR 3,449 billion in assets under custody at year-end 2012, SGSS ranks No. 7 among global custodians and No. 2 in Europe. It also offers depository services to 3,252 mutual funds and provides the valuation of 3,904 mutual funds totalling EUR 456 billion in assets under administration. SGSS manages and values 35,000 complex product positions and is a European leader in stock option plan administration.

SGSS provided further evidence of the expertise of its teams and its ability to implement innovative projects when it was named "Fund Administrator of the Year" at the Global Investor 2012 awards ceremony.

DERIVATIVES BROKERAGE

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

With a strong presence in North America, Europe and Asia, Newedge offers its clients a single point of entry for access to more than 85 financial markets worldwide. This extensive international presence allows Newedge to handle substantial volumes and, with a market share of 11.8%, to position itself as a leading Futures Commission Merchant player in the United States.

3

THE COMPANY AND ITS SHAREHOLDERS

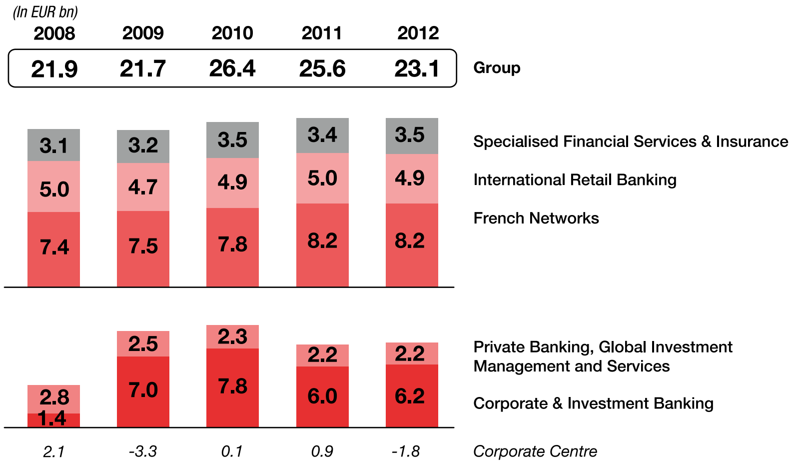
2012 KEY FIGURES

10.7%
Basel 2.5 Core Tier 1 ratio

+83%
Increase in Group shareholder's equity since 2007

EUR 24.4bn
Group net income excluding revaluation of own financial liabilities

INCOME



	2012[1]	2011[1]	2010[1]	2009[1]	2008[1]
Results *(in EUR M)*					
Net banking income	23,110	25,636	26,418	21,730	21,866
Operating income	2,737	4,270	5,713	116	3,683
Net income before non-controlling interests	1,208	2,788	4,302	1,108	2,773
Group net income	774	2,385	3,917	678	2,010
French Networks	*1,291*	*1,428*	*1,233*	*1,007*	*1,287*
International Retail Banking	*(51)*	*325*	*492*	*459*	*633*
Corporate and Investment Banking	*1,053*	*635*	*1,730*	*663*	*(2,062)*
Specialised Financial Services and Insurance	*674*	*297*	*343*	*26*	*469*
Private Banking, Global Investment Management and Services	*(293)*	*171*	*289*	*201*	*329*
Corporate Centre	*(1,900)*	*(471)*	*(170)*	*(1,678)*	*1,354*
Activity *(in EUR bn)*					
Total assets and liabilities	1,250.7	1,181.4	1,132.1	1,023.7	1,130.0
Customer loans	350.2	367.5	371.8	344.4	354.6
Customer deposits	337.2	340.2	337.4	300.1	282.5
Assets under management[2]	193[3]	176[3]	172[3]	344	336
Equity *(in billions of euros)*					
Group shareholders' equity	49.8	47.1	46.4	42.2	36.1
Total consolidated equity	54.1	51.1	51.0	46.8	40.9
Average headcount[4]	154,009	159,616	155,617	156,681	163,082

(1) Changes in 2008, 2009, 2010, 2011 and 2012:

- SGAM Alternative Investments' structured products, index tracking products and alternative investment activities are merged with those of Lyxor Asset Management, and therefore incorporated in Corporate and Investment Banking as from January 1, 2010.
- As from January 1, 2010, the financial contribution of Amundi (the asset management division 25%-owned by Societe Generale and 75%-owned by Credit Agricole) is presented under "Net income from companies accounted for by the equity method".
- The Group realigned its organisational structure in Q1 2009. All of the real estate subsidiaries which were previously affiliated with Corporate and Investment Banking, except for ODIPROM, are now part of the French Networks. The main entities transferred are GENEFIM, SOGEPROM and GENEFIMMO and their respective subsidiaries.
- As from January 1 2010, the entities SGAM AI CREDIT PLUS and SGAM AI CREDIT PLUS OPPORTUNITES, previously affiliated with the Corporate Centre, are now part of Corporate and Investment Banking. The Group also transferred a securities portfolio classified in available-for-sale securities and held-to-maturity securities from the Corporate Centre to Corporate and Investment Banking.

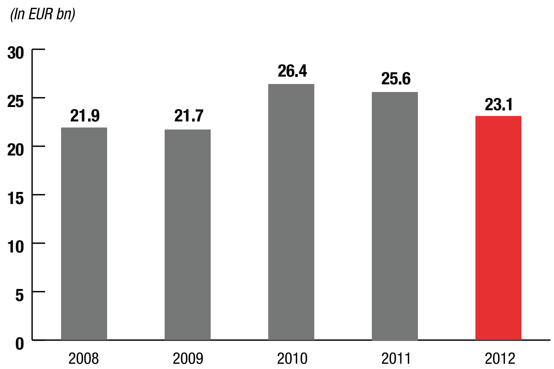
(2) Excluding assets managed by Lyxor.

(3) Excluding assets managed by Lyxor and Amundi.

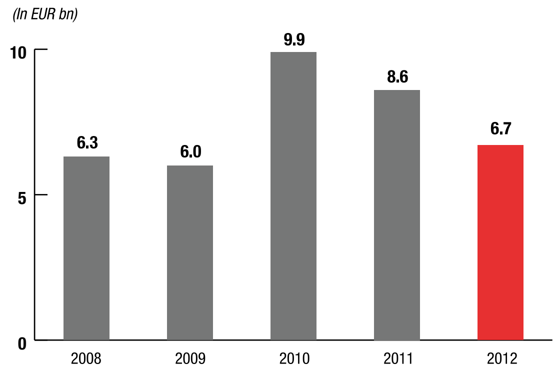
(4) Excluding temporary staff.

Basel 2 figures. As from 2011, Basel 2 standards incorporate CRD3 requirements.

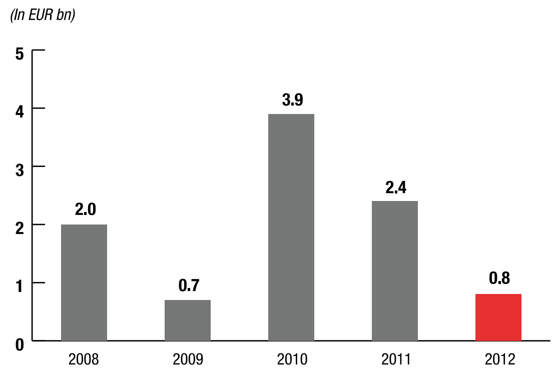
NET BANKING INCOME



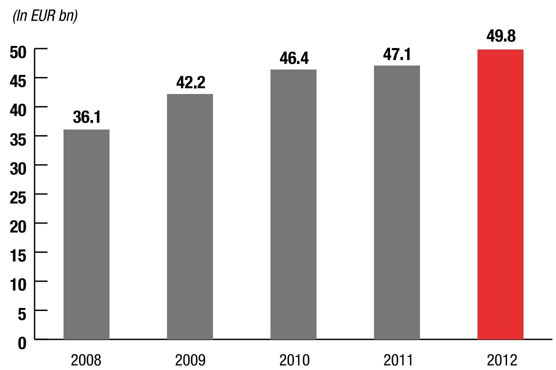
GROSS OPERATING INCOME



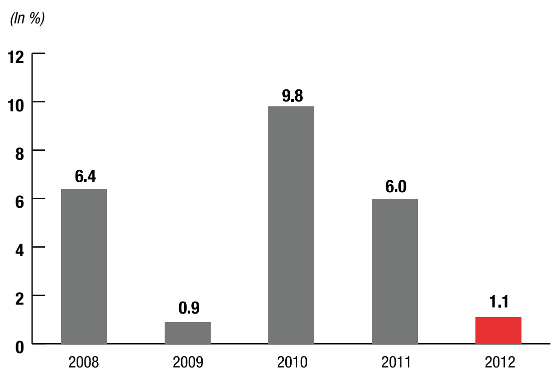
GROUP NET INCOME



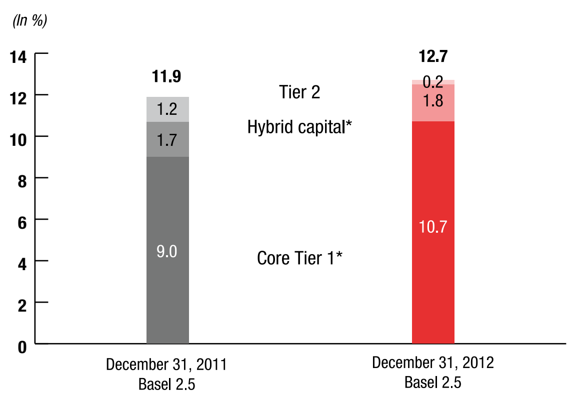
GROUP SHAREHOLDER'S EQUITY



ROE AFTER TAX(1)



B.I.S. RATIO



* Core Tier 1 capital is defined as Basel 2 Tier 1 capital less Tier 1-eligible hybrid capital.

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

THE SOCIETE GENERALE SHARE

STOCK MARKET PERFORMANCE

Societe Generale's share price increased by 64.7% in 2012, closing at EUR 28.340 at December 31. This performance can be compared over the same period to a progression of 12.0% for the euro zone bank index (DJ EURO STOXX BANK) and 15.2% for the CAC 40.

At December 31, 2012, the Societe Generale Group's market capitalisation stood at EUR 22.1 billion, ranking it 15th among CAC 40 stocks (20th at December 31, 2011), 12th in terms of free float (18th at December 31, 2011) and 5th among euro zone banks (7th at December 31, 2011).

The market for the Group's shares remained highly liquid in 2012, with an average daily trading volume of EUR 146 million, representing a daily capital rotation ratio of 0.90% (versus 0.85% in 2011). In value terms, Societe Generale's shares were the 4th most actively traded on the CAC 40 index.

STOCK EXCHANGE LISTING

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

STOCK MARKET INDICES

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

TOTAL RETURN* FOR SHAREHOLDERS

The following table shows the cumulative and annualised average total return on investment for Societe Generale shareholders over different time periods ending December 31, 2012.

Duration of shareholding	Date	Cumulative total return*	Annualised average total return*
Since privatisation	July 8,1987	+415.3%	+6.6%
15 years	December 31, 1997	+69.8%	+3.6%
10 years	December 31, 2002	-20.4%	-2.3%
5 years	December 31, 2007	-64.6%	-18.7%
4 years	December 31, 2008	-10.2%	-2.7%
3 years	December 31, 2009	-39.2%	-15.3%
2 years	December 31, 2010	-26.5%	-14.3%
1 year	December 31, 2011	+64.7%	+64.3%

Source: Datastream

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

DIVIDEND HISTORY

	2012	2011	2010	2009	2008
Net dividend (in euros)*	0.45	0	1.75(1)	0.25(1)	1.20(1)
Payout ratio (%)(2)	70	0	35.3	55.6	35.5
Net yield (%)(3)	1.6	0	4.4	0.5	3.3

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

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

(2) Net dividend/earnings per share. In 2012, the dividend payout rate was 26% of net income (excluding revaluation of own financial liabilities).

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

Stock market data	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Share capital (number of outstanding shares)	780,273,227	776,079,991	746,421,631	739,806,265	580,727,244
Market capitalisation (in billions of euros)	22.1	13.3	30.0	36.2	20.9
Earnings per share (in euros)*	0.64	3.20	4.96	0.45	3.20
Book value per share at year-end (in euros)*	56.93	54.6	54.0	48.9	49.6
Share price (in euros)* high	29.8	52.0	52.2	53.8	87.8
low	15.0	15.1	30.3	18.0	26.1
closing	28.3	17.2	40.2	49.0	34.1

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

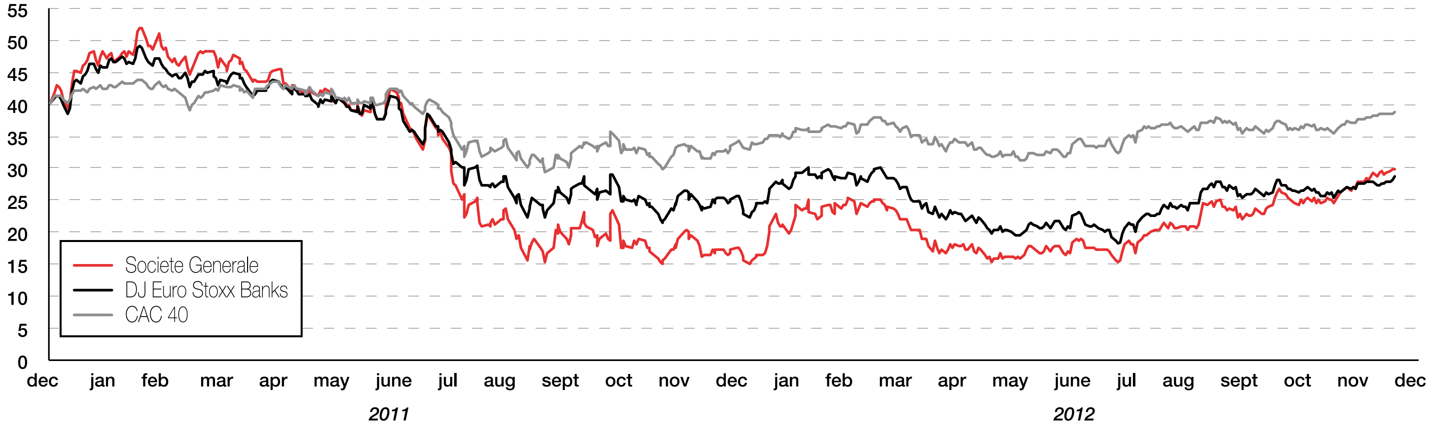
2012 DIVIDEND

The Board of Directors of Societe Generale, which met on February 12, 2013, decided to propose the distribution of a dividend of EUR 0.45 per share to the Annual General Meeting, and to offer shareholders the possibility of opting for a dividend payment in new shares.

Subject to a favourable vote by the Annual General Meeting on May 22, 2013:

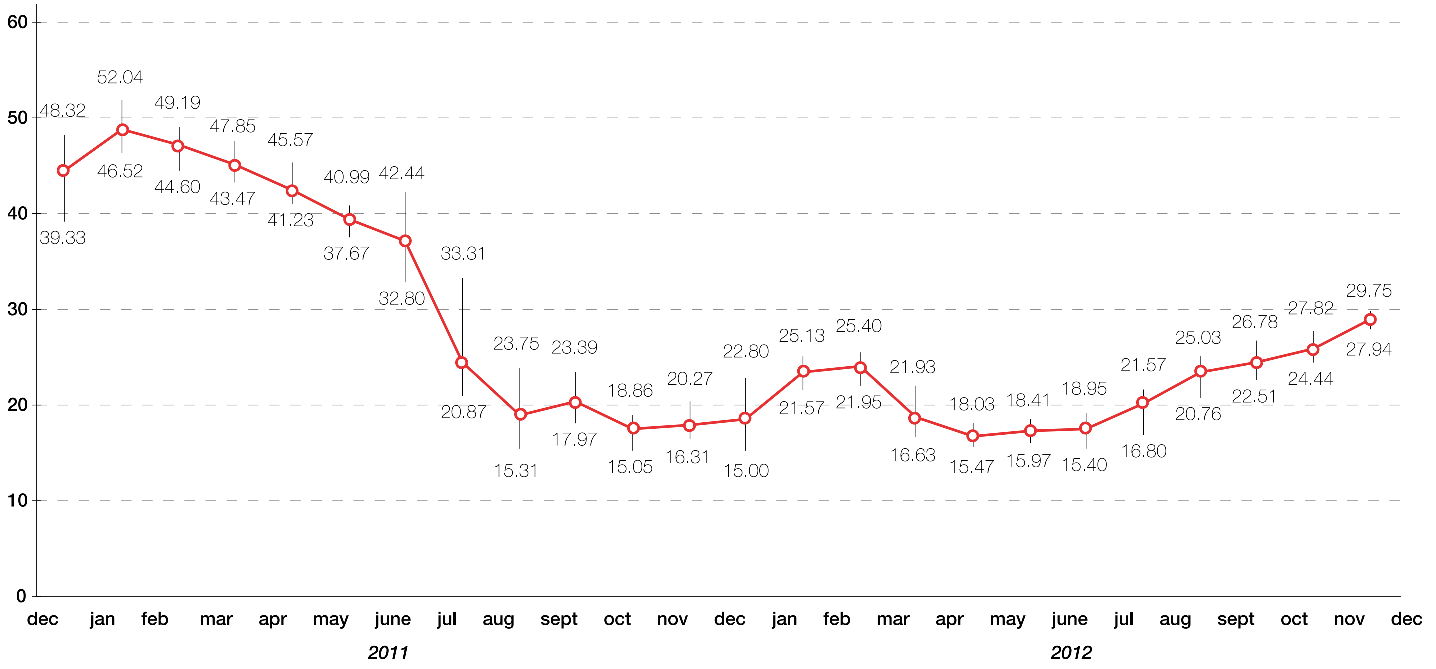
- Dividend detachment will take place on May 29, 2013.
- The offer period for the dividend payment in shares will extend from May 29 to June 12, 2013 (inclusive). After that date or in the event of failure to exercise the option, the dividend will be paid exclusively in cash.
- The issue price of new shares will be equal to 90% of the amount resulting from the calculation of the average of initial quoted prices in the twenty trading sessions preceding the date of the distribution decision, minus the dividend amount and rounded up to the nearest euro cent.
- If the amount of the dividends for which the option is exercised does not correspond to a whole number of shares, the shareholder may decide to receive the whole number of shares immediately above by paying, on the day the option is exercised, the difference in cash, or to receive the whole number of shares immediately below plus a balancing cash adjustment. Shares issued by way of a dividend payment will incur interest from January 1, 2013.
- The dividend will be paid as from June 24, 2013

SHARE PERFORMANCE (BASE: SOCIETE GENERALE SHARE PRICE AS OF DECEMBER 31, 2010)



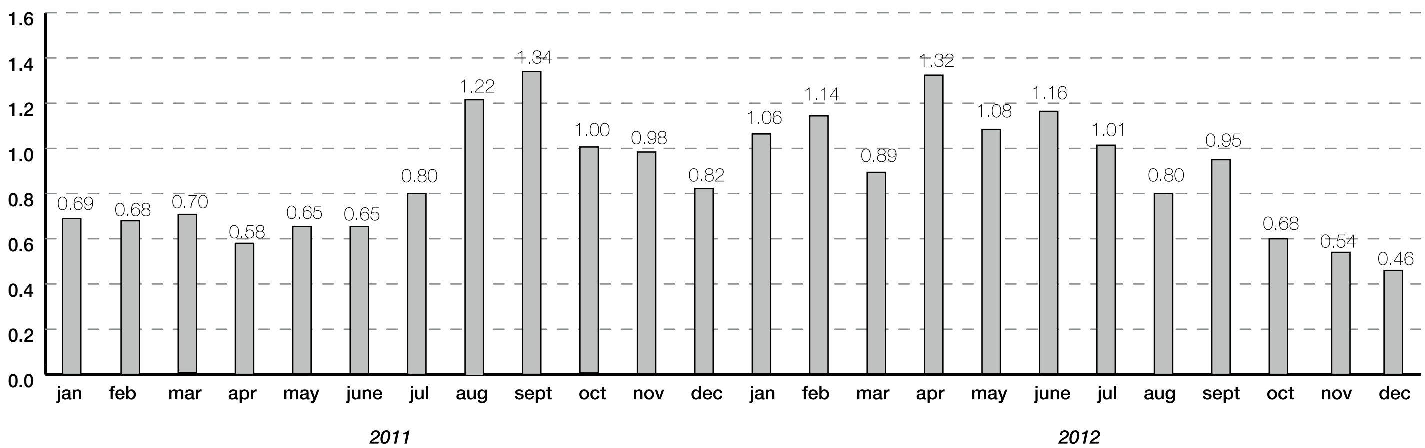
Source: Datastream

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



Source: Datastream

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



Source: Datastream

INFORMATION ON SHARE CAPITAL

CHANGES IN SHARE CAPITAL

Operation	Date of record or completion	Change	Number of shares	Share capital (in EUR)	Change in share capital resulting from operation (%)
Exercise of stock options (2nd half 2007)	recorded on Jan. 11, 2008	+317,782	466,582,593	583,228,241.25	+0.07
Exercise of stock options from January 1 to 11, 2008	recorded on Feb. 5, 2008	+34,080	466,616,673	583,270,841.25	+0.01
Capital increase with pre-emptive subscription rights decided on February 8, 2008	recorded on March 14, 2008	+116,654,168	583,270,841	729,088,551.25	+25.00
Increase through 2008 Company Savings Plan	recorded on Jun. 24, 2008	+7,456,403	590,727,244	738,409,055.00	+1.28
Cancellation of shares	November 2, 2008	-10,000,000	580,727,244	725,909,055.00	-1.69
Issue of preference shares (B shares)	recorded on May 28, 2009	+45,045,045 B shares	625,772,289 divided into 580,727,244 A shares and 45,045,045 B shares	782,215,361.25	+7.76
Increase through the exercise of the option for the payment of dividends in shares	recorded on June 17, 2009	+13,810,504 A shares	639,582,793 divided into 594,537,748 A shares and 45,045,045 B shares	799,478,491.25	+2.21
Increase through 2009 Company Savings Plan	recorded on July 10, 2009	+10,757,876 A shares	650,340,669 divided into 605,295,624 A shares and 45,045,045 B shares	812,925,836.25	+1.68
Exercise of stock options in 2009	recorded on Oct. 15, 2009	+411 A shares	650,341,080 divided into 605,296,035 A shares and 45,045,045 B shares	812,926,350.00	
Capital increase with pre-emptive subscription rights decided on October 5, 2009	recorded on Nov. 2, 2009	+134,510,230 A shares	784,851,310 divided into 739,806,265 A shares and 45,045,045 B shares	981,064,137.50	+20.68
Cancellation of preference shares decided on November 3, 2009	recorded on Dec. 23, 2009	-45,045,045 B shares	739,806,265 A shares	924,757,831.25	-5.74
Increase through the exercise of the option for the payment of dividends in shares	recorded on June 21, 2010	+2,323,887	742,130,152	927,662,690.00	+0.31
Increase through 2010 Company Savings Plan	recorded on July 16, 2010	+4,291,479	746,421,631	933,027,038.75	+0.58
Increase through the exercise of the option for the payment of dividends in shares	recorded on June 21, 2011	+23,901,432	770,323,063	962,903,828.75	+3.2
Increase through 2011 Company Savings Plan	recorded on July 13, 2011	+5,756,928	776,079,991	970,099,988.75	+0.75
Increase through 2012 Company Savings Plan	recorded on June 26, 2012	+4,191,357	780,271,348	975,339,185.00	+0.54
Exercice of stock options in 2012	recorded on Jan. 8, 2013	+1,879	780,273,227	975,341,533.75	

SHARE CAPITAL

At December 31, 2012, Societe Generale's paid-up share capital amounted to EUR 975,341,533.75 and comprised 780,273,227 shares with a nominal value of EUR 1.25 per share, all eligible for dividends paid out of income earned from January 1, 2012.

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

The increase by 4,193,236 shares in 2012 included:

- the issue of 4,191,357 shares subscribed for by the Group's employees in July under the Global employee share ownership plan,
- the creation of 1,879 new shares further to the exercise between January 1 and December 31, 2012 of stock-options granted in March 2009.

SHARE BUYBACKS AND TREASURY SHARES

At December 31, 2012, the Societe Generale Group held 17,618,940 shares under its share buyback program (of which 335,000 shares under its liquidity contract and 17,283,940 shares with a market value of EUR 616,761,104 allocated to cover stock options and free shares granted to employees), representing 2.26% of its capital, and 8,987,016 treasury shares, representing 1.15% of its capital. In total, the Group holds 26,605,956 of its own shares either directly or indirectly (excluding shares held for trading purposes), with a book value of EUR 762,830,004 and a nominal value of EUR 33,257,445.

SHARE BUYBACKS

The Joint General Meeting of May 22, 2012 authorised the Company to buy or sell its own shares with a view to cancelling bought-back shares, granting, honoring or covering stock options, otherwise allocating shares or making any other form of allocation to employees and Chief Executive Officers of the Group, granting shares when rights attached to convertible securities are exercised, holding and subsequently using shares in exchange or as payment for acquisitions and continuing a liquidity contract.

Societe Generale did not buy back any of its own shares in 2012, liquidity contract notwithstanding.

Under the liquidity contract implemented on August 22, 2011, in 2012 Societe Generale acquired 30,119,423 shares with a value of EUR 644,700,363 and sold 31,054,062 shares with a value of EUR 660,728,196. On December 31, 2012, the liquidity contract amount held 335,000 shares with a market value of EUR 9,493,900.

From January 1, 2013 to February 12, 2013, notwithstanding liquidity contract, Societe Generale did not buy back any of its own shares on the market. On February 12, 2013, no share appeared on the account of the liquidity contract.

From January 1, 2012 to December 31, 2012

	Purchases			Transfers/Disposals				
	Number		**Purchase price**	**Number**		**Purchase price**		**Disposal/ transfer price**
Cancellation	0	-	0.00					
Acquisitions	0	-	0.00					
Allocation to employees	0	-	0.00	2,821,998	56.14	158,429,378	0.00	0.00
Liquidity contract	30,119,423	21.40	644,700,363	31,054,062	21.15	656,742,113	21.28	660,728,196
Total	**30,119,423**	**21.40**	**644,700,363**	**33,876,060**	**24.06**	**815,171,491**	**21.28**	**660,728,196**

VALUE OF TREASURY SHARES AND BUYBACKS AT DECEMBER 31, 2012

Percentage of capital held directly or indirectly	3.41%*
Number of shares cancelled over the last 24 months	0
Number of shares held directly	17,618,940
Book value of shares held directly	EUR 626,255,004
Market value of shares held directly	EUR 499,320,760

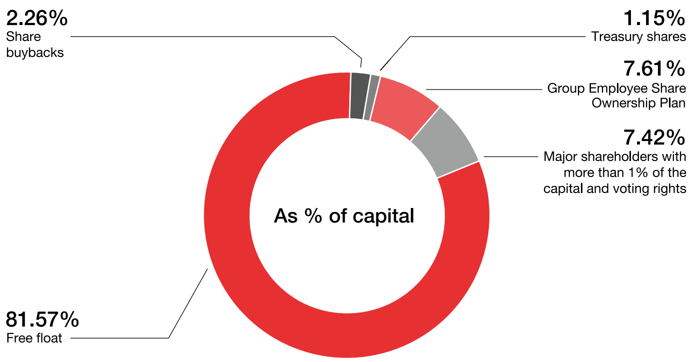
* 3.81% including the 3.1 million shares set aside for the coverage of the 2006 and 2007 stock option plans.

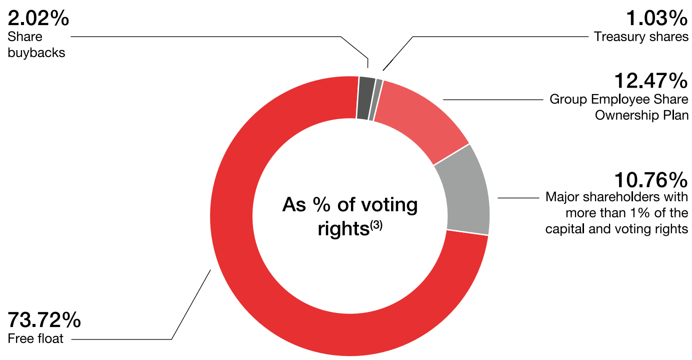
At December 31, 2012	Number of shares	Nominal value (in euros)	Book value (in euros)
Societe Generale*	17,618,940	22,023,675	626,255,004
Subsidiaries	8,987,016	11,233,770	136,575,000
Finareg	*4,944,720*	*6,180,900*	*82,431,000*
Gene-act1	*2,210,112*	*2,762,640*	*21,447,000*
Vouric	*1,832,184*	*2,290,230*	*32,697,000*
Total	**26,605,956**	**33,257,445**	**762,830,004**

* Including the liquidity contract (335,000 shares with a nominal value of EUR 418,750 and a book value of EUR 9,493,900).

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

	At December 31, 2012(2)			At December 31, 2011			At December 31, 2010		
	Number of shares	% of capital	% of voting rights(3)	Number of shares	% of capital	% of voting rights(3)	Number of shares	% of capital	% of voting rights(3)
Group employee share ownership plan	59,344,358	7.61%	12.47%	58,566,866	7.55%	12.29%	54,025,794	7.24%	11.23%
Major shareholders with more than 1% of the capital and voting rights	57,860,893	7.42%	10.76%	70,027,808	9.02%	13.26%	70,506,939	9.45%	13.21%
Groupama	*19,455,211*	*2.49%*	*4.27%*	*30,414,497*	*3.92%*	*6.66%*	*31,719,974*	*4.25%*	*6.32%*
CDC	*19,567,063*	*2.51%*	*2.90%*	*19,567,063*	*2.52%*	*2.88%*	*16,797,614*	*2.25%*	*2.72%*
Meiji Yasuda Life Insurance Cy	*11,069,312*	*1.42%*	*2.54%*	*11,069,312*	*1.43%*	*2.53%*	*11,069,312*	*1.48%*	*2.67%*
CNP	*7,769,307*	*1.00%*	*1.05%*	*8,976,936*	*1.16%*	*1.19%*	*10,920,039*	*1.46%*	*1.49%*
Free float	636,462,020	81.57%	73.72%	617,122,724	79.52%	70.99%	600,582,235	80.46%	72.98%
Share buybacks(4)	17,618,940	2.26%	2.02%	21,375,577	2.75%	2.44%	12,319,647	1.65%	1.49%
Treasury shares	8,987,016	1.15%	1.03%	8,987,016	1.16%	1.03%	8,987,016	1.20%	1.09%
Total		100.00%	100.00%		100.00%	100.00%		100.00%	100.00%
Number of outstanding shares		780,273,227	871,175,967		776,079,991	875,965,444		746,421,631	827,921,887





(1) Including double voting rights (article 14 of Societe Generale's by-laws).
(2) At December 31, 2012, the share of European Economic Area shareholders in the capital is estimated at 39.8%.
(3) As from 2006 and in accordance with article 223-11 of the AMF's General Regulations, the calculation of total voting rights includes voting rights associated with share buybacks and treasury shares; however, these shares do not give the right to vote at General Meetings.
(4) Including 335,000 shares under its liquidity contract, at December 31, 2012.

NB: the Societe Generale by-laws stipulate that shareholders are obliged to notify the company whenever their capital holding or voting rights exceed an additional 0.50%, and as soon as the 1.5% capital holding or voting rights threshold is exceeded. At end-December 2012, no shareholder claimed to own over 1.5% of the Group's capital, with the exception of mutual funds and trading activities at financial institutions.

SHAREHOLDER AGREEMENTS

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

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

This pre-emptive clause was published by the French Financial Markets Board (CMF) in Decision No. 201C1417 dated November 30, 2001. This agreement was still in place on December 31, 2012. However, at December 31, 2012, Santander Central Hispano no longer held any Societe Generale shares and Societe Generale no longer held any Santander Central Hispano shares.

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

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

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

1. capital structure: this information appears in chapter 3 under the heading "Breakdown of capital and voting rights over 3 years";
2. statutory restrictions on the exercise of voting rights: this information appears in chapter 11 under the heading "By-laws" and more particularly in articles 6 and 14;
3. direct or indirect stakes in Societe Generale's capital of which it is aware by virtue of articles L. 233-7 and L. 233-12 of the French Commercial Code: this information appears in chapter 3 under the heading "Breakdown of capital and voting rights over 3 years";
4. the list of holders of any shares bearing special control rights: not applicable since the cancellation of the preference shares on December 23, 2009;
5. control mechanisms provided for under any employee share ownership plans, if the control rights are not exercised by employees: this information appears in chapter 6 "Human Resources" under the heading "Profit-sharing and employee share ownership";
6. shareholder agreements of which Societe Generale is aware and that may restrict the transfer of shares and the exercise of voting rights: not applicable;
7. rules applicable to the appointment and replacement of members of the Board of Directors and amendments to the Company's By-laws. This information appears in chapter 11 under the heading "By-laws" and more specifically in articles 7 and 14;
8. powers of the Board of Directors to issue or buy back shares: the delegations of authority granted by the General Meeting to the Board of Directors to this end appear in chapter 3 under the heading "List of outstanding delegations and their use in 2012 and early 2013" and the information about share buybacks in chapter 3 under the heading "Share buybacks";
9. agreements concluded by Societe Generale that are amended or terminated if there is a change of control of Societe Generale, unless this disclosure would seriously harm its interests and except in cases where disclosure is a legal obligation: not applicable;
10. agreements granting compensation to members of the Board of Directors or employees if they resign or are laid off without a genuine and serious cause, or if their employment comes to an end because of a public offer: this information appears in chapter 5 under the heading "Remuneration of group senior management" for the Directors.

LIST OF OUTSTANDING DELEGATIONS AND THEIR USE IN 2012 AND EARLY 2013 (UP TO FEBRUARY 12, 2013)

Type of authorisation	Purpose of authorisation granted to the Board of Directors	Period of validity	Limit	Use in 2012	Use in 2013 (up to February 12)
Share buybacks	Authorisation to buy Societe Generale shares	**Granted by**: AGM of May 24, 2011, under its 11th resolution **For a period of**: 18 months **Start date**: May 25, 2011 **Early termination**: May 23, 2012	10% of capital at the date of the purchase	Excluding the liquidity contract: none. On May 23, 2012, 4,000,000 shares were recorded in the liquidity contract account.	N/A
		Granted by: AGM of May 22, 2012, under its 13th resolution **For a period of**: 18 months **Start date**: May 23, 2012 **Expiry date**: November 23, 2013	5% of capital at the date of the purchase	Excluding the liquidity contract: none. On December 31, 2012, 335,000 shares were recorded in the liquidity contract account (see details on p. 27 of the 2013 Registration Document)	Excluding the liquidity contract: none On February 12, 2013, no shares were recorded in the liquidity contract account.
Capital increase through the issue of ordinary shares	Authorisation to increase share capital with *pre-emptive subscription rights* through the issue of ordinary shares or securities convertible into shares	**Granted by**: AGM of May 25, 2010, under its 16th resolution **For a period of**: 26 months **Early termination**: May 22, 2012	Nominal EUR 460 million for shares, *i.e. 49.7% of capital on the date the authorisation was granted* Nominal EUR 6 billion for securities convertible into shares *Note: these limits are included in those set under resolutions 17 to 22 of the AGM of May 25, 2010*	None	N/A
		Granted by: AGM of May 22, 2012, under its 14th resolution **For a period of**: 26 months **Expiry date**: July 22, 2014	Nominal EUR 485 million for shares, *i.e. 49.99% of capital on the date the authorisation was granted* Nominal EUR 6 billion for securities convertible into shares *Note: these limits are included in those set under resolutions 15 to 17 and 19 to 20 of the AGM of May 22, 2012*	None	None
	Authorisation to increase share capital through the *incorporation of reserves*, retained earnings, or additional paid-in capital	**Granted by**: AGM of May 25, 2010, under its 16th resolution **For a period of**: 26 months **Early termination**: May 22, 2012	Nominal EUR 550 million, *i.e. 59.4% of capital on the date the authorisation was granted*	None	N/A
		Granted by: AGM of May 22, 2012, under its 14th resolution **For a period of**: 26 months **Expiry date**: July 22, 2014	Nominal EUR 550 million, *i.e. 56.6% of capital on the date the authorisation was granted*	None	None
	Authorisation to increase share capital with *no pre-emptive subscription* rights through the issue of ordinary shares or securities convertible into shares	**Granted by**: AGM of May 25, 2010, under its 17th resolution **For a period of**: 26 months **Early termination**: May 22, 2012	Nominal EUR 138 million for shares, *i.e. 14.9% of capital on the date the authorisation was granted* Nominal EUR 6 billion for securities convertible into shares *Note: these limits are included in those of resolution 16, and include those set in resolutions 18 and 19 of the AGM of May 25, 2010*	None	N/A
		Granted by: AGM of May 22, 2012, under its 15th resolution **For a period of**: 26 months **Expiry date**: July 22, 2014	Nominal EUR 145 million for shares, *i.e. 14.95% of capital on the date the authorisation was granted* Nominal EUR 6 billion for securities convertible into shares *Note: these limits are included in those of resolution 14, and include those set in resolutions 16 and 17 of the AGM of May 22, 2012*	None	None
	Option to *oversubscribe in* the event of surplus demand for capital increases with or *without pre-emptive subscription rights* approved by the Board	**Granted by**: AGM of May 25, 2010, under its 18th resolution **For a period of**: 26 months **Early termination**: May 22, 2012	15% of the initial issue *Note: such operations are carried out at the same prices as the initial issue and within the same limits as those set out in resolutions 16 and 17 of the AGM of May 25, 2010*	None	N/A

Type of authorisation	Purpose of authorisation granted to the Board of Directors	Period of validity	Limit	Use in 2012	Use in 2013 (up to February 12)
		Granted by: AGM of May 22, 2012, under its 16th resolution **For a period of**: 26 months Expiry date: July 22, 2014	15% of the initial issue *Note: such operations are carried out at the same prices as the initial issue and within the same limits as those set out in resolutions 14 and 15 of the AGM of May 22, 2012*	None	None
	Authorisation to increase capital in order to pay for share contributions	**Granted by**: AGM of May 25, 2010, under its 19th resolution **For a period of**: 26 months **Early termination**: May 22, 2012	10% of capital *Note: this limit is included in those set under resolutions 16 and 17 of the AGM of May 25, 2010*	None	N/A
		Granted by: AGM of May 22, 2012, under its 17th resolution **For a period of**: 26 months **Expiry date**: July 22, 2014	10% of capital *Note: this limit is included in those set under resolutions 14 and 15 of the AGM of May 22, 2012*	None	None
Issue of securities	Issue of securities giving access to debt securities without giving rise to an increase in the share capital	**Granted by**: AGM of May 22, 2012, under its 18th resolution **For a period of**: 26 months **Expiry date**: July 22, 2014	Nominal EUR 2 billion	None	None
Transactions for employees	Authorisation to increase capital through the issue of ordinary shares or securities convertible into shares reserved for employees subscribing *to a Societe Generale Company or Group Savings Plan*	**Granted by**: AGM of May 25, 2010, under its 20th resolution **For a period of**: 26 months **Early termination**: May 22, 2012	3% of capital on the date the authorisation was granted *Note: this limit is included in the limit set under resolution 16 of the AGM of May 25, 2010*	4,191,357 shares issued, i.e. 0.54% of capital on the date of the operation	N/A
		Granted by: AGM of May 22, 2012, under its 19th resolution **For a period of**: 26 months Expiry date: July 22, 2014	3% of capital on the date the authorisation was granted *Note: this limit is included in the limit set under resolution 14 of the AGM of May 22, 2012*	None	Transaction of which the principle was decided by the Board on Feb. 12, 2013
	Authorisation to grant share subscription or purchase options to employees and Chief Executive Officers of the Company	**Granted by**: AGM of May 25, 2010, under its 21st resolution **For a period of**: 26 months **Early termination**: May 22, 2012	4% of capital on the date the authorisation was granted *Note: this limit includes the allocation of free shares and is included in the limit set under resolution 16 of the AGM of May 25, 2010* *0.20% of capital for Chief Executive Officers* *Note: this limit is included in the 4% limit set under resolution 21 of the AGM of May 25, 2010*	None	N/A
	Authorisation to grant free existing or new shares to employees and Chief Executive Officers	**Granted by**: AGM of May 25, 2010, under its 22nd resolution **For a period of**: 26 months **Early termination**: May 22, 2012	4% of capital at the date on which the authorisation was granted. *Note: this limit is included in the limit set under resolution 21 and the limit provided for under resolution 16 of the AGM of May 25, 2010* 0.20% of capital for Chief Executive Officers *Note: this limit is included in the 4% limit set under resolution 22 of the AGM of May 25, 2010*	3,100,000 shares allocated, i.e. 0.40% of capital on the date of allocation	N/A
		Granted by: AGM of May 22, 2012, under its 20th resolution **For a period of**: 26 months **Expiry date**: July 22, 2014	2% of capital at the date on which the authorisation was granted. *Note: this limit is included in the limit set under resolution 14 of the AGM of May 22, 2012* *0.10% of capital for Chief Executive Officers* *Note: this limit is included in the 2% limit set under resolution 20 of the AGM of May 22, 2012*	None	None
Cancellation of shares	Authorisation to cancel shares as part of a share buyback programme	**Granted by**: AGM of May 25, 2010, under its 23rd resolution **For a period of**: 26 months **Early termination**: May 22, 2012	10% of the total number of shares per 24-month period	None	N/A
		Granted by: AGM of May 22, 2012, under its 22nd resolution **For a period of**: 26 months Expiry date: July 22, 2014	5% of the total number of shares per 24-month period	None	None

ADDITIONAL INFORMATION

GENERAL INFORMATION

Name

Societe Generale

Registered office

29, boulevard Haussmann, 75009 Paris

Administrative office

17, Cours Valmy, 92972 Paris-La Défense

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

Telephone number: +33 (0)1.42.14.20.00

Website: www.societegenerale.com

Legal form

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

Governing law

Subject to the legislative and regulatory provisions relating to credit institutions, notably the articles of the French Monetary and Financial Code (Code monétaire et financier) that apply to them, the Company is governed by the commercial laws of France, in particular articles L. 210-1 et seq. of the French commercial code, as well as its current By-laws.

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

Date of formation and duration

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

Corporate purpose

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

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

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

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

Registration number

552 120 222 RCS PARIS

ISIN code (International Securities Identification Number): FR 0000130809

NAF (trade sector) code: 6419Z

Company reports and documents

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

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

Fiscal year

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

Categories of shares and attached rights

Under the terms of article 4 of the Company's By-laws, the share capital is divided into 780,273,227 fully paid-up shares with a nominal value of EUR 1.25 per share.

Double voting rights

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

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

Limitation of voting rights

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

Declaration of shareholdings exceeding statutory limits

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

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

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

Convening and rules for attending General Meetings of Shareholders

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

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

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

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

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

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

Identification of holders of bearer shares

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

Documents

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

4

GROUP MANAGEMENT REPORT

SOCIETE GENERALE GROUP MAIN

SIMPLIFIED ORGANISATIONAL CHART AT DECEMBER 31, 2012

Societe Generale Group

French Networks | International Retail Banking | Specialised Financial Services and Insurance

FRANCE

French Networks

Societe Generale*	
Groupe Crédit du Nord	100%
Compagnie Générale d'Affacturage	100%
Sogéfinancement	100%
Sogéfimur	100%
Sogelease France	100%
Sogébail	58.6%
Groupe Boursorama	57.4%
SG Services	100%
SG Capital Développement	100%
Généfimmo	100%
Généfim	100%
Sogéprom	100%
Éléaparts	100%

International Retail Banking

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

Specialised Financial Services and Insurance

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

EUROPE

French Networks

SG Factoring SPA *Italy*	100%

International Retail Banking

SKB Banka *Slovenia*	99.7%
BRD-Groupe SG *Romania*	60.2%
SG Express Bank *Bulgaria*	99.7%
Komerční Banka A.S. (KB) *Czech Republic*	60.7%
Ohridska Banka ad Ohrid *Macedonia*	70.0%
SG Banka SRBIJA *Serbia*	100%
Podgoricka Banka *Montenegro*	90.6%
Delta Credit *Russia*	82.4%
Groupe Rosbank *Russia*	82.4%
SG-Splitska Bank *Croatia*	100%
Bank Republic *Georgia*	93.6%
Mobiasbanca *Moldavia*	79.9%
Banka Societe Generale *Albania*	88.6%

Specialised Financial Services and Insurance

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

AFRICA - MIDDLE EAST

International Retail Banking

SG Marocaine de Banques	56.9%
SG de Banques en Côte d'Ivoire	73.2%
Union Internationale de Banque *Tunisia*	57.2%
SG de Banques au Cameroun	58.1%
SG de Banque au Liban	19.0%
National Societe Generale Bank *Egypt*	77.2%
SG de Banque en Guinée	57.9%
SG Congo	87.0%
SG de Banques au Bénin	78.8%
SG - SSB Limited *Ghana*	52.2%
Societe Generale Mauritanie	51.0%
BFV SG *Madagascar*	70.0%
SG de Banques au Sénégal	64.5%
SG Algérie	100%
SG de Banques au Burkina	51.3%
SG de Banque en Guinée Equatoriale	52.4%
SG Tchad	55.2%

Specialised Financial Services and Insurance

Eqdom *Morocco*	45.6%
La Marocaine Vie	88.9%

AMERICAS

Specialised Financial Services and Insurance

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

ASIA - AUSTRALIA

International Retail Banking

South East Asia Commercial Joint Stock Bank *Vietnam*	20.0%

Specialised Financial Services and Insurance

SG Leasing and Reting Co Ltd *China*	100%
Societe Generale* Branches in: Sydney *Australia*	

* Parent company.

(1) Subsidiary of SGBT Luxembourg.

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

Notes:

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

ACTIVITIES

Private Banking, Global Investment Management and Services

Corporate and Investment Banking

	Private Banking	Asset Management	Securities Services and Brokers	Corporate and Investment Banking
FRANCE	► Societe Generale*	► Societe Generale Holding de Participations 100% ► Amundi Group 25.0%	► Societe Generale* ► Newedge Group 50.0% ► Parel 100% ► SGSS France 100%	► Societe Generale* ► CALIF 100% ► SG Securities (Paris) SAS 100% ► Lyxor Asset Management 100% ► SG Option Europe 100% ► IEC 100%
EUROPE	► Societe Generale Bank & Trust Luxembourg (2) 100% ► SG Private Banking Suisse SA (1) 100% ► SG Private Banking (Belgique) 100% ► SG Hambros Bank Limited *United Kingdom* 100% ► SG Private Banking (Monaco) (1) 100%		► SGSS Spa *Italy* 100% ► Societe Generale Securities Services UK Ltd *United Kingdom* 100% ► SGSS Deutschland Kapitalanlagegesellschaft mbH *Germany* 100% ► Newedge UK Financial Ltd *United Kingdom* 50.0% ► Societe Generale* Branches in: Dublin *Ireland*	► SG Bank Nederland N.V. *Netherlands* 100% ► SG Investments (U.K.) Ltd *United Kingdom* 100% ► SG Immobel *Belgium* 100% ► Societe Generale* Branches in: Milan *Italy* Francfort *Germany* Madrid *Spain* London *United Kingdom*
NORTH AMERICA		► TCW Group Inc *United States* 89.6%	► Newedge USA, LLC 50.0% ► Newedge Canada Inc 50.0%	► SG Americas, Inc. *United States* 100% ► SG Americas Securities, LLC *United States* 100% ► SG Canada 100% ► Banco SG Brazil SA 100% ► Societe Generale* Branches in: New-York *United States* Montreal *Canada*
ASIA - AUSTRALIA	► SG Private Banking (Japan) Ltd 100%		► Newedge Japan Inc 50.0% ► Newedge Group Hong Kong Branch 50.0%	► SG Securities Asia International Holdings Ltd (Hong-Kong) 100% ► SG Securities North Pacific, Tokyo Branch *Japan* 100% ► SG Asia (Hong-Kong) Ltd 100% ► SG Australia Holding Ltd 100% ► SG Australia Ltd 100% ► Lyxor Asset Management Japan Co Ltd 100% ► Societe Generale (China) Ltd 100% ► Fortune SG Fund Management *China* 49.0% ► SGCIB Corporation *South Korea* 100.0% ► Societe Generale* Branches in: Singapour Tokyo *Japan* Hong Kong Seoul *South Korea* Taipei *Taiwan*

GROUP ACTIVITY AND RESULTS

The financial information presented for the financial year ended December 31, 2012 and comparative information in respect of the 2011 financial year have been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The consolidated financial statements are audited by the Statutory Auditors.

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

2012 marked the achievement of key milestones in the transformation process under way since 2010:

- **completion of** Corporate and Investment Banking's **deleveraging programme** (disposal of EUR 16 billion of loan portfolio assets since end-June 2011) and continuation of the legacy asset disposal programme (disposal of EUR 19 billion of legacy assets over the last 18 months).
- **business refocusing and business asset portfolio optimisation**, marked mainly by the sale of the Greek subsidiary, Geniki, in International Retail Banking, and TCW in Private Banking, Global Investment Management and Services, the agreement to sell the Egyptian subsidiary, NSGB, as well as by the trend in the Group's risk-weighted assets, which fell in 2012. The asset disposal programme has thus already achieved the lower end of its target range and considerably reduced balance sheet risks.
- **very satisfactory improvement in the financing structure**, with an improved loan/deposit ratio, high medium/long-term debt issuance volumes and extended maturities.
- **implementation of efficiency measures,** which resulted in a decline in operating expenses vs. 2011.

Coupled with the solid business results, these initiatives helped boost the Group's Core Tier 1 ratio[(1)] to 10.7% at year-end, an increase of +165 basis points in one year.

ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Although exposed to a sharply slowing environment, Retail Banking posted generally satisfactory revenues. Accordingly, the **French Networks** enjoyed stable net banking income. Revenues were also stable* in **International Retail Banking** but concealed a more mixed situation: revenues were solid in the Czech Republic, Russia, Mediterranean Basin and Sub-Saharan Africa, whereas other countries in Eastern Europe experienced reduced activity due to a deteriorated economic environment. Lastly, **Specialised Financial Services and Insurance** revenues grew, especially in the Insurance activity.

Corporate and Investment Banking, whose revenues were stable vs. 2011 despite the disposal of loan portfolios and legacy assets under way for 18 months, benefited from the gradual normalisation of the markets in 2012, particularly in Fixed Income, Currencies & Commodities activities. In an environment that remained sluggish throughout the year – low rates, reduced brokerage volumes – **Private Banking, Global Investment Management and Services** maintained its revenues at the same level as the previous year.

The Group's cost-cutting efforts resulted in a significant decline in **operating expenses**. These were sharply lower, down -4.1%* vs. 2011 (and -2.2% excluding restructuring costs recorded in 2011).

The **commercial cost of risk,** measured in basis points[(2)] amounted to 75 basis points for 2012, vs. 67 basis points in 2011, reflecting the deterioration in the macroeconomic environment in Europe.

The 2012 results include EUR -2,594 million of non-economic items, the impact of the Group's transformation (asset disposals and reduction in the loan portfolio at SG CIB), the restructuring of Greek sovereign debt, and Corporate and Investment Banking's legacy asset portfolio[(3)].

When corrected for these items, Group net income totalled EUR 3,368 million in 2012.

(1) Calculated according to EBA Basel 2.5 standards (Basel 2 standards incorporating CRD3 requirements).

(2) Annualised, excluding litigation issues, legacy and Greek sovereign assets, in respect of assets at the beginning of the period.

(3) Impact on Group net income of non-economic items: EUR -859m in 2012, including EUR -822 million for the revaluation of own financial liabilities; non-recurring items: EUR -1,319m in 2012; legacy assets: EUR -416m in 2012. Détails in methodology n°7, p. 60.

(In millions of euros)	2011	2012	Change	
Net banking income	25,636	23,110	-9.9%	-10.3%*
Operating expenses	(17,036)	(16,438)	-3.5%	-4.1%*
Gross operating income	**8,600**	**6,672**	**-22.4%**	**-22.4%***
Net cost of risk	(4,330)	(3,935)	-9.1%	+5.6%*
Operating income	**4,270**	**2,737**	**-35.9%**	**-42.0%***
Net income from other assets	12	(507)	NM	
Net income from companies accounted for by the equity method	94	154	+63.8%	
Impairment losses on goodwill	(265)	(842)	NM	
Income tax	(1,323)	(334)	-74.8%	
Net income before non-controlling interests	2,788	1,208	-56.7%	
O.w. non-controlling interests	*403*	*434*	*+7.7%*	
Group net income	**2,385**	**774**	**-67.5%**	**-68.8%***
Cost/income ratio	66.5%	71.1%		
Average allocated capital	39,483	42,074	+6.6%	
ROE after tax	**6.0%**	**1.1%**		
ROTE after tax	**7.5%**	**1.4%**		
Tier 1 Ratio	**10.7%**	**12.5%**		

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

NET BANKING INCOME

The Group's net banking income totalled EUR 23,110 million in 2012.

If non-economic or non-recurring items and legacy assets are stripped out, underlying revenues amounted to EUR 24,963 million, stable (-0.3%) vs. the previous year.

- The **French Networks** posted revenues of EUR 8,161 million in 2012. They were stable excluding the PEL/CEL vs. 2011 in a sharply slowing economic environment, underpinned by interest margins that held up well;
- At EUR 4,943 million in 2012, **International Retail Banking's** net banking income was stable (-0.1%*) vs. 2011. Lacklustre economic activity in Eastern Europe was offset by increased activity in the Czech Republic, Russia, Mediterranean Basin and Sub-Saharan Africa;
- **Corporate and Investment Banking's** core activities posted 2012 revenues in line (-2.0%*) with the figures for 2011 at EUR 6,457 million. They were driven by the recovery in 2012 of Fixed Income, Currencies & Commodities activities, which partially offset loan portfolio disposal costs (EUR -489 million in 2012).

  Corporate and Investment Banking's legacy assets made a negative contribution of EUR -268 million to the division's revenues in 2012 vs. EUR -476 million in 2011.

  Corporate and Investment Banking's revenues totalled EUR 6,189 million in 2012.
- **Specialised Financial Services and Insurance's** revenues totalled EUR 3,489 million in 2012 (+1.4%* vs. 2011), underpinned by growth in the Insurance activity (+12.5%* vs. 2011 at EUR 684 million). Specialised Financial Services generally maintained its revenues, at EUR 2,805 million in 2012 (-1.0%*), despite considerable resource constraints.
- **Private Banking, Global Investment Management and Services**' net banking income was -2.8%* lower than in 2011 at EUR 2,160 million. This performance was achieved in a generally unfavourable environment for the business due to persistently low rates and reduced brokerage activity.

The accounting impact on net banking income of the revaluation of the Group's own financial liabilities was EUR -1,255 million in 2012, reflecting tightening financing spreads in the banking sector during the year. In 2011, the revaluation of the Group's own financial liabilities boosted book net banking income by EUR +1,177 million due to the widening of these spreads. At the same time, the valuation of the bank's loan portfolio hedges caused net banking income to fall by EUR -56 million in 2012.

OPERATING EXPENSES

At EUR -16,438 million in 2012, operating expenses were down -4.1%* (-2.2% when restated for total restructuring provisions recorded at end-2011).

There were significant efforts to control operating expenses in Corporate and Investment Banking (-8.7%[(1)]), Private Banking, Global Investment Management and Services (-3.4%[(1)]), Specialised Financial Services and Insurance (-1.0%[(1)]) and the French Networks (-0.4%[(1)]).

When restated for legacy assets, non-economic and non-recurring items, the cost to income ratio was -1.3 points lower than in 2011, at 65.6% for 2012.

OPERATING INCOME

The Group's **gross operating income** came to EUR 6,672 million for 2012. This was substantially lower than in 2011 (-22.4%*) due to the accounting effect of the revaluation of the Group's own financial liabilities. Gross operating income came to EUR 7,927 million, excluding the effect of the revaluation of the Group's own financial liabilities, up 6.8% vs. 2011.

The Group's **net cost of risk** amounted to EUR -3,935 million for 2012, vs. EUR -4,330 million in 2011.

The Group's **commercial cost of risk** (expressed as a fraction of outstanding loans) amounted to 75[(2)] basis points in 2012 vs. 67[(2)] basis points in 2011.

- The **French Networks'** cost of risk was higher at 50 basis points (41 basis points in 2011) reflecting the deteriorating economic environment, notably for Corporates where the Group posted an increase in provisions in respect of medium-sized companies in the industrial sector.
- At 183 basis points (vs. 177 basis points in 2011), **International Retail Banking's** cost of risk was slightly higher. However, the trend was mixed according to region.
- The cost of risk of **Corporate and Investment Banking's** core activities was contained at 31 basis points (vs. 11 basis points in 2011) and remained at a low level. Legacy assets' net cost of risk amounted to EUR -262 million in 2012 (considerably lower than the EUR -425 million in 2011).
- **Specialised Financial Services'** cost of risk fell to 125 basis points (vs. 149 basis points in 2011), reflecting the notable improvement in Consumer Finance.

The Group also booked a EUR -300 million provision for litigation issues in 2012.

The Group's NPL coverage ratio was 77% at end-2012 (76% at end-2011).

The decline in the net cost of risk (EUR -3,935 million in 2012 vs. EUR -4,330 million in 2011) can be attributed principally to a base effect related to provisions booked in respect of Greek sovereign risk in 2011.

The Group's **operating income** totalled EUR 2,737 million for 2012, substantially lower than in 2011. The decline was primarily due to the impact of the revaluation of the Group's own financial liabilities.

Operating income came to EUR 3,992 million, excluding the effect of the revaluation of the Group's own financial liabilities, vs. EUR 3,093 million in 2011, an increase of more than 29%.

GROUP NET INCOME

After taking into account tax (the Group's effective tax rate was 15.0% in 2012 vs. 30.9% in 2011) and non-controlling interests, Group net income totalled EUR 774 million for 2012, vs. EUR 2,385 million in 2011.

When corrected for non-economic items (EUR -859 million[(3)]), non-recurring items (EUR -1,319 million[(4)]) and the impact on the accounts of Corporate and Investment Banking's legacy asset portfolio (EUR -416 million), Group net income amounted to EUR 3,368 million in 2012, vs. EUR 3,515 million in 2011.

In 2012, the Group's underlying ROE stood at 7.3%[(5)] and the underlying ROTE came to 8.9%[(5)].

Earnings per share amounts to EUR 0.64 for 2012, after deducting interest payable to holders of deeply subordinated notes and undated subordinated notes[(6)].

(1) Change excluding restructuring costs recorded in 2011 and systemic tax allocated to the businesses in 2012.

(2) Annualised, excluding litigation issues, legacy and Greek sovereign assets, in respect of assets at the beginning of the period.

(3) Revaluation of the Group's own financial liabilities amounting to EUR -822 million and book income in respect of the Group's loan portfolio hedges amounting to EUR -37 million in 2012.

(4) Cost of Corporate and Investment Banking asset disposals (EUR -338 million), goodwill write-down (EUR -842 million), Greek sovereign risk (EUR -16 million), net gains/losses on business assets sold or available-for-sale assets (EUR -18 million), debt buybacks (EUR +195 million) and a provision for litigation issues (EUR -300 million).

(5) Group ROE after tax was 1.1% and ROTE was 1.4%.

(6) The interest, net of tax effect, payable to holders of deeply subordinated notes and undated subordinated notes at end-December 2012 amounts to respectively EUR 266 million and EUR 27 million. At end-December 2012, the capital gain net of tax and accrued unpaid interest relating to buybacks of deeply subordinated notes amounted to EUR 2 million.

ACTIVITY AND RESULTS OF THE CORE BUSINESSES

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

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

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

- the **French Networks** which include the domestic networks Societe Generale, Crédit du Nord and Boursorama;
- **International Retail Banking** which covers retail banking activities abroad;
- **Corporate and Investment Banking**, consisting of:
  - **"Global Markets"** which encompasses all market activities, i.e. "Equities" and "Fixed Income, Currencies & Commodities",
  - **"Financing & Advisory"** which covers all strategy, capital raising and structured financing advisory services,
  - **"Legacy assets"** which manages financial assets that have become illiquid in the wake of the financial crisis;
- **Specialised Financial Services and Insurance** which comprises the subsidiaries providing financing to businesses (equipment finance, operational vehicle leasing and fleet management) and individuals (consumer finance), as well as the life and non-life insurance activities;
- **Private Banking, Global Investment Management and Services** comprise Private Banking activities, Asset Management operations performed through TCW and Amundi, Securities Services (securities and employee savings business) and the Group's brokerage arm, operated by Newedge. TCW was disposed of in February 2013.

These operating divisions are supplemented by the **Corporate Centre** which acts as the Group's central funding department vis-à-vis the divisions. As such, it recognises the cost of carry of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's ALM and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income and expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

This means that the debt revaluation differences linked to own credit risk and the revaluation differences of the credit derivative instruments hedging the loans and receivables portfolios are allocated to this division. In 2011 and 2012, the Corporate Centre also reflects the cost of risk booked with respect to the Group's Greek sovereign exposure.

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

CAPITAL ALLOCATION

Since January 1, 2012, the general principle adopted by the Group is to allocate normative capital to the core businesses corresponding to 9% of Basel 2 average risk-weighted assets (vs. 7% previously) and supplemented by the consumption of Tier 1 capital[1] chargeable to each core business, after taking into account non-controlling interests and the adjustment of capital consumption related to the insurance activities.

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

NET BANKING INCOME

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

- revenues generated by its activity;
- the yield on normative capital allocated to the core businesses, which is defined on an annual basis by reference to an estimated rate of return on Group capital during the financial year. On the other hand, the yield on the core businesses' book capital is reassigned to the Corporate Centre.

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

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

OPERATING EXPENSES

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

COST OF RISK

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

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

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

NET INCOME FROM OTHER ASSETS

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

IMPAIRMENT LOSSES ON GOODWILL

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

INCOME TAX

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

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

SUMMARY OF RESULTS AND PROFITABILITY BY CORE BUSINESS

RESULTS BY CORE BUSINESS

(In millions of euros)	**French Networks**		**International Retail Banking**		**Corporate & Investment Banking**		**Specialised Financial Services & Insurance**		**Private Banking, Global Investment Management and Services**		**Corporate Centre**		**Group**	
	2011	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**
Net banking income	8,165	8,161	5,017	4,943	5,980	6,189	3,443	3,489	2,169	2,160	862	(1,832)	25,636	23,110
Operating expenses	(5,248)	(5,264)	(2,988)	(3,077)	(4,748)	(4,189)	(1,846)	(1,844)	(1,967)	(1,905)	(239)	(159)	(17,036)	(16,438)
Gross operating income	**2,917**	**2,897**	**2,029**	**1,866**	**1,232**	**2,000**	**1,597**	**1,645**	**202**	**255**	**623**	**(1,991)**	**8,600**	**6,672**
Net cost of risk	(745)	(931)	(1,284)	(1,348)	(563)	(630)	(829)	(687)	(13)	(10)	(896)	(329)	(4,330)	(3,935)
Operating income	**2,172**	**1,966**	**745**	**518**	**669**	**1,370**	**768**	**958**	**189**	**245**	**(273)**	**(2,320)**	**4,270**	**2,737**
Net income from other assets	1	(3)	0	(4)	76	10	(5)	(12)	(6)	11	(54)	(509)	12	(507)
Net income from companies accounted for by the equity method	10	11	13	8	0	0	(33)	15	98	115	6	5	94	154
Impairment losses on goodwil	0	0	0	(250)	0	0	(200)	0	(65)	(580)	0	(12)	(265)	(842)
Income tax	(739)	(669)	(161)	(112)	(97)	(313)	(219)	(271)	(43)	(77)	(64)	1,108	(1,323)	(334)
Net income before non-controlling interests	1,444	1,305	597	160	648	1,067	311	690	173	(286)	(385)	(1,728)	2,788	1,208
O.w. non-controlling interest	*16*	*14*	*272*	*211*	*13*	*14*	*14*	*16*	*2*	*7*	*86*	*172*	*403*	*434*
Group net income	**1,428**	**1,291**	**325**	**(51)**	**635**	**1,053**	**297**	**674**	**171**	**(293)**	**(471)**	**(1,900)**	**2,385**	**774**
Cost/income ratio	64.3%	64.5%	59.6%	62.2%	79.4%	67.7%	53.6%	52.9%	90.7%	88.2%	NM	NM	66.5%	71.1%
Average allocated capital(1)	8,267	8,514	5,061	5,220	11,640	11,334	5,198	5,169	1,710	1,860	7,606*	9,979*	39,483	42,074

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

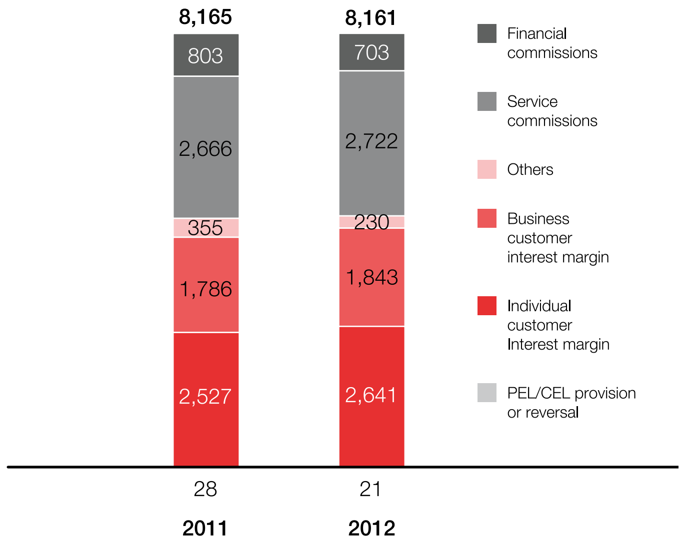
(1) As from January 1, 2012, the allocation of capital to the different businesses is based on 9% of risk-weighted assets at the beginning of the period, vs. 7% previously. The published historical data related to allocated capital have been adjusted accordingly.

FRENCH NETWORKS

(In millions of euros)	2011	2012	Change	
Net banking income	8,165	8,161	0.0%	0.0%(1)
Operating expenses	(5,248)	(5,264)	+0.3%	-0.4%(2)
Gross operating income	**2,917**	**2,897**	**-0.7%**	**+0.8%(1)(2)**
Net cost of risk	(745)	(931)	+25.0%	
Operating income	**2,172**	**1,966**	**-9.5%**	
Net income from other assets	1	(3)	NM	
Net income from companies accounted for by the equity method	10	11	+10.0%	
Income tax	(739)	(669)	-9.5%	
Net income before non-controlling interests	1,444	1,305	-9.6%	
O.w. non-controlling interests	*16*	*14*	*-12.5%*	
Group net income	**1,428**	**1,291**	**-9.6%**	
Cost/income ratio	64.3%	64.5%		
Average allocated capital	8,267	8,514	+3.0%	

(1) Excluding PEL/CEL
(2) Excluding systemic tax

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



In a deteriorated macroeconomic environment in France, the **French Networks'** commercial activity was satisfactory in 2012 and once again demonstrated the solidity of their customer franchises.

During 2012, the number of individual customers for the three brands (Societe Generale, Crédit du Nord and Boursorama) exceeded 11 million (+162,000 individual customers in 2012).

Against a backdrop of continuing fierce competition for savings inflow, outstanding balance sheet deposits rose +5.4% vs. 2011 to EUR 141.6 billion. By customer segment, deposit inflow was strong for individual customers (+6.0%) and saw a gradual pick-up for business customers (+1.7%). By type of savings vehicle, deposit growth was driven by the inflow on term deposits and deposit certificates (+30.6%): these benefited from the success of the “CAT Tréso +” (Treasury + term account) offering aimed at businesses. There was also a sharp increase in regulated savings. These continued to be driven, firstly, by the growth in livret A (passbook savings account) outstandings (+31.4%) which benefited from the raising of the ceiling in Q4 12 and secondly, by the success of the “CSL +” (ordinary savings account) offering (CSL outstandings up +6.8%).

This growth was accompanied by positive net life insurance inflow of EUR +165 million in 2012, in a market that experienced a net outflow for the first time (EUR -3.4 billion vs. 2011).

The French Networks remained fully committed to serving their customers and continued to actively support the economy, assisting businesses and individuals with the financing of their projects, as testified by the growth in outstanding loans (+3.2% vs. 2011) to EUR 176.1 billion.

Outstanding loans to business customers totalled EUR 79.5 billion (+3.4%). Outstanding operating loans rose +9.0% to EUR 12.8 billion and investment loans +2.2% to EUR 64.1 billion.

Outstanding loans to individuals rose +2.9% over the period, still driven by the growth in outstanding housing loans (+3.5%). In line with the market, housing loan production was nevertheless markedly lower than in 2011 on the back of weak demand.

The average loan/deposit ratio stood at 124% in 2012 vs. 127% in 2011, an improvement of 3 points.

The French Networks' **revenues** were resilient, with net banking income of EUR 8,161 million, stable excluding the PEL/CEL effect vs. 2011. Net interest income was 1.0% higher (excluding the PEL/CEL effect) than in 2011, with the increase in outstanding deposits offsetting the increasingly marked decline in reinvestment rates during the year. The loan margin remained virtually stable.

Commissions declined -1.2% vs. 2011 with mixed trends. Service commissions rose +2.1% vs. the same period, driven by buoyant transaction levels with business customers (+8.1%), and partially offset the decline in financial commissions (-12.4%) on the back of low financial transaction volumes originating from individual customers.

When restated for the impact of the systemic tax (EUR -35.5 million), operating expenses were -0.4% lower than in 2011, reflecting the effect of the cost-saving plans implemented. These focused primarily on the control of IT expenses and the decline in the use of external service providers.

The French Networks generated gross operating income of EUR 2,897 million, up +0.8% (excluding PEL/CEL effect and restated for the impact of systemic taxes) vs. 2011.

Against the backdrop of a weak French economy, the French Networks' cost of risk amounted to 50 basis points in 2012, up 9 basis points vs. 2011.

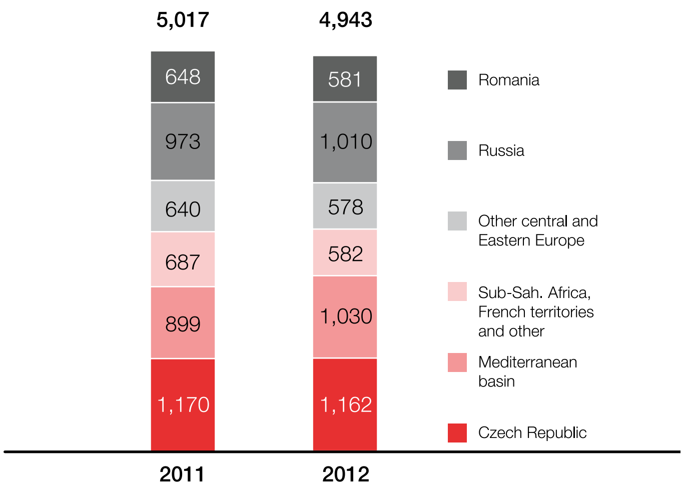
The French Networks' contribution to Group net income totalled EUR 1,291 million in 2012, down -9.6% vs. 2011.

INTERNATIONAL RETAIL BANKING

(In millions of euros)	2011	2012	Change	
Net banking income	5,017	4,943	-1.5%	-0.1%*
Operating expenses	(2,988)	(3,077)	+3.0%	+3.6%*
Gross operating income	**2,029**	**1,866**	**-8.0%**	**-5.4%***
Net cost of risk	(1,284)	(1,348)	+5.0%	+46.0%*
Operating income	**745**	**518**	**-30.5%**	**-39.1%***
Net income from other assets	0	(4)	NM	
Net income from companies accounted for by the equity method	13	8	-38.5%	
Impairment losses on goodwill	*0*	*(250)*	NM	
Income tax	(161)	(112)	-30.4%	
Net income before non-controlling interests	597	160	-73.2%	
O.w. non-controlling interests	*272*	*211*	*-22.4%*	
Group net income	**325**	**(51)**	**NM**	**-82.4%***
Cost/income ratio	59.6%	62.2%		
Average allocated capital	5,061	5,220	+3.1%	

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

BREAKDOWN OF NBI BY REGION (IN MILLIONS OF EUROS)



Within International Retail Banking, 2012 was marked by three major events. In response to a very deteriorated environment in Greece and after supporting its subsidiary for several years, the Group endeavoured to find an alternative, successful strategy for the future of its subsidiary, against the backdrop of consolidation in the Greek banking sector. Accordingly, the Group sold the entire shareholding (99.08%) in its subsidiary **Geniki** to Piraeus Bank in December 2012. The pre-tax result of this deal, which was concluded on December 14, 2012, was recorded in the Corporate Centre, under "net gains/losses on other assets" for a total of EUR -375 million. Geniki's operating results continued to be included in those of International Retail Banking until end-November 2012 (i.e. a contribution to the Group net income of International Retail Banking of EUR -164 million in 2012).

Moreover, in August 2012, the Group received an expression of interest from Qatar National Bank (QNB) regarding the acquisition of the majority shareholding (77.17%) in its Egyptian subsidiary, **National Société Générale Bank (NSGB).** The Group accepted QNB's offer, which values NSGB's total capital at twice the value of its book equity as at September 30th, 2012.

Finally, the Group also proceeded with the rationalisation of its **Russian** activities, and disposed of its **Belarusian** subsidiary and its debt recovery activity.

However, these decisions do not reflect a shift in the Group's international development strategy. International Retail Banking continues to focus its activity on the following strategic areas: the creation of a leading player in Russia and targeted expansion in high-potential countries in terms of growth or the use of banking services.

The commercial performance remained positive in an environment marked by the economic slowdown in Europe. At end-2012, excluding Greece and Egypt, International Retail Banking's outstanding loans totalled EUR 62.8 billion, up +3.2%* year-on-year, driven by the strong growth for individual customers (up 8.7%*). Over the same period, deposits were +2.1%* higher at EUR 61.9 billion, thanks to the robust inflow in Central and Eastern European countries (+7.5%*). Overall, the loan/deposit ratio remained close to equilibrium level (101% at end-December 2012).

International Retail Banking **revenues** totalled EUR +4,943 million in 2012, stable* vs. end-December 2011 and marked by fairly distinct trends according to region: revenues were higher in Russia, the

Czech Republic, Mediterranean Basin and Sub-Saharan Africa, whereas Romania and the other Central and Eastern European countries experienced a decline in revenues, hampered primarily by the economic slowdown.

At EUR 3, 077 million in 2012, **operating expenses** were up +2.6%* excluding systemic tax (EUR -30.3 million). This moderate increase, compared with the level of inflation, reflects expenses under control in the Central and Eastern European subsidiaries (decline notably in Russia and Romania) and organic growth focused on the most dynamic regions.

The division posted gross operating income of EUR 1,866 million in 2012. The cost to income ratio was 62.2%.

International Retail Banking's **net cost of risk** amounted to EUR 1,348 million in 2012 (up +46.0%*). This was due in particular to the substantial increase recorded in Romania mainly as a result of a very deteriorated macroeconomic environment.

International Retail Banking's **contribution to Group net income totalled EUR -51 million** in 2012, or EUR +363 million when restated for the contribution of Greece and the goodwill write-down in respect of Russia (EUR -250 million).

In **Russia**, the transformation of the Rosbank subsidiary was stepped up in 2012. Measures to improve operating efficiency continued throughout the year: the headcount was reduced by more than 10%, the network's structure was streamlined (rationalisation of office space) and a number of non-strategic activities (Belarus, debt recovery entity) for the Group were sold. Against this backdrop, and despite a high inflation level of around 5%, proactive cost management helped reduce operating expenses by -1.5%* over the year. Lastly, the commercial strategy focused on boosting rouble-denominated loans (+27.4%*) resulted in revenue growth for the year of +1.5%*, still underpinned by robust lending to individuals. If the EUR -250 million goodwill write-down is stripped out, Rosbank's contribution to Group net income was slightly negative in 2012.

In the **Czech Republic,** Komerční Banka enjoyed strong commercial activity in 2012, both for loans (+4.8%*) and deposits (+3.9%*). This resulted in revenue growth of +1.5%* vs. 2011, while operating expenses remained stable* over the same period. The contribution to Group net income came to EUR 265 million in 2012, providing further evidence of the subsidiary's profit-generating capacity despite the economic slowdown.

In **Romania** (BRD), in response to a durably deteriorated environment, the Group maintained a selective loan approval policy (virtually stable* outstandings in 2012), while at the same time strengthening its deposit base (+5.1%*). The decline in the rates charged on loans combined with an increase in the funding cost adversely affected BRD's margins and led to a drop in 2012 revenues (-5.9%*). Against this backdrop, the Group continued to rigorously control costs (decline of -2.2%* in 2012 thanks partly to the reduction in the headcount). The marked deterioration in the economic situation resulted, in particular, in a sharp increase in the net cost of risk to EUR -437 million in 2012. This caused BRD to make a negative contribution of EUR -84 million.

In **other Central and Eastern European countries, excluding Greece**, the strong deposit inflow continued throughout the year (+7.5%* vs. 2011) and loan activity remained dynamic (+2.5%*). In particular, there was a sharp increase in outstandings in Serbia (+17.6%*) and Bulgaria (+9.4%*). Revenues were down -2.6%* vs. 2011, adversely affected by margins under pressure.

In the **Mediterranean Basin**, the Group bolstered its network with 17 new branches in 2012. It posted growth in outstanding loans excluding Egypt of +2.2%*, driven by individual customers (+10.7%*). Over the same period, outstanding deposits rose +2.9%*. Up +11.7%* in 2012, revenues grew in all the division's entities, where Morocco and Tunisia benefited from a positive volume effect and Algeria from strong activity related to foreign trade. Operating expenses rose +18.4%* in line with the network's expansion. The contribution to Group net income came to EUR 186 million in 2012. It is worth noting that the earnings of NSGB (Egypt) will continue to be included in those of International Retail Banking until the actual disposal of the entity (which is expected to be finalised at the end of Q1 13), whereas the associated assets and liabilities are isolated on specific lines of the consolidated balance sheet at December 31, 2012, in accordance with current accounting standards.

In **Sub-Saharan Africa**, the franchise continued to enjoy strong growth, with 21 additional branches (+8.3%). Outstanding loans rose +4.5%* in 2012, with particularly robust growth for individual customers (+22.5%*), while deposits rose +6.6%*. In line with this momentum, revenues were up +11.3%* vs. 2011, while the increase in operating expenses (+9.2%*) reflects the expansion of the network. The contribution to Group net income came to EUR 37 million in 2012.

CORPORATE AND INVESTMENT BANKING

(In millions of euros)	2011	2012	Change	
Net banking income	5,980	6,189	+3.5%	+1.1%*
O.w. Financing & Advisory	*2,315*	*1,582*	*-31.7%*	*-31.5%**
O.w. Global Markets(1)	*4,141*	*4,875*	*+17.7%*	*+14.0%**
O.w. Legacy assets	*(476)*	*(268)*	*+43.7%*	*+42.6%**
Operating expenses	(4,748)	(4,189)	-11.8%	-13.1%*
Gross operating income	**1,232**	**2,000**	**+62.3%**	**+54.1%***
Net cost of risk	(563)	(630)	+11.9%	+11.7%*
O.w. Legacy assets	*(425)*	*(262)*	*-38.4%*	*-38.5%**
Operating income	**669**	**1,370**	**x2.0**	**+86.6%***
Net income from other assets	76	10	-86.8%	
Net income from companies accounted for by the equity method	0	0	NM	
Impairment losses on goodwill	0	0	NM	
Income tax	(97)	(313)	x3.2	
Net income before non-controlling interests	648	1,067	+64.7%	
O.w. non-controlling interests	*13*	*14*	*+7.7%*	
Group net income	**635**	**1,053**	**+65.8%**	**+69.3%***
Cost/income ratio	79.4%	67.7%		
Average allocated capital	11,640	11,334	-2.6%	

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

(1) O.w. “Equities” EUR 2,085m in 2012 (EUR 2,379m in 2011) and “Fixed income, Currencies and Commodities” EUR 2,790m in 2012 (EUR 1,762m in 2011).

After the serious euro zone crisis in H2 2011, economic conditions remained challenging in 2012: the markets experienced successive periods where investors adopted a “wait-and-see attitude” followed by a renewed risk appetite. Against this backdrop, Corporate and Investment Banking continued with its transformation towards a client-focused business model, with a risk profile under control and limited consumption of scarce resources, while at the same time producing solid results.

The revenues of core activities were up +4.9% year-on-year at EUR 6,946 million (excluding the net discount on loans sold which amounted to EUR -489 million).

Global Markets revenues jumped +17.7% vs. 2011 to EUR 4,875 million. At the same time, market risk exposure remained at a low level (the average VaR in 2012 was lower than in 2011 at EUR 31 million vs. EUR 38 million in 2011).

Equity activities posted revenues down -12.4% vs. 2011 at EUR 2,085 million in a market characterised by low volumes throughout the year, particularly in Europe. Given the market conditions, the Equity business line’s performance demonstrates the competitiveness and solidity of its franchise both for flow products and structured products. In 2012, SG CIB was voted “Most Innovative Investment Bank for Equity Derivatives” (The Banker, October 2012). It was also named “Equity Derivatives House of the Year” (Risk awards 2013 and IFR awards 2012). The bank has retained leading positions in the warrants (global No. 1 with a 12.6% market share in 2012) and ETF markets (European No. 3). Lyxor’s expertise, especially in alternative investment and index management, was once again recognised since its managed account platform received awards on several occasions in 2012, notably for “Best Managed Account Platform” (Hedgeweek, June 2012 and Hedge Funds Review, October 2012). Lyxor’s assets under management increased in 2012, from EUR 73.6 billion to EUR 75.4 billion.

Fixed Income, Currencies & Commodities posted sharply higher revenues (up +58% vs. 2011 at EUR 2,790 million), benefiting from a more favourable market environment and its dynamic franchise. Accordingly, credit, rates and structured product activities posted higher revenues than in 2011. In 2012, SG CIB distinguished itself by being ranked 2nd most active Primary Dealer in French government securities (Agence France Trésor, January 2013). SG CIB was also ranked No. 1 in the “Euromoney Fixed Income Investors Survey” in the categories “Overall Trade Ideas” and “Overall Credit Strategy”.

Financing & Advisory posted revenues of EUR 1,582 million, marked by the negative impact of the loan disposal programme (EUR 10 billion of loans sold in 2012, for a net discount of EUR -489 million, after EUR 6 billion of loans sold in 2011 for a net discount of EUR -163 million). Excluding the net discount on loans sold, revenues totalled EUR 2,071 million, representing a decline over the year of -16.4%, in the wake notably of business refocusing. Structured financing activities were resilient in 2012 thanks to natural resources, export and infrastructure financing. Capital market activities posted mixed results, with a good performance for bond issuance whereas equity issuance was hit by low volumes. SG CIB participated in a number of emblematic transactions in 2012, such as the project bond issue for Dolphin Energy, the financing of the spin-off of SNAM (Società Nazionale Metanodotti) from ENI (Ente Nazionale Idrocarburi) or the financing of a refinery in Cairo for the Egyptian Refining Company. As in 2011, SG CIB was named "Best Export Finance Arranger" and "Best Commodity Finance Bank" by *Trade Finance Magazine* in June 2012. Finally, SG CIB has retained its position in the debt and equity markets: No. 5 in Euro bond issuance, No. 2 in Euro corporate bond issuance and No. 2 in equity and equity linked issuance in France (Thomson Reuters - IFR).

Lastly, the Group continued with its policy of **legacy asset** sales in 2012, with a reduction in nominal of EUR -10.5 billion over the year (EUR -8.2 billion of disposals and EUR -2.4 billion of amortisation). Legacy assets' net banking income came to EUR -268 million (vs. EUR -476 million in 2011).

Operating expenses were significantly lower in 2012, providing further evidence of the effect of the restructuring and cost adjustment plans introduced at end-2011. When restated for the restructuring charge recorded in 2011 (EUR -215 million) and the French systemic tax allocation booked in Q4 12 (EUR -50 million), operating expenses were down -8.7%. Core activities' cost to income ratio stood at 59.2% in 2012, excluding the net discount on loans sold.

The **cost of risk** of Corporate and Investment Banking's core activities remained low in 2012 (31 basis points vs. 11 basis points in 2011) demonstrating the quality of its portfolio. Legacy assets' net cost of risk was down over the period at EUR -262 million in 2012 (EUR -425 million in 2011).

In 2012, Corporate and Investment Banking's core activities, excluding the net discount on loans sold, made a contribution to Group net income of EUR 1,807 million for the year (EUR 1,422 million in 2011).

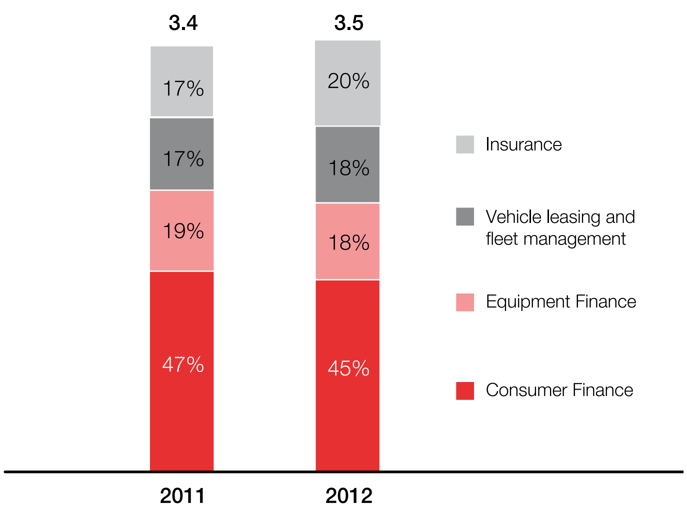
The division's total contribution to Group net income amounted to EUR 1,053 million for the year (EUR 635 million in 2011).

SPECIALISED FINANCIAL SERVICES AND INSURANCE

(In millions of euros)	2011	2012	Change	
Net banking income	3,443	3,489	+1.3%	+1.4%*
Operating expenses	(1,846)	(1,844)	-0.1%	+0.3%*
Gross operating income	**1,597**	**1,645**	**+3.0%**	**+2.6%***
Net cost of risk	(829)	(687)	-17.1%	-17.1%*
Operating income	**768**	**958**	**+24.7%**	**+23.8%***
Net income from other assets	(5)	(12)	NM	
Net income from companies accounted for by the equity method	(33)	15	NM	
Impairment losses on goodwill	(200)	0	+100.0%	
Income tax	(219)	(271)	+23.7%	
Net income before non-controlling interests	311	690	x2.2	
O.w. non-controlling interests	*14*	*16*	*+14.3%*	
Group net income	**297**	**674**	**x2.3**	**x2.2***
Cost/income ratio	53.6%	52.9%		
Average allocated capital	5,198	5,169	-0.6%	

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

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



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

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

In a constrained environment, **Specialised Financial Services and Insurance** posted solid results in 2012, with EUR 674 million vs. EUR 547(2) million in 2011, while at the same time optimising its business model. These significantly higher results were achieved against the backdrop of a decline in the division's risk-weighted assets (-3.9%* vs. end-2011).

The division successfully carried out various external refinancing operations throughout the year, (securitisation of car loans in France and Germany, launch of a deposit collection activity in Germany). As a result, a total of EUR 4.2 billion was raised in 2012.

Operational vehicle leasing and fleet management continued with the monitored growth of its fleet in 2012, which amounted to more than 955,000 vehicles at end-December (+4.2%(1) vs. end-December 2011). ALD Automotive consolidated its position as the European leader, notably via the development of partnership agreements with car manufacturers or banking networks.

Against a backdrop of selective development, new **Equipment Finance** business amounted to EUR 7.0 billion (excluding factoring) in 2012, down -11.1%* vs. 2011. New business margins remained at a high level. At end-December 2012, outstanding loans totalled EUR 17.8 billion (excluding factoring), down -5.2%* vs. end-December 2011. The business line strengthened its position in its key markets and obtained the recognition of its peers ("European Lessor of the Year" and "SME Champion of the Year", Leasing Life Awards), while at the same time adapting its operating model, in particular by increasing its external financing.

(1) At constant structure.
(2) Excluding goodwill write-down (EUR -250 million in 2011).

In a fragile economic environment, new **Consumer Finance** business amounted to EUR 10.1 billion in 2012, down -3.7%* vs. 2011. Outstandings totalled EUR 21.9 billion, a decline of -2.7%* year-on-year. The business line continued with its refocusing and the optimisation of its international network through the disposal of its activities in Bulgaria, Ukraine and India. This refocusing, combined with enhanced cost and risk control, enabled the business line to generate a profit in 2012.

Specialised Financial Services' net banking income was slightly lower in 2012 (-1.0%* at EUR 2,805 million). At EUR 1,585 million in 2012, operating expenses improved by -1.0%* vs. 2011. The net cost of risk fell substantially in 2012 to EUR -687 million (125 basis points) vs. EUR -829 million (149 basis points). Operating income came to EUR 533 million, up +32.3%* vs. 2011.

Insurance activity posted good performances in 2012 despite a deteriorated environment. Net life insurance inflow was EUR 70 million and outstandings amounted to EUR 79.6 billion at end-December 2012 (+4.2%* vs. end-December 2011). Personal Protection and Property/Casualty insurance remained dynamic inside and outside France, with continued growth in the insurance product penetration rate with retail banking customers and the launch of new activities (additional health insurance in France, car insurance in Russia). The premiums on these activities grew by respectively +23.0%* and +9.3%* vs. 2011.

Insurance revenues totalled EUR 684 million in 2012, up +12.5%* vs. 2011.

PRIVATE BANKING, GLOBAL INVESTMENT MANAGEMENT AND SERVICES

(In millions of euros)	2011	2012	Change	
Net banking income	2,169	2,160	-0.4%	-2.8%*
Operating expenses	(1,967)	(1,905)	-3.2%	-5.6%*
Gross operating income	**202**	**255**	**+26.2%**	**+24.5%***
Net cost of risk	(13)	(10)	-23.1%	-23.1%*
Operating income	**189**	**245**	**+29.6%**	**+27.7%***
Net income from other assets	(6)	(11)	NM	
Net income from companies accounted for by the equity method	98	115	+17.3%	
Impairement losses on goodwill	(65)	(580)	NM	
Income tax	(43)	(77)	+79.1%	
Net income before non-controlling interests	173	(286)	NM	
O.w. non-controlling interests	*2*	*7*	*x3.5*	
Group net income	**171**	**(293)**	**NM**	**NM***
Cost/income ratio	90.7%	88.2%		
Average allocated capital	1,710	1,860	+8.8%	

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

Private Banking, Global Investment Management and Services consists of four activities:

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

In 2012, **Private Banking, Global Investment Management and Services** strengthened its commercial positions and saw its contribution to Group net income increase significantly by +21.6% vs. 2011 (excluding the goodwill write-down on TCW and Newedge) to EUR 287 million.

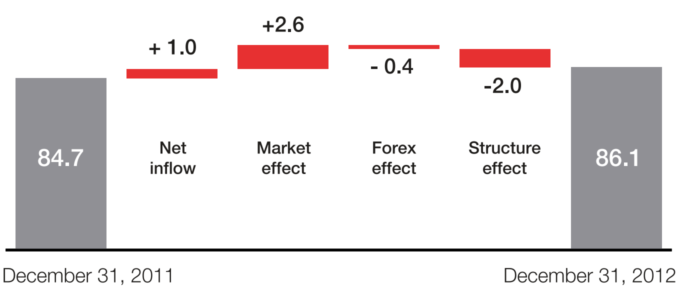
The macroeconomic environment remained durably marked by weak markets and low interest rates as well as the cautious stance of both private and institutional investors. At EUR 2,160 million, revenues experienced a limited decline of -2.8%* year-on-year (stable in absolute terms). As for operating expenses, at EUR 1,905 million, they continued to benefit from operating efficiency efforts and fell -5.6%*. As a result, gross operating income was 24.5%* higher than in 2011 at EUR 255 million in 2012.

Private Banking

(In millions of euros)	2011	2012	Change	
Net banking income	762	757	-0.7%	-2.4%*
Operating expenses	(619)	(624)	+0.8%	-1.3%*
Gross operating income	**143**	**133**	**-7.0%**	**-6.9%***
Net cost of risk	(1)	(6)	x6.0	x6.0*
Operating income	**142**	**127**	**-10.6%**	**-10.4%***
Net income from other assets	2	1	-50.0%	
Net income from companies accounted for by the equity method	0	0	NM	
Income tax	(29)	(35)	+20.7%	
Net income before non-controlling interests	115	93	-19.1%	
O.w. non-controlling interests	*0*	*0*	*NM*	
Group net income	**115**	**93**	**-19.1%**	**-19.0%***
Cost/income ratio	81.2%	82.4%		
Average allocated capital	635	665	+4.7%	

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

ASSETS UNDER MANAGEMENT (IN BILLIONS OF EUROS)



In 2012, Private Banking consolidated its franchise despite market uncertainty and the cautious stance of investors. Assets under management totalled EUR 86.1 billion at end-December 2012, up +1.5% year-on-year. This includes an inflow of EUR +1.0 billion, a "market" effect of EUR +2.6 billion, a "currency" impact of EUR -0.4 billion and a "structure" effect of EUR -2.0 billion.

Against a backdrop of deleveraging, partially offset by margins holding up well, the business line's revenues fell -2.4%* vs. 2011 to EUR 757 million. Operating expenses declined by -1.3%* to EUR 624 million on the back of cost-saving measures.

Gross operating income totalled EUR 133 million in 2012 (vs. EUR 143 million in 2011). The business line's contribution to Group net income amounted to EUR 93 million vs. EUR 115 million in 2011.

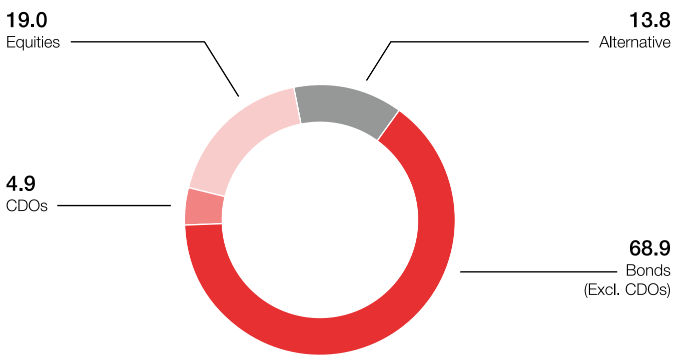
The magazine Euromoney awarded Societe Generale the titles, for 2012, of "Best Private Bank" in France (for the second time in three years), "Best Private Bank in Monaco", as well as "Best Private Bank in Western Europe for its offer in structured products" for the ninth year running. These awards supplement those obtained as "Best Private Bank in Luxembourg" and in the "Middle East" (respectively by *PWM/The Banker and by The Banker Middle East*, for 2012).

Asset Management

(In millions of euros)	2011	2012	Change	
Net banking income	344	338	-1.7%	-8.6%*
Operating expenses	(342)	(289)	-15.5%	-21.0%*
Gross operating income	**2**	**49**	**NM**	**NM***
Net cost of risk	0	1	NM	NM*
Operating income	**2**	**50**	**NM**	**NM***
Net income from other assets	0	0	NM	
Net income from companies accounted for by the equity method	98	115	+17.3%	
Impairment losses on goodwill	0	(200)	NM	
Income tax	(1)	(17)	NM	
Net income before non-controlling interests	99	(52)	NM	
O.w. non-controlling interests	*0*	*6*	*NM*	
Group net income	**99**	**(58)**	**NM**	**NM***
Cost/income ratio	99.4%	85.5%		
Average allocated capital	461	477	+3.5%	

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

BREAKDOWN OF ASSETS UNDER MANAGEMENT AT END-2012 (IN BILLIONS OF EUROS)



TCW posted a significant inflow of EUR 3.5 billion in 2012, up +52.2% vs. 2011. After taking into account a “market” effect of EUR +9.4 billion, a “currency” impact of EUR -0.1 billion and a “structure” effect of EUR +2.7 billion, assets under management totalled EUR 106.6 billion at end-December 2012 (vs. EUR 91 billion at end-December 2011).

Revenues and operating expenses fell in 2012 by -8.6%* to EUR 338 million and by -21.0%* to EUR 289 million respectively due to a change in accounting method with no effect on operating income. Operating expenses were also impacted by the settlement of a commercial litigation issue in 2011.

Gross operating income was sharply higher at EUR 49 million in 2012 vs. EUR 2 million in 2011.

Amundi’s contribution was EUR 115 million in 2012, vs. EUR 98 million in 2011.

Societe Generale Securities Services and Brokers

(In millions of euros)	2011	2012	Change	
Net banking income	1,063	1,065	+0.2%	-1.1%*
Operating expenses	(1,006)	(992)	-1.4%	-2.7%*
Gross operating income	**57**	**73**	**+28.1%**	**+25.9%***
Net cost of risk	(12)	(5)	-58.3%	-58.3%*
Operating income	**45**	**68**	**+51.1%**	**+47.8%***
Net income from other assets	(8)	10	NM	
Net income from companies accounted for by the equity method	0	0	NM	
Impairement losses on goodwill	(65)	(380)	NM	
Income tax	(13)	(25)	+92.3%	
Net income before non-controlling interests	(41)	(327)	NM	
O.w. non-controlling interests	*2*	*1*	*-50.0%*	
Group net income	**(43)**	**(328)**	**NM**	**NM***
Cost/income ratio	94.6%	93.1%		
Average allocated capital	614	718	+16.9%	

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

In 2012, Securities Services demonstrated a healthy commercial momentum with the signing, at the end of the year, of new mandates with Swiss Life AM, Allianz GIF and Aberdeen AM. assets under custody and assets under administration rose by respectively +3.6% to EUR 3,449 billion and +10.4% to EUR 456 billion.

Despite overall market volume declining, Newedge increased its market share to 11.8% in 2012 (vs. 11.5% at end-2011).

Securities Services and Brokers posted slightly lower revenues in 2012 (-1.1%* at EUR 1,065 million). These businesses saw their operating expenses decline by a further -2.7%* in 2012 vs. 2011 to EUR 992 million, due to ongoing operating efficiency measures. Gross operating income was higher at EUR 73 million (vs. EUR 57 million in 2011) and the business line's contribution to Group net income rose to EUR 52 million (excluding goodwill write-down) vs. EUR 22 million in 2011.

CORPORATE CENTRE

(In millions of euros)	2011	2012	Variation
Net banking income	862	(1,832)	NM
Operating expenses	(239)	(159)	-33.5%
Gross operating income	**623**	**1,991**	**NM**
Net cost of risk	(896)	(329)	+63.3%
Operating income	**(273)**	**(2,320)**	**NM**
Net income from other assets	(54)	(509)	NM
Net income from companies accounted for by the equity method	6	5	-16.7%
Impairment losses on goodwill	0	(12)	NM
Income tax	(64)	1,108	NM
Net income before non-controlling interests	(385)	(1,728)	NM
O.w. non-controlling interests	*86*	*172*	*+100.0%*
Group net income	**(471)**	**(1,900)**	**NM**

The **Corporate Centre's** revenues totalled EUR -1,832 million in 2012 (vs. EUR 862 million in 2011). They include, in particular:

- the revaluation of the Group's own financial liabilities, amounting to EUR -1,255 million, (vs. a total impact of EUR +1,177 million in 2011);
- the revaluation of credit derivative instruments used to hedge corporate loan portfolios, amounting to EUR -56 million in 2012 (EUR +66 million in 2011);

In Q4 12, the total amount for 2012 of the so-called "systemic" French banking tax was allocated to the businesses. This restatement had a positive impact on the Corporate Centre's operating expenses of EUR +103 million in Q4. Operating expenses totalled EUR -159 million in 2012, vs. EUR -239 million in 2011, virtually stable when restated for the French systemic tax recorded in the Corporate Centre in 2011 amounting to EUR -67 million.

The 2012 net cost of risk includes a EUR -300 million provision for litigation issues and an additional expense in respect of Greek sovereign risk (EUR -22 million vs. EUR -890 million in 2011).

Lastly, the Corporate Centre incurred EUR -509 million of net gains or losses on other assets, including EUR -375 million for Geniki and EUR -86 million for TCW.

METHODOLOGY

1- The Group's consolidated results as at December 31, 2012 were examined by the Board of Directors on February 12, 2013.

The financial information presented for the financial year ended December 31st, 2012 has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The audit procedures carried out on the consolidated financial statements by the Statutory Auditors are currently in progress.

2- Group ROE is calculated on the basis of average Group shareholders' equity under IFRS excluding (i) unrealised or deferred capital gains or losses booked directly under shareholders' equity excluding conversion reserves, (ii) deeply subordinated notes, (iii) undated subordinated notes recognised as shareholders' equity ("restated"), and deducting (iv) interest payable to holders of deeply subordinated notes and of the restated, undated subordinated notes. The net income used to calculate ROE is based on Group net income excluding interest, net of tax impact, to be paid to holders of deeply subordinated notes for the period and, since 2006, holders of deeply subordinated notes and restated, undated subordinated notes (EUR 293 million at end-December 2012), and the capital gain net of tax and accrued unpaid interest relating to buybacks of deeply subordinated notes amounting to EUR 2 million at end-December 2012.

As from January 1st, 2012, the allocation of capital to the different businesses is based on 9% of risk-weighted assets at the beginning of the period, vs. 7% previously. The published quarterly data related to allocated capital have been adjusted accordingly. At the same time, the normative capital remuneration rate has been adjusted for a neutral combined effect on the businesses' historic revenues.

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

- deeply subordinated notes (EUR 266 million at end-December 2012),
- undated subordinated notes recognised as shareholders' equity (EUR 27 million at end-December 2012).

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

4- Net assets are comprised of Group shareholders' equity, excluding (i) deeply subordinated notes (EUR 5.3 billion), undated subordinated notes previously recognised as debt (EUR 1.6 billion) and (ii) interest payable to holders of deeply subordinated notes and undated subordinated notes, but reinstating the book value of trading shares held by the Group and shares held under the liquidity contract. **Tangible net assets** are corrected for net goodwill in the assets and goodwill under the equity method. In order to calculate Net Asset Value Per Share or Tangible Net Asset Value Per Share, the number of shares used to calculate book value per share is the number of shares issued at December 31st, 2012, excluding own shares and treasury shares but including (a) trading shares held by the Group and (b) shares held under the liquidity contract.

5- The Societe Generale Group's **Core Tier 1 capital** is defined as Tier 1 capital minus the outstandings of hybrid instruments eligible for Tier 1.

6-The Group's **ROTE** is calculated on the basis of tangible capital, i.e. excluding cumulative average book capital (Group share), average net goodwill in the assets and underlying average goodwill relating to shareholdings in companies accounted for by the equity method. The net income used to calculate ROTE is based on Group net income excluding interest, interest net of tax on deeply subordinated notes for the period (including issuance fees paid, for the period, to external parties and the discount charge related to the issue premium for deeply subordinated notes and the redemption premium for government deeply subordinated notes), interest net of tax on undated subordinated notes recognised as shareholders' equity for the current period (including issuance fees paid, for the period, to external parties and the discount charge related to the issue premium for undated subordinated notes) and the capital gain net of tax and accrued unpaid interest relating to buybacks of deeply subordinated notes amounting to EUR 2 million at end-December 2012.

7- Underlying data

Information concerning underlying data corresponds to accounting data restated for the following items:

– in 2011:

	2011					
	Net banking income	Operating expenses	Others	Cost of risk	Group net income	
Revaluation of own financial liabilities	1,177				772	Corporate Centre
CDS MtM	66				43	Corporate Centre
Greek sovereign exposure				(890)	(622)	Corporate Centre
Restructuring	(11)	(230)	(12)		(176)	Corporate and Investment Banking and International Retail Banking
Impairment & capital losses			(362)		(360)	Specialised Financial Services and Insurance, Private Banking, Global Investment Management and Services and Corporate Centre
Deleveraging SG CIB except Legacy assets	(163)*				(124)*	Corporate and Investment Banking
Legacy assets	(476)	(60)		(425)	(663)	Corporate and Investment Banking
TOTAL					**(1,130)**	**Group**

* Management information.

– in 2012:

	2012					
	Net banking income	Operating expenses	Others	Cost of risk	Group net income	
Legacy assets	(268)	(74)		(262)	(416)	Corporate and Investment Banking
SG CIB core deleveraging	(489)*				(338)*	Corporate and Investment Banking
Revaluation of own financial liabilities	(1,255)				(822)	Corporate Centre
CDS MtM	(56)				(37)	Corporate Centre
Greek sovereign exposure				(22)	(16)	Corporate Centre
Buy Back Tier 2 debt	305				195	Corporate Centre
Provision for disputes				(300)	(300)	Corporate Centre
Impairment & capital losses			(580)		(580)	Private Banking, Global Investment Management and Services
Impairment & capital losses	(90)		(250)		(309)	International Retail banking
Impairment & capital losses			(502)		29	Corporate Centre
TOTAL					**(2,594)**	**Group**

* Management information.

The amounts for 2012 have been adjusted to take account of disposals and revaluations that occurred during the year. Changes are communicated at current structure and exchange rates, unless specified otherwise.

8- Funded balance sheet and loan/deposit ratio.

The **funded balance sheet** gives a representation of the Group's balance sheet excluding the contribution of insurance subsidiaries and after netting derivatives, repurchase agreements and accruals. It was restated in Q4 12 to include: a) the reclassification under "repurchase agreements and securities lending/borrowing" of securities and assets delivered under repurchase agreements to clients, previously classified under "customer deposits" (excluding outstandings with the counterparty SG Euro CT amounting to EUR 11 billion in 2011 and EUR 7 billion in 2012); b) a line by line restatement, in the funded balance sheet, of the assets and liabilities of our insurance subsidiaries; c) the reintegration in their original lines of financial assets reclassified under loans and receivables in 2008 in accordance with the conditions stipulated by the amendments to IAS 39; d) the reintegration within "long-term assets" of the operating lease fixed assets of specialised financing companies, previously classified under "customer loans".

The funded balance sheet before and after reclassifications is presented below for 2011 and 2012.

BEFORE RESTATEMENT FOR INSURANCE SUBSIDIARIES AND RECLASSIFICATIONS

	ASSETS		LIABILITIES		
(Billions of euros)	**Dec-11**	Dec-12	Dec-12	**Dec-11**	*(Billions of euros)*
Net central bank deposits	43	65	66	46	Short-term issuance
Interbank loans	39	44	65	69	Interbank short-term deposits
Client-related trading assets	59	101	2	4	Other
Securities	72	64	149	130	Medium/long-term funding
Customer loans	405	384	337	336	Customer deposits
Long-term assets	18	16	54	51	Equity
Total assets	**636**	**674**	**674**	**636**	**Total liabilities**

AFTER RESTATEMENT FOR INSURANCE SUBSIDIARIES AND RECLASSIFICATIONS

	ASSETS		LIABILITIES		
(Billions of euros)	**Dec-11**	Dec-12	Dec-12	**Dec-11**	*(Billions of euros)*
Net central bank deposits	43	65	66	46	Short-term issuance
Interbank loans	31	36	65	69	Interbank short-term deposits
Client-related trading assets	37	88	8	11	Other
Securities	68	60	149	130	Medium/long-term funding
Customer loans	387	369	311	295	Customer deposits
Long-term assets	34	34	52	50	Equity
Total assets	**601**	**652**	**652**	**601**	**Total liabilities**

The series of funded balance sheets presented during 2012 would therefore have been as follows:

	ASSETS					LIABILITIES					
(In EUR bn)	**31 Dec. 11**	**31 Mar. 12**	**30 June 12**	**30 Sept. 12**	**31 Dec. 12**	**31 Dec. 12**	**30 Sept. 12**	**30 June 12**	**31 Mar. 12**	**31 Dec. 11**	
Net Central bank deposits	43	50	55	78	65	66	69	56	54	46	Short term issuance
Interbank loans	31	38	45	44	36	65	72	58	58	69	Interbank short term deposit
Client related trading assets	37	52	47	69	88	8	9	11	10	11	Other
Securities	68	64	64	62	60	149	143	137	143	130	Medium/Long term funding
Customer loans	387	386	383	378	369	311	319	314	309	295	Customer deposits
Long term assets	34	34	34	33	34	52	52	51	51	50	Equity
Total assets	**601**	**624**	**628**	**665**	**652**	**652**	**665**	**628**	**624**	**601**	**Total liabilities**

The reclassified outstandings of SG Euro CT amounted to respectively EUR 8.3 billion in Q1 12; EUR 8.3 billion in Q2 12; EUR 7.3 billion in Q3 12; EUR 6.9 billion in Q4 12.

The Group's loan/deposit ratio is calculated as the ratio between customer loans and customer deposits defined accordingly. It is 114% before restatement and reclassifications and 118% after as at December 31st, 2012.

All the information on the 2012 financial year results (notably: press release, downloadable data, presentation slides and appendices) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

The information required under Article 225 of the "Grenelle II" Law of July 12, 2010, appears in Chapter 7 of this Registration Document.

FINANCIAL POLICY

The objective of the Group's policy with regard to capital management is to optimise the use of shareholders' equity in order to maximise short- and long-term return for shareholders, while maintaining a level of capital (Tier 1 ratio and Core Tier 1 ratio) consistent with the market status of Societe Generale's share and the Group's target rating. Since 2010, the Group has launched a major realignment programme, strengthening own funds and focusing on the rigorous management of scarce resources (capital and liquidity) and proactive risk management in order to anticipate the regulatory changes related to the implementation of new "Basel 3" regulations.

THE GROUP'S FINANCIAL STRUCTURE

Group shareholders' equity totalled EUR 49.8 billion at December 31, 2012, net asset value per share was EUR 56.9 and net tangible asset value per share was 48.6 EUR.

At December 31, 2012, Societe Generale possessed, directly and indirectly, 26.3 million Societe Generale shares (including 9.0 million treasury shares), representing 3.37% of the capital (excluding shares held for trading purposes). At this date, the Group also held 3.1 million purchase options on its own shares to cover stock option plans allocated to its employees. In 2012, the Group acquired 30.1 million Societe Generale shares under the liquidity contract concluded on August 22, 2011 with an external investment services provider. Over this period, Societe Generale also proceeded to dispose of 31 million Societe Generale shares via the liquidity contract.

The Group's funded balance sheet (see definition p. 60) excluding the contribution of insurance subsidiaries, and after netting derivatives, repurchase agreements and accruals, totalled EUR 652 billion at December 31, 2012, an increase of EUR 51 billion year-on-year. Shareholders' equity, customer deposits and medium/long-term resources represented EUR 512 billion, or approximately 79% of the total, and covered the Group's long-term uses of funds, which was slightly lower over the period (-4% at EUR 403 billion).

The medium/long-term issuance programme in respect of 2013 represents between EUR 18 billion and EUR 20 billion vs. the EUR 26.7 billion issued under the 2012 programme.

The Group's Tier 1 ratio was 12.5% at December 31, 2012 vs. 10.7% at end-2011. The Core Tier 1 ratio was 10.7% at December 31, 2012 compared with 9.0% at December 31, 2011, testifying the significant increase in the Group's own funds during the year.

The Group is rated A2 by Moody's, A by S&P and A+ by Fitch.

CAPITAL MANAGEMENT

Capital management is implemented by the Finance Division with the consent of the General Management under the supervision and control of the Board of Directors.

In the course of managing its capital, the Group ensures that its solvency level is always compatible with the following objectives:

- Maintaining its financial solidity, which must be closely correlated to the Group's overall risk profile and risk appetite.
- Preserving its financial flexibility in order to finance its internal and external development.
- Appropriate allocation of capital between its various businesses in order to optimise the risk/return ratio on capital.
- Maintaining the Group's resilience in the event of stress scenarios.
- Meeting the expectations of its various stakeholders: supervisors, counterparties, bond creditors, rating agencies and shareholders.

The Group therefore determines its internal solvency targets in accordance with these objectives and regulatory thresholds.

The Group has an Internal Capital Adequacy Assessment Process (ICAAP) that is based on a multi-dimensional approach, taking into account:

- Capital requirement planning, updated on a regular basis using a simulation tool relating to the whole Group, notably for the budget process and the drawing up of strategic plans. This planning ensures that, at all times, sources and uses of capital actually correspond to the Group's overall objectives and its business needs.
- The business and risk cycle, in order to explicitly take into account the effects of credit cycles while at the same time integrating risks not included in pillar I (e.g. structural interest/exchange rate risk, strategic risk, etc.).
- The implementation of an ICAAP stress test integrated in the budget process and that covers the Group's entire risk profile (see Chapter 9 – Risk Management, p. 209).

This exercise provides a means of measuring the adequacy of the Group's capital ratios in light of regulatory constraints and the Group's objectives with regard to Risk Appetite (see Chapter 9 – Risk Management, p. 209).

In H1 2012, the Group also participated in the stress test exercise initiated by the IMF. The purpose of the exercise was to assess banks' resilience to the occurrence of a number of hypothetical macroeconomic and financial shocks. Based on end-2011 data, the results confirmed the Group's ability to withstand a significant deterioration in the economic environment, while at the same time being capable of complying with the new Basel 3 requirements.

CREATION AND USE OF THE GROUP'S SHAREHOLDERS' EQUITY IN 2012

In 2012, the main changes in Core Tier 1 capital included:

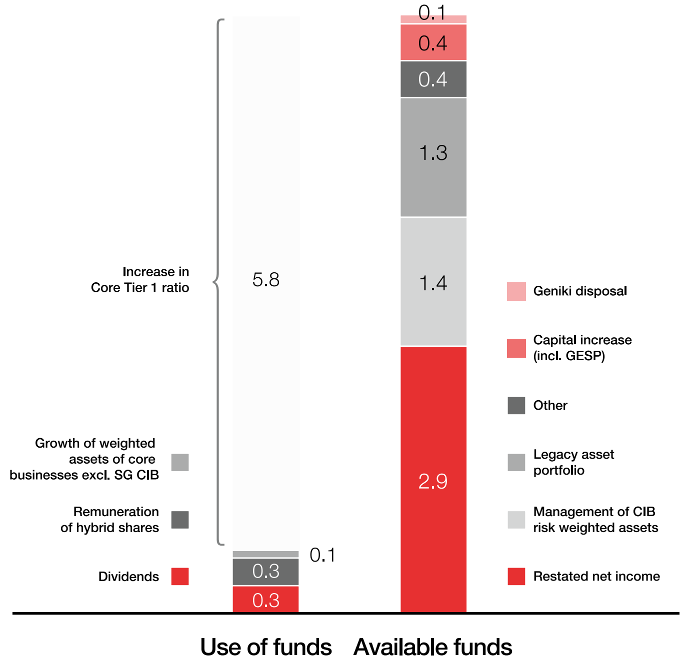
Available funds (EUR 6.5 billion):

- restated net income of EUR 2.9 billion[1];
- Change in Corporate and Investment Banking's risk-weighted assets representing EUR 1.4 billion;
- Reduction of legacy assets representing EUR 1.3 billion;
- capital increase (including Global Employee Share ownership Plan - GESP) representing EUR 0.4 billion;
- disposal of Geniki representing EUR 0.1 billion;
- various items representing EUR 0.4 billion;

Use of funds (EUR 0.7 billion):

- a EUR 0.3 billion dividend provision;
- the remuneration of hybrid debt booked in equity for EUR 0.3 billion;
- growth in the risk-weighted assets of core activities (excluding SG CIB) representing EUR 0.1 billion;

The EUR 5.8 billion difference between available funds and use of funds strengthens the Core Tier 1 capital ratio (Core Tier 1 ratio of 10.7% at end-2012 vs. 9.0% at end-2011).



FINANCING OF THE MAIN INVESTMENTS UNDERWAY

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

(1) Restated net income (adjustments related to goodwill impairments, reevaluation of own financial liabilities, and Geniki disposal).

SIGNIFICANT NEW PRODUCTS OR SERVICES

In accordance with Societe Generale Group's innovation strategy, numerous new products were launched in 2012, the most significant of which are listed below:

Business division		New product or service
French Networks	Additional health cover (Societe Generale)	Additional health cover for professionalss: - Additional health cover without a medical questionnaire, with no waiting time or excess, at an attractive price; - personal assessment carried out in the branch; - enhanced optional optical and/or dental guarantees according to customer needs. - cover for the whole family; - policy eligible for tax relief under the Madelin law; - services/guarantees aimed at Pros (help with returning to work, hospital cover as from the 1st formula, etc.); - a bonus to reward customer loyalty.
	Proximity Investment Funds (Societe Generale)	Proximity Investment Funds (FIP): investment in SMEs located in geographical regions specific to each of the proximity investment funds (divided into regions).
	SG Retraite (Societe Generale)	A flexible and innovative offer with various horizons. As part of a life insurance contract or an ordinary securities account, the customer can choose between three investments according to their retirement date. SG Retraite 2025, SG Retraite 2028 and SG Retraite 2033.
	Pack Sogenactif (Societe Generale)	Complete solution for building and managing a merchant website integrating the Sogenactif payment solution. Thanks to the Pack Sogenactif, professional customers have a modern tool for developing their business and achieving a potentially immediate sales increase. Professional customers are guided through all of the steps in creating an online shop, which can be customised and evolves thanks to our partner Prestashop, a European leader in the field.
	Sans Contact (Crédit du Nord)	Electronic payment contract that enables bank card payments for amounts below EUR 20 without having to insert the card into the EPT or enter a PIN.
	Free alerts (Boursorama)	Introduction of new alerts (May 2012): Boursorama has introduced more than twenty alerts, sent to customers by e-mail or sms to facilitate the monitoring of their accounts.
	Managed Financial Savings Account (Boursorama)	Savings solution consisting of UCITS funds selected and managed by Oddo Asset Management.
International Retail Banking	Current account in Chinese Yuan (January 2012; KB – Czech Republic)	New current accounts allowing payments directly in Yuan and simplifying payments for clients who have focused their business activities on China.
	Saving products (February 2012; SKB – Slovenia)	In cooperation with Generali Insurance Company Slovenia, SKB launched 2 new saving products in a package consisting of one bank and one non-bank product with different possible combinations: savings account or term deposit 'Double Plus' with Unit-linked life insurance Generali GaranT (investment fund).

Business division		New product or service
	Accident insurance linked to individuals' term deposits (April 2012; SGSB - Croatia)	New savings product launched by SGSB with Societe Generale Insurance, aiming to increase Bank revenues from commissions on insurance premiums as well as to increase the volume of retail term deposits by offering a new type of savings option.
	Deposit account "Etalon+" (April 2012; Rosbank – Russia)	New "Etalon+" deposit account, with a fixed interest rate of 5.5% p.a. in RUB and 3% p.a. in EUR and USD. The minimum deposit amount is RUB 1,000 or USD/EUR 100 making this offer the most affordable investment tool among all classes of bank customers.
	"Leasing protection" (June 2012; SGEB – Bulgaria)	New service focused on customer care which combines a leasing contract for individuals including Loss of Employment, Temporary Disability, Permanent Disability protection and Life Insurance. It will be offered in SGEB branches as well as by all car dealers and official partners of Sogelease Bulgaria (representative of Societe Generale Insurance in Bulgaria).
	"Direct Douane" (December 2012: UIB – Tunisia)	New credit facility allowing customs duties to be settled directly during the import transaction. It also reduces the waiting time for withdrawing merchandise and provides greater security in the supply chain. This new offer is aimed at businesses, SMEs and professionals.
	QR code support (November 2012; KB – Czech Republic)	New product for easy payments through mobile phones. Clients simply have to scan the invoice code using their camera phone, the application converts it into a pre-completed payment order that then just has to be confirmed by clients. An attractive new feature is a functionality called 'Pension Reform', which translates the pension reform into a simple and understandable form for clients. The new method for paying post money orders from mobile phones is also a major new capability. KB is the first bank on the Czech market to introduce QR code support for easy payments through mobile phones.
	"Optimal Deposit" (September 2012; SGAL – Albania)	New savings deposit offered to all individual customers over 18 years old in the form of a minimum one-year investment with interest credited to the customer's current account at the end of every month. Customers may break the deposit at any time without losing the interest earned previously. An auto-renewal option can be chosen on maturity date without having to visit a branch.
Corporate and investment banking	Euro Premium	Launch of Euro Premium, an open-ended UCITS 4 Fund. The Euro Premium Fund investment objective is to provide an exposure to both the Euro STOXX 50® Net TR Index performance and to a systematic strategy reducing the downside risk by buying over the counter put options linked to the Index EURO STOXX 50® Price Return while selling over the counter call options linked to the same index.
	SGI Vol Invest Index	Launch of the SGI Vol Invest Index. The main objective of the SGI Vol Invest Index is to provide investors with an efficient instrument for equity hedging strategies, by taking a net long exposure to the implied volatility of the S&P 500 Index through VIX futures, while mitigating the typical cost of carrying this position.
	New Issuer in Mexico	The Mexican Regulators approved Societe Generale's new Issuer for Mexico. The new local entity, SGFP Mexico, is now fully operational and able to issue Structured and Vanilla Notes to service the Mexican institutional investor market.
	SG Global Quality Income Index	Launch of the SG Global Quality Income Index (SGQI). The aim of the index is to create a portfolio of companies selected solely on the basis of their ability to provide a high quality income stream, affording yield seeking investors a degree of inflation protection absent in fixed income markets.
	Alpha Y	Launch of Alpha Y, a fully independent venue operated by SG CIB, which provides clients with the ability to interact with the significant flows derived from across the broader Societe Generale liquidity network. It concentrates liquidity from Societe Generale's existing equities businesses.

Business division		New product or service
	SG Issuer	Launch of SG Issuer, which aims to issue (i) unsecured notes, SG Issuer being intended to become the flagship issuer of Societe Generale and (ii) secured notes benefiting from both the guarantee of Societe Generale and a security provided by collateral assets in the form of investment, with several safeguards, through an innovative set up implemented with independent service providers.
Specialised Financial Services and Insurance	Car Insurance (Insurance – Russia)	Launch of a car insurance offering in Russia at end-March for customers of the SG consumer finance subsidiary taking out a car loan (for new or used cars). The product covers vehicle damage and theft.
	Additional Health offering (Insurance – France)	National launch at the beginning of April of the Health offering (additional insurance) in the Professional market. The offering proposes: a choice of 4 formulas and 2 enhancements, and substantial assistance in the event of hospitalisation, immediate cover (no waiting period or excess, no medical records required when joining), and an exclusive telemedecine service *"Médecindirect"*
	Long term care insurance (Insurance – France)	Launch in December of a new long-term care offer for Societe Generale wealth management customers: coverage tripled in the event of severe dependency (minimum of EUR 750/month) with a complete range of innovative services available upon subscription to dependent customers and care-givers (example: house furnishing, access to temporary housing, etc.)
	ALD Invoice (ALD Automotive – Belgium)	Launch of an electronic invoicing service. This free service enables customers to receive their monthly invoices directly via their e-mail. A platform is also available to allow customers to consult and download invoices over an 18-month period. This offering is also part of a socially and environmentally responsible approach.
	6-wheel vehicle leasing (ALD Automotive – Netherlands)	Launched in April, this offering combines the leasing of an electric car and scooter. In an urban environment, this offering helps reduce petrol consumption and facilitates parking. Possibility also of renting an electric 2-wheel vehicle directly.
	Car2Car (ALD Automotive – Italy)	Launch of a new flexible leasing offer giving customers a choice every two years of whether to keep their vehicle, based on their needs (with no additional fee); customers who decide to keep their vehicle can take advantage of lower leasing fees (they can keep using the vehicle for a maximum of 6 years).
	ALD Switch (ALD Automotive – Belgium)	This offer enables customers to combine their long-term lease with a short-term lease for another type of vehicle (convertible, SUV, utility vehicle, etc.).
	Deposit collection (SG Equipment Finance – Germany)	Launch of a bank deposit offering by Gefa in Germany in April.
	Innovative online payment offering (SG Consumer Finance – Germany)	Launch of a credit card with the partner Billpay, an innovative online payment service provider, at end-June. This credit card offers an attractive system of advantages: with each purchase, the customer earns credits on future purchases with an extensive network of brands. Moreover, each new customer is offered EUR 250 of Billpay credits.
	Mastercard PayPass credit card (SG Consumer Finance – Poland)	Launch of a new Mastercard PayPass credit card enabling customers to make contactless payments online or on a smartphone and to set customised transaction limits (shopping payments versus cash machines, for example); the card can be issued during the customer's first branch visit.
Private Banking, Global Investment Management and Services	Private Banking – Issuer Service	Societe Generale Private Banking has launched a unique and innovative service enabling its private clients, as individual investors, to access executives Directors of major listed French companies, in the same way as institutional investors.

MAJOR INVESTMENTS AND DISPOSALS

The Grup has pursued in 2012 a targeted acquisition and disposals policy in line with its strategy focused on its core business and management of its resources.

Business division	Description of the investments
2012	
French Networks	Increase from 79.5% up to ca 97.6% of the stake held in Banque Tarneaud following a tender offer by Crédit du Nord.
2011	
International Retail Banking and Specialised Financial Services and Insurance	Acquisition by Rosbank of Rusfinance and DeltaCredit (entities already held by the Group), monitoring of the acquisition of Rosbank and BSGV. As a result of these transactions, the Group now holds 82.4% of its operations in Russia.
Corporate and Investment Banking	Acquisition in the United States of certain assets and the RBS Sempra Commodities teams in the natural gas and electricity sectors.
2010	
French Networks	Acquisition of 100% of Société Marseillaise de Crédit by Crédit du Nord.
International Retail Banking	Societe Generale's stake in Rosbank increases from 65.33% to 74.89%.
Asset Management	Acquisition by TCW of 100% of Metropolitan West Asset Management (MetWest), a fixed income management company in the United States.

Business Line	Description of disposals
2012	
International Retail Banking	Disposal of a 99.1% stake in Geniki Bank in Greece.
Asset Management	The stake held in TCW changed from 100% down to ca 89.6% due to the execution of the employees share ownership plan as well as of an earn-out clause granted in the context of the acquisition of Metropolitan West Asset Management in 2010.
Corporate center	Disposal of a 51.4% stake in Salvepar.
2011	
Corporate and Investment Banking	Disposal of 50% of Orbéo.
2010	
Corporate and Investment Banking	Disposal of 49% of Gaselys.
Specialised Financial Services and Insurance	Sale of ECS to Econocom. Following the transaction, Societe Generale becomes a shareholder of Econocom with a 10.4% stake.

RECENT DEVELOPMENTS AND OUTLOOK

Over recent months, the risk of a break-up of the eurozone has gradually receded with the definition of tools and measures to manage the sovereign debt crisis, the banking crisis and the balance of payments crisis. However, their implementation will take time and a number of obstacles and problems remain. There is still considerable uncertainty over eurozone growth and some countries, including France, saw their credit rating downgrades confirmed. Therefore, 2013 will likely be a year of transition, spared from further deterioration of eurozone tensions but without a speedy easing of tensions, either. After seeing no growth in 2012, CEECs (Central and Eastern European Countries) are likely to see a slow recovery. In the US, the end of the budget stimulus is likely to weigh on growth, which may slide somewhat compared to 2012. In contrast, BRIC countries (Brazil, Russia, India and China) should return to significant growth, albeit at a slower pace than previously.

Overall, the Group finds itself in an environment with many factors holding back an economic recovery: undesirable effects of austere budget policy on activity and sovereign debt markets, diverging growth between emerging and developed economies, unstable capital and foreign exchange movements, commodity price trends, etc. The Group does not expect to see a return to global economic growth before 2014, and even then only sluggish growth is expected in the eurozone.

Since the 2010 G20 summit, regulatory constraints have continued to accumulate in the banking industry, particularly in terms of capital and liquidity. In 2011, the European Banking Authority (EBA) conducted stress tests on capital to evaluate the solvency of major European banks and the potential need to bolster their capital. Since June 30, 2012, and as part of the EBA's monitoring of European banks' solvency ratios in the first half of 2012, the regulatory minimum for the Group's Core Tier One ratio is 9%. At December 31, 2012, Societe Generale meets this requirement with a Basel 2.5 Core Tier 1 ratio of 10.7%. The Basel 3 reform will be transposed into European regulation via the European Capital Requirements Directive (CRD4) and Capital Requirements Regulations (CRR), which will come into force once they have been adopted by the European Parliament. The Group will be able to meet these new regulatory requirements by having a Basel 3 Core Tier 1 ratio above 9% by end-2013.

Meanwhile, liquidity requirements are still on the agenda for 2015. However, this calendar was recently relaxed by the Basel Committee by allowing for the Liquidity Coverage Ratio (LCR) to be phased in between 2015 and 2019.

In June 2012, European authorities proposed Eurozone banking supervision by the ECB. The practical details will be presented by July 2013 with implementation expected to begin in March 2014. This initiative should help to restore and sustain confidence and break the historic links and contagion risks between banks and national governments. To complement this initiative, the European Commission will propose a resolution mechanism exclusively for the banking sector.

In Europe, 2012 was also characterised by the Liikanen report recommendations, following the UK's Vickers report in 2011, proposing the isolation of retail bank activities from other activities within universal banks. The Liikanen report recommends ring-fencing secondary market, proprietary account trading and market-making activities. The European Commission is expected to release its proposals by May 2013 in the form of a draft Directive. In France, the government introduced a banking bill in its parliament which was voted on and is to be discussed in the Senate in the first half of 2013. This bill seeks to ring-fence activities within banks that do not meet the needs of their customers, as well as their speculative activities.

As part of the G20 initiatives, other regulations, especially in terms of how market activities operate, came into effect in 2012. These include the European Market Infrastructure Regulation (EMIR) adopted in 2012. Its aim is to provide more transparency and stability on derivatives markets. Meanwhile, the **Markets in Financial Instruments Directive** (MiFID) also seeks to improve transparency on the derivatives and commodities market with a target implementation date in 2014. Similarly, the Dodd-Frank Act in the US laid the groundwork for the supervision of systemic risk and of some Corporate and Investment banking activities (in particular, through the Volcker Rule). The implementation schedule, however, remains uncertain in 2013 and 2014. Furthermore, a tax on financial transactions, currently applicable only in France since 2012, is expected to be introduced in 11 member countries of the European Union.

Beyond market activities and organisational rules for banks, new fundamental rules in retail banking are also expected. We recall that retail banking payment systems in Europe must follow the European Single Euro Payments Area regulation and the European Commission's Green Paper on payments. More specifically in France, retail banking activities will face government measures limiting service fees and favouring more short-term saving, notably doubling the amount that can be deposited in a Livret A account.

In a restrictive macroeconomic environment, the major goal of market discussions is to produce a sustainable growth model for the financial sector which maintains banks' ability to finance the economy amid more restrictive budget policies. However, it is clear that the addition of new regulatory constraints, compounded by potential competition between countries, will weigh significantly on the profitability of some activities. They may therefore influence the development model of some banking activities, especially those businesses that consume scarce resources.

Societe Generale Group is mobilised and determined to continue to adapt its business lines and address changes in the banking industry, and will therefore embark on the second step of the Ambition SG 2015 plan. This step consists of a project to simplify and refocus the organisation of the Group's three pillars and therefore bolster income and cost synergies.

This organisation would be centred on three divisions:

- The **French Networks**
- A division encompassing **International Retail Banking** and **Specialised Financial Services and Insurance**
- And a division that brings together **Corporate and Investment Banking, Private Banking, Global Investment Management and Services.**

The details of this new organisation will be released in due course and will entail the simplification of the central functions in order to increase the Group's operational efficiency.

The various projects will be addressed in the framework of enhanced dialogue between Management and trade unions, in accordance with the agreements established with the trade unions and with the procedures for consulting with employee representative bodies.

POST-CLOSING EVENTS

Sale of Group's stake in Trust Company of the West (TCW).

On August 9, 2012, Societe Generale entered into a definitive agreement to sell the whole of its stake in TCW to the Carlyle Group and TCW's Management.

After obtaining all the necessary approvals on February 1, 2013, the transaction was finalised on February 6, 2013.

BASEL 2.5: PILLAR 3 REPORT

PUBLICATION OF SOCIETE GENERALE'S PILLAR 3 REPORT

Societe Generale's Pillar 3 Annual Report was first published on its institutional website in May 2009, in accordance with the banking supervision regulations laid down by the Basel Committee in 2004 (Basel 2 regulations). The last Annual Report was released on the same website on April 10, 2012.

Constituting Basel 2's third pillar, the "Solvency and Risk Management Report" promotes market discipline by establishing a set of quantitative and qualitative disclosure requirements. These allow market participants to more effectively assess capital levels, risk exposures and risk management processes and therefore, the capital adequacy of an institution, in accordance with the Basel 2.5 Pillar 1 rules (CRD3). The next Pillar 3 Report is scheduled for publication in March 2013.

ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

(In billions of euros)	December 31, 2012	December 31, 2011	% change
Cash, due from central banks	67.6	44.0	+54%
Financial assets at fair value through profit or loss	484.0	422.5	+15%
Hedging derivatives	15.9	12.6	+26%
Available-for-sale financial assets	127.7	124.7	+2%
Due from banks	77.2	86.5	-11%
Customer loans	350.2	367.5	-5%
Lease financing and similar agreements	28.7	29.3	-2%
Revaluation differences on portfolios hedged against interest rate risk	4.4	3.4	+29%
Held-to-maturity financial assets	1.2	1.5	-20%
Tax assets and other assets	59.7	61.0	-2%
Non-current assets held for sale	9.4	0.4	x23,5
Deferred profit-sharing	0.0	2.2	-100%
Tangible, intangible fixed assets and other	24.7	25.8	-4%
Total	**1,250.7**	**1,181.4**	**+6%**

LIABILITIES

(In billions of euros)	December 31, 2012	December 31, 2011	% change
Due to central banks	2.4	1.0	x2,4
Financial liabilities at fair value through profit or loss	411.4	395.2	+4%
Hedging derivatives	14.0	12.9	+9%
Due to banks	122.0	111.3	+10%
Customer deposits	337.2	340.2	-1%
Securitised debt payables	135.7	108.6	+25%
Revaluation differences on portfolios hedged against interest rate risk	6.5	4.1	+59%
Tax liabilities and other liabilities	59.4	60.7	-2%
Non-current liabilities held for sale	7.3	0.3	x24.3
Underwriting reserves of insurance companies	90.8	83.0	+9%
Provisions	2.8	2.5	+12%
Subordinated debt	7.1	10.5	-32%
Shareholders' equity	49.8	47.1	+6%
Non-controlling Interests	4.3	4.0	+8%
Total	**1,250.7**	**1,181.4**	**+6%**

MAIN CHANGES IN THE CONSOLIDATED BALANCE SHEET

At December 31, 2012, the Group's consolidated balance sheet totalled EUR 1,250.7 billion, up EUR 69.3 billion (+5.9%) vs. December 31, 2011 (EUR 1,181.4 billion). Changes in the exchange rate impacted the balance sheet as follows: EUR -5.3 billion for the US Dollar, EUR -3.2 billion for the Yen, EUR +0.7 billion for the Pound Sterling, EUR +0.7 billion for the Czech Koruna and EUR +0.5 billion for the Russian Rouble.

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

In the first half of 2012:

- The Group sold its stake in Capital Credit Comradeship Bank (Joint Stock Company), previously fully consolidated through Rusfinance SAS.

During the second half of 2012:

- The Group sold its stake in Géniki, i.e. 99.08%, to Piraeus Bank.

None asset was transferred from Geniki to the Group Societe Generale in the framework of that transaction. The result before tax of that sale was recorded in Net income/expense from other assets in the income statement for an amount of EUR -375 million.

- The Group sold its stake in Societe Alsacienne Lorraine de Valeurs d'Entreprises et de Participations (SALVEPAR), i.e. 51.42%, to the Tikehau group.
- The Group sold its stakes in Canadian Wealth Management Group Inc and Canadian Wealth Management Ltd, previously held via SG Hambros Limited, to Fiera Capital Corporation
- The Group's stake in LLC Prostofinance, whose assets and liabilities were recorded in Non current Assets and Liabilities held for sale since June 2012, was sold to Zapikeso Limited.
- The Group finalised the sale of its stake in Family Credit Limited. Assets and liabilities of this entity were recorded in Non current Assets and Liabilities held for sale since December 2011.

In accordance with IFRS 5 Non-current receivables held for sale and discontinued operations, the main items classified in Non-current assets and liabilities held for sale (See Note 16) are assets and liabilities relating to the TCW Group, Inc, National Societe Generale Bank and its subsidiaries.

CHANGES IN MAJOR CONSOLIDATED BALANCE SHEET ITEMS

Cash and due from central banks (EUR 67.6 billion at December 31, 2012) increased by 23.6 MEUR (+53.6%) vs. December 31, 2011.

Financial assets at fair value through profit or loss (EUR 484.0 billion at December 31, 2012) increased by EUR 61.5 billion (+14.6%) vs. December 31, 2011, including a EUR -2.5 billion Dollar effect, a EUR -2.3 billion Yen effect and a EUR +0,3 billion Pound Sterling effect. The trading portfolio (EUR 226.7 billion at December 31, 2012) increased by EUR 79.2 billion, including EUR +14.4 billion for bonds and other debt securities, EUR +35.2 billion for the shares and other equity securities and +29.6 EUR billion for other financial assets. Trading derivatives (EUR 218.1 billion at December 31, 2012) decreased by EUR 23.6 billion, including EUR +12.5 billion for interest rate instruments, EUR -9.4 billion for foreign exchange instruments, EUR -6.9 billion for equity and index instruments, EUR -3.7 billion for commodity instruments and EUR -16.1 billion for credit derivatives. The financial assets measured using fair value option through P&L (EUR 39.2 billion at December 31, 2012) increased by EUR 5.9 billion.

Financial liabilities at fair value through profit or loss (EUR 411.4 billion at December 31, 2012) increased by EUR 16.2 billion (+4.1%) vs. December 31, 2011, including a EUR -2.1 billion Dollar effect, a EUR -2.6 billion yen effect and a +0.4 billion Pound Sterling effect. Trading portfolio (EUR 174.8 billion at December 31, 2012) increased by EUR 36.5 billion, including EUR +2.9 billion for securitised debt payables, EUR +21.0 billion for amounts payable on borrowed securities, EUR +0.4 billion for bonds and other debt instruments sold short, EUR -0.9 billon for the shares and other equity instruments sold short portfolio and EUR +13.1 billion for other financial liabilities. Trading derivatives (EUR 216.1 billion at December 31, 2012) decreased by EUR 23.3 billion, including EUR +10.4 billion for interest rate instruments, EUR -7.6 billion for foreign exchange instruments, EUR -6.3 billion for equity and index instruments, EUR -4.4 billion for commodity instruments and EUR -15.4 billion for credit derivatives. Financial liabilities measured using fair value option through P&L (EUR 20.5 billion at December 31, 2012) increased by EUR 2.9 billion.

Customer loans, including securities purchased under resale agreements, amounted to EUR 350.2 billion at December 31, 2012, down EUR 17.3 billion (-4.7%) vs. December 31, 2011, including a EUR -1.1 billion Dollar effect.

This change mainly reflects as follows:

- a decrease in short-term loans of EUR 14.9 billion,
- a decrease in equipment loans of EUR 5.3 billion,

- a rise in housing loans of EUR 2.5 billion,
- a decrease in other loans of EUR 8.0 billion,
- a rise in securities purchased under resale agreements of EUR 8.3 billion.

Customer deposits, including securities sold to customers under repurchase agreements, amounted to EUR 337.2 billion at December 31, 2012, down EUR 3.0 billion (-0.9%) vs. December 31, 2011, including a EUR -1.4 billion Dollar effect. This change is mainly due to the increase in regulated savings accounts of EUR 7.8 billion, the EUR 8.0 billion rise in other demand deposits and the EUR 0.3 billion fall in other term deposits. Securities sold to customers under repurchase agreements decreased by EUR 19.0 billion.

Due from banks, including securities purchased under resale agreements, amounted to EUR 77.2 billion, down by EUR 9.3 billion (-10.8%) vs. December 31, 2011, including a EUR -0.3 billion Dollar effect. This change is mainly attributable to the EUR 5.8 billion increase in current accounts, to the EUR 0.8 billion increase in overnight deposits and loans and others, to the EUR 1.5 billion decrease in term deposits and loans and the EUR 14.4 billion decrease in securities purchased under resale agreements.

Due to banks, including securities sold under repurchase agreements, amounted to EUR 122.0 billion at December 31, 2012, up by EUR 10.7 billion (+9.6%) vs. December 31, 2011, including a EUR -0.7 billion Dollar effect. This change is mainly due to the EUR 7.3 billion increase in demand and overnight deposits, to the EUR 4.6 billion decrease in term deposits and the EUR 8.0 billion increase in securities sold under repurchase agreements.

Available-for-sale financial assets totalled EUR 127.7 billion at December 31, 2012, up EUR 3.0 billion (+2.4%) vs. December 31, 2011, including a EUR +0.5 billion Dollar effect. This change is the result of the EUR 0.5 billion decrease in bonds and other debt securities, to the EUR 3.9 billion increase in shares and other equity securities and the fall of EUR 0.4 billion of the long-term equity investments.

Securitised debt payables totalled EUR 135.7 billion at December 31, 2012, up to EUR 27.1 billion (+25%) vs. December 31, 2011. This change is the result of the EUR 3.9 billion increase in bond borrowings and a EUR 23.6 billion rise in interbank certificates and negotiable debt instruments.

Shareholders' equity Group share stood at EUR 49.8 billion at December 31,2012 vs. EUR 47.1 billion at December 31, 2011. This change mainly reflects the following:

- net income for the financial year at December 31, 2012: EUR +0.8 billion;
- dividend payment on other equity instruments: EUR -0.4 billion;
- a rise in unrealised or deferred capital gains and losses: EUR +1.4 billion.

After taking into account non-controlling interests (EUR 4.3 billion), Group shareholders' equity amounted to EUR 54.1 billion at December 31, 2012.

At December 31, 2012, Group shareholders' equity contributed to a Basel 2 solvency ratio of 12.7%. The Tier 1 ratio represented 12.5%, with total weighted commitments of EUR 324.1 billion.

The Core Tier 1 ratio is 10.7%, Bâle 2.5, EBA method.

GROUP DEBT POLICY

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

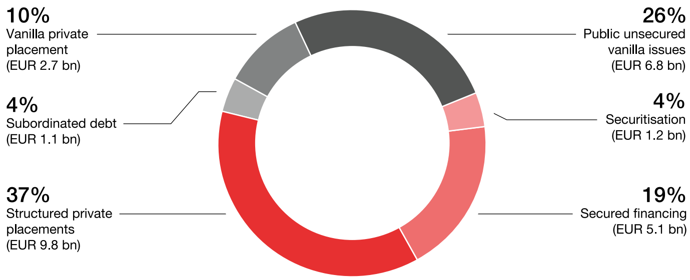
The Group's debt policy is based on 2 principles:

- firstly, maintaining an active policy of diversifying the Societe Generale Group's sources of refinancing in order to guarantee its stability: based on the economic balance sheet at December 31, 2012, customer deposits accounted for 27.0% of the Group's liabilities while debt instruments, interbank transactions and funds generated through the refinancing of securities portfolio amounted to EUR 461.3 billion (i.e. 36.9% of Group liabilities). The balance of the Societe Generale Group's liabilities comprises shareholders' equity, other financial accounts, provisions and derivative instruments;
- secondly, managing the breakdown of its debt to ensure it is consistent with the assets' maturity profile in order to maintain a balanced consolidated balance sheet and minimise its mismatch risk.

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

During the 2012 financial year, the liquidity raised under the 2012 financing programme amounted to EUR 26.7 billion in senior and subordinated debt. The refinancing sources break down as EUR 6.8 billion in public unsecured senior vanilla issues, EUR 2.7 billion in vanilla private placements, EUR 9.8 billion in structured private placements and EUR 5.1 billion in secured financing (EUR 0.7 billion via CRH, EUR 4.25 billion via SG SFH, and EUR 0.15 billion via SG SCF), EUR 1.2 billion in securitisation and EUR 1.1 billion in subordinated Tier 2 debt.

2012 FINANCING PROGRAMME: EUR 26.7 BILLION



PROPERTY AND EQUIPMENT

The gross book value of the Societe Generale Group's tangible fixed assets amounted to EUR 25 billion at December 31, 2012. This figure essentially comprises land and buildings (EUR 4.7 billion), assets leased by specialised financing companies (EUR 14.2 billion) and other tangible assets (EUR 6.1 billion).

The gross book value of the Group's investment property amounted to EUR 581 million at 31 December 31, 2012.

The net book value of tangible assets and investment property amounted to EUR 15.5 billion, representing just 1.24% of the consolidated balance sheet at 31 December 31, 2012. Due to the nature of the Group's activities, the weighting of property and equipment in overall assets is low.

5

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

(AT JANUARY 1, 2013)

Frédéric OUDÉA

Date of birth: July 3, 1963

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Member of the Nomination and Corporate Governance Committee

Holds 21,752 shares directly*

1,095 shares through "Societe Generale Actionnariat (Fonds E)"

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

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

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

*The figure of 21,752 shares is unchanged compared to December 31, 2011. There has been no acquisition or sale of shares in 2012. Please note that the figure mentionned in the 2012 Registration Document on page 76 (22,579 shares) was wrong.

Anthony WYAND

Date of birth: November 24, 1943

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

Company Director

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

Holds 1,636 shares

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

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

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

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

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

Robert CASTAIGNE

Date of birth: April 27, 1946

COMPANY DIRECTOR

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

Holds 1,000 shares

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

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

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

Michel CICUREL

Date of birth: September 5, 1947

CHAIRMAN OF MICHEL CICUREL CONSEIL

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

Holds 1,118 shares

Year of first appointment: 2004 – Year in which current mandate will expire: 2016

Other mandates held in French listed companies: Member of the Supervisory Board: Publicis.

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

Biography: After a career at the French Treasury from 1973 to 1982, Michel Cicurel was appointed project director and then Deputy Chief Executive Officer of the Compagnie Bancaire from 1983 to 1988 and Cortal from 1983 to 1989. Deputy Director of Galbani (BSN Group) from 1989 to 1991. Director and Chief Executive Officer, and subsequently Vice-Chairman and Chief Executive Officer, of CERUS from 1991 to 1999. Chairman of the Management Board of La Compagnie Financière Edmond De Rothschild and of Compagnie Financière Saint-Honoré from 1999 to June 2012. Michel Cicurel is Chairman of Michel Cicurel Conseil.

Yann DELABRIÈRE

Date of birth: December 19, 1950

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF FAURECIA

Independent Director

Holds 1,000 shares

Year of first appointment: 2012 – Year in which current mandate will expire: 2016

Other mandates held in French listed companies: Chariman and Chief Executive Officer: Faurecia. Director: Cap Gemini

Biography: A graduate of the École Normale Supérieure and the l'École Normale d'Administration, with an advanced degree in Mathematics. He began his career at La Cour des Comptes (Court of Auditors). He became Chief Financial Officer of Coface (1982-1987) then Printemps Group (1987-1990) before becoming Chief Financial Officer of PSA Peugeot from 1990 to 2007. He was also Chairman and Chief Executive Officer of Banque PSA Finance. Member of the Board and Chairman of the Audit Committee of Cap Gemini since 2003. Mr. Delabrière has been CEO and Chairman of Faurecia since 2007.

Jean-Martin FOLZ

Date of birth: January 11, 1947

COMPANY DIRECTOR

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

Holds 1,988 shares

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

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

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

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

Kyra HAZOU

Date of birth: December 13, 1956

Independent Director

Holds 1,000 shares

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

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

Jean-Bernard LÉVY

Date of birth: March 18, 1955

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF THALÈS

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

Holds 1,000 shares

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

Other mandates held in French listed companies: Chairman and Chief Executive Officer: Thalès. Chairman of the Management Board: Vivendi (until June 28, 2012). Director: Vinci.

Mandates held in foreign listed companies: Chairman of the Board of Directors: Activision Blizzard Inc USA (until June 28, 2012). Vice-Chairman of the Supervisory Board: Maroc Télécom (until June 28, 2012).

Mandates held in French unlisted companies: Chairman of the Supervisory Board: Viroxis, Canal+ France (until June 28, 2012), Groupe Canal+ (until June 28, 2012). Chairman and Chief Executive Officer: SFR (until June 28, 2012). Chairman: JBL Consulting & Investment SAS.

Mandates held in foreign unlisted companies: Chairman of the Board of Directors: GVT Brazil (until June 28, 2012).

Biography: Graduate of the École Polytechnique and Télécom Paris Tech. Chairman and Chief Executive Officer of Thalès since December 20, 2012. Chairman of the Management Board of Vivendi from 2005 to 2012. Jean-Bernard Lévy was Managing Partner responsible for Corporate Finance of Oddo et Cie from 1998 to 2002. From 1995 to 1998, he was Chairman and Chief Executive Officer of Matra Communication. From 1993 to 1994, he was Director of the Cabinet of Mr. Gérard Longuet, French Minister for Industry, the Postal Service, Telecommunications and Foreign Trade. From 1988 to 1993, he was Head of Telecommunication Satellites at Matra Marconi Space. From 1986 to 1988, Jean-Bernard Lévy was technical advisor to the Cabinet of Mr. Gérard Longuet, Deputy Minister for the Postal Service and Telecommunications, and from 1978 to 1986 he was an engineer at France Télécom.

Ana Maria LLOPIS RIVAS

Date of birth: August 5, 1950

FOUNDER, CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF IDEAS4ALL

Independent Director

Holds 1,000 shares

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

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

Mandates held in foreign unlisted companies: Chairman of the Board of Directors: DIA.

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

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

Élisabeth LULIN

Date of birth: May 8, 1966

FOUNDER AND CHIEF EXECUTIVE OFFICER OF PARADIGMES ET CAETERA

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

Holds 1,394 shares

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

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

Biography: After a career at the Ministry of Finance (1991-1996) as adviser to Edouard Balladur and subsequently as technical adviser to Alain Juppé (1994-1995), Elisabeth Lulin was appointed Head of the External Communication unit at INSEE (1996-1998). CEO of Paradigmes & Caetera, a company specialised in public policy benchmarking and forecasting, since 1998. Chairman of the Board of Directors of École Nationale Supérieure de Création Industrielle since 2012.

Thierry MARTEL

Date of birth: October 25, 1963

CHIEF EXECUTIVE OFFICER OF GROUPAMA

Holds 1,000 shares

Year of first appointment: 2012 – Year in which current mandate will expire: 2016

Mandates held in unlisted companies: Chief Executive Officer: Groupama, Groupama Holding, Groupama Holding 2, Fédération Nationale Groupama. Vice-Chairman of the Board of Directors: La Banque Postale IARD, Groupama Banque (until February 9, 2012). Chairman of the Board of Directors: Amaline Assurances (until March 21, 2012). Executive Manager: SGPS.

Biography: A graduate of the École Polytechnique, IEP Paris and Institut des Actuaires Français. He has spent his entire career in insurance. Former insurance auditor at the Ministry of Economics and Finance (1987-1990), he joined Groupama in 1990, where he held various positions before becoming CEO in 2011.

Gianemilio OSCULATI

Date of birth: May 19, 1947

COMPANY DIRECTOR

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

Holds 6,526 shares

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

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

Mandates held in foreign unlisted companies: Chairman: Osculati & Partners SpA (until November 2012), Eurizon Capital SpA, Intesa Sanpaolo Assicura, Valore SpA (until November 2012). Deputy Director: Intesa Sanpaolo Previdenza SpA, Intesa Sanpaolo Vita SpA. Director: Ariston Thermo SpA, Intesa Sanpaolo Life Ltd., Gas Plus SpA, Miroglio SpA, Italmobiliare SpA.

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

Nathalie RACHOU

Date of birth: April 7, 1957

FOUNDER AND CHIEF EXECUTIVE OFFICER OF TOPIARY FINANCE LTD.

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

Holds 1,035 shares

Year of first appointment: 2008 – Year in which current mandate will expire: 2016

Other Mandates held in French listed companies: Director: Véolia Environnement, Altran

Mandates held in French unlisted companies: Director: Liautaud et Cie.

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

France HOUSSAYE

Date of birth: July 27, 1967

MASS AFFLUENT MARKET MANAGER

Director elected by employees

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

Biography: Societe Generale employee since 1989.

Béatrice LEPAGNOL

Date of birth: October 11, 1970

PRIVATE CLIENT ADVISOR AT THE EAUZE BRANCH

Director elected by employees

Year of first appointment: 2012 – Year in which current mandate will expire: 2015

Biography: Societe Generale employee since 1990.

NON-VOTING DIRECTOR

Kenji MATSUO

Date of birth: June 22, 1949

CHAIRMAN OF MEIJI YASUDA LIFE INSURANCE

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

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

DIRECTOR PROFILES

DIRECTOR	Main sector of activity: Banking, Finance	Other activities	International	Brief description
Frédéric OUDÉA	x		x	SG Group since 1995: **Corporate and Investment Banking until 2001 – Group CFO from 2003 to 2008 Chairman and Chief Executive Officer since 2009**
Anthony WYAND	x		x	Since 1971 – Insurance (Commercial Union-CGU-Aviva) – Executive Director from 2000 to 2003
Robert CASTAIGNE		x	x	TOTAL SA: **CFO and member of the Executive Committee from 1994 to 2008**
Michel CICUREL	x		x	Banking experience since 1983 – Chairman of the Management Board of La Compagnie Financière Edmond de Rothschild and of Compagnie Financière Saint-Honoré from1999 to 2012. Chairman of Michel Cicurel Conseil.
Yann DELABRIÈRE	x		x	Chief Financial Officer of Coface from 1982 to 1987, Printemps Group from 1987 to 1990 and PSA Peugeot from 1990 to 2007. Chairman and CEO of Faurecia since 2007
Jean-Martin FOLZ		x	x	Chairman of the automotive group PSA Peugeot Citroën from 1997 to 2007
Kyra HAZOU	x		x	From 1985 to 2000: **Managing Director and Group Legal Counsel for Salomon Smith Barney/Citibank. From 2001 to 2007: Non-executive Director, Member of the Audit Committee and the Risk Committee of the Financial Services Authority in the United Kingdom.**
Jean-Bernard LÉVY		x	x	Vivendi from 2002 to 2012: **CEO then Chairman of the Management Board of Vivendi since 2005. Chairman and Chief Executive Officer of Thalès since June 20, 2012**
Ana Maria LLOPIS RIVAS	x		x	Banking experience: **11 years working in the Spanish banking sector (Banesto and Santander Group) where she founded an online bank and broker. Since 2007, Founder, Chairman and Chief Executive Officer of Ideas4all. Member of the Supervisory Board of ABN Amro and Director of British American Tobacco**
Élisabeth LULIN		x		Auditor in the Audit Department of the French Ministry of Finance from 1991 to 1996 – Founder of a public policy benchmarking consultancy in 1998.
Thierry MARTEL	x		x	Former insurance auditor at the Ministy of Economics and Finance from 1987 to 1990. Groupama since 1990: **Chief Executive Officer since 2011**
Gianemilio OSCULATI	x		x	Banking experience: **CEO of Banca d'America e d'Italia from 1987 to 1993 and Strategy Advisor (McKinsey).**
Nathalie RACHOU	x		x	Banking experience from 1978 to 1999 (Banque Indosuez) – Founder of an asset management company in 1999. Director: **Véolia Environnement, Altran**
France HOUSSAYE	x			Since 1989 – SG employee
Béatrice LEPAGNOL	x			Since 1990 – SG employee

DIRECTORS WHOSE MANDATE EXPIRES IN 2013

Jean-Bernard LÉVY

Date of birth: March 18, 1955

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF THALÈS

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

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

Elisabeth LULIN

Date of birth: May 8, 1966

FOUNDER AND CHIEF EXECUTIVE OFFICER OF PARADIGMES ET CAETERA

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

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

MANDATES HELD BY MEMBERS OF THE BOARD OF DIRECTORS

(At December 31 of each year)

Start	End	Name	2012	2011	2010	2009	2008
2009	2015	**Frédéric OUDÉA** Chairman and Chief Executive Officer *Professional address*: Tours SG, 75886 Paris cedex 18	None	None	None	None	*Chairman and CEO:* Génébanque (until September 29, 2008), Généfinance and SG FSH (until August 5, 2008). *Director:* Newedge Group (until May 29, 2008).
2002	2015	**Anthony WYAND** Vice-Chairman Company Director	*Director:* Société Foncière Lyonnaise, Unicredit SpA, Aviva France, Aviva Participations.	*Director:* Société Foncière Lyonnaise, Unicredit SpA, Aviva France, Aviva Participations.	*Director:* Société Foncière Lyonnaise, Unicredit SpA, Aviva France, Aviva Participations.	*Director:* Société Foncière Lyonnaise, Unicredit SpA, Aviva France, Aviva Participations, Grosvenor Continental Europe.	*Chairman:* Grosvenor Continental Europe SAS *Director:* Aviva Participations, Unicredit SpA, Société Foncière Lyonnaise. *Member of the Supervisory Board:* Aviva France. *Non-Executive Director:* Grosvenor Group Holding Ltd.
2009	2014	**Robert CASTAIGNE** Company Director	*Director:* Sanofi, Vinci.	*Director:* Sanofi, Vinci, Compagnie Nationale à Portefeuille (until October 3, 2011).	*Director:* Sanofi-Aventis, Vinci, Compagnie Nationale à Portefeuille.	*Director:* Sanofi-Aventis, Vinci, Compagnie Nationale à Portefeuille	*Chairman and CEO:* Total Nucléaire and Total Chimie (until May 30, 2008). *Director:* Elf-Aquitaine (until June 2, 2008), Hutchinson (until June 27, 2008), Omnium Insurance & Reinsurance Cy Ltd. (until June 19, 2008), Petrofina (until June 27, 2008), Sanofi-Aventis, Total Gabon (until August 29, 2008), Total gestion filiales (until June 6, 2008), Total Upstream UK Ltd. (until June 11, 2008), Vinci, Compagnie Nationale à Portefeuille.

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

Start	End	Name	2012	2011	2010	2009	2008
2004	2016	**Michel CICUREL** *Chairman of Michel Cicurel Conseil* *Professional address:* 46, rue Pierre Charron 75008 Paris	*Chairman of the Management Board:* La Compagnie Financière Edmond de Rothschild Banque and Compagnie Financière Saint-Honoré (until June 2012). *Member of the Supervisory Board:* Publicis. *Director:* Bouygues Telecom	*Chairman of the Management Board:* La Compagnie Financière Edmond de Rothschild Banque and Compagnie Financière Saint-Honoré. *Chairman of the Supervisory Board:* Edmond de Rothschild Corporate Finance. *Vice-Chairman of the Supervisory Board:* Edmond de Rothschild Private Equity Partners. *Member of the Supervisory Board:* Publicis, Siaci Saint-Honoré, Newstone Courtage (until December 1, 2011), Milestone (since July 4, 2011). *Chairman of the Board of Directors:* ERS, Edmond de Rothschild SGR Spa (Italy), Edmond de Rothschild SIM Spa (Italy) (until April 21, 2011), Edmond de Rothschild Investment Services Ltd. (Israel). *Director:* Edmond de Rothschild Ltd. (London), Banque Privée Edmond de Rothschild SA (Geneva), Bouygues Telecom. *Permanent representative of La Compagnie Financière Edmond de Rothschild Banque:* Edmond de Rothschild Asset Management (Chairman of the Supervisory Board), Edrim Solutions. *Permanent representative of Compagnie Financière Saint-Honoré:* Cogifrance. *Non-voting director:* Paris-Orléans.	*Member of the Supervisory Board:* Publicis. *Director:* Banque privée Edmond de Rothschild SA, (Geneva), Edmond de Rothschild Ltd. (London), Bouygues Telecom. *Chairman of the Management Board:* La Compagnie Financière Edmond de Rothschild Banque SA, Compagnie Financière Saint-Honoré. *Permanent representative of La Compagnie Financière Edmond de Rothschild Banque.* *Chairman of the Supervisory Board:* Edmond de Rothschild Asset Management (SAS). *Member of the Supervisory Board:* Siaci Saint-Honoré, Newstone Courtage. *Permanent representative of La Compagnie Financière Edmond de Rothschild:* Edrim Solutions. *Vice-Chairman of the Supervisory Board:* Edmond de Rothschild Private Equity Partners (SAS), Edmond de Rothschild Corporate Finance (SAS). *Chairman of the Board of Directors:* Edmond de Rothschild SGR Spa (Italy), Edmond de Rothschild SIM Spa (Italy), ERS. *Permanent representative of Compagnie Financière Saint-Honoré:* Cogifrance. *Non-voting director:* Paris-Orléans.	*Member of the Supervisory Board:* Publicis. *Non-voting director:* Paris-Orléans. *Director:* Banque privée Edmond de Rothschild SA, (Geneva), Edmond de Rothschild Ltd. (London), Bouygues Telecom. *Chairman of the Management Board:* La Compagnie Financière Edmond de Rothschild Banque SA, Compagnie Financière Saint-Honoré. *Chairman of the Supervisory Board:* Edmond de Rothschild Multi Management (SAS) (until July 3, 2009), Edmond de Rothschild Corporate Finance (SAS) since November 10, 2009. *Member of the Supervisory Board:* Siaci Saint-Honoré, Newstone Courtage. *Vice-Chairman of the Supervisory Board:* Edmond de Rothschild Private Equity Partners (SAS). *Chairman of the Board of Directors:* ERS. *Permanent representative of Compagnie Financière Saint-Honoré:* Cogifrance. *Permanent representative of La Compagnie Financière Edmond de Rothschild Banque:* Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision. *Chairman of the Board of Directors:* Edmond de Rothschild SGR Spa (Italy), Edmond de Rothschild SIM Spa (Italy), ERS, LCF Holding Benjamin (until November 26, 2009).	*Member of the Supervisory Board:* Publicis. *Non-voting director:* Paris-Orléans. *Director:* Banque privée Edmond de Rothschild SA, (Geneva). *Chairman of the Management Board:* La Compagnie Financière Edmond de Rothschild Banque SA, Compagnie Financière Saint-Honoré. *Chairman of the Supervisory Board:* Edmond de Rothschild Multi Management (SAS), Edmond de Rothschild Corporate Finance (SAS). *Member of the Supervisory Board:* Assurances et Conseils Saint-Honoré (until October 31, 2008), Siaci Saint-Honoré (since November 1, 2008), Newstone Courtage, Edmond de Rothschild Private Equity Partners (SAS). *Chairman of the Board of Directors:* ERS. *Permanent representative of Compagnie Financière Saint-Honoré:* Cogifrance. *Permanent representative of La Compagnie Financière Edmond de Rothschild Banque:* Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision. *Chairman of the Board of Directors:* Edmond de Rothschild SGR Spa (Italy) Edmond de Rothschild SIM Spa (Italy), ERS, LCF Holding Benjamin et Edmond de Rothschild SA (Geneva), La Compagnie Benjamin de Rothschild SA (Geneva) (until May 6, 2008). *Director:* Edmond de Rothschild Ltd. (London), Bouygues Telecom, Cdb Web Tech (Italy).

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Start	End	Name	2012	2011	2010	2009	2008
2012	2016	**Yann DELABRIÈRE** Chairman and Chief Executive Officer of Faurecia *Professional address*: 2 rue Hennape 92735 Nanterre Cedex	*Director:* Faurecia, Cap Gemini	*Director:* Faurecia, Cap Gemini	*Director:* Faurecia, Cap Gemini	*Director:* Faurecia, Cap Gemini	*Director:* Faurecia, Cap Gemini
2007	2015	**Jean-Martin FOLZ** Company Director	*Director:* Alstom, Axa, Saint-Gobain, Eutelsat, Solvay (Belgium).	*Director:* Alstom, Axa, Saint-Gobain, Eutelsat, Solvay (Belgium). *Member of the Board:* ONF Participations (SAS).	*Director:* Alstom, Axa, Carrefour, Saint-Gobain, Solvay (Belgium).	*Director:* Alstom, Carrefour, Saint-Gobain, Solvay (Belgium). *Member of the Supervisory Board:* Axa.	*Director:* Alstom, Carrefour, Saint-Gobain, Solvay (Belgium). *Member of the Supervisory Board:* Axa.
2011	2015	**Kyra HAZOU**	*None*	*None*	*None*	*None*	*None*
2009	2013	**Jean-Bernard LÉVY** Chairman and Chief Executive Officer of Thalès *Professional address*: 45 rue de Villiers, 92526 Neuilly-sur-Seine cedex	*Chairman and Chief Executive Officer:* SFR (until June 28, 2012). *Chairman:* JBL Consulting & Investment SAS. *Chairman of the Management Board:* Vivendi (until June 28, 2012). *Chairman of the Board of Directors:* Activision Blizzard Inc (until June 28, 2012), GVT Brazil (until June 28, 2012). *Chairman of the Supervisory Board:* Canal+ Group (until June 28, 2012), Canal+ France (until June 28, 2012), Viroxis. *Vice-Chairman of the Supervisory Board:* Maroc Telecom (until June 28, 2012). *Director:* Vinci.	*Chairman of the Board of Directors:* Activision Blizzard Inc., GVT (Brazil), Institut Télécom. *Chairman of the Supervisory Board:* Canal+ Group, Canal+ France, Viroxis. *Vice-Chairman of the Supervisory Board:* Maroc Telecom. *Director:* Vinci, SFR.	*Chairman of the Board of Directors:* Activision Blizzard, GVT (Brazil), Institut Télécom. *Vice-Chairman of the Supervisory Board:* Canal+ Group, Maroc Télécom. *Director:* Vinci, Vivendi Games Inc., Activision Blizzard Inc., NBC Universal Inc.	*Chairman of the Board of Directors:* Activision Blizzard, GVT (Brazil). *Vice-Chairman of the Supervisory Board:* Canal+ Group, Maroc Télécom. *Director:* Vinci, Vivendi Games Inc., Activision Blizzard Inc., NBC Universal Inc.	*Chairman of the Board:* Canal+ France. *Vice-Chairman of the Supervisory Board:* Canal+ Group, Maroc Télécom. *Director:* Vinci, Vivendi Games Inc., Activision Blizzard Inc., NBC Universal Inc.
2011	2015	**Ana Maria LLOPIS RIVAS** Founder, Chairman and Chief Executive Officer of Ideas4all *Professional address*: C/ Alcalá 85 - 5°izda 28006 MADRID Espagne	*Chairman of the Board of Directors:* DIA. *Member of the Supervisory Board:* ABN Amro. *Director:* Service Point Solutions, British American Tobacco.	*Member of the Supervisory Board:* ABN Amro. *Director:* Service Point Solutions, British American Tobacco.	*Member of the Supervisory Board:* ABN Amro. *Director:* Service Point Solutions, British American Tobacco.	*Member of the Supervisory Board:* ABN Amro. *Director:* Service Point Solutions, British American Tobacco.	*Member of the Supervisory Board:* ABN Amro. *Director:* British American Tobacco.

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Start	End	Name	2012	2011	2010	2009	2008
2003	2013	**Élisabeth LULIN** Founder and Chief Executive Officer of Paradigmes et Caetera *Professional address*: 23, rue Lecourbe, 75015 Paris	*Director:* Bongrain Group, Safran Group.	*Director:* Bongrain Group, Safran Group.	*Director:* Bongrain Group.	*Director:* Bongrain Group.	*Director:* Bongrain Group.
2012	2016	**Thierry MARTEL** Chief Executive Officer of Groupama *Professional address:* 8/10 rue d'Astorg 75383 Paris Cedex 08	*Chief Excutive Officer:* Groupama Holding, Groupama Holding 2, Fédération Nationale Groupama. *President of the Board of Directors:* Amaline Assurances (until March 21, 2012). *Vice-Chairman of the Board of Directors:* La Banque Postale IARD, Groupama Banque (until February 9, 2012). *Executive Manager:* SGPS.	*Chief Excutive Officer:* Groupama Holding, Groupama Holding 2, Fédération Nationale Groupama. *President of the Board of Directors:* Amaline Assurances. *Vice-Chairman of the Board of Directors:* La Banque Postale IARD, Groupama Banque. *Director:* CEGID. *Executive Manager:* SGPS.	*President of the Board of Directors:* Gan Patrimoine. *President of the Board of Directors:* Amaline Assurances *Director:* La Banque Postale IARD, CEGID. *Permanent representative of Groupama SA on the Board of Directors:* Groupama Banque. *Executive Manager:* SGPS.	*Vice-Chairman of the Board of Directors:* Amaline Assurances. *Director:* La Banque Postale IARD, CEGID. *Executive Manager:* SGPS.	*Vice-Chairman of the Board of Directors:* Amaline Assurances. *Executive Manager:* SGPS.
2006	2014	**Gianemilio OSCULATI** Company Director	*Chairman:* Osculati & Partners SpA (until November 2012), Eurizon Capital SpA, Intesa Sanpaolo Assicura, Valore SpA (until November 2012). *Deputy Director:* Intesa Sanpaolo Vita SpA, Intesa Sanpaolo Previdenza SpA, Centrovita SpA. *Director:* Ariston Thermo SpA, Intesa Sanpaolo Life Ltd., Gas Plus SpA, Miroglio SpA, Italmobiliare SpA.	*Chairman:* Osculati & Partners SpA, Eurizon Capital SpA, Intesa Sanpaolo Assicura, Valore SpA. *Chairman and Deputy Director:* Eurizon Vita SpA. *Deputy Director:* Intesa Sanpaolo Vita SpA, Intesa Sanpaolo Previdenza SpA, Centrovita SpA. *Director:* Ariston Thermo SpA, Intesa Sanpaolo Life Ltd., Gas Plus SpA, Miroglio SpA, Sud Polo Vita SpA.	*Chairman:* Osculati & Partners SpA, Eurizon Capital SpA, Eurizon Tutela SpA, Valore SpA. *Chairman and Deputy Director:* Eurizon Vita SpA. *Director:* Ariston Thermo SpA, Banque de crédit et de dépôts SA, Eurizon Life, Gas Plus SpA, Miroglio SpA.	*Chairman:* Osculati & Partners SpA. *Chairman and CEO:* Eurizon Vita SpA. *Director:* Ariston Thermo SpA, Banque de crédit et de dépôts SA, Eurizon Capital SpA, Eurizon Tutela SpA, Eurizon Life, Gas Plus SpA, Miroglio SpA, MTS Group, Fideuram Spa, (until April 7, 2009), Seves Spa (until January 7, 2009).	*Chairman:* Osculati & Partners SpA. *Director:* Miroglio SpA, MTS Group, Fideuram Spa, Seves Spa (from November 14, 2008 to January 7, 2009).
2008	2016	**Nathalie RACHOU** Founder of Topiary Finance Ltd *Professional address*: 11 Elvaston Place, London SW7 5QG, United Kingdom	*Director:* Liautaud et Cie, Véolia Environnement, Altran.	*Director:* Liautaud et Cie.	*Director:* Liautaud et Cie.	*Director:* Liautaud et Cie.	*Director:* Liautaud et Cie.
2009	2015	**France HOUSSAYE** Director elected by employees *Professional address*: Tours Societe Generale, 75886 Paris Cedex 18	None	None	None	None	None

Start	End	Name	2012	2011	2010	2009	2008
2012	2015	**Béatrice LEPAGNOL** Director elected by employees *Professional address:* Tours Societe Generale, 75886 Paris Cedex 18	None	None	None	None	None

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GENERAL MANAGEMENT

(AT JANUARY 1, 2013)

Frédéric OUDÉA

Date of birth: July 3, 1963

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

See page 76.

Séverin CABANNES

Date of birth: July 21, 1958

DEPUTY CHIEF EXECUTIVE OFFICER

Holds 14,116 shares directly

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

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

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

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

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

Jean-François SAMMARCELLI

Date of birth: November 19, 1950

DEPUTY CHIEF EXECUTIVE OFFICER

Holds 18,251 shares directly

2,433 shares through "Societe Generale Actionnariat (Fonds E)"

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

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

Mandates held in French unlisted companies belonging to the Societe Generale Group: Chairman of the Board of Directors: Crédit du Nord. Director: Amundi Group, Sogecap, Sogeprom. Non-voting Director: Ortec Expansion. Permanent representative of Crédit du Nord on the Supervisory Board: Banque Rhône Alpes, Société Marseillaise de Crédit.

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

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

Bernardo SANCHEZ INCERA

Date of birth: March 9, 1960

DEPUTY CHIEF EXECUTIVE OFFICER

Holds 2,095 shares

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

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

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

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

POSITIONS HELD OVER THE PAST FIVE YEARS

	2012	2011	2010	2009	2008
Frédéric OUDÉA Chairman and Chief Executive Officer *Professional address*: Tours Societe Generale, 75886 Paris Cedex 18			See page 82		
Séverin CABANNES Deputy Chief Executive Officer *Professional address*: Tours Societe Generale, 75886 Paris Cedex 18	*Director:* Crédit du Nord, TCW Group, Amundi Group. *Member of the Supervisory Board:* Groupe Steria Sca.	*Director:* Crédit du Nord, TCW Group, Amundi Group. *Member of the Supervisory Board:* Groupe Steria Sca.	*Director:* Crédit du Nord, TCW Group. *Member of the Supervisory Board:* Komerčni Banka, Groupe Steria Sca.	*Director:* Crédit du Nord, TCW Group. *Member of the Supervisory Board:* Komerčni Banka, Groupe Steria Sca.	*Director:* Crédit du Nord, Généfimmo, Rosbank, SG Global Solutions. *Member of the Supervisory Board:* Komerčni Banka, Groupe Steria Sca.
Jean-François SAMMARCELLI Deputy Chief Executive Officer *Professional address*: Tours Societe Generale, 75886 Paris cedex 18	*Chairman of the Board of Directors:* Crédit du Nord. *Director:* Amundi Groupe, Banque Tarneaud, Boursorama, Sogecap, Sogeprom, Sopra Group. *Member of the Supervisory Board:* Societe Generale Marocaine de Banques, Fonds de Garantie des dépôts. *Permanent representative of Crédit du Nord on the Supervisory Board:* Banque Rhône Alpes, Société Marseillaise de Crédit. *Non-voting director:* Ortec Expansion	*Chairman of the Board of Directors:* CGA (until October 11, 2011), Crédit du Nord. *Director:* Amundi Groupe, Banque Tarneaud, Boursorama, Sogecap, Sogeprom, Sopra Group. *Member of the Supervisory Board:* Societe Generale Marocaine de Banques, Fonds de Garantie des dépôts. *Permanent representative of SG FSH on the Board of Directors:* Franfinance (until April 14, 2011). *Permanent representative of Crédit du Nord on the Supervisory Board:* Banque Rhône Alpes, Société Marseillaise de Crédit. *Non-voting director:* Ortec Expansion.	*Chairman of the Board of Directors:* CGA. Crédit du Nord. *Director:* Amundi Groupe, Banque Tarneaud, Boursorama, SG Equipment Finance (until April 29, 2010), Sogecap, Sogeprom, Sogessur. *Member of the Supervisory Board:* Societe Generale Marocaine de Banques, Fonds de Garantie des dépôts. *Permanent representative of SG FSH on the Board of Directors:* Franfinance. *Permanent representative of Crédit du Nord on the Supervisory Board:* Banque Rhône Alpes, Société Marseillaise de Crédit. *Non-voting director:* Ortec Expansion.	*Chairman of the Board of Directors:* CGA. *Director:* Boursorama, Crédit du Nord, SG Equipment Finance, Sogecap, Sogeprom, Sogessur. *Member of the Supervisory Board:* Societe Generale Marocaine de Banques, Fonds de Garantie des dépôts (since June 11, 2009), SKB Banka (until May 21, 2009). *Permanent representative of SG FSH on the Board of Directors:* Franfinance. *Non-voting director:* Ortec Expansion.	*Chairman:* CGA. *Director:* SG Equipment Finance, Sogecap, Sogessur. *Member of the Supervisory Board:* Societe Generale Marocaine de Banques, SKB Banka. *Permanent representative of SG FSH on the Board of Directors:* Franfinance.
Bernardo SANCHEZ INCERA Deputy Chief Executive Officer *Professional address*: Tours Societe Generale, 75886 Paris cedex 18	*Director:* ALD Automotive Group, Banque Roumaine de Développement, Franfinance, Sogecap, Compagnie Générale de Location d'Equipements, National Societe Generale Bank, Rosbank, Societe Generale de Banques au Cameroun, Societe Generale de Banques en Côte d'Ivoire, Societe Generale de Banques au Sénégal. *Member of the Supervisory Board:* Komerčni Banka A.S., Societe Generale Marocaine de Banques.	*Director:* ALD Automotive Group, Banque Roumaine de Développement, Franfinance, Sogecap, Compagnie Générale de Location d'Equipements, National Societe Generale Bank, Rosbank, Societe Generale de Banques au Cameroun, Societe Generale de Banques en Côte d'Ivoire, Societe Generale de Banques au Sénégal. *Member of the Supervisory Board:* Komerčni Banka A.S., Societe Generale Marocaine de Banques.	*Director:* ALD Automotive Group, Banque Roumaine de Développement, Franfinance, National Societe Generale Bank, Rosbank, Societe Generale de Banques au Cameroun, Societe Generale de Banques en Côte d'Ivoire, Societe Generale de Banques au Sénégal. *Member of the Supervisory Board:* Komerčni Banka A.S., Societe Generale Marocaine de Banques.	*Deputy Chief Executive Officer:* Monoprix SA. *Chairman:* Monoprix Exploitation, Aux Galeries de la Croisette. *Chairman of the Supervisory Board:* Naturalia France (SAS). *Member of the Supervisory Board:* DMC. *Director:* Grosvenor, GIE S'Miles.	*Deputy Chief Executive Officer:* Monoprix SA. *Chairman:* Monoprix Exploitation, Aux Galeries de la Croisette. *Chairman of the Supervisory Board:* Naturalia France (SAS). *Member of the Supervisory Board:* DMC. *Director:* Grosvenor, GIE S'Miles.

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

ABSENCE OF CONFLICTS OF INTEREST

To the best of the Board of Directors' knowledge:

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

ABSENCE OF CRIMINAL CONVICTIONS

To the best of the Board of Directors' knowledge:

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

EXECUTIVE COMMITTEE

(AT JANUARY 1, 2013)

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

Frédéric OUDÉA

Chairman and Chief Executive Officer

Séverin CABANNES

Deputy Chief Executive Officer

Jean-François SAMMARCELLI

Deputy Chief Executive Officer

Bernardo SANCHEZ INCERA

Deputy Chief Executive Officer

Bertrand BADRÉ[1]

Group Chief Financial Officer

Caroline GUILLAUMIN

Head of Group Communication

Didier HAUGUEL

Head of Specialised Financial Services and Insurance, and Group Chief Country Officer for Russia

Edouard-Malo HENRY

Head of Group Human Resources

Françoise MERCADAL-DELASALLES

Group Head of Corporate Resources and Innovation

Benoît OTTENWAELTER

Group Chief Risk Officer

Jean-Luc PARER

Head of International Retail Banking

Jacques RIPOLL

Head of Private Banking, Global Investment Management and Services

Patrick SUET

Corporate Secretary and Group Chief Compliance Officer

Didier VALET

Head of Corporate and Investment Banking

(1) As of March 1, 2013 Bertrand Badré was replaced by Philippe Heim.

GROUP MANAGEMENT COMMITTEE

(AT JANUARY 1, 2013)

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

Frédéric Oudéa, Chairman and Chief Executive Officer
Séverin Cabannes, Deputy Chief Executive Officer
Jean-François Sammarcelli, Deputy Chief Executive Officer
Bernardo Sanchez Incera, Deputy Chief Executive Officer
Bertrand Badré, Group Chief Financial Officer
Caroline Guillaumin, Head of Group Communication
Didier Hauguel, Head of Specialised Financial Services and Insurance and Group Chief Country Officer for Russia
Edouard-Malo Henry, Head of Group Human Resources
Françoise Mercadal-Delesalles, Group Head of Corporate Resources and Innovation
Benoît Ottenwaelter, Group Chief Risk Officer
Jean-Luc Parer, Head of International Retail Banking
Jacques Ripoll, Head of Private Banking, Global Investment Management & Services
Patrick Suet, Corporate Secretary & Group Chief Compliance Officer
Didier Valet, Head of Corporate & Investment Banking
Pascal Augé, Deputy Head of Global Transaction and Payment Services
Thierry Aulagnon, Head of Coverage and Investment Banking, Corporate & Investment Banking
Philippe Aymerich, Chief Executive Officer of Crédit du Nord
Alain Benoist, Head of Group Processes & Information Systems
Albert Boclé, Head of Sales and Marketing of Societe Generale Retail Banking in France
Henri Bonnet, Chairman of the Management Board of Komerčni Banka and Group Country Head for the Czech Republic and Slovakia
François Boucher, Head of Information Systems and Process Automation of Retail Banking in France
Gilles Briatta, Deputy Group Corporate Secretary
Marie Cheval, Head of Global Transaction and Payment Services
Véronique de La Bachelerie, Chief Financial Officer of Retail Banking in France
Pierre-Yves Demoures, Deputy Head and Chief Operating of International Retail Banking
Marie-Christine Ducholet, Chief Executive Officer of Societe Generale Equipment Finance
Mohamed El Dib, Chief Executive Officer of NSGB Bank (Egypt)
Dan Fields, Head of Global Markets, Corporate & Investment Banking
Ian Fisher, Head of Corporate and Investment Banking and Group Country Head for the United Kingdom
Olivier Garnier, Group Chief Economist
Jean-Marc Giraud, Head of inspection and internal Audit
Vladimir Golubkov, Chief Executive Officer of Rosbank (Russia)
Donato Gonzalez-Sanchez, Head of Corporate and Investment Banking and Group Country Head for Spain and Portugal
Laurent Goutard, Head of Societe Generale Retail Banking in France
Eric Groven, Deputy Head of Societe Generale Retail Banking in France
Philippe Heim, Deputy Group Chief Financial Officer and Head of Group Strategy
Xavier Jacquemain, Deputy Head of Group Human Resources
Arnaud Jacquemin, Deputy Group Chief Risk Officer
Slawomir Krupa, Deputy Head of Global Finance & Head of Corporate & Investment Banking for the Central and Eastern Europe, Middle East and Africa region
Christophe Leblanc, Chief Operating Officer, Corporate & Investment Banking
Diony Lebot, Deputy Head of Coverage and Investment Banking & Head of Corporate & Investment Banking for the Euro region
Philippe Lhotte, Chairman and Chief Executive Officer of Banque Roumaine de Développement (Romania)
Anne Marion-Bouchacourt, Group Chief Country Officer for China
Mike Masterson, Chief Executive Officer of ALD International and Head of the Operational Leasing and Car Fleet Management business line
Jean-Louis Mattéi, Special Advisor to the General Management
Alexandre Maymat, Deputy Head of International Retail Banking
Jean-François Mazaud, Head of Private Banking
Inès Mercereau, Chairman and Chief Executive Officer of Boursorama
Christophe Mianné, Deputy Head of Corporate & Investment Banking
Hikaru Ogata, Chief Executive Officer for the Asia Pacific region, Corporate & Investment Banking
Craig Overlander, Chief Executive Officer of Societe Generale Americas
Pierre Palmieri, Head of Global Finance, Corporate & Investment Banking
Philippe Perret, Chairman and Chief Executive Officer of Sogecap and Head of the Insurance business line
Bruno Prigent, Head of Societe Generale Securities Services
Sylvie Rémond, Deputy Group Chief Risk Officer
Gianluca Soma, Deputy Head of International Retail Banking, Chief Executive Officer of Societe Generale Consumer Finance, and Head of the Consumer Credit business line
Marc Stern, Head of Societe Generale Global Investment Management and Services America and Chief Executive Officer of TCW
Catherine Théry, Head of Group Internal Control Coordination

CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE

Corporate governance declaration

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

In accordance with the "comply or explain" principle, Societe Generale would point out that it applies all recommendations with the exception of the evaluation of the individual contribution of each director, which is not deemed relevant, as the positive assessment of the collective method of operation of the Board of Directors can only result in satisfactory individual contributions.

Since early 2000, the Board of Directors and the Committees have been governed by Internal Rules. Moreover, a Director's Charter also lists the compliance rules that apply to Societe Generale Directors. The Internal Rules and the Director's Charter, together with the Company's by-laws, are available to shareholders in the Registration Document (see Chapter 11).

Board of Directors

Societe Generale is a société anonyme (public limited company) managed by a Board of Directors. In accordance with the law and the Company's by-laws, it is up to the Board to decide whether the roles of Chairman and Chief Executive Officer are performed by the same person or separated.

Chairman's Office and General Management

From May 13, 2008 until Daniel Bouton's resignation on May 6, 2009, the roles of Chairman and Chief Executive Officer were separated. On May 6, 2009, the Board of Directors decided once again to merge the roles of Chairman and Chief Executive Officer, to ensure a tighter, more responsive governance structure, and appointed Frédéric Oudéa in this capacity, effective May 24, 2009.

On May 6, 2009, the Board of Directors also decided to create the position of Vice-Chairman of the Board of Directors. This position was entrusted to Anthony Wyand, who is also Chairman of the Audit, Internal Control and Risk Committee (formerly the Audit Committee) and a member of the two other Committees.

Extract of Article 2 of the Internal Rules of the Board of Directors:

> The Board of Directors may appoint a Vice-Chairman to assist the Chairman in his tasks, particularly the organisation and correct operation of the Board and its Committees, and the supervision of corporate governance, internal control and risk management.
>
> Consequently, the Vice-Chairman chairs the Audit, Internal Control and Risk Committee and is a member of the Nomination and Corporate Governance Committee and the Compensation Committee. He may question the members of the Group Executive Committee and the managers responsible for drawing up financial statements, internal control, risk management, compliance and internal audits, and more generally the Group's management executives and Statutory Auditors. He is provided with the information and documents he deems necessary to accomplish his assignments.
>
> At least once a year he holds a meeting with non-staff appointed Directors, from which the Chairman and Chief Executive Officer is excluded, notably to evaluate the Chief Executive Officers.
>
> In agreement with the Chairman and Chief Executive Officer, he may represent the Company during meetings with third parties about corporate governance, internal control and risk management.

Frédéric Oudéa is assisted by three Deputy Chief Executive Officers: Séverin Cabannes, and Jean-François Sammarcelli and Bernardo Sanchez Incera, appointed from January 1, 2010.

Upon the renewal of Frédéric Oudéa's mandate as Director in 2011, the Board of Directors maintained this structure, which is subject to discussion at the General Meeting of Shareholders each year.

At the General Meeting in 2012, shareholders submitted a draft resolution aimed at changing the administrative and management structure of the Company to a Supervisory Board and a Management Board.

On April 13, 2012, the Board of Directors unanimously:

- considered the Company's governance structure to be an essential matter and deemed it appropriate to adapt the Company's current circumstances;
- recalled that the Company has changed its governance structure twice since 2008, switching from a system with a separate Chairman to a system with a Chairman and Chief Executive Officer;
- stressed that this issue had been discussed at the General Meeting each year and particularly last year upon the renewal of Frédéric Oudéa's office;
- considered that the Management Board/Supervisory Board structure does not provide any additional guarantee to shareholders or to the General Meeting in particular, compared to the current structure of the Company's operational management control;
- recalled that the Management Board/Supervisory Board structure had not offered any evidence of its superiority in terms of supervising risks in European banks;
- observed that, in light of the satisfactory operation of the Board and its committees, the combined office of Chairman and Chief Executive Officer - the only executive member of the Board of Directors - seconded, as Chairman of the Board, by a Vice-Chairman with extended powers and, as Chief Executive Officer, by three Deputy Chief Executive Officers, remains the most appropriate structure for your Company.

Consequently, the Board considered it preferable to maintain the status quo and resolved not to approve the draft resolution.

This resolution was rejected by the shareholders with more than 75% voting against it.

Limitations imposed on the powers of the Chief Executive Officer

The by-laws do not impose any specific limitations on the powers of the Chief Executive Officer or the Deputy Chief Executive Officers, who fulfil their duties in accordance with current laws and regulations, the by-laws, the Internal Rules and the guidelines approved by the Board of Directors.

Article 1 of the Internal Rules defines the cases in which the prior approval of the Board of Directors is required (strategic investment projects exceeding a given amount, etc.):

Board of Directors

The Board has 13 directors appointed by the General Meeting and two directors elected by employees. A representative of the Works Council takes part in the meetings of the Board of Directors, without a deciding vote.

The directors appointed by the General Meeting have four-year mandates. The expiry dates for these mandates are spread out, ensuring that 2 to 4 directors are appointed or their mandates renewed every year. Two directors are elected by the employees of Societe Generale for a three-year mandate.

The Directors' average age is 57. In 2012, the renewal of the mandates of Michel Cicurel and Nathalie Rachou, and the appointment of Yann Delabrière and Thierry Martel, were approved by the General Meeting. Yann Delabrière was appointed as an independent director.

Kenji Matsuo, Chairman of Meiji Yasuda Life, has been a Non-Voting Director since January 18, 2006. His mandate was renewed for four years by the Board at its meeting of January 12, 2010. Non-Voting Directors do not have a deciding vote (Article 7 of the By-laws).

Experienced and additional directors

The make-up of the Board is intended to strike a balance between experience, expertise and independence, in accordance with the principles of equality and diversity that reflect Societe Generale's internationalisation. Expertise and experience in the financial industry, and in managing large international companies, are basic criteria for selecting Directors. Four Directors are non-French nationals.

Representation of men and women in accordance with the provisions of Law of January 27, 2011 and the AFEP-MEDEF Code.

The Board of Directors is comprised of six women and nine men i.e., 40% women, or 31% excluding staff-elected Directors, in accordance with the provisions of the Law of January 27, 2011.

Over 66% independent directors

In accordance with the AFEP-MEDEF Corporate Governance Code, the Board of Directors, based on the report by its Nomination and Corporate Governance Committee, examined the independence of each of its members at December 31, 2012 against the criteria set out in the aforementioned report.

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

This review was conducted for Yann Delabrière and Faurecia, Jean-Bernard Lévy and Thalès, Thierry Martel and Groupama. There were no new factors calling for the amendment of the classification defined in 2011. Regarding Groupama, the reduction of the equity investment did not result in a change in status for Thierry Martel, due to the level of voting rights.

The following were not classified as independent directors according to the criteria of the AFEP MEDEF Code:

- Frédéric Oudéa: serves as Chairman and Chief Executive Officer
- Anthony Wyand: has been a Director for more than 12 years
- Thierry Martel: status of Groupama, shareholder relations
- France Houssaye: employee
- Béatrice Lepagnol: employee

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

Ten out of fifteen Directors were therefore independent at January 1, 2013 (i.e., 66.66% of the Board of Directors and 76.92% of the directors appointed by the General Meeting).

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

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

Societe Generale shareholding obligations

The Directors appointed by the General Meeting are required to hold a significant number of shares in a personal capacity: the statutory minimum was 600 shares per director appointed by the General Meeting. Article 4 of the Director's Charter sets a target of 1,000 shares and prohibits hedging.

Article 5 of the Charter lays down ethical rules that Directors and non-voting Directors must observe.

Directors and Non-Voting Directors shall abstain from carrying out any transactions in Societe Generale shares and related shares during the 30 calendar days prior to the publication of Societe Generale's quarterly, half-yearly and annual results as well as on the date of publication itself.

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

- shall hold the acquired stocks for at least two months as of their date of purchase;
- shall abstain from using financial instruments likely to allow them to carry out speculative transactions. This applies in particular to transactions in derivatives.

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

Hands-on directors

Frédéric Oudéa chaired all the Board of Directors' meetings in 2012.

The Directors' attendance rates at meetings of the Board and its Committees were very high.

Attendance in 2012	Period	Board of Directors	CACIR	CONOM	COREM
R. CASTAIGNE		100%	100%		
M. CICUREL		90%		75%	66.67%
P. DELICOURT	Until May 22	100%			
Y. DELABRIÈRE	As from May 22	100%			
J.-M. FOLZ		100%		100%	100%
K. HAZOU		100%			
F. HOUSSAYE		90%			
B. LEPAGNOL	As from May 22	100%			
J.-B. LÉVY		100%		100%	100%
AM. LLOPIS RIVAS		90%			
E. LULIN		90%	100%		
T. MARTEL	As from May 22	100%			
G. OSCULATI		90%	100%		
N. RACHOU		100%	100%		
L. VANDEVELDE	As from May 22	100%		100%	100%
A. WYAND		100%	100%	100%	100%

The average attendance rate per meeting was 96.24% for the Board of Directors, 100% for the Audit, Internal Control and Risk Committee (CACIR), 93.75% for the Nomination Committee (CONOM) and 91.67% for the Compensation Committee (COREM).

Powers

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

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

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

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

Functioning of the Board

Internal Rules govern how the Board of Directors operates (see Chapter 11). The Board is convened by the Chairman or at the request of one-third of the Board members. At least five meetings are scheduled each year, notably to approve the parent company and consolidated financial statements.

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

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

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

Report of the Vice-Chairman on his role and activities in 2012

Over the course of 2012, the Vice-Chairman assisted the Chairman with his duties, in particular with the organisation and operation of the Board and its Committees, as well as the supervision of corporate governance, internal control and risk management (see page 93 to 117).

The following main points should be noted:

- the Vice-Chairman took part in several conferences attended by regulators and non executive Directors of other banks. These meetings were instructive in order to compare the activity of the different Boards and Committees and to improve our understanding of changes in the regulatory environment. Furthermore, the Vice Chairman participated in the annual meeting between the French Prudential Supervisory Authority and the bank's General Management, during which the bank's situation with respect to regulatory requirements was examined. The conclusions were then presented to the Board and provided a key reference for the work of the Board and the Committees.

  The Vice-Chairman also had the opportunity to express his views on the "Say on pay" issue at a conference in Paris with investors and regulators. This issue has grown increasingly important in France and should soon be addressed in a legislative text. It should be noted that legislation exists on this matter in several European countries.

- in preparation for the Annual General Meeting, the Vice-Chairman met with the main representatives of consulting firms for votes held during General Meetings and with institutional investors to explain and discuss the resolutions. This type of meeting provides an opportunity to learn about investor concerns, particularly regarding compensation policies and, in recent years, on the separation of the offices of Chairman and Chief Executive Officer. On the latter point, the Board reaffirmed in particular that the current structure is appropriate to the Group's situation. This position does not reflect a theoretical perception of governance, but rather a pragmatic approach.

  On several occasions, the question of the governance structure has been raised. Overall, the quality of a Company's governance depends on the quality of the Directors. Changing the formal structure, for example by replacing the Board of Directors with a Supervisory Board, is secondary and does not necessarily bring about an improvement in governance. More specifically, the transition to separate structures can create distance between the Directors and the Management, and can weaken transparency and the level of trust that currently exists, which the Vice President is intent on preserving.

- the Board exercises its role with authority. Meetings of the Board are closely followed and topics are discussed freely. Accordingly, and in line with the Internal Rules, the role of the Vice-Chairman is to ensure a balance with the role of the Executive Chairman, with whom he works closely on all matters of governance. In particular, the Vice Chairman chairs the Board when he assesses the performance of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers.

- corporate governance in France complies with the rules of the AFEP-MEDEF Code. While these rules are similar to the Anglo-Saxon model, they are also based on the specific characteristics of French corporate law. These rules concern the specific responsibilities of Management and the Directors. Similarly, the responsibilities of the General Meetings are strictly defined and the possibility for shareholders to participate is more strictly defined than in other countries.

  Furthermore, it should be noted that French corporate law is based on the concept of "social interest", which not only includes the interests of shareholders, but also employees and other stakeholders.

  The defence of social interests is the responsibility of the Directors. Given that it administers an international bank with a majority share of international shareholders, the Board is particularly attentive to changes in corporate governance, in accordance with French legislation, and in particular the laws defining the responsibilities of the Directors, the definition of which is both broader and more specific than in some other countries.

- in terms of the material organisation of the Board's work: the introduction, by the Vice Chairman, of a system for distributing the Board's documents by tablet PC in complete security, in addition to the Board's dedicated intranet site and hard copy distribution, simplified access to these documents, especially for directors not residing in France.

Activity report of the Board of Directors for 2012

The Board of directors met 10 times in 2012, with meetings lasting an average of three hours. The directors' attendance rate averaged 96.24% per meeting (92% in 2011).

Like each year, the Board approved the annual, half-yearly and quarterly financial statements and examined the budget. It discussed the disposals carried out in 2012 and approved the terms and conditions of the most significant disposals (Geniki, NSGB, TCW, etc.).

Over the course of 2012, the Board closely monitored the Group's liquidity profile, in the wake of the 2011 crisis, and the Group's capital trend, in light of regulatory requirements.

It reviewed the Group's global strategy during a two-day strategic seminar. The following main areas were discussed:

- Analysis of the macroeconomic, regulatory and competitive environment;
- Review of the Group's businesses;
- SG CIB's strategy;
- Stock-taking on SG Ambition 2015 and its major projects;

- Group's target profile;
- What are the Group's operational efficiency levers?
- How can the Group capture growth in emerging countries?
- What is the business model for the bank of tomorrow?

In addition, the following major topics were addressed (communication and brand policy, enhancement of internal control, review of SGCIB and GIMS, disputes and litigation).

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

The Board evaluated the performance of the Chief Executive Officers and set their compensation. It also defined the Group's strategy in terms of the remuneration of traders, in accordance with CRD 3. It decided on performance share plans and a capital increase reserved for employees as part of the Global Employee Share Ownership Plan of spring 2012. It discussed the policy regarding professional and wage equality.

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

Each year, the Board conducts a review of its operation; every three years, the review is carried out by an external expert. The conclusions of this 2012 review are mentioned in the evaluation section of this report (see p. 101). Similarly, it discussed the succession plan for the General Management.

Audit, Internal Control and Risk Committee

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

As at January 1, 2013, it was made up of five Directors – Ms. Lulin, Ms. Rachou, Mr. Castaigne, Mr. Osculati and Mr. Wyand – four of whom are independent, and chaired by Mr. Wyand. All the members are specially qualified in the financial and accounting fields, risk analysis and internal control, as they hold, or have held, positions as bankers, chief financial officers or auditors.

The duties of the Audit, Internal Control and Risk Committee are set forth in Article 9 of the Internal Rules:

Audit, Internal Control and Risk Committee's mission is to monitor issues concerning the production and control of accounting and financial information, and to monitor the efficiency of the internal control and risk assessment, monitoring and management systems.

It is particularly in charge of:

- ensuring monitoring of the process for drawing up financial information, particularly examining the quality and reliability of the systems in place and making suggestions for their improvement, and verifying that corrective actions have been implemented if faults are found in the process,
- analysing the draft financial statements to be submitted to the Board in order in particular to verify the clarity of the information provided and to offer an assessment of the relevance and consistency of the accounting methods used to draw up parent company and consolidated financial statements;
- ensuring the independence of Statutory Auditors, in particular by reviewing the breakdown of the fees paid by the Group to them as well as to the network to which they may belong and through prior approval of all assignments that do not fall within the framework of a statutory audit of accounts, but which may be the consequence of, or a supplement to, the same, all other assignments being prohibited; implementing the procedure for selecting the Statutory Auditors and submitting an opinion to the Board of Directors concerning the appointment or renewal of such as well as their remuneration;
- examining the work programme of the Statutory Auditors and more generally ensuring the supervision of account monitoring by the Statutory Auditors;
- offering an assessment of the quality of internal control, in particular the consistency of risk assessment, monitoring and management systems, and proposing additional actions where appropriate. To this end, the Committee is responsible primarily for:
  - reviewing the Group's internal audit programme and the Annual Report on Internal Control drawn up in accordance with banking regulations, as well as formulating an opinion on the organisation and operation of the internal control departments;
  - reviewing the follow-up letters sent by the French Banking Commission (Commission bancaire) and issuing an opinion on draft responses to these letters;
  - examining the market risk and structural interest rate risk control procedures and being consulted about setting risk limits;
  - formulating an opinion on the Group's global provisioning policy, as well as on specific provisions relating to large sums;
  - examining the annual risk assessment and control procedures report in accordance with the French banking regulations;
  - reviewing the policy concerning risk management and off-balance sheet commitment monitoring, in particular in the light of memoranda drafted to this end by the Finance Division, the Risk Division and the Statutory Auditors.

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

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

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

Activity report of the Audit, Internal Control and Risk Committee for 2012

The Committee met 8 times in 2012, with an attendance rate of 100% (as in 2011).

At each closing of accounts, the Committee meets alone with the Statutory Auditors, before hearing the presentation of the financial statements by the Chief Financial Officer and the comments of the Risk Division on all matters pertaining to risks. Since 2002, one of the Chief Executive Officers has attended part of the meetings called to approve the accounts and has discussed the highlights of the quarter with the Committee. More in-depth presentations are given by other managers on certain subjects, notably the principal risks, asset and liability management, internal control and the financial aspects of planned acquisitions. Training and information sessions are organised in response to internal needs and any outside developments. In 2012, training was provided on regulatory changes in investment banking (see "Training" below).

In 2012, the Committee reviewed the draft annual, half-yearly and quarterly consolidated financial statements before their presentation to the Board, and submitted its opinion to the Board on these statements. It reviewed the 2010-2015 strategic and financial plan. The Committee continued its in depth monitoring of developments in the financial crisis and the euro crisis and their consequences for the Group. On several occasions it examined the liquidity position and the capital level, particularly in the light of the planned changes to the prudential rules.

As part of its risk control responsibilities, the Committee adopted a broad approach to the various risk factors and discussed the Group's risk appetite. It reviewed the Group's risk mapping and the suggested approach for defining risk appetite.

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

In 2012, the Committee spent several meetings discussing issues pertaining to compliance control.

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

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

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

The Committee reviewed several Group activities, particularly from an internal control and risk standpoint:

- risks and internal control in terms of human resources,
- new product processes,
- the SSG portfolio,
- resolution plans and recovery plans,
- Group ratings,
- follow-up of IT projects,
- IT security,
- internal control in Securities Services,
- risks and internal control in Retail Banking in France, GLFI, the DSFS businesses and KB,
- Newedge.

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

The Committee held a meeting at the New York branch and performed a comprehensive review of CIB activities in the United States. It took this opportunity to meet with the FED in New York.

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

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

The Committee discussed the Statutory Auditors' audit programme and fees for 2012.

Finally, the Committee proposed conditions to the Board for the renewal of Statutory Auditors' mandates. After discussing auditors' conditions for exercising their mandate, observing that the associates in charge would soon be up for renewal, and taking into account the quality of work performed, the Committee proposed to the Board that the firms Deloitte and Ernst & Young be renewed in 2012 while specifying that the next renewal will be subject to bidding.

Compensation Committee

At January 1, 2013, the Compensation Committee was made up of four directors: Messrs. Cicurel, Folz, Levy and Wyand, three of whom are independent. The Committee is chaired by Mr. Folz, an independent Director.

In accordance with Article 7 of the Internal Rules, the Compensation Committee:

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

Activity report of the Compensation Committee for 2012

The Compensation Committee met six times in 2012. The attendance rate of its members was 91.67% (96% in 2011).

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

The Committee prepared the appraisals of the Chief Executive Officers and discussed them with the Group's other outside Directors (neither staff-elected Directors nor Chief Executive Officers of the Group). It examined the annual targets of the Chief Executive Officers and Directors submitted to the Board.

In accordance with CRD 3 and its transposition into French law, the Compensation Committee ensures that the Group's remuneration policies comply not only with regulations, but also with the company's risk management policy as well as its capital targets.

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

In addition, it reviewed the terms of the capital increase reserved for employees. Lastly, the Committee proposed the share allocation plans to the Board.

The remuneration policy is described in detail beginning on page 118.

Nomination and Corporate Governance Committee

This Committee is made up of at least three Directors, who can neither be Chief Executive Officer, nor can they be affiliated with the Company or with any of its subsidiaries by employment contract. At least two-thirds of its members are independent according to the definition given in the AFEP-MEDEF Corporate Governance Code and have the expertise to analyse appointment and corporate governance policies and practices according to all the relevant criteria.

The Committee is responsible for submitting proposals to the Board for the appointment of Directors and of successors to the Chief Executive Officers and Directors, especially where a position becomes vacant unexpectedly, after carrying out any necessary inquiries. In accordance with Article 8 of the Internal Rules, the Nomination and Corporate Governance Comittee:

Provides the Board with proposals for appointments to the Board's Committees.

May propose the appointment of a Vice-Chairman.

Carries out preparatory work for the examination by the Board of Directors of corporate governance issues. It is responsible for the evaluation of the Board of Directors' performance, which is carried out each year.

Submits a proposal to the Board of Directors for the presentation of the Board of Directors to be included in the Registration Document and notably the list of independent Directors.

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

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

At January 1, 2013, the Nomination and Corporate Governance Committee was made up of four Directors: Messrs. Cicurel, Folz, Levy and Wyand, three of whom are independent. The Committee is chaired by Mr. Folz, an independent Director.

Activity report of the Nomination and Corporate Governance Committee for 2012

The Nomination and Corporate Governance Committee met four times in 2012, with an attendance rate of 93.75% (100% in 2011).

It prepared the Board's review of the Corporate Governance section of the 2012 Annual Report, in particular the section concerning the assessment of Directors' independence. The Committee prepared the conclusions of the Board of Directors' self-assessment of the Board's operation.

The Committee prepared proposals for the appointment of Chief Executive Officers and Directors to be submitted at the 2012 General Meeting. To this end, it relied on the recommendations of a consulting firm.

Finally, it prepared the Board's response to the resolution submitted by shareholders to amend the Group's governance structure.

It examined the succession plan for the Chief Executive Officers and Directors in order to be in a position to make a proposal to the Board at the appropriate time

Appraisal of the Board of Directors and Chief Executive Officers

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

The organisation of the appraisal for 2012 was decided by the Board of Directors at its meeting of July 31.

The Chairman of the Nomination and Corporate Governance Committee was called upon to establish this appraisal based on a questionnaire completed by the directors or during an individual interview. Seven Directors answered in writing, while seven others preferred to do the interview.

The report of the Chairman of the Nomination Committee was submitted to the Board after consulting with the Nomination Committee.

The Directors' general opinion on the Board and its operation was largely positive.

The diversity of expertise and experience, coupled with the age range and different nationalities of the Directors, was deemed satisfactory. However, emphasis was focused on the search for individuals with banking experience, who are knowledgeable about new geographic areas and have experience in marketing and distribution.

The significant progress made in the organisation of the Board's activity was underscored. The conference on strategy was highly appreciated. The issue of strategy was of great interest. Other topics, such as prospective management of the skills of management teams, were also addressed.

The Board suggested that the documents provided to the Board need to be improved (shorter, more straightforward, more suitable to decision-making). Furthermore, the members of the Board would like the documents to be sent earlier.

The Board would like a regular scorecard to be established, including certain indicators and keeping track of decisions. The role of the Chairman and Vice-Chairman, and the operation of the Committees, were highly appreciated.

In the interest of keeping the Directors informed, a report on current Group events and topics would be useful when the meetings of the Board are far apart.

Overall, the appraisal reflected the general satisfaction of the Board of Directors with its operation, subject to improvements requested by the Directors, which were approved at the meeting of November 7, 2012.

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

Training

Two training sessions were organised in 2012. The first dealt with the current regulatory environment and liquidity. The second addressed issues related to the Greek crisis and the euro as well as market risks.

Special conditions relating to shareholder participation in the General Meeting

The By-laws (see Chapter 11) define the conditions for shareholders' participation in the General Meeting. A summary of these rules can be found in Chapter 3 of the Registration Document.

Attendance fees paid to Company directors

The total amount of attendance fees was set at EUR 1,250,000 by the General Meeting of May 24, 2011.

The rules governing the distribution of attendance fees between directors are determined by Article 11 of the Internal Rules.

The Chairman and Chief Executive Officer does not receive any attendance fees.

The overall amount of the attendance fee is divided into two portions: one fixed portion equal to one third of the overall amount and one variable portion equal to two-thirds of the overall amount.

The Vice-Chairman receives 35% of the fixed portion of the annual attendance fee as a special attendance fee, calculated pro-rata to the duration of his mandate over the period.

After allocation of the Vice-Chairman's share, the fixed portion of the attendance fee allocated to the other Directors, calculated pro-rata to the duration of their mandate over the period, is split as follows:

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

The variable portion of the attendance fee is shared between the Directors at the end of the year according to the number of Board meetings or working meetings of the Board and Committee meetings that they have attended. However, meetings of the Compensation Committee and the Nomination and Corporate Governance Committee held on the same day are taken into account as one unit for members of both Committees.

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

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

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

REPORT OF THE CHAIRMAN ON INTERNAL CONTROL AND RISK MANAGEMENT

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

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

RISK MANAGEMENT

Banking activities are exposed to various types of risks

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

- **credit and counterparty risk (including country risk):** risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes counterparty risk linked to market transactions (replacement risk) and as well as securitisation activities. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of counterparties;
- **market risk:** risk of a loss of value on financial instruments arising from changes in market parameters, volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets, including real estate assets;
- **structural interest and exchange rate risk:** risk of loss or of write-downs in the Group's assets arising from variations in interest or exchange rates. Structural interest and exchange rate risk arises from commercial activities and from transactions entered into by the Corporate Centre (operations involving equity capital, investments and bond issues);
- **liquidity risk:** risk of the Group not being able to meet its cash or collateral requirements as they arise and at a reasonable cost;
- **operational risks** (including accounting and environmental risks): risk of losses or sanctions due in particular to inadequacies or failures in internal procedures or systems, human error or external events;
- **non-compliance risk:** risk of legal, administrative or disciplinary sanction, material financial losses or reputational damage arising from failure to comply with the provisions governing the Group's activities;
- **reputational risk:** risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Group's ability to maintain or engage in business relationships and to sustain access to sources of financing;
- through its Insurance subsidiaries, the Group is also exposed to a variety of risks linked to the insurance business. These include the risk of premium pricing risk, mortality risk and structural risk liked to life and non-life insurance activities,

(1) The Corporate Governance section of this report is on pages 93 to 102.

including pandemics, accidents and catastrophic events (such as earthquakes, hurricanes, industrial disasters, or acts of terrorism or war);

- through its Specialised Financial Services, mainly its operational vehicle leasing subsidiary, the Group is exposed to residual value risk (the net resale value of an asset at the end of the lease being less than estimated).

Managing and assessing risks

The implementation of a high-performance and efficient risk management structure is a critical undertaking for the Societe Generale Group, in all businesses, markets and regions in which the bank operates, as well as the balance between strong risk culture and the development of its activities.

THE ENTERPRISE RISK MANAGEMENT PROGRAMME (ERM)

Under the close supervision of the Executive Committee and the Audit, Internal Control and Risk Committee, the various aspects of risk management have undergone a series of initiatives since 2011 as part of the ERM (Enterprise Risk Management) programme. This programme aims to improve the consistency and effectiveness of the Group's risk management system by fully integrating risk prevention and control with the day-to-day management of the bank's businesses and by drawing on three actions: rolling out strategic steering based on controlled risk appetite, optimising control systems and strengthening risk culture among all Group employees.

THE GROUP'S RISK APPETITE

Societe Generale defines risk appetite as the level of risk, by nature and by business, that the Group is prepared to incur given its strategic targets. Risk appetite is defined using both quantitative and qualitative criteria.

The Group Risk Appetite exercise is reflected by formally defining the three-year vision using:

- targets for certain key Group indicators (financial stability, solvency, liquidity, earnings volatility and leverage);
- risk/return ratios for different Group businesses;
- and the Group's risk profile, by risk type.

To determine these factors, the following are taken into consideration:

- earnings sensitivity to economic cycles and credit, market or operational events;
- sovereign and macro-economic risks, both in emerging markets and developed countries.

The Risk Appetite exercise is one of the strategic steering tools available to Group governing bodies. It is fully integrated into the budgeting process and draws on the global stress test system (details below), which is also used to ensure the capital adequacy in stressed economic scenarios ("Global Stress Test").

The Audit, Internal Control and Risk Committee and the Board of Directors, based on the Executive Committee's recommendations, approve the trajectory in relation to various Group key indicators and their adequacy compared to the established targets.

STRESS TEST FRAMEWORK

Stress tests measure resilience to macroeconomic shocks of various magnitudes. They are an important component of the Group's risk management and monitoring. The Group's stress-test framework is used to set limits, guarantee capital adequacy compared to risks and aid in carrying out the Risk Appetite exercise.

In addition to the Global Stress Test carried out at an aggregated level for all of the Group's core business and which is part of the budget process, the Group has also implemented a system of specific stress tests for the various types of risks (credit, market, etc.).

CREDIT RISK

Validation of credit risk is part of the Group's risk management strategy in accordance with its risk appetite. Societe Generale's credit policy is based on the principle that any commitment carrying credit risk relies on in-depth knowledge of the customer and their activity, understanding of the ultimate aim and nature of the transaction as well as sources of income enabling the loan to be repaid. The decision to grant a loan must also ensure that the structure of the transaction minimises the risk of loss in the event of a default by the counterparty.

Limits are set for certain countries, geographical regions, sectors, products or types of customers with a view to minimising the most significant risks. In addition, major concentration risks are analysed periodically for the entire Group.

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

Credit risk supervision is organised by division (French Networks, International Retail Banking, Specialised Financial Services and Insurance, Global Investment Management and Services and Corporate and Investment Banking) and is supplemented by departments with a more cross-business approach (monitoring of country risk and risk linked to financial institutions). The team that handles counterparty risk on market transactions reports to the Market Risk Department.

Within the Risk Division, each of these departments is responsible for:

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

In addition, a specific department performs comprehensive portfolio analyses and provides the associated reports, including those for the supervisory authorities. A monthly report on the Risk Division's activity is presented to the Risk Committee and specific analyses are submitted to the General Management.

MARKET RISKS

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

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

Risk positions are subject to daily controls and compared to predefined limits that, for major positions, are validated by the Board of Directors on the advice of the Audit, Internal Control and Risk Committee (CACIR) in accordance with the risk appetite defined by the Board of Directors.

STRUCTURAL AND LIQUIDITY RISKS

The general principle for the Group is to minimise structural interest rate and exchange rate risks as much as possible within consolidated entities. Wherever possible, commercial transactions are therefore hedged against interest rate and exchange rate risks. Any structural interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group in accordance with the structural risk appetite, as validated by the COMEX. As for exchange rates, the Group's policy is to immunise its solvency ratio against fluctuations of the major currencies in which it operates.

Given that liquidity is a scarce resource, the Group's objective is to finance its activities at the best possible rates under normal conditions. The plan for short- and long-term financing, in addition to resources gathered from clients, is sized conservatively while ensuring diversification in terms of products and issuing areas. Targets are validated by the Board of Directors in accordance with the Risk Appetite exercice.

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

- the Balance Sheet Management and Financing Department, responsible for structural risk oversight and the supervision and coordination of all of the Group's treasury functions (external Group financing, internal entity financing and centralised collateral management). It also manages the Group's central funding department, and implements financial deals;
- the ALM Risk Monitoring Department, which is dedicated to Group structural risk control, and in particular verification of models and monitoring of compliance with limits and management practices by the Group's core businesses divisions, business lines and entities.

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

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

OPERATIONAL RISKS

Societe Generale has no appetite for operational risks, only a tolerance level. As such, the Group has an active prevention policy which consists of securing operational processes as well as the promotion of a risk culture within the organization. The limit in terms of operational losses is set as a percentage of NBI.

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

- Risk and Control Self-Assessment, the aim of which is to identify and measure the Group's exposure to the different categories of operational risk in order to accurately map the levels of intrinsic and residual risk, having taken into account the quality of risk prevention and control systems;
- Key Risk Indicators (KRIs), which provide upstream alerts as to the risks of operating losses;
- Scenario analyses, which consist in estimating infrequent but severe potential losses to which the Group could be exposed;

- data collection and analysis on internal losses and losses incurred in the banking industry following the materialisation of operational risks;
- monitoring of major action plans within the Group, based on the deployment of an IT application.

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

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

COMPENSATION POLICY AND RISK

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

According to the principles approved by the Board of Directors, based on the proposal of the Compensation Committee, the mechanisms and processes relating to the compensation of such employees take into account not only the financial result generated by the transactions they perform, but also the way this result is generated through the control and management of all risks as well as the observance of risk and compliance policies. The compensation paid to employees performing control functions is independent of the results of the transactions they control, but is rather based on criteria specific to their activity.

The variable part of the compensation includes a non-deferred portion and a deferred portion awarded over three years prorata temporis under conditions of performance and possible claw-back. Fifty per cent at least of this compensation is awarded in the form of equity or equity-equivalent instruments. These terms of payment aim to align the compensation with the company's performance and risk horizon.

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

REPUTATIONAL RISK

Every quarter, the Compliance Department, using information coming from core businesses and Corporate Divisions, in particular the Group Communication Division, draws up a risk reputation dashboard. This dashboard is distributed quarterly to the members of Comex and twice a year to CACIR members.

Moreover, the RCOs participate as required in various events (new product committees, ad hoc committees, etc.) organised to approve the new types of transactions, products, projects or clients and must prepare a written notice of their assessment of the level of reputational risk.

Risk quantification procedures and methodologies

Societe Generale has been authorised by its supervisory authorities to calculate its capital requirements:

- for credit risk by using the internal ratings-based approach (IRB method) for most of its exposures to credit risk.

Only selected activities and exposures currently use the standard approach, and they have a limited impact on the Group's regulatory capital.

The system for monitoring rating models is operational, as required by Basel 2. This system is described in detail in Chapter 9 of this Registration Document.

- for market risk by using internal models (VaR – Value at Risk, Stressed VaR, IRC – Incremental Risk Charge and CRM – Comprehensive Risk Measure).

These models cover almost all of the transactions involved. Only some transactions are still calculated using the standard method. Over the last several years, the Group has completed significant projects to improve its calculation system, which have been approved by the French Prudential Supervisory Authority (ACP).

- for counterparty risk on market transactions by using the internal model since 2012 to calculate the EEPE (Effective Expected Positive Exposure) indicator. This new method is used for approximately 90% of transactions. The Group uses the marked-to-market valuation method for the rest of these transactions.
- for operational risks by using the Advanced Measurement Approach (AMA).

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

THE PLAYERS INVOLVED IN RISK MANAGEMENT AND CONTROL

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

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

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

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

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

THE ROLE OF THE BOARD OF DIRECTORS' AUDIT, INTERNAL CONTROL AND RISK COMMITTEE(1)

This Committee's mission is to monitor issues concerning the production and control of accounting and financial information, and to monitor the efficiency of the internal control and risk assessment, monitoring and management systems.

It is particularly in charge of:

- ensuring monitoring of the process for drawing up financial information, particularly examining the quality and reliability of the systems in place and making suggestions for their improvement, and verifying that corrective actions have been implemented if faults are found in the procedure;
- analysing the draft financial statements to be submitted to the Board in order, in particular, to verify the clarity of the information provided and to offer an assessment of the relevance and consistency of the accounting methods used to draw up parent company and consolidated financial statements;
- ensuring the independence of Statutory Auditors, in particular by reviewing the breakdown of the fees paid by the Group to them as well as to the network to which they may belong and through prior approval of all assignments that do not fall within the framework of a statutory audit of accounts, but which may be the consequence of, or a supplement to, the same, all other assignments being prohibited; implementing the procedure for selecting the Statutory Auditors and submitting an opinion to the Board of Directors concerning the appointment or renewal of such as well as their remuneration;
- examining the work programme of the Statutory Auditors and more generally ensuring the supervision of account monitoring by the Statutory Auditors;
- offering an assessment of the quality of internal control, in particular the consistency of risk assessment, monitoring and management systems, and proposing additional actions where appropriate. To this end, the Committee is responsible primarily for:
  - reviewing the Group's internal audit programme and the Annual Report on Internal Control drawn up in accordance with banking regulations, as well as formulating an opinion on the organisation and operation of the internal control departments;
  - reviewing the follow-up letters sent by the French Banking Commission (Commission bancaire) and issuing an opinion on draft responses to these letters;
  - examining the market risk and structural interest rate risk control procedures and being consulted about setting risk limits;
  - formulating an opinion on the Group's global provisioning policy, as well as on specific provisions relating to large sums;
  - examining the annual risk assessment and control procedures report in accordance with the French banking regulations;
  - reviewing the policy concerning risk management and off-balance sheet commitment monitoring, in particular in the light of memoranda drafted to this end by the Finance Division, the Risk Division and the Statutory Auditors.

Aside from the persons referred to in Article 6, the Committee may interview, under conditions it shall establish, the Statutory Auditors and the managers in charge of drawing up financial statements, internal control, risk management, compliance and internal audits. The Statutory Auditors shall be invited to the meetings of the Audit, Internal Control and Risk Committee unless the Committee decides otherwise.

The Committee met 8 times in 2012.

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

(1) The Internal Rules of the Board of Directors are available on page 456 of the Registration Document.

In June 2012, on request from the Committee's Chairman, the Group's General Inspection reviewed the Committee's operating conditions, and issued recommendations aiming at improving the Committee's efficiency. Most of these recommendations have been accepted by the Committee and will be implemented in 2013.

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

- the Risk Committee, which met 16 times in 2012, discusses the Group's risk strategy, particularly management of the different risks (credit, country, market and operational risks) as well as the structure and implementation of the risk monitoring system. The Group also has a Large Exposures Committee, which focuses on reviewing large individual exposures;
- the Finance Committee, which, as part of its oversight of the Group's financial policy, validates the structural risk monitoring and control system and reviews changes in the Group's structural risks through reports consolidated by the Finance Division;
- the Internal Control Coordination Committee (ICCC), which manages the consistency and effectiveness of the internal control mechanism as a whole.

Under the authority of General Management, the Group's Corporate Divisions, which are independent from the core businesses, contribute to the management and internal control of risks

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

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

- The Risk Division which main responsibility is to contribute to developing the activities and profitability of the Group by working with the core businesses to define the Group's risk appetite (broken down among the Group's various businesses), as well as establishing a system for managing and monitoring risks. In exercising its functions, the Risk Division reconciles independence from and close cooperation with the core businesses, these being responsible first and foremost for the transactions they initiate.

  Accordingly, the Risk Division is responsible for:

  - ensuring hierarchical and functional supervision of the Group's Risk structure; to this end, the Head of Risk Management is responsible for the Group's Risk function as defined by Regulation No. 97-02 of the French Banking and Financial Regulation Committee (CRBF), as amended by the decree of January 19, 2010;
  - identifying all Group risks;
  - putting into practice a governance and monitoring system for these risks, including cross-business risks, and submitting regular reports on their nature and their extent to the General Management, the Board of Directors and the supervisory authorities;
  - contributing to the definition of risk policies, in light of business objectives and corresponding risk factors;
  - defining or validating the methods and procedure used to analyse, assess, approve and monitor risks;
  - validating transactions and limits proposed by the business managers;
  - defining the risk monitoring information system, and ensuring its suitability for the needs of the businesses and its consistency with the Group's information system.

RISK RELATED TO NEW PRODUTCS AND ACTIVITIES

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

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

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

Throughout the whole Group, 452 New Product Committee meetings were held during 2012.

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

Reporting to the Group Chief Financial Officer, the ALM Risk Monitoring Department (liquidity, interest rate and exchange rate risk) is also functionally supervised by the Head of the Risk Division, to whom it gives a summary of its activity and who validates its work plan jointly with the Chief Financial Officer. It is included in the governance of the Group's risk structure as defined by Regulation No. 97-02 of the French Banking and Financial Regulation Committee (CRBF). Furthermore, several Risk Division departments are involved on various levels in supervising ALM risks (reviewing models related to market activities, contributing to validating all of the Group's liquidity models, giving opinions on limits set by liquidity indicators, and monitoring potential limit overruns as part of escalation procedures). Their actions are coordinated by the cross-business risk monitoring department for the Head of the Risk Division;

- the Finance Departments of the core businesses, which are hierarchically attached to the managers of the core businesses and functionally attached to the Group Finance Division. They make sure that accounts are prepared correctly at the local level and control the quality of the information in the consolidated financial reports submitted to the Group;
- the Group Compliance Division, which reports to the Corporate Secretary, who is also Head of Compliance, ensures that all laws, rules and ethical principles applicable to the Group's banking and investment activities are compliant with. It also provides reputational risk protection;
- the Group Legal Department, which reports to the Corporate Secretary, monitors the security and legal compliance of the Group's activities in collaboration with the legal departments of its subsidiaries and branches;
- the Group Tax Department, which reports to the Corporate Secretary, monitors compliance with all applicable tax laws;
- the Group Human Resources Division, which notably monitors the implementation of compensation policies;
- the Group Corporate Resources Division, which is specifically responsible for information system security;
- the Group Internal Audit Division, which is in charge of internal audits, under the authority of the Head of Group Internal Audit.

INTERNAL CONTROL

Framework

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

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

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

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

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

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

THE INTERNAL CONTROL SYSTEM IS BASED ON FOUR KEY PRINCIPLES

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

Its predominant features are:

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

INTERNAL CONTROL IS BASED ON A BODY OF STANDARDS AND PROCEDURES

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

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

The Normative Documentation primarily includes:

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

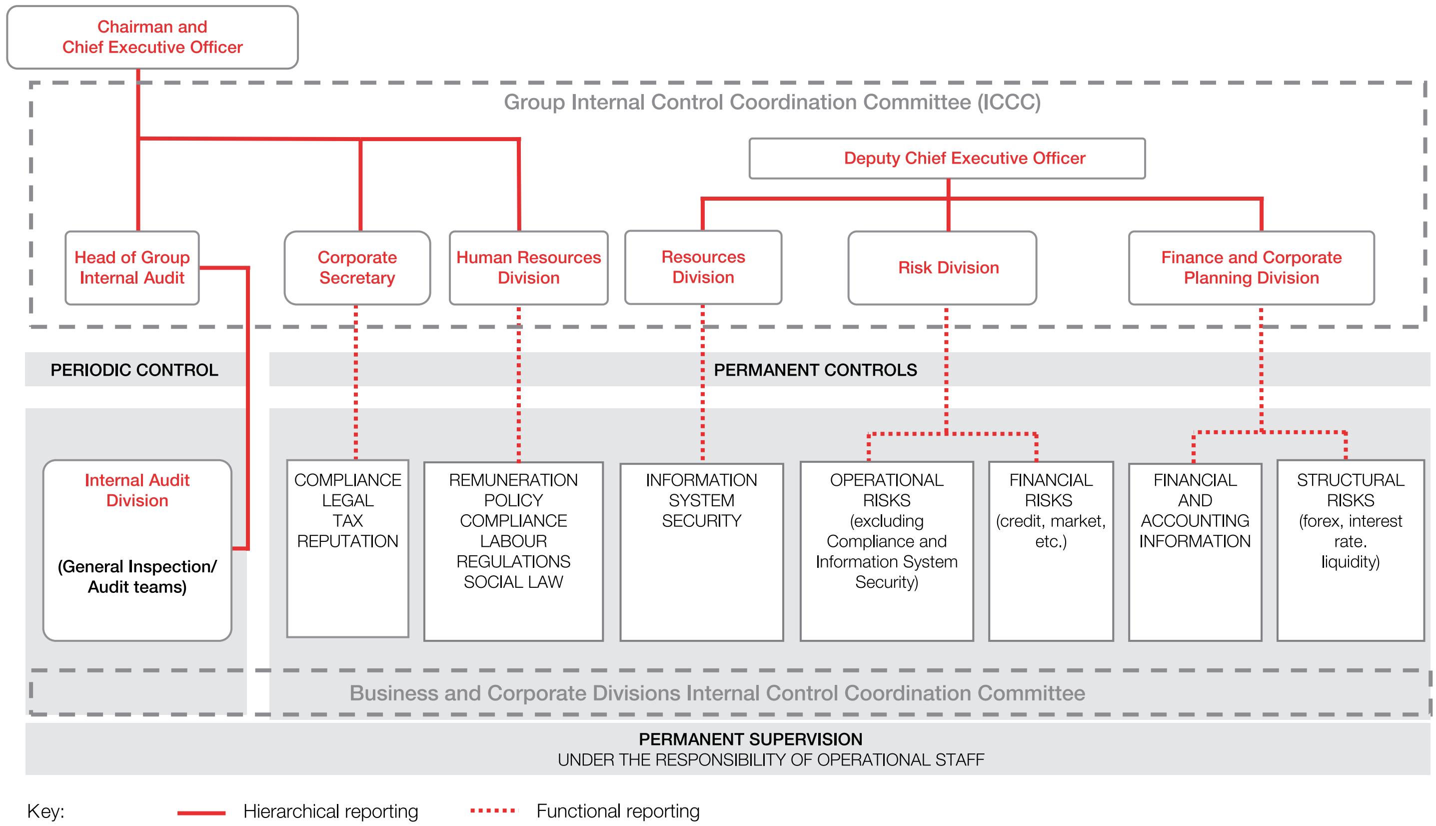
The Normative Documentation has force of law within the Group. It falls under the responsibility of the Group Corporate Secretary, who serves as Group Head of Compliance vis-à-vis supervisory bodies in France and abroad.

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

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

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

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



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

THE GROUP INTERNAL CONTROL COORDINATION COMMITTEE MET 11 TIMES IN 2012.

The Committee reviewed the risk control and management system of all of the Group core businesses and Corporate Divisions. Moreover, the Committee addressed the following issues in 2012:

- control of outsourced essential services;
- preventive actions and detection of information leakage;
- control of market abuse risk;
- management of conflicts of interest;
- control of settlement risk;
- project risk management;
- compliance with “know your customer” obligations and review of compliance controls on client protection regulations;
- monitor obligations with respect to the disclosure of the shareholding threshold crossing;
- compliance with embargos and sanctions regulations.

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

Permanent control

Permanent control comprises:

- permanent supervision, which is the responsibility of operational staff and their managers, and the coordination of which is performed by the Operational Risk Department of the Risk Division. The permanent supervision system itself is supplemented by numerous other operational controls (for example, automated controls in IT processing chains, organisational controls implementing the segregation of functions within the structure, etc.);
- Level 2 control function, a combined system including hierarchic controls performed at the appropriate level, and transversal controls performed by corporate functions, each of them dedicated to one type of risk (or, in the case of Crédit du Nord, by a dedicated permanent control staff);
- governance specific to certain types of risks, which notably draws on dedicated Group-level committees, enabling regular reviews at the appropriate managerial level to be carried out.

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

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

- day-to-day security: all operational staff are required to perform operational controls planned in the procedures, in order to monitor the compliance with the applicable rules and procedures governing all transactions carried out;
- formal supervision: Management is required to make regular checks using written procedures to verify that staff are complying with the rules and procedures for processing transactions and for ensuring effective day-to-day security by performing operational controls.

To achieve this, operating methods are formally defined and transmitted to all staff.

AT THE SAME TIME, THE CORPORATE DIVISIONS, WITH THE SUPPORT OF THE FUNCTIONS UNDER THEIR RESPONSIBILITY, CONTRIBUTE TO THE PERMANENT CONTROL OF THE GROUP'S TRANSACTIONS

The Risk Division, with agents in the Group's core businesses and subsidiaries, is responsible for implementing the credit, market and operational risk control system and ensuring risks are monitored in a consistent fashion across the Group.

According to the latest voluntary census (at the end of December 2012), Group Risk function dedicated to risk management and permanent control was staffed by around 4,900 people* (including 915 within the Group Risk Division itself at the end of December 2012).

*measured in full-time equivalent (FTE).

The work of the Risk Division is described in detail in the Chapter 9 of the Registration Document on page 187.

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

The system for management, monitoring and communication related to information system security and risks is coordinated at the Group level by the Head of Information System Security and Operational Risk Management. This system has been rolled out within each of the core businesses, business lines and entities. At the operating level, the Group has a CERT (Computer Emergency Response Team) that manages incidents, monitors developments in information system security and combats cybercrime using a multitude of information and supervision sources both internal and external to the Group.

The information system risk management and security system is governed by the "Strategic Security Initiatives" validated by General Management and all businesses which are part of the Corporate Divisions Supervisory Committee. It is regularly updated to keep up with technological developments, new threats (such as targeted attacks) or new applications (for example, cloud computing).

In 2012, the Group closed the deployment of Information Risk Assessment for every business lines, identified the most sensible applications/assets (90 identified applications), organized a programme to fight against cybercrime, published security standards for new subjects (eg security in projects, security in IT developments), deployed a worldwide awareness programme for the employees ("week of security", meetings…), and deployed some programmes that aim to limit specific risks for some businesses.

The Group security action plan (2008-2012), which specifies major strategic guidelines for security will be updated in 2013 to integrate the new threats (such as cybercrime), new IT practices (such as opening of IT systems, outsourcing and cloud computing), at last new technologies (such as pads and smartphones).

Within the Group Finance Division, the Balance Sheet Management and Financing Department is responsible for defining principles and approving Group standards governing structural interest rate risks (maturity standards, risk monitoring indicators and tools) to be applied by all entities included in the Group's scope of consolidation.

The organisational structure for Level 1 and Level 2 controls was formally defined jointly by the Balance Sheet Management Department and the Finance Departments of the core businesses. These documents describe the responsibilities of different players for a given process.

The entities' Finance Departments are responsible for controlling structural risk. Structural risk managers are in charge of drafting quarterly reports and carrying out Level 1 controls before publishing them.

The Balance Sheet Management Department performs Level 2 structural risk controls at entities, and consolidates Group entity positions.

The Group's Corporate Secretary is responsible for monitoring Group compliance. He also ensures Group legal and tax security and compliance.

He is assisted in these tasks by:

- **the Compliance Department**, which verifies that all laws, regulations and ethical principles applicable to the Group's banking and investment services activities are observed, and that all staff respect codes of good conduct and individual compliance. To do so, it coordinates the compliance function. It also monitors the prevention of reputational risk.

Established in February 2011, the Compliance Department dedicated its first full year of operation to building the compliance function by relying on a coordinated network of compliance officers covering all of the Group's entities, to providing the function with a consistent framework of standards, to raising awareness and training its participants in preventing non compliance risks and to starting the deployment of standard checks in the whole Group for major non-compliance risks;

- **the Group Compliance Committee**, which meets monthly and includes the Compliance officers from core businesses and Corporate Divisions, as well as the heads of Internal Control Coordination, Internal Audit, the Operational Risk Department and the Legal Department. The Committee examines current compliance issues, keeps up to date with the major changes in regulation and makes sure that compliance discrepancies, reported in accordance with the collecting procedure in the whole Group, are covered by appropriate corrective actions;
- **the Legal and Tax Departments**, which monitor the legal and tax compliance and security of all of the Group's activities.

These Corporate Divisions are represented by local staff within each operating entity and, in certain subsidiaries and branches, by departments exercising the same type of function. The Corporate Division teams are responsible for compliance monitoring and training as well as for the distribution of relevant information throughout the Group.

Internal audit

The Internal Audit Division comprises, under the authority of the Head of Group Internal audit, all internal audit teams, whose main purpose is to adopt an objective, thorough and impartial approach to verify the compliance of operations, the level of risk effectively incurred, the proper application of procedures, and the effectiveness and relevance of the permanent control system.

The Group's internal audit system is permanent and independent of the Group's operating entities. It covers all Group entities and activities and may focus on any aspect of their operation, without restriction.

Each Internal Audit Department regularly identifies the areas of risk to which its core business is exposed. It then defines an annual schedule of audits to make sure that the exposure is covered in full. The internal audit teams then put forward recommendations based on their findings, and follow these up to check that they are implemented correctly.

Given the risks at stake, the Group's internal audit teams are provided with the requisite resources, from both a qualitative and quantitative point of view, to carry out their functions effectively.

The Group's internal audit departments comprise some 1,450 members of staff. The system is made up of:

- **the Internal Audit teams**, which report to the Head of Group Internal Audit and functionally depend on the heads of the core businesses and Corporate Divisions;
- **the General Inspection department**.

The Internal Audit Division has a matrix-based structure, with:

- **a regional scope (primary):** the auditable scope is divided into three regions, ensuring full coverage of their geographical scope, regardless of the type of activity performed;
- **a business scope (secondary)**: each head of a core business, Corporate Division or business line, has been appointed a single Auditor, whose role is to ensure the proper coverage of the relevant scope, meet the requests of the relevant operational manager, who must be kept informed of the progress made in the implementation of recommendations within the scope.

- **The Internal Audit Division also has specialised audit teams**: an accounting audit team, legal audit team, tax audit team, IT infrastructure and security audit team and modelled risks audit team. The specialised audit teams provide expertise to support the general audit teams. They may also carry out independent assignments based on their areas of specialisation. The specialised audit teams are not responsible for covering a given scope, with the exception of the IT infrastructure and security audit team.
- **The General Inspection department audits** all aspects of the business activities and operations of entities within the Group. It reports its findings, conclusions and recommendations to the General Management. The department's activity is defined by an audit plan validated annually by General Management, and covers all Group entities without exception. In the course of its assignments, it makes a certain number of recommendations, the implementation of which is monitored on a quarterly basis by the Group Executive Committee.

AUDIT COMMITTEES

The Audit Committees, comprising auditors and operational managers, meet at least once a year to examine the Internal Audit operating conditions and activity. They mainly address the assignments carried out over the course of the year, the audit plan for the subsequent year, and the implementation of recommendations.

As part of his role, the Head of Group Internal Audit is required to meet regularly with the Audit, Internal Control and Risk Committee of the Board of Directors. During these meetings, he presents the internal audit section of the Annual Report on the internal control system, as specified in article 42 of amended French Banking and Financial Regulation Committee (CRBF) regulation No. 97-02, as well as the most important recommendations which are behind schedule. The Audit, Internal Control and Risk Committee examines the Group annual internal audit plan and comments on the organisation and operations of the internal audit department.

The Head of Group Internal Audit also maintains regular, organised contact with the Statutory Auditors and representatives of the supervisory authorities.

CONTROL OF THE PRODUCTION AND PUBLICATION OF FINANCIAL AND MANAGEMENT INFORMATION

The players involved

There are many participants in the production of financial data:

- the Board of Directors' **Audit, Internal Control and Risk Committee** has the task of examining the draft financial statements which are to be submitted to the Board, as well as verifying the conditions under which they were prepared and ensuring not only the relevance but also the consistency of the accounting principles and methods applied. The Statutory Auditors meet with the Audit, Internal Control and Risk Committee during the course of their assignment;
- **the Group Finance Division** gathers all accounting and management data compiled by the subsidiaries and core businesses in a series of standardised reports. It consolidates and verifies this information so that it can be used in the overall management of the Group and disclosed to third parties (supervisory bodies, investors, etc.);
- **the Finance Departments of subsidiaries and core businesses** carry out Level 2 controls on the accounting data and entries booked by the back offices and on the management data submitted by the front offices. They compile the financial statements and regulatory information required at the local level and submit reports (accounting data, finance control, regulatory reports, etc.) to the Group Finance Division. Within the Finance Department of Corporate and Investment Banking, the Market Product Control (MPC) is more specifically responsible for guaranteeing, independently of the businesses, the production and validation of market activities of Corporate and Investment Banking's income statement and balance sheet. In particular, it is in charge of validating the valuations of the financial instruments traded and the reconciliation of the economic results produced by the front office with the accounting results produced by the back office;
- the Risk Division **consolidates the risk monitoring data** from the Group's core businesses and subsidiaries in order to control credit, market and operational risks. This information is used in Group communications to the Group's governing bodies and to third parties. Furthermore, in collaboration with the Group Finance Division, it is responsible for the Basel 2 approval process, including producing solvency ratios;
- **the back office** is responsible for all support functions relating to transactions carried out by the front offices. It checks that financial transactions are economically justified, records transactions and manages means of payment.

Beyond consolidating accounting and financial information as described above, the Group Finance Division is charged with significant control responsibilities: it monitors the financial aspects of the Group's capital transactions and its financial structure, manages its assets and liabilities, and consequently defines, manages and controls the Group's financial position and structural risks. Furthermore, it ensures that the regulatory financial ratios are respected, defines accounting standards, frameworks, principles and procedures for the Group, ensures they are observed and verifies the accuracy of all financial and accounting data published by the Group.

Accounting standards

Local financial statements are drawn up in accordance with local accounting standards, and the consolidated Group financial statements are prepared in accordance with the standards defined by the Group Finance Division, which are based on IFRS as adopted by the European Union. The Group Finance Division has its own standards unit, which monitors the applicable regulations and drafts new internal standards to comply with any changes in the regulatory framework.

Procedures for producing financial and accounting data

Each entity within the Group prepares its own accounting and management statements on a monthly basis. This information is then consolidated each month at the Group level and published for the markets on a quarterly basis. Data reported are subject to analytical reviews and consistency checks performed by core business Finance Departments and sent to the Group Finance Division. The Group Finance Division transmits the consolidated financial statements, management reports and regulatory statements to General Management and any interested third parties.

In practice, procedures have been tailored to the growing complexity of products and regulations. Moreover, specific action plans can be implemented where necessary.

Internal control procedures governing the production of financial and accounting data

ACCOUNTING DATA ARE COMPILED INDEPENDENTLY OF THE FRONT OFFICES

Accounting and management data are compiled by the back and middle offices and product control teams independently of the sales teams, thereby guaranteeing that information is both accurate and objective. These teams carry out a series of controls defined by Group procedures on financial and accounting data:

- daily verification of the economic justification of all of the reported information;
- reconciliation, within the specified deadlines, of accounting and management data using specific procedures.

Given the increasing complexity of the Group's financial activities and organisation, staff training and IT tools are upgraded on a permanent basis to make sure the production and verification of accounting and management data are effective and reliable.

SCOPE OF CONTROL

In practice, the internal control procedures implemented in the Group's businesses are designed to guarantee the quality of financial and accounting information, and notably to:

- ensure that the transactions entered in the Group's accounts are exhaustive and accurate;
- validate the valuation methods used for certain transactions;
- ensure that transactions are correctly assigned to the corresponding fiscal period and recorded in the accounts in accordance with the applicable accounting regulations, and that the accounting aggregates used to prepare the Group financial statements are compliant with the regulations in force;
- ensure the inclusion of all entities that must be consolidated in accordance with Group regulations;
- check that the operational risks associated with the production and transmission of accounting data through the IT system are correctly controlled, that the necessary adjustments are accurately performed, that the reconciliation of accounting and management data is satisfactory, and that the flows of cash payments and other items generated by transactions are exhaustive and adequate.

LEVEL 2 CONTROL BY THE FINANCE DEPARTMENTS OF CORE BUSINESSES

The Finance Department of each subsidiary verifies the accuracy and consistency of the financial statements with respect to the relevant accounting frameworks (local standards and IFRS for subsidiaries as well as French standards for branches). It performs Level 1 and 2 controls to guarantee the accuracy of disclosed information.

The data received for consolidation from each subsidiary are supplied from corporate accounting data by the subsidiaries, after they are locally brought into compliance with Group accounting principles. Each subsidiary must be able to explain the transition from the parent company financial statements to the financial statements reported through the consolidation tool.

The consolidated data are subject to a Level 2 control by the core business Finance Departments, including analytical reviews, consistency checks and reviews of specific issues. The conclusions drawn from this work are transmitted in a summary report submitted every quarter to the Group Finance Division.

SUPERVISION BY THE GROUP FINANCE DIVISION

Once the statements produced by the various entities have been restated according to Group standards, they are entered into a central database and processed to produce the consolidated statements.

The department in charge of consolidation checks that the consolidation scope is compliant with the applicable accounting standards and performs multiple checks on data received for consolidation. These checks include confirming that gathered data is properly aggregated, verification of recurrent and non-recurrent consolidation entries, exhaustive treatment of critical points in the consolidation process, and treatment of any residual differences in reciprocal/intercompany accounts. Ultimately, the department ensures the overall consolidation process was correct by carrying out analytical reviews of the summary data and checking the consistency of the main aggregates in the financial statements. Changes in shareholders' equity, goodwill, provisions and any deferred taxes consolidated in the fiscal year in question are also analysed.

The Group Finance Division also has a team dedicated to accounting supervision. This team performs controls to ensure that Group accounting standards are correctly applied by taking part in acquisitions or in audits of accounting data on specific issues to verify the consistency of accounting treatment at the cross-business level. Since 2011, this team has also been in charge of organising and coordinating the roll-out of the permanent accounting control certification system.

The accounting audit system

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

The operational staff monitor their activities via a permanent supervision process, under the direct responsibility of their management teams, repeatedly verifying the quality of the controls carried out on accounting data and the associated accounting treatment.

CONTROLS BY THE GENERAL AUDIT TEAMS AND THE ACCOUNTING AUDIT TEAM OF THE INTERNAL AUDIT DIVISION

In the course of their assignments, the general audit teams verify the quality of the accounting and management data produced by the audited entities. They check certain accounts, assess the reconciliations between accounting and management data, and the quality of the permanent supervision procedures for the production and control of accounting data. They also identify any areas where manual processing may be required to make up for gaps in the IT tools and which therefore need to be closely checked.

The Accounting Audit Team is mainly responsible for:

- providing its expertise in identifying the Group's main accounting risks;
- carrying out audits to verify the proper application of the Group's accounting standards in areas deemed to be the most significant for the accuracy of the Group's accounting information;
- undertaking training initiatives and creating methodologies to help disseminate expertise in the auditing of accounting risks to the general audit teams and the General Inspection department.

The departments then issue recommendations to the parties involved in the production and control of accounting, financial and management data in order to improve this process through more specific initiatives aimed at particular entities or activities.

CONTROLS CARRIED OUT BY THE GENERAL INSPECTION DEPARTMENT

The Group General Inspection department generally carries out accounting audits as part of its assignments, but also conducts specific audits to check the quality of the controls carried out by the staff responsible for producing accounting, financial and management data.

HIGHLIGHTS OF THE YEAR AND DEVELOPMENTS UNDERWAY

Library of Normative Controls

As part of the reinforcing of its permanent control, the Group set up in 2012 a Library of Normative Controls designed to structure and standardise the controls performed within the Core Businesses and the Corporate Divisions, and provide a consolidated view of the Group's operational risks.

The Library of Normative Controls is composed of a reference framework of around 400 key controls, including 110 major controls, which represent control objectives defined for each broad functional area: compliance, risks (market, credit, operational), accounting, tax, legal function, human resources, information system security, purchasing and communication.

Since the third quarter of 2012, work has been done to bring the Permanent Supervision controls into line with these key controls within the various business lines and the Corporate Divisions. This work is enabling the streamlining of the Permanent Supervision controls by focusing them on major risks.

The results of these controls will be presented in a quarterly report, notably highlighting the main anomalies encountered. The major key accounting controls are also covered by a "cascading" certification process.

The Library of Normative Controls and the Permanent Supervision system will ultimately be managed through a single Group tool, a test version of which was delivered in 2012.

Group risk mapping

Within the Group's global risk mapping, significant progress was made in 2012 in operational and compliance risk mapping:

- a mapping process was defined for the information systems' IT and security operational risks and then adapted to almost all of the Core Businesses, Corporate Divisions and IT Service Centres; this mapping is based on the ISO 27002 and Cobit standards, which are international references in this area;
- compliance risk mapping was rolled out at the main Corporate and Investment Banking sites; 210 employees in 23 countries have already been trained to develop this mapping, which covers 84 types of risk and a total of 12,600 regulatory articles;
- the tax risk mapping exercise, initiated in France in 2011 (monitoring of tax returns and of the amounts paid, identification and measurement of tax risks and of the means to reduce them) was extended to the Société Générale entities in London and Milan, It is being progressively deployed in the whole of the Group;
- the "cascading" certification method for the controls included in the accounting statement preparation process and the anomalies detected now covers 98 Group entities (vs. 81 at the end of 2011), in other words 92% of the total consolidated assets.

These initiatives have enabled the defining of proactive action plans appropriate to the risks identified or confirmed by this mapping.

Consolidation of the Risk function's hierarchy

The Risk function's hierarchy continued to be consolidated in 2012. In International Retail Banking, the Chief Risk Officers for seven new entities (Algeria, Morocco, Tunisia, Croatia, Slovenia, Bulgaria and Serbia) report hierarchically to the Group Risk Division. The Group Risk Division's direct responsibility for Chief Risk Officers at subsidiaries now extends to International Retail Banking's 11 major entities.

As for Specialised Financial Services, four hierarchical reporting lines, for both SG Equipment Finance and SG Consumer Finance, were also established.

This initiative will continue for BHFM and DSFS in 2013. It will be accompanied by many initiatives intended to organise the function.

Very close vigilance in period of transformation

At SG CIB, the staff reduction following the "Plan de Sauvegarde de l'Emploi" (PSE) in France as well as the resizing of offices abroad lead to the implementation of a specific follow-up plan in order to verify that the operational risks of the activities, in particular those related to production (transactions recording, confirmation and valuation, events processing, breaks cleaning…), remained completely under control. A very detailed monitoring of the staff evolution was set up to ensure that every team kept, at any time, sufficient resources, with the appropriate level of expertise and seniority, to perform its tasks in a safe manner. This follow-up also included a close monitoring by Senior Management of the quality and risk indicators of every department.

In spite of this delicate period, all these monitoring measures resulted in a positive outcome as no significant operational incident was recorded at SG CIB in 2012.

Risk reputation dashboard

This dashboard, built on factual data (e.g. the numbers of recorded clients' complaints and their nature) and on the perception indicators gathered (e.g. media and internet buzz or rumours), allows us to evaluate the Group's reputation and its evolution vis-à-vis the different stakeholders (clients, external providers, media, general public, NGO) and thus contributes to the monitoring of one of the major risks facing any financial institution.

Compiled current 2011, this dashboard has been updated and distributed quarterly since early 2012 to all members of COMEX and twice a year to CACIR members (the SG Audit, Internal Control and Risk committee of the Board of Directors).

REMUNERATION OF GROUP SENIOR MANAGEMENT

REMUNERATION OF CHIEF EXECUTIVE OFFICERS

Remuneration principles

The compensation of Chief Executive Officers complies with the European Capital Requirements Directive (CRD3) of November 24, 2010, implementing decisions made during the Pittsburgh G20 summit of September 2009 and transposed into French law by the ministerial decree of December 13, 2010. Its principles took effect as of January 1, 2011. Moreover, Societe Generale applies the recommendations and principles of the AFEP-MEDEF Corporate Governance Code. In keeping with these principles, the compensation of Chief Executive Officers is determined by the Board of Directors and is based on the proposal of the Compensation Committee, which meets several times a year to discuss it.

In addition to complying with regulations, the Board of Directors sets remuneration principles by taking into account the business environment and competitive climate. The remuneration policy for Chief Executive Officers is broken down into three components:

- **Fixed compensation** rewards experience and responsibilities and takes into account market practices;
- **Annual variable compensation** rewards performances achieved during the year and the contribution of Chief Executive Officers to the success of the Societe Generale Group. This component is broken down into two sub-components:
  - a quantitative portion (which accounts for a maximum of 60% of the annual performance-linked compensation), based on the achievement of objectives linked to the Group's annual intrinsic performance. The results do not include solely accounting-based results linked to the revaluation of the Group's own financial liabilities or credit portfolio hedging. This performance is based on financial indicators according to the Group's budget targets. For Deputy Chief Executive Officers, these targets also take into account their scope of supervision;
  - a qualitative component (capped at a maximum of 40% of annual variable remuneration) based on the achievement of key objectives underpinning the success of the company's strategy and set at the beginning of the financial year.

  The rules for determining out variable remuneration combine short-term and long-term horizons with payments in cash and in shares (or equivalents). These rules establish a structure where the variable compensation is highly uncertain and linked primarily to the progress of the Societe Generale share. This approach aims to ensure sound risk management over the long term while aligning Chief Executive Officers with shareholders' interests.

  The variable compensation paid to the Chairman and Chief Executive Officer and Deputy Chief Executive Officers is reduced by the amount of any attendance fees they may receive, both from Societe Generale Group companies and companies outside the Group of which they are Directors. The Chairman and Chief Executive Officer does not hold any other term of office, and does not receive any attendance fees.

  In compliance with the AFEP-MEDEF Corporate Governance Code, it is capped as a percentage of annual fixed remuneration: 150% for Frédéric Oudéa and 120% for the Deputy Chief Executive Officers.
- **Long-term incentives** aim at ensuring that Chief Executives Officers are aligned with the interests of shareholders and providing incentive to deliver long-term performance. Pursuant to CRD3 Directive and the AFEP-MEDEF Corporate Governance Code, its vesting depends on the Group's long-term performance.

The Chief Executive Officers have received no stock options since 2010.

Individual remuneration

The standardised presentation of the remuneration of Chief Executive Officers is given on pages 123 to 128.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The fixed salary of Frédéric Oudéa was revised on January 1, 2011 for the first time since his appointment as Chairman and Chief Executive Officer in May 2009. It remains unchanged in 2013 at EUR 1,000,000 per year.

The variable compensation of Frédéric Oudéa for the 2012 fiscal year will be approved by the Board of Directors in March 2013 and will be published on Societe Generale's corporate website, in accordance with the AFEP-MEDEF Code.

As regards the variable compensation granted for the 2011 fiscal year and determined by the Board of Directors in March 2012:

- the quantitative portion was measured based on the achievement of Group targets for 2011 in terms of earnings per share and gross operating income;
- the qualitative portion was evaluated in relation to specific predefined targets covering different areas such as strategy, human resources management, performance management, the Group's Ambition SG 2015 transformation plan, and Corporate and Social Responsibility.

The gross annual variable compensation paid to Frédéric Oudéa for the 2011 fiscal year totaled EUR 682,770, down 43% compared to the 2010 fiscal year.

In accordance with the standards applicable to banks' senior management (European Directive CRD3), the Board of Directors laid down the vesting and payment conditions pertaining to annual variable compensation as follows:

- a vested portion paid in March 2012, representing 40% of the total amount granted;
- a non-vested portion in shares or equivalents; the final amount of this portion depends on the achievement of targets in terms of capital level and the value of the Societe Generale share at the end of a 3.5-year period.

At the proposal of Frédéric Oudéa, on behalf of all the Chief Executive Officers, no cash payments were made in 2012 in respect of 2011 annual variable compensation. The amount representing the vested portion was converted into a number of shares or equivalents transferable in one year. As a result, Mr. Oudéa's annual variable compensation will be deferred and will consist entirely of shares or equivalents transferable over 3.5 years (2013, 2014 and 2015).

This decision was made in order to fully take into consideration the suspension of a dividend payout in respect of the 2011 fiscal year and to align the perception of the variable compensation awarded to Chief Executive Officers with the projected results of the Group transformation plan initiated two years ago.

Additional remuneration was granted to Frédéric Oudéa to compensate for the loss of benefits from the supplementary pension plan to which he was entitled as a salaried manager of Societe Generale. Mr. Oudéa lost these benefits when he was appointed Chairman and Chief Executive Officer and terminated his employment contract, in accordance with the principle against combining an employment contract with a corporate office. This additional compensation, subject to income tax and social security contributions, amounts to EUR 300,000 per year. It is paid monthly in addition to his fixed salary, but is not included in the calculation of his annual variable compensation.

DEPUTY CHIEF EXECUTIVE OFFICERS

The fixed salaries of the Deputy Chief Executive Officers were set at EUR 650,000 for Messrs. Cabannes and Sammarcelli and at EUR 700,000 for Mr. Sanchez Incera in March 2011 when their terms of office were renewed. These salaries remain unchanged in 2013.

The variable compensation awarded to the Deputy Chief Executive officers for the 2012 fiscal year will be set by the Board of Directors in March 2013 and will be published on Societe Generale's corporate website.

In accordance with the provisions previously defined by the Board of Directors, the quantitative portion of the annual variable remuneration was assessed based on:

- the achievement of the Group's budget targets in terms of earnings per share and gross operating income;
- the achievement of budget targets in terms of gross operating income and Group net income before tax for each Deputy Chief Executive Officer's scope of supervision. The quantitative portion of the variable compensation granted to Mr. Cabannes also included a target in terms of the Group's cost/income ratio.

The qualitative component was assessed by the Board of Directors based on the achievement of specific predefined targets for each Deputy Chief Executive Officer, in line with those set for the Chairman and Chief Executive Officer.

Gross annual variable compensation for the 2011 fiscal year amounted to EUR 310,144 for Mr. Cabannes, EUR 487,937 for Mr. Sammarcelli and EUR 391,440 for Mr. Sanchez Incera.

The payment conditions for variable compensation are set by the Board of Directors in compliance with the applicable standards. As with the Chairman and Chief Executive Officer, the variable compensation awarded to the Deputy Chief Executive Officers for the 2011 fiscal year has been deferred in its entirety and consists exclusively of shares or equivalents transferable over 3.5 years.

HISTORY OF VARIABLE COMPENSATION GRANTED DURING THE YEAR TO THE CHIEF EXECUTIVE OFFICERS

	Gross variable remuneration in previous fiscal years		Gross variable remuneration for fiscal year 2010[2]			Gross variable remuneration for fiscal year 2011	
				o/w component paid in cash			
(In Euros)	2008	2009	Total at grant[1]	*2011*	*2012[2]*	Total at grant[1]	*o/w component paid in cash in 2012[3]*
Mr. Oudéa	0[4]	0[4]	1,196,820	*598,400*	*316,311*	682,770	*0*
Mr. Cabannes	0[5]	320,000	665,281	*332,640*	*129,827*	310,144	*0*
Mr. Sammarcelli		N/A[6]	675,826	*337,920*	*119,994*	487,937	*0*
Mr. Sanchez Incera		N/A[6]	667,662	*333,840*	*127,846*	391,440	*0*

(1) Total calculated on value at grant date.
(2) The annual variable component for FY 2010 can be broken down as follows: 50% in cash paid in March 2011 and 50% in share equivalents valued at EUR 49.20 (average price at grant date), paid in March 2012, with a final value 47% below the grant value.
(3) The annual variable pay for FY 2011 was fully granted in shares or equivalents; no payment was made in March 2012. The first instalment will be paid in March 2013.
(4) Mr. Frédéric Oudéa waived his variable remuneration for fiscal years 2008 and 2009.
(5) Mr. Séverin Cabannes waived his variable remuneration for fiscal year 2008.
(6) Mr. Sammarcelli and Mr. Sanchez Incera were appointed Chief Executive Officers of the Societe Generale Group on January 1, 2010.

Long-term incentive awards for the Chief Executive Officers

The Board decided in May 2012 to involve the Chief Executive Officers more closely in the company's long-term growth and to align their interests with those of shareholders by setting up a conditional long-term incentive plan based on the value of the Societe Generale share over a period of three and four years. This plan will entitle them to receive a number of shares or share equivalents depending on the relative performance of the Societe Generale share, as measured by the increase in Total Shareholder Return (TSR) compared to 11 peer European banks.

Under the 2012 plan, if Societe Generale's TSR is in line with that of its peers at the beginning of 2014 and of 2015, Frédéric Oudéa's award will be paid in two instalments, in March 2015 and March 2016 respectively, with each instalment amounting to 18,750 shares or share equivalents. For the Deputy Chief Executive Officers, each instalment will represent 12,500 shares or share equivalents. If Societe Generale's TSR at the beginning of 2014 and 2015 is significantly lower than that of its peers, no award will be given. The final amount will depend on the actual TSR and the share price.

The book value of each instalment averages EUR 428,906 for Frédéric Oudéa and EUR 285,938 for the Deputy Chief Executive Officers.

The Board of Directors ensured that the 2012 plan complies with the recommendations of the AFEP-MEDEF Corporate Governance Code and the European Capital Requirements Directive (CRD3).

Shareholding and ownership obligations[1]

In 2002, the Board of Directors decided that the Group's Chief Executive Officers must hold a minimum number of Societe Generale shares. In order to comply with AMF recommendations and align the interests of the Executive Officers with those of the business, the Board of Directors increased the required minimum number of shares at its meeting of March 7, 2011, respectively raising it to:

- 80,000 shares for the Chairman and Chief Executive Officer;
- 40,000 shares for the Deputy Chief Executive Officers.

Chief Executive Officers who are also former employees may hold shares directly or indirectly through the Company Savings Plan.

This minimum must be reached by the end of a five-year term of office. Until then, the Chief Executive Officer must keep 50% of the vested shares granted through SG free share plans and all shares resulting from the exercise of stock options, after deducting the cost of exercising said options and the corresponding social security charges and taxes.

(1) AFEP-MEDEF Corporate Governance Code.

In addition, and in accordance with the law, Chief Executive Officers are required to hold a certain percentage of vested shares granted through SG free share plans or resulting from the exercise of stock options in a registered account until the end of their term of office. For free shares, this percentage has been set by the Board at 20% of the vested shares of each grant and, for stock options, at 40% of the capital gains made on exercising the options, net of tax and any other mandatory deductions and minus any capital gains used to finance the vesting of the shares.

The Chief Executive Officers are therefore required to hold a large and increasing number of shares and are prohibited from hedging their shares or options throughout the vesting and holding period.

Each year, the Chief Executive Officers must provide the Board of Directors with the necessary information to ensure that these obligations are met in full.

Post employment benefits

PENSIONS

As Mr. Frédéric Oudéa terminated his employment contract by resigning when he was appointed Chairman and Chief Executive Officer, he no longer enjoys the right to any supplementary pension from Societe Generale.

Supplementary pension plan(1)

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

This plan, closed in 1991, entitled its beneficiaries, upon claiming their pension benefits from French Social Security, to a pension payment equal to a percentage of their pensionable earnings, calculated according to the number of annuities taken into account and capped at 70% of said remuneration in the event of retirement after the legal retirement age set by Social Security. The total amount of the pension is increased for beneficiaries who have raised at least three children, as well as for those who retire after the legal retirement age set by Social Security. The annuities taken into account by virtue of their years of professional service extend as much to their years of service as employees as to their terms of office as Chief Executive Officers. Their base compensation is their last annual fixed salary as an employee. The pension paid by the Company is equal to the difference between the total pension defined above and all other retirement pensions or similar paid by French Social Security as well as any other retirement benefits linked to the salaried status of the beneficiaries. 60% of said pension shall be paid to any surviving spouse in the event of the death of a beneficiary.

At December 31, 2012, Mr. Sammarcelli's pension rights to be covered by Societe Generale amounted to EUR 204,000 per year.

Supplementary pension allocation plan(2)

Mr. Cabannes and Mr. Sanchez Incera retain the benefits of the supplementary pension allocation plan for senior managers which applied to them as employees prior to their appointment as Chief Executive Officers.

This supplementary plan was introduced in 1991. It provides beneficiaries, upon claiming their French Social Security pension, with a total pension equal to the product of the following:

- the average, over the last ten years of their career, of the proportion of fixed salaries exceeding "Tranche B" of the AGIRC pension increased by the performance-linked component limited to 5% of their fixed salary;
- the rate equal to a number of annuities (corresponding to their years of professional service at Societe Generale) divided by 60.

The AGIRC "Tranche C" pension acquired in respect of their professional service at Societe Generale is deducted from this total pension. The supplementary amount covered by Societe Generale is increased for beneficiaries who have raised at least three children, as well as for those who retire after the legal retirement age set by Social Security. It may not be less than one-third of the full-rate service value of the AGIRC "Tranche B" points acquired by the senior manager in question since gaining "Outside Classification" status.

The rights are subject to the employees being employed by the Company upon claiming their pension.

SEVERANCE PAY

The Chairman and Chief Executive Officer is not entitled to severance pay.

Messr. Cabannes, Sammarcelli and Sanchez Incera do not enjoy any provision for compensation in the event they are required to step down from their position as Chief Executive Officer. Although the employment contracts they held prior to their appointment are suspended during their term of office, the compensation provided for in said contracts shall remain due in the event of their unilateral termination, based on the remuneration in force on the date it was suspended.

(1) Related-party agreement with M. Sammarcelli approved at the General Meeting in 2010.
(2) Related-party agreement with M. Cabannes and M. Sanchez Incera approved at the General Meeting in 2009-2010.

NON-COMPETE CLAUSE

In the event Mr. Frédéric Oudéa ceases to hold the office of Chairman and Chief Executive Officer, he is bound by a non-compete clause prohibiting him from accepting a position with a listed insurance company or credit institution either in France or abroad, or with an unlisted credit institution in France. In exchange, he may continue to receive his fixed salary. The parties will, however, be entitled to waive this clause. The non-compete clause is valid for a period of 18 months and compensated in the amount of Mr. Oudéa's fixed salary. The length of the clause is below the 24-month limit recommended by the AFEP-MEDEF Corporate Governance code.

The Deputy Chief Executive Officers are not bound by any non-compete clause.

Other benefits of Chief Executive Officers

The Chief Executive Officers have their own company car and insurance, and enjoy the same benefits in terms of health coverage and death/invalidity insurance as the employees. No other benefit is granted to the Chief Executive Officers.

REMUNERATION OF THE OTHER MEMBERS OF THE EXECUTIVE COMMITTEE WHO ARE NOT CHIEF EXECUTIVE OFFICERS

Remuneration

The remuneration of the other members of the Executive Committee is set by the General Management and reviewed by the Compensation Committee. It is made up of two components:

- a fixed salary, determined according to each member's responsibilities and taking into account market practices;
- variable remuneration, set at the discretion of the General Management, which depends on both the Group's results and the individual's quantitative and qualitative performance over the previous fiscal year. The variable compensation for these senior managers complies with the rules set by the European CRD3 and the ministerial decree of December 13, 2010.

In addition to this remuneration, senior managers are also entitled to the general incentive and profit-sharing schemes established under the Company's collective agreements.

Finally, Executive Committee members have their own company car.

In 2012, remuneration of the other members of the Executive Committee was as follows (in millions of Euros):

(In millions of euros)	Basic salary	Variable remuneration		Total remuneration
		Vested portion in cash (not deferred)	Vested portion in shares or equivalents and non-vested portion	
Other members of the Executive Committee at December 31,2012(1)	3.3	1.5	7.0	11.8

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

Societe Generale shareholding obligations

The minimum number of shares that Executive Committee members are required to hold depends on their average annual total compensation. It set at a minimum of 4,000 shares and a maximum of 80,000 shares, in line with the Chairman and Chief Executive Officer's requirement.

Until the minimum shareholding level is met, senior managers must keep half of their vested shares. Shares may be held directly or indirectly through the Company Savings Plan.

Each year, Executive Committee members must provide the Board with the necessary information to ensure that these obligations are met in full.

STANDARD TABLES IN ACCORDANCE WITH AMF RECOMMENDATIONS

Table 1

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

(In euros)	**2011 fiscal year**	**2012 fiscal year**
Mr. **Frédéric OUDÉA**, Chairman and Chief Executive Officer		
Remuneration due for the fiscal year *(detailed in table 2)*	1,988,695	Unknown
Value of options granted during the fiscal year	0	0
Value of performance shares granted during the fiscal year	497,617[3]	0
Value of shares equivalents granted under a long-term incentive scheme during the fiscal year[2]	0	857,812
Total	**2,486,312**	**Unknown**
Mr. **Séverin CABANNES**, Deputy Chief Executive Officer		
Remuneration due for the fiscal year *(detailed in table 2)*	966,555	Unknown
Value of options granted during the fiscal year	0	0
Value of performance shares granted during the fiscal year	276,613[3]	0
Value of shares equivalents granted under a long-term incentive scheme during the fiscal year[2]	0	571,876
Total	**1,243,168**	**Unknown**
Mr. **Jean-François SAMMARCELLI**, Deputy Chief Executive Officer		
Remuneration due for the fiscal year *(detailed in table 2)*	1,143,973	Unknown
Value of options granted during the fiscal year	0	0
Value of performance shares granted during the fiscal year	281,002	0
Value of shares equivalents granted under a long-term incentive scheme during the fiscal year[2]	0	571,876
Total	**1,424,975**	**Unknown**
Mr. **Bernardo SANCHEZ INCERA**, Deputy Chief Executive Officer		
Remuneration due for the fiscal year *(detailed in table 2)*	1,096,464	Unknown
Value of options granted during the fiscal year	0	0
Value of performance shares granted during the fiscal year	277,609[3]	0
Value of shares equivalents granted under a long-term incentive scheme during the fiscal year[2]		571,876
Total	**1,374,073**	**Unknown**

(1) Remuneration due in respect of coporate offices exercised during the fiscal year.
(2) This scheme is detailed on page 120.
(3) As the performance condition applicable to this grant was not met, the rights to these shares were forfeited.

Table 2

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

(In euros)	2011 fiscal year		2012 fiscal year	
	Amounts paid	Amounts due for the fiscal year	Amounts paid	Amounts due for the fiscal year
Mr. Frédéric **OUDÉA**, Chairman and Chief Executive Officer				
– fixed salary	1,000,000	1,000,000	1,000,000	1,000,000
– non-deferred annual variable remuneration(2)	598,400	0	0	Unknown
– deferred annual variable remuneration(2)	0	682,770	316,311(3)	Unknown
– additional remuneration(4)(5)	300,000	300,000	300,000	300,000
– attendance fees	0	0	0	0
– benefits in kind(5)(6)	5,925	5,925	5,925	5,925
Total	**1,904,325**	**1,988,695**	**1,622,236**	**Unknown**
Mr. Séverin **CABANNES,** Deputy Chief Executive Officer				
– fixed salary	650,000	650,000	650,000	650,000
– non-deferred annual variable remuneration(2)	302,796	0	0	Unknown
– deferred annual variable remuneration(2)	0	310,144	129,827(3)	Unknown
– attendance fees	29,844	0	46,000	0
– benefits in kind(5)(6)	6,411	6,411	6,411	6,411
Total	**989,051**	**966,555**	**832,238**	**Unknown**
Mr. Jean-François **SAMMARCELLI,** Deputy Chief Executive Officer				
– fixed salary	650,000	650,000	650,000	650,000
– non-deferred annual variable remuneration(2)	326,471	0	0	Unknown
– deferred annual variable remuneration(2)	0	487,937	119,994(3)	Unknown
– attendance fees	11,449	0	58,615	0
– benefits in kind(5)(6)	6,036	6,036	6,036	6,036
Total	**993,956**	**1,143,973**	**834,645**	**Unknown**
Mr. Bernardo **SANCHEZ INCERA,** Deputy Chief Executive Officer				
– fixed salary	700,000	700,000	700,000	700,000
– non-deferred annual variable remuneration(2)	330,933	0	0	Unknown
– deferred annual variable remuneration(2)	0	391,440	127,846(3)	Unknown
– exceptional compensation(6)	0	0	687,737(6)	0
– attendance fees	2,907	0	48,605	0
– benefits in kind(5)(6)	5,024	5,024	5,046	5,046
Total	**1,038,864**	**1,096,464**	**1,569,234**	**Unknown**

(1) Remuneration expressed in euros, gross, before tax.

(2) The criteria used to calculate variable remuneration are detailed in the chapter on the remuneration of Chief Executive Officers.

(3) This amount represents the payment of the deferred portion of the annual variable compensation due for FY 2010, and indexed on the value of Societe Generale shares. The final value dropped 47% compared to the grant value in March 2011.

(4) This additional compensation was awarded to Mr. Oudéa when he had to terminate his employment contract due to his appointment as Chairman and Chief Executive Officer.

(5) Provision of a company car.

(6) This exceptional compensation relates to the payment in November 2012 of a contractual indemnity granted in November 2009 in the form of share equivalents and deferred over 3 years, subject to a presence condition. It had been awarded when Mr. Sanchez Incera joined Societe General to compensate for the loss of previous employment benefits.

Table 3

TABLE OF ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY DIRECTORS

(In euros)	Amount received in 2011		Amount received in 2012		Fees	
Directors	**Balance for the 2011 fiscal year**	**Interim payment for the 2011 fiscal year**	**Balance for the 2012 fiscal year**	**Interim payment for the 2012 fiscal year**	**For the 2011 fiscal year**	**For the 2012 fiscal year***
AZEMA Jean						
Attendance fees[1]	18,446	14,283	12,650	-	26,933	-
Other remuneration	0	0	0	0	0	0
CASTAIGNE Robert						
Attendance fees	72,246	45,819	73,173	43,503	118,992	115,060
Other remuneration	0	0	0	0	0	0
CICUREL Michel						
Attendance fees	35,576	23,195	42,273	24,636	65,469	64,742
Other remuneration	0	0	0	0	0	
DELABRIÈRE Yann						
Attendance fees[3]	-	-	-	-	-	18,944
Other remuneration	0	0	0	0-	0	-
DELICOURT Patrick						
Attendance fees[2]	22,729	18,739	33,068	11,740	51,807	33,299
Other remuneration	0	0	0	0	0	0
FOLZ Jean-Martin						
Attendance fees	46,891	33,022	61,485	32,687	94,507	87,818
Other remuneration	0	0	0	0	0	0
HAZOU Kyra						
Attendance fees	-	-	24,798	19,108	24,798	52,242
Other remuneration	-	-	0	0	0	0
HOUSSAYE France						
Attendance fees[4]	22,729	18,739	33,068	17,726	51,807	48,076
Other remuneration	0	0	0	0	0	0
LEPAGNOL Béatrice						
Attendance fees[2][3]	-	-	-	-	-	18,944
Other remuneration	-	-	-	-	-	-
LÉVY Jean-Bernard						
Attendance fees	22,729	17,254	30,000	23,254	47,254	64,742
Other remuneration	0	0	0	0	0	0
LLOPIS RIVAS Ana Maria						
Attendance fees	-	-	24,798	17,726	24,798	48,076
Other remuneration	-	-	0	0	0	-
LULIN Élisabeth						
Attendance fees	72,246	44,334	70,105	42,121	114,439	110,893
Other remuneration	0	0	0	0	0	0
MARTEL Thierry						
Attendance fees[1][2]	-	-	-	-	-	18,944
Other remuneration	-	-	-	-	-	0
OSCULATI Gianemilio						
Attendance fees	53,682	45,819	73,173	42,121	118,992	110,893
Other remuneration	0	0	0	0	0	0
RACHOU Nathalie						
Attendance fees	72,246	45,819	73,173	45,503	118,992	115,060
Other remuneration	0	0	0	0	0	0

(In euros)	Amount received in 2011		Amount received in 2012		Fees	
Directors	**Balance for the 2011 fiscal year**	**Interim payment for the 2011 fiscal year**	**Balance for the 2012 fiscal year**	**Interim payment for the 2012 fiscal year**	**For the 2011 fiscal year**	**For the 2012 fiscal year***
VANDEVELDE Luc						
Attendance fees	36,768	27,652	56,032	15,886	83,684	45,799
Other remuneration	0	0	0	0	0	0
WYAND Anthony						
Attendance fees	153,160	133,019	174,507	129,999	307,526	296,469
Other remuneration	0	0	0	0	0	0
Total					1,250,000	1,250,000
Non-voting Director						
MATSUO Kenji						
Remunerations(5)	12,632	0	10,824	0	10,824	10,576
Other remuneration	0	0	0	0	0	0

* The balance of the attendance fees earned for the 2012 fiscal year was paid to Board members at the end of January 2013.

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

(2) Paid to Societe Generale trade union CFDT.

(3) No interim payment for new Directors.

(4) Paid to Societe Generale trade union SNB.

(5) Paid to Meiji Yasuda Life Insurance.

Table 4

OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES AWARDED DURING THE FISCAL YEAR TO EACH CHIEF EXECUTIVE OFFICER BY THE ISSUER AND BY ANY GROUP COMPANY

The Board of Directors did not award any options in 2012.

Table 5

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

The Chief Executive Officers did not exercise any options during 2012.

Table 6

PERFORMANCE SHARES GRANTED TO EACH CHIEF EXECUTIVE OFFICER

The Board of Directors did not award any performance shares in 2012.

Table 7

PERFORMANCE SHARES VESTED DURING THE FISCAL YEAR FOR EACH CHIEF EXECUTIVE OFFICER(1)

	Date of plan	Number of shares vested during the fiscal year
Jean-François Sammarcelli	January 1, 2009	1,479
Total		**1,479**

(1) The shares vested in 2012 were granted to beneficiaries in relation to their salaried employment before they became Chief Executive Officers.

Table 8

RECORD OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED INFORMATION ON SUBSCRIPTION OR PURCHASE OPTIONS

Date of General Meeting	May 27, 2008	May 27, 2008	May 30, 2006	May 30, 2006	May 30, 2006	April 29, 2004	April 29, 2004	April 29, 2004
Date of Board Meeting	March 9, 2010	March 9, 2009	March 21, 2008	September 18, 2007	January 19, 2007	April 25, 2006	January 18, 2006	January 13, 2005
Total number of shares[1] available for subscription or purchase	**1,000,000**	**1,344,552[5]**	**2,328,128**	**135,729**	**1,418,916**	**154,613**	**1,738,543**	**4,656,319**
of which number of shares available for subscription or purchase by Chief Executive Officers[2]								
Frédéric Oudéa	0	0	52,739	0	14,137	0	16,171	24,954
Séverin Cabannes	0	0	17,030	0	0	0	0	0
Jean-François Sammarcelli	0	28,456	26,830	0	16,747	0	18,074	0
Bernardo Sanchez Incera	0	0	0	0	0	0	0	0
of which number of shares available for subscription or purchase by Executive Committee members in office at the time of their allocation	415,596	155,289	177,205	0	260,421	0	280,555	327,869
Total number of beneficiaries	684	778	1,830	159	1,076	143	1,065	1,767
of which Executive Committee members in office at the time of their allocation	10	7	10	0	8	0	6	7
Starting date for exercising options	March 9, 2014	March 31, 2012	March 21, 2011	September 18, 2010	January 19, 2010	April 25, 2009	January 18, 2009	1 January 13, 2008
Expiration date	March 8, 2017	March 8, 2016	March 20, 2015	September 17, 2014	January 18, 2014	April 24, 2013	January 17, 2013	January 12, 2012
Subscription or purchase price[3]	41.20	23.18	63.60	104.17	115.60	107.82	93.03	64.63
Exercise conditions (where the plan includes several instalements)								
Number of shares subscribed at Dec. 31, 2012	**0**	**2,290**	**0**	**0**	**0**	**0**	**2,174**	**53,340**
Total number of cancelled or lapsed subscription or purchase options	**23,646**	**906,705**	**1,295,940**	**31,408**	**318,224**	**39,728**	**181,594**	**4,602,979**
Subscription or purchase options outstanding at end of fiscal year	**976,354**	**435,557**	**1,032,188**	**104,321**	**1,100,692**	**114,885**	**1,554,561**	**0**
Potential dilutive effect[4]	0.13%	0.06%	0.13%	-	-	-	-	-

(1) Exercising one option gives entitlement to one SG share. This table takes account of adjustments performed following capital increases. This line does not take into account the options exercised since the grant date.

(2) Mr. Oudéa and Mr. Cabannes were appointed Chief Executive Officers in 2008. Mr. Sammarcelli and Mr. Sanchez Incera were appointed Chief Executive Officers in 2010.

(3) The subscription or purchase price is equal to the rounded average market price of the Societe Generale share during the twenty trading days preceding the meeting of the Board of Directors.

(4) The dilutive effect is the result of dividing the remaining number of options that may be subscribed by the number of shares making up the capital stock.

(5) Includes the 320,000 options granted to the Chief Executive Officers who gave them up.

Table 9

SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO THE TOP TEN EMPLOYEES WHO ARE NON-CHIEF EXECUTIVE OFFICERS AND OPTIONS EXERCISED BY THE LATTER

	Total number of options allocated/shares subscribed or purchased	Weighted average price (EUR)
Options awarded, during the fiscal year, by the issuer and any company included in the scope for the allocation of options, to the ten employees of the issuer and any company included in this scope, whose number of options awarded is highest*	0	0.00
Options held in respect of the issuer and the companies referred to previously and exercised during the fiscal year by the ten employees of the issuer and those companies, whose number of options purchased or subscribed is highest	1,879	25.85

* Societe Generale did not implement a stock option plan in 2012.

Table 10

POSITION OF CHIEF EXECUTIVE OFFICERS

	Mandate dates		Employment contract[(1)(4)]		Additional pension plan[(2)]		Compensation or benefits due or likely to be due as a result of leaving office or changing positions		Compensation relating to a non-compete clause[(3)]	
	start	end	yes	no	yes	no	yes	no	yes	no
Frédéric Oudéa Chairman and Chief Executive Officer	2009	2015		X		X		X	X	
Séverin Cabannes Deputy Chief Executive Officer	2008	2015	X		X			X		X
Jean-François Sammarcelli Deputy Chief Executive Officer	2010	2015	X		X			X		X
Bernardo Sanchez Incera Deputy Chief Executive Officer	2010	2015	X		X			X		X

(1) As a mandate as Chief Executive Officer may not be held together with an employment contract, the only persons concerned by the AFEP-MEDEF recommendations are the Chairman of the Board of Directors, the Chairman and Chief Executive Officer and Chief Executive Officer in companies with a Board of Directors.

(2) Details of additional pension plans can be found on page 121.

(3) Details of Mr. Frédéric Oudéa's compensation relating to a non-compete clause can be found on page 122.

(4) Messrs. Cabannes', Sammarcelli's and Sanchez Incera's employment contracts are suspended during their mandate.

TRANSACTIONS CARRIED OUT BY CHIEF EXECUTIVE OFFICERS AND DIRECTORS IN SOCIETE GENERALE SHARES

The Chief Executive Officers did not carry out any transactions in 2012.

STOCK OPTIONS AND SHARE PLANS FOR EMPLOYEES

General policy

The Group has suspended stock-option grants since 2011. Free shares have been issued in France since 2006 and abroad since 2009, as authorised at the General Meeting. The Board of Directors, following the recommendations of the Compensation Committee, has defined the following policy:

Performance shares are granted with the aim of motivating, rewardijng and securing the long-term loyalty of three categories of employees:

- employees who have made a significant contribution to the Group's results with respect to their responsibilities;
- high-potential employees whose expertise is highly sought-after on the job market;
- employees whose work has proved extremely valuable to the company.

Moreover, within the framework of the remuneration and retention policy applied to market professionals whose activities have a significant impact on the Group's risk profile, defined in compliance with the rules set out by the ministerial act of December 13, 2010, part of the performance-linked bonus of certain French tax resident employees in the business divisions in question is deferred in the form of performance shares.

The grant of these financial instruments is accounted for under personnel expenses in the Company's financial statements in accordance with IFRS 2.

Vesting conditions and performance condition history

Vesting conditions for options and shares were tightened during the General Meeting in May 2010. As a result, as of 2011, grants are wholly contingent on continued employment within the Group at the vesting date and on collective performance, regardless of the category or level of the beneficiary. Between 2006 and 2010, Group performance conditions were applied to certain grants to Group senior managers, managers and experts.

In compliance with AFEP-MEDEF recommendations, Group performance conditions applicable to Group senior management are demanding and are established beforehand.

In light of the crisis, the performance conditions were not met and the shares and options subject to this condition were not vested. For plans granted up to 2010, this accounted for around half of total grants made to employees. For the 2011 plan, none of the shares granted to executives were vested due to the forfeiture of the performance condition.

HISTORY OF PERFORMANCE CONDITIONS FOR PLANS AT VESTING DATE

Plan year	Description of performance condition	Condition monitoring
2006 Plan	Average ROE condition for 2006-2007 and 2006-2008 (depending on vesting period)	Not met
2007 Plan	Average ROE condition for 2007-2008 and 2007-2009 (depending on vesting period)	Not met
2008 Plan	2009 and 2010 EPS conditions (depending on vesting period)	Not met
2009 Plan	Average EPS condition for 2009-2011	Not met
2010 Plan	2012 ROE and relative TSR	Not met
2011 Plan	2012 ROE and relative TSR 2012 EPS and relative TSR 2012 Group net income	Not met Not met Met

2012 Plan

On the proposal of the Compensation Committee, the Board of Directors, at its meeting of March 2, 2012, allocated performance shares to certain members of staff, pursuant to the 22nd resolution of the General Meeting of May 25, 2010. Plan beneficiaries numbered 6,363, including 2,253 women and 229 non-executives, with awards representing a total of 3,100,000 million shares or 0.40% of the share capital.

No performance shares were awarded to the Chief Executive Officers or members of the Group Management Committee in 2012.

The share awards are subject to the employees' continued employment with the Group throughout the vesting period and to performance criteria. For beneficiaries of the general plan, the performance condition is based on the Societe Generale Group's net income. For beneficiaries of shares granted under the remuneration and retention policy targeting regulated staff, within the meaning of banking regulations (i.e. employees having an impact on the Group's risk profile), the performance condition is based on the profitability of the business division and/or the business line.

There are two vesting periods according to whether the shares are allocated to beneficiaries who are French tax residents or non-French tax residents, this status being assessed on the grant date. For French tax residents, the shares are vested after two years. In accordance with French legislation, the shares may not be transferred or sold for two years following their vesting. For non-French tax residents, the shares are vested after four years.

INTERNAL GOUVERNANCE AND COMPLIANCE

Governance of the remuneration policy is overseen by the Group Human Resources Division for all of Societe Generale. It notably includes two processes:

- an annual review of the policy, budgets and individual decisions pertaining to fixed salaries, performance-linked remuneration and allocations of shares, based on the different phases of validation at the level of the subsidiaries, business divisions, Group Human Resources Division and General Management. Finally, the Board of Directors approves the remuneration policy for certain categories of staff, including in particular Chief Executive Officers and employees concerned by the European Directive CRD3 (see below). Within the Board of Directors', the Compensation Committee prepares the work of the Board's of Directors (see page 100);
- a system of delegation rules, which, depending on the nature and level of certain decisions regarding remuneration, may require approval by General Management or the Group Human Resources Division.

Societe Generale applies the recommendations of the Governance Code of the French Association for Private Enterprises (AFEP) and of the French Business Confederation (MEDEF), particularly regarding the remuneration of Chief Executive Officers, as described on page 118.

Societe Generale is also committed to observing, for the entire Group, the professional standards of the French Banking Federation (FBF), which are among the most stringent in the world.

Lastly, the Group complies with the rules defined by the European Capital Requirements Directive (CRD3) of November 24, 2010, transposed into French law by the ministerial decree of December 13, 2010, which covers categories of staff whose professional activities have a significant impact on the Group's risk profile.

Accordingly, the Risk and Compliance divisions are involved in the review of the performance-linked remuneration of persons having a significant impact on the company's risk profile, within the meaning of CRD3. The independence of these divisions is ensured by having them report directly to the Group's General Management and their remuneration is determined independently of the remuneration of the businesses which they validate.

Communication and transparency

The principles governing the Group remuneration policy, particularly for the categories of staff covered by CRD3, are detailed in the compensation policy report that will be published, as last year, prior to the General Meeting and transmitted to the French Prudential Supervisory Authority (ACP), in accordance with the ministerial decree of December 13, 2010 and with the professional standards of the French Banking Federation[1]. In addition to this report, detailed qualitative and quantitative information is also provided to the ACP on staff whose activities are liable to have a significant impact on the Group's risk profile.

(1) The 2011 compensation policy report was transmitted to the ACP in May 2012 and simultaneously published on Societe Generale's corporate website.

STATUTORY AUDITORS

The financial statements of Societe Generale are certified jointly by Ernst & Young et Autres, represented by Mrs. Isabelle Santenac, and Deloitte et Associés, represented by Mr. Jean-Marc Mickeler.

At the proposal of the Board of Directors, the General Meeting held on 22 May 2012, appointed Ernst & Young et Autres and renewed Deloitte et Associés, for six years.

The Board meeting held in November 2003 adopted the rules governing the relations between Group companies and Ernst & Young et Autres, Deloitte et Associés and their respective networks, which were subsequently amended in May 2006 in order to take into account changes to the code of compliance. These rules are more stringent than the law in that they state that the Statutory Auditors may only provide services that are not directly linked to their audit assignments to Group subsidiaries outside of France as long as the principle of independence is respected.

A report is submitted each year to the Audit, Internal Control and Risk Committee, detailing the fees paid by type of assignment to the Statutory Auditors' networks.

Moreover, in order to prevent the development of excessively close ties between auditors and Management, and to gain a new perspective on the accounts of the Group's entities, a new distribution of audit sections was launched in 2009. This initiative led to a rotation between the firms in charge of the different audit sections. Over two-thirds of the audited scope (subsidiaries and activities) have been subject to a change of auditors.

Lastly, the Finance Departments of the entities and business divisions annually appraise the quality of the audits performed by Deloitte and Ernst & Young. The conclusions of this survey are presented to the Audit, Internal Control and Risk Committee.

FEES PAID TO STATUTORY AUDITORS

	Ernst & Young et Autres				Deloitte & Associés			
	Amount (excluding taxes)		%		Amount (excluding taxes)		%	
(In thousands of euros)	2012	2011	2012	2011	2012	2011	2012	2011
Audit								
Statutory audit, certification, examination of parent company and consolidated accounts								
Issuer	5,381	5,507			3,591	3,760		
Fully consolidated subsidiaries	9,418	9,540			11,818	12,133		
Related assignments								
Issuer	2,954	2,911			322	813		
Fully consolidated subsidiaries	636	618			1,859	1,185		
Sub-total	*18,389*	*18,577*	*99.11%*	*99.77%*	*17,590*	*17,891*	*99.96%*	*99.99%*
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax, social	45	42			0	0		
Other (specify if > 10% of audit fees)	120	0			7	2		
Sub-total	*165*	*42*	*0.89%*	*0.23%*	*7*	*2*	*0.04%*	*0.01%*
Total	**18,554**	**18,619**	**100.00%**	**100.00%**	**17,597**	**17,893**	**100.00%**	**100.00%**

STATUTORY AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN ON INTERNAL CONTROL AND RISK MANAGEMENT

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France. Statutory auditors' report, prepared in accordance with article L. 225-235 of the French commercial code (Code de commerce), on the report prepared by the chairman of the board of directors of Société Générale.

Societe Generale - Year ended December 31, 2012

Statutory auditors' report, prepared in accordance with article L. 225-235 of the French commercial code *(Code de commerce)*, on the report prepared by the chairman of the board of directors of Societe Generale

To the Shareholders,

In our capacity as statutory auditors of Societe Generale and in accordance with article L. 225-235 of the French commercial code (Code de commerce), we hereby report on the report prepared by the chairman of your company in accordance with article L. 225-37 of the French commercial code (Code de commerce) for the year ended December 31, 2012.

It is the chairman's responsibility to prepare and submit for the board of directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French commercial code (Code de commerce) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by article L. 225-37 of the French commercial code (Code de commerce). It should be noted that our role is not to verify the fairness of this other information.

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

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

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

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L. 225-37 of the French commercial code *(Code de commerce)*.

Other information

We confirm that the report prepared by the chairman of the board of directors also contains the other information required by article L. 225-37 of the French commercial code *(Code de commerce)*.

Neuilly-sur-Seine and Paris-La Défense, March 4, 2013

The statutory auditors

French original signed by

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres
Represented by Jean-Marc MICKELER	*Represented by Isabelle SANTENAC*

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Societe Generale – General Meeting of Shareholders to approve the financial statements for the year ended December 31, 2012

Statutory auditors' special report on related party agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code *(Code de Commerce)*, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code *(Code de Commerce)* concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body *(Compagnie Nationale des Commissaires aux Comptes)* relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

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

Agreements and commitments authorized during the year

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

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in prior years which were not implemented during the year

In addition, we have been advised that the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years were not implemented during the year.

1. With Mr. Frédéric Oudéa

Nature and purpose

Non-compete clause for Mr. Frédéric Oudéa.

Conditions

The non-compete clause for Mr. Frédéric Oudéa, had been authorized by your board of directors on May 24, 2011 and approved by the General Meeting of Shareholders on May 22, 2012.

Under the condition that he will not be employed for an eighteen-month period following the termination of his terms of office, in a listed bank or insurance Company in or outside France, or in a non-listed bank in France, Mr. Frédéric Oudéa will be entitled, during the same period, to a compensation to be paid on a monthly basis, equal to his basic salary. Parties will however have a right to waive such clause.

2. With Messrs. Bernardo Sanchez Incera and Séverin Cabannes

Nature and purpose

Supplementary pension plan for Messrs. Bernardo Sanchez Incera and Séverin Cabannes.

Conditions

Under the terms of this plan, Messrs. Bernardo Sanchez Incera and Séverin Cabannes retain the benefits of the supplementary pension allocation plan for senior managers which applied to them as employees prior to their initial appointment as Deputy Chief Executive Officers. This supplementary plan was introduced in 1991. It provides its beneficiaries, upon the liquidation of their French Social Security pension, with a total pension equal to the product of the followings:

- The average, over the last ten years of the career, of the proportion of basic salaries exceeding "Tranche B" of the AGIRC pension increased by a variable part limited to 5% of the basic fixed salary.
- The rate equal to the ratio between a number of annuities corresponding to the years of professional services within your Company and 60.

The AGIRC "Tranche C" pension vested in respect of his professional services within your Company is deducted from this total pension. The additional allocation to be paid by your Company is increased for beneficiaries who have brought up at least three children, as well as for those retiring after the legal retirement age set by French Social Security. It may not be less than a third of the full rate service value of the AGIRC "Tranche B" points vested by the manager since his appointment in the "Outside Classification" category of your company.

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

3. With Mr. Jean-François Sammarcelli

Nature and purpose

Supplementary pension plan for Mr. Jean-François Sammarcelli.

Conditions

Under the terms of this plan, Mr. Jean-François Sammarcelli retains the benefits of the supplementary pension allocation plan for senior managers set up on January 1, 1986. This plan applied to him as employee prior to its initial appointment as Deputy Chief Executive Officer. This plan, closed in 1991, entitles its beneficiaries to a total amount of pension payments equal to a percentage of the base remuneration, calculated according to the number of years of service, capped at a maximum of 70% of this remuneration for a settlement at the legal retirement age set by French Social Security. The additional allocation to be paid by your Company is increased for beneficiaries who have brought up at least three children, as well as for those retiring after the legal retirement age set by French Social Security. The annuities to be taken into account through the period of their professional activities include both services provided as employee as well as Deputy Chief Executive Officers. The base remuneration is the last basic salary as employee. The cost for your company is equal to the difference between the total pension as defined above and all other retirement pensions or similar paid by French Social Security as well as any other retirement benefits in consideration of salaried activities of the beneficiaries. 60% of said pension shall be paid to any surviving spouse in the event of the death of a beneficiary.

Neuilly-sur-Seine and Paris-La Défense, March 4, 2013
The statutory auditors
French original signed by

DELOITTE & ASSOCIÉS
Represented by Jean-Marc MICKELER

ERNST & YOUNG et Autres
Represented by Isabelle SANTENAC

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HUMAN RESOURCES [1][2]

(1) Historical data should be used with caution as the scopes concerned and the dates of calculation may vary from one financial year to the next. Similarly, care should be taken with averages as they constitute aggregate figures for a broad scope, and figures for individual geographic areas, countries or activities may vary widely.

(2) Figures are calculated for the period covering January to November 2012, with data taken at November 30, 2012, Some of the information gathered for this period may be amended with events which took place in December 2012.

INTRODUCTION: THE SOCIETE GENERALE TEAMS IN 2012

TOTAL WORKFORCE

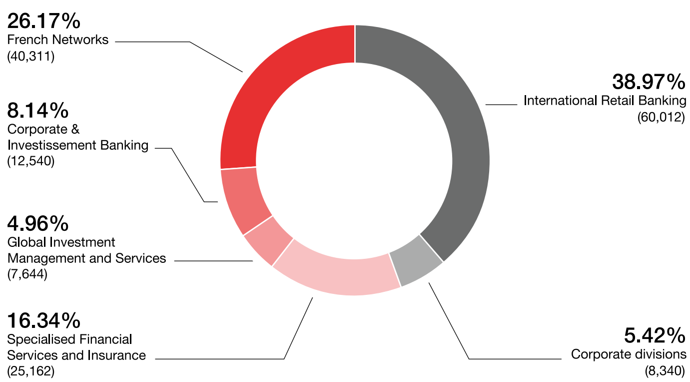
The Societe Generale Group employed 154,009 people in 76 countries at the end of 2012. The total headcount declined by 3,5% as compared to 2011.

	2012	2011	2010	2009	2008	2007
Group headcount (at end of period, excluding temporary staff):	154,009	159,616	155,617	156,681	163,082	134,738

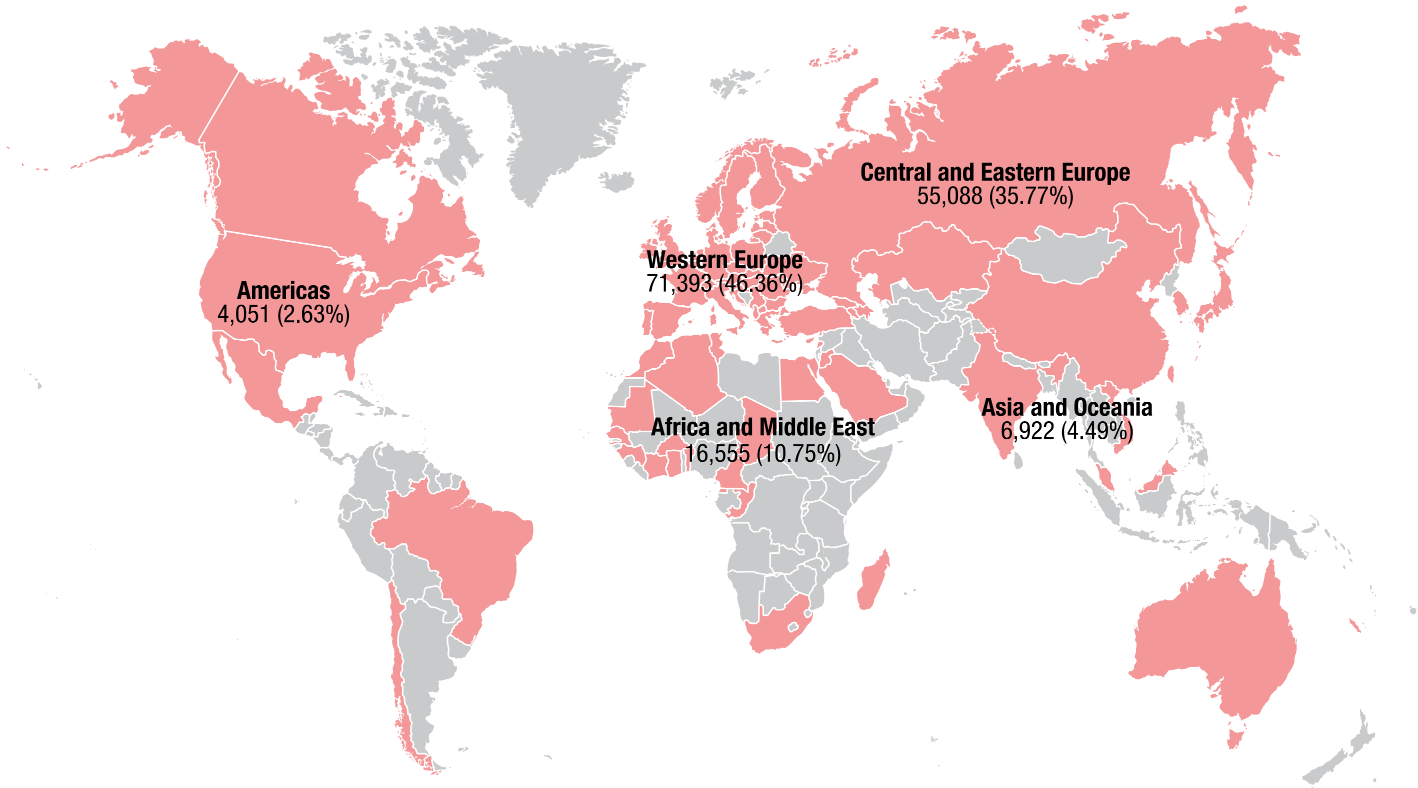
The most significant changes in the Group's headcount in 2012 stemmed from restructurings and adjustments to the environment and affected each core business differently:

- for International Retail Banking, headcount declined. The most significant reductions were at Rosbank in Russia and, to a lesser extent, at BRD in Romania, as the following synergies were realised: for Rosbank, the implementation of measures to streamline the departments, affecting approximately 2,700 positions between August 2011 and December 2012; for BRD, the initiation of projects to optimise the structures and functions, including back-office centralisation. Disposals within the international retail banking subsidiaries also had an impact on the Group's headcount. This was notably the case for the sale of Geniki in Greece, which reduced headcount by nearly 1,500 people as compared to 2011. It should be noted that the disposal of the Egyptian subsidiary NSGB will not affect Societe Generale's headcount until fiscal year 2013;
- for Corporate and Investment Banking, the structural adaptation resulted in a reduction of the workforce in the front-office and support functions, mainly in France (see also "Supporting change within the Group" p. 139) and in the United States;
- for Specialised Financial Services and Insurance, there was a significant decrease in headcount in the international consumer finance functions. This was the case for Rusfinance in Russia, where the workforce was reduced by approximately 1,200 people year on year following the business realignment and process optimisation. Staff levels were reduced to a lesser extent at Banco Cacique in Brazil, following the overhaul of the product range. Two consumer finance entities, Credibul in Bulgaria and Family Credit in India, were sold, reducing headcount at the core business by more than 900 people as compared to 2011;
- for Global Investment Management and Services, headcount was slightly down in all functions;
- for Retail Banking in France, headcount was relatively stable as compared to the previous year;
- for the Group's Corporate Divisions, headcount increased due to the integration of the shared services centres (notably Bangalore and Bucharest) into the Resources and Innovation Department, and their growth as part of the overhaul of the operating model under way for several years.

BREAKDOWN OF STAFF BY BUSINESS (HEADCOUNT AT END OF PERIOD, EXCLUDING TEMPORARY STAFF)



BREAKDOWN OF STAFF BY REGION



The percentage of Group staff located outside of mainland France slightly declined from 62.2% in 2011 to 61.3% in 2012.

Departures

In 2012, a total of 19,882 staff on permanent contracts left the Group (as compared to 17,556 in 2011). The main reasons for departure were, in descending order of importance: resignations (12,906, i.e. approximately 65%), dismissals (4,445, i.e. approximately 22%) and retirements (1,658, i.e. approximately 8%).

For the Group as a whole, staff turnover due to resignations was 8.8%. However, actual rates vary according to core business and region.

In France, retirements were up slightly this year, with a total of 1,185 Societe Generale and Crédit du Nord staff retiring in 2012 (as compared to 1,135 in 2011).

Supporting change within the Group

In January 2012, Societe Generale announced the signature of an agreement for the implementation of a voluntary departure plan within its Corporate and Investment Banking business. The agreement, signed with the representative trade unions in the company, established a set of social support guarantees for the SG CIB employees affected by the elimination of positions resulting from the reorganisation plan for this entity, i.e. 880 positions in France (half in support functions, half in front office).

By giving priority to internal mobility and voluntary departures, Societe Generale is committed to limiting the impact on employment of the necessary adjustments at the functions affected by the new economic and regulatory environment. The Group has encouraged internal mobility through a dedicated reclassification and job advisory area (Espace Conseil Reclassement et Emploi). External support has also been organised for employees participating in the voluntary departure plan.

The plan was closed at the end of June 2012. A total of 680 people chose to leave the company and approximately 200 SG CIB employees were reclassified within the Group.

Outside contractors

The use of outside contractors principally concerns the sub-contracting of specialised activities such as IT systems, security, armoured transport, catering, and building maintenance.

At end-November 2012 Societe Generale SA in France was working with 6,795 service providers.

In addition, the Group employed 9,966 temporary workers worldwide.

HUMAN RESOURCES POLICY: DEVELOPING EACH PERSON'S POTENTIAL AND SUPPORTING THE TEAMS

To better support its teams throughout the world, Societe Generale leads a responsible Human Resources policy, placing the professional fulfilment of its employees at the heart of its strategy. Societe Generale therefore:

- provides a trustworthy environment that fosters entrepreneurship, agility and team spirit;
- continuously offers opportunities to upgrade skills and knowledge, to develop lifelong employability;
- enables them to evolve in a diverse environment, where each individual is respected and encouraged to express his/her point of view;
- recognises their performance building on people's strengths;
- is committed to developing engaging leaders so as to enhance their skills, in particular their client-driven approach and their ability to develop human capital, oversee change and collaborate.

Employee support is based on three main focuses: career, care and agility. "Career" covers everything that enables employees to fulfil their personal and professional potential; "care" everything related to the quality of the work environment; and "agility" the Group's determination to adapt to new challenges by fostering a responsible and innovative corporate spirit.

CAREER: SUPPORTING EMPLOYEE ACHIEVEMENT

RECRUITING AND INTEGRATING TALENTED PEOPLE

Recruitment

In the 2012 financial year, the Group hired a total of 12,323 staff on permanent contracts worldwide (down 29% on 2011), including 63% women, and 9,756 employees on fixed-term contracts, including 72% women.

Societe Generale SA in France hired a total 1,671 employees on permanent contracts, including 42.5% executives (with French cadre status), and 1,608 on fixed-term contracts. These recruitments, primarily in Retail Banking, have helped to balance the age distribution of staff.

The recruitment and talent attraction policy is adapted to the specific characteristics of each function, activity and region.

To recruit new staff, the Group continued to expand its presence on social networks in France and internationally, in line with the changing behaviour of applicants. This presence is in addition to the 25 “Careers” recruitment websites already deployed around the world. Indeed, the leading social and professional networks have become ideal forums in which to develop the Societe Generale brand and strengthen the ties between the company and job applicants.

Special initiatives for students and recent graduates

Societe Generale is very committed in its approach to the professional integration of students. For the past several years, it has implemented a dynamic work-study policy, making use of apprenticeship and professional-training contracts. It has now exceeded the regulatory threshold. Societe Generale SA in France had more than 2,800 work-study and international company volunteer (VIE) participants at the end of 2012, representing 4.11% of staff. Total participants at all French entities (including subsidiaries) reached nearly 3,500.

Societe Generale has been the leading VIE recruiter in France since 2007. In March 2012, it was awarded the “Large French Group having placed the most VIEs” prize by the French Ministry of Economy, Finance and Industry. The Group places a particularly strong emphasis on this type of experience, which gives young people an introduction to its diversity and its international dimension, owing to its presence in 76 countries.

Societe Generale SA in France also took on 3,853 interns in 2012.

In addition, many initiatives were undertaken specifically in favour of students and recent graduates, including:

- the renewal of the “Push My Career” programme, which assists recent high school and university graduates by giving them the tools they need to prepare for job interviews. In 2012, the initiative was followed by recruitment days in Paris and Lyon;
- the development and continuation of the Societe Generale Group’s 80 partnerships with institutions of higher education and universities in France and Europe (university, engineering and business courses). The Group also participates in professional-training programmes for students through the academic partnerships and research work it funds. Examples include SG CIB’s sponsorship of the Energy & Finance chair at HEC, and the Media & Entertainment chair at ESSEC;
- the roll-out of more than 350 initiatives targeting partner schools: school fairs, business and career opportunity presentations, CV workshops, panels, interview coaching, and economic conferences. Of special note was the involvement of Executive Committee members as keynote speakers at partner institutions, including Dauphine and Euromed;
- Corporate and Investment Banking’s Graduate Programme, which provides specific support to international applicants, in their final year or having recently graduated, for the first two years of their permanent contracts. The programme begins with a dedicated training seminar and is followed by a personalised development plan. In 2012, 65 participants of 13 different nationalities were inducted and trained through this programme.
- The entry exam to join the General Inspection, which works on behalf of General Management, and conducts audit and advisory missions across all Societe Generale Group activities, in France and abroad. This career path benefits from a comprehensive business and managerial training programme and is specifically adapted to the rapid acquisition of responsibilities. The 2012 edition of this entry exam enabled 25 recent graduates of 9 different nationalities to join the General Inspection.

These initiatives demonstrate the Group's determination to attract and recruit talented individuals by raising their awareness, from their very first contact with the company, of the challenges and responsibilities of the banking sector and its professional realities. The aim is also to guide students as they formulate their professional goals and give them the keys to understanding their future working environment.

Induction

"Starting" is the welcome and induction programme that offers each new employee a consistent introduction to the Societe Generale Group.

The programme is activated as soon as the new hire arrives to give him or her a better understanding of the Group, its strategy, its core businesses and functions, its values, and the career prospects available to employees.

The "Starting" programme is a comprehensive induction programme lasting 12–18 months. The manager, HR manager and senior member of staff guide all new employees through their introduction to their entity and their team.

Several tools have been created for new recruits, including:

- the "Starting" intranet site, accessible from the Group portal, which presents essential information and guidelines for orientation purposes and to gain a sound understanding of the company;
- a set of documents adapted to each core business and entity (welcome booklet, Starting brochure, welcome letter from the Chairman and CEO, welcome email, etc.);
- the "Starting Online" e-learning module, available in English, French and Russian, which helps to build the new employee's general knowledge of the Group, its core businesses and the banking environment.

DEVELOPING SKILLS

The Group invests significantly in training to give its employees an opportunity to evolve, gain new skills in line with the existing and future realities of the company, and bring out their potential. To that end, Societe Generale offers business-specific training programmes tailored to each type of position and level of experience, drawing on innovative educational tools, as well as professional development courses (professional promotion courses, managerial training and skills development programmes).

In 2012, close to 84% of the Group's employees received at least one training course, for a total of 2,940,817 training hours provided.

Access to the different training offers is facilitated by the Group "MyLearning" platform, which was set up in 2010 to develop e-learning at the Group's French subsidiaries and core businesses overseas. In 2012, the Group's training teams provided 173,881 e-learning courses worldwide. "MyLearning" meets the Group's ambition to improve the roll-out of training based on each employee's job function, by offering specifically tailored courses. Since November 2012, all employees have been able to use MyLearning to access the Group's training catalogue, which provides an overview of the training offers available.

In addition, in 2012, the Group's Training Department implemented a series of initiatives to streamline and optimise the risk training and information programme, consistent with the Enterprise Risk Management (ERM) programme's approach to revitalising the risk culture. Several priority actions have been launched: the standardisation of the risk training programme within the Group, the creation of new risk training courses and the launch of an intranet site open to all Group employees, where they can assess their knowledge of the different risks to which the Group may be exposed, access a document database and identify the risk training courses.

Internal promotion

In France, the "Cursus Cadre", an 18-month training programme, enables high-potential employees to obtain "cadre" status, thereby preparing them for greater responsibility and, in some cases, team leadership. Cursus Cadre is a tool for internal promotion that fosters equal opportunity for advancement in the company and helps ensure diversity among employees who achieve "cadre" status. The programme is available to all Societe Generale France employees, regardless of the business in which they work, as the content of the training applies to all core businesses and examples studied come from across the Group.

A key event in 2012 was the roll-out of the Passerell'E programme, in which employees develop their skills over a 10-month period to achieve Level E within the bank classification. The redesigned training course (previously the Banking Technicians curriculum) includes upgraded educational content, which now addresses all the Group's core businesses.

These two programmes use a variety of teaching methods and alternate between in-class and distance learning. They have proved an effective tool for staff development, with a total of 561 employees of Societe Generale SA in France successfully completing these programmes[1] in 2012.

(1) Employees completing Cursus Cadres, Passerell'E and the last employees to complete the Banking Technicians curriculum (before the programme was redesigned).

MANAGING PERFORMANCE

One of the major challenges for the Societe Generale Group in terms of human resources management is assessing and recognising the professional performance of its staff. A uniform evaluation process has been successfully rolled out so that all employees, regardless of their function, core business, geographic region or classification, have an annual evaluation based on the same model.

Beyond achieving operating results, the system aims to evaluate the manner in which these results are obtained. Its purpose is to recognise, using common criteria, each employee's skills and foster employee development and the emergence of strategic talent.

The evaluation is based on two milestones: the objectives setting at the beginning of the year and the year-end evaluation interview. These interviews provide invaluable opportunities for discussion and dialogue between employees and managers. It is an opportunity to discuss the results obtained, as well as the behaviour that led to these results, with a view to identifying and encouraging behaviour that creates value in the long term. The evaluation process is part of Societe Generale's leadership model, which seeks to develop a managerial culture. In particular, it encourages managers to develop a culture of feedback, to support employees and contribute to their personal development.

In 2012, a total of nearly 110,000 Group employees had an evaluation interview.

ACKNOWLEDGING PERFORMANCE

The Societe Generale Group leads a motivating and consistent remuneration policy, in compliance with prevailing standards and regulations. The Group regularly communicates on this policy.

To keep pace with its development, the Group needs to attract, motivate and retain high-quality professionals by offering competitive pay packages consisting of a salary, reflecting each individual's contribution to the Group's development, and employee benefits. The Group also offers a long-term profit-sharing programme aimed at motivating and increasing the loyalty of certain categories of employees, in particular key executives and talents. Lastly, an active employee share ownership policy is in place with the aim of involving employees in the Group's development and promoting cohesion.

Monetary remuneration includes a fixed salary which rewards the ability to satisfactorily hold a position using the requisite skills, and, where applicable, variable remuneration based on collective and individual performance and the achievement of results, but also the behaviour adopted in order to achieve the objectives set at the beginning of the year, based on Group-wide standards and according to the context.

This monetary remuneration policy is based on Group-wide principles applied in all the countries where the Group operates and is adjusted to the economic, social and competitive environment of the local markets as well as to the legal and regulatory obligations in force. Where the size of a specific workforce permits, a cross-business review between core businesses and functions is carried out to ensure consistent, objective remuneration levels between the Group's different core businesses and facilitate cross-business co-operation.

All Societe Generale Group entities meet their commitments with regard to the payment of taxes and social security charges on salaries and staff benefits.

For 2012, the average annual gross salary(1) for Societe Generale SA in France stood at EUR 52,237, down 1.5% on 2011. This change can be attributed primarily to the decrease in fixed payroll costs and performance-linked remuneration in Corporate and Investment Banking, against the backdrop of headcount reductions and the decline in this business's financial performance in 2011.

See also Chapter 5 "Internal governance and compliance" p. 131.

BUILDING A CAREER PATH

The Group's development is based on the development of its employees. The overall goal is to generate motivation and commitment by promoting professional and personal achievement through the provision of attractive career opportunities.

Internal mobility is central to the Societe Generale Group's human resources management policies to ensure the development of employees' skills and contribute to the necessary adjustments to our core businesses. Through the mobility possibilities offered within the Group, employees can enrich their careers while contributing to the diversity of its teams. Throughout the Societe Generale Group, mobility is a gateway between core businesses, functions and geographical regions.

An employee's advancement is facilitated by priority access to internal opportunities. Over the course of their employment, employees are guided by their own management team and by Human Resources.

In 2012, nearly 8,350 employees of Societe Generale SA in France took the next step in their career by changing position. Internationally, at the end of 2012, the Group had more than 1,100 expatriates and impatriates (all countries or origin and destination combined).

(1) Average overall remuneration includes fixed and variable items as well as bonuses, excluding financial remuneration (employer contribution, profit-sharing and incentives)

CARE: VALUING EACH INDIVIDUAL

CARING ABOUT EMPLOYEES

Societe Generale places great importance on promoting lasting relationships with its employees as part of a commitment to mutual development and in an environment favouring both individual and collective well-being.

Feedback and employee satisfaction survey

After the second annual internal employee satisfaction survey in 2011, Societe Generale's teams were able to examine the expectations, perceptions of the company and professional experiences expressed by the 131,000 employees consulted worldwide. This qualitative information was then used to define more than 400 action plans for 2012, representing more than 1,200 actions to be put in place. At some core businesses, the action plans were developed collectively, giving employees the chance to take an active role in brainstorming sessions and special workshops. The actions were divided into themes: strategy support, employee development, managerial practices, performance management, work environment and change management. A quarterly monitoring system was put in place to ensure proper implementation of the action plans undertaken over the course of 2012.

Employee benefits

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

As the characteristics of compulsory benefit plans may vary widely from one country to the next, each Group entity defines the level of additional coverage it wishes to provide, within its local context. Wherever possible, it ensures that the level of coverage in place is at least comparable to that provided by local competitors. With the agreement of its supervisory authority (and possibly in consultation with other Group entities operating in the same country), it also incorporates its development strategy, overall remuneration policy and financial situation in its definition of employee coverage.

In 2012, Societe Generale's group health plan undertook a number of initiatives to encourage information and prevention for the 113,000 people covered (participating members and beneficiaries), notably by offering, in collaboration with Societe Generale's healthcare department, awareness-raising and testing for cardiovascular disease risk factors and protective measures.

International Retail Banking continued its existing healthcare and personal protection insurance regimes at its subsidiaries and continued to institute social protection for its employees (improved access to healthcare, implementation of death and disability coverage, complementary pension plans). As such, at the end of 2012, almost 15,000 employees in the Mediterranean Basin (Algeria, Egypt, Morocco and Tunisia) and Sub-Saharan Africa (in addition to 20,000 beneficiaries – spouses and children) had access to healthcare coverage, which guarantees that the company will contribute to their healthcare expenses.

Health and well-being

The Societe Generale Group is committed to contributing to the well-being of its employees, which it considers to be a critical aspect of its attractiveness, effectiveness and sustainability.

Above and beyond the observation of regulations and basic human and social rights, this determination is reflected in the Group's environmental and occupational health policy, intended to provide employees with the best working conditions, both in France and abroad.

At Group level, all employees receive appropriate healthcare and disability protection. The coverage schemes in place in many countries go beyond local legal obligations.

Societe Generale also continually monitors the possibility of any risks liable to affect the health of its staff, anywhere in the world. In France, for example, various programmes have been implemented to alleviate stress in the workplace, prevent illness and offer psychological assistance for employees who have been victims of violence. This policy is also deployed through initiatives to improve the daily working environment of employees.

A number of actions carried out in the areas of hygiene, safety, health and well-being in 2012 are detailed in Chapter 7 (see "Health and Safety", page 158).

Helping employees in times of crisis

In October 2012, the Societe Generale Group was forced to adjust to the consequences of hurricane Sandy along the east coast of the United States. It activated its Business Continuity procedures to ensure the safety of its employees and continued business activity. The bank remained in constant contact with its employees, paying close attention to them and offering special assistance, to ensure first and foremost that they were safe and in good health.

Specific safety instructions were given to onsite personnel, and remote access was activated so that most employees did not have to go into the office at a time when conditions were particularly harsh. Employees whose presence at the Group's premises was required during this event were supervised by the Business Continuity Management teams. This joint effort allowed business-line and support-function employees performing critical services to continue their activities, which they did with the utmost professionalism.

INVOLVING EMPLOYEES IN THE COMPANY'S DEVELOPMENT

Employee share ownership at the heart of the Human Resources policy for 25 years

Since 1988, the Societe Generale Group has offered its employees worldwide the opportunity to become involved in its development by pursuing a proactive employee share ownership policy. Each year, it proposes a capital increase reserved for current and retired employees. The resulting employee share ownership rate is high, stable and ranks the Societe Generale Group No.6 in employee share ownership out of the CAC 40 French companies, thus demonstrating the ongoing commitment of its employees.

In 2012, nearly 130,000 current and retired employees in more than 250 different entities and 58 countries were offered the chance to take part in the capital increase. A full 23% of beneficiaries took part in the capital increase, i.e. 32% of those eligible in France (for Societe Generale France and the French subsidiaries) and 10% outside France. Some 4.19 million shares were created, representing an investment of more than EUR 80 million.

The average individual shareholding for Societe Generale France employees was approximately 845 shares per employee shareholder at the end of 2012. With the exception of the fund reserved for Crédit du Nord staff, the holders of units invested in Societe Generale shares have a voting right at the General Meeting.

At December 31, 2012, under the Company and Group Savings Plans, the staff of Societe Generale France and its subsidiaries and branches held a total of 59,344,358 Societe Generale shares, accounting for 7.61% of the share capital and 12.47% of the voting rights[(1)], for more than 101,000 current and retired employee shareholders around the world.

Free Share Plan

With the approval of the General Meeting of May 25, 2010, the Board of Directors implemented a "free share plan granted to all employees"[(2)] on November 2, 2010, the acquisition of shares being subject to presence and performance conditions.

The economic and regulatory scenarios that served as a basis for the financial performance conditions of the plan having been significantly revised, the condition of achieving a 10% return on equity (ROE) for FY 2012 was no longer relevant. Consequently, the General Meeting of May 22, 2012 authorised the Board of Directors to replace the financial condition for the granting of 16 shares to employees by the achievement of positive net income attributable to the Group for FY 2012. This condition was met.

The second condition, whereby employees are granted 24 shares contingent on the improvement of customer satisfaction between 2010 and 2013 in the Group's three core businesses (French Retail Banking, International Retail Banking and Corporate Investment Banking), remains applicable.

Mandatory employer contributions, voluntary profit-sharing and company savings plan

In France, employees are involved in the long-term development of the Group and receive a share of its earnings via profit-sharing and/or employer contribution schemes. These schemes enable employees to finance projects or earn additional income. They

(1) Information required by article L. 225-102 of the French commercial code.
(2) See details in Note 42 on page 370, Notes to the consolidated financial statements.

are tied to the company's overall performance and regulated by Societe Generale agreements signed with the trade unions every three years.

The company savings plan proposes medium- and long-term savings offering employees the opportunity to build up assets under preferential financial conditions[1] and tax rates through tailored management of a diversified portfolio of investment securities. It comprises a diversified range of eight funds, including the employee share ownership fund (Fonds E). Financial remuneration (consisting of the employer contribution and profit sharing[2]) may be invested in the company savings plan.

INFORMATION ABOUT THE SOCIETE GENERALE EMPLOYEE SHARE OWNERSHIP FUND NAMED "SOCIETE GENERALE ACTIONNARIAT (FONDS E)"

Under the terms of the rules governing the Societe Generale mutual fund, the voting rights attached to the Societe Generale shares included in the Fund's assets belong individually to the holders of fund units in proportion to the respective shares they hold. The Fund's Supervisory Board, which is composed of an equal number of unit-holding employee representatives and representatives of the Management, exercises voting rights for fractional shares and voting rights not exercised by unit holders.

In the event of a public purchase or exchange offer, the Supervisory Board decides, based on the relative majority of the votes cast, whether or not to tender shares to the offer. If there is no relative majority, the decision is put before the vote of the unit holders, who decide according to the relative majority of the votes cast.

(1) Employer matching contribution and discount on the Societe Generale share during the reserved capital increase.

(2) In addition to Societe Generale SA in France, for which the amounts of financial remuneration paid in 2012 are detailed in Note 24 (page 422), most French subsidiaries belonging to the Group Savings Plan are subject to an employer contribution and/or profit sharing agreement

AGILITY: BRINGING RESPONSIBLE, INNOVATIVE CORPORATE SPIRIT TO LIFE

Societe Generale's Human Resources policy aims to promote the professional agility of its teams, as reflected in the determination to foster responsible, innovative corporate spirit in each employee, all in the interest of providing the bank's customers with the best possible support in today's complex environment. Professional agility is also developed by encouraging team spirit, cooperating to achieve long-lasting results and underscoring risk management as an area of expertise that sets the Group apart.

PROMOTING GENDER BALANCE AND DIVERSITY

For the Societe Generale Group, diversity is reflected first and foremost in its 154,009 employees, working in 76 different countries, with 118 nationalities represented.

Societe Generale believes diversity is a major performance driver. This diversity of backgrounds and sharing of ideas and points of view are what allow the company to adapt and react quickly, by picking up the weak signals that alert it to both risks and opportunities. The diversity represented in the teams embodies the diversity of the functions, customers, countries and communities in which the Group operates worldwide. The intelligence, creativity and energy of the teams in all their diversity help the Group to adapt to the changing environment and form an intensely people-oriented bank, close to its customers and attractive to employees.

Within the Group, this diversity is embodied in a broad range of talents linked to gender balance, a variety of nationalities and cultures, the coexistence of different backgrounds and generations, and the integration of disabled persons and inclusion of various minorities. This reality is also mirrored in the Group Management Committee: as of today, 10 out of 58 committee members are women (as compared to eight in early 2011 and six in early 2010), and eight nationalities are represented.

At Societe Generale, the promotion of diversity is not limited to non-discrimination, but is encouraged through recruitment and career management. It is centred on three principles: the Group looks for and recognises all skills that can contribute to its development, wherever they can be found; it ensures that all of its employees receive the proper induction necessary to their performance; and it even-handedly oversees the promotion and development of all employees.

The promotion of diversity is critical to changing the managerial culture at the bank, which is why it has conducted campaigns to raise awareness of unconscious biases, those cultural or intrinsic prejudices and stereotypes that employees and managers may have towards others. These initiatives help employees become aware of these biases so they can then adjust their thinking and move beyond them. To that end, in 2012 the Group continued the "Diversity and Inclusion" training programme introduced in 2011, and is gradually rolling it out to all Group decision-makers, from top management to middle management.

The promotion of diversity also calls for proactive efforts, in line with the Diversity Charter signed by the Group in 2004 and the framework agreement for the development of diversity signed with the Secretary of State in charge of employment in France in 2010, covering the 2010-2012 period.

Gender balance

Because the gender balance is a crucial factor when it comes to meeting the challenges of tomorrow and establishing an appropriate decision-making process, Societe Generale encourages all its managers to adopt this approach on a daily basis at the highest levels of the company, to ensure a true gender balance in the decision-making bodies. At the end of 2012, 6 out of the 15 members of the Group's Board of Directors were women (including two employee Directors). Overall, more than 60% of the Societe Generale Group's employees are women.

BREAKDOWN OF MEN/WOMEN IN THE SOCIETE GENERALE GROUP

The Group promotes gender equality in its partnerships as well. To this end, in 2012 Societe Generale:

- joined the circle of HR practitioners in the financial industry organised by the Financi'Elles network (whose objective is to improve and accelerate access to high-level positions in the finance and insurance sector for women);
- renewed its partnership with the "Tribune Women's Awards", an event launched by the French daily *La Tribune* in 2010 in order to recognise the career paths of outstanding women for whom performance and innovation are the foundations of success and to focus media attention on the performance of women in the economy and business;
- participated in the first "JUMP Day", an international event dedicated to women's professional life and career management held in Paris in May 2012.

Gender balance is also promoted through training and networking actions dedicated to women. On the training side, the Group offers two seminars on career management for women: one for women with about eight to twelve years of professional experience and another for women with about 15 to 20 years of professional experience. These training seminars have been held in France, the US and the UK since 2006. Over 800 women have participated in the seminars to date. In Brazil, the development programme for women created in 2009, also encourages the development of women executives through training and mentoring initiatives. In 2012, SG CIB also launched the "Front Women Development" initiative, a mentoring programme for women front officers and created by women in the front offices of the advisory and financing functions.

On the networking side, the Group promotes gender balance by supporting women's networks throughout the company. These networks are focused on skills development and organise mentoring, coaching and/or co-development initiatives. Examples of such networks of women executives include "Féminin by SG" in France, the "America's Women Network" in the US and the "UK Women's Network" in the UK. One of the initiatives undertaken in 2012 is the "Singapore Women's Network", which includes women customers in its networking initiatives. Lastly, in 2012, new networks were also set up at Crédit du Nord, as well as in Luxembourg and Senegal.

Another highlight in terms of diversity in 2012 was the recognition of the Montenegro subsidiary, Societe Generale Montenegro, for its proactive action. It won the "Naravno, ravnopravno" award ("Equally, Effectively") for the company that has achieved the best results in promoting gender balance in the workplace. This award was given by the Women's Alliance for Development, the Department for Gender Equality at the Ministry for Human and Minority Rights, and the UN Women agency.

See also Chapter 7, "Measures taken to promote gender equality" page 161.

Diversity of origins

To better represent the diversity of the activities, customers, countries and communities in which the Group operates around the world, Societe Generale's diversity policy also emphasises the diversity of origins and nationalities of its employees. This policy is reflected at the highest levels of the Group's structure: 19% of the members of the Management Committee are not French.

The same holds true for the Group's different entities worldwide: a quarter of the members of the management bodies and strategic committees (management committees) are not nationals of the country they work in. This share rises to 32% for the members of the strategic oversight bodies (executive committees).

Generational diversity

The Group is also committed to representing different generations, taking care to provide its older employees with guidance and assistance, while also making sure the next generation takes its place within the company. To this end, the Group focuses special efforts on the professional integration of young people (see also "Special initiatives for students and recent graduates", page 141), while overseeing the development of its older employees and, when appropriate, accompanying employees towards retirement.

The three-year agreement on the employment of older staff within Societe Generale France (excluding subsidiaries) signed in 2009 was still in force in 2012. This agreement implements measures – with quantitative targets – aiming to support older employees and prepare for their career development. Specifically, it stipulates regular "career discussions" and easy access to professional training in all forms. Lastly, it offers measures for adapting work schedules towards the end of a career, at the employee's discretion, in order to afford them the best possible transition into retirement.

Disabled workers

As an employer, Societe Generale has been endeavouring for several years to take the measures required to ensure that disabled employees hold positions which match their qualifications and benefit from appropriate working conditions and training, by adapting working environments, tools, equipment, work stations and/or working hours and offering the possibility of partially paying some expenses, etc.

In 2012, the Societe Generale Group employed 2,136 disabled staff (as defined locally) around the world, accounting for 1.4% of the overall headcount. The highest proportions can be found in France, Italy and Germany.

In France, Societe Generale SA has 1,072 disabled staff(1) and has hired 118 since 2011 (its target for the period covered by the second agreement -2011-2013- is 150).

(1) The number of disabled employees based on DOETH (mandatory annual declaration of employment of disabled workers) criteria at November 30, 2012. These criteria will be amended to take into account the changes in the decree of December 7, 2012.

Initiatives coordinated in 2012 by Societe Generale's Mission Handicap included:

- organisation of the fourth annual "Pass pour l'emploi" career fair in partnership with ADAPT – a day of support for disabled job seekers, held on March 8, 2012 and attended by more than 2,600 applicants;
- the introduction in June 2012 of the "Handiproline" hotline, which all employees can call anonymously and at no cost to talk and seek advice about disability;
- partnerships with leading institutions of higher education and universities to develop employability for their 10,000 disabled students;
- development of work-study programmes enabling disabled persons to obtain necessary job skills ("HandiFormaBanques").

In September 2012, Societe Generale was also recognised as a socially innovative company with an award from IESEG, a leading business and management school, for outsourcing in 2011 some of the network's mail distribution service to the protected sector (companies specialised in employing disabled persons).

The Group's international initiatives included:

- in Serbia, the implementation in 2012 of the "Inclusive Academy" initiative, with the aim of helping young disabled people to enter the job market by giving them new skills. A number of Societe Generale Srbija employees volunteered to run this mentoring programme and to share their expertise. Several participants were hired through this programme, either by the bank or by other companies in Serbia. This project won the award for best volunteering programme in Serbia, presented by the Serbian Business Leaders Forum, SMART Collective, USAID and the Institute for Sustainable Communities;
- a collaboration with the ADECCO association in Spain, focused on integrating disabled persons in companies;
- a recruitment and assistance programme for disabled employees in Romania.

PREPARING THE NEXT GENERATION OF MANAGERS

Strategic Talent Management

The aim of the "Strategic Talent" approach is to detect, develop and build the loyalty of high-potential employees with the objective of identifying and preparing the next generation of managers. A "Strategic Talent" is defined as an employee who embodies the Group's values, performs well over the long term and has strong potential for managerial advancement. With its systematic approach, the Strategic Talent policy identifies individuals around the world on an objective basis, gives them the same chances to bring out their potential and enables them to advance within the Group.

This policy was formally defined in 2010 and is now an integral part of the managerial and HR cycle. Employees identified as Strategic Talents are given special attention by their management as well as their Human Resources managers, notably through special interviews, feedback on their strengths and areas for improvement, the definition of a personal development plan and, where applicable, an invitation to attend the Corporate University programmes.

The Corporate University

Developing and supporting its managers is a major strategic challenge for the Societe Generale Group.

The Corporate University is an internal centre of expertise launched at the end of 2010. Its primary purpose is to ensure the managerial development of the bank's most senior leaders and Strategic Talents. The programmes it offers focus on the development of behavioural skills in a teaching environment that promotes cooperation and teamwork.

Through the Corporate University's curriculum, the Group's leaders are able to take a major step forward in assuming their managerial duties. Moreover, the Corporate University disseminates Societe Generale's managerial culture and practices. The Corporate University thus aims to create a Global Leadership Community in line with the Group's managerial vision and culture, allowing its managers to improve their performance and effectiveness in implementing the Group's strategic overhaul programmes.

To supplement the Strategic Talent programmes, the Corporate University offering includes programmes for the Group's most senior managers and its strategic managers, as well as a series of professional development programmes for women, created in 2012 and designed to acknowledge and recognise women with the ambition and potential to advance within the Group. The e-Corporate University was also established in 2012. This is a space for online managerial development, reserved for the community of participants in the Corporate University programmes.

Another highlight of 2012 was the opening up of the Corporate University to a wider group of managers, with tools enabling all managers to improve their leadership skills throughout their entire career. The Corporate University was notably in charge of leading internal seminars and organising conferences on the theme of leadership.

Overall, more than 2,000 employees of the Societe Generale Group worldwide benefited from the Corporate University's programmes and tools in 2012.

7

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

VISION AND PRINCIPLES

Message from Frédéric OUDÉA:

"Corporate responsibility in all of its aspects – be it economic, social, societal or environmental – has been an integral part of our profession as bankers for many years now. Upholding this responsibility means respecting, wherever we are in the world, each of the commitments that we undertake and that bear the hallmark of the exacting principles we have set ourselves over the past decade and have formally defined in a set of internal directives.

Societe Generale's first responsibility as a company is to be a benchmark bank for its customers, to cater to their financial needs in a responsible manner and, in doing so, to help finance the economy. If we are to earn the trust on which our very business depends, our focus must be to forge lasting relationships with our customers, to provide a professional and ethical solution to their needs, to constantly seek their satisfaction and feedback, and to see them through good times and bad.

Steadfastly committed to progress at every level, our success depends on each Group employee as they embody our duties as a company. Mobilising and developing their talent in a responsible manner, Societe Generale's ambition is to constantly enrich the wealth of its human capital at the service of its customers. Ever attentive to the well-being and professional development of its teams, the Bank seeks to nurture the types of behaviour that will ensure the creation of value over the long term. Our aim is also to encourage our employees to commit to today's society alongside the Group's various partnerships and sponsorship programmes.

Being a responsible bank also means carefully managing the Environmental and Social impact of our own consumptions and our products and services. Wherever possible, we will continue to strive to reduce the Group's ecological footprint and to promote social inclusion, as much through our purchasing, our policies as an employer and our sponsorship, as through our financial solidarity service offer that is adapted to the needs of our most vulnerable customers.

I am confident that our corporate responsibility will cement our reputation as a benchmark bank for our customers and for society, and rate us amongst the first quartile of the world's banks for their CSR policies and initiatives."

OBLIGATIONS AND COMMITMENTS

Societe Generale's growth and development will always reflect its inherent respect for basic human and social rights and for the environment, wherever it is in the world.

It complies in full with the obligations of France's Grenelle 2 Law governing the commitment of national companies to the environment, including Article 225 which requires businesses to report on the environmental and social consequences of their activities, and Article 75 which requires them to carry out out a greenhouse gas emissions inventory as a follow on from with France's New Economic Regulations Act or "Loi NRE".

In 2011, the Group published its Environmental and Social General Guidelines[1] which apply to all aspects of its business and which draw their inspiration from its existing commitments:

- OECD Guidelines for Multinational Enterprises.
- UNEP Statement by Financial Institutions on the Environment & Sustainable Development (UNEP-FI).
- Global Compact's Ten Principles which are integrated within the Group's strategy, its culture and operations.
- Diversity Charter in France.
- Wolfsberg Group Principles.
- Equator Principles.

Moreover, ever conscious of the importance of climate change, the Group achieved carbon neutrality across the board in 2012 by offsetting all of its CO_2[2] emissions for 2011 through the purchase of carbon credits under the Kyoto Protocol.

(1) To find out more on these guidelines, visit the website http://csr.societegenerale.com/
(2) Excluding Rosbank.

AMBITIONS AND POLICIES

Societe Generale's aim is to become a benchmark reference in Corporate Social Responsibility amongst Europe's leading financial institutions.

A component stock of the world's main sustainable development indexes (FTSE4Good, ASPI), it also a popular choice amongst a large number of French Socially Responsible Investment funds.

Societe Generale's global CSR policy ensures that the Group upholds each of its commitments and constantly moves forward according to 5 strategic priorities:

Implementing responsible finance, notably through enforcement of Environmental and Social general Guidelines in all business activities

This comprise two aspects:

- Factoring in the environmental and social issues and challenges that affect our different businesses in order to better manage the related risks.

  Societe Generale's business lines and entities each have structured processes and procedures that are adapted to their specific activities and the degree of risk to which they are exposed, the aim being to ensure that future environmental and social risks are accurately identified, prioritised and managed effectively.
- Encouraging responsible economic development with policies, products and services that contribute directly or indirectly to the protection of the environment or to social development, in response to the growing concerns of our customers and to the opportunities offered by the market. Societe Generale has a responsible lending policy, which is respectful of its customers' needs but also careful to avoid over-indebtedness and to assist those in difficulty.

Responsible solidarity banking

Societe Generale's goal is to offer its customers a wide range of solidarity products and services and, working with its stakeholders, assist those who are financially vulnerable, make banking services more accessible and strengthen its commitment to micro-finance.

Responsible employer

(*see pages 137 and seq. of the Registration Document*)

Societe Generale policy places great importance on diversity (gender equality, equal opportunities, employment of disabled persons), the development of an employee's skills and potential in order to match their career with their individual goals and needs, and remuneration that ties each individual's performance to the results of the Group.

It also aims to promote citizenship initiatives that encourage professional integration.

Responsible management of our environmental impact and purchasing policy

Having reduced its CO_2 emissions by 20% per occupant and achieved carbon neutrality in 2012 (excluding Rosbank), Societe Generale has set itself a target 26% cut in carbon emissions and 24% increase in the energy efficiency of its buildings by 2015[(1)] . The Group has already introduced an internal carbon tax as an incentive to encourage entities to take responsibility for their impact on the environment.

The broader scope it has given to its sustainable sourcing program is also intended to forge relationships of trust with suppliers that encourage them to develop responsible practices.

Responsible role at the heart of today's society

Societe Generale constantly seeks to further its commitment to civil society, encouraging its employees to take part in the various sponsorship programmes set up by the Group and greater dialogue with its stakeholders.

ORGANISATION AND GOVERNANCE

CSR management at Societe Generale forms an integral part of the Group's organisation and is implemented by various resources and structures at different levels (governance, compliance and internal control functions, risk committees, new product committees, internal regulations, Code of Conduct, Audit Charter, etc.).

The Executive Committee defines the broad outlines of the Group's CSR policy and periodically validates any action plans based on the reporting made by the Corporate Social Responsibility Department.

(1) 2007 continues to be the benchmark year.

The Group's business lines and corporate divisions are responsible for adjusting and implementing this policy to the specific characteristics of their respective activities. Each entity appoints its own "CSR contributors" (around sixty Group-wide), whose role is to oversee the implementation of policy at an operating level, i.e. to actively participate in drawing up plans and monitoring their execution.

The Corporate Social Responsibility Department reports to the General Management via the Corporate Secretariat. It is in charge of defining and promoting CSR policy throughout the Group as well as coordinating the activities of its contributors and all related initiatives. It also provides practical assistance to the different entities as well as encouraging the exchange and dissemination of best practices.

To evaluate its overall CSR performance, the Group has defined a series of quantitative indicators, which are grouped into five categories:

- **governance**: governance, compliance, conformity, risk;
- **business**: social and environmental evaluation of counterparties/projects, product innovation for sustainable development, customer satisfaction, contribution to local development, etc.;
- **social**: employment, career and skills management, remuneration, working hours, internal feedback, health and safety, etc.;
- **environmental**: environmental management system, environmental awareness, water and energy consumption, transport, waste, etc.;
- **sponsorship**

Each year, the corresponding values are entered, consolidated and analysed using a dedicated reporting system that was introduced by the Group in 2005.

To find out more, visit the website at csr.societegenerale.com

The legal obligation for all companies listed on a regulated market to report in their yearly management report on the social and environmental consequences of their activities was reinforced by the passing of the so-called "Grenelle II" Law of July 12, 2010 and Article 225 therein on France's national commitment to the environment, and its implementing decree of April 24, 2012 on corporate transparency requirements for social and environmental issues which amends Article L.225-102-1 of the Commercial Code based on Article 116 of the Law on New Economic Regulations (NER) of 2001.

The information (consolidated) presented in this report is structured according to the 42 indicators given in the implementing decree of April 24, 2012. Societe Generale's CSR reporting process is presented in the methodological note at the end of the current chapter.

SOCIAL INFORMATION

Employment

Total headcount and breakdown of staff by gender, age bracket and region

Group headcount at November 30, 2012: 154,009 employees (including 9,564 on fixed-term contracts).

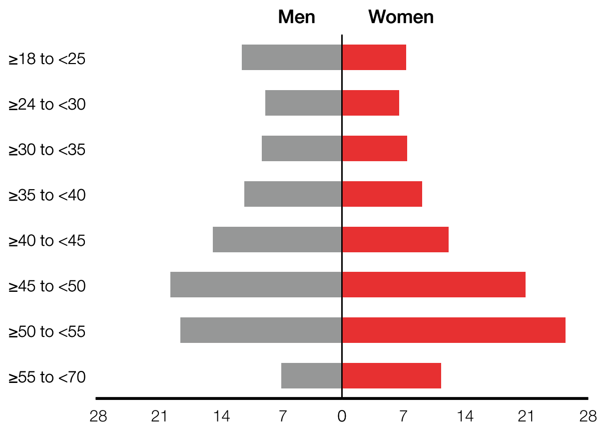
Societe Generale SA in France headcount (excluding subsidiaries): 43,094 employees.

Women account for 60.12% of Societe Generale Group's headcount.

The Group's employees work in 76 different countries (see also "Breakdown of staff by region", Chapter 6, page 139).

BREAKDOWN OF STAFF BY AGE BRACKET(1):

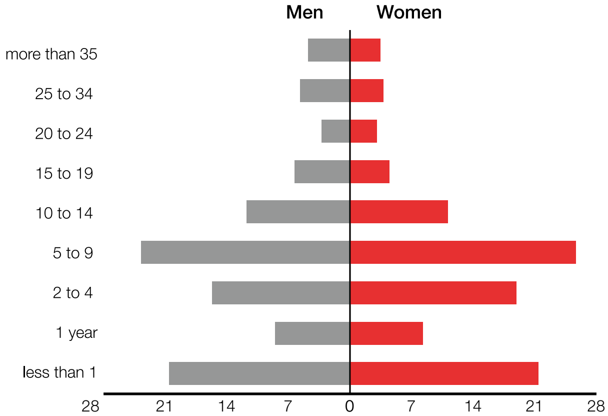
The average age for Group employees is 37, broken down as follows:



(1) Data at end of November 2012, for scope see "Methodology" on pages 191 and seq.

BREAKDOWN OF STAFF BY LENGTH OF SERVICE[1]:

The average length of service amongst Group employees is 7.7 years, broken down as follows:



New hires and dismissals	See Chapter 6, “Recruitment” page 141 and “Departures” page 139.
Compensation, change in compensation	See Chapter 6, “Acknowledging performance”, page 143.

Organisation of work

Working hours

At Societe Generale, employee working hours are set according to the regulations that apply in each country where the Group operates and to the employee’s function. As a result, practices vary significantly (number of working hours, flexible working hours, organisation, etc.).

Societe Generale SA France, for its part, signed an agreement on October 12, 2000 on the reduction and organisation of working hours, which was implemented as of 2001 and later amended in 2002, 2004, 2006, and 2008.

For hourly-paid staff (banking technicians and executives), the agreement provides for 1,607 working hours per year, based on one of two schemes:

- A 39-hour working week with the following paid leave in 2012:
  - for a working week from Monday to Friday: 55 days of paid leave in addition to normal days off per week,
  - for a working week from Tuesday to Saturday: 54 days of paid leave in addition to normal days off per week.
- A working week of 37 hours and 22 minutes, spread over 4.5 days, with the following paid leave in 2012:
  - for a working week from Monday to Friday: 46 days of paid leave in addition to normal days off per week,
  - for a working week from Tuesday to Saturday: 45 days of paid leave in addition to normal days off per week.

Executives working a fixed number of days received 52 days of paid leave in 2012 at entities working from Monday to Friday and 51 days at entities working from Tuesday to Saturday.

Part-time work

At Societe Generale, employees also qualify for schemes that reduce the number of working hours to 90% (introduced in May 2008), 80%, 70%, 60% or 50%.

Several of the Group’s French subsidiaries have signed special agreements, as have many foreign entities.

Group-wide, 10,363 staff (i.e. 6.84% of the workforce) work part-time (including 6,214 in France and 4,886 for Societe Generale SA in France).

(1) Data at end of November 2012, for scope see “Methodology” on pages 191 and seq.

	Overtime The definition of overtime is taken from French law which means that the reporting scope for this indicator is therefore limited to France. On November 30, 2012, the total number of hours of overtime reported by staff at the French entities was 90,258, i.e. an average of 1.52 hours per employee. The total number of hours of overtime recorded by Societe Generale France (included in the total number of hours recorded for the Group's French entities) over the period was 48,853, i.e. an average of 1.13 hours per employee.
Absenteeism	Rates of absenteeism and their related causes are monitored at all Group entities. The rate of absenteeism (number of days absent/total number of days paid, as a percentage) for the first 11 months of 2012 was 3.92% (main causes: illness, 1.88% and maternity, 1.22%) for the Group and 5.37% for Societe Generale SA in France (main causes: illness, 2.68% and maternity, 2.53%).

Employee relations

Social dialogue: information, consultation and negotiation

Social dialogue is a collaborative process between employer and employee (or their representatives) on common-interest issues relating to a company's economic and social policy. Applied at a Group-wide or individual entity level, it can take various forms, from the simple exchange of information to consultation and negotiations.

Societe Generale's by-laws provide for the inclusion of a staff-elected representative on its Board of Directors. In France, employer-employee dialogue is ensured by the Employee Representative Bodies set up by the Group in accordance with the French Labour Code. These bodies include:

- the Group's unions and their branch offices, delegates and representatives which have exclusive control when it comes to collective bargaining;
- the Works Councils and the Central Works Council which act as advisory bodies for all matters concerning the general running of establishments and the Group. They also manage social and cultural activities for staff;
- the staff delegates whose responsibility is to represent individual or Group employee claims pertaining to regulations and collective bargaining agreements;
- the Hygiene, Safety, and Working Conditions Committee whose main purpose is to help protect the health and safety of employees, improve working conditions, and ensure compliance with legal and regulatory requirements;
- the Group Committee which provides a forum for information, discussion, and exchange between the Management of Societe Generale group and employee representative bodies on the activities, financial situation, employment changes, strategy, and forecasts of the Group in France;
- the European Works Council which is a forum for information, dialogue and exchange on economic, financial, and social issues of strategic and transnational importance (i.e. that affect at least two countries in the European Economic Area).

Throughout the rest of the world, the Group works to maintain dialogue with its employees in various ways, depending on the size and structure of local teams and the applicable laws in each country.

	For example, where local laws in the countries in which the International Retail Banking Division operates do not provide for staff representation or representation is possible but not mandatory, the subsidiaries organise employer-employee dialogue according to formal, detailed procedures that vary by country. Each entity must ensure that employees have an ad hoc procedure for voicing their concerns or grievances and that they are taken into account. Employer-employee dialogue can also take the form of regular meetings which are an opportunity for department managers and the Human Resources Department to communicate with staff. Employees and their managers are informed of the existence and implementation of these procedures, particularly during the induction of new employees. Employees are also kept informed through other communication channels, including the Human Resources Department's intranet site or regular meetings.
Collective bargaining	In 2012, the Group signed 304 agreements with employee representatives, including 87 new agreements in France. These agreements covered issues such as remuneration and profit-sharing, equality in the workplace, working hours and employee benefits (including health insurance and pension plans). For Societe Generale SA in France, these agreements were primarily linked to: employee cover in the event of a reorganisation or transfer, gender equality, the activities of the Central Works Council, the budgets for subsidies of the Central Works Council and unions, the re-election of the European Works Council, the terms of the collective retirement savings plan (PERCO SG), the activities and resources of the Health and Safety Committees (CHSCT) in Paris, as well as the re-election of certain committee members and staff delegates.

Health and Safety

Health and safety in the workplace

See also Chapter 6, "Health and well-being", page 144.

In France, special attention is paid to the health and well-being of employees, with programmes that range from reducing stress in the workplace to medical prevention and to psychological counselling for employees who have been the victims of an assault.

Stress in the workplace

Societe Generale France introduced a programme for the prevention and management of job-related stress as far back as 2008, working alongside the Group's social partners on action plans for effective stress prevention.

Since January 2009, the Group also monitors employee stress levels through the "stress observatory", a partnership set up with a consultancy firm which works closely with the company's medical officers. Each year, anonymous and voluntary questionnaires are offered to employees during their medical check-up in order to establish any collective work-related stress factors. On an individual basis, this same questionnaire enables the company's medical officers to talk to employees about their personal results and, if necessary, recommend support measures.

All of the Group's initiatives launched over the last two years as part of its stress management and prevention policy (besides the "observatory"; information and awareness campaigns aimed at all Group employees; conferences; stress management guide; brochure for all staff; dedicated section on the Group intranet; training modules for all personnel; and mandatory e-learning module for 7,000 managers) led to Societe Generale being classed, in February 2010, as "green" in the French Ministry of Labour's rankings of companies that present a potential psychological risk.

Stress prevention and management is an on-going concern:

- in 2010-2011, the Group set up a pilot site in one of its French Retail Banking back offices as part of a collaborative project with the Agence Nationale pour l'Amélioration des Conditions de Travail (French National Agency for the Improvement of Working Conditions, ANACT), which has already led to measures being extended to other network entities;
- in 2012, new projects were launched in collaboration with ANACT in two operating divisions and a multimedia customer relations centre with the same aim of identifying concrete measures.

Societe Generale constantly adapts its approach to the climate and context in which its employees work in order to provide the necessary preventative measures and/or assistance.

Two examples within its French Retail Banking division include:

- an e-learning training module on dealing with conflicts in place since March 2010 for all employees who are in contact with the general public,
- psychological counselling for employees who have been the victims of an armed assault or aggression (see below).

Several local initiatives are also underway overseas:

- as part of its Equal Opportunities Plan in Luxembourg (see "Equal opportunity", p. 161), the Group has introduced an employee assistance programme and, in June 2012, set in place a telephone helpline and physical assistance for any emotional or medical issues such as stress or problems linked to working relations. This free and guaranteed anonymous service provided by professionals from the healthcare sector is available to all Societe Generale employees in Luxembourg;
- in Germany, an assistance programme was also set up in 2012 in collaboration with an external agency specialising in the healthcare sector. Today, all Group entity employees have access to a 24/7 hotline, as well as advice by e-mail or by appointment that offers them personal support in times of stress, regardless of whether it is linked to their working or private lives. This programme also includes family services such as childcare or care for the elderly;
- in the United Kingdom, a programme is also in place with a partner from the insurance sector for all Societe Generale staff (SG Corporate and Investment Banking, Societe Generale Securities Services, SG Hambros and ALD Automotive) which offers assistance and advice to staff and their families on personal or professional issues, helping them deal with difficult situations and answering any health, legal or financial questions they may have.

In France, Societe Generale employees who have been victims of armed assault or aggression benefit from a nationwide support network thanks to a partnership signed with the Institut National d'Aide aux Victimes et de Médiation (National Institute for Victim Support and Mediation, INAVEM) in January 2010 and renewed in 2011 and 2012. The Group also provides social workers who are specially trained in post-trauma interviews as well as medical check-ups by a company medical officer.

Health

Societe Generale's yearly seasonal flu vaccination campaigns were carried out again in 2012. In France, over 1,200 employees primarily from the Group's corporate departments and proximity branches benefited from this purely optional medical service. Similar campaigns were also carried out in a large number of Group entities, notably in the United States, Hong Kong, Russia, the Czech Republic, Morocco and the United Kingdom.

In France, the Group's campaign to prevent cardiovascular diseases continued in 2012 in the Paris region and elsewhere. Set up with the help of the Group's occupational health department and Mutuelle SG, the campaign is structured around a series of talks by outside physicians specialising in cardiovascular disease and information/awareness workshops. Topics tackled in 2012 included blood pressure and exercise and first-aid help. At the same time, 96 Automatic External Defibrillators were set up in the Group's central buildings in the Paris region.

At a local level, Societe Generale's Mediterranean and Sub-Saharan subsidiaries continue to play an active role in raising awareness amongst communities and employees on the prevention of pandemics, particularly malaria and HIV and AIDS.

Open to all employees and their families in each of the countries in which it is present, the Group's HIV/AIDS programme focuses on 4 key priorities:

- raising employee awareness of the nature of the virus and the importance of knowing their serological status;
- making it easier for employees to undergo screening which is voluntary, anonymous and free of charge and to obtain the advice they need when they get their results;
- covering the global medical expenses linked to the treatment of the illness (tests, analyses, medication, etc.) as part of its healthcare package;
- fighting against any form of discrimination towards HIV-positive staff.

	Societe Generale's subsidiaries carried out a number of other health-related initiatives in 2012, notably: ■ the continuation and extension of breast cancer screening to employee wives in Algeria. In 2011, 288 women (more than 40% of women employees) were given breast cancer screening organised and financed by Societe Generale Algeria; ■ in Cameroon, Societe Generale organised a number of information campaigns throughout 2012 including talks on prostrate pathologies, cardio-vascular risks and blood pressure, and awareness campaigns as part of World Diabetes Day. In order to effectively protect the health and safety of its international travellers and employees who move between countries, Societe Generale introduced its "Health, Safety, Security" global assistance programme in 2009 with the support of International SOS, a global leader in international health and safety services. The programme provides: ■ a 24/7 advice and assistance hotline; ■ guaranteed assistance in an emergency or crisis; ■ an information website on health and safety risks in various countries; ■ a tracking tool at a central Group level for business travellers, combined with an e-mail sent to travellers containing a memo and safety protocol specific to their destination as soon as tickets are booked; ■ a mobile application (Blackberry, iPhone, Android) for easy access to the assistance programme and health and safety advice wherever they are. **Well-being** As a Group that pays special attention to ensuring the well-being of its staff, Societe Generale carried out a number of initiatives in 2012 linked to: ■ nutrition: "sustainable canteens" in France since 2010 impose very strict standards for products (quality, origin, etc.). These initiatives were rewarded in August 2012, with the canteens at La Défense and Val de Fontenay certified by the French Ministry for Agriculture, Food and Forestry as part of its "Bien manger, c'est l'affaire de tous" (Eating well is everyone's business) programme. In Canada and Switzerland, the Group's entities also provided staff with fresh fruit, free of charge; ■ childcare: Societe Generale's partnership with two crèche networks means the Group is able to offer day-care services across the whole of France. Its emergency childcare service, "Flexi-Crèche", also means that staff have a temporary solution should something prevent their usual childcare arrangements. In 2012, staff were able to register in 25 crèches in the Paris region and 19 crèches elsewhere. In fact, since the service was first set up in 2009, close to 400 families have signed up. An emergency childcare service is also available for employees in the United States; ■ services: Societe Generale's platform of services "Mon Quotidien et Moi" (My Day-to-Day and Me) is an information network for employees in France on family (children, parenting, the elderly, the disabled) and home-related issues. It also manages personal services such as day-care, tutoring, cleaning/ironing, gardening and more, from the selection of a service provider to billing.
Agreements signed with trade unions or staff representatives governing health and safety in the workplace	See above "Collective bargaining", p. 158. Entities such as Societe Generale SA, Parel, ALD France, ALD Germany or Societe Generale in Italy signed agreements related to stress, insurance and medical expenses cover.
Accidents in the workplace, including frequency and severity, and work-related illnesses	Number of accidents in the workplace (Group): 1,013, with a frequency rate of 0.0004 (mainly due to accidents while commuting). See also "Absenteeism", page 157. The rate of accident severity is not considered so far an indicator with a follow-up, considering the type of activities of the Group. Regarding professional illnesses, the Group has taken measures to counter stress in the workplace (see chapter7 "Health and safety – Stress at workplace" p 158).

Training

Training policies implemented	See Chapter 6, "Developing skills", p.142 .
Total number of training hours	In 2012, a total of 2,940,817 hours of training were given Group-wide. Close to 84% of employees were able to complete at least one training programme, and 173,881 e-learning modules were given out worldwide by the Group's training teams.

Equal opportunity

Measures taken to promote gender equality	See also Chapter 6, "Gender balance", p. 147. Group-wide, 66.9% of new hires in 2012 were women. When it comes to career management for women employees in France, interviews are systematically arranged before and after maternity leave, with staff returning from parental leave also given access to training to familiarise them with any changes that may have occurred during their absence. When it comes to talent management, particular attention is paid to criteria that promote equality and encourage the detection of women and non-French talent and no quotas are applied. In line with its policy to reinforce the number of women executives and managers, Societe Generale Group has made it easier for women employees within its Retail Banking division to obtain promotions without it necessarily requiring a change in function or location. In 2011, an agreement was signed in France devoting a budget of at least EUR 3 million to narrowing any unwarranted gaps between wages for men and women in 2011 and 2012. The targets set were met, with EUR 1.4 million used to eliminate the gaps in 2011 and EUR 1.6 million in 2012. This agreement expired at the end of 2012 and negotiations for its renewal began in December. Moreover, a new agreement for "Egalité professionnelle entre les femmes et les hommes" (Equality in the workplace) was signed by all of the bank's unions in December 2012 for a period of 3 years. One of the commitments of this agreement is to ensure that 45% of management positions are occupied by women by the end of the 2015 financial year. Several initiatives have also been taken outside France, including a maternity management policy at Komerčni Banka (Czech Republic) and shorter workdays for women returning to work before their child's second birthday in Romania. In Germany, as well as the efforts being made to encourage women to return to work after maternity leave (childcare allowances for children aged 6 and under for women returning to work after a maximum of six months of maternity leave, building of company day-care centres), the help programme set in place in 2012 offers advice and support in planning and managing their return to work to ensure the transition is as smooth as possible. In February 2012, the Luxembourg Ministry for Equal Opportunities gave its approval, for a period of 2 years, to the "Opportunités égales pour hommes et femmes" (Equal Opportunities for Men and Women) project initiated by Societe Generale's asset management and investor services divisions in Luxembourg. The fifteen measures defined in the project are currently being implemented and will be supported and supervised by the Ministry. They are based on three themes: equal treatment between men and women, gender equality in decision-making processes and reconciling an individual's personal and professional lives.
Measures taken to promote the integration of disabled workers	In 2011, Societe Generale SA France renewed its agreement governing the recruitment and professional integration of disabled employees from 2011-2013. See Chapter 6, "Disabled workers", page 148.

Fighting discrimination

See Chapter 6, "Promoting diversity", pp. 147-149

The "Label égalité professionnelle" (Professional Equality Label) awarded by French independent certification company, AFNOR, in November 2010 for a period of 3 years comes in recognition of the Group's strong commitment to gender parity and professional equality.

In the United Kingdom, the UK Diversity Committee, which was founded in 2008 with the support of the country's senior management and HR Department, is made up of volunteer employees whose role is to promote a climate of inclusion and to prevent any behaviour that may be perceived as discriminatory. Its aim is also to make sure employees know what steps to take if they are the victims of harassment and to promote the setting up of different networks to deal with issues linked to gender equality (Women's network), family (Family Network), multicultural criteria (Multicultural Network) and sexual preference (LGB Network).

Promotion and observation of the fundamental conventions of the International Labour Organisation

Freedom of Association and Collective Bargaining

As specified in Societe Generale's Code of Conduct, which is available in 26 languages and applies to all Group employees, all Group entities must observe the rules pertaining to freedom of association and working conditions.

Non-discrimination (Employment and Occupation)

Various initiatives were carried out in France in 2012 to promote the hiring and integration of young people from underprivileged neighbourhoods and the inner cities.

See Chapter 7, "Societe Generale initiatives for employment", page 176

Forced or Compulsory Labour

Child labour

As specified in Societe Generale's Code of Conduct, all Group entities are prohibited from using forced labour, compulsory labour, or child labour, as defined by the International Labour Organisation, even when permitted by local law. The Code of Conduct is enforced through the application of employment laws and regulations, as well as by the internal rules and codes of ethics in place in each entity.

As part of its Environmental and Social (E&S) General Guidelines (see "Responsible Finance", page 174), Societe Generale is committed to conducting its activities in a responsible manner, notably by upholding the values and principles set out in:

- the Universal Declaration of Human Rights and associated covenants (namely, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights);
- the fundamental conventions of the International Labour Organisation;
- the UNESCO World Heritage Convention;
- the OECD Guidelines for Multinational Enterprises.

As part of its responsible purchasing policy, Societe Generale is careful to ensure that all of its service providers comply with its commitments (see chapter 7 "Subcontractors and suppliers", page 186).

ENVIRONMENTAL INFORMATION

General environmental policy

Company policy addressing environmental issues and, where applicable, steps taken to evaluate environmental performance or obtain environmental certification

Societe Generale is committed to monitoring its environmental impact through its operations by including environmental criteria in its financial and investment activities, as well as internal activities, and by promoting products and services that help protect the environment.

The Group's environmental policy strives to meet three major objectives:

- to reduce and minimise the direct impact of its activities on the environment;
- to lower costs associated with natural-resource and energy consumption through moderate and optimised utilisation;
- to provide constant attention to employee comfort and customer service.

Since 2007, with the launch of its 2008-2012 carbon neutrality programme, the Group has undertaken to foster an environmental culture. The Bank committed to reduce its CO_2 emissions per occupant by 11% by 2012 and to gradually offset its emissions, thereby making the fight against climate change a key focus of its environmental policy. Four years later, the results are very positive:

- the reduction of CO_2 emissions per occupant have exceeded the 11% target;
- the Group (excluding Rosbank) achieved carbon neutrality in 2012 via the purchase of carbon credits;
- since 2011, the system has been based on the incentive of an internal carbon tax;
- new products and services linked to the environment.

In July 2012, the Executive Committee approved a new carbon reduction programme for 2012-2015 which takes over from the previous programme and strengthens its ambitions with the following two objectives:

- to reduce greenhouse gas (GHG) emissions per occupant by 26% compared to 2007 (excluding the purchase of green electricity);
- to increase energy efficiency by 24% compared to 2007.

The carbon reduction programme is based on a twofold incentive:

- the internal carbon tax paid by each business line and the corporate divisions, based on the carbon footprint;
- the allocation of proceeds from this tax to internal environmental efficiency projects, which can be submitted by any entity (subsidiary or corporate division) and demonstrate both environmental additionality and an economic interest.

In addition, efforts will be made to expand the environmental scope (Scope 3, as defined by the GHG Protocol[(1)] and improve waste management (reporting and recovery).

In 2012, the Group's "green financing" amounted to close to EUR 1 billion (see definition of green financing in the "Responsible Finance" section on page 174).

Societe Generale has adopted a decentralised structure under which environmental management is included in the activities of the departments in charge of managing the dedicated resources and services of each branch and subsidiary. Since 2005, the Group has performed an inventory of greenhouse gas emissions, in accordance with the GHG Protocol (international standard). Oversight of environmental indicators was improved with the implementation of a CSR reporting tool, the scope of which was further expanded in 2012. It now covers the electricity consumption of the Group's data centres in France, the total volume of paper consumption (photocopy paper, envelopes, account statements, paper for customers, etc.), business travel and transport of goods in France, and fluorinated gas (F-gas) emissions by the central departments. In 2012, more than 700 contributors in 310 entities (subsidiaries, branches, representative offices, central buildings and regional offices), occupying 7,849 buildings in 64 countries, participated in the annual environmental data collection campaign.

(1) Scope 3 covers other indirect emissions resulting from the Group's operations, and which come from sources other than those related to energy and which are not owned by the Group.

	Moreover, some of the Group's entities are ISO 9001 certified, including ALD France, ALD Hungary, ALD Italy, ALD Luxembourg, ALD Maroc, ALD Brazil, ALD Netherlands, ALD UK, Sogecap France, Sogessur France, Franfinance and SGEF France. ALD UK, ALD Sweden, and CGA are ISO 14001 certified.
Employee training and awareness on environmental protection	A training programme on sustainable development and CSR (e-learning and classroom training) has been available for Group employees and managers since 2009. A dedicated intranet site (in French and English) enables employees to find out more about sustainable development issues in general and within the banking sector in particular, and about the initiatives taken by Societe Generale in this area. Conferences on various sustainable development issues are organised for employees on a regular basis, and regular displays indicating eco-friendly best practices put up throughout the central buildings in France. Since 2008, the Group has organised the Societe Generale Climate Change Week every year in December. This event, which coincides with the conferences taking place under the United Nations Framework Convention on Climate Change, is an opportunity to raise employee awareness of major environmental issues and the Group's initiatives. The 2012 Climate Change Week focused on Group-implemented actions and products linked to the environment which illustrate the growing incorporation of environmental considerations. The week-long event was followed by a conference on "The climate: a hot issue!" ("Climat : ça chauffe") and featured Jean Jouzel, climatologist and Vice-President of the scientific body of the IPCC, as a guest speaker. In the second half of 2011, a Responsible Building Management training programme was initiated, focusing on climate adapted architecture, eco-construction, and energy-efficiency standards and labels applied in the construction sector. It also provides an introduction to Responsible Building Management assessment software and the Group's environmental policy with respect to real estate. This tool is specifically adapted to the Bank's businesses for renovating and constructing buildings in a way that saves energy and reduces CO_2 emissions. The Responsible Building Management training programme underwent a major update over the second half of 2012, continuing into 2013. For more information regarding training on the application of environmental and social criteria in financing activities, refer to the section on "Responsible Finance" on page 174.
Pollution and environmental risk prevention	The Group's policies and processes for managing credit risks have increasingly included the assessment of environmental risks (many of which are often more tangible than climate risk alone) and societal risks, starting with the project finance sector. This commitment was formally defined with the adoption of the "Equator Principles" in 2007, on the basis of which 60 transactions were assessed in 2012 (71 in 2011, 57 in 2010, 50 in 2009). The Group's financial analysis teams include experts on the impacts of environmental issues and carbon prices on the valuation of players in various economic sectors. The goal is to gain a better understanding of how the long-term challenges of climate change affect valuations so that the Group can advise its investment clients on well-informed strategies for the stock market. There are 14 employees dedicated to E&S analysis and to the business development potential involving this analysis, in addition to around 20 engineering consultants contributing their expertise on specific sectors. There are no specific resources dedicated to pollution and environmental risk prevention, given the nature of Group's operations. See also the sections on "Responsible Finance" and the Equator Principles on page 176.
Amount of provisions and guarantees for environmental risks, provided that such information is not liable to harm the Company's interests in any ongoing legal disputes	There are no plans for a specific provision for environmental risks, given the nature of the Group's operations.

Pollution and waste management

Measures for preventing, reducing, or offsetting emissions into the air, water, and soil, with a severe impact on the environment

TRANSPORT

Eco-mobility

In 2012, the vehicle leasing subsidiary ALD Automotive launched the "*ALD newmobility*" programme which offers concrete solutions to meet the new mobility needs of its customers. Included is the car-sharing solution "*ALD sharing*" for all company employees, thereby reducing the company's fleet of vehicles. This "self-service" car solution was rolled out at the Group's head office at La Défense in 2010, and now totals six low-CO_2 emission vehicles, including one hybrid and one electric car. In 2012, the solution was expanded to include employees' personal travel in order to optimise personal practices in the interest of the product-service system. "*ALD newmobility*" offers other multi-mode leasing solutions: "*ALD switch*" (short-term small vehicle leasing, hence the choice of vehicle depending on use, "*7 Wheel Lease" and "6 Wheel Lease*" (car and scooter leasing), "*ALD Railease*" (train subscription with long-term vehicle leasing), "*ALD 2 Wheels*" (long-term scooter or motorbike leasing), and "A*LD companybike*" (option of including a bicycle in the lease).

In addition, an ecodriving guide was published in France to give drivers advice on how to drive in a more eco-friendly manner (lowering fuel consumption by 25% on average).

Furthermore, ALD Automotive's "*ALD Bluefeet*" range of services encourages more eco-friendly operations (fleet CO_2 emission analysis and reduction tools, offsetting programme, ecodriving training).

Vehicle financing and insurance solutions

Societe Generale included a "green" loan in its "Essentiel Auto" offer for the purchase of a hybrid or electric car at a preferential rate of 4.20% (fixed APR) until October 31, 2012 for a duration of 12 to 84 months. At December 31, 2012, 284 "Expresso Voitures Propres" loans were disbursed totalling EUR 4.34 million. With the "extras" of the Sogessur vehicle insurance offer, infrequent drivers (under 6,000 km/year) and new-car owners (less than 120g of CO_2/year in emissions) receive contribution benefits.

Infrastructure financing

For example, in 2012, Societe Generale was the lead arranger on a project to finance the renovation and modernisation of the bus fleet of the Dijon metropolitan area. The market of 102 hybrid buses (design, construction and partial maintenance) totalled EUR 53 million, granted to the Heuliez Bus consortium (Iveco/Fiat Group) – Barclays Infrastructure Fund. This hybrid technology lowers fuel consumption and therefore CO_2 emissions, and also reduces noise pollution while offering passengers greater comfort.

Societe Generale is the first private investment bank in the French public-private partnership (PPP) of the high-speed rail network. The most recent railway project, the Nîmes-Montpellier bypass, will be the first high-speed passenger and freight train route. The project will reduce the journey between Paris and Montpellier by 20 minutes, and decongest road traffic by 3,000 heavy goods vehicles per day.

Commuting

Proximity to a public transport hub (La Défense, Val de Fontenay) was a key factor when determining the location of Societe Generale's head offices. Societe Generale is part of an inter-company travel plan that was initiated by the French Chamber of Commerce and Industry in the second half of 2012, continuing into 2013.

Since October 2007, Societe Generale has offered a carpool service for its employees in the Paris region, in addition to awareness-raising poster campaigns held throughout the year. To date, some 5,000 members of staff have signed up for this service via the dedicated website www.roulons-ensemble.com.

Business travel

In 2012, Group employees travelled 390 million km by train, airplane and car, representing 2,483 km per occupant. The Group therefore posted a 27% decrease in travel per occupant compared to 2011, largely attributable to less air travel on account of less business activity, but also due to initiatives that have been underway for a number of years.

The internal instruction encouraging staff to limit business trips and travel by train rather than by airplane, distance permitting, was updated in 2012. As a result, short-haul air travel has been reduced in favour of rail transport.

The use of audio and videoconferencing systems is also encouraged to limit the need for business travel. A new range of remote collaboration services was implemented in 2012 (“*Team@nywhere*”), including instant messaging, audio, web and videoconferencing solutions, and goes towards reducing business travel. The videoconferencing solution is used chiefly following the installation of rooms set aside for this purpose (French Networks, SG GSC Bangalore, Axus Italiana, Parel, SG Private Banking Switzerland, etc.).

Societe Generale has undertaken to reduce the carbon footprint of its fleet of company vehicles. In 2009, a “Group Car Policy” was launched in France, setting out to limit the environmental impacts of the Group’s car fleet by selecting green vehicles and implementing support measures such as training in eco-driving. Every year, the average CO_2/km rate of the renewed fleet is reduced during calls for tenders. Since the start of the project in 2009, this rate has decreased from 123.9 g/km of CO_2 to 86.7 g/km of CO_2 in 2013(1). At end-2012, the average CO_2/km rate for Societe Generale’s fleet stood at 111g/km in France and 129.6g/km worldwide.

Transport of goods

In 2012, for the first time and as part of its strategy to broaden Scope 3, Societe Generale included data pertaining to CO_2 emissions from the transport of goods in France (transport of funds, post, couriers as well as courier vans between central department offices), which totalled 2,267 tons of CO_2. Efforts were made to pool and optimise transport linked to banking services in 2011, and were continued into 2012 for the two French networks Societe Generale and Crédit du Nord.

OTHER EMISSIONS INTO THE AIR

Societe Generale played an advisory role for the USD 2.6 billion Citadel Capital project to finance a new petroleum refinery near Cairo. This new operation will transform oil residues from Egyptian refineries into a cleaner product. The average distillates and composite products meet high international quality standards and production is geared towards the internal Egyptian market.

Waste prevention, recycling and disposal measures

The Group’s waste production in 2012 is estimated at 15,703 metric tons. 170 metric tons of food waste was recovered from the three towers of the central buildings for anaerobic digestion, producing 59 MWh of electricity. Several awareness raising campaigns and recycling initiatives were launched or renewed in the Group subsidiaries, such as internal environmental awareness (C.G.A., SG Private Banking Switzerland, Banco SG Brasil), the implementation of waste sorting (SG Hong, Banque Tarneaud, Komerční Banka in the Czech Republic), raising employee awareness on the importance of eating more natural products and less processed food (SGSS United Kingdom).

Societe Generale raises awareness on waste through its partnerships and initiatives: in Equatorial Guinea, it is the financial supporter of the first ecological carnival focusing on waste and recycling organised by the Institut Français de Malabo; the renewal of the partnership between SG Maroc and the Mawarid association under the “Morocco without plastic bags” project; in Croatia, the continuation of the project to clean the Adriatic seabed; an awareness day focused on sanitation organised by Societe Generale Burkina Faso in order to draw the local populations’ attention to the excessive use of plastic bags.

Since 2009, an internal instruction has governed the treatment of waste electrical and electronic equipment (WEEE) at Group level. In France, an agreement was signed with companies in the sector specialising in the treatment and recycling of electronic equipment. Over 1,000 metric tons of WEEE were treated. In 2012, the agreement was expanded with the addition of a turnkey solution, Mbox, which facilitates storage, recovery and recycling.

In 2012, Societe Generale set up a process in its central buildings covering the removal of office furniture for recycling or restoration for re-use. This process ensures the traceability and re-use of office furniture. In the same vein, a “*Re-entry*” project was initiated in June 2012 under which old carpet is taken up with the aim of eliminating the environmental impact based on the product’s life cycle by 2020.

(1) 2013 estimate according to volumes attributed in calls for tenders.

Sound pollution and any other form of business-specific pollution	Not material in the Company's activity.

Sustainable use of resources

Water consumption and water supply based on local constraints

In 2012, the Group's water consumption was 1.64 million m^3. Some entities were unable to determine their water consumption (this is notably the case for jointly-owned buildings, as the cost of water consumption is included in building management charges). Average global consumption rose by 3.5% compared to 2011, due in large part to the inclusion of Rosbank in the reporting scope in 2012.

Also in 2012, several entities (ALD UK, Banque de Polynésie, SG Calédonienne de Banque, SG de banques au Cameroun, Komerčni Banka, BRD, SG Srbija, SG Habros, B&T (Gibraltar), French Networks, central buildings, etc.) adopted technological solutions to limit water consumption (installation of water-saving devices or push faucets, installation of motion detectors near the taps, installation of dual-flush toilets, replacement and improvement of equipment, installation of dry urinals, installation of remote meter reading systems at high-consumption branches, decrease in the number of evaporative air conditioners).

Employee awareness-raising programmes were also conducted throughout the Group. In October 2012, Societe Generale hosted a conference organised by UNEP-FI entitled "*Pursuing economic growth in a water-scarce 21st century*" attended by a variety of participants (NGOs, consultants, rating agencies, manufacturers).

Consumption of raw materials and steps taken to improve efficient use of consumables

PAPER CONSUMPTION

In 2012, the Group launched a paper call for tenders to select paper meeting strict environmental requirements and product life cycle analysis criteria. A questionnaire based solely on the paper life cycle (raw materials, transport, pulp production process, waste management) was sent out to various providers. Audits were then conducted on paper manufacturers according to these criteria.

Total Group paper consumption amounted to 15,066 metric tons in 2012. This information was published for the first time in 2012. Total consumption includes all types of paper (printouts, envelopes, photocopy paper, paper for customers, account statements). Group consumption of office paper totalled 7,483 metric tons in 2012, i.e. 52.5 kg per occupant, down 3.3% year-on-year in absolute value terms.

Optimising paper consumption

Several entities have implemented dematerialisation systems (electronic account statements, digital files, electronic signatures, electronic billing, etc.);

- the French Networks have offered online account statements since 2006. At end-2012, 1,450,979 customers had signed up to receive online statements (a customer can have statements for several accounts, such as a current account and a Livret A passbook savings account), representing an increase of 16.5% compared to end-2011;
- the 100% electronic solution (Démat+) is offered for consumer loans as well as loans for projects in France by Societe Generale and Franfinance;
- the Group has launched the dematerialisation and centralisation of printouts. Documents used by the branches, based on the adviser's document base (savings of 76,000 printouts and commercial gain of EUR 380,000), dematerialisation of invoices (ALD e-factures, ALDInvoice or ALD démat) and account statements (in 2010 as part of the Environment business card campaign);
- in Lithuania, internal documents are scanned and signed using automatic signatures.

Various awareness-raising campaigns on paper consumption were carried out for Group employees in 2012 (e.g. at CGA).

Other than these aspects (see also the section on "waste prevention, recycling and disposal measures" on page 166), no specific measures were conducted to reduce consumption of raw materials in general by the Group, given the nature of its operations.

Energy consumption, steps taken to improve energy efficiency and use of renewable energy sources.

ENERGY CONSUMPTION

Electricity consumption

Consumption of electricity in 2012 amounted to 653 GWh for 145,449 occupants in 62 countries. The slight rise in electricity consumption in terms of gross data is attributable to the increased scope of coverage with the introduction of Russian subsidiary Rosbank. Excluding Rosbank, consumption fell sharply. In relative value terms, however, consumption per occupant was virtually constant.

Consumption of gas, heating oil and other fluid energy sources (steam, chilled water)

In 2012, consumption of natural gas came out at 122 GWh for 69,729 occupants in 21 countries. The rise in consumption was due to two corrections to the measurement of consumption in the UK and Italy, equivalent to 5 GWh.

Consumption of heating oil and other fluid energy sources was 98 GWh in 2012. The decrease versus 2011 in terms of gross data was mainly due to the initiatives undertaken by each entity.

Total energy consumption

Total energy consumption amounted to 873 GWh for 145,449 occupants in 62 countries (including the contribution of Rosbank in the Moscow area), versus 875 GWh in 2011 without Rosbank. Despite the inclusion of the Moscow area for Rosbank in 2012, the energy consumption per occupant ratio decreased slightly (-0.4%) while the energy consumption per m² ratio fell more significantly (-3.3%) compared to 2011.

MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY

Energy efficiency has become a key focus of environmental policy. Since the reference year, 2007, consumption has fallen by 11.5% per occupant and by 4.1% per m² to 218 kWh/m²/year. The aim of the new strategy is to accelerate this decline.

The measurement and remote meter reading systems being installed provide a better breakdown of consumption and thus make it easier to work towards reducing this consumption. For example, 100 branches in France were equipped with remote meter reading systems for energy and water consumption in 2012, which contributed to centralisation, detection of anomalies (water leaks, heating on week-ends, etc.) as well as quick and direct deployment of maintenance services. In 2012, a single service provider monitored energy consumption by the central buildings, thus managing all fluid energy sources (electricity, hot water, chilled water, tap water, all fluid energy sources purchased externally), with the establishment of a 5% reduction target at the start of the contract in late 2011. An Energy Committee defines action plans and monitors the advancement of plans in progress. In addition, a monthly management report covering all the central buildings was developed to monitor and trace the progress of the *Facility Manager*'s efforts.

Certification initiatives were continued in 2012, both for the operating properties and new buildings. Regarding the central buildings, an energy audit was performed in the first half of 2012 on the energy efficiency of the HQE-certified "Granite" building and to identify areas for improvement. Also in 2012, the Group leased a building built in the 1990s and renovated by the owner with the aim of obtaining HQE renovation certification, including the latest technologies in energy-efficient building construction. Societe Generale's Czech subsidiary, Komerčni Banka, constructed a new building equipped with the latest technologies meeting BREEAM international certification.

Information on energy efficiency initiatives can be collected through the subsidiaries: insulation work (Société Marseillaise de Crédit, Crédit du Nord Social), installation of motion detectors or LED (BRD, ALD Automotive Ukraine, Banque Rhône Alpes, Crédit du Nord, Société Marseillaise de Crédit, BFCOI Mayotte), installation of consumption management or streamlining systems (SG Hambros LTD, ALD UK Bristol, SG Srbija), replacement of heating and air conditioning systems with more energy-efficient systems (Banque Rhône Alpes), installation of sun shading structures (ALD Maroc), appointment of a CSR officer responsible for defining an action plan for each branch (CGI), a climate partnership project with Dong Energy (ALD Automotive Denmark), installation of clocks on certain equipment

(BFCOI Mayotte, SG Côte d'Ivoire), automatic shut-off of PCs at night and on week-ends (Sogecap), awareness-raising campaigns (Chad, Burkina Faso, Brazil, Senegal, Mauritania, Bulgaria, Paris, etc.).

In the same vein, Societe Generale promotes energy efficiency by supporting its customers. Examples include:

- in Albania: a cooperation agreement with International Finance Corporation (IFC, a World Bank group) to launch an energy efficiency loan. With this product, the bank hopes to contribute to the country's energy consumption reduction targets, set at under 9% by 2018. The E3 loan has been offered to customers since October 2012,
- in Serbia: launch of a new loan for individual customers interested in improving the energy efficiency of their home, as part of the bank's participation in the Serbian government's energy optimisation programme;
- in Romania: Societe Generale entered into two financing agreements with the EBRD for energy optimisation projects, for a total of EUR 30 million;
- in Macedonia and Serbia: contribution to the sustainable energy financing project in the western Balkans, established by the EBRD under the WeBSEFF programme (*Western Balkans Sustainable Energy Financing Facility*), which calls on local banking networks to support businesses;
- in Senegal: SGBS entered into a partnership with a social housing company promoting carbon finance, with the aim of improving homes in rural areas;
- in France: following the adoption of the interest-free Eco-loan under the 2009 Finance Law, in 2012 Societe Generale initiated 1,576 loans amounting to EUR 28 million, bringing the total since the launch to 11,596 loans amounting to EUR 197 million. In line with this programme, Societe Generale set up two loans to finance energy saving equipment and works on homes built more than two years ago, dubbed the "Prêt Expresso Développement Durable" and the "Prêt Développement Durable", depending on the amount of the funded works. In all, 914 Sustainable Development loans had been issued at end-2012, totalling EUR 11 million, bringing the total since 2007 to 11,387 loans for EUR 141 million;
- since 2012, in France, the regional division of Bordeaux was chosen to test out a partnership with an SME, enabling customers carrying out energy saving works in their homes to obtain a "subsidy" corresponding to the energy saving certificates generated by the completed works. This programme may end up being expanded throughout the network.

USE OF RENEWABLE ENERGY

In 2012, "green" electricity accounted for approximately 29% of all the net power consumed by the Group, which stood at 188 GWh, representing an increase over 2011, and 42% in France. The policy of purchasing power from certified renewable energy sources began in 2005.

In 2012, the countries in which Societe Generale entities used green electricity were: France, Germany, Switzerland, Belgium, Luxembourg, Portugal, the United Kingdom, Canada, Polynesia, Burkina Faso and Romania. The policy of purchasing electricity generated from renewable sources cut CO_2 emissions by 32,736 metric tons in 2012.

Today the Group generates 434 MWh of electricity using solar panels and anaerobic digestion of kitchen waste from company restaurants.

- since 2009, the Faaa branch in Polynesia has been the first Group building to generate its own power via solar panels, and in 2012, extensions were installed (191,631 kWh generated in 2012);
- since February 2010, Societe Generale de Banques au Burkina has generated about one-quarter of its head office's electricity needs thanks to the installation of 504 rooftop solar panels, generating output of 125 MWh in 2012, making this subsidiary the largest solar power generator connected to the West African network;
- the front face of the Nantes Beaujoires building (SGSS) was fitted with solar panels in July 2010, which generated 28 MWh in 2012;
- Pema Gmbh in Germany is also fitted with solar panels, which generated 30 MWh in 2012;
- the three head office towers at La Défense in Paris recover kitchen waste from the company restaurants, converting it to bioenergy (anaerobic digestion), i.e. 59 MWh.

With its network of solar energy panels, Societe Generale de Banques au Burkina launched a renewable energy loan to exclusively finance the installation of equipment using a renewable energy source to cover domestic or professional needs; it also entered into a partnership with an Institute specialising in renewable energies.

In the same area, Societe Generale launched a new range of Home Insurance for individual customers, offering greater modularity, customisable guarantees, enhanced assistance services and four optional packages, to meet groups of specific needs, including the Environment Package covering sources of green energy production such as solar panels and heat pumps.

In China, Societe Generale funded and installed three sets of solar equipment for primary schools located in the mountains of Daliangshan. Three members of staff were in charge of the technical implementation of the project, from transport to installation and set-up.

In Guinea, Societe Generale provided computer equipment and solar panels to an international foundation with the primary mission of helping children suffering from physical disabilities and neuromuscular diseases, in particular.

Societe Generale carried out operations on an even larger scale in Srbija, where it granted its first loan for the construction of a small hydropower plant, and also in Mexico, where the Group financed two wind farms with a capacity of 102 MW in the Oaxaca region.

Land use	Not material in the Company's activity.

Climate change

Greenhouse gas emissions

In May 2011, Societe Generale published General Environmental and Social Guidelines reflecting its commitment to continuous improvement this area. It established industry policies focusing on sectors identified as sensitive, in which it plays an active role (oil and gas, mining, etc.) (see also "Responsible Finance" on page 174).

The coal-fired power plant sector – a particularly high emitter of CO_2 – is the focus of a special policy. Any new power plant of this type must, among other requirements, demonstrate acceptable energy efficiency achieved through the use of state-of-the-art technologies. In 2012, minimum energy efficiency was set at 43% in countries with high per capita income and at 38% in other countries to take account of economic disparities.

Likewise, in the oil and mining industries, special attention is given to the potential impact of clients' operations on the climate. Societe Generale recognises that these operations require in-depth E&S assessment and risk management. This includes a special check of various factors, including atmospheric emissions, through the adoption of several standards (Global Gas Flaring Reduction partnership, etc.).

In Brazil, a partnership was set up between ALD Automotive and the Brazilian Forestry Institute in order to offset greenhouse gas emissions generated by ALD's fleet of vehicles by planting trees.

In addition to the projects associated with Societe Generale's businesses, a number of proprietary initiatives were conducted in 2012 to combat climate change: through cross-business programmes deployed by the Group, particularly in the energy efficiency field (Green IT and Responsible Building Management programmes) and also through action plans undertaken by the business lines.

For example, all the refrigeration systems in the Group's central buildings (Tigery, Cap 18, Niemeyer II, Polaris) using R22 were replaced with machines using R134a in order to limit greenhouse gas emissions and eliminate gas leaks liable to damage the ozone layer. Data on emissions of F-gases were collected in 2012 for the central buildings and were included in Scope 1 of the Group's GHG review.

Similarly, emissions generated by the transport of goods in France, total paper consumption and energy consumption by the hosted data centres were reported in the Group's GHG review for the first time. This effort is part of the Group's new environmental ambition of improving the measurement of GHG emissions associated with its activities.

In addition to measurements, which help better identify areas for improvement, all initiatives related to transport, paper consumption and direct or indirect emissions from energy consumption are aimed at reducing the Group's GHG emissions. 2012 emissions (in a scope covering 89% of employees) were estimated at 319,961 metric tons (related to professional transport and transport of goods, total paper consumption (office paper, paper for customers, envelopes, account statements) and direct or indirect emissions from energy consumption, including hosted data centres in France), i.e. 2.25 metric tons of CO_2 equivalent per occupant. It is difficult to compare

	Societe Generale's 2012 GHG review as published with data published in previous years because the review was doubly expanded: firstly, given that the gradual inclusion of its Russian subsidiary Rosbank will have a major impact on consumption due to its size, only the Moscow area is currently covered (i.e. one-quarter of Rosbank employees), with 100% coverage targeted for 2014; secondly, the gradually expansion of Scope 3 of the GHG Protocol, based on the availability and completeness of data (inclusion in 2012 of transport of good in France, all paper and energy consumption of data centres in France). Nevertheless, on a constant structure basis (Scope 3 entities and coverage), emissions per occupant are estimated to have fallen from 2.06 metric tons of CO_2 per occupant in 2011 to 1.99 metric tons of CO_2 per occupant in 2012, representing a decrease of 3.6%.
Adapting to the impact of climate change	Through its operations and offices in emerging and developing countries (Africa, Asia, Eastern Europe, etc.), the Group encourages economic players in these regions to invest in infrastructures, technologies and modern industrial tools promoting carbon-efficient economic development and strategies for adapting to climate change (see the sections on transport and energy for examples). Societe Generale participates in a variety of analyses and exchanges of best practices within the banking industry focused on combating climate change and adapting to its consequences (Equator Principles, UNEP-FI, IFC, CSR Observatory). In this respect, the Group is involved alongside other financial players and stakeholders in defining a *reporting* methodology for Scope 3 emissions in the financial sector (also see the section on responsible finance).

Preserving biodiversity

Measures taken to preserve or develop biodiversity

Under the General Social and Environmental Guidelines, Societe Generale established a cross-business policy on biodiversity in 2012.

Preserving biodiversity, maintaining eco-systemic services and sustainably managing living natural resources are key aspects of this policy.

The bank defined various biodiversity criteria and established thresholds and requirements which incorporate its decision-making process for the provision of banking and financial services. At the same time, it encourages its customers to take part in volunteer initiatives and to make commitments with respect to the principles, recommendations and objectives of standards documents on biodiversity, such as the Convention on Biological Diversity, *Business and Biodiversity Offset Programme*, and The *Economics of Ecosystems and Diversity*. The Group also uses tools developed by the International Union for the Conservation of Nature (IUCN) to complete its assessments.

For example, the bank agreed to finance a power plant in Cameroun after analysing its impact on various social and environmental criteria (air emissions, biodiversity, economic impact, and cultural heritage in particular) and performed its assessment base on the Equator Principles. In order to maintain the level of performance evaluated, the clients undertook to implement a management plan that will be audited once a year.

In its day-to-day operations, Societe Generale supports the funding of initiatives conducted by the French National Forestry Bureau (ONF), via the Environment business payment card offered to its customers, which pays 5 euro cents to the ONF for each purchase made with the card. What's more, the card statements are issued electronically. The payments are used to fund projects associated with biodiversity protection and reforestation. In 2012, with 20,000 Environment card holders, EUR 50,000 went to the ONF and financed two reforestation projects in the Arras forest in Lavedan and the Argelès Gazost forest in the Hautes-Pyrénées. The Environment card is also the new professional payment card for Societe Generale employees.

Finally, Societe Generale worked diligently in 2012 to involve its employees in pro-biodiversity volunteer programmes:

- the new building constructed by Komerčni Banka in 2012 and equipped with the latest energy efficiency technologies was also noteworthy for its consideration of urban biodiversity: it has a nest box on the roof as well as an area reserved for lizard reproduction;
- Societe Generale Bénin offered its support to Benin's Ministry for the Environment, Habitat and Urbanism in its reforestation efforts. During the Group's Solidarity Week in June, about one-hundred of the subsidiary's employees helped plant 841 acacia culiformis plants across an area of nearly one hectare. Under this programme, the plants will be monitored for the next three years;
- within the framework of its partnership with WWF to preserve biodiversity in Bulgaria, Societe Generale Expressbank encouraged over 370 employees and their children to take part in the "Green Day" initiative.

		Including Rosbank	Excluding Rosbank			Reference year
ENVIRONMENTAL DATA	**Units**	**2012**	**2012**	**2011**	**2010**	**2007**
General environmental policy						
Total Group headcount	**-**	**154,009**	**137,474**	**139,896**	**139,065**	**134,738**
Total number of occupants counted in reports	-	147,629	142,889	146,672	143,154	118,183
Coverage of data collection scope [1]	%	92%	99.7%	99%	97%	76%
Total surface area	m^2	4,043,268	3,921,639	3,908,465	3,815,373	3,499,265
Pollution and waste management						
Waste	**metric ton**	**15,703**	**15,703**	**14,145**		
Coverage[1][2][3]	%	62%	70%	74%		
Recycled waste as a %	%	27%	27%	30%		
of which recycled waste	metric ton	4,237	4,237	4,201	12,136	14,405
Business travel	**millions of km**	**390**	**381**	**488**	**463**	**455**
Coverage[1]	%	98%	98%	97%	91%	78%
Business travel per occupant	**km**	**2,483**	**2,715**	**3,412**	**3,395**	**3,853**
Air	millions of km	167	159	273	248	288
Train	millions of km	41	40	43	39	33
Car	millions of km	182	182	172	176	134
Sustainable use of resources						
Water consumption	**millions of m^3**	**1.64**	**1.55**	**1.58**	**1.50**	**1.56**
Coverage[1][3]	%	69%	74%	74%	71%	50%
Total paper consumption[4]	**metric ton**	**15,066**	**14,842**			
Coverage[1]	%	91%	98%			
Office paper consumption	**metric ton**	**7,483**	**7,279**	**7,742**	**7,960**	**7,621**
Coverage[1]	%	89%	96%	98%	97%	84%
Office paper consumption per occupant	**kg**	**52.5**	**52.8**	**53.6**	**55.8**	**61.2**
o/w recycled paper	%	39%	40%	38%	38%	15%
Total energy consumption[4]	**GWh**	**873**	**847**	**875**	**859**	**764**
Coverage[1]	%	90%	98%	98%	94%	75%
Total energy consumption per occupant	**KWh**	**6,002**	**6,021**	**6,025**	**6,121**	**6,781**
Total energy consumption per m^2	**KWh**	**218**	**218**	**225**	**227**	**227**
Total electricity consumption	**GWh**	**653**	**627**	**651**	**644**	**524**
Electricity consumption per occupant	KWh	4,486	4,454	4,483	4,591	4,647
Consumption of electricity from renewable resources	%	29%	30%	29%	24%	11%
Generation of electricity from renewable resources	MWh	434	434	303	144	0
Consumption of energy by data centres[5]	GWh	213	213	-	-	-
Climate Change (scope of emissions expanded in 2012)						
GHG emissions[6][7]	**metric ton**	**319,961**	**302,138**	**298,562**	**298,618**	**270,529**
Coverage[1]	%	89%	96%	99%	95%	76%
GHG emissions per occupant		**2.25**	**2.21**	**2.06**	**2.14**	**2.36**
GHG emissions avoided[8]		32,736	32,736	32,574	20,873	4,797
GHG emissions per m^2 (energy only)	metric ton	59.3	56.9	57.8	58.8	56.5
SCOPE 1[9]	Kg	31,762	31,762	31,630	28,115	35,317
SCOPE 2[10]	metric ton	205,870	189,431	192,634	194,317	159,333
SCOPE 3[11]	metric ton	82,328	80,945	74,298	76,186	75,879

(1) Coverage represents entities having contributed to data prorata to their FTE workforce.
(2) Rosbank did not declare its waste data.
(3) For water and waste data, a branch reporting rate (excluding Societe Generale Network in France) of 65% is weighted by the rate of coverage of the scope.
(4) Includes office paper, documents for customers, envelopes, account statements and other types of paper.
(5) Includes proprietary data centres and hosted data centres in France. Only the energy consumption of proprietary data centres is included in total electricity consumption.
(6) Greenhouse gases (GHG).
(7) For 2012, the scope of GHG emissions was expanded to include F-gases, transport of goods, all paper consumption and Scopes 1 and 2 of data centre providers. In comparison with previous years, without this expanded scope, total GHG emissions were 279,051 metric tons of CO_2 equivalent, i.e. 1.99 metric tons of CO_2 equivalent per occupant.
(8) CO_2 emissions avoided through the generation and consumption of electricity from renewable energy sources.
(9) Includes direct emissions related to energy consumption and for 2012 the scope was expanded to include F-gases for the central departments.
(10) Includes indirect emissions related to energy consumption.
(11) Includes GHG emissions from office paper consumption and business travel, and for 2012, the scope was expanded to include all paper, transport of goods in France and energy consumption by hosted data centres in France.

INFORMATION ON CSR COMMITMENTS

Regional, economic and social impacts of the company's activities

Jobs and regional development

Operating at the heart of the economies and regions in which it is present, Societe Generale strives to provide banking and financial products and services that meet the needs of its customers whilst contributing to the social and economic development of each country.

Its global presence means it can be a driver for responsible growth and development in the regions in which its different subsidiaries are based, offering employment to underpin local economies, supporting the creation and development of business and assisting local authorities with their projects.

The Group is present in 76 different countries - see Chapter 6, "Breakdown of staff by region", page 139.

At the end of 2012, 61.3% of employees were employed outside France, including 12.2% in low or lower-middle income countries(1) (Burkina Faso, Cameroon, Georgia, Ghana, India, Ivory Coast, Morocco, Senegal, Vietnam, etc.) and 27.6% in middle-income countries(2) (Algeria, Brazil, Bulgaria, China, Romania, Russia, Serbia, Tunisia, etc.)

Societe Generale constantly adapts its offer of products and services to the maturity of each market, proposing new and innovative solutions in countries where access to banking is extremely limited, i.e. most countries in Sub-Saharan Africa and to a lesser extent Eastern Europe.

The bank's strategy is a long-term strategy. In 2012, Societe Generale celebrated the 50th anniversary of its longstanding subsidiaries in Sub-Saharan Africa: Societe Generale de Banques in Senegal, Societe Generale de Banques in Ivory Coast, and Societe Generale de Banques in Cameroon. In fact, the region is the historic cradle for the Group's International Retail Banking business, and today is home to entities in 12 different countries which all share the same ambition to remain a local bank but with a universal banking model.

In France, in 2012, the Group's Retail Banking division (Societe Generale and Crédit du Nord Group brands) employed 35,653 members of staff (23% of all Group employees and 60% of Group employees in France), including 30,124 employees in 3,529 branches(3).

Spread across the whole of France, these entities enable the Group to forge strong proximity relations between its specialist advisers and customers that ensure Societe Generale is able to meet each of their personal and professional banking and finance needs.

Supporting business and individual customers

In 2012, the Group's French Networks (Societe Generale, Crédit du Nord and Boursorama) remained fully committed to their customers and to actively supporting economic activity by assisting businesses and individuals in financing their respective projects. On December 31, 2012, outstanding loans amounted to EUR 176.1 billion (+3.2% in relation to 2011).

Business loans amounted to EUR 79.5 billion (+3.4% in relation to 2011), for operating loans of EUR 12.8 billion (+9.0%) and investment loans of EUR 64.1 billion (+2.2%).

Loans to the Group's 11 million individual customers increased 2.9% over the period, driven by the 3.5% increase in property loans.

December 2012 saw Societe Generale and the EIB (European Investment Bank) sign a new agreement for a credit line of EUR 350 million to finance SMEs. In Morocco, Societe Generale and the European Bank for Reconstruction and Development (EBRD) formed a partnership to support the development of Very Small Enterprises (VSE) and Small and Medium-sized Enterprises (SME) which provides for a funding envelope of EUR 20 million.

(1) As defined by the World Bank: Low-income + Lower-middle income economies (USD 4,035 or less): http://data.worldbank.org/about/country-classifications/country-and-lending-groups#Low_income

(2) As defined by the World Bank: Upper-middle income economies (USD 4,036 to USD 12,475): http://data.worldbank.org/about/country-classifications/country-and-lending-groups.

(3) Including branches, related offices, seasonal office branches, *Éclair Conseil* counters, Paris Corporate Banking branches and joint ventures with PRIV.

Financing future entrepreneurs

Over the course of 2012, Societe Generale in France entered into relationships with 23,172 new businesses that were set up less than one year ago and that accounted for 67% of the Group's new professional customers on November 30, 2012[(1)(2)]. Close to EUR 530 million (+1.3% on 2011) was granted in the form of 5,591 medium and long-term loans (-3% on 2011) to businesses that were set up less than one year ago. Societe Generale is France's No. 1 non-mutual bank for start-up loans with an 11% market share[(3)].

Providing start-ups with a specialist network to support their business substantially boosts their chances of survival (3-year survival rate of 87% and 5-year survival rate of 84%[(3)] versus an overall national survival rate of 66%)[(5)]. Societe Generale has developed close ties with various networks which it recommends to its customers to ensure they get the tailored advice they need. Just some of its partners include: *CCI Entreprendre en France*; *Initiative France*; *Réseau des Boutiques de Gestion*; *MoovJee (Mouvement pour les Jeunes et les Étudiants Entrepreneurs)*; *Adie (Association pour le droit à l'initiative économique)* and *Fondation de la 2e chance* (see Chapter 7, "Microfinance" page 177).

Because its goal is to be become involved as far upstream as possible in the start-up process, notably by assisting young people from the moment they begin their apprenticeships, Societe Generale provides trainees with a craft apprentice loan to finance their projects while they study. The bank also works with the association *Meilleurs Ouvriers de France* to promote apprenticeships via a nationwide contest - "*Un des meilleurs apprentis de France*" (One of the best apprentices in France) - to find the top apprentices and soon to be fully-fledged members of France's various craft industries.

Finally, the bank takes part in the main start-up trade fairs (*Franchise Expo*, *Salon des entrepreneurs* in Paris, Lyon and Nantes, etc.), where it provides advice and assistance on a substantial number of potential projects each year. In 2012, Societe Generale also renewed sponsorship for the partnership that bring together students from the Entrepreneurs Master's programme of Paris business school, HEC, with young entrepreneurs from working-class neighbourhoods sponsored by French association, *Nos Quartiers ont des Talents* (see Chapter 7, "Initiatives for employment", page 176).

With a headcount of 3,000 in 16 different countries, Societe Generale Equipment Finance (SGEF) assists SMEs with their investment choices in terms of equipment, assets and development. In 2012, it received Leasing Life award "SME Champion 2012" and was named "European Lessor of the Year" in recognition of the assistance it provides to more than 140,000 SMEs across Europe (65% of its portfolio) and its commitment to the sector.

Financing France's local authorities and Private/Public sector Partnerships

For over twenty years now, Societe Generale has provided loans to the public and parapublic sectors to finance public interest investments, particularly those of local authorities and in the social housing sector. At December 31, 2012, the Group's commitments across the market amounted to over EUR 17 billion.

The Group is also present in the private/public partnerships (PPP) sector. Certain PPP deals are classed as having a positive impact on the environment and/or the needs of the population and/or economic development (see section on "Responsible finance" below).

Responsible finance

Societe Generale's proactive role in financing the real economy naturally requires that it lend sufficient importance to the environmental, social and economic convergence factors at play. Set in place to ensure these issues remain at the heart of the Group's different activities, its responsible finance project, FINETHIC, draws upon:

1. The "Environmental and Social General Guidelines" and sector and transverse policies approved as Internal Directives by Societe Generale's Executive Committee and signed by its Chairman and Chief Executive Officer.

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(1) Including start-ups, takeovers and changes in status.

(2) 549,975 businesses were created in France in 2012 which is similar to the figure for 2011. Over the twelve months of the year, small entrepreneurs under the French regime of "auto-entrepreneurs" accounted for more than half of the number of start-ups (307,478 businesses) and increased 5% on 2011 (source: INSEE -Sirène survey).

(3) OSEO figures at end March 2012.

(4) Réseau Entreprendre figures (website: http://www.reseau-entreprendre.org/accompagnement-entrepreneur/chiffres-cles-accompagnement-createurs-repreneurs_R_272_272_-_R_272_272_).

(5) Source: INSEE December 2009.

These guidelines and policies are the benchmark for all Group businesses and divisions. They provide a global framework based on the Group's institutional commitments, define the standards that Societe Generale applies to certain sensitive sectors (oil and gas, mining, coal-fired power plants, etc.) and to transverse issues (biodiversity), and are based on international initiatives (Global Compact, Equator Principles, etc.) and best practices.

These principles are to be found in the Group's CSR communications and on its CSR website. Eight policies have been published since 2011.

2. The internal Environmental and Social (E&S) evaluations that are used to identify, measure, prioritise and manage its environmental and social risk, and that, because they play a part in assessing its credit and reputation risk, are taken into account in its different decision-making processes.

   Already in place in Societe Generale's Corporate and Investment Banking arm, the systematic integration of an E&S evaluation in customer reviews is gradually being extended to all Group entities.

   As well as the strict application of the Equator Principles(1), Societe Generale has introduced E&S evaluations for other types of transactions with known use of proceeds that are adapted to the type of financial commitment in question.

   Dedicated training in the new processes for internal evaluations has been provided and specific tools have been developed over several years. Between 2007 and 2009, around 550 people were trained in integrating environmental and social criteria in finance projects. Since then, training has been provided as and when required. 2012 was primarily devoted to the development of the Finethic project, and the next Group-wide campaign will be launched once the internal E&S procedures have been finalised and published. The aim of the training on the environmental and social aspects of transactions which is scheduled for 2013 is to explain the process behind environmental and social evaluations and the role they have when it comes to managing credit and reputation risk, as well as to clarify all of the E&S procedures, sector and transverse policies and commitments in place at Societe Generale.

3. The sales campaigns aimed at developing financing for projects that have a positive impact on local communities, the environment and economic development as a whole.

   To achieve this, the Group:

   - has defined a reference framework of "priority" sectors (renewable energies, public transport, urban development and water, etc.), low-income countries and types of businesses (definition of SMEs varies according to region);
   - has begun working with stakeholders (customers, governments, development agencies, research bodies and society writ-large) to:
     - establish a common list of sectors, countries and types of businesses that fall within the category of "Positive Impact Finance",
     - come up with innovative financial solutions that are adapted to the challenges of sustainable development, and define new approaches for analysing external factors and their potential impact.

   In 2012, Societe Generale's Corporate and Investment Banking division approved EUR 605.8 million in new positive impact financing transactions that fall within the reference framework above.

Green Finance

Group-wide, green loans amounted to close to EUR 1 billion in 2012. At Societe Generale, green loans are used to finance wind farms, energy generation facilities using photovoltaic panels, hydraulic power units, and other forms of renewable energies. They are also used to finance projects linked to waste recycling and management, the reduction of "pollutant" emissions, public transport, NGV cars, gas recycling, hybrid or electric cars, and alternative fuel production, etc. See the section on "Environmental information", pages 163 to 172, for examples of transactions.

(1) Societe Generale signed the Equator Principles in 2007.

Equator Principles

60 projects were examined and categorised according to the Equator Principles in 2012, including those projects for which the Group has an advisory mandate. See the CSR website for further details.

Socially Responsible Investment

Societe Generale offers its customers dedicated research on Environmental, Social and Governance (or ESG) issues. Its SRI team is made up of 3 analysts based in Paris and London and is an integral part of the Corporate and Investment Bank's financial research department. Societe Generale ranked third in the SRI Research category of the Thomson Extel Survey for the second year running in 2012.

Societe Generale's overriding aim is to assist investors and asset manager clients in better integrating environmental, social and corporate governance criteria in their investment decisions. ESG criteria play an increasingly important part in the success of companies, influencing their growth opportunities (impact of new regulations, technological progress, new markets), their medium/long-term risk, and their relations with stakeholders.

Initiatives for employment

Societe Generale pays particular attention to promoting employment, wherever it is in the world. The Group is committed to professional integration, as much through a human resources policy in favour of young people (see "Tailored initiatives for students and young graduates", Chapter 6, page 141) as through its sponsorship and citizenship initiatives.

Below are just some examples of the partnerships that the Group has set up to promote employment and give young people with high potential access to a variety of positions.

- In France, over the past three years, Societe Generale has been steadfastly committed to developing a range of initiatives in underprivileged urban areas, forging lasting relations with talented young people who would like to become part of the Group, as well as with elected officials and associations in order to strengthen its roots within local communities. In March 2012, it signed the "Engagement national des entreprises pour l'emploi dans les quartiers populaires" (National commitment for the employment integration of young people in neighbourhoods located in difficult urban areas) set up by France's Ministry for Labour and Ministry for Urban Affairs and involving some forty other companies who also pledge to develop employment and reinforce the links between businesses and residents. This new commitment perfectly complements the "Charte d'engagement territorial" (Territorial Commitment Charter) signed with the towns of Nanterre and Fontenay-sous-Bois in the Paris region.
- Each year since 2009, Societe Generale has lent its support to the "Coup de Pouce pour l'insertion" (Helping Hand for Employment) programme which aims to successfully integrate young people from underprivileged neighbourhoods within Societe Generale. In 2012, the programme focused on the cities and suburbs of Lyon, Lille, Marseille and the Paris region. Its aim is to promote equal opportunities on the job market for young people with no academic qualifications, regardless of where they live. In 2012, Societe Generale took on 40 young apprentices over a period of 12 months, 68% of whom were subsequently offered permanent contracts.
- ALD Automotive France also set up its own initiative, using the opening of an *École de la 2e Chance* (Second-chance school) for young adults aged 18 to 25 with no qualifications of any kind in Clichy-la-Garenne in March 2011 as an opportunity to develop a long-term partnership by offering internships for students throughout the year in 2012.
- Societe Generale has been a partner of the "Talent des Cités" competition to encourage initiative in deprived suburban neighbourhoods since 2009. In 2012, the Grand Prize went to the "Global Service" start-up supported by Societe Generale, which specialises in construction site waste retrieval and recycling in the Minguettes district of Vénissieux.
- The Group has also been a partner of French association, "Nos Quartiers ont des Talents", since 2008, and is the largest provider of professional employee mentors. In just four years, 335 Societe Generale mentors have helped more than 1,142 young graduates from underprivileged areas in the Paris region and Lyon. Drawing on their invaluable advice, 539 graduates were able to find a permanent contract that matches their qualifications in under 6 months.

- In the United Kingdom, the Corporate Responsibility team has set up several programmes on accessing the job market in partnership with 5 associations. The majority of initiatives focus on helping young people from underprivileged neighbourhoods to develop the skills they need to find a job. In 2012, 170 Societe Generale employees in London (all associations combined) took part in 37 workshops on accessing the job market, making the best of a CV/resume and skills, and what it is like to work in a company and in the finance sector.
- In Brazil, all of the Group entities worked alongside the Societe Generale Institute in setting up the "Gol de Trabalho" (Goal of Work) programme from the Fundação Gol de Letra non-profit organisation. The programme offers adults and young people training and helps them build the profile they need to obtain a position in administrative, telemarketing, sales and customer services. The Societe Generale Institute also contributes to the "Jovem Aprendiz" (Young Apprentice) government programme, which aims to help young people enter the job market and targets medium-sized companies and large corporations that are able to guarantee a rate of 5% to 15% of young apprentices in their total headcount. Through the Institute, Societe Generale helps to place apprentices with prospective employers. So far, the Group itself has taken on 13 junior analysts from the programme and, at the end of 2012, 48 young apprentices had an internship with a Group entity in Brazil.
- In the United States, Societe Generale has signed a partnership with TEAK, a New York fellowship which helps talented young people from low-income families gain admission to and succeed at top high schools and colleges, and provides summer training courses for around a dozen applicants.

In France, the Group's partnerships to encourage professional integration also take the form of initiatives in collaboration with various academic institutions. In 2012, these included the renewal of sponsorship for the partnership between Paris business school, HEC, and French association, Nos Quartiers ont des Talents, and its involvement with the ESSEC management school mentoring programme "Une Grande Ecole Pourquoi pas Moi" (A Grande Ecole, Why Not Me?) for high school students from low-income families

See also Chapter 6, "Recruiting and integrating new talent", page 141 and Chapter 7, "Partnerships and corporate sponsorship", pages 184 to 185.

Surrounding and local communities

As well as its positive impact in terms of jobs and regional development described above, Societe Generale has spent several years developing tools and products that contribute to the social cohesion of the communities and regions in which it is present.

Microfinance

Strongly committed to professional integration and providing entrepreneurs and start-ups with all the support they need, the Group's overseas networks make it one of France's leaders in microfinance and a contributor to development in the countries where it is established.

Societe Generale has chosen to focus its microfinance activities in those countries in which the Group provides universal banking products and services. Its strategy is implemented via its overseas network of subsidiaries which are encouraged to finance the different microfinance institutions (MFIs) of the countries in which they are located, primarily through refinancing, but also through minority investments in their share capital. The Group's solutions give MFIs the crucial access they need to local credit facilities in their own currencies which protects them against exchange rate risks.

The MFIs supported by Societe Generale are able to offer communities that are unable to open a bank account access to banking products and services and, in doing so, feed their local economies. At the end of 2012, Societe Generale worked alongside some 30 MFIs, primarily on the African continent - Sub-Saharan Africa (Benin, Cameroon, Ghana, Guinea, Ivory Coast, Madagascar and Senegal), Middle East and North Africa (Egypt, Jordan, Lebanon, Morocco, and Tunisia) - but also in Eastern Europe, Caucasus (Albania and Georgia) and Asia (India).

The credit lines set up by Societe Generale are primarily for institutions in Africa, the Mediterranean and the Middle East. This geographic "focus" is particularly important since Africa currently receives only 16% of the world's microfinance funding which is estimated at EUR 14.8 billion[1] . The Group's subsidiaries are therefore a precious source for the continent's institutions.

At the end of June 2012, Societe Generale's credit line commitments amounted to close to EUR 82 million[2].

(1) Source: CGAP – Cross-border Funding 2010 – Figures include Sub-Saharan Africa (SSA) and the Middle East and North Africa (MENA).

(2) Credit lines on 30/06/2012.

Five Societe Generale subsidiaries have invested in the capital of (MFIs in Sub-Saharan Africa as founding shareholders. These include: AccesBanque Madagascar, Advans Ghana, Advans Cameroon, Advans Ivory Coast and ACEP Burkina (accredited in 2012).

The Group is also a founding shareholder in MicroCred, a microfinance group created by the French NGO, PlaNet Finance, in 2005 which, at the end of 2012, employed 1,400 people around the world and regrouped 6 microfinance institutions in Africa and China serving 150,000 customers

Societe Generale continued to develop its microfinance activities in 2012. Its Serbian subsidiary, Societe Generale Srbija, signed a partnership with financial institution, AgroInvest, which has operated in Montenegro since 1999 and in Serbia since 2001. AgroInvest is the Serbian subsidiary of the VisionFund International network[1] . It has more than 10 years' experience in microfinance and is well established in the countries' rural areas. In just six months of partnership, more than 1,200 entrepreneurs received funding, and a total EUR 2 million had been granted in the form of 2,071 loans at the end of 2012. These loans were primarily used to develop farming activities, but also for start-ups, and in the craft and services sectors.

Adie (French Association for the Right to Economic initiative)

Societe Generale has been an active supporter of Adie since 2006, providing refinancing lines for its micro-loans activity and contributing to the financing of its accompanying actions. Backed by the Group's Retail Banking networks in France and France's Overseas Departments and Territories, the average amount for loans issued by Adie is EUR 2,453. Societe Generale has also partnered the association's "micro-credit weeks" for several years now.

When it comes to approving micro-loans, Societe Generale works closely with Adie's professional full-time staff and committed volunteers. In 2012, the association was granted a refinancing line of EUR 3.5 million for its activities in mainland France. It was also granted a credit line of EUR 0.34 million by the Bank of Polynesia for its activities in French Polynesia and EUR 1.5 million by Societe Generale Calédonienne de Banques for its operations in New Caledonia.

The Societe Generale Corporate Foundation for Solidarity also supports Adie's initiatives in Polynesia. In 2011, a EUR 60,000 subsidy was granted to help fund the setting up of an Adie agency in Raiatea. In 2012, a further EUR 45,000 was granted to continue developing the association's entity in Iles sous le Vent.

For 2013, the refinancing line granted to Adie for personal and professional micro-loans in mainland.France has been increased to EUR 4.5 million (up EUR 1 million on 2012).

All in all, since 2006, the Group has refinanced 5,236 micro-loans granted by Adie for a total EUR 12.8 million (EUR 9.3 million in mainland France, EUR 2.8 million in New Caledonia, and EUR 0.4 million in Polynesia), 1,128 of which were approved in 2012.

Personal micro-loans

To support the personal projects of individuals who are not eligible for traditional loans, certain regional divisions of Societe Generale in France introduced a micro-loans offer in partnership with French associations, *Restaurants du Cœur* and *CRESUS*, in 2010.

These associations help borrowers plan their individual projects before applying for a loan and accompany them throughout the repayment period. Loans vary between EUR 300 and EUR 3,000, have a preferential interest rate, no bank charges, and are guaranteed by the Social Cohesion Fund. So far, 19 loans for a total EUR 39,100 have been granted.

Furthermore, in partnership with the *Caisse Nationale d'Allocations Familiales* and the *Caisse des Dépôts et Consignations (CDC)*, Societe Generale is the only bank to have issued the *Prêt Jeunes Avenir*. Reserved for young people between the ages of 18 and 24 to finance the costs linked to a new job, loans ranged from EUR 500 to EUR 5,000, were interest-free and were not subject to any bank charges. Since its launch at the end of 2007, more than 2,500 Societe Generale young customers have subscribed to the offer. As a result of its success, the envelope allocated by the *Caisse des Dépôts* was used in full by 2010 and has not been renewed which means that the facility is no longer available for the time being.

At the end of 2012, more than 1,200 loans amounting to a total EUR 1.9 million were still in the process of being repaid.

Micro-insurance in Morocco

Signed in 2010, the partnership agreement between SG Insurance subsidiary, *La Marocaine Vie*, in Morocco, and the Moroccan microfinance institution, INMAA, led to the launch of ADE, a micro-insurance policy that covers the repayment of a loan in the event of death or permanent disability.

(1) VisionFund is a network of Microfinance Institutions whose goal is to help children living in poverty around the world and improve their quality of life. VisionFund is part of World Vision International.

Products and services for vulnerable customer categories

Societe Generale's goal has always been to develop products and services that match the needs and expectations of each individual.

Products and services for customers in difficulty

As part of the commitment undertaken by the banking profession in 2005 to "make banking easier for everyone", Societe Generale and Crédit du Nord offer customers a range of alternative means of payment. Societe Generale's GENERIS service provides customers with various options, including a V Pay chip-only pin-based card that requires systematic authorisation for payments and withdrawals in France and Europe, the ability to carry out deposit and debit transactions, bank cheques, SMS alerts for account balances and capped charges in the event of a payment incident. At the end of 2012, 20,350 customers subscribed to this service. Societe Generale also offers personalised terms for customers who have to cover substantial payment incident costs and who have suffered a sharp drop in income following an accident (e.g. total or partial cancellation of bank charges). See also Chapter 7, "Over-indebtedness", page 188.

Products and services for customers with a serious health risk

Under the terms of the AERAS agreement (Insurance and Loans with an Increased Health Risk) signed between professionals in France's banking and insurance sectors in 2007 and later amended in 2011, Societe Generale makes it easier for people with a serious health risk to obtain a loan (home and consumer) and plans to cover some of the additional premiums for customers in the lowest income brackets.

The Group's is also developing similar initiatives elsewhere. In 2011, Komerční banka - the Group's subsidiary in the Czech Republic which employed over 8,800 members of staff at the end of 2012 - launched a new policy called "My Payment Protection Insurance" for customers with a current account that covers the payment of basic services (rent, electricity and other utilities, schooling, etc.) in the event of a serious incident (long-term illness, invalidity or incapacity as the result of an accident) and the payment of an indemnity to beneficiaries in the event of the policy holder's death. Today, more than 12,000 customers are covered by this policy.

Financial inclusion

Outside of mainland France, Societe Generale's retail branches offer their customers products and services that meet the highest international standards and are specifically adapted to suit their individual needs.

In seeking out new customers, they contribute to the number of banking products and services available to and used by local communities in countries where the level of "financial inclusion" is still low. The innovative products and services they frequently launch on their domestic markets also make them a source of positive competition for clients.

Societe Generale's International Retail Banking division constantly seeks to enhance the specific expertise needed in financing very small and micro-businesses which are often vital to the economic and social development of their countries but which, up until now, have had very little access to banking services.

Societe Generale Morocco, for example, has introduced a number of initiatives to help make banking more accessible. See the CSR website for further details.

Your Bank: Here & There

Introduced in 2007, Societe Generale's "Your Bank: Here & There" service is designed for foreigners or French citizens of foreign origin living in France who still have very close links with their native country. Today, this category is estimated at approximately 5 million individuals.

The principle behind the offer is that customers benefit from the banking products and services of two entities, one "here" and the other "there". "Here", for the day-to-day needs of customers in France (current account, bank card for payments or withdrawals, remote banking services (voice or internet) and bank details for direct debits, etc.), and "There", for products or services needed in their country of origin where most customers still have very strong links (transfers, access to banking services, property loans, death/body repatriation insurance for immigrants who want to be buried in their native country, etc.).

Developed thanks to the Group's presence in countries with significant flows of migrants to France, the service benefits from the unique synergies between Societe Generale's retail networks in France and overseas.

Solidarity products

As one of the first banks in France to develop a range of solidarity products, Societe Generale's aim is to encourage dialogue, forge closer links between its customers and social entrepreneurs, and enable its customers to support their chosen charities and association. In 2012, the bank continued to increase the number of its partner associations and enhance its range of products and services. Its solidarity banking offer is now open to all customers, enabling individuals, professionals and businesses to donate to a long list of general and public interest associations

In 2012, three Group products - "Services d'épargne solidaire" (solidarity savings services), "Cartes Collection caritatives" (charity bank card collection) and "Programme de fidélisation Filigrane" (Filigrane loyalty programme) - have enabled Societe Generale to raise a total EUR 1,266 million in donations, i.e. an increase of 14% on 2011.

See the CSR website for further details on Societe Generale's range of solidarity products and services.

Services for the disabled

In accordance with the Disability Act of February 11, 2005 governing equal rights and opportunities and the participation and citizenship of disabled persons in France, Societe Generale has introduced a number of measures throughout its network of retail branches in France to improve the accessibility of its services:

For the visually impaired:

- systematic fitting of voice guidance systems and digital keyboards with raised characters on new ATMs and upgrading of existing machines. At the end of 2012, close to 90% of Societe Generale ATMs and 95% of Crédit du Nord ATMs have been adapted to accommodate the visually impaired, i.e. 5,073 out of a total of 5,650 machines;
- since mid-2008, the most frequently visited pages on the website for individual customers are compatible with Jaws, the screen reader tool most used by the visually impaired;
- since June 2012, Societe Generale's iPhone application which is compatible with the screen reader, VoiceOver[(1)], has been re-designed and is the first application from a French bank that is fully adapted to the visually impaired;
- a free phone number (0 810 810 850) that puts visually impaired customers in direct contact with a customer call center;
- braille account statements: in 2012, Braille statements were sent for 571 accounts.

For the disabled:

- at the end of December 2012 and four years before the deadline set by the Disability Act of February 11, 2005, close to 75% of Societe Generale branches in France had already been refurbished to make them accessible for the disabled, i.e. 1,666 branches out of a total network of 2,285. All new premises are now fully accessible for the disabled as of the time they are opened.

At the same time, Societe Generale's Mission Handicap set up in 2008 is committed to heightening awareness amongst the Group's managers and employees of the importance of integrating disabled persons, and has implemented a whole series of initiatives linked to the recruitment, integration, training and long-term employment of disabled staff. See also Chapter 6, "Disabled workers", page 148.

(1) VoiceOver is a standard functionality on the iPhone 3G and subsequent models.

Relations with persons or organisations concerned by the Company's activities*

Conditions for dialogue with these persons or organisations

At Societe Generale, corporate and social responsibility means understanding and integrating the needs and expectations of the Group's different stakeholders.

These "stakeholders" are all parties, both within and outside of the Group, who share the same interests and are therefore directly concerned by the bank's actions, whose motivations and influences are relatively consistent with those of the bank, and with whom the Group seeks to develop a climate of dialogue and exchange.

Customers

Societe Generale's ambition is to be the reference relationship bank on its markets, close to its customers and chosen for the quality and commitment of its teams. Part of the Group's Ambition SG 2015 transformation plan, each business line and division has committed to implementing their own Customer Satisfaction action plans.

Customer satisfaction

Societe Generale's priority is to make its Retail Banking in France network the benchmark in terms of customer satisfaction, and to make that satisfaction a performance indicator that is just as important as productivity and profitability.

Within each of the main market segments serviced by its Retail Banking in France network (individuals, professionals and businesses), Societe Generale, its specialized subsidiaries (Sogecap, Sogessur, etc.) and Crédit du Nord have been surveying their respective customers as well as those of their competitors for some ten years now in order to assess their level of satisfaction. Customers are asked about their overall satisfaction, but also about their satisfaction as regards the different aspects of their banking relationship (branch, advisor, telephone and internet banking, products, pricing). The importance of each of these aspects in the level of global customer satisfaction is calculated on the basis of various statistics.

These nationwide surveys are further complemented by the annual customer satisfaction surveys carried out by the Group's branches (120,000 individual clients and nearly 14,500 professional clients surveyed by Societe Generale, 40,000 by Crédit du Nord) which focus on how customers rate the bank's welcome and their relationship with their account managers. At Crédit du Nord, branch managers are assigned targets linked to customer satisfaction scores that are taken into account in their individual performance appraisals.

"Mystery Visits" are also made to Societe Generale branches which are an excellent means of gathering accurate feedback on the quality of the welcome and advice given, and of identifying areas for improvement.

In 2010, the Group's Private Banking arm invited 7,000 customers to reply to an anonymous questionnaire available in seven languages. In 2012, it increased this number to 8,000 customers by broadening its scope to Asia and the Middle East as well as its entities in Belgium, the United Kingdom, France, Monaco, Luxembourg and Switzerland.

Within Societe Generale's specialised subsidiaries, customer satisfaction is measured as close to the field as possible, with each entity adapting their surveys to their recurrent or specific needs, their activity, their customers and their products and organisation. Each entity uses the internal or external resources and methodologies that are best suited to the level of analysis required. Each business line within Societe Generale's Specialized Financial Services and Insurance division has also implemented its own "Customer Satisfaction" action plan.

All Group employees are conscious of the importance of customer satisfaction. In 2010, the Group launched its "Free shares for all" plan, with one criterion for the allocation of free shares being the level of customer satisfaction achieved. See Chapter 6, "Free Grant of Performance Shares Plan", page 145.

Claims and ombudsman

In France, Societe Generale Group is committed to finding a rapid if not immediate solution to complaints or problems linked to its Retail Banking network as soon as a branch is duly informed by its customer. However, should the bank and its customer disagree on the action to be taken, customers may file a complaint with their Customer Relations Center and, where applicable (i.e. if the dispute is still not resolved), request the intervention of the ombudsman whose services are entirely free of charge. Exceptional circumstances aside, customers are systematically sent a reply from Societe Generale within 10 days or from the ombudsman within two months.

* Especially associations promoting professional integration, educational institutions, environmental protection associations, consumer associations and neighbouring communities.

The free and amicable ombudsman services to which Societe Generale customers have had access since 1996, and which were institutionalized by the legislator in 2002, are broadly publicised by the bank and are even outlined in the permanent insert on the back of account statements.

Societe Generale Group has undertaken to comply in full with all decisions taken by independent ombudsman, Mrs. Christiane Scrivener who also acts as ombudsman for the Crédit du Nord Group, and Customer Relations Centers have been set up in each of the 12 regions in France in which the Group and its subsidiaries are present.

In 2012, the number of written claims handled by the Customer Relations Centers fell in relation to 2011. As regards satisfaction levels, 60% of customers received a total or partial positive response to their requests.

In 2012, the number of cases handled by the ombudsman fell 14% on 2011. Disputes linked to financial investments decreased and accounted for 24% of claims, with the remainder linked to a very wide variety of other issues.

Customers of Societe Generale's other business divisions in France may also request the intervention of Group ombudsman, Mrs Scrivener, or a public ombudsman (AMF, FFSA, etc.). For its subsidiaries overseas, customers have recourse to a local ombudsmen appointed by the bank (where required by local legislation) or to a local ombudsman appointed by a professional body.

The ombudsman's report to Societe Generale is available on the Group website for individual customers.

Greater transparency

See Chapter 7, "Fair practices" and "Measures in favour of consumer health and safety", page 188.

For further details on dialogue with SME customers, see Chapter 7, "Financing future entrepreneurs", page 174.

Investors and Shareholders

Societe Generale's department in charge of institutional investor and individual shareholder relations is responsible for overseeing the Group's financial communications and disclosure and for ensuring that investors and shareholders are kept up-to-date with its strategy and results.

In 2012, around 110 days of road shows/conferences were organised with analysts and investors around the world (56 days in Europe, including 12 days in Paris; 24 days in the United States and Canada; 22 days in Asia and 8 days in the Middle East).

In addition to the General Meeting attended by 850 shareholders on May 22, 2012, three meetings organised by the Retail Banking division provided an opportunity to meet with 700 individual shareholders in Reims (in March), close to 800 individual shareholders in Rouen (in June) and close to another 800 individual shareholders in Grenoble (in September). Societe Generale also took part in three information meetings in partnership with other issuers in Orléans in May, Nantes in June and Aix-en-Provence in November, each of which was attended by between 200 and 300 participants.

Each quarter, the Group publishes its Letter to Shareholders (140,000 copies) and keeps its shareholders informed through a variety of channels: Shareholders Club, toll-free number, letters, dedicated website, etc.

Lastly, to make sure it continues to meet the needs and expectations of its individual shareholders, the Group has set in place a Shareholders' Consultative Committee whose primary role is to advise on the Group's individual shareholder relations and communications policy.

SRI Investors

Group Chairman and Chief Executive Officer, Frédéric Oudéa, took part for the first time in the SRI Roadshow held in La Défense in November 2012 which brought together 15 SRI analysts from the biggest asset management firms on the Paris stock market. The presentation given during the meeting can be downloaded from the Societe Generale website.

The Group's Sustainable Development Department meets with SRI analysts on a regular basis and answers their different questionnaires.

Employees

- an "employee satisfaction" survey has been in place since 2009 (see Chapter 6, "Feedback and employee satisfaction survey", page 144);
- 304 agreements were signed worldwide in 2012 (see "Employee relations", page 158).

See Chapter 6, "Caring about employees", page 144 and Chapter 7, "Health and safety", page 158.

Suppliers and SMEs

Signed by Societe Generale in 2007, the SME Pact is designed to help innovative small and medium-sized businesses in France penetrate the large corporates market. The Group has also signed the Charter of Intercompany Relations drawn up in 2010 by the French National Credit Mediation Office and CDAF (association of purchasing managers in France). Appointed to the Board of Directors of the SME Pact, its active participation in the various working groups and commissions make it a productive and responsible partner. In October 2012, the Group hosted the yearly seminar of the SME Pact association which brought together 50 major corporate groups and various professional bodies, competitiveness clusters and SMEs.

Societe Generale's Corporate Secretary is also the ombudsman appointed on the signing of the Charter of Intercompany Relations.

In 2012, Societe Generale took part in a supplier survey on the quality of relations between SMEs and major groups (in collaboration with the SME Pact), and was ranked second best corporate group for the quality of its supplier relations by the SMEs surveyed.

In December 2012, Societe Generale was accredited by the *Médiation Inter-entreprises* (French Government Business Relations Mediation Scheme) for its responsible supplier relations (Label Relations Fournisseurs Responsables). This accreditation recognises those French companies that have successfully established lasting and balanced relations with their suppliers.

See Chapter 7, "Subcontractors and suppliers", page 186.

Rating agencies

Regular talks with financial and extra-financial rating agencies are held throughout the year to understand their methodology and to report on the Group's achievements.

Societe Generale answers numerous questionnaires from extra-financial rating agencies, some of which are then used as indicators for the Group's CSR initiatives.

Regulators and supervisory bodies

Societe Generale regularly meets with the banking and financial authorities of each of the countries in which it operates, and constantly seeks to collaborate with regulators, both directly and via the sector's national and international governing bodies. In 2012, the Group stepped up its coordination of the legal and regulatory matters affecting the banking and finance industry, not only to better understand and anticipate future legislative change, but also to contribute to that change by actively taking part in public consultations by the relevant authorities.

Non-Governmental Organisations (NGOs)

Societe Generale Group is committed to working closely with the different NGOs that can help it integrate controversial issues and successfully adapt its policies and practices.

As a member of the Equator Principles, Societe Generale makes every effort to promote constructive talks and exchange best practices with stakeholders (NGOs, UNEP-FI[1], the OECD[2], the ORSE[3], Export Credit agencies, the IFC[4], the EBRD[5] and the World Bank, etc.), and to factor in any recommendations or alerts by NGOs regarding projects, sectors or companies in its decision-making processes.

Societe Generale Group took part in several working sessions with NGOs over the course of 2012:

- organisation with UNEP-FI of a presentation/debate in October 2012 on the theme of water prior to the publication of the UNEP-FI report "Chief Liquidity Series 3 Extractives Sector Water-related Materiality Briefings for Financial Institutions";
- participation in a working group with the WRI[6], WBCSD[7], UNEP-FI, other French and foreign banks and NGOs on reporting and disclosure requirements for CO_2 emissions linked to different types of financing;
- continuation of the consensus-building process that began in 2011 with several NGOs (BankTrack, Amis de la Terre, etc.) on the environmental and social policies it applies to its business activities, and on its policies in sectors that are deemed to be sensitive;
- presentation along with several other French banks that are part of the ORSE of E&S guidelines for sector policies which are based on international best practices within the industry;

(1) NGO: Non-governmental organisation - UNEP-FI: United Nations Environment Programme - Finance Initiative.
(2) OECD: Organisation for Economic Co-operation and Development.
(3) ORSE: Observatoire de la Responsabilité Sociétale des Entreprises (French Study Centre for Corporate Social Responsibility).
(4) IFC: International Finance Corporation.
(5) EBRD: European Bank for Reconstruction and Development.
(6) WRI: World Resources Institute.
(7) WBCSD: World Business Council for Sustainable Development.

- participation in the public consultation days organised by the OECD on the convergence of E&S standards recommended by the OECD for export credit agencies and by the World Bank/IFC for those banks that have adopted the Equator Principles;
- on certain projects, the Group met with representatives from various NGOs on several occasions, organised interviews and answered specific requests. These meetings have improved dialogue, introduced additional mitigation measures and served as a springboard for the incorporation of environmental and social concerns by the various participants in these projects;
- organisation with various NGOs of meetings on the topics of human rights, corruption, financial transparency and tax havens in order to address their specific concerns and respond to their questionnaires, bearing in mind that the Group is not present in any countries that are classed as uncooperative by the OECD or under French or European law;
- organisation of an internal presentation with Crésus (a network of associations specialising in providing assistance to individuals with excessive or poorly structured debt) on the role of lending institutions in preventing individuals from getting too far into debt and assisting people in difficulty.

The Group has also set up a number of partnerships with various associations. See the section on "Partnerships and corporate sponsorship" below.

Within the Group, CGI-CGL and ALD France are preparing for ISO 26000 evaluation from French standards body, AFNOR, placing them amongst the first French companies to seek outside certification for their corporate social responsibility.

Partnerships and corporate sponsorship

At Societe Generale, solidarity, art and music and sports sponsorships are a day-to-day commitment. The Group's priorities are to cement and strengthen the links that it has forged with its partners, with the emphasis on providing as many people as possible - particularly young people - with the tools they need to better integrate society and the professional world.

Solidarity and citizenship

Societe Generale Group's sponsorship and citizenship programmes are developed by the Societe Generale Corporate Foundation for Solidarity which works to improve and encourage the professional integration of those at risk of exclusion from the job market, notably by supporting young people at the start of their careers and by working to combat illiteracy.

In 2012, the Foundation worked alongside 93 associations, contributing EUR 1,993,630 in funding to a number of nationwide projects and local initiatives. At the start of the year, the Foundation elected a new Selection Committee. All committee members are current or former employees of the Group and, this year, some were elected by the Board of Directors for the agenda they presented on submitting their applications.

Since 2008, Societe Generale has partnered non-government organisation, CARE, in financing projects that give underprivileged children in Peru, Mali, Bangladesh, Morocco and Benin access to education. Assigned an initial budget of EUR 1 million for 2008-2010, the partnership was renewed for a further three years and EUR 1.5 million in 2011. Since 2008, SG CIB employees have worked tirelessly in partnership with CARE, organising charity and fundraising events to help develop these 5 projects such as the "Paris to London Bike Ride" charity challenge.

Overseas, Societe Generale's subsidiaries continued to develop their citizen commitment, setting up new programmes and solidarity projects, and/or supporting local associations and their projects in collaboration the Foundation. Certain subsidiaries also set up their own foundations, including the Societe Generale Institute in Brazil, the Fondation Jistota in the Czech Republic and the SG UK Group Charitable Trust in the United Kingdom.

All in all, i.e. including the initiatives launched by the Foundation and those implemented at a local level, the Group donated over EUR 9 million(1) to different solidarity projects in 2012.

For other examples of the partnerships in place to encourage employment/professional integration, see Chapter 7, "Jobs and regional development", page 176.

See also "Over-indebtedness - Partnership with CRÉSUS", page 189.

(1) Including EUR 0.475 to Handisport.

Employee commitment at Societe Generale

Above and beyond its invaluable financial support, Societe Generale's Foundation gives Group employees the opportunity to get involved in its projects, whether by donating their time and efforts or by lending their skills and expertise.

- Since April 2012, the Group has organised "Pro Bono days" during which volunteer staff work as a team for partner associations on resolving a pre-identified problem and providing a tangible solution in the very limited space of one day. More Pro Bono days are planned for 2013 in different Group entities.
- Held in June 2012, the fifth edition of Societe Generale's Citizen Commitment Week mobilised around ten thousand employees in 113 Group entities around the world. In Europe, Africa, Asia and South America, 211 solidarity operations raised EUR 678,000 for the Group's partner charities in 2012 thanks to the massive implication of Societe Generale staff across 41 countries.
- Launched in 2011, the Citizen Commitment Awards, which recognise the involvement of employees in all Group entities, were held again in 2012 and singled out three projects:
  - Combating illiteracy in Burkina Faso: organised by the association Les Amis de Kantchari (Friends of Kantchari) in collaboration with Talents & Partage - the charity association set up by past and present Societe Generale staff - the project involved the construction of 2 new secondary school classes and a primary school with 3 classes in the Kantchari area.
  - Social and professional integration through training and qualifications for young people and adults in Romania: funded by the *Ateliere Fara Frontiere* charity association which is supported by Societe Generale's subsidiary in Romania, BRD, the Inser&TIC project created 10 new jobs in 2012 in the integration workshops that specialise in the recycling and re-conditioning of IT equipment.
  - Professional integration and training for 150 young people from the "favelas" slums of São Paulo in Brazil: via the Luciole project developed by the association *Caza Do Zezinho* which is supported by Societe Generale Brazil. The aim in 2012 was notably to find partners to begin classes in tourism which would allow a significant increase in the number of young people able to follow the training and offer new possibilities for integration on the job market.

The Foundation also allows employees to volunteer to sponsor a variety of associations. In 2012, Societe Generale became a founding partner in the association, Capital Filles, which signed an agreement with the French government in April to encourage the professional integration of young women from underprivileged backgrounds who attended priority education schools or attended schools in rural areas. Today, over 70 women at Societe Generale have volunteered to sponsor school girls to help them pursue their studies, particularly in fields where women are under-represented. This partnership is just one in a list of many through which Societe Generale employees are able to sponsor young people as they enter the job market, including: Nos Quartiers ont des Talents, Mozaïk RH, Proxité, Solidarités Nouvelles face au Chômage and Frateli.

All told, the initiatives by the Foundation and local Group entities in 2012 represented over 1,650 working days during which Group employees were able to devote their time to charity work.

Culture

Classical music and contemporary art are the two foundations of Societe Generale's cultural sponsorship.

All Group initiatives combined (at a central level or at a local, subsidiary level), more than EUR 9 million was devoted to cultural sponsorship in 2012.

Contemporary art

Since it first began in 1995, Societe Generale's contemporary art collection has grown to feature some 350 original works. Structured around three main media - painting, sculpture, photography - it combines the works of both established and new artists. Open to all audiences, emphasis is also placed on fun and educational guided tours for younger visitors. Outside of the Group's walls, the works are regularly loaned to museums in France's largest towns and cities, as well as to foreign institutions.

Overseas, Rosbank is a key partner for various modern and contemporary art museums in Moscow (EUR 0.45 million), and Societe Generale Morocco supports Moroccan artists through acquisitions (EUR 0.33 million).

Classical music

Societe Generale Group's Mécénat Musical Societe Generale (MMSG) is an association that encourages the creation and development of classical music in France through a yearly budget of EUR 1.5 million. As well as funding orchestras and musical training, the association lends instruments to young musicians, awards grants to students of the national conservatories in Paris and Lyon (more than 900 students in 25 years), and organises teaching programmes to introduce children to classical music from early on. Societe Generale's contribution over the years makes it a benchmark sponsor of classical music in France today that is unanimously respected throughout the profession. The Group has been the principal partner of the Salle Pleyel concert hall since 2006.

Sport

Societe Generale is committed to forging sports partnerships alongside its other activities around the world. A fervent supporter of today's sporting heroes and international competitions, and committed to bringing sports to younger generations, Societe Generale is a privileged partner of national federations and local clubs alike. Primarily involved in rugby, golf and sports for the disabled, the Group allocated EUR 15 million to its sports partnerships in 2012, including EUR 0.475 million to sports for the disabled alone.

Subcontractors and suppliers

Incorporation of CSR criteria in the Company's purchasing policy

Societe Generale's socially responsible purchasing policy is implemented through a series of multi-annual action plans that seek the proactive involvement of all stakeholders in the value chain (prescribers, purchasers and suppliers).

These actions plans, known as the *Ethical Sourcing Program* (ESP 2006-2010) and then the *Sustainable Sourcing Program* (SSP 2011-2015), demonstrate determination to make CSR a fundamental part of its processes. This commitment is reflected in different key initiatives:

- the signing of compliance rules governing purchasing by 100% of purchasers;
- the inclusion of a sustainable development clause in all contracts that commits all suppliers to uphold any employment laws (and where no such laws apply, to at least comply with the provisions of the ILO) or environmental legislation in force in the countries in which they operate;
- environmental and social risk mapping on products and services purchased (49 out of 132 purchasing categories are classed as presenting a risk);
- the evaluation of suppliers prior to each purchase which has a minimum weighting of 3% in the selection criteria (1,050 suppliers were invited to undergo the Group's CSR evaluation in 2012);
- the incorporation of CSR objectives by all purchasers in a CSR initiative specific to their purchasing category (contracts with protected sector companies, inclusion of environmental criteria in specifications);
- the launch of a CSR-specific "Purchasing and Sustainable Development" training module in in-house training (40 people completed the training course in 2012).

Societe Generale's socially responsible purchasing policy is based on three core pillars:

- Economic pillar: commitment to SMEs that makes it less difficult for them to win Societe Generale procurement contracts and to establishing a framework of mutual trust with suppliers.

  Achievements in 2012:

  - accredited by the Médiation Inter-entreprises (French Government Business Relations Mediation Scheme) for its responsible supplier relations ("Label Relations Fournisseurs Responsables"). Societe Generale signed the Charter of Intercompany Relations in 2010;
  - since 2008, the Group has taken part in 8 SME Pact seminars, putting 70 innovative small and medium-sized businesses in touch with the bank's business lines and divisions. Today, purchases from SMEs that took part in the seminars amount to more than EUR 13 million;
  - supplier survey on the quality of their relations with the Group (in collaboration with the SME Pact);
  - SMEs account for 30% of the Group's purchases in France (EUR 880 million).

  See also the section on "Suppliers and SMEs", page 183.

- Social pillar: promotion and use of subcontractors within the protected and adapted enterprise sectors. Achievements in 2012:
  - mail room management awarded to 9 protected sector companies at over 60 Group sites (budget of EUR 2.5 million);
  - outsourcing of building management and video encoding of cheques to protected sector companies;
  - referencing of protected sector companies in the approved list of suppliers for IT services and for audio-visual production.
- Environmental pillar: participation in the Carbon Neutrality Plan through the inclusion of environmental criteria in the selection process for products and services.

  Achievements in 2012:
  - A4 paper: selection of paper according to its environmental footprint through the integration of criteria to analyse the life cycle of the product in the technical specifications (raw materials, transport, pulping and paper-making process, waste management). On-site audits are also carried out on pre-selected suppliers;
  - furniture: creation of CSR product sheets that list their composition, the materials used, their origin, the proportion of recycled materials used in the product and the recyclability rate. Furniture that has reached the end of its life is managed by ARES (Association for Economic and Social Reintegration).

Importance of outsourcing and incorporation of CSR criteria in relations with suppliers and subcontractors

In order to cover the largest possible cost base in the CSR supplier selection process, an approach was formally defined in 2006. When an invitation-to-tender is sent out, all suppliers are assessed and given a CSR rating. Once the evaluation is complete, the CSR rating is factored into the selection criteria, with a minimum weighting of 3%.

Since 2011, Societe Generale has worked with independent firm, Ecovadis, recognised for its expertise in sustainable development. Suppliers invited to bid are surveyed by Ecovadis using a questionnaire that is adapted to their business sector and the size of their company as well as their geographic coverage.

The methodology and criteria used in the Ecovadis questionnaires are consistent with international CSR standards (Global Reporting Initiative, United Nations Global Compact, ISO 26000, ILO Conventions).

In 2012, 1,050 suppliers were invited to take part in the Ecovadis CSR evaluation, i.e. a purchasing scope of more than EUR 3 billion. The average score for suppliers was 4.52/10.

Fair practices

Anti-corruption initiatives

By 2000, Societe Generale had already taken on a series of commitments linked to the United Nations Global Compact and the Wolfsberg Group.

Its anti-money laundering measures include monitoring potential abuse of the banking system for the purposes of corruption. Oversight is based primarily on know-your-customer processes and on the use of transaction filtering tools. Transactions likely to represent acts of corruption are analysed and may result in a suspicious transaction report being filed with the competent authorities in charge of combating money laundering (in France, this authority is Tracfin).

Societe Generale's normative framework was updated again at the end of 2011, with a new directive replacing the one enforced since 2009 which imposes stricter obligations for the Group's operating entities when it comes to controls, the oversight of third parties and anti-corruption training for employees.

A compulsory e-learning module to raise awareness amongst Group's employees on combating corruption was set in place in July 2012. Over the second half of the year, more than 32,000 employees primarily in France completed the training which will continue to be rolled out to all subsidiaries in 2013.

In terms of controls, the prevention of corruption is a now a separate priority in the Group's audit plans. In 2012, for example, two audit missions were specifically devoted to the prevention of corruption.

Additional work on upgrading procedures and contractual documents (in particular, concerning third-party agents) is currently in progress, and a report submitted to the Group Compliance Committee every two months.

See Chapter 8, “Special feature of the anti-money laundering system” page 199 for more information on anti-money laundering and the fight against terrorism at Societe Generale Group”.

Measures in favour of consumer health and safety

Remuneration for customer advisors

Societe Generale Group’s remuneration policy is devised to avoid there being any incentives that might provoke a conflict of interest between its employees and its customers. The principles and rules of governance applying to remuneration are set out in the normative documentation linked to the Group’s policy for managing conflicts of interest.

In France, remuneration for employees of the Retail Banking arm is made up of a fixed part and a variable part. For employees in contact with bank customers, variable remuneration is assessed according to several criteria, notably their sales performance, their commitment in terms of quality and customer satisfaction, and their managerial qualities where applicable. Variable remuneration may not exceed 15% of an employee’s global remuneration.

Customer advisors at Crédit du Nord are not currently paid any fee-for-service remuneration.

See Chapter 6, “Acknowledging performance”, page 143.

Responsible lending

Societe Generale Group has a “Responsible lending” policy that ensures borrowing customers are respected at every stage in the life of a loan, from the day it is granted right up until repayment. It applies as much to consumer loans as to mortgage lending for individual customers and will be rolled out to the entire Group. The aim of the policy is to go beyond legal requirements such as the Lagarde Act in France, and to identify and assist persons with excessive debt.

Inspired by an initiative led by Franfinance in France in 2010, Societe Generale Consumer Finance (SGCF), which specialises in consumer loans, has committed all of its subsidiaries to a common charter for “Successful lending” translated into each language used by its subsidiaries. Through the charter, Societe Generale Consumer Finance undertakes to respect 6 win-win responsible commitments: to examine all loan applications carefully and professionally, to know when to say no, to recommend insurance to protect against the unexpected, to be flexible, to be clear, and to work with each customer throughout the life of a loan.

Over-indebtedness

Societe Generale’s Retail Banking network means it is necessarily affected by the phenomenon of over-indebtedness and, since 2004, has set in place the resources needed to quickly identify this category of customer in order to be able to offer them a responsible solution. In fact, because it has always been a precursor in the field, the new law governing consumer credit that entered into effect in November 2010 and that altered the regulatory framework for over-indebted people did not require any radical changes to the procedures in place within the Group.

Since 2011, Societe Generale has been testing a new procedure for vulnerable customers which is to be rolled out to all branches by the middle of 2013.

The procedure is based on:

- the identification of all customers that meet certain vulnerability criteria (credit limits exceeded over long periods of time, missed payments on loans, etc.);
- the systematic transfer of these customers to a platform of specialist advisers who temporarily take over from the branch;
- the search, with the customer, for solutions to progressively resolve the situation in order to avoid any legal disputes and to transfer them back to the branch.

The benefits of this procedure is assessed according to the rate of repayment, customer satisfaction and the professional development of an activity so that is better equipped to adapt to today’s changing economic and legal environment.

Franfinance, the Group’s subsidiary which specialises in consumer loans, has also introduced various measures to prevent over-indebtedness which include:

- the implementation of an early warning system to detect vulnerable customers: since 2010, Franfinance’s customer relationship management tool has an “advice alert” for all customers whose probability of default is likely to exceed a set threshold. This enables customer advisors to target those vulnerable customers identified and propose solutions that suit their situation;

- the proposal of tailored, amicable and long-term solutions: Franfinance contacts the customer as soon as they miss their second payment, systematically diagnoses their situation and offers them long-term solutions (restructuring of debt and renegotiation of the terms of their loan).

An over-indebted person is vulnerable and should not be granted any further credit. Having said that, access to a bank account and payment methods means they are not totally excluded from society in general. See also Chapter 7, “Customers in difficulty”, page 179.

Partnerships with CRÉSUS

In 2010, Franfinance and CGI signed a partnership agreement with Crésus, a network of associations founded in 1992 that assists individuals with excessive or poorly structured debt. Today, the Group’s two French subsidiaries specialising in consumer loans recommend that financially vulnerable clients contact their local Crésus association. A charter, signed by the association and the voluntary client, leads to an analysis of the customer’s finances and situation and the definition of a budget, followed by on-going close support to help them maintain their financial footing.

Renewed in 2011 and again in 2012, the partnership which was first tested in two regions in France has been extended further afield. At the end of 2012, more than 500 Franfinance customers were put in touch with Crésus, 268 of which accepted the help of the association. At CGI, because the formal terms of the partnership were a little different, 235 customers were contacted in 2012, 164 of which accepted to meet with Crésus.

A sponsorship agreement has also been signed with the Crésus network.

Financial education

Aware that the intelligent use of bank products and services requires a financial “education” and access to clear information on these products and services, Societe Generale’s entities and subsidiaries look to develop the tools they can use to improve the financial expertise of their customers.

Over the course of 2012, the Group’s subsidiaries specialising in consumer credit undertook a number of initiatives intended to enhance the financial understanding of their customers and improve the transparency behind the services and information provided:

- Eurobank in Poland developed “Household budget with Eurobank”, an educational programme on managing a family budget that is accessible via the Eurobank website as well as via another very well-known portal (Money.pl). The programme includes articles written by Eurobank experts that are easy to understand, FAQs and different tools such as calculators and a glossary that can be downloaded;
- Banco Cacique has created an iPhone and Android app, “Meu Assistente Financeiro” (My Financial Advisor), that can be used to calculate the price of a loan and the monthly cost, and that gives users immediate access to information on the amount of the monthly payments, the amount of the loan and the interest rate;
- Eqdom in Morocco has a budget calculator for customers that immediately tells them whether or not they would qualify for a loan based on their current income and outgoings;
- SG Vietfinance in VIetnam has introduced training on loans for workers that explain the terminology used for loans and how they work. Individuals who follow this training before being granted a loan qualify for a preferential rate;
- Rusfinance organised various open days for the children of socially vulnerable families to explain how banks work (loans, deposits, types of banking products, etc.). In the Rusfinance branches, Borrower Guidelines documents explain all of the facts that a borrower must take into consideration before signing up for a loan;
- CGI has introduced an e-learning tool for the sales teams and advisers of its partners on the legal aspects of loans (Lagarde Act and Intermédiation en Assurance directive). The main aim is to ensure that the employees of its partners understand the legislation that applies to credit and insurance activities, and that their transactions comply with regulations and protect the interests of the consumer;
- Franfinance (as part of the “Successful lending” commitment’) has introduced a series of initiatives to continue to improve the assistance and support provided to the customer: training for partner brands to improve their capacity to sell credit and explain how it works, an online calculator for customers to help them determine whether or not they can realistically pay back a loan, and an online teaching section for customers where they can learn about different types of loans and how they work.

In France, Societe Generale has launched *abcbanque.fr*, a fun and educational website designed to teach children between the ages of 6 and 10 more about money: the basics, what is it for, how is it made, etc. The website also has an online dictionary containing simple and clear definitions to money-related terms: what is an overdraft, what are shares, how do loans work, etc.

Mediation

See Chapter 7, “Claims and ombudsman”, page 181.

Other human rights initiatives

Societe Generale Group conducts its business with the utmost respect for fundamental human and workers' rights and for the environment - wherever it is in the world. It acts and cooperates in compliance with the international programmes to which it is signatory, such as the United Nations Global Compact and the Statement by Financial Institutions on the Environment & Sustainable Development (United Nations Environment Programme).

The Group has made a number of commitments:

- Environmental and Social (E&S) General Guidelines (see “Responsible Finance”, p. 174) commit it to carrying out all of its activities in a responsible manner, notably by respecting by the values and principles of:
  - the Universal Declaration of Human Rights and associated covenants (namely, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights);
  - the main conventions of the International Labour Organisation;
  - the UNESCO World Heritage Convention;
  - the OECD Guidelines for Multinational Enterprises.
- the OECD due diligence guidelines clearly refer to the importance of respect for Human Rights and their explicit integration in projects. Societe Generale intends to follow the recommendations of Professor John Ruggie and the OECD regarding due diligence with explicit reference to human rights, as much for its customers as in its day-to-day activities;
- the Group's 2012-2015 CSR strategy includes the constitution of a panel of stakeholders whose objective is to work on integrating CSR issues in its everyday business, particularly the importance of human rights;
- E&S issues (including human rights) are a fundamental priority for Societe Generale Group in developing relations and activities with other multinational groups and counterparts in other countries. When analysing E&S risks and criteria (See “Responsible Finance”, page 174), particular attention is paid to working conditions (see, for example, International Finance Corporation (IFC) performance standard 2: “Labor and Working Conditions”).

See also the initiatives to provide healthcare for Group employees and their families, notably those linked to HIV/AIDS under “Health and safety in the workplace” page 158, and “Caring about employees”, Chapter 6, page 144.

METHODOLOGY

The purpose of this note is to explain the reporting methodology used by the Societe Generale Group for matters relating to Corporate Social Responsibility (CSR).

Reporting protocol

The information contained in this Registration Document, on the CSR website and via other communication media, as well as in the Group management and sustainable development report, either pertaining to the 2012 fiscal year or previous years, is prepared on the basis of contributions from the Group's internal network of sustainable development officers, and in accordance with the Group's CSR reporting protocol and CSR initiatives programme. It is also prepared on the basis of data from the "*Planethic Reporting*" tool used for the standardised collection of the indicators used to keep track of the various initiatives. The entire reporting protocol is coordinated by the Group Sustainable Development Department which reports to the Corporate Secretary.

The CSR indicator and data collection process is reviewed and optimised every year (at meetings between the Sustainable Development Department and the key contributors). Regular efforts are made to bring contributors and managers on board and familiarise them with the reporting protocol and the tool in the interest of increasing data reliability.

Reporting period

Social and corporate sponsorship data:

Subject to exceptions, quantitative indicators are calculated for the period running from January 1, 2012 to November 30, 2012 (11 months), with data taken at November 30, 2012.

Environmental and business data:

Subject to exceptions, quantitative indicators are calculated for the period running from December 1, 2011 to November 30, 2012 (12 months), with data taken at November 30, 2012.

CSR consolidation scope

Entities included in the reporting scope meet at least one of the following criteria:

1. entities in which the parent company, Societe Generale SA (SGSA), directly or indirectly holds a controlling interest exceeding 50%. By definition, branches are wholly-owned;
2. entities in which the parent company, SGSA, holds a controlling interest of at least 20% and no more than 50% and has a clear influence on their management and financial policy, in particular entities with management teams appointed by Societe Generale and which are regularly monitored by the Group's business divisions.

Between 2011 and 2012, changes were made to the reporting scope following the disposal of entities in 2012.

The CSR consolidation scope comprised 132 companies at December 31, 2012, including:

- 125 companies included in the Group's financial consolidation scope at December 31, 2012;
- 7 subsidiaries, not included in the Group's financial consolidation scope at December 31, 2012, whose activities are relevant from a CSR reporting standpoint.

Data collection

The following data collection methods are used for the scope defined above:

- for social, environmental and corporate sponsorship data, most quantitative indicators are collected by each Group entity via the "*Planethic Reporting*" tool, then consolidated at Group level by the Sustainable Development Department;
- other data are collected directly from CSR officers of the business divisions or from the relevant departments (Purchasing Department, Risk Department, Human Resources Department) by the Sustainable Development Department.

Tool

The vast majority of data is collected via the "*Planethic Reporting*"' tool, available to all Societe Generale Group subsidiaries. The tool is used to input social, environmental and societal data.

Planethic Reporting has several levels of control:

- collectors enter data from their subsidiaries;
- validators check and validate the data entered from their entity;
- administrators check and validate the data from their business division;
- central administrators perform final checks at Group level before consolidation.

Indicators

During a formal communication campaign, all contributors were informed of the data collection schedule and protocol for each category of indicators. The protocol serves as a reminder of indicator definitions and application criteria. *Planethic Reporting* contributors and the Sustainable Development Department reviewed the indicators during conference calls and videoconferences held for this purpose.

The 2012 indicators were chosen in respect of information requirements under the "Grenelle II" Law (in accordance with Article L. 225-102-1 of the French Commercial Code).

The indicators are provided for a global scope. However, some of these indicators cannot be consistently applied to a global scope. In such cases, the indicators were analysed for the scope of France or Societe Generale SA in France (excluding subsidiaries).

Scope and main management rules for social indicators (Chapters 6 and 7)

The Bucharest and Bangalore shared service centres were included solely for the global headcount indicator and its breakdown by business division and region. In terms of other global-scope indicators, only those measuring departures and staff hired under permanent and fixed-term contracts included the shared service centre in Bangalore.

Overall turnover due to resignations is the ratio between the number of resignations of staff on permanent contracts in 2012 relative to the total number of staff on permanent contracts at end-2012.

The frequency rate of accidents in the workplace is the ratio between the number of accidents in the workplace (as defined by local regulations), relative to the total number of hours worked.

The rate of absenteeism is the ratio between the number of days absent relative to the total number of days paid, as a percentage. It is counted in calendar days and is calculated based on number of employees present (multiplied by 335).

The scope of the charts on page 155 ("Breakdown of staff by age bracket") and 156 ("Breakdown of staff by seniority") is the CSR consolidation scope as defined above, to which should be added the headcount of the shared service centres in Bucharest and Bangalore, and of the following 16 countries excluded from CSR consolidation (as the relevant companies in these countries do not meet the selected consolidation criteria):Australia, Azerbaijan, the Bahamas, Chile, Cyprus, Estonia, Hungary, Jordan, Kazakhstan, Latvia, Lebanon, Lithuania, Malaysia, Mexico, Saudi Arabia and Slovakia.

Scope and main management rules for environmental indicators

In 2012, the data collection scope was adjusted following the partial acquisition of Rosbank. In 2012, only the Moscow region was taken into account. Only professional transport indicators covered all of Rosbank in 2012. Given the size of this new subsidiary, the goal is to have 100% coverage for this structure by 2014.

For Rosbank (excluding transport data) and Societe Generale's subsidiary in Equatorial Guinea, SGBGE, 2011 data were reported in 2012, as these subsidiaries had not completed their 2012 figures.

Coverage of the total data collection scope corresponds to the ratio of the headcount of all entities that participated in the data collection campaign to the total headcount of Societe Generale.

With 154,009 employees counted, Societe Generale estimates that the total data collection scope – *i.e.* accounting for at least the data on occupants and surface area – covers approximately 92% of the workforce, i.e. lower than 2011 due to the incorporation of Rosbank.

The data table lists the data for the reference year 2007, and the years 2010, 2011 and 2012 without the incorporation of Rosbank, and 2012 with the incorporation of Rosbank (i.e. the Moscow area).

Environmental data: general rules

Environmental data are calculated on the basis of invoices, direct readings, information received from suppliers and estimates.

In 2012, checks on variation compared to last year were performed for all environmental indicators. Contributors received alerts asking them to check the recorded data (+/-30%).

The data collected on energy, office paper and transport were compared to the number of occupants declared by entity. Energy consumption (electricity, steam, chilled water, oil, gas) is also compared to the surface area (in m²). Wherever possible, the number of occupants concerned corresponds to the average number of Societe Generale employees or contractors working on-site during the reporting period or at November 30, 2012.

Coverage of the data collection scope for each indicator is the ratio of the headcount of all entities having completed the indicator to the total headcount of Societe Generale.

With the exception of the French Network, most subsidiaries consolidate their data in the reporting tool. The detailed data of each subsidiary are not available centrally. In order to complete the picture provided by the centralised data, the reporting rate on water and waste data for about 5,100 branches (excluding the French Network) was estimated. Such data are often very difficult to obtain either because there is no meter or because agencies generate low volumes of waste that are treated by local authorities. The reporting rate for a sample of 90 branches was 65%. The coverage rate of the scope given in the water and waste data report was therefore weighted by this reporting rate.

New indicators were added in 2012: electricity consumption of data centres in France (in kWh), total amount of paper (in metric tons) - photocopy paper, paper for customers, account statements, envelopes, etc. – transport of goods in France (in tons of CO_2 equivalent) fluorinated gas emissions by central departments (in tons of CO_2 equivalent).

Environmental data quality:

In the interest of continually improving the reliability of data, qualitative questions (answers in multiple-choice or written form) are used to identify different scopes of data and best practices, and to understand year-to-year variations.

Centralised environmental data:

Transport and paper consumption data for France are centralised by the Sustainable Development Department *via* the Purchases Department:

1. Transport data:
   - Business travel by car: ALD Automotive is the long-term vehicle leasing supplier for the Societe Generale Group in the countries where ALD Automotive operates. Since 2011, ALD Automotive has reported on mileage (in km), consumption and type of fuel, and CO_2 emissions. ALD Automotive also provides emission data for the entire fleet outside France according to three criteria:
     - Societe Generale ALD fleet data by subsidiary or by country;
     - average data for ALD Automotive customer fleets by country;
     - the previous year's fleet data in *Planethic Reporting* by subsidiary or by country.
   - Business travel by train: for each entity, the Group-approved travel agency in France provided data on the main destinations of employees working in France. This data is including in the reporting process.
   - Business travel by air: for each entity, the Group-approved travel agency in France provides data on air mileage as per the definitions used by Societe Generale (short-, medium- and long-haul). For some entities (particularly outside France), the definition of short-, medium- and long-haul air travel mileage differs from the *reporting* protocol definition (<500km, <1,600km, > 1,600km).
2. Paper consumption:

   In 2012, the reporting scope on paper consumption was expanded to include photocopy paper, paper for customers, account statements, envelopes and other types of paper.

   The Group-approved office supplier, Lyreco, provided data on the quantities of office paper and blank envelopes purchased in 2012 in France and by entity.

Calculation of CO_2 emissions

Due to the inclusion of new environmental data in 2012, the GHG emissions scope was broadened to include fluorinated gases, transport of goods, and all the paper and energy consumption of data-centre providers.

Calculation of the Group's CO_2 emissions is now broken down into three categories:

- Scope 1 includes direct emissions related to energy consumption and fugitive emissions of fluorinated gases by the central departments.
- Scope 2 includes indirect emissions related to energy consumption (external electricity, steam and chilled water).
- Scope 3 includes GHG emissions related to office paper consumption and business travel. For 2012, the scope was expanded to include paper, transport of goods within France and the energy consumption of data centres in France.

CO_2 emissions are calculated according to the GHG Protocol method.

INDEPENDENT VERIFIER'S ATTESTATION AND ASSURANCE REPORT*

Societe Generale - Year ended December 31, 2012

To the General Management,

Pursuant to your request and in our capacity as independent verifier of Societe Generale, we hereby report to you on the consolidated social, environmental and societal information presented in the management report issued for the year ended December 31, 2012 in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (Code de commerce).

Management's Responsibility

The Executive Board is responsible for the preparation of the management report including the consolidated social, environmental and societal information (the "Information") in accordance with the requirements of Article R. 225-105-1 of the French Commercial Code (Code de commerce), presented as required by the entity's internal reporting standards (the "Guidelines") and available at the Company's Headquarter, a summary of which is provided on pages 191 of this management report ("Methodology").

Our Independence and Quality Control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession (Code de déontologie) and Article L. 822-11 of the French Commercial Code (Code de commerce). In addition, we maintain a comprehensive system of quality control including documented policies and procedures to ensure compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent verifier's responsibility

It is our role, on the basis of our work:

- to attest whether the required Information is presented in the management report or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Code de commerce) and Decree no. 2012-557 dated 24 April 2012 (Attestation of presentation);
- to provide limited assurance on whether the other Information is fairly presented, in all material respects, in accordance with the Guidelines (limited assurance).

I. Attestation of presentation

Our engagement was performed in accordance with professional standards applicable in France:

- we compared the Information presented in the management report with the list as provided for in Article R. 225-105-1 of the French Commercial Code (Code de commerce);
- we verified that the Information covers the consolidated perimeter, namely the entity and its subsidiaries within the meaning of Article L. 233-1 and the controlled entities within the meaning of Article L. 233-3 of the French Commercial Code (Code de commerce) within the limits specified in the methodology note of the management report;
- in the event of the omission of certain consolidated Information, we verified that an appropriate explanation was given in accordance with Decree no. 2012-557 dated 24 April 2012.

On the basis of our work, we attest that the required Information is presented in the management report.

II. Assurance report

Nature and scope of the work

We conducted our engagement in accordance with ISAE 3000 (International Standard on Assurance Engagements) and French professional guidance.

We performed the following procedures to obtain Limited assurance that nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines. A higher level of assurance would have required more extensive work.

Our work consisted in the following:

- we assessed the appropriateness of the Guidelines as regards their relevance, completeness, neutrality, clarity and reliability, taking into consideration, where applicable, the good practices in the sector;
- we verified that the Group had set up a process for the collection, compilation, processing and control of the Information to ensure its completeness and consistency;

* Independent on social, environmental and societal informations.

- we examined the internal control and risk management procedures relating to the preparation of the Information. We conducted interviews with those responsible for social and environmental reporting;
- we selected the consolidated Information to be tested[1] and determined the nature and scope of the tests, taking into consideration their importance with respect to the social and environmental consequences related to the Group's business and characteristics, as well as its societal commitments.
  - Concerning the quantitative consolidated information that we deemed to be the most important:
    - at the level of the consolidating entity and the controlled entities, we implemented analytical procedures and, based on sampling, verified the calculations and the consolidation of this information;
    - at the level of the sites that we selected[2] based on their business, their contribution to the consolidated indicators, their location and a risk analysis:
      - we conducted interviews to verify that the procedures were correctly applied;
      - we performed tests of detail based on sampling, consisting in verifying the calculations made and reconciling the data with the supporting documents.

    The sample thus selected represents on average 15% of the workforce and 19% of the quantitative environmental information tested.
  - Concerning the qualitative consolidated information that we deemed to be the most important, we conducted interviews and reviewed the related documentary sources in order to corroborate this information and assess its fairness. Regarding information related to fair operating practices, interviews have been conducted at consolidated level and selected sites level.
- as regards the other consolidated information published, we assessed its fairness and consistency in relation to our knowledge of the company and, where applicable, through interviews or the consultation of documentary sources;
- finally, we assessed the relevance of the explanations given in the event of the absence of certain information.

Comments on the Guidelines

Societe Generale has continued to improve the reliability of its reporting process, consistent with the CSR strategy plan (p. 153). We wish to make the following comments on this reporting process:

- regarding the strategic pillar " Responsible finance " p. 153, the process and the related indicators for the Equator Principles, Finethic project (including sector policies) and Green Finance, should be continued; additional indicators related to the socio-economic and ex-post impacts of project financing could be integrated;
- regarding the strategic pillar "Responsible solidarity banking" p. 153 and current action plans, additional indicators could be developed to assess more accurately the progress and impacts of this approach.

Comments on the Information

We would like to draw the reader's attention to the perimeter restrictions detailed in the methodology note on p.191, particularly:

- social information covers the period from January 1st to November 30th 2012;
- environmental information regarding Rosbank (which represents 10% of the Group total headcount) is collected on a limited perimeter.

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines.

Paris La Défense, February 19, 2013,

The Independent Verifier
Ernst & Young et Associés
Cleantech & Sustainability
French original signed by: Eric Duvaud

(1) Information verified with limited assurance: Headcount and distribution of employees; hiring and dismissals; salary and their evolution; training policies and total number of training hours; the company's organization to take into account environmental issues; GHG emissions; energy consumption; measures taken to improve energy efficiency and renewable energy use; territorial, economic and social impact of the company; fair operating practices.

(2) Crédit du Nord group (France), Eurobank S.A. (Poland), Societe Generale Expressbank (Bulgaria) et Banca Romana pentru Dezvoltare (Romania).

8 COMPLIANCE

COMPLIANCE

Compliance means to act in accordance with the applicable banking and financial rules, whether these are legal or regulatory, or relevant professional, ethical or internal standards.

Fair treatment of customers and, from a more general standpoint, the integrity of banking and financial practices contribute decisively to the reputation of our institution.

By ensuring that these rules are observed, the Group is working to enhance a key asset, namely the trust of its customers, other counterparties and employees, as well as the various regulatory authorities to which it answers.

THE COMPLIANCE SYSTEM

Independent compliance structures have been set up within the Group's different businesses around the world in order to identify and prevent any risks of non-compliance.

The Group's Corporate Secretary is the Chief Compliance Officer.

He is assisted in these duties by the Compliance Department, the Group Compliance Committee, and a compliance function consisting of a coordinated network of Heads of Compliance operating in all Group entities.

The Compliance Department

Established in February 2011 as a replacement for the Ethics Department, the Compliance Department dedicated 2012, its first full fiscal year, to structuring the function within the Group by drawing on a coordinated network of Compliance Officers covering all of the Group's entities, to providing the structure with a consistent standards framework, to raising awareness and training its participants in preventing non-compliance risks and to defining a set of standard checks for major non-compliance risks.

The Compliance Department verifies that all laws and regulations as well as compliance rules and principles applicable to the Group's banking and investment services activities are observed, and that all staff respect codes of good conduct and individual compliance; it also monitors the prevention of reputational risk. It provides expertise and performs controls at the highest level for the Group and assists the Corporate Secretary with the day-to-day operation of the function.

Its main tasks are namely:

- to define, in accordance with the regulators' requests and legal or regulatory requirements, the policies, principles and procedures applicable to compliance and the prevention of money laundering and terrorism financing, and to manage their implementation and monitor their application;
- to ensure that professional and financial market regulations are respected;
- to prevent and manage conflicts of interest;
- to propose the ethical rules to be respected by Group staff;
- to train and advise staff and raise their awareness of compliance issues;
- to ensure that the role of Head Compliance Officer (RCO) is performed under adequate conditions, by setting out the RCO's prerogatives, ensuring that they have the necessary resources, tools and normative framework and monitoring their correct implementation;
- to build and implement steering and organisation tools for the structure: dashboards, forum to share best practices, bimonthly meetings of the Core Business Head Compliance Officers committee;
- to coordinate relations between Group entities and French and foreign regulators on matters relating to compliance;
- to generally monitor issues likely to be harmful to the Group's reputation.

The Group Compliance Committee

The Group Compliance Committee meets once a month and is chaired by the Group's Corporate Secretary. The Committee examines current topics pertaining to compliance, reviews the most significant incidents that occurred over the period across the entire Group and decides on the actions to be taken, and monitors any changes in regulations. The following are represented on the Committee: the Compliance Department, which organises and runs the Committee, the Heads of Compliance of the business divisions, the Heads of Compliance of the Group Finance and Resource divisions, the Head of Internal Control Coordination, and representatives of the General Inspection Department, Operational Risk Department and Legal Division.

The Compliance function

The Compliance function is carried out in the business and corporate divisions by dedicated teams operating under the authority of Compliance Officers. The Compliance Department supervises the function within its own governance framework.

The Compliance Officers of the various divisions are usually under the operational authority of the Group Chief Compliance Officer and the Group Head of Compliance. In divisions where the risks are more significant (SG CIB, Private Banking, Global Investment Management and Services), the compliance structure and dedicated staff come under the hierarchical authority of the Group Compliance Division. They implement the governance and principles defined at Group level within their remit. They contribute to the identification and prevention of compliance risks, the validation of new products, the analysis and reporting of compliance anomalies, the implementation of corrective measures, staff training and the promotion of compliance values throughout the Group. They notably rely on a pyramid structure of business line or subsidiary RCOs under their hierarchical or operational authority and on business line or subsidiary Compliance Committees.

The objectives of the compliance function's structure are threefold:

- centralising the Group's compliance specialists with the goal of developing expertise in this area;
- setting up cross-business functions aimed at disseminating and harmonising compliance values throughout the Group, covering all the Group's business and corporate divisions;
- establishing a clear separation between the advisory and control functions.

Specific characteristics of the anti-money laundering system

The anti-money laundering and terrorism financing system relies on the Heads of Compliance (RCOs) of the business divisions and business lines, and on a structured network of Anti-Money Laundering Officers (AMLOs) under the supervision of a central unit responsible for combating money laundering and terrorism financing for the entire Group.

This unit oversees and coordinates the system, reports suspicious activity to TRACFIN based on information provided by the business divisions, business lines and French subsidiaries on matters within the French organisation's remit (with the exception of Crédit du Nord and Boursorama Banque). For entities established outside France, the AMLOs report suspicious activity to the local authorities.

This unit also works in conjunction with the Legal Department on the drafting of Group Instructions pertaining to the fight against money laundering and terrorism financing. It also disseminates AML values throughout the Group, primarily through training (e-learning sessions provided since the end of 2010), distributing standards, providing updated information to relevant staff, and publishing any information necessary to the prevention of money laundering and terrorism financing on a dedicated online site.

COMPLIANCE VALUES

Compliance and adherence to ethical rules that meet the profession's highest standards are part of the Societe Generale Group's core values. These values are shared by all of its staff and not just by a handful of experts.

The Group has developed a strict body of compliance procedures and rules of good conduct. The Group's Code of Conduct was rewritten in the form of a directive in January 2013. These rules go beyond applicable legal and regulatory provisions, particularly in countries that do not meet Societe Generale's own ethical standards.

In the banking sector, compliance values are primarily about:

- refusing to work with customers or counterparties for which it is not possible to gather enough information to meet due diligence standards;
- knowing how to assess the economic legitimacy of a transaction;
- being able to justify an adopted position under any circumstances.

Accordingly, the Group:

- does not carry out transactions within countries, and does not enter into relations with individuals or businesses, whose activities fall outside of the law or are contrary to the principles of responsible banking;
- refuses to conduct transactions for clients or counterparties if it is unable to determine the economic legitimacy of these transactions, or where the lack of transparency suggests they may be contrary to accounting and compliance principles;
- provides information that is accurate, clear and not misleading on the products and services it proposes and verifies that said products and services are suited to customer needs;
- has established whistleblowing rights which can be exercised by any employees who believe they have good reason to think that an instruction received, a transaction under review or, in general, a given situation is not in compliance with the rules that govern the conduct of the Group's activities.

Societe Generale has very strict rules on the prevention of corruption which are included in the Code of Conduct and comply fully with the strictest regulation on the matter, particularly the UK's Bribery Act. Their implementation has been closely monitored since 2012 (see "2012 Highlights" below). Information concerning obligatory measures and controls has been disseminated and applied throughout the Group since 2001 in the form of instructions, which are updated on a regular basis.

IT APPLICATIONS DEDICATED TO COMPLIANCE

Various IT applications have been developed with the aim, wherever possible, of ensuring compliance with current regulations (e.g. the fight against terrorism and anti-money laundering) and the detection of abuses or situations requiring special attention. Examples of such applications include:

- tools used to filter customer files and international transactions in order to detect people, countries or activities subject to sanctions or embargos;
- tools designed to manage and prevent conflicts of interest;
- transaction supervision tools (mainly behavioural analysis tools) used to detect suspicious transactions;
- an alert management and cheque supervision tool;
- a tool for managing lists of persons holding inside information;
- a tool for helping to detect market abuses (price manipulation and insider trading);
- an application for compliance risk mapping and assessment and following up action plans;
- a cross-business application to meet the Group's regulatory requirements, notably in terms of declaring when share ownership thresholds have been exceeded.

These tools are regularly updated to incorporate regulatory changes and improve their efficiency.

2012 HIGHLIGHTS

Further initiatives to spread the Group's compliance values:

Key examples include:

- the focus on training, with a higher training volume in 2012; several e-learning models were designed and rolled out, including in particular an anti-corruption module;
- in general, the Group, as steered by the Corporate Secretary and Group Chief Compliance Officer, continued its initiative to upgrade the documentation system for standards and guidelines and establish consistency between documents produced by the Group. This project covered all standard-setting documentation, particularly with the mandatory integration of the major standards and procedures issued by Core Businesses and Corporate Divisions into the central system. It also ensured that the Group structure was fully covered by the directives issued by General Management. Another initiative was also launched at the instigation of the Group's Executive Committee in order to speed up drafting of directives and instructions in order to adapt to regulatory changes more quickly. In this respect, 211 standard-setting documents (directives, instructions, manuals and service orders) were issued in 2012, compared to 148 in 2011. Finally, a project to overhaul the central application was launched in 2012 with the goal of improving accessibility and distribution of standard-setting documents to all Group levels;
- in the area of Compliance, a special effort was made to upgrade standards-setting documentation, with the updating of two directives on compliance and the publication of various instructions with Group scope, as well as versions adapted to core businesses;
- the development or updating of new decision-making tools for compliance professionals, primarily for the fight against money laundering, detection of market abuses, and filtering tools to comply with embargo provisions;
- the importance placed on regulatory monitoring and continuous adaptation to new national, European and non-European regulations, such as the FATCA (Foreign Account Tax Compliance Act) and DFA (Dodd Franck Act).

FATCA:

FATCA, which is scheduled to come into force on **January 1, 2014,** makes non-US financial intermediaries responsible for identifying US taxpayers in their client databases in order to report income that directly or indirectly benefits these taxpayers to the US Internal Revenue Service (IRS). This law has **a vast extra-territorial reach,** as it imposes obligations on a broad assortment of financial intermediaries.

FATCA regulation provides for an **IRS procedure certifying** FATCA compliance through an authorised manager from each participating institution. The Societe Generale Group will ensure that all of its relevant financial institutions fully comply with FATCA using **an internal control system structured around Core Business Compliance Officers.**

For Societe Generale, this project has a broad reach. It is managed by a corporate team reporting to the Compliance Department with representatives in each of the core businesses. After their activities were analysed, **266 Group entities were identified as having more or less broad regulatory obligations depending on their locations**.

2013 will be a key year in the FATCA roadmap for finalising the adaptation of client/product processes and documentation before the law enters into force on January 1, 2014.

DFA:

The US Dodd-Franck Act (DFA) reforms, passed in July 2010, and especially its “Title VII” section, aims to **regulate trading of most over-the-counter derivatives on organised markets and electronic platforms as well as how they are cleared through clearinghouses.** The European equivalent of this new regulatory system was launched with the MiFID system in 2007 and is ongoing, especially with the EMIR, Market Abuse II and MiFID II reforms.

DFA follows commitments made by the G20 at the Pittsburgh summit in September 2009. In particular, these obligations are imposed on “swap dealers”, i.e. financial institutions whose dealings in over-the-counter derivatives with US counterparties are above a certain threshold. Societe Generale and all of its branches are registered as “swap dealers” with the US authorities. The first provisions of the Act came into force on December 31, 2012, and the rest are scheduled to come into effect over the course of 2013.

For more than two years, Societe Generale has been conducting an in-depth overhaul of trading and transaction-processing procedures in all of its branches to ensure they comply with the new DFA requirements.

In this respect, Societe Generale is implementing and rolling out processes and new rules intended to:

- ensure clients are protected by offering products adapted to their needs, by sending them complete information on products and, in general, by implementing an advanced compliance programme;
- direct and execute orders on organised markets or platforms;
- transmit executed orders to central clearing houses, which will then carry out daily margin calls;
- ensure that transactions that are not cleared by a clearing house are secured bilaterally;
- declare all over-the-counter derivative transactions in real time;
- maintain an audit trail for all stages of negotiating and processing transactions.

Enhancement of the non-compliance risk identification and management system:

2012 saw significant progress in our approach to non-compliance risks:

- the system for identifying risk areas has two components: the first part, based on reviewing all regulations in force as well as all actions taken to promote compliance to these regulations (training, distribution of instructions, implementation of related procedures and controls, etc.) is currently being rolled out by the function in Investment Banking's principal entities (CRA application, standing for Compliance Risk Assessment). The "normative controls" for non-compliance risks, which correspond to general cross-business controls for the whole Group, form the second pillar of the system. They are in the process of being adapted and rolled out to all Group entities and should be operational by the end of 2013;
- in addition, the Group's most significant anomalies are reported to the Group Compliance Committee as part of a structured framework, using an application redefined in 2012. This is an opportunity to exchange and share best practices. The sanctions that may be imposed on the Group (as for example the fine imposed in 2012 on market surveys, which is under appeal, and that imposed by Japan's FSA) are analysed in depth and systematically give rise to corrective measures;
- finally, the Group's reputational risk is monitored each quarter using a specific dashboard, that since 2012 has been distributed to members of the Executive Committee on a quarterly basis, and to the Board of Director's Audit, Internal Control and Risk Committee twice annually.

Implementation of compliance policies

ANTI-MONEY LAUNDERING POLICY

The main events in 2012 were:

- the development of the reporting of suspicious activity procedure, firstly with the establishment of the "single reporting party", resulting in the centralised management of reported activity from all French entities, with the exception of Crédit du Nord and Boursorama Banque, and secondly with the use of online reporting via TRACFIN's Ermes site;
- the overhaul of the Group Instruction on the fight against money laundering and terrorism financing outside France, currently being finalised;
- the launch of a study on the development of a Group-wide application to centralise and automate the reporting of suspicious activity, facilitate incident validation, manage the archiving of opinions issued on incidents, and meet the obligations concerning the exchange of information specific to the fight against money laundering and terrorism financing;
- significant improvements to the transaction monitoring tools (new versions, new scenarios).

KNOW YOUR CUSTOMER

The framework for the application of KYC obligations was addressed in a Group Instruction. This instruction is based on the risk approach, includes the new regulatory obligations (including in particular the obligation to identify effective beneficiaries), and stipulates the responsibilities of the various stakeholders. The instruction is in the process of being finalised by the business divisions and will be rolled out in 2013.

FINANCIAL SANCTIONS AND EMBARGOS

Due to the growing number of regulations at various levels (UN, OFAC, European Union, national governments), Societe Generale has enhanced the transaction monitoring system, mainly by increasing the staff of the central team, refining the filtering tools and maintaining continuous awareness-raising and training efforts in line with an internal policy of strict compliance with the regulations in force. Internal policies are regularly updated with respect to new regulations.

EMPLOYEE TRANSACTIONS

Observation of the Compliance Charters is a constant obligation within the Societe Generale rules of conduct. Procedures and their proper application are constantly monitored. In 2012, emphasis was placed on supervision of external personnel.

BREACHING OF SHARE OWNERSHIP THRESHOLDS

The overall central application deployed last year was updated to account for regulatory developments (integration of cash-settled derivatives). Its coverage was expanded to include new countries and will target all countries as from 2013. A new instruction was published in order to define the objectives and set forth each participant's roles and responsibilities.

FIGHT AGAINST CORRUPTION

The application of the instruction published at the end of 2011 was closely monitored in 2012 at the bimonthly meetings of the Group Compliance Committee. An e-learning module was designed and was taken by over 32,000 Group employees.

CONFLICTS OF INTEREST

The publication of a new instruction on the prevention and management of conflicts of interest provided an opportunity to identify the principles and mechanisms that need to be implemented for their appropriate management. The policy included the mapping of conflict of interest risks, involving the Group on the one hand and customers or employees on the other.

MARKET ABUSES

In order to complete the adaptation to current regulations and incorporate regulatory developments already known to the Group, special efforts are made to raise employee awareness — including the staff of the retail banking arm — of procedures and their application in all business divisions, continued developments in detection and analysis tools, and harmonisation of controls.

CUSTOMER PROTECTION

Customer protection is crucial for the development of quality customer relations. As such, it is a key consideration for the Group. Among the initiatives undertaken in 2012 was the Compliance function's contribution to the definition of products through its participation in the New Product Committee meetings, where it establishes pre-requisites if needed. In addition, Compliance closely monitors customer complains in order to identify inappropriate procedures or products. The new regulatory provisions on the processing of complains that came into effect in September 2012 has been addressed in a Group instruction.

9

RISK MANAGEMENT

INTRODUCTION

The Group set out to reduce its risk profile over the course of 2012 against a difficult macroeconomic backdrop.

KEY FIGURES

	Dec. 31, 2012	Dec. 31, 2011
Indicators		
Total Group exposure (EAD[1]) in EUR bn	685	743
Percentage of Group EAD to industrialised countries	85%	85%
Percentage of Corporate EAD to investment grade counterparties	63%	67%
Cost of risk in bp[2]	75	67
Doubtful loans coverage ratio Overall Impairment /Provisionable commitments	77%	76%
Average annual VaR in EUR m	31	37
Group global sensitivity to structural interest rate risk	<1%	<2.4% of regulatory capital
Regulatory ratios		
Basel 2.5 solvency ratio	12.7%	11.9%
Basel 2.5 Tier 1 Ratio	12.5%	10.7%
Basel 2.5 Core Tier 1 Ratio	10.7%	9.0%
One-month liquidity ratio	>100%	>100%
Total Basel 2.5 risk-weighted assets in EUR bn	**324.1**	**349.3**
Credit risk	254.1	273.3
Market risk	28.6	32.5
Operational risk	41.3	43.4

(1) The EAD reported here are presented in accordance with the Capital Requirements Directive (CRD), transposed into French regulation.

(2) Annualised, excluding litigation issues, legacy assets, and Greek sovereign debt write-down, in respect of assets at the beginning of the period.

Implementing a high-performance and efficient risk management structure is a critical undertaking for Societe Generale, in all businesses, markets and regions in which the bank operates, as are maintaining a balance between strong risk culture and promoting innovation. Specifically, the main objectives of the Group's risk management strategy are:

- to contribute to the development of the Group's various businesses by optimising its overall risk-adjusted profitability in accordance with its risk appetite;
- to guarantee the Group's sustainability as a going concern, through the implementation of an efficient system for risk analysis, measurement and monitoring;
- to make risk management a differentiating factor and a competitive strength acknowledged by all.

This can take the form of:

- clear principles for governing, managing and organising risks;
- determining and formally defining the Group's risk appetite;
- effective risk management tools;
- a risk culture that is cultivated and established at each level of the Group.

These various items are currently under focus, with a series of initiatives established as part of the ERM (Enterprise Risk Management) programme, which aims at improving the consistency and effectiveness of the Group's risk management system by fully integrating risk prevention and control in the day-to-day management of the bank's businesses.

RISK MANAGEMENT GOVERNANCE, CONTROL AND ORGANISATION PRINCIPLES

The Group's risk management governance is based on:

- strong managerial involvement in the risk management system and promotion of risk culture, throughout the entire organisational structure, from the Board of Directors down to operational teams;
- clearly defined internal rules and procedures;
- continuous supervision by an independent body to monitor risks and to enforce rules and procedures.

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

- risk assessment departments must be independent from the operating divisions;
- the risk management approach and risk monitoring must be consistent throughout the Group.

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

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

BOARD OF DIRECTORS

The Board of Directors defines the Group's strategy, while assuming and controlling risks, and ensures its implementation. In particular, the Board of Directors ensures the adequacy of the Group's risk management infrastructure, monitors changes in the portfolio and particularly in the cost of risk, and approves the market risk limits. Presentations on the main aspects of, and notable changes to, the Group's risk management strategy are made to the Board of Directors by the General Management at least once a year (more often if circumstances require it), within the framework of the Risk Appetite exercise.

AUDIT, INTERNAL CONTROL AND RISK COMMITTEE (CACIR)

The Board of Directors' Audit, Internal Control and Risk Committee plays a crucial role in the assessment of the quality of the Group's internal control. More specifically it is responsible for examining the internal framework for risk monitoring to ensure its consistency and compliance with procedures, laws and regulations in force. Special presentations by executives in charge are made to the Committee, which reviews the procedures for controlling certain market risks as well as structural interest rate risk, and is consulted about the setting of risk limits. It also issues an opinion on the Group's overall provisioning policy as well as on large specific provisions. Finally, the Group's risk map and Risk Appetite indicators are presented to the Committee annually, and every year it examines the Annual Report on Internal Control, which is submitted to the Board of Directors and the French Prudential Supervisory Authority (ACP).

RISK COMMITTEE AND LARGE EXPOSURES COMMITTEE (CORISQ)

Chaired by the General Management, the Risk Committee meets at least once a month to discuss the major trends for the Group in terms of risk. Generally, upon the advice of the Risk Division, CORISQ takes the main decisions pertaining to, on the one hand, the architecture and the implementation of the Group's Risk monitoring system, and on the other, the framework of each type of risk (credit risk, country risk, market and operational risks).

In addition to CORISQ, the Group also has a Large Exposures Committee, which focuses on reviewing large individual exposures.

RISK DIVISION

The main responsibility of the Risk Division is to help develop the activities and profitability of the Societe Generale Group by working with the business divisions to define the Group's Risk Appetite (deployed within the Group's various businesses), and to establish a risk management and monitoring system. In exercising its functions, the Risk Division reconciles independence from and close cooperation with the business divisions, which are responsible first and foremost for the transactions they initiate.

Accordingly, the Risk Division is responsible for:

- providing hierarchical and functional supervision of the Group's Risk structure;
- identifying the risks borne by the Group;
- putting into practice a governance and monitoring system for these risks across all business lines, and regularly reporting on their nature and extent to the General Management, the Board of Directors and the banking supervisory authorities;
- contributing to the definition of risk policies, taking into account the aims of the businesses and the corresponding risk issues;
- defining or validating risk analysis, assessment, approval and monitoring methods and procedures;
- validating the transactions and limits proposed by the business managers;
- defining the "risk" information system, and ensuring its suitability for the needs of the businesses and its consistency with the Group's information system.

Regarding legacy assets [1], the Risk Division:

- validates all transactions linked to these assets (hedges, disposals, commutations, etc.);
- defines, measures and monitors positions using market risk metrics: VaR and stress tests;
- produces impairment calculations, after defining and validating their assumptions;
- assesses the value of CDOs (Collateralised Debt Obligations) of RMBS (Residential Mortgage Backed Securities);
- analyses each monoline counterparty in order to determine the adequate provisioning rate for Group exposures, and calculates the corresponding provisions;
- participates in the governance bodies of the subsidiary hosting these assets.

NEW PRODUCT COMMITTEE

Each division submits all new products, businesses or activities to the New Product Committee.

(1) For further details on the valuation of certain assets within this scope, see Note 3 to the consolidated financial statements, p. 299 "Fair value of financial instruments".

This committee, which is jointly managed by the Risk Division and the business divisions, aims to ensure that, prior to the launch of a new product, business or activity:

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

This process is underpinned by a very broad definition of a new product, which ranges from the creation of a new product, to the adaptation of an existing product to a new environment or the transfer of activities involving new teams or new systems.

FINANCE DIVISION

Within the Finance Division, the Financial Management and Capital Department manages the capital requirements and the capital structure.

In accordance with regulatory principles that advocate the separation of oversight and control functions, two different entities manage and monitor structural risks:

- the Balance Sheet and Global Treasury Management Department is dedicated to structural risk management. It also monitors and coordinates all Group treasury functions (external Group financing, internal entity financing, centralised collateral management). In addition, it manages the Financial Centre and executes financial transactions;
- the ALM Risk Control Department is responsible for supervising structural risk for the entire Group. In particular, it validates structural risks models and monitors compliance with limits and management practices by the Group's divisions, business lines and entities.

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

The Finance Policy Committee is chaired by the General Management and validates the system used to analyse and measure structural risks as well as the exposure limits for each Group entity. It also plays an advisory role for the business divisions and entities.

Societe Generale's risk measurement and assessment processes are an integral part of the bank's ICAAP (Internal Capital Adequacy Assessment Process [1]). As concerns capital management, ICAAP is aimed at providing guidance to both CORISQ and the Finance Committee in defining the Group's overall risk Appetite and setting risk limits.

Within the Finance Division, the steering of scarce resources and performance has been the responsibility of the new Strategic and Financial Steering department since January 1, 2013. This department is responsible for providing General Management with a consolidated overview of key financial steering indicators for both profitability and scarce resources (capital and liquidity) and therefore contributes directly to guiding strategic and financial decisions aimed at maximising value creation for the Group.

OTHER DIVISIONS

The Group Corporate Secretariat also deals with compliance, ethics, legal and tax risks, as well as reputational risk.

Finally, the bank's risk management principles, procedures and infrastructures and their implementation are monitored by the Audit team and the General Inspection Department.

PERMANENT AND PERIODIC RISK SUPERVISION

Permanent supervision is the responsibility of operational staff and their managers, and its coordination is performed by the Operational Risk Department of the Risk Division. The permanent supervision system itself is supplemented by numerous other operational controls (for example, automated controls in IT processing chains, organisational controls implementing the segregation of functions within the structure, etc.).

The Inspection and Audit Division carries out regular risk audits, including credit application reviews, spanning all Group divisions, whose conclusions are sent to the heads of the operating divisions, the Risk Division and the General Management for certain scopes.

ENTERPRISE RISK MANAGEMENT (ERM) PROGRAMME

Effectively launched in January 2011, the ERM project aims to improve the consistency and effectiveness of the Group's risk management system by fully integrating risk prevention and control with the day-to-day management of the bank's businesses.

This programme, which is closely monitored by the Executive Committee and the Audit, Internal Control and Risk Committee, is structured around:

- strengthening risk culture among all Group employees;
- continually improving the Risk Appetite exercise (details below).

Based on a 2010 assessment of the existing situation, the Board of Directors and General Management have defined a target aimed at ensuring that all employees are aware of the risks entailed by

(1) ICAAP: Internal Capital Adequacy Assessment Process, corresponds to the Pillar II process required under the Basel Accord that enables the Group to ensure capital adequacy to support all business risks.

their activities, know how to manage them, feel responsible for doing so, and act according to the Group's values: courage, rigour and discipline.

An ambitious plan to strengthen risk culture was therefore launched in 2011 to meet this target.

The approach taken is structured around (i) awareness-raising initiatives and training aimed at Group employees and (ii) initiatives aimed at improving risk recognition at each stage of an employee's career with the Group. For example, the following initiatives were launched in 2012:

- during the hiring process, assessing "risk awareness" is gradually becoming one of the selection criteria;
- in terms of setting targets and evaluation, risk management is gradually becoming one of the items systematically taken into account;
- training initiatives have also been undertaken with the intent to establish a certification process;
- a review of the Group code of conduct.

All of these initiatives were carried out by General Management and all Executive Committee members through communications with employees on the significance of and issues related to day-to-day risk management.

RISK APPETITE

Since 2009, the Risk Division and the Finance Division have formally defined the Group's risk appetite through a process coordinated with the Group's operating divisions.

Societe Generale defines risk appetite as the level of risk, by type and by business, that the Group is prepared to incur given its strategic targets. Risk appetite is defined using both quantitative and qualitative criteria.

The Group Risk Appetite exercise consists in formally defining a three-year overview including:

- targets for certain key Group indicators (financial solidity, solvency, earnings volatility, leverage, liquidity);
- risk/return ratios for different the Group businesses;
- and the Group's risk profile, by risk type.

To determine these factors, the following are taken into consideration:

- earnings sensitivity to economic cycles and credit, market or operational events;
- impact of macro-economic risks, both in emerging markets and developed countries.

The Risk Appetite exercise is one of the strategic oversight tools available to Group governing bodies. It is fully integrated into the budgeting process and draws on the global stress test system (details below), which is also used to ensure capital adequacy in stressed economic scenarios ("ICAAP stress tests").

It is discussed by governing bodies at various key moments:

- positioning the various businesses in terms of the risk/return ratio as well as the Group's risk profile by type of risk are analysed and approved by the Audit, Internal Control and Risk Committee during preliminary budget preparation with an eye to allocating scarce resources to the businesses. Three-year targets suggested by the Executive Committee for the Group key indicators are discussed and approved by the Audit, Internal Control and Risk Committee, then by the Board of Directors prior to launching the budget process;
- during the finalisation of the budget and global stress test processes, the Audit, Internal Control and Risk Committee and the Board of Directors, based on the Executive Committee's recommendations, approve the trajectory in relation to various Group key indicators and their adequacy given the established targets.

In the interest of continuous improvment, the Risk Appetite exercise is continuously being adapted. This year, improvement efforts were focused on:

- consistency between the Risk Appetite exercise and the risk management operational structure, which is manifested by policies and limits covering the Group's major risks;
- increased consideration of any impact relating to liquidity.

STRESS TEST FRAMEWORK

Stress tests measure resilience to macroeconomic shocks of various magnitudes. They are an important component of the Group's risk management and monitoring. The Group's stress-test framework is used to set limits, guarantee capital adequacy compared to risks and aid in carrying out the Risk Appetite exercise.

The Group has implemented a stress test system which includes:

- at an aggregate level, the global stress test (macroeconomic, i.e. "ICAAP stress test"), which is incorporated into the budget process and covers the entire Group. For each scenario, (core and stressed), potential losses relating to credit, market and operational risks are estimated over a three-year horizon before being presented to the Risk Committee. This exercise measures the Group's capital adequacy ratios against regulatory constraints and the Group's targets in line with its Risk Appetite;

- specific credit stress tests supplement the global analysis, on request, with a more refined approach along various lines (sector, subsidiary, product, country, etc.). These stress tests are used for operational oversight of Group activities and risks;
- in order to evaluate market risks, alongside the internal VaR and SVaR model, the Group measures its risks using a stress test to take into account unusual market disturbances that draws on 26 historical scenarios and eight theoretical ones;
- with regard to operational risks and capital requirement calculations, the Group uses scenario analyses to measure its exposure to any occasional but extremely severe losses, and to provide a loss distribution estimate based on expert opinion for event categories for which there is insufficient internal loss history;
- for structural interest-rate risks, the Group measures the sensitivity of its fixed-rate position in scenarios under which yield curves shift or are distorted (steepening and flattening). The measurement of net interest income sensitivity is also used by the Group to quantify the structural interest rate risk of significant entities. With respect to exchange-rate risk, stress scenarios are applied to various (major or peripheral-country) currencies;
- with respect to liquidity, internal stress tests are used to ensure that the time periond during which the Group may continue to operate during periods of liquidity stress is respected in any market environment.

Along with the internal stress-test exercises, the Group is part of a sample of European banks that participate in the EBA (European Banking Authority) stress tests.

GROUP RISK MAPPING

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

The risk map is presented annually to the members of the Audit, Internal Control and Risk Committee as well as the Board of Directors.

TYPES OF RISKS

The Group is exposed to the risks inherent in its core businesses. Given the diversity and changes in the Group's activities, its risk management focuses on the following main categories of risks, any of which could adversely affect its performance:

- **credit and counterparty risk** (including country risk): risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes the counterparty risk linked to market transactions (replacement risk), as well as securitisation activities. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of counterparties;

  Country risk arises when an exposure can be negatively affected by changing political, economic, social and financial conditions in the country of operation.

  Validation of credit risk is part of the Group's risk management strategy based on its risk appetite. 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 the client's business, an understanding of the purpose and structure of the transaction and the sources of repayment of the debt. Credit decisions must also ensure that the structure of the transaction will minimise the risk of loss in the event the counterparty defaults.

  Limits are set for certain countries, geographical regions, sectors, products or types of customers with a view to minimising the most significant risks. In addition, major concentration risks are analysed periodically for the entire Group.

- **market risk:** risk of decline in the value of financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equities, bonds), commodities, derivatives and other assets, including real estate assets;

  Positions and risks are subject to daily controls and compared to predefined limits that, for major positions, are validated by the Board of Directors on the advice of the Audit, Internal Control and Risk Committee, in accordance with the risk appetite defined by the Board of Directors.

- **operational risks** (including accounting and environmental risks): risk of losses or sanctions due in particular to failures in internal procedures or systems, human error or external events;

  Societe Generale has no appetite for operational risks, only a tolerance level. As such, the Group has an active prevention policy which consists of securing operational processes as well as the promotion of a risk culture throughout the Group. The limit in terms of operational losses is set as a percentage of NBI.

- **structural interest and exchange rate risk:** risk of loss or write-downs in the Group's assets arising from variations in interest or exchange rates. Structural interest and exchange rate risk arises from commercial activities and from transactions entered into by the Corporate Centre;

  The general principle for the Group is to minimise structural interest rate and exchange rate risks as much as possible within consolidated entities. Wherever possible, commercial transactions are therefore hedged against interest rate and exchange rate risks. Any residual structural interest rate risk exposure is contained by sensitivity limits set for each entity and for the overall Group in accordance with the structural risk appetite as validated by the Finance Policy Committee. As for exchange rates, the Group's policy is to immunise its solvency ratio against fluctuations of the major currencies in which it operates.

- **liquidity risk:** risk of the Group not being able to meet its cash or collateral requirements as they arise and at reasonable cost;

  Given that liquidity is a scarce resource, the Group's objective is to finance its activities at the best possible rates under normal conditions. The scope of the Group's short and long-term financing plan, which supplements customer deposits, is conservative with reduced concentration in the short term while ensuring diversification in terms of products and regions. Targets are validated by the Board of Directors in accordance with Risk Appetite.

- **non-compliance risk (including legal, tax and reputational risks)**: risk of legal, administrative or disciplinary sanction, material financial losses or reputational damage arising from failure to comply with the provisions governing the Group's activities.

  Compliance and adherence to ethical rules that meet the profession's highest standards are part of the Societe Generale Group's core values. It is not just the responsibility of a select few, but concerns the culture of its entire staff. Moreover, those rules even go beyond the strict application of current regulatory provisions, particularly as there are countries in which said provisions fall shy of Societe Generale's ethical standards.

The Group is also exposed to the following risks:

- **investment portfolio risk:** risk of unfavourable changes in the value of the Group's investment portfolio;
- **strategic risk:** risks tied to the choice of a given business strategy or resulting from the Group's inability to execute its strategy;
- **business risk:** risk of losses if costs exceed revenues;
- **risk related to insurance activities:** through its insurance subsidiaries, the Group is also exposed to a variety of risks linked to the insurance business. In addition to balance sheet management risks (interest rate, valuation, counterparty and exchange rate risk), those include premium pricing risk, mortality risk and structural risk of life and non-life insurance activities, including pandemics, accidents and catastrophic events (such as earthquakes, hurricanes, industrial disasters, acts of terrorism or military conflicts);
- **risk related to specialised finance activities:** through its Specialised Financial Services division, mainly in its operational vehicle leasing subsidiary, the Group is exposed to residual value risk (when the net resale value of an asset at the end of the lease is less than estimated).

Any of these risks could materially adversely affect the Group's business, results of operations and financial condition.

RISK FACTORS

1.The global economy and financial markets continue to display high levels of uncertainty, which may materially and adversely affect the Group's business, financial condition and results of operations.

As part of a global financial institution, the Group's businesses are highly sensitive to changes in financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. The Group could be confronted with a significant deterioration of market and economic conditions resulting, among other things, from crises affecting capital or credit markets, liquidity constraints, regional or global recessions, sharp fluctuations in commodity prices (including oil), currency exchange rates or interest rates, inflation or deflation, sovereign debt rating downgrades, restructurings or defaults, or adverse geopolitical events (including acts of terrorism and military conflicts). Such occurrences, which may develop quickly and hence may not be hedged, could affect the operating environment for financial institutions for short or extended periods and have a material adverse effect on the Group's financial condition, results of operations or cost of risk.

Financial markets have in recent years experienced significant disruptions as a result of concerns regarding the sovereign debt of various Eurozone countries. The elevated debt levels of some European sovereigns and the restructuring of Greek sovereign debt in 2012, which required investors to incur substantial writedowns, have given rise to concerns about sovereign defaults and the Eurozone. The outcome of this situation cannot yet be predicted. In the recent past, these concerns generated disruptions that contributed to increasing the volatility in the exchange rate of the euro against other major currencies, negatively affecting stock prices, degrading the funding conditions of financial institutions and created uncertainty regarding the near term economic prospects of European Union countries as well as the quality of credits extended to sovereign debtors in the European Union. Austerity and other measures introduced by public or private sector actors in order to address these issues may themselves lead to economic contraction and adverse effects for the Group.

The Group is exposed to the risk of substantial losses if sovereign States, financial institutions or other credit counterparties become insolvent or are no longer able to fulfil their obligations to the Group. The Group holds sovereign obligations issued by certain of the countries that have been most significantly affected by the ongoing Eurozone crisis. In addition, the erosion of a sovereign state's perceived credit quality will often negatively affect the market perception of financial institutions located in that state. A worsening of the Eurozone crisis may trigger a significant decline in the Group's asset quality and an increase in its loan losses in the affected countries. The Group's inability to recover the value of its assets in accordance with the estimated percentages of recoverability based on past historical trends (which could prove inaccurate) could further adversely affect its performance. It may also become necessary for the Group to invest resources to support the recapitalisation of its businesses and/or subsidiaries in the Eurozone or in countries closely connected to the Eurozone such as those in Central and Eastern Europe. The Group's local activities in certain countries could become subject to emergency legal initiatives or restrictions imposed by local authorities, which could adversely affect its business, financial condition and results of operations.

2. A number of exceptional measures taken by governments, central banks and regulators have recently been or could soon be completed or terminated, and measures at the European level face implementation risks.

In response to the financial crisis, governments, central banks and regulators implemented measures intended to support financial institutions and sovereign states and thereby stabilize financial markets. Central banks took measures to facilitate financial institutions' access to liquidity, in particular by lowering interest rates to historic lows for a prolonged period.

Various central banks decided to substantially increase the amount and duration of liquidity provided to banks, loosen collateral requirements and, in some cases, implement "non-conventional" measures to inject substantial liquidity into the financial system, including direct market purchases of government bonds, corporate commercial paper and mortgage-backed securities. These central banks may decide, acting alone or in coordination, to modify their monetary policies or to tighten their policies regarding access to liquidity, which could substantially and abruptly decrease the flow of liquidity in the financial system. Given the uncertainty of the economic recovery, such changes could have an adverse effect on operating conditions for financial institutions and, hence, on the Group's business, financial condition and results of operations.

Steps taken in 2012 to support the Eurozone, including short-term stability measures adopted by the European Council in June 2012, the European Central Bank's (ECB) announcement in August 2012 that it would undertake outright monetary transactions in sovereign bond markets, and the European Council's agreement in December 2012 on the general approach for the establishment of a single supervisory mechanism for the oversight of credit institutions by March 2014, have contributed to a tangible easing of financial stability stress during the second half of 2012. Nevertheless the agreed policy measures remain subject to implementation risks both at the national and EU level and, to the extent implemented, could be terminated. At the same time, the functioning of money and debt markets has remained fragmented, amplifying funding strains in countries under stress. These strains could give rise to national policies restricting cross-border flows of liquidity, and ultimately undermine market integration within the monetary union.

3. The Group's results may be affected by regional market exposures.

The Group's performance is significantly affected by economic, financial and political conditions in the principal markets in which it operates, such as France and other European Union countries. In France, the Group's principal market, stagnant economic and financial activity, reduced levels of consumer spending and an unfavourable evolution of the real estate market have had and could continue to have a material adverse impact on its business resulting in decreased demand for loans, higher rates of non-performing loans and, decreased asset values. In the other European Union countries, economic stagnation or a deteriorating economic environment could result in increased loan losses or higher levels of provisioning.

The Group is involved in commercial banking and investment banking operations in emerging markets, in particular in Russia and other Central and Eastern European countries as well as in Northern Africa. Capital markets and securities trading activities in emerging markets may be more volatile than those in developed markets and more vulnerable to certain risks, such as political uncertainty and currency volatility. It is likely that these markets will continue to be characterised by higher levels of uncertainty and therefore risk.

Unfavourable developments in the political or economic conditions affecting these markets may adversely affect the Group's business, results of operations or financial condition.

4. The Group operates in highly competitive industries, including in its home market.

The Group is subject to intense competition in the global and local markets in which it operates. On a global level, it competes with its peers principally in its core businesses (French Networks, International Retail Banking, Specialised Financial Services and Insurance, Corporate and Investment Banking and Global Investment Management and Services). In local markets, including, France, the Group faces substantial competition from locally-established banks, financial institutions, businesses providing financial and other services and, in some instances, governmental agencies. This competition exists in all of the Group's lines of business.

In France, the presence of large domestic competitors in the banking and financial services sector, as well as emerging competitors such as online retail banking and financial services providers, has resulted in intense competition for virtually all of the Group's products and services. The French market is a mature market and one in which the Group already holds significant market share in most of its lines of business. Its business and results of operations may be adversely affected if it is unable to maintain or increase its market share in key lines of business. The Group also faces competition from local participants in other geographic markets in which it has a significant presence. The level of competition on a global level, as well as a local level in France and its other key markets, could have a material adverse effect on the Group's business, results of operations and financial condition.

Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms or have declared bankruptcy. Such changes could result in our remaining competitors gaining greater capital and other resources, such as the ability to offer a broader range of products and services and geographic diversity. We have experienced and may continue to experience pricing pressures as a result of these factors and as some of our competitors seek to increase market share by reducing prices.

5. Reputational damage could harm the Group's competitive position.

The financial services industry is highly competitive and the Group's reputation for financial strength and integrity is critical to its ability to attract and retain customers and counterparties.

Its reputation could be harmed by events attributable to it and the decisions of its management, as well as by events and actions of others outside its control. Independent of the merit of information being disseminated, negative developments about the Group could have adverse effects on its business and its competitive position.

The Group's reputation could be adversely affected by a weakness in its management of conflicts of interests or other similar procedures or as a result of employee misconduct, misconduct by other market participants, a decline in, a restatement of, or corrections to its financial results, as well as any adverse legal or regulatory action, especially if any of these events becomes the focus of extensive media reporting. Reputational damage could translate into a loss of business that could have a material adverse effect on the Group's results of operations and financial position.

6. The protracted decline of the markets could reduce the Group's liquidity and makeit hard to sell assets, possibly leading to material losses.

In a number of the Group's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Group is not able to close out deteriorating positions in a timely way. This is especially true for the assets the Group holds for which the markets are relatively illiquid by nature. Assets that are not traded on regulated markets or other public trading markets, such as derivatives contracts between banks, are valued based on the Group's internal models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the Group did not anticipate.

The Group's portfolio of real estate-related structured finance assets and certain other structured finance assets lost value and/or became less liquid or illiquid during and in the wake of the financial crisis. The portfolio includes collateralized debt obligations, residential mortgage backed securities, commercial mortgage-backed securities and other asset backed securities, collateralised loan obligations, assets partly hedged by monoline insurers and exotic credit derivatives, the underlying assets of which are largely located in the United States, Europe and Australia.

Although the Group continues to take steps to manage and control its legacy asset portfolio, there can be no assurance that losses on this portfolio will not be substantial in the future. Such losses could have a material adverse affect on the Group's results of operations and financial condition.

7. The Group depends on access to financing and other sources of liquidity, which may be restricted for reasons beyond its control.

The ability to access short-term and long-term funding is essential to the Group's businesses. We fund ourselves on an unsecured basis by issuing long-term debt, by accepting deposits at our bank subsidiaries, by issuing promissory notes and commercial paper and by obtaining bank loans or lines of credit. We also seek to finance many of our assets on a secured basis, including by entering into repurchase agreements. If the Group is unable to access secured or unsecured debt markets on terms it considers acceptable or if it experiences unforeseen outflows of cash or collateral, including a material decrease in customer deposits, the Group's liquidity could be impaired. In particular, if the Group does not continue to successfully attract customer deposits (because, for example, competitors raise the interest rates that they are willing to pay to depositors, and accordingly, customers move their deposits elsewhere), the Group may need to replace such funding with more expensive funding, which would reduce the Group's net interest margin and net interest income.

The Group's liquidity could be adversely affected by factors the Group cannot control, such as general market disruptions, operational difficulties affecting third parties, negative views about the financial services industry in general, the Group's short-term or long-term financial prospects, changes in credit ratings or even the perception among market participants of the Group or other financial institutions.

The Group's credit ratings can have a significant impact on the Group's access to funding and also on certain trading revenues. We may be required to provide additional collateral to certain counterparties in the event of a credit ratings downgrade, in connection with certain OTC trading agreements and certain other agreements associated with the Institutional Securities business segment. The rating agencies continue to monitor certain issuer-specific factors that are important to the determination of the Group's credit ratings, including governance, the level and quality of earnings, capital adequacy, funding and liquidity, risk appetite and management, asset quality, strategic direction, and business mix. Additionally, the rating agencies look at other industry-wide factors, such as regulatory or legislative changes, the macro-economic environment and perceived levels of government support, and it is possible that they could downgrade the Group's ratings and those of similar institutions.

Moreover, the Group's ability to access the capital markets and its cost of obtaining long-term unsecured funding is directly related to its credit spreads in both the cash bond and derivatives markets, which is also outside of its control. Liquidity constraints may have a material adverse effect on the Group's business, financial condition, results of operations and ability to meet its obligations to its counterparties.

8. The volatility of the financial markets may cause the Group to suffer significant losses on its trading and investment activities.

Market instability could adversely affect the Group's trading and investment positions in the debt, currency, commodity and equity markets, and in private equity, property and other assets. Severe market disruptions and extreme market volatility have occurred in recent years and may occur again in the future, which could result in significant losses for the Group's capital markets activities. Such losses may extend to a broad range of trading and hedging products, including swaps, forward and future contracts, options and structured products.

Market volatility makes it difficult to predict trends and implement effective trading strategies and increases risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. Such losses, if significant, could adversely affect the Group's results of operations and financial condition.

9. Changes in interest rates may adversely affect the Group's banking and asset management businesses.

The Group's performance is influenced by the evolution and fluctuation of interest rates in Europe and in the other markets in which it operates. The amount of net interest earned during any given period may significantly affect the Group's overall revenues and profitability. The Group's management of interest rate sensitivity may also affect its results of operations. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. Any mismatch between interest owed by the Group and interest due to it (in the absence of suitable protection against such mismatch) could have adverse material effects on the Group's business, financial condition and results of operations.

10. Fluctuations in exchange rates could adversely affect the Group's results of operations.

The Group's main operating currency is the euro. However, a significant portion of the Group's business is carried out in currencies other than the euro, such as, the U.S. dollar, the British pound sterling, the Czech crown, the Romanian lei, the Russian rouble and the Japanese yen. The Group is exposed to exchange rate movements to the extent its revenues and expenses or its assets and liabilities are in different currencies. Fluctuations in the rate of exchange of these currencies into euros may have a negative impact on the Group's consolidated results of operations, financial position and cash flows from year to year, despite any hedges that may be implemented by the Group to limit its foreign exchange exposure.

Because the Group publishes its consolidated financial statements in euros, which is the currency of most of its liabilities, the Group is also subject to translation risk in the preparation of its financial statements. Exchange rate fluctuations may also affect the value (denominated in euros) of the Group's investments in its subsidiaries outside the euro zone.

11. The Group is subject to extensive supervisory and regulatory regimes in the countries in which it operates. It is difficult to predict whether or to what extent the legal and regulatory framework will change in the future or the impact of such changes on the Group's business.

The Group is subject to extensive regulation and supervision in all jurisdictions in which it operates. The rules applicable to banks seek principally to limit their risk exposure, preserve their stability and financial solidity and protect depositors, creditors and investors. The rules applicable to financial services providers govern, among other things, the sale, placement and marketing of financial instruments. The banking companies of the Group must also comply with requirements as to capital adequacy (and in some cases liquidity) in the countries in which they operate. Compliance with these rules and regulations requires significant resources. Non-compliance with applicable laws and regulations could lead to fines, damage to the Group's reputation, forced suspension of its operations or the withdrawal of operating licenses.

Since the onset of the financial crisis, a variety of measures have been proposed, discussed and in some cases adopted by numerous national and international legislative and regulatory bodies, as well as other entities. It is difficult to determine at this stage what the impacts of these measures would be if they were implemented. Certain of these measures have already been implemented, while others are still under discussion. It therefore remains difficult to calculate precisely the future impacts or, in some cases, to evaluate the likely consequences of these measures.

In particular, the implementation of the Basel 3 reforms in the European Union should be the subject of Capital Requirements Regulation 1 (CRR1) and Capital Requirements Directive 4 (CRD4) which are still under discussion. Basel 3 is a international regulatory framework to strengthen capital and liquidity regulations with a goal of promoting a more resilient banking sector. Recommendations and measures addressing systemic risk exposure of global banks, including additional loss absorbency requirements, were adopted by the Basel Committee and by the Financial Stability Board, which was established following the G-20 London summit in 2009. Societe Generale, among other global banks, has been named by the Financial Stability Board as a "systemically important financial institution" and as a result will be subject to additional capital buffer requirements. The specific rules for the application of these measures have not yet been fully defined.

In addition, other reforms are being considered that seek to reduce the risks to the stability of the financial system posed by the default of systemically important banks. These potential reforms include a requirement for banks to maintain resolution plans in the event of financial distress and enhanced regulatory powers with respect to financial institutions in financial distress (a European Directive in respect of this rule is in the process of being adopted) or a possible regulation, part of a broader ongoing French Banking reform initiative, that would require financial institutions to separate part or all of their investment banking and capital markets activities from their retail banking activities. These reforms could have an impact on the Group and its structure, although the extent of these impacts cannot be identified at this time.

Finally, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"), enacted in the United States in 2010, will affect the Group and some of its businesses. Dodd-Frank calls for significant structural reforms affecting the financial services industry, including non-U.S. banks, by addressing, among other issues, systemic risk oversight, bank capital standards, the orderly liquidation of failing systemically significant financial institutions, over-the-counter derivatives, and the ability of banking entities to engage in proprietary trading activities and sponsor and invest in hedge funds and private equity funds. While certain portions of Dodd-Frank were effective immediately on enactment, other portions are subject to transition periods and a lengthy rulemaking process, making it difficult at this time to assess the overall impact (including extraterritorial impacts) any final rules could have on the Group or the financial services industry as a whole.

12. The Group is exposed to counterparty risk and concentration risk.

The Group is exposed to credit risk with respect to numerous counterparties in the ordinary course of its business as a result of trading, lending, deposit-taking, clearance and settlement and other activities. These counterparties include institutional clients, brokers and dealers, commercial and investment banks and sovereign states. The Group may realise losses if a counterparty defaults on its obligations and the collateral that it holds does not represent a value equal to, or is liquidated at prices not sufficient to recover, the full amount of the loan or derivative exposure it is intended to cover. Many of the hedging and other risk management strategies utilised by the Group also involve transactions with financial services counterparties.

The weakness or insolvency of these counterparties may impair the effectiveness of the Group's hedging and other risk management strategies, which could in turn materially adversely affect its business, results of operations and financial condition.

The Group may also have concentrated exposure to a particular counterparty, borrower or issuer (including sovereign issuers), or to a particular country or industry. A ratings downgrade, default or insolvency affecting such a counterparty, or a deterioration of economic conditions in such a country or industry, could have a particularly adverse effect on the Group's business, results of operations and financial condition. The systems the Group uses to limit and monitor the level of its credit exposure to individual entities, industries and countries may not be effective to prevent concentration of credit risk. Because of a concentration of risk, the Group may suffer losses even when economic and market conditions are generally favourable for its competitors.

13. The financial soundness and conduct of other financial institutions and market participants could adversely affect the Group.

The Group's ability to engage in funding, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial services institutions are interrelated as a result of trading, clearing, counterparty, funding and other relationships. As a result, defaults by, or even rumours or questions about, one or more financial services institutions, or the loss of confidence in the financial services industry generally, may lead to market-wide liquidity scarcity and could lead to further losses or defaults. The Group has exposure to many counterparties in the financial industry, directly and indirectly, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients with which it regularly executes transactions. Many of these transactions expose the Group to credit risk in the event of default by counterparties or clients. In addition, the Group's credit risk may be exacerbated if the collateral it holds cannot be realised for any reason or is not sufficient to recover the full amount of the Group's exposure.

14. The Group's hedging strategies may not prevent all risk of losses.

If any of the variety of instruments and strategies that the Group uses to hedge its exposure to various types of risk in its businesses is not effective, it may incur significant losses. Many of its strategies are based on historical trading patterns and correlations and may not be effective in the future.

For example, if the Group holds a long position in an asset, it may hedge that position by taking a short position in another asset whose value has historically moved in an offsetting direction. However, the hedge may only cover a part of its exposure to the long position, and the strategies used may not protect against all future risks or may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of the Group's hedging strategies.

15. The Group's results of operations and financial condition could be adversely affected by a significant increase in new provisions or by inadequate provisioning.

The Group regularly sets aside provisions for loan losses in connection with its lending activities. Its overall level of loan loss provisions, recorded as "cost of risk" in its income statement, is based on its assessment of the recoverability of the relevant loans. This assessment relies on an analysis of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, certain economic conditions and other factors. Notwithstanding the care with which the Group carries out such assessments, it has had to increase its provisions for loan losses in the past and may have to substantially increase its provisions in the future following the rise in defaults or for other reasons. Significant increases in loan loss provisions, a substantial change in the Group's estimate of its risk of loss with respect to loans for which no provision has been recorded, or the occurrence of loan losses in excess of its provisions, could have a material adverse effect on its results of operations and financial condition.

16. The Group relies on assumptions and estimates which, if incorrect, could have a significant impact on its financial statements.

When applying the IFRS accounting principles disclosed in Financial Information (Chapter 10) for the purpose of preparing the Group's consolidated financial statements, management makes assumptions and estimates that may have an impact on items in the income statement, on the valuation of assets and liabilities in the balance sheet, and on information disclosed in the notes to the consolidated financial statements.

In order to make these assumptions and estimates, management exercises judgment and uses information available at the time the consolidated financial statements are prepared.

By nature, valuations based on estimates involve risks and uncertainties. Actual future results may differ from these estimates, which could have a significant impact on the Group's financial statements.

The use of estimates principally relates to the following valuations:

- fair value of financial instruments not quoted in an active market presented in the balance sheet or 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;
- provisions recognised under liabilities, including provisions for employee benefits or underwriting reserves of insurance companies, as well as deferred profit-sharing on the asset side of the balance sheet;
- the amount of deferred tax assets recongnised in the balance sheet;
- initial value of goodwill determined for each business combination; and
- in the event of the loss of control of a consolidated subsidiary, fair value of the entity's interest retained by the Group, where applicable.

17. The Group is exposed to legal risks that could negatively affect its financial condition or results of operations.

The Group and certain of its former and current representatives may be involved in various types of litigation including civil, administrative and criminal proceedings. The very large majority of such proceedings can be considered part of the Group's ordinary course of business. There has been an increase in investor litigation and regulatory actions against intermediaries such as banks and investment advisors in recent years, in part due to the challenging economic market environment. This has increased the risk, for the Group as well as for other financial institutions, of losses or reputational harm deriving from litigation and other proceedings.

It is inherently difficult to predict the outcome of litigation, regulatory proceedings and other adversarial proceedings involving the Group's businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, cases where claims for damages are of unspecified or indeterminate amounts or cases involving novel legal claims.

In preparing the Group's financial statements, management makes estimates regarding the outcome of legal, regulatory and arbitration matters and records a provision when losses with respect to such matters are probable and can be reasonably estimated. Should such estimates prove inaccurate or the provisions set aside by the Group to cover such risks inadequate, its financial condition or results of operations could be materially and adversely affected.

18. If the Group makes an acquisition, it may be unable to manage the integration process in a cost-effective manner or achieve the benefits expected from these acquisitions.

The selection of an acquisition target is carried out by the Group following a careful analysis of the business or assets to be acquired. However, such analyses often cannot be exhaustive due to a variety of factors. As a result, certain acquired businesses may be burdened by unanticipated troubled assets or may expose the Group to an increase in various risks, particularly in cases in which the Group was unable to conduct a full and comprehensive due diligence prior to the acquisition.

The successful integration of a new business typically requires the effective coordination of business development and marketing efforts, retention of key managers, recruitment and training, and integration of information technology systems. These tasks may prove more difficult than anticipated, require more management time and resources than expected, and the Group may experience higher integration costs and lower savings or earn lower revenues than expected. The degree to which synergies will be realised and their timing is also uncertain.

19.The Group's risk management system may not be effective and may expose the Group to unidentified or unanticipated risks, which could lead to significant losses.

The Group has devoted significant resources to develop its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, its risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that it fails to identify or anticipate. Some of its qualitative tools and metrics for managing risk are based upon observed historical market behaviour. The Group applies statistical and other tools to these observations to assess its risk exposures. These tools and metrics may fail to predict future risk exposures that arise from factors the Group did not anticipate or correctly evaluate in its statistical models. A failure to anticipate or manage risks could significantly affect its business, financial condition and results of operations.

20. Operational failure, termination or capacity constraints affecting institutions we do business with, or failure or breach of the Group's information technology systems, could result in losses.

The Group is exposed to the risk of operational failure, termination or capacity constraints of third parties, including financial intermediaries that we use to facilitate cash settlement or securities transactions (such as clearing agents, exchanges and clearing houses), clients and other market participants. An increasing number of derivative transactions are now or will be in the near future cleared on exchanges, which has increased our exposure to these risks, and could affect our ability to find adequate and cost-effective alternatives in the event of any such failure, termination or constraint. The interconnectivity of multiple financial institutions with clearing agents, exchanges and clearing houses, and the increased centrality of these entities, increases the risk that an operational failure at one institution or entity may cause an industry-wide operational failure that could materially impact our ability to conduct business. Industry consolidation, whether among market participants or financial intermediaries, can exacerbate these risks as disparate complex systems need to be integrated, often on an accelerated basis. We also face the risk of operational failure with respect to our clients' systems as we become more interconnected with our clients. Any such failure, termination or constraint could adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our businesses or result in financial loss or liability to our clients, impairment of our liquidity, disruption of our businesses, regulatory intervention or reputational damage.

In addition, the Group relies heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems, even if only brief and temporary, could result in failures or interruptions to its business leading to additional costs related to information retrieval and verification and a potential loss of business. A failure, interruption or security breach of its information systems could have a material adverse effect on its business, results of operations and financial condition.

21. The Group may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks or natural disasters.

The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic or other widespread health emergency (or concerns over the possibility of such an emergency), terrorist attacks or natural disasters, could create economic and financial disruptions, lead to operational difficulties (including travel limitations or relocation of affected employees) that could impair the Group's ability to manage its businesses, and expose its insurance activities to significant losses and increased costs (such as re-insurance premiums).

22. The Group may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.

During the recent market downturn, the Group experienced a decline in the volume of transactions that it executed for its clients, resulting in a decline in its revenues from this activity. There can be no assurance that the Group will not experience a similar trend in future market downturns, which may occur periodically and unexpectedly. In addition, because the fees that the Group charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues the Group receives from its asset management, custodial and private banking businesses.

23. Our ability to retain and attract qualified employees is critical to the success of our business and the failure to do so may materially adversely affect our performance.

Our people are our most important resource and industry competition for qualified personnel is intense. In order to attract, retain and engage qualified employees, we must offer career paths, training and development opportunities and compensation levels in line with our competitors and market practices. If we are unable to continue to engage highly-qualified employees, our performance, including our competitive position and client satisfaction, could be materially adversely affected. Furthermore, the financial industry will continue to experience more stringent regulation of staff compensation, including rules related to incentive-based compensation, clawback requirements and deferred payments, and we, like other participants in the financial industry, will need to adapt to this changing environment to attract and retain qualified employees.

CREDIT RISKS

CREDIT RISK MANAGEMENT: ORGANISATION AND STRUCTURE

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

Credit risk supervision is organised by business division (French Networks, International Retail Banking, Specialised Financial Services and Insurance, Global Investment Management and Services, and Corporate and Investment Banking) and is supplemented by departments with a more cross-business approach (monitoring of country risk and risk linked to financial institutions). The team that handles counterparty risk on market transactions reports to the Market Risk Department.

Within the Risk Division, each of these departments is responsible for:

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

In addition, a specific department performs comprehensive portfolio analyses and provides the associated reports, including those for the supervisory authorities. A monthly report on the Risk Division's activity is presented to CORISQ and specific analyses are submitted to the General Management.

CREDIT POLICY

Societe Generale's credit policy is based on the principle that approval of any credit risk undertaking must be based on sound knowledge of the client and the client's business, an understanding of the purpose and structure of the transaction and the sources of repayment of the debt. Credit decisions must also ensure that the structure of the transaction will minimise the risk of loss in the event the counterparty defaults. Furthermore, the credit approval process takes into consideration the overall commitment of the group to which the client belongs. Risk approval forms part of the Group's risk management strategy in line with its risk appetite.

The risk approval process is based on four core principles:

- all transactions involving credit risk (debtor risk, settlement/delivery risk, issuer risk and replacement risk) must be pre-authorised;
- responsibility for analysing and approving transactions lies with the most qualified business line and risk unit. The business line and the risk unit examine all authorisation requests relating to a specific client or client group, to ensure a consistent approach to risk management;
- the business line and risk unit must be independent from each other;
- credit decisions must be systematically based on internal risk ratings (obligor rating), as provided by the business lines and approved by the Risk Division.

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

RISK SUPERVISION AND MONITORING SYSTEM

Portfolio review and sector risk monitoring

Authorisation limits are set by counterparty and the credit approval process must comply with the overall authorisation limit for the group to which the counterparty belongs.

Individual large exposures are reviewed by the Large Exposures Committee (CGR: Comité Grands Risques).

Concentrations are measured using an internal model and individual concentration limits are defined for larger exposures. Any concentration limit breach is managed over time by reducing exposures, hedging positions using credit derivatives and/or selling assets.

Concentration targets are defined for the biggest counterparties at Concentration Committee meetings.

In addition, the Group regularly reviews its entire credit portfolio through analysis by type of counterparty or business sector. In addition to industry research and regular sector concentration analysis, sector research and more specific business portfolio analyses are carried out at the request of the bank's General Management and/or Risk Division and/or business divisions.

Monitoring of Country Risk

Country risk arises when an exposure (loan, security, guarantee or derivative) becomes liable to negative impact from changing political, economic, social and financial conditions in the country of exposure.

It includes exposure to any kind of counterparty, including a sovereign state (sovereign risk is also controlled by the system of counterparty risk limits).

Country risk breaks down into two major categories:

- **political and non-transfer risk** covers the risk of non-payment resulting from either actions or measures taken by local government authorities (decision to prohibit the debtor from meeting its commitments, nationalisation, expropriation, non-convertibility, etc.), domestic events (riots, civil war, etc.) or external events (war, terrorism, etc.).
- **commercial risk** occurs when the credit quality of all counterparties in a given country deteriorates due to a national economic or financial crisis, independently of each counterparty's individual financial situation. This could be macroeconomic shock (sharp slowdown in activity, systemic banking crisis, etc.) or currency depreciation, or sovereign default on external debt possibly entailing other defaults.

Overall limits and strengthened monitoring of exposures have been established for countries based on their internal ratings and governance indicators. Supervision is not limited to emerging markets.

Country limits are validated annually by General Management. They can also be revised downward at any time if the country's situation deteriorates or is expected to deteriorate.

All Group exposures (securities, derivatives, loans and guarantees) are taken into account by this monitoring. The methods for determining the country of risk is based on the country of residence, country where assets are located, the home country of counterparties or the group to which they belong, and takes into account the effects of mitigation and displacement of guarantees and collateral.

Specific monitoring of hedge funds

Hedge funds are important counterparties for the Group. Because they are not regulated, hedge funds pose specific risks: they are able to use significant leverage as well as investment strategies that involve illiquid financial instruments, which leads to a strong correlation between credit risk and market risk.

Activities carried out in the hedge fund sector are governed by a set of global limits established by the General Management:

- a Credit VaR limit which controls the maximum replacement risk that may be taken in this segment;
- a stress test limit governing market risks and the risks associated with financing transactions guaranteed by shares in hedge funds.

In 2012, Societe Generale's market activity with hedge funds was slightly lower than it was in 2011, with structured products being particularly impacted due to market trends.

Credit stress tests

In addition to global stress tests (see page 209), the Risk Division carries out specific stress tests upon request. These stress tests measure the resilience of portfolios, activities and subsidiaries to macroeconomic shocks of various magnitudes. They are used for operational steering of the Group's risks and the core-business activities, and some are presented to the Risk Committee so that limits may be validated.

Like global stress stests, specific stress tests draw on a baseline scenario and a stressed scenario that are defined by Group sector experts and economists. The scenarios are described by triggering events and assumptions (even the qualitative ones) on benchmark macroeconomic variables such as total GDP, changes to GDP, demand, unemployment, inflation, interest rates, oil prices, foreign exchange rates, etc. The channels for transmitting these macroeconomic shocks to the stress test's scope are analysed in order to evaluate the sensitivity of portfolio risk parameters (Probability of Default - PD and Loss Given Default - LGD) to shocks on macroeconomic variables.

Impairment

Impairment break down into portfolio based impairments, which cover performing loans, and specific impairment, which cover counterparties in default.

Impairment on groups of homogenous assets

Impairments on groups of homogenous assets are collective impairments booked for portfolios that are homogenous and have a deteriorated risk profile although no objective evidence of default can be observed at an individual level.

These homogeneous groups can include sensitive counterparties, sectors or countries. They are identified through regular analyses of the portfolio by sector, country or counterparty type.

These impairments are calculated on the basis of assumptions on default rates and loss rates after default. These assumptions are calibrated by homogeneous group based on their specific characteristics, sensitivity to economic environment and historical data. They are reviewed periodically by the Risk Division.

- **Specific impairment**

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

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

- a significant decline in the counterparty's financial condition leads to a high probability of it being unable to fulfil its overall commitments (credit obligations) hence a risk of loss to the bank; and/or
- one or more payments past due by 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
- the debt is restructured; and/or
- a legal proceeding such as a bankruptcy, legal settlement or compulsory liquidation is in progress.

REPLACEMENT RISK

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

Management of counterparty risk linked to market transactions

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

In order to quantify the potential replacement risk, Societe Generale uses an internal model: the future fair value of trading transactions with counterparties is modelled, taking into account any netting and correlation effects. Estimates are derived from Monte Carlo models developed by the Risk Division, based on a historical analysis of market risk factors, and take into account guarantees and collateral.

Societe Generale uses two indicators to describe the subsequent distribution resulting from the Monte-Carlo simulations:

- current average risk, suited to analysing the risk exposure for a portfolio of customers;
- credit VaR (or CVaR): the largest loss that would be incurred after eliminating the top 1% of the most adverse occurrences, used to set the risk limits for individual counterparties.

Societe Generale has also developed a series of stress test scenarios used to calculate the exposure linked to changes in the fair value of transactions with all of its counterparties in the event of an extreme shock to market parameters.

Setting individual counterparty limits

The credit profile of counterparties is reviewed on a regular basis and limits are set both according to the type and maturity of the instruments concerned. The intrinsic creditworthiness of counterparties and the reliability of the associated legal documentation are two factors considered when setting these limits. Fundamental credit analysis is also supplemented by relevant peer comparisons and a market watch.

Information technology systems allow both traders and the Risk Division to ensure on a day-to-day basis that counterparty limits are not exceeded and that incremental authorisations are requested as needed.

Any significant weakening in the bank's counterparties also prompts urgent internal rating reviews. A specific supervision and approval process is put in place for more sensitive counterparties or more complex financial instruments.

Calculation of Exposure at Default[1] within the regulatory framework

In 2012, the French Prudential Supervisory Authority (ACP) approved the use of the internal model described above to determine the Effective Expected Positive Exposure (EEPE) indicator used in calculating counterparty risk-adjusted capital. As a result, since June 2012, the EAD relative to the bank's counterparty risk has been calculated based on this new indicator. This new method is used for approximately 90% of transactions.

For other purposes, the Group uses the marked-to-market valuation method. In this method, the EAD relative to the bank's counterparty risk is determined by aggregating the positive market values of all transactions (replacement cost) and increasing the sum with an add-on. This add-on, which is calculated in line with the CRD (Capital Requirement Directive) guidelines, is a fixed percentage according to the type of transaction and the residual maturity, which is applied to the transaction's nominal value.

In both cases, the effects of netting agreements and collateral are factored in by applying the netting rules as defined by the marked-to-market method and subtracting guarantees or collateral. Regulatory capital requirements also depend on the internal rating of the debtor counterparty.

Credit adjustment

Reserve policies are recognised on CVA (Credit Value Adjustments) on the over-the-counter trading portfolio per counterparty in order to take into account counterparty risk.

Wrong-way risk adjustment

Wrong-way risk is the risk that Group exposure is negatively correlated to a counterparty's credit quality.

Two separate cases exist:

- specific wrong-way risk, where the amount of exposure is directly related to the counterparty's credit quality;
- general wrong-way risk, where there is a significant correlation between some market factors and the counterparty's creditworthiness.

Wrong-way risk is subject to identification procedures, calculation of exposures as well as specific and regular monitoring of identified counterparties.

HEDGING OF CREDIT RISK

Guarantees and collateral

Guarantees encompass the protection commitments and mechanisms provided by banks and similar credit institutions, specialised institutions such as mortgage guarantors (such as Crédit Logement in France), monoline or multiline insurers, export credit agencies, etc. This category also includes Credit Default Swaps (CDS).

Collateral can consist of physical assets in the form of property, commodities or precious metals, as well as financial instruments such as cash, high-quality investments and securities and also insurance policies. Appropriate haircuts are applied to the value of collateral, reflecting its quality and liquidity.

The Group proactively manages its risks by diversifying guarantees: physical collateral, personal guarantees and others (including CDS). In addition, the Group has strengthened its policies relating to the acceptance and management of guarantees and collateral as well as their valuation (data collection on guarantees and collateral, deployment of operational procedures).

During the credit approval process, an assessment of the value of guarantees and collateral, their legal enforceability and the guarantor's ability to meet its obligations is undertaken. This process also ensures that the collateral or guarantee successfully meets the criteria set forth in the Capital Requirements Directive (CRD).

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

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

(1) Exposure at default (EAD) adds drawn commitments and converts off-balance sheet commitments using a credit conversion factor to calculate on balance sheet exposure at the time of the counterparty defaults.

Use of credit derivatives to manage corporate concentration risk

Within Corporate and Investment Banking, it is the responsibility of the Credit Portfolio Management (CPM) department to work in close cooperation with the Risk Division and the core businesses to reduce excessive portfolio concentrations and react quickly to any deterioration in the creditworthiness of a particular counterparty. CPM has now been merged with the department responsible for managing scarce resources for the credit and loan portfolio.

The Group uses credit derivatives in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentration and to implement a proactive risk and capital management approach. Individual protection is essentially purchased under the over-concentration management policy. For example, the ten most hedged names account for 77% of the total amount of individual protections purchased.

The notional value of Corporate credit derivatives (Credit Default Swaps, CDS) purchased for this purpose is booked in off-balance sheet commitments under guarantee commitments received.

Total outstanding purchases of protection through Corporate credit derivatives decreased from EUR 4.6 billion at end-December 2011 to EUR 1.9 billion at end-December 2012, mainly due to the non-renewal of matured protection. In 2012, Credit Default Swap (CDS) spreads on European investment grade issues (iTraxx index) remained high during the first part of the year before falling once tensions over sovereign debt decreased.

In order to limit the volatility of the income generated by the CDS portfolio (as they are Marked-to-Market), the department in charge of corporate portfolio concentration management, has entered into credit derivatives transactions, to reduce the portfolio's sensitivity to the tightening of credit spreads.

Almost all protection was purchased from bank counterparties with ratings of BBB+ or above, the average being A/A-. Concentration with any particular counterparty is also carefully monitored.

Mitigation of counterparty risk linked to market transactions

Societe Generale uses different techniques to reduce this risk. With regard to trading counterparties, it seeks to implement master agreements with termination-clearing clause wherever it can. In the event of default, they allow netting of all due and payable amounts. The contracts usually call for the revaluation of required collateral at regular time intervals (often on a daily basis) and for the payment of the corresponding margin calls. Collateral is largely composed of cash and high-quality liquid assets such as government bonds with a good rating. Other tradable assets are also accepted, provided that the appropriate haircuts are made to reflect the lower quality and/or liquidity of the asset.

At 31 December 2012, most over-the-counter (OTC) transactions were secured: by amount, 57% of transactions with positive mark to market (collateral received by Societe Generale) and 61% of transactions with negative mark to market (collateral posted by Societe Generale).

Management of OTC collateral is monitored on an ongoing basis in order to minimise operational risk:

- the exposure value of each collateralised transaction is certified on a daily basis;
- specific controls are conducted to make sure the process goes smoothly (settlement of collateral, cash or securities; monitoring of suspended transactions, etc.);
- all outstanding secured transactions are reconciled with those of the counterparty according to a frequency set by the regulator (mainly on a daily basis) in order to prevent and/or resolve any disputes on margin calls;
- any legal disputes are monitored daily and reviewed by a committee.

Credit insurance

In addition to using export credit agencies (for example Coface and Exim) and multilateral organisations (for example the EBRD), Societe Generale has been developing relationships with private insurers over the last several years in order to hedge some of its loans against commercial and political non-payment risks.

This activity is performed within a risk framework and monitoring system validated by the Group's General Management. This system is based on an overall limit for the activity, along with sub-limits by maturity, and individual limits for each insurance counterparty which must meet strict eligibility criteria.

The implementation of such a policy contributes overall to sound risk reduction.

RISK MEASUREMENT AND INTERNAL RATINGS

Since 2007, Societe Generale has been authorised by its supervisory authorities to apply the internal ratings based (IRB) method for most of its exposures in order to calculate capital requirements in respect of credit risk.

The Group will selectively transition to the IRB method for some of its activities and exposures that currently use the standard approach. These transitions will have a marginal impact on the Group's regulatory capital.

BREAKDOWN OF EAD[1] BY BASEL APPROACH[2]

	Dec. 31, 2012	Dec. 31, 2011
IRB	82.0%	81.9 %
Standard	18.0%	18.1 %
Total	**100%**	**100 %**

(1) The EAD reported here are presented in accordance with the Capital Requirements Directive (CRD), transposed into French regulation.

(2) Excluding equity investments, fixed assets and accruals.

The Group's rating system makes a key distinction between retail customers (credit to individuals, very small enterprises and self-employed) and corporate, bank and sovereign clients:

- for retail customer portfolios, internal models are used to measure credit risks, calculated according to the borrower's probability of default (PD) within one year and the percentage loss if the counterparty defaults (Loss Given Default, LGD). These parameters are automatically assigned, in line with the Basel guidelines;
- for the corporate, bank and sovereign portfolios, the rating system relies on two main pillars: obligor rating models used as a decision-making support tool when assigning a rating and a system that automatically assigns LGD and CCF (Credit Conversion Factor) parameters according to the characteristics of the transactions.

In both cases a set of procedures defines the rules relating to ratings (scope, frequency of rating review, rating approval procedure, etc.), and for the supervision, back-testing and validation of models. Among other things, these procedures facilitate human judgement, which provides a critical view of the results and is an essential complement to the models for these portfolios.

The Group's internal models thus enable a quantitative assessment of credit risks based on the probability of default of the counterparty and the loss given default. These factors are included in the credit applications and are incorporated in the calculation of the risk-adjusted return on equity. They are used as a tool for structuring, pricing and approving transactions. Thus, obligor ratings are one of the criteria for determining the approval limits granted to operational staff and the Risk function.

All Group risk models are developed and validated on the basis of the longest available internal historical data, which must be representative (both in terms of the portfolios in question and the effects of the economic environment during the period considered) and conservative.

As a result, the Group's risks estimates are not excessively sensitive to changes in the economic environment, while being able to detect any deterioration of risks. PD modelling for large corporates has also been calibrated against long-term default statistics obtained from an external rating agency.

These models, used to estimate PDs and LGDs, cover the vast majority of the Group's credit portfolios (Retail Banking and Corporate and Investment Banking). Most were IRBA- validated (Internal Ratings Based Advanced approach) in 2007 and have since undergone regular performance assessments.

In addition, the Bank received authorisation from the regulator to use the Internal Assessment Approach (IAA) when calculating regulatory capital requirements for Asset-Backed Commercial Paper conduits.

Risk-modelling governance

Governance consists in developing, validating, monitoring and making decisions on changes with respect to internal rating models. A dedicated department within the Risk Division is specifically in charge of defining the bank's process for evaluating and validating the key credit metrics used under the IRBA method.

The internal validation scheme for new models as well as annual backtesting is broken down into two stages:

- an investigation stage that aims to collect all statistical and banking data used to assess model quality. Subjects with statistical components are reviewed by the independent entity in charge of model verification. The results of this review are formally presented to modelling entities within the framework of a Model Committee.
- a validation stage that is structured around the Expert Committee, which aims to validate the Basel parameters of an internal model from a banking perspective. The Expert Committee is sponsored by the Group Chief Risk Officer and the Heads of the relevant business divisions. The role of the Expert Committee is to assess the consistency of the Basel parameters of internal models from a banking perspective. The Expert Committee is also responsible for defining review guidelines and overhauling models at the Model Committee's request while taking the economic and financial issues facing Business Lines into account.

CREDIT PORTFOLIO ANALYSIS

The Group regularly reviews its entire credit portfolio, with more specific analyses by type of counterparty (Corporates, bank counterparties, hedge funds, etc.), geographic region and business sector.

Credit Risk exposure

The measurement used for credit exposures in this section is EAD—Exposure At Default (on-balance sheet and off-balance sheet), excluding fixed assets, equity investments, and accruals.

At December 31, 2012, the Group's Exposure at Default (EAD) amounted to EUR 685 billion (including EUR 543 billion in on-balance sheet) and to EUR 666 billion excluding securitisation.

CREDIT RISK EXPOSURE BY EXPOSURE CLASS EXCLUDING SECURITISATION (EXPOSURE AT DEFAULT)

Global portfolio *(In millions of euros)*	Dec. 31, 2012	Dec. 31, 2011[(1)]
Exposure Class		
Sovereign	143,422	116,588
Institutions*	71,585	117,883
Corporate	266,682	298,534
Retail	184,282	183,520
TOTAL	**665,971**	**716,525**

* Institutions: Basel classification banks and public sector entities.

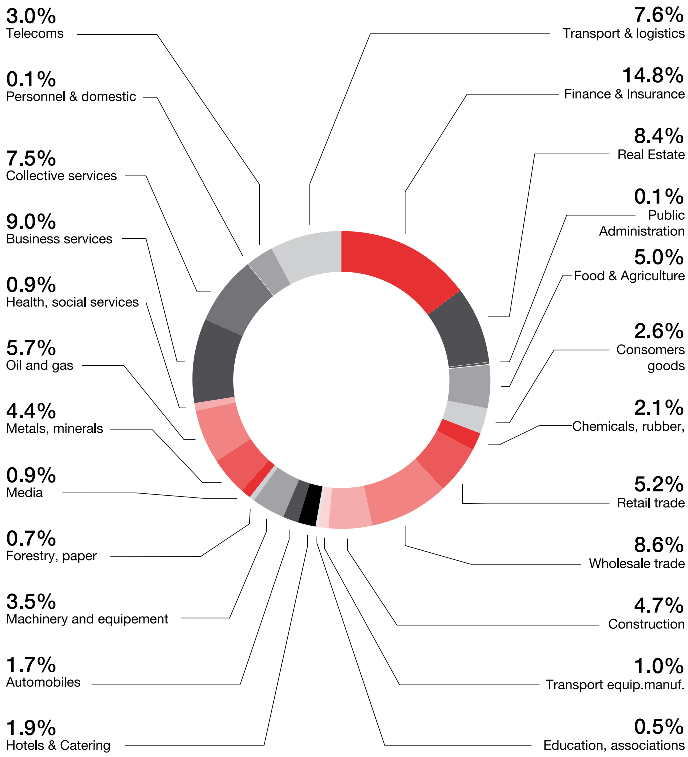
RETAIL CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EXPOSURE AT DEFAULT)

Retail portfolio *(In millions of euros)*	Dec. 31, 2012	Dec. 31, 2011[(1)]
Exposure Class		
Residential mortgages	94,565	91,245
Revolving credit	9,686	10,435
Other credit to individuals	54,081	56,061
Very small enterprises and self-employed	25,950	25,778
TOTAL	**184,282**	**183,520**

(1) EAD under Standard Approach calculated net of collateral - amounts adjusted with respect to financial statements published as at December 31, 2011 to allow year-to-year comparison.

Corporate counterparty exposure

SECTOR BREAKDOWN OF GROUP CORPORATE EXPOSURE AT DECEMBER 31, 2012 (BASEL CORPORATE PORTFOLIO, EUR 267 BILLION IN EAD)

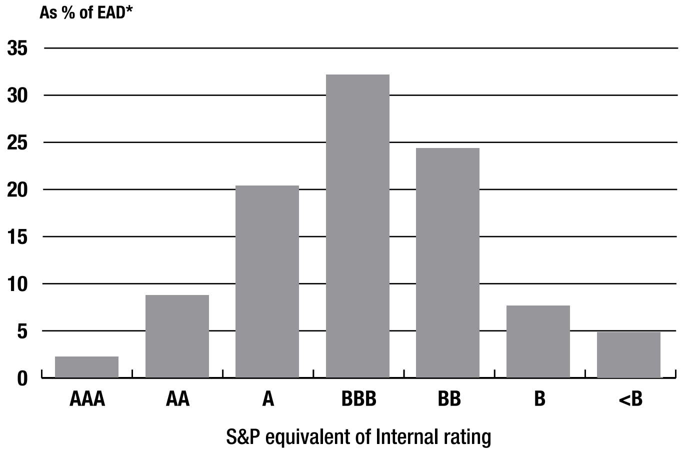


The Group's Corporate portfolio (Large Corporates, SMEs and Specialised Financing) is highly diversified in terms of sectors.

At December 31, 2012, the Corporate portfolio amounted to EUR 267 billion (on and off-balance sheet exposure measured in EAD). Only the Finance and Insurance sector accounts for more than 10% of the portfolio.

The Group's exposure to its ten largest corporate counterparties accounts for 5% of this portfolio.

BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT DECEMBER 31, 2012



* Exposure at Default (EAD) relative to borrower, issuer and replacement risk on outstanding loans measured using the IRB method, excluding fixed assets, equity investments, accruals, and doubtful loans.

The scope includes performing loans recorded under the IRB method for the entire Corporate client portfolio, all divisions combined, and represents EAD of EUR 207 billion (out of total EAD for the Basel Corporate client portfolio of EUR 267 billion, standardised method included).

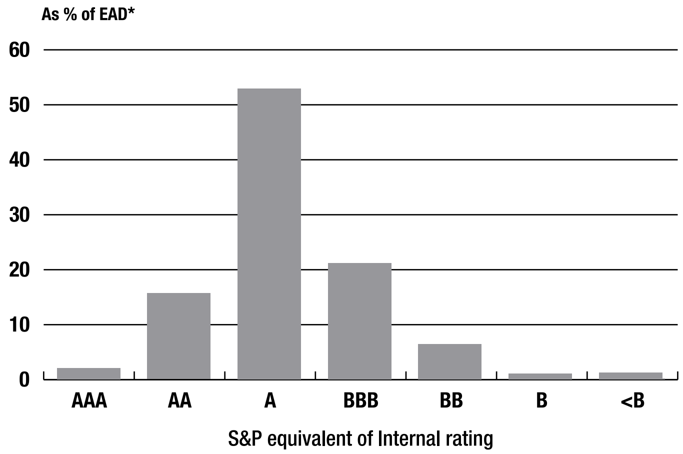
The breakdown by rating of the Societe Generale Group's Corporate exposure demonstrates the sound quality of the portfolio. It is based on an internal counterparty rating system, presented above as its S&P equivalent.

At December 31, 2012, the majority of the portfolio (63% of Corporate customers) had an investment grade rating, i.e. counterparties with an S&P-equivalent internal rating higher than BBB-.

Transactions with non-investment grade counterparties are often backed by guarantees and collateral in order to mitigate the risk incurred.

Bank counterparty exposure

BREAKDOWN OF RISK BY INTERNAL RATING FOR GROUP BANKING CLIENTS AT DECEMBER 31, 2012



* Exposure at Default (EAD) relative to borrower, issuer and replacement risk on outstanding loans measured using the IRB method, excluding fixed assets, equity investments, accruals, and doubtful loans.

The scope includes performing loans recorded under the IRB method for the entire bank customer portfolio, all divisions combined, and represents EAD of EUR 44 billion (out of total EAD for the Basel bank client portfolio of EUR 72 billion).

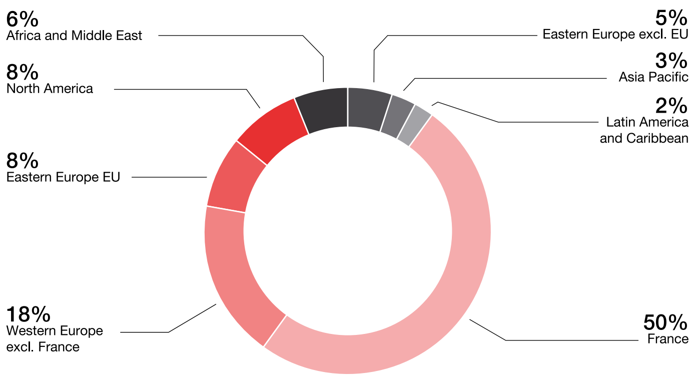
The breakdown by rating of the Societe Generale Group's bank counterparty exposure demonstrates the sound quality of the portfolio. It is based on an internal counterparty rating system, presented above as its S&P equivalent.

At December 31, 2012, exposure was concentrated in investment grade counterparties (91% of our exposure), and developed countries (81%).

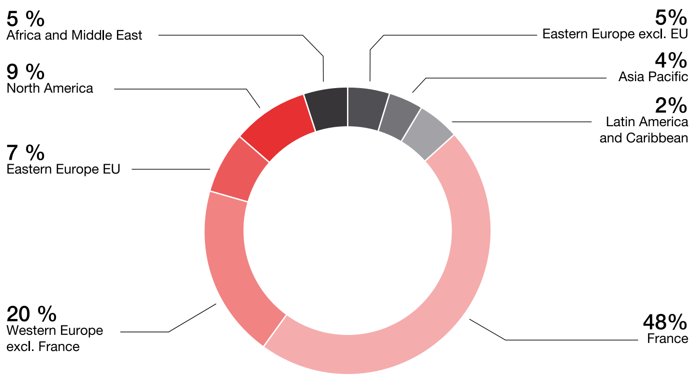
Geographic breakdown of group credit risk exposure

GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK EXPOSURE AT DECEMBER 31, 2012 (ALL CLIENTS TYPES INCLUDED)(1)

BALANCE SHEET EXPOSURE (EUR 543 BILLION IN EAD):



ON-BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURE (EUR 685 BILLION IN EAD):



At December 31, 2012, 85% of the Group's on and off-balance sheet exposure was concentrated in the major industrialised countries. Almost half of the overall amount of outstanding loans was to French customers (28% exposure to non-retail portfolio and 19% to retail portfolio).

Exposure to emerging countries(2)

The Group's exposures to emerging countries are divided between more than a hundred countries in 5 geographic regions.

BREAKDOWN OF EMERGING COUNTRY EXPOSURES BY GEOGRAPHIC REGION

(EAD in EUR billion)	Dec. 31, 2012	Dec. 31, 2011
Eastern Europe EU	45.2	45.3
Eastern Europe excluding EU	29.4	28.2
Africa, Near and Middle East	32.6	32.3
Asia Pacific	10.6	11.7
Latin America and the Caribbean	4.3	4.9
Exposure to emerging countries	122.2	122.3

The exposure (EAD net of provisions) in emerging countries remained stable between December 31, 2011 and December 31, 2012. This stability hides discrepancies. The sharp decline in oustandings in Asia and Latin America balanced the increase in activity in Eastern Europe excluding EU. The decrease in Corporate and Investment Banking balanced the rise in Retail Banking.

In Retail Banking (International Retail Banking and Specialised Financial Services), the portfolio is split in more than thirty countries mainly in Eastern Europe and the Mediterranean Basin. Most of the exposure is located in Investment Grade countries (66%).

In Corporate and Investment Banking, most of the exposure is also located in Investment Grade countries (89%).

Focus on main countries where the Group operates

The Group operates in most countries in Eastern Europe, particularly in the Czech Republic, Russia and Romania.

In Russia, the Group is mainly active in retail banking (International Retail Banking and Specialised Financial Services). The exposure totalled EUR 20.2 billion at December 31, 2012 compared EUR 18.7 billion at December 31,2011, ie a 8.5% increase). This increase came mainly from an increase in retail banking. Corporate and Investment Banking activity decreased over the year.

The exposure remained stable in 2012 in the Czech Republic (EUR 26.0 billion), where the group operates mainly in retail banking; there is also an increase in retail banking and a decrease in Corporate and Investment banking.

(1) According to the country of the counterparty.

(2) The geographic breakdowns presented below were established according to the methods defined by the European Banking Authority (EBA) during tests on capital requirements for European banks. The country is where the counterparty's assets are located after taking into account the effects of mitigation and displacement, guarantees, collateral and provisions. Note that exposure to sovereign debt is included.

The Group operates in Romania through its retail banking divisions. The exposure amounted EUR 11.7 billion as at December 31, 2012 compared to EUR 12.3 billion as at December 31, 2011 (representing a 5.3% decrease).

MAIN EMERGING COUNTRIES IN WHICH THE GROUP HAS A SUBSIDIARY

(EAD in EUR billions)	Dec. 31, 2012	Dec. 31, 2011
Russia	20.2	18.7
Czech Republic	26.0	26.0
Romania	11.7	12.3

Exposure to Greece, Ireland, Italy, Portugal, Spain and Cyprus by portfolio(1)

SOVEREIGN EXPOSURE TO GIIPS AND CYPRUS

	Dec. 31, 2012			Dec. 31, 2011		
(Net exposures(2) in EUR billions)	Total	o/w positions in banking book	o/w positions in trading book	Total	o/w positions in banking book	o/w positions in trading book
Greece	0.0	0.0	0.0	0.4	0.3	0.1
Ireland	0.3	0.3	0.0	0.4	0.3	0.1
Italy	1.6	1.4	0.2	2.3	1.4	0.9
Portugal	0.1	0.0	0.1	0.4	0.2	0.2
Spain	1.2	0.6	0.5	1.0	0.7	0.3
Cyprus	0.0	0.0	0.0	0.0	0.0	0.0

NON-SOVEREIGN EXPOSURE TO GIIPS AND CYPRUS

	Dec. 31, 2012				
(EAD in EUR billions)	Total	Institutions (including public sector entities)	Corporates	Retail	Securitisation
Greece	0.5	0.1	0.3	0.0	0.0
Ireland(3)	2.1	0.2	1.3	0.0	0.6
Italy	13.1	1.6	6.4	4.9	0.1
Portugal	0.7	0.2	0.6	0.0	0.0
Spain	10.0	2.5	7.1	0.0	0.3
Cyprus	0.3	0.0	0.3	0.0	0.0

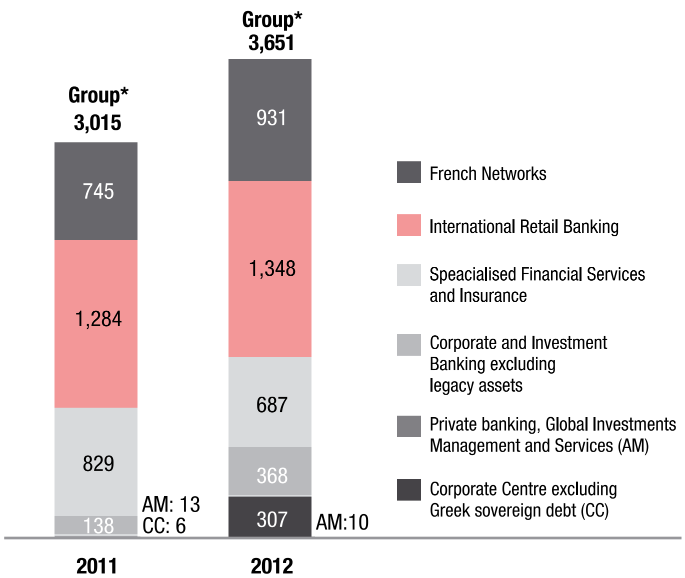
(1) The geographic breakdowns presented below were established according to the methods defined by the European Banking Authority (EBA) during tests on capital requirements for European banks. The country is where the counterparty's assets are located after taking into account the effects of mitigation and displacement, guarantees, collateral and provisions. Note that exposure to sovereign debt is included.

(2) Net exposures excluding direct exposures to derivatives Banking book, net of provisions at amortised cost adjusted for accrued interest not yet due and premiums/discounts. Trading book, net of CDS provisions (difference between the market values of long and short positions)

(3) Securitisation in Ireland: underlying GIIPS exposure at around 4%.

Provisions and impairments for credit risks at December 31, 2012

CHANGE IN GROUP NET COST OF RISK (IN MILLIONS OF EUROS)



* Excluding legacy assets and Greek sovereign debt.

The Group's net cost of risk amounted to EUR -3,935 million for 2012, vs. EUR -4,330 million in 2011. The Group's commercial cost of risk (expressed as a fraction of outstanding loans) amounted to 75[(1)] basis points in 2012 vs. 67[(1)] basis points in 2011.

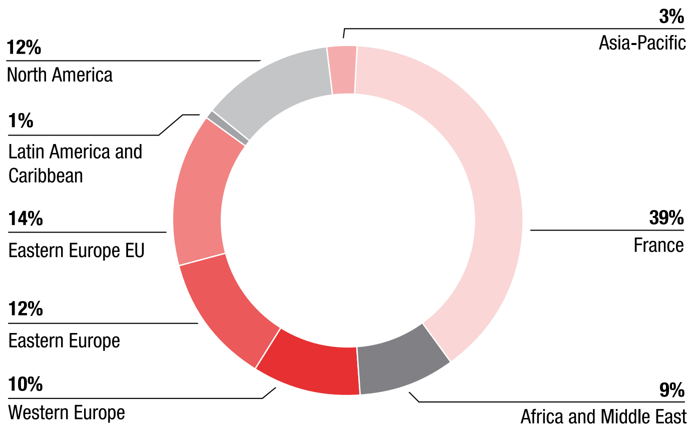
- The French Networks' cost of risk was higher at 50 basis points (41 basis points in 2011) reflecting the deteriorating economic environment, notably for Corporates where the Group posted an increase in provisions in respect of medium-sized companies in the industrial sector.
- At 183 basis points (vs. 177 basis points in 2011), International Retail Banking's cost of risk was slightly higher. However, the trend was mixed according to region, with a low point reached in Russia in Q4 12 but a still high level in Romania, reflecting the deteriorated economic situation in the country.
- The cost of risk of Corporate and Investment Banking's core activities was contained at 31 basis points (vs. 11 basis points in 2011) and remained at a low level. Legacy assets' net cost of risk amounted to EUR -262 million in 2012 (considerably lower than the EUR -425 million in 2011).
- Specialised Financial Services' cost of risk fell to 125 basis points (vs. 149 basis points in 2011), reflecting the notable improvement in Consumer Finance.

The Group also booked a EUR -300 million provision for litigation issues in Q4 12.

Specific provisions and impairments for credit risks

Impairments for credit risks are primarily booked for doubtful and disputed loans. These loans amounted to EUR 27.1 billion at December 31, 2012 (EUR 27.9 billion at December 31, 2011), of which EUR 3.4 billion in loans on legacy assets managed by Corporate and Investment Banking (mainly located in North America).

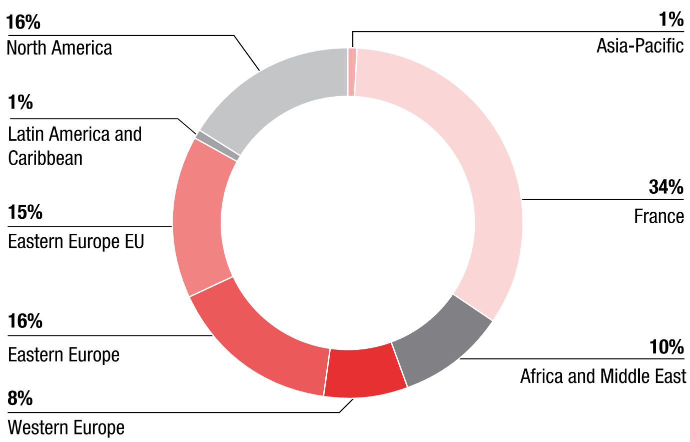
BREAKDOWN OF DOUBTFUL AND DISPUTED LOANS BY GEOGRAPHIC REGION AT DECEMBER 31, 2012*



* Including legacy assets.

GEOGRAPHIC BREAKDOWN OF PROVISIONS AND IMPAIRMENTS AT DECEMBER 31, 2012*

At December, 31, 2012, these loans were provisioned or impaired for an amount of EUR 14.8 billion, of which EUR 2.3 billion for legacy assets.



* Including legacy assets.

(1) Annualised, excluding litigation issues, legacy assets and Greek sovereign debt write-down, in respect of assets at the beginning of the period.

Impairments for groups of homogeneous assets

At December 31, 2012, the Group's provisions for groups of homogeneous assets amounted to EUR 1.1 billion.

Doubtful loans coverage ratio

	Dec. 31, 2012	Dec. 31, 2011
Customer loans in EUR bn*	*407.1*	*425.5*
Doubtful loans in EUR bn*	*23.7*	*24.1*
*– Collateral relating to loans written down in EUR bn**	*6.1*	*4.7*
– Provisionable commitments in EUR bn*	*17.7*	*19.4*
*Provisionable commitments/Customer loans**	*4.3%*	*4.6%*
Specific impairments in EUR bn*	*12.5*	*13.5*
*Specific impairments/Provisionable commitments**	*71%*	*69%*
Impairment for groups of homogenous assets in EUR bn*	*1.1*	*1.3*
Doubtful loans coverage ratio Overall impairment / Provisionable commitments*	*77%*	*76%*

* Excluding legacy assets.

MARKET RISKS

Market risks are the risks of losses resulting from unfavourable changes in market parameters. They concern all the trading book transactions as well as some of the banking book portfolios.

ORGANISATION

Although primary responsibility for managing risk exposure lies with the front office managers, the supervision system is based on an independent structure, the Market Risk Department of the Risk Division.

This Department carries out the following tasks:

- ongoing daily analysis (independently from the front office) of the exposure and risks incurred by the Group's market activities and comparison of these exposures and risks with the approved limits;
- definition of risk measurement methods and control procedures, approval of the valuation models used to calculate risks and results, and setting of provisions for market risks (reserves and adjustments to earnings);
- definition of the functionalities of the databases and systems used to assess market risks;
- approval of the limit applications submitted by the business, within the framework of the overall set of limits authorised by the General Management and the Board of Directors, and monitoring of their use;
- centralisation, consolidation and reporting of the Group's market risks;
- proposals to the Group Risk Committee of appropriate limits by Group activity.

In addition to these specific market risk functions, the Market Risk Department also monitors the gross nominal value of market positions. This system, based on alert levels applied to all instruments and desks, contributes to the detection of possible rogue trading operations.

Within each entity that incurs market risk, risk managers are appointed to implement first level risk controls. The main tasks of these managers, who are independent from the front office, include:

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

A daily report on use of limits on VaR (Value at Risk), stress tests (extreme scenarios) and general sensitivity to interest rates is submitted to the General Management and the managers of the business lines, in addition to a monthly report which summarises the key events in the area of market risk management and specifies the use of the limits set by the General Management and the Board of Directors.

INDEPENDENT PRICING VERIFICATION

Market products are marked to market, when such market prices exist. Otherwise, they are valued using parameter-based models.

Firstly, each valuation model is independently validated by the Market Risk Department.

Secondly, the parameter values are subject to regular comparison with external sources:

- if there is a difference between the values used and the external sources, and if the sources are deemed reliable by the Market Risk Department, the values are aligned with the external data. This process, known as IPV (Independent Pricing Verification), contributes to the internal certification of the accounts;
- if there are no reliable external sources, a conservative valuation is made based on reserves whose calculation methods have been validated by the Market Risk Department.

METHODS FOR MEASURING MARKET RISK AND DEFINING LIMITS

The Group's market risk assessment is based on three main indicators, which are monitored through limits:

- the 99% Value-at-Risk (VaR) method: in accordance with the regulatory internal model, this global 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 allow to restrict and monitor 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 overall risk limits and the operational thresholds used by the front office. These limits also allow to oversee risks that are only partially detected by VaR or Stress Test measurements.

In accordance with CRD 3 (Capital Requirement Directive), the following indicators are also calculated on a weekly basis: stressed VaR, IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure). The capital charges arising from these new internal models complement the previous measure (VaR) so as to better take into account extreme risks (in particular rating migration and default) and to limit the procyclical nature of capital requirements.

99% VAR CALCULATION METHOD

The Internal VaR Model was introduced at the end of 1996 and has been approved by the French regulator within the scope of the Regulatory Capital requirements.

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

- 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.);
- definition of 260 scenarios, corresponding to one-day variations in these market parameters over a rolling one-year period;
- application of these 260 scenarios to the market parameters of the day;
- revaluation of daily positions, on the basis of the 260 sets of adjusted daily market parameters.

The 99% Value-at-Risk is the largest loss that would occur after eliminating the top 1% of the most adverse occurrences over a one-year historical period. Within the framework described above, it corresponds to the average of the second and third largest losses computed. The VaR assessment is based on a model and a certain number of conventional assumptions whose main limitations are as follows:

- the use of "1-day" shocks assumes that all positions can be unwound or hedged within one day, which is not the case for certain products and crisis situations;
- the use of the 99% confidence interval does not take into account losses arising beyond this point; VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptionally large fluctuations;
- VaR is computed using closing prices, so intra-day fluctuations are not taken into account;
- there are a number of approximations in the VaR calculation. For example, benchmark indices are used instead of more detailed risk factors and not all of the relevant risk factors are taken into account, in particular due to difficulties in obtaining historical daily data.

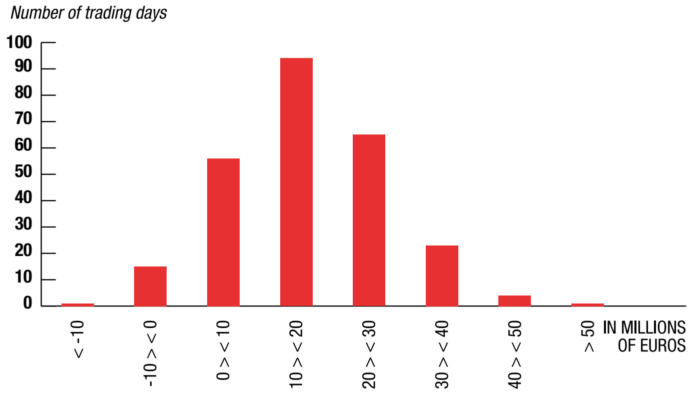
The Market Risk Department of the Risk Division mitigates the limitations of the VaR model by:

- performing stress tests and other additional measurements;
- assessing the relevance of the model through ongoing backtesting to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval.

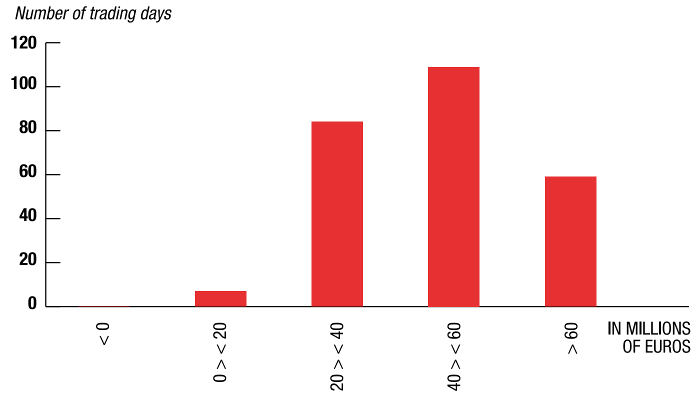
Daily profit and loss used for backtesting includes in particular the change in value of the portfolio (book value) and the impact of new transactions and of transactions modified during the day (including their sales margins), refinancing costs, the various related commissions (brokerage fees, custody fees, etc.), as well as provisions made and parameters adjusted for market risk. Some components calculated at various frequencies (for example, some adjustements for market risk) are allocated on a daily basis.

The following histograms show the distribution of this daily P&L over the last year, as well as the difference between daily P&L and VaR (negative values corresponding to any backtesting breaches): in 2012, daily P&L did not exceed VaR and losses were observed 16 times.

BREAKDOWN OF THE DAILY P&L



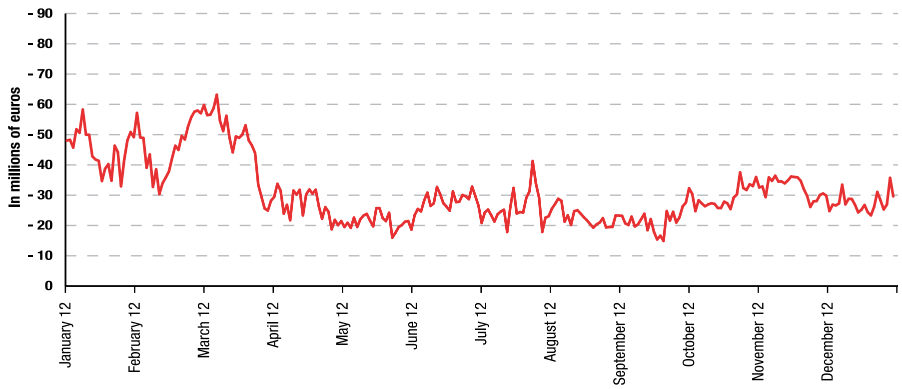
DIFFERENCE BETWEEN VAR AND DAILY P&L



Today, the market risks for almost all of Corporate and Investment Banking's activities are monitored using the VaR method, including those related to the most complex products, as well as the main market activities of Retail Banking and Private Banking. The few activities not covered by the VaR method, either for technical reasons or because the stakes are too low, are monitored using stress tests and give rise to capital charges calculated using the standard method or through alternative in-house methods.

The changes in the Group's trading VaR in 2012, are presented below:

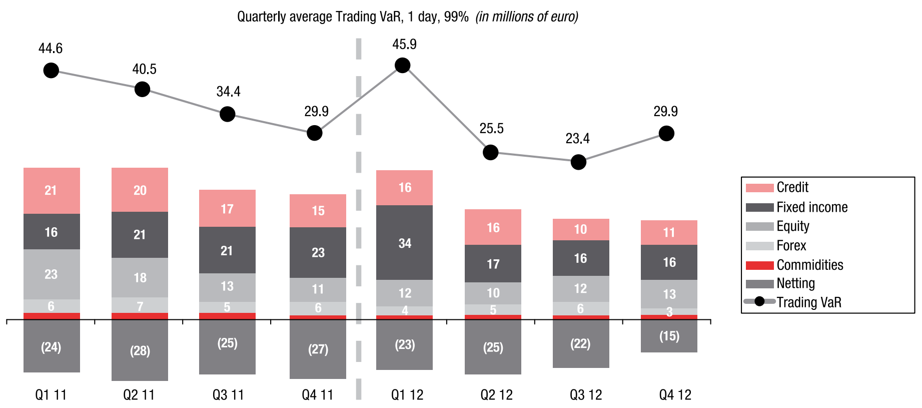
TRADING VAR (TRADING PORTFOLIOS) CHANGES OVER THE COURSE OF 2012 (1 DAY, 99%) (IN MILLIONS OF EUROS)



2012 VaR (1 day, 99%)

(In millions of euros)	Minimum	Average	Maximum
VaR	**15**	**31**	**63**

BREAKDOWN[1] BY RISK FACTOR OF TRADING VAR—CHANGES IN QUARTERLY AVERAGE OVER THE 2011-2012 PERIOD (IN MILLIONS OF EUROS)



Average VaR amounted to EUR 31 million for 2012 compared to EUR 37 million in 2011. VaR, which on average remained relatively low throughout 2012, was subject to the following changes:

- an increase until mid-March due to more risk-on positions that reflected the market normalisation observed during most of the quarter, and the non-renewal of the defensive positions taken at the end of 2011;
- then a sharp decrease until July due to the reduction of exposures and the implementation of defensive strategies following a comeback of considerable uncertainty regarding peripheral euro zone countries;
- beginning in August and continuing until the end of 2012, VaR increased due to the reduction of the defensive profile with gradually more risk-on positions as the market environment became favourable once more (announcement of the ECB's OMT (Outright Monetary Transactions) programme to buy back public debt and the Fed's latest round of quantitative easing). This increase was nevertheless tempered by the gradual exit of volatile scenarios of the summer of 2011 and November 2011.

Futher improvements were made to the VaR model in 2012, particularly with the improved integration of certain risk factors, including:

- interest rates, now taken into account in the internal model for the Equity and Index Derivative scope;
- OIS (Overnight Indexed Swap) rates and Cross Inter Maturities bases for the exotic fixed-income and forex scope;
- cross-currency bases for the entire fixed-income and forex scope.

STRESSED VAR (SVAR)

Societe Generale has been authorised by the French Prudential Supervisory Authority (*Autorité de Contrôle Prudentiel*) to complement its internal models with the new CRD3 measurements, in particular Stressed VaR, for the same scope as VaR.

The calculation method used is the same as under the VaR approach. This consists in carrying out a historical simulation with 1-day shocks and a 99% confidence interval. Contrary to VaR, which uses 260 scenarios for one-day fluctuations over a rolling one-year period, Stressed VaR uses a fixed one-year historical window corresponding to a period of significant financial tension.

The historical window, which is determined using a method approved by the regulator, captures significant shocks on all risk factors (risks related to equity, interest rates, foreign exchange rates and commodities). It is subject to an annual review.

2012 SVAR (1 DAY, 99%)

(In millions of euros)	Minimum	Average	Maximum
SVaR	**33**	**49**	**92**

(1) In Q3 2012, some Fixed-Income and Forex products were reclassified in the VaR breakdown by risk factor, with historical data restated. This reweighting does not change the VaR model and has no impact on the global VaR amount

STRESS TEST ASSESSMENT

Methodology

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

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

This stress test risk assessment is applied to all of the Bank's market activities. It is based on 26 historical scenarios and 8 theoretical scenarios that include the «Societe Generale Hypothetical Financial Crisis Scenario» (or "Generalised" scenario) based on the events observed in 2008. These scenarios apply shocks to all substantial risk factors including exotic parameters.

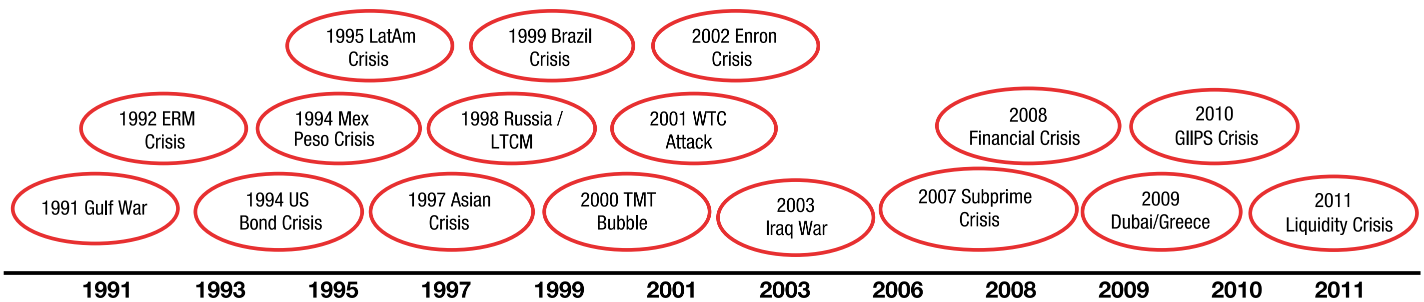
Together with the VaR model, this stress test risk assessment methodology is one of the main pillars of the risk management system. The underlying principles are as follows:

- risks are calculated every day for each of the Bank's market activities (all products combined), using the 26 historical and 8 hypothetical scenarios;
- stress test limits are established for the Group's activity as a whole and then for the Bank's various business lines. They frame the worst value among the results of the 34 historical and hypothetical scenarios;
- the various stress test scenarios are revised and improved by the Risk Division on a regular basis, in conjunction with the Group's teams of economists and specialists.

HISTORICAL STRESS TESTS

This method consists of an analysis of the major economic crises that have affected the financial markets since 1995 (a date from which the financial markets have become global and subject to increased regulatory requirements): the changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises have been analysed in order to define scenarios for potential variations in these risk factors which, when applied to the bank's trading positions, could generate significant losses. Using this methodology, Societe Generale has defined 26 historical scenarios, including 7 new ones added in 2012:

- six of them cover the periods between Q3-2008 and Q1-2009 and are related to the subprime crisis and its consequences for all financial markets;
- the seventh corresponds to the GIIPS sovereign debt crisis in Q2-2010.



HYPOTHETICAL STRESS TESTS

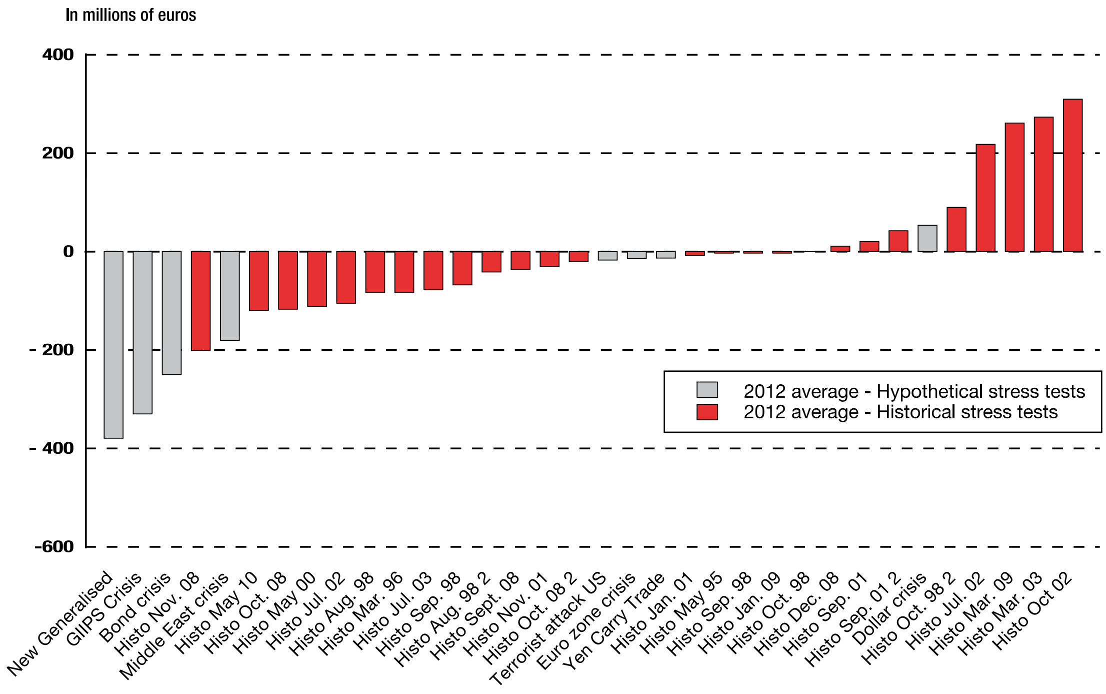
The hypothetical scenarios are defined by the Bank's economists and are designed to simulate the possible sequences of events that could lead to a major crisis in the financial markets (e.g. a major terrorist attack, some political instability in the main oil-producing countries, etc.). The Bank's aim is to select extreme but nonetheless plausible events which would have major repercussions on all the international markets. Societe Generale has therefore adopted eight hypothetical scenarios described below:

- **generalised (the Societe Generale Hypothetical Financial Crisis Scenario)**: considerable mistrust of financial institutions after the Lehman Brothers' bankruptcy; collapse of equity markets, sharp decline in implied dividends, significant widening of credit spreads, pivoting of yield curves (rise in short-term interest rates and decline in long-term interest rates), substantial flight to quality;
- **GIIPS crisis**: mistrust in risky sovereign issuers and increased interest in higher-rated sovereign issuers such as Germany, followed by contagion of fears to other markets (equities, etc.);

- **Middle East crisis**: instability in the Middle East leading to a significant shock on oil and other energy sources, a stock market crash, and a steepening of the yield curve;
- **terrorist attack**: major terrorist attack on the United States leading to a stock market crash, strong decline in interest rates, widening of credit spreads and sharp decline of the US dollar;
- **bond crisis**: crisis in the global bond markets inducing the delinking of bond and equity yields, strong rise in US interest rates (and a more modest rise for other international rates), moderate decline on the equity markets, flight to quality with moderate widening of credit spreads, rise in the US dollar;
- **US dollar crisis**: collapse of the US dollar against major international currencies due to the deterioration of the US trade balance and budget deficit, rise of interest rates and narrowing of US credit spreads;
- **Euro zone crisis**: withdrawal of some countries from the euro zone following the euro's excessive appreciation against the US dollar: decline in euro exchange rates, sharp rise in euro zone interest rates, sharp fall in euro equities and rise in US equities, significant widening of euro credit spreads;
- **Yen carry trade unwinding**: change in monetary policy in Japan leading to yen carry trade strategies being abandoned: significant widening of credit spreads, decline in JPY interest rates, rise in US and euro zone long-term interest rates and flight to quality.

Average stress tests in 2012

The scenarios leading to the largest potential losses are hypothetical scenarios, as illustrated in the chart below, which displays average stress tests amounts in 2012 by type of scenario.



Market risk modelling

Societe Generale's capital requirements related to market risk (excluding securitisation) are essentially determined using an internal model approach (87% in 2012). In 2012, these capital requirements were concentrated in credit (specific interest rate risk), particularly following the enforcement of the new European Capital Requirements Directive (CRD3) on December 31, 2011. Risk-weighted assets used to calculate capital requirements for market transactions can be found in the "regulatory ratio" section of Chapter 9.

Societe Generale received the approval of the French Prudential Supervisory Authority to expand its internal market risk modelling system and, in particular, to include IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure), for the same scope as VaR. These new measurements estimate the capital charge on debt instruments that is related to rating migration and issuer default risks within a one-year period. Capital charges are incremental, meaning they are added to charges calculated based on VaR and stressed VaR.

Societe Generale estimates its capital charges using a simulation model that distributes the various risk factors covered by regulatory requirements, while considering the relationships between these factors. IRC and CRM are 99.9% risk factors, meaning the highest risk obtained after eliminating the 0.1% most adverse occurrences.

These internal models are subject to the same governance as other internal models that meet the regulatory Pillar 1 requirements.

In particular:

- a weekly analysis is performed on these metrics;
- a comparison is made with standard-setting stress tests defined by the regulator (25 historical scenarios);
- a review of model assumptions at least on a yearly basis and an ex-post consistency control are carried out;
- the methodology and its implementation were approved by the Internal Audit Department and the French Prudential Supervisory Authority.

In accordance with the regulations, IRC is applied to debt instruments already measured using internal models other than securitisation and the correlation portfolio. In particular, this includes bonds, CDS and related derivative products.

CRM exclusively covers the correlation portfolio, i.e., CDO tranches for liquid issuers and "first-to-default" products as well as their hedging using CDS and indices. Aside from the credit-migration and default risk, the CRM also covers any other pricing risks (for example, spread, collection and correlation risks). Ultimately, the capital charge corresponds to the largest value between the charge calculated by the internal model and 8% of the charge calculated using the standard method for market risks.

SPECIFIC FINANCIAL INFORMATION

Since June 2008 and in accordance with the recommendations of the Financial Stability Board, Societe Generale has disclosed the information on its exposure with regard to its assets affected by the global financial crisis.

In 2012, the Group continued to actively manage its exposure to risky assets by selling off part of its exotic credit derivatives portfolio as well as part of its ABS trading portfolio.

There have been no reclassifications from the trading portfolio to the loans and receivables portfolio following the reclassifications in October 2008.

PROVISIONS FOR ASSETS AFFECTED BY THE FINANCIAL CRISIS IN 2008

ASSETS RECLASSIFIED ON OCTOBER 1, 2008

On October 1, 2008 the Group reclassified some of its non-derivative financial assets from the "financial assets at fair value through profit or loss" and "available-for-sale financial assets" categories to the "available-for-sale financial assets" and "loans and receivables" portfolios, in accordance with the amendments to IAS 39 and IFRS 7.

In the case of structured products, the asset write-down process is triggered by events affecting the underlying assets: outstanding payments, defaults or losses. Generally, this situation occurs before the actual asset default is recorded (for example CDOs - Collateralised Debt Obligations).

Since 2009, the Group has carried out quarterly impairment tests on these assets. These tests are designed to estimate the total incured loss after netting of protection. They are based on estimates of expected future cash flows which take account of:

- the performances observed for underlying assets; and
- estimated of incurred losses on underlying assets based on a statistical approach.

The resulting total impairment is booked under net allocation to provisions.

This is one of the main procedures for monitoring reclassified assets.

At Decmber 31, 2012, provisions for reclassified financial assets amounted to EUR 2.3 billion versus EUR 2.1 billion at December 31, 2011.

UNHEDGED POSITIONS IN CDO (COLLATERALISED DEBT OBLIGATIONS) TRANCHES EXPOSED TO THE US REAL ESTATE SECTOR

Societe Generale holds unhedged positions in super senior and senior CDO tranches which are exposed to the US residential real estate sector.

When there were no observable transactions, the valuation of super senior and senior tranches of CDOs exposed to the US residential mortgage market (CDO of US RMBS) was carried out using a model with largely nonobservable data or not quoted in an active market.

With the increase of the CDOs dismantled on the market and the observability of the prices of the underlying assets of the CDOs (RMBS), the valuation of the CDOs was based on the marked-to-market value of the underlying assets as at December 31, 2012.

At December 31, 2012, gross exposure to super senior and senior RMBS CDO tranches classified as held for trading totalled EUR 1.56 billion (compared with EUR 1.73 billion at December 31, 2011). These assets were subject to an average haircut of 87%.

For the record, part of the portfolio was transferred from the trading portfolio to Loans and Receivables on October 1, 2008. Gross exposure held in the Loans and Receivables portfolios totalled EUR 5.08 billion at December 31, 2012 (compared with EUR 5.55 billion at December 31, 2011).

UNHEDGED CDOS EXPOSED TO THE US RESIDENTIAL MORTGAGE SECTOR

	CDO Super senior & senior tranches	
(In billions of euros)	**L&R Portfolio**	**Trading Book**
Gross exposure at December 31, 2011[(1)]	5.55	1.73
Gross exposure at December 31, 2012[(1)(2)]	5.08	1.56
Type of underlying	high grade/mezzanine[(3)]	high grade/mezzanine[(3)]
Attachment point at December 31, 2011	3%	4%
At December 31, 2012	3%	0%
% of underlying subprime assets	59%	82%
o/w 2004 and earlier	*7%*	*36%*
o/w 2005	*41%*	*29%*
o/w 2006	*8%*	*0%*
o/w 2007	*3%*	*16%*
% of Mid-prime and Alt-A underlying assets	4%	9%
% of Prime underlying assets	5%	6%
% of other underlying assets	32%	3%
Total impairments and writedowns	(1.91)	(1.35)
Total provisions for credit risk	(2.22)	
% of total CDO write-downs at December 31, 2012	81%	87%
Net exposure at December 31, 2012[(1)]	0.94	0.20

(1) Exposure at closing price.
(2) The decrease in the Trading book was mainly due to the exit of the scope of CDOs after their dismantling and to the effect of forex variances.
(3) 29% of the gross exposure classified as L&R and 83% of the gross exposure classified as trading related to mezzanine underlying assets.

PROTECTION ACQUIRED TO HEDGE EXPOSURE TO CDOS OR OTHER ASSETS

Societe Generale is exposed to credit risk linked to monoline insurers and other financial institutions with regard to the financial guarantees received from them as hedges on certain assets.

The fair value of the Group's exposures to monolines and other financial institutions that have enhanced the credit risk linked to assets (notably including underlying US subprime assets) reflects the deterioration in the estimated credit risk for these credit enhancers.

More specific and detailed information on this exposure and the valuation of the associated credit risk can be found in Note 3 to the consolidated financial statements.

PROTECTION ACQUIRED FROM MONOLINES

	Dec. 31, 2011	Dec. 31, 2012			
(In billions of euros)	**Fair value of protection before value adjustments**	**Fair value of protection before value adjustments**	**Fair value of hedged instruments (net exposure)**	**Gross notional amount of protection purchased**	**Gross notional amount of hedged instruments**
Protection purchased from monolines insurers					
against CDOs (US residential mortgage market)	1.26	1.11	0.68	1.68	1.68
against CDOs (excl. US residential mortgage market)	0.32	0.25	0.98	1.23	1.23
against corporate collateralised loan obligations (CLOs)	0.27	0.05	1.32	1.37	1.37
against structured and infrastructure finance	0.18	0.17	1.08	1.33	1.18
Other replacement risks	0.36	0.15			

(In Eur bn)	31.12.2011	31.12.2012
Fair value of protection before value adjustments	2.39	1.73
Value adjustments for credit risk on monoline insurers (booked under protection)(1)	-1.28	-1.24
Net exposure to credit risk on monoline insurers	1.11	0.49
Nominal amount of hedges purchased(1)(2)	-1.06	-0.34

Fair value of protection before value adjustments 31.12.2012

(1) Since Q4 11, value adjustments for credit risk on monoline insurers has included a cash collateral that was previously presented with the nominal amount of hedges purchased.

(2) As from Q4 2011, the marked-to-market valuation of hedging CDS was no longer neutralised in the income statement, and the value adjustment for credit risk linked to monoline insurers was calculated based on the fair value of the protection.

PPROTECTION ACQUIRED FROM OTHER FINANCIAL INSTITUTIONS

- Fair value of protection purchased from other large financial institutions (multiline insurers and international banks): nil.
- Other replacement risks (CDPCs): insignificant net residual exposure (nominal amount of EUR 0.08 billion) after taking account of insignificant value adjustments following the sale of hedged instruments for a nominal amount of EUR 3 bn.

EXPOSURE TO US RESIDENTIAL MORTGAGE MARKET: RESIDENTIAL LOANS AND RMBS

The Group is exposed to underlying assets related to the US residential mortgage market through RMBS.

Since the first half of 2011, the valuation method has used prices on external markets.

The residual exposure booked at fair value on the balance sheet to US RMBS amounted to EUR 0.13 billion as at December 31, 2012 versus EUR 0.24 billion as at December 31, 2011 (excluding the exotic credit derivative portfolio).

Societe Generale has no residential loan origination activity in the US.

- **"US" RMBS(1)**

	Dec. 31, 2011	Dec. 31, 2012						2012		
			Gross exposure(3)							
(In billions of euros)	Net exposure(2)	Net exposure(2)	Amount	% net exposure	%AAA(4)	% AA & A(4)	Net banking income	Cost of Risk	Equity
'Held for Trading'portfolio	n.s.	0.04	0.06	57%	0%	0%	-	-.	-
'Available-for-sale'portfolio	0.34	0.09	0.32	30%	0%	16%	(0.05)	n.s.	0.13
'Loans & Receivables'portfolio	0.46	0.03	0.03	88%	0%	17%	(0.08)	-	-
TOTAL	**0.82**	**0.16**	**0.41**	**38%**	**0%**	**13%**	**(0.12)**	**n.s**	**0.13**

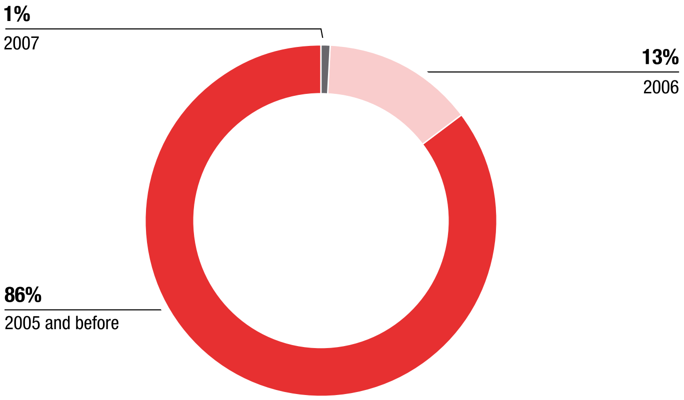
(1) Excluding "exotic credit derivative portfolio" presented below.

(2) Net of hedging and impairments.

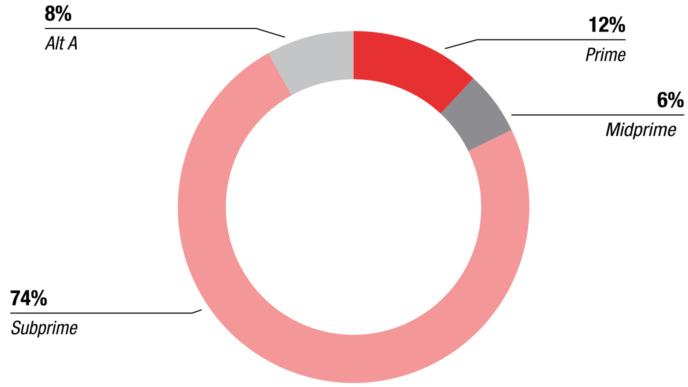
(3) Nominal exposure before hedging.

(4) As a % of nominal exposure.

DISTRIBUTION OF ASSETS BY VINTAGE[(1)] END DECEMBER 2012



BREAKDOWN OF RMBS BY TYPE[(1)] END DECEMBER 2012



(1) As a % of nominal exposure.

Note: Societe Generale has a portfolio of mid-prime loans purchased from an originator that defaulted (EUR 0.12 billion in the banking book net of write-downs).

EXPOSURE TO RESIDENTIAL MORTGAGE MARKETS IN SPAIN AND THE UNITED KINGDOM

The Group is exposed to underlying assets relative to the Spanish and UK residential mortgage markets through RMBS.

These exposures are marked-to-market.

Part of the portfolio was transferred from the trading portfolio to Loans and Receivables on October 1, 2008.

Societe Generale has no residential loan origination activity in Spain or the UK.

"SPAIN" RMBS[(1)]

	Dec. 31, 2011	Dec. 31, 2012						2012		
			Gross exposure[(3)]							
(In billions of euros)	Net exposure[(2)]	Exposition nette[(2)]	Amount	% net exposure	% AAA[(4)]	% AA & A[(4)]	Net banking income	Cost of Risk	Equity
'Held for Trading'portfolio	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	-	n.s.
'Available-for-sale'portfolio	0.07	0.09	0.12	71%	0%	22%	n.s.	-	0.04
'Loans & Receivables'portfolio	0.19	0.06	0.08	83%	0%	0%	n.s.	n.s.	-
'Held To Maturity'portfolio	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	-.	-	-
TOTAL	**0.27**	**0.15**	**0.21**	**74%**	**n.s.**	**13%**	**n.s.**	**n.s.**	**n.s.**

(1) Excluding "exotic credit derivative portfolio" presented below.
(2) Net of hedging and impairments.
(3) Nominal exposure before hedging.
(4) As a % of nominal exposure.

■ "UK" RMBS[1]

(In billions of euros)	Dec. 31, 2011 Net exposure[2]	Dec. 31, 2012 Exposition nette[2]	Gross exposure[3] Amount	Gross exposure[3] % net exposure	% AAA[4]	% AA & A[4]	2012 Net banking income	2012 Cost of Risk	2012 Equity
'Held for Trading'portfolio	n.s.	0.04	0.04	90%	34%	45%	n.s.	-	-
'Available-for-sale'portfolio	0.05	0.07	0.08	86%	0%	71%	n.s.	-	0.03
'Loans & Receivables'portfolio	n.s.	0	0	0	n.s.	n.s.	-	-	-
TOTAL	**0.06**	**0.11**	**0.13**	**87%**	**12%**	**62%**	**n.s.**	**-**	**0.03**

(1) Excluding "exotic credit derivative portfolio" presented below.
(2) Net of hedging and impairments.
(3) Nominal exposure before hedging.
(4) As a % of nominal exposure.

EXPOSURE TO CMBS[1]

The Group is exposed to underlying assets related to the commercial real estate market through CMBS. This portfolio is marked-to-market.

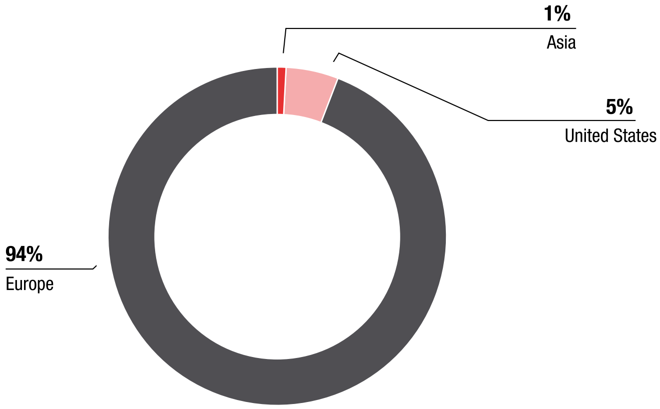
Part of the portfolio was transferred from the trading book to Loans and Receivables on October 1, 2008.

The residual exposure booked at fair value on the balance sheet to CMBS fell from EUR 0.24 billion as at December 31, 2011 to EUR 0.17 billion as at December 31, 2012 (excluding the exotic credit derivative portfolio).

(In billions of euros)	Dec. 31, 2011 Net exposure[2]	Dec. 31, 2012 Exposition nette[2]	Gross exposure[3] Amount	Gross exposure[3] % net exposure	% AAA[4]	% AA & A[4]	2012 Net banking income	2012 Cost of Risk	2012 Equity
'Held for Trading'portfolio	0.11	0.09	0.13	66%	15%	26%	n.s.	-	-
'Available-for-sale'portfolio	0.13	0.08	0.11	68%	3%	15%	n.s.	-	n.s.
'Loans & Receivables'portfolio	0.97	0.59	0.73	81%	5%	25%	0.04	n.s.	-
'Held To Maturity'portfolio	0.04	0.02	0.02	97%	0%	94%	n.s.	-	-
TOTAL	**1.26**	**0.77**	**0.99**	**78%**	**6%**	**26%**	**0.05**	**n.s.**	**n.s.**

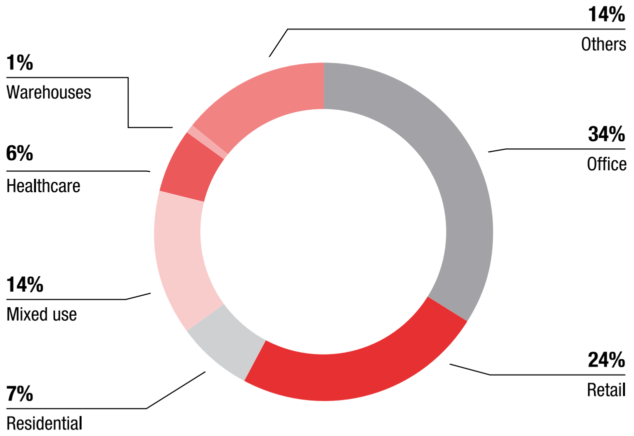
(1) Excluding "exotic credit derivative portfolio" presented below.
(2) Net of hedging and impairments.
(3) Nominal exposure before hedging.
(4) As a % of nominal exposure.
(5) Excluding losses on interest rated hedges

GEOGRAPHICAL DISTRIBUTION(1) AT DECEMBER 31, 2012



(1) As a % of nominal exposure.

SECTOR DISTRIBUTION(1) AT DECEMBER 31, 2012



(1) As a % of nominal exposure.

EXOTIC CREDIT DERIVATIVES

The exotic credit derivatives portfolio is linked to a customer activity which consists in selling securities indexed on the credit quality of ABS portfolios.

The Group hedges the credit protection generated in its books by purchasing underlying ABS portfolios and selling indices, and actively manages its hedging based on the changes in credit spreads by adjusting the ABS portfolio held, index positions on indices and marketed securities.

The five-year long risk-equivalent net position at December 31, 2012 was EUR -55 million.

- EUR 0.2 billion in securities were sold in 2012.
- 63% of the residual portfolio is made up of securities rated A and above.

FIVE-YEAR LONG RISK-EQUIVALENT NET POSITION

(In millions of euros)	Dec. 31, 2012	Dec. 31, 2011
US ABS	**(55)**	**(473)**
RMBS[1]	9	(18)
o/w Prime	0	(0)
o/w Midprime	0	(0)
o/w Subprime	9	19
CMBS[2]	(83)	(527)
Others	19	35
Total	**(55)**	**(473)**

At December 31, 2012,

(1) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 2 million, o/w EUR 1 million Subprime.

(2) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 1 million.

STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

Structural exposure to interest rate risks encompasses all exposures resulting from commercial activities and their hedging and the proprietary transactions of all 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 total interest rate and exchange rate exposure of the Group.

The general principle is to reduce structural interest rate and exchange rate risks to the greatest extent possible within the consolidated entities. Wherever possible, commercial transactions must be 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 Group Treasury). Interest rate and exchange rate risks linked to proprietary transactions must also be hedged as far as possible, except for some foreign exchange positions kept to immunise the Tier 1 ratio against exchange rate fluctuations.

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

The principles and standards for managing these risks are defined at the Group level. The entities are first and foremost responsible for managing these risks. The ALM Risk Control Departments of the Group Business Divisions' Finance Departments conduct Level 2 controls of the entities' structural risk management.

The Group Finance Committee, a General Management body:

- validates and oversees the structural risk monitoring, management and supervision system;
- reviews changes in the Group's structural risks through consolidated reporting;
- examines and validates the measures proposed by the Group Finance Division.

The Balance Sheet and Global Treasury Management Department, which is part of the Finance Division, is responsible for:

- defining the structural interest rate, exchange rate and liquidity risk policies for the Group and in particular evaluating and planning the Group's funding needs;
- defining the steering indicators and overall stress test scenarios of the different types of structural risks and setting the main limits for the business lines and entities;
- analysing the Group's structural risk exposure and defining hedging strategies;
- monitoring the regulatory environment concerning structural risks.

The ALM Risk Control Department, which is part of the Finance Division is responsible for:

- defining the ALM principles for the Group and controlling the regulatory compliance in terms of structural risks;
- defining the normative environment of the structural risk metrics;
- validating the models used by the Group entities with regard to structural risks;
- inventorying, consolidating and reporting on Group structural risks;
- performing controls of structural risk limits.

The ALM Risk Control Department reports to the Chief Financial Officer of the Group and is functionally supervised by the Chief Risk Officer, to whom it reports its activities and who validates its working plan jointly with the Chief Finance Officer. The ALM Risk Control Department is integrated in the Group Risk function in compliance with CRBF 97-02.

Entities are responsible for structural risk management

In this respect, entities apply the standards defined at the Group level, develop their models, measure their risk exposure and implement the required hedges.

Each entity has its own structural risk manager, who reports to the entity's Finance Department and is responsible for conducting first level controls and reporting the entity's structural risk exposure to the Group Finance Division 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 compliance with the principles set out by the Group and the limits validated by the Finance Committee.

STRUCTURAL INTEREST RATE RISK

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

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

Objective of the Group

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

To this end, any residual structural interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. 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 deficit) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of the annual net interest margin). The limit set at Group level is EUR 1 billion, representing an amount equal to 2.5% of its risk-based capital.

Measurement and monitoring of structural interest rate risks

In order to quantify its exposure to structural interest rate risks, the Group analyses all 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 clients' historic behaviour patterns (particularly for regulated savings accounts, early loan repayments, etc.), as well as conventional assumptions relating to certain balance sheet items (principally shareholders' equity and sight deposits).

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

In addition to this analysis, the Group also analyses the sensitivity 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 2012, the Group's overall sensitivity to interest rate risk remained below 1% of Group risk-based capital and within the EUR 1 billion limit.

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

- within the SG French retail networks, the outstanding amounts of customer deposits, generally considered to be fixed-rate, exceed fixed-rate loans for maturities over 1 year. Thanks to macro-hedging essentially through the use of interest rate swaps, the French retail networks' sensitivity to interest rate risk (on the basis of the adopted scenarios) has been kept inside its limits. At end of December 2012, the sensitivity of the French retail networks' economic value, based on their essentially euro-denominated assets and liabilities, was EUR 325 million;
- transactions with large corporates are generally micro-hedged and therefore present no residual interest rate risk;
- transactions with clients of the Specialised Financial Services subsidiaries are generally macro-hedged and therefore present only a very low interest rate risk;
- client transactions at 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 in optimally hedging interest rate risk due to the weak 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 at expected maturities.

Sensitivity to interest rate variations of the Group's main entities represented EUR 387 million as at December 31, 2012 (for a 1% parallel and instantaneous rise in the yield curve). These entities account for 90% of the Group's outstanding loans.

TABLE 1: MEASUREMENT OF THE ENTITIES' SENSITIVITY TO A 1% INTEREST RATE VARIATION, AT DECEMBER 31, 2012, INDICATED BY MATURITY

(In millions of euros)

Less than one year	between 1 and 5 years	More than 5 years	Total sensitivity
70	(205)	522	387

The results of the gap measurements (difference between liability and asset outstandings, at a fixed rate, by maturity) for the same entities are as follows (liabilities minus assets/ figures in millions of euros):

TABLE 2: INTEREST RATE GAPS BY MATURITY AT DECEMBER 31, 2012

(En M EUR)

Maturities	1 year	3 years	5 years	7 years
Amount of gap	3 866	2 212	5 269	4 873

STRUCTURAL EXCHANGE RATE RISK

Structural exchange rate risk is mainly caused by:

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

Objective of the Group

The Group's policy is to immunise its solvency ratio against fluctuations in the currencies in which it operates. To this end, it may decide to purchase currencies to finance very long-term foreign currency-denominated investments, thus creating structural foreign exchange positions. Any differences in the valuation of these structural positions are subsequently booked as translation differences.

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 and proprietary transactions.

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

In 2012, the Group successfully neutralised the sensitivity of its solvency ratio to currency fluctuations by monitoring the structural positions in these currencies (the sensitivity of the solvency ratio is managed with limits per currency set according to the Group's risk appetite in these currencies).

LIQUIDITY RISK

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

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

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

ORGANISATION AND GOVERNANCE

ORGANISATION OF LIQUIDITY RISK MANAGEMENT

Since January 1, 2011, liquidity risk steering, management and monitoring have been provided by two distinct entities of the Group Finance Division, in compliance with the regulatory principles that advocate a separation of risk steering and monitoring functions: (for a detailed description of these 2 entities refer to page 245 on the structural risks governance).

- In addition, several Risk Division departments contribute, together with the Finance Division, to the operational supervision of liquidity risk. Their actions are coordinated by the Cross-Business Risk Monitoring Department for the Group Chief Risk Officer. Specifically, they relate to:
  - the independent review of capital market models;
  - validation of all the Group's liquidity models within the framework of centralised governance;
  - examination of requests for risk limits relating to liquidity risk metrics and monitoring of any limit breaches.

GOVERNANCE

The principles and standards applicable to the management of liquidity risks are defined at the Group level.

The business divisions and major Group entities manage liquidity under the direct supervision of the Group Finance Division.

The other operating entities are responsible for managing their own liquidity and for adhering to applicable regulatory constraints, under the supervision of the business division to which they report. The entities submit reports on their structural liquidity risk to the Group via a shared IT system.

In 2012, the Group's Balance Sheet and Global Treasury Management Department had full responsibility for managing the Group's liquidity and functionally supervised the Corporate and Investment Banking division's Treasury Department.

The main functions of the Group's governing bodies in the area of liquidity are listed below:

- **The Group's Board of Directors:**
  - meets on a quarterly basis to examine the liquidity risk situation and to follow up on its past decisions;
  - conducts an annual review of the liquidity risk management and monitoring system;
  - establishes the level of liquidity-related risk tolerance, including the time period during which the Group can operate under conditions of stress ("survival horizon") as part of determining the the Group's risk appetite;
  - monitors adherence to the main liquidity limits.
- **General Management:**
  - presents a framework of Group-wide liquidity risk tolerance levels to the Board of Directors for validation to help determine the Group's risk appetite;
  - sets the liquidity limits for the Group and for each business division, and per major Group entity;
  - monitors adherence to liquidity limits by the Group and by each business division;
  - validates remedial action plans in the event that liquidity limits are exceeded at the Group or business division level.
- **The Finance Committee:**
  - meets at least quarterly under the chairmanship of the Chairman and Chief Executive Officer or a Deputy Chief

Executive Officer with the representatives from the different corporate divisions and business divisions,

– readies the decisions of the General Management in the areas of general policy, liquidity risk tolerance and liquidity limits,

– ensures the adequacy of the risk management and control system;

– examines and validates the measures advocated by the Balance Sheet and Global Treasury Management Department and the ALM Risk Control Department;

– monitors developments in the liquidity situation within the Group's scope of management.

REGULATORY CHANGES

Regulatory changes in liquidity management are coordinated by two main bodies:

- In December 2009, the Basel Committee defined two standardised regulatory ratios, which are intended to regulate bank liquidity positions. The specific definitions of these ratios were published in the finalised text on December 16, 2010. Its main objective is to guarantee the viability of banks one month and one year into the future, under intense stress conditions.

These ratios can be broken down as follows:

- the Liquidity Coverage Ratio (LCR) aims to ensure that banks have enough liquid assets or cash to survive for one month in a combined stress scenario of a market crisis and another specific crisis;
- the Net Stable Funding Ratio (NSFR) aims to promote longer-term funding, over one year, by comparing banks' long-term funding needs with their resources considered to be stable, under specific stress assumptions.

The implementation timetable for these ratios includes an observation phase and a review clause before they take effect:

- for the LCR: observation from January 2012 with implementation scheduled for January 1, 2015;
- for the NSFR: observation from January 2012, with implementation scheduled for January 1, 2018.

In 2012, the Basel Committee finalised most of its revision work on the short-term ratio. The revised LCR was published on January 7, 2013.

Starting in 2013, the Basel Committee will be working on the relationship between the LCR and the credit lines granted by central banks, the liquidity disclosure requirements, liquidity indicators (spreads, diversity of counterparties, etc.) and on NSFR ratio specifications.

- The European Commission has undertaken to transpose the Basel 3 agreements (capital and liquidity) of December 2010 into European law. According to the co-decision procedure known as the "ordinary legislative procedure", EU legislation is adopted jointly by the Parliament and the Council on recommendation from the Commission.

The Regulation that defines the liquidity ratios associated with CRD 4 will be enforced in the form in which it is published. CRD 4 it will be transposed into the national law of each of the Member States before its entry into force.

The vote on the test, initially planned for July 2012, should take place in 2013. The date of implementation of the text is not yet known. The most recent compromise confirms that there will be:

- a reporting obligation, for each legal entity, on the items that comprise the LCR and the NSFR ratios, during the EU's own observation period;
- a central role for the European regulator (EBA - European Banking Authority) during the work that will take place before and during the observation period.
- compliance with the LCR by January 1, 2015 at the earliest.

On the basis of the EBA recommendations, the European Commission may modify the definition of the ratios by delegated act after the observation period.

Since 2012, Societe Generale has been working diligently to transpose the Basel document into a banking standard to be enforced Group-wide in terms of standards and oversight. The documentation on the banking standard is updated based on regulatory developments.

- The automation of the liquidity ratio calculation was begun in the first quarter of 2012 and will continue into 2013. The Group has acquired a shared and centralised tool in order to:
  - ensure the consistency of the metrics and their proper application Group-wide;
  - be in a position to generate the required regulatory reports, particularly those required by CRD4.

UNDERLYING PRINCIPLES OF LIQUIDITY MANAGEMENT

Group objective, principles and challenges

The Group's overriding objective is to ensure the funding of its activities in the most cost-effective way by managing liquidity risk and by adhering to regulatory limits.

In 2012, the Group strengthened the management of its balance sheet structure, i.e. the absolute limit on borrowing on the financial market, both short term and long term, with a view to securing its liabilities and optimising its funding structure. With this in mind, structural efforts were made to rebalance liabilities toward customer deposits and to rebalance its long-term funding.

Furthermore, during the first half of 2012 the Group conducted, at the request of General Management, a strategic review of all its businesses from a liquidity standpoint in order to optimise the allocation of this scarce resource in the Group-wide management of its businesses and to set medium-term objectives for the business lines consistent with the Group's strategy.

As a result, the Group's operating principles for liquidity management introduced in 2011 were maintained and strengthened in 2012, namely:

GROUP FUNDING

1. The dynamic management and coordination of the businesses' funding requirements from the Group, consistent with the Group's fund-raising capacity and in line with the objectives established by the General Management.

2. The scope of the plan for short- and long-term funding, in addition to customer deposits, is conservative, with reduced concentration in the short term, while ensuring diversification in terms of products and regions.

3. Conservative and close monitoring of short-term liquidity and the Group's footprint in the markets. The Treasury Department of the Corporate and Investment Banking division manages the Group's short-term liquidity by delegation and monitors its liquidity gap under stress scenarios, taking into account assets eligible for central bank refinancing operations. A weekly Liquidity Committee meeting, chaired by the Chief Financial Officer and attended by the Chief Risk Officer, the Head of SG CIB, the Treasurer of SG CIB and the Head of the Balance Sheet and Global Treasury Management Department, assesses the Bank's short-term liquidity situation and makes management decisions according to the market environment by delegation from the Finance Committee.

LIQUIDITY RISK

4. Using internal stress tests to be certain that the time limit during which the Group can continue to operate under liquidity stress conditions, whether systemic, specific or a combination thereof, is met as established by the Board of Directors.

5. Defining, measuring and managing business line liquidity gaps. The businesses must respect the principle of a zero or small gap, averting any risk of mismatch.

6. Actively managing eligible assets. The Group has set the aim of optimising the management of the pool of assets eligible for the various refinancing mechanisms (central bank refinancing operations, société de crédit foncier, securitisation, etc.) using a centralised application that creates an inventory of saleable assets to allow for optimum allocation and secure management of these asset pools.

REGULATORY REQUIREMENTS

7.Implementing a Group oversight structure, taking due account of regulatory ratios (LCR, NSFR) and overseeing the contribution of the business lines to these ratios.

The key indicator regulatory framework, which was initiated in the first half of 2011 by the Group, created the conditions for setting targets and limits for each business division and major entity in 2012 covering the 2012-2015 period for most key liquidity indicators validated by General Management.

Key liquidity performance indicators

Oversight of liquidity by the Group Finance Division notably entails:

1. From a quality standpoint: direct supervision of the liquidity of the business divisions and major entities;

2. From a quantity standpoint: supervision of the Group, business divisions and business lines, and monitoring of several key indicators defined in order to keep the General Management informed, some of which are an integral part of the targets and limits defined as part of the Group's Risk Appetite system.

QUALITATIVE OVERSIGHT OF THE LIQUIDITY REQUIREMENTS OF THE GROUP, BUSINESS DIVISIONS AND MAJOR ENTITIES:

Liquidity supervision of the business divisions and major entities by the Group Finance Division aims at setting out the main business line oversight objectives, as well as ensuring that any necessary operational considerations are reported to the Group.

With this in mind, the Group Finance Division takes part in meetings of the ALM Committees and Funding Committees of the business divisions and major entities, both in France and abroad. It also participates in Group-level cross-business analyses on the targets and trends of the Group and its businesses.

QUANTITATIVE LIQUIDITY PLANNING FOR THE GROUP, THE DIVISIONS, THE MAJOR ENTITIES AND THE BUSINESS LINES:

Based on a current and forward-looking view, the main oversight indicators are subject to limits and close monitoring.

1. Net Group funding needs of the business divisions and Group Treasury Resources

a. Budget caps and oversight of the business lines' short- and long-term funding requirements.

b. Oversight of the absolute and relative level and maturity of liabilities and their suitability for the business lines' funding requirements.

c. The net funding requirements of the business divisions and major entities in terms of liquidity are supervised and managed monthly, consistent with the Group's market fund-raising capacity, the structure of the Group's balance sheet and the business lines' business and development plan.

2. The Group's regulatory liquidity: monitoring the Basel LCR and NSFR ratios.

a. Budget limits and consolidated view of liquidity by business division and major entity.

b. Oversight of the business divisions' contribution to the Group's regulatory liquidity shortage or surplus by means of implementing specific action plans in all of the Group's business lines.

3. Liquidity gaps and stress

a. Zero or low liquidity gap limits at the Group, business division and major entity level.

b. Determination by the General Management of the time period during which the Group can continue to operate in a liquidity stress scenario, reviewed quarterly by the Board of Directors and monitored daily by the Finance Division.

4. French Prudential Supervisory Authority's Liquidity Ratio

a. Monitoring Societe Generale SA's 1-month liquidity ratio under current French law.

In accordance with Instruction No. 2009-05 of June 29, 2009, in 2012, Societe Generale SA. systematically maintained a ratio above the required regulatory minimum.

UPDATE ON THE PROGRESS OF DEPLOYMENT OF THE GROUP LIQUIDITY MONITORING TOOL

The Group's liquidity information system (BASYLIQ) was rolled out in 2012. It covers the Group's entire prudential reporting scope and consolidates the data output by the operational systems and ALM calculators of the business divisions and entities (SGPM and non-SGPM) into a data model and a single reference system standardised by the Group.

Most of the Group's balance sheet receives detailed input from the ALM calculators (Corporate and Investment Banking, Retail Banking in France, Crédit du Nord and Global Investment Management and Services in part). Other entities report at this stage via a new consolidated reporting phase with an improved level of detail and a higher reporting frequency (monthly). The largest entities in this remaining scope will be gradually switched to a Group ALM management tool.

With this new system, as from March 2012, the static gaps of the Group and of the different liquidity monitoring scopes (Group, business divisions, business lines and entities) have been produced on an automated and monthly basis.

These gaps are based on modelled agreements validated at the Group Validation Committee meetings that have been held since 2011, which have allowed the scopes covered by the models to be expanded (in particular for SGCIB) and most of the existing models to be updated.

The production process for the new Liquidity Information System was, subsequently, gradually broadened and improved in terms of deadlines and stability of the chain as well as the enrichment of the portfolio of indicators and reports produced:

- The Basel ratios (LCR and NSFR) have therefore been generated from BASYLIQ input since the June 2012 closing, across all scopes (except for CIB and Private Banking, whose ratios will be generated by a new tool starting with the end-2012 account closing).
- Stress gaps, based on upstream modelling and validation work under various stress scenarios (drawing in particular on the lessons learned from the crisis in the second half of 2011) are in the process of being approved for use starting with the end-2012 account closing, across the entire Group and for high-liquidity scopes.

OPERATIONAL RISKS

OPERATIONAL RISK MANAGEMENT: ORGANISATION AND GOVERNANCE

Over the last few years, Societe Generale has developed processes, management tools and a control infrastructure to enhance the control and management across the Group of the operational risks that are inherent to its various activities. These include, among others, general and specific procedures, permanent supervision, business continuity plans[1], New Product Committees[2] and functions dedicated to the oversight and management of specific types of operational risks, such as fraud, risks related to payment systems, legal risks[3], information system security risks[4] and non-compliance risks[5].

The Operational Risk Department

The Operational Risk Department was incorporated within the Group's Risk Division in 2007. It works in close cooperation with operational risk staff in the Core Businesses and Corporate Divisions.

The Operational Risk Department is notably responsible for:

- running the Operational Risk function;
- devising and implementing Societe Generale's operational risk control strategy, in cooperation with the Core Businesses and Corporate Divisions;
- promoting an operational risk culture throughout the Group;
- defining, at Group level, methods for identifying, measuring, monitoring, reducing and/or transferring operational risk, in cooperation with the Core Businesses and Corporate Divisions, in order to ensure consistency across the Group;
- preparing a global Group business continuity plan (BCP) and crisis management policy, managing the policy and coordinating its implementation.

The operational risk function

In addition to the Operational Risk Department, the operational risk function includes Operational Risk Managers (ORMs) in the Core Businesses and Corporate Divisions, who are under the operational authority of the Group's Chief Operational Risk Officer.

ORMs operate throughout the Group's entities and are responsible for implementing the Group's procedures and guidelines, and for monitoring and managing operational risks, with the support of dedicated operational risk staff in the business lines and entities and in close collaboration with the respective entities' line management.

Operational Risk Committees have been set up at Group level, as well as at Business Division, Corporate Division and subsidiary levels.

OPERATIONAL RISK MEASUREMENT

Since 2004, Societe Generale has used the Advanced Measurement Approach (AMA), as proposed by the Capital Requirements Directive, to measure operational risk. This approach notably makes it possible to:

- identify i) the businesses that have the greatest risk exposures and, ii) the types of risk that have the greatest impact on the Group's risk profile and overall capital requirements;
- enhance the Group's operational risk culture and overall management, by introducing a virtuous circle of risk identification, improved risk management and risk mitigation and reduction.

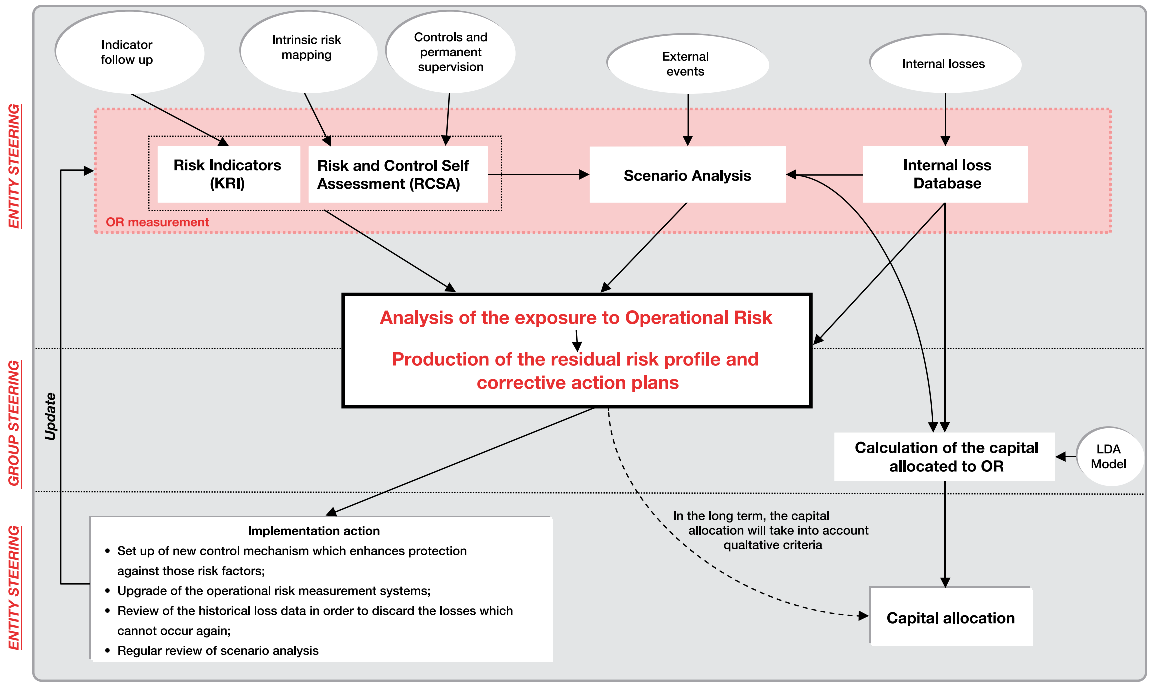
In 2007, the French Prudential Supervisory Authority (ACP) conducted an in-depth review of the system in place at Societe Generale. As a result, it authorised the Group to use the most advanced measurement approach, as defined by the Basel 2 Accord (i.e. the AMA or Advanced Measurement Approach) to calculate the Group's capital requirements for operational risks, starting from January 1, 2008. This authorisation covers more than 90% of the Societe Generale Group's total net banking income. A few subsidiaries still use the standardised approach. A gradual transition to the advanced measurement approach is in place for some of them.

(1) See Chapter 5, page 106 and Chapter 9, page 255.
(2) See Chapter 5, page 108.
(3) See Chapter 9, page 259.
(4) See Chapter 5, page 112.
(5) See Chapter 8, page 198, and Chapter 9, page 258.

OPERATIONAL RISK MONITORING PROCESS

The frameworks specifically established by the Basel 2 regulations (the Capital Requirements Directive and “Sound practices for the management and supervision of operational risk”) have been implemented, on the basis of existing procedures wherever possible, to support the “virtuous circle” referred to previously. They notably include:

- gathering of internal data on operational risk losses;
- Risk and Control Self-Assessment (RCSA) processes;
- Key Risk Indicators (KRI);
- scenario analyses;
- analysis of external loss data.
- crisis management and business continuity planning;
- combating fraud.



Societe Generale’s classification of operational risks in eight event categories and forty-nine mutually exclusive sub-categories is the cornerstone of its risk modelling, ensuring consistency throughout the system and enabling analyses across the Group.

Commercial disputes	Fraud and other criminal activities
Disputes with authorities	Rogue trading
Pricing or risk valuation errors	Loss of operating resources
Execution errors	IT system interruptions

Internal loss data collection

Internal loss data has been compiled throughout the Group since 2003, enabling operational staff to:

- define and implement the appropriate corrective actions (changes to activities or processes, strengthening of controls, etc.);
- build expertise in operational risk management concepts and tools;
- achieve a deeper understanding of their risk areas;
- help foster an operational risk culture throughout the Group.

The minimum threshold above which a loss is recorded is EUR 10,000 throughout the Group, except for Corporate and Investment Banking, where this threshold is EUR 20,000 due to the scope of its activity, the volumes involved and the relevance of regulatory capital modelling points. Below these thresholds, loss information is collected by the Group's various divisions but is not identified by the Operational Risk Department.

Risk and Control Self-Assessment (RCSA)

The purpose of Risk and Control Self-Assessment (RCSA) is to assess the Group's exposure to operational risks in order to improve their monitoring. Based on the results of other operational risk management frameworks (internal losses, KRI, etc.), risk areas identified by functions for their respective fields of expertise, and interviews with Group experts, its objectives are as follows:

- identifying and assessing the major operational risks to which each business is inherently exposed (the "intrinsic" risks), while disregarding prevention and control systems. Where necessary, risk mapping established by the functions (e.g. Compliance, Information Systems Security, etc.) contribute to the evaluation of intrinsic risks;
- assessing the quality of major risk prevention and mitigation measures, including their existence and effectiveness in detecting and preventing major risks and/or their capacity to reduce their financial impact;
- assessing the major risk exposure of each business that remains once the risk prevention and mitigation measures are taken into account (the "residual risk"), while disregarding insurance coverage;
- correcting any deficiencies in risk prevention and mitigation measures and implementing corrective action plans;
- facilitating and/or supporting the implementation of key risk indicators;
- adapting the risk insurance strategy, if necessary.

As part of this exercise, major risks of a given scope are described using a double scale of severity and frequency.

Key risk indicators (KRI)

KRIs supplement the overall operational risk management system, by providing a dynamic view of changes in business line risk profiles as well as a warning system. Regular KRI monitoring assists managers of the entities in their assessment of the Group's operational risk exposure obtained from the RCSA, the analysis of internal losses and scenario analyses, by providing them with:

- a quantitative, verifiable risk measurement;
- a regular assessment of the improvements or deteriorations in the risk profile and the control and prevention environment which require particular attention or an action plan.

KRIs that may have a significant impact on the entire Group are reported to the Group's General Management via a relevant KRI dashboard.

Scenario analyses

Scenario analyses serve two purposes: informing the Group about potential significant areas of risk and contributing to the calculation of the capital required to cover operational risks.

For the calculation of capital requirements, the Group uses scenario analyses to:

- measure its exposure to potential losses arising from low frequency/very high severity events;
- provide an expert's opinion of loss distribution for event categories whose internal loss data history is insufficient.

In practice, various scenarios are reviewed by experts, who gauge severity and frequency of the potential impacts for the Bank by factoring in internal and external loss data as well as the internal framework (controls and prevention systems) and the external environment (regulatory, business, etc.). The potential impacts of various scenarios are combined to obtain the loss distributions for the risk category in question.

Analyses are undertaken for two types of scenarios:

- major Group stress scenarios, involving very severe events that cut across businesses and departments, having an external cause in most cases and requiring, if necessary, a business continuity plan (BCP). The scenarios of this type analysed so far have helped to develop the Business Impact Analysis aspects of the BCPs;
- business line scenarios that do not, strictly speaking, fall into the category of business continuity, but are used to measure the unexpected losses to which the businesses may be exposed. Specific actions are performed in order to prevent the portfolio from being diluted over too many scenarios and to maintain the system's focus on risks that could severely impact the Group.

- Governance is established in order to, notably:
  - allow validation of the scenarios by the senior management of core businesses and Corporate Divisions, through internal control coordination committees (CCCI) for the departments involved;
  - conduct an overall review of the Group's risk hierarchy and the appropriateness of scenarios through the "Expert Committees", chaired by the Group Chief Risk Officer and the Corporate Secretary;

Analysis of external losses

Societe Generale also uses externally available loss databases to enrich the identification and assessment of the Group's exposures to operational risks, by benchmarking internal loss records against industry-wide data.

Crisis management and business continuity planning

In order to cover the risk of a crisis affecting the Group's staff, buildings and IT systems, the "Crisis Management" function, steered by the Operational Risk Department, aims to prevent health and safety rsiks, and to define and maintain the crisis system in operating condition.

The Group also prepares to face all kinds of disasters (loss of operating resources, failures, lack of human resources, etc.) by developing business continuity plans. To do this, it draws on a methodological approach based on international standards and regularly tests its emergency mechanisms.

Combating fraud

The Group pays particular attention to preventing and detecting fraud. Losses due to fraud have dropped steadily since 2008, notably due to the implementation of effective systems in all business and corporate divisions. Since the end of 2009, an anti-fraud coordination unit within the Operational Risk Department has been supplementing these specific systems. Its primary goal is to be a centre of expertise in order to strengthen fraud prevention through Group-wide initiatives (training and awareness-raising) as well as to disseminate best practices issued from lessons learned from established or prevented cases of fraud, or to carry out more focused actions for evaluating and managing specific risks.

OPERATIONAL RISK MODELLING

The method used by the Group for operational risk modelling is based on the Loss Distribution Approach (LDA).

Under this approach, operational risks are modelled using 22 segments, each representing a type of risk and a Group core business. The frequency and severity of operational risks, based on past internal losses, external losses, or scenario analyses, are estimated and the distribution of annual losses is calculated for each segment. This approach is supplemented by transversal scenario analyses that measure cross-business risks for core businesses, such as, for example, property destruction and pandemic risks.

Aside from the individual risks associated with each segment or cross-business scenario analysis, the model takes into account the diversification between various types of risks and core businesses, as well as the effect of insurance underwriting.

The Group's regulatory capital requirements for operational risks within the scope eligible for the AMA (Advanced Measurement Approach) internal model are then defined as the 99.9% quantile of the Group's annual loss distribution.

Societe Generale's capital requirements for operational risks were EUR 3.3 billion at the end of 2012, representing EUR 41.3 billion in risk-weighted assets. This assessment integrates capital requirements on both the AMA and Standard scopes.

Insurance cover in risk modelling

In accordance with regulations, Societe Generale incorporates risk cover provided by insurance policies when calculating regulatory capital requirements for operational risks, within the limit of 20% of said requirements.

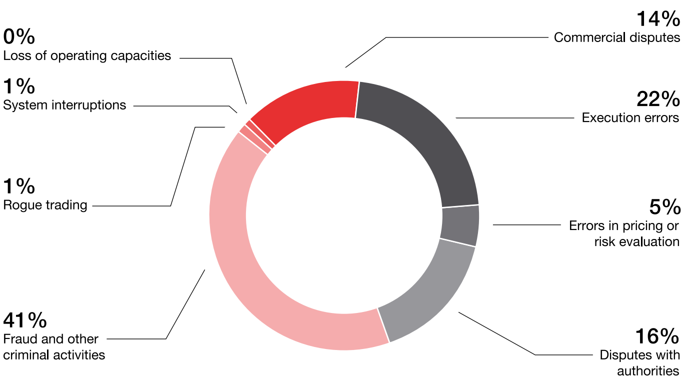
These insurance policies cover part of the Group's major risks, i.e. civil liability, fraud, fire and theft, as well as systems interruptions and operating losses due to a loss of operating resources.

Taking into account risk reduction through insurance policies results in a 18.8% reduction of total capital requirements for operational risks.

Quantitative data

The following chart breaks down operating losses by risk category for the 2008-2012 period.

OPERATIONAL RISK LOSSES: BREAKDOWN BY SG RISK EVENT TYPE (FROM 2008 TO 2012)



Societe Generale's operational risks are concentrated in four risk categories, which account for close to 93% of the Group's total operating losses (excluding the exceptional rogue trading loss):

- on average, fraud accounted for 41% of the losses incurred (34% in external fraud) over the 2008 to 2012 period. The incidents were divided between a handful of large, isolated losses and a number of small losses, mainly consisting of fraud by using forged documents to obtain loans. Frauds are the main source of losses (especially in number of incidents) for the Retail Banking and the Specialised Financial Services activities. A difficult economic background, with tight credit terms, cyber criminality development and, more marginally, domestic and international electronic money fraud increase for all distribution channels, explain the current proportion of frauds. Concerned Business Lines have launched action plans, especially since 2011;
- execution errors accounted for 22% of losses, the second most frequent source of losses for the Group in number of incidents. The amount of losses is globally decreasing but is volatile, linked to business volumes and markets volatility;
- disputes with the authorities accounted for 16% of overall losses, mainly linked to tax reassessments. Disputes with the authorities will likely increase, due to tighter regulations (strenghtening of embargo rules, anti money laundering, etc.);
- commercial disputes accounted for 14% of losses. Despite the economic recession, commercial disputes were limited, with very few major incidents in the last three years. Nevertheless, commercial disputes experienced by other banks (especially in the US) call for continued vigilence, particularly regarding the selection of products sold, their compliance and the quality of their documentation.

The other categories of Group operational risks (rogue trading, IT system interruptions, pricing or risk valuation errors and loss of operating resources) were still fairly insignificant, representing barely 7% of the Group's losses on average over the 2008 to 2012 period.

OPERATIONAL RISK INSURANCE

Description of insurance policies

GENERAL POLICY

Since 1993, Societe Generale has implemented a global policy of hedging Group operational risks through insurance. This consists in looking on the market for the broadest and highest levels of guarantee with regard to the risks incurred and enabling all entities to benefit from these guarantees wherever possible. Coverage is taken out with leading insurers. Where required by local legislation, local policies are taken out, which are then reinsured by insurers that are part of the global programme.

In addition, special insurance policies may be taken out by entities which perform specific activities.

A Group internal reinsurance company intervenes in several policies in order to pool high frequency, low-level risks between entities. This approach contributes to the improvement of the Group's knowledge and management of its risks.

Description of coverage

GENERAL RISKS

Buildings and their contents, including IT equipment, are insured at their replacement value. The guarantee covering acts of terrorism abroad has been renewed.

Liability other than professional liability (i.e. relating to operations, Chief Executive Officers and Directors, vehicles, etc.) is covered by insurance policies around the world. The amounts insured vary from country to country to meet operating requirements.

RISKS ARISING FROM OPERATIONS

Insurance is only one of the measures to offset the consequences of the risks inherent in the Group's activity. It complements the risk monitoring policy led by the Group.

THEFT/FRAUD

These risks are included in the "Bankers Blanket Bond" policy that insures all the Bank's financial activities around the world. Fraudulent actions by an employee or by a third party acting on its own or with the aid of an employee with the intent to obtain illicit personal gain or through malice (which implies the desire to harm the Group) are covered.

PROFESSIONAL LIABILITY

The consequences of any legal action against staff or managers as a result of their professional activity are insured under a global policy.

OPERATING LOSSES

The consequences of any accidental interruptions to activity are insured under a global policy. This policy supplements the business continuity plans. The amounts insured are designed to cover losses incurred between the time of the event and the implementation of an emergency solution.

NON-COMPLIANCE AND REPUTATIONAL RISKS

The system for managing non-compliance and reputational risks is the responsibility of the Group Corporate Secretary who is also Group Chief Compliance Officer. Since 2011, it has included a compliance department, dedicated compliance teams in core businesses and a Group compliance committee that meets monthly. Compliance incidents are reported to the Board of Directors in accordance with regulations.

The Group has issued two directives—updated in 2012—defining its organisation and policy for compliance control and reputational risk control, making the management of these risks a key objective to which all employees must contribute.

Measures for preventing compliance and reputational risks as well as major actions taken in 2012 to strengthen the non-compliance risk management system are described in Chapter 8 “Compliance”.

LEGAL RISKS

RISKS AND LITIGATION

- In October 2005, the official receivers in charge of the restructuring plans of Moulinex and Brandt, companies that have been put into bankruptcy in 2001, have initiated a lawsuit against member banks of syndicated loans granted to Moulinex in 1997 and to Brandt in 1998. They are seeking compensatory damages to indemnify the creditors for the banks' alleged improper financial support to the aforementioned companies. The compensatory damages sought against Societe Generale and Credit du Nord amount respectively to EUR 192.4 million and EUR 51.7 million.

  Societe Generale and Crédit du Nord only held a share of the syndicated loans. They vigorously oppose the claims since after trying to support Moulinex and Brandt on the grounds of serious and credible recovery plans, the banks have been the first victims of the Moulinex and Brandt collapses.

  All reasonably anticipated expenses relating to the management of these proceedings have been taken into account.

- Societe Generale, along with numerous other banks, financial institutions, and brokers, is subject to investigations in the United States by the Internal Revenue Service, the Securities and Exchange Commission, the Antitrust Division of the Department of Justice, and the attorneys general of several states for alleged noncompliance with various laws and regulations relating to their conduct in the provision to governmental entities of Guaranteed Investment Contracts (GICs) and related products in connection with the issuance of tax-exempt municipal bonds. Societe Generale is cooperating fully with the investigating authorities.

  Several lawsuits were initiated in US courts in 2008 against Societe Generale and numerous other banks, financial institutions, and brokers, alleging violation of US antitrust laws in connection with the bidding and sale of GICs and derivatives to municipalities. These lawsuits have been consolidated in the US District Court for the Southern District of New York in Manhattan. Some of these lawsuits are proceeding under a consolidated class action complaint. In April 2009, the court granted the defendants' joint motion to dismiss the consolidated class action complaint against Societe Generale and all the other defendants except three. A second consolidated and amended class action complaint was filed in June 2009. In addition, there are other actions that are proceeding separately from the consolidated class action complaint, including another purported class action under the US antitrust laws and California state law as well as lawsuits brought by individual local governmental agencies. Motions have been filed to dismiss the second consolidated amended class action complaint and all of these other related proceedings. The motions to dismiss have been denied and discovery is now proceeding.

- On October 24, 2012 the Court of Appeal of Paris confirmed the first judgment delivered on October 5, 2010, finding Jérôme Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. Jérôme Kerviel was sentenced to serve a prison sentence of five years two years of which are suspended, and was ordered to pay EUR 4.9 billion as compensation for the financial loss suffered by the bank. Jérôme Kerviel has filed an appeal before the Supreme Court.

- Since 2003, Societe Generale had set up "gold consignment" lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold reserves held at Goldas. These suspicions were rapidly confirmed following the failed payment (EUR 466.4 million) of gold purchased. In order to recover the sums owed by the Goldas Group and to protect its interests, Societe Generale brought civil proceedings in England and Turkey against its insurance carriers and Goldas Group entities. Goldas, for its part, has recently launched various proceedings in Turkey against Societe Generale who intends to vigorously oppose the claims articulated against it. Societe Generale also brought proceedings against its insurers in the United Kingdom. The action has been discontinued by consent, without any admission of liability by any party. A provision has been made.

- In 1990 as part of a refinancing, Australian and European banks, including Societe Generale Australia Limited which is a subsidiary of Societe Generale, received security from certain companies in the Bell Group to cover unsecured loans previously granted to companies within the Bell Group. This security was realised when the Bell Group companies subsequently went into liquidation. The liquidator demanded that the banks reimburse the amounts realised from the exercise of the security and made other claims. In October 2008, the trial judge in Australia ordered the banks to pay the total principal amount of the claim plus compound interest. In December 2009, pursuant to court order, Societe Generale Australia Limited deposited approximately AUD 192.9 million (including interest) into court pending the result of an appeal. The Court of appeal entered into judgment on August 17, 2012, confirming the first judgment in part and awarded the payment by the banks of a higher amount of interest than had been ordered initially. On September 14, 2012, the banks filed an application for leave to appeal to the Australian High Court.

- Societe Generale Algeria (SGA) and several of its branch managers have been prosecuted for breach of Algerian laws on exchange rates and capital transfers with other countries. The defendants are accused of having failed to make complete or accurate statements to the Bank of Algeria on movements of capital in connection with exports or imports made by clients of SGA. The events were discovered during investigations by the Bank of Algeria who subsequently filed civil claims. Sentences (EUR 97.5 million) were delivered by the court of appeal against SGA and its employees in some criminal proceedings while charges were dropped in other ones. The Supreme Court revoked the sentences delivered against SGA and its employees and sent the cases to the court of appeal in order for them to be judged again. On the other hand, the Supreme Court definitively confirmed the decisions which dropped the charges. One case still remains to be judged by the Supreme Court.
- In the early 2000s, the French banking industry decided the transition towards a new digital system for clearing checks in order to rationalise their processing.

  To support this reform (known as EIC – Echange d'Images Chèques) which has contributed to the improvement of check payments security and to the fight against fraud, the banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20 September 2010, after several years of investigation, the French competition authority considered that the joint implementation and the fixing of the amount of the CEIC and of two additional fees for 'related services', were in breach of competition law rules. The authority fined all the participants to the agreement (including the Banque de France) a total of around EUR 385 million. Societe Generale was ordered to pay a fine of EUR 53.5 million and Crédit du Nord, its affiliate, a fine of EUR 7.0 million.

  However, in its 23 February 2012 order, the French Court of Appeal upheld the absence of any competition law infringement, allowing the banks to recoup the fines paid. The French competition authority has filed an appeal before the Supreme Court.
- SG Private Bank (Suisse), S.A., along with several other financial institutions, has been named as a defendant in a putative class action that is pending in the US District Court for the Northern District of Texas. Plaintiffs seek to represent a class of individuals who were customers of Stanford International Bank Ltd. ("SIBL"), with money on deposit at SIBL and/or holding Certificates of Deposit issued by SIBL as of 16 February 2009.
- Plaintiffs allege that they suffered losses as a result of fraudulent activity at SIBL and the Stanford Financial Group or related entities, and that the defendants bear some responsibility for those alleged losses. Plaintiffs further seek to recoup payments made through or to the defendants on behalf of SIBL or related entities on the basis that they are alleged to have been fraudulent transfers.

  Connected with the allegations in this litigation, SG Private Bank (Suisse), S.A., and Societe Generale have also received requests for documents and other information from the US Department of Justice. SG Private Bank (Suisse), S.A., and Societe Generale are cooperating with these requests.
- Societe Generale, along with other financial institutions, has received formal requests for information from several authorities in Europe, the United States and Asia, in connection with investigations regarding submissions to the British Bankers Association for setting certain London Interbank Offered Rates ("LIBOR") and submissions to the European Banking Federation for setting the Euro Interbank Offered Rate ("EURIBOR"), as well as trading in derivatives indexed to various benchmark rates. Societe Generale is cooperating fully with the investigating authorities.

  Societe Generale, along with other financial institutions, was also named as a defendant in two putative class actions in the United States alleging violations of, among other laws, United States antitrust laws and the United States Commodity Exchange Act in connection with its involvement in the setting of US dollar LIBOR rates and trading in derivatives indexed to LIBOR. These actions were consolidated before a single judge in the United States District Court in Manhattan. Societe Generale was not named as defendant in the consolidated amended complaints that were filed in these actions.

  Societe Generale, along with other financial institutions, has also been named as defendant in two other putative class actions in United States District Court in Manhattan: one alleges violations of, among other laws, US antitrust laws and the US Commodity Exchange Act, and is brought on behalf of individuals who purchased or sold Euroyen derivative contracts on the Chicago Mercantile Exchange which are alleged to have traded at artificial levels due to alleged manipulation of Yen Libor and Euroyen Tibor rates; the other alleges violations of various state antitrust laws, and is brought on behalf of those who owned preferred equity securities on which dividends were payable at a rate linked to US dollar LIBOR rates which are alleged to have been manipulated.
- In September 2011, the Federal Housing Finance Authority ("FHFA") brought seventeen separate lawsuits, as conservator of Fannie Mae and Freddie Mac (collectively, the Government Sponsored Entities, or "GSEs"),

against various financial institutions in an effort to recover for alleged losses in residential mortgage backed securities ("RMBS") that the GSEs purchased over several years. One of the proceedings is directed against certain Societe Generale Group entities (SG Mortgage Finance Corp., SG Mortgage Securities, LLC ("SGMS"), SG Americas Securities, LLC, SG Americas, Inc., and SG Americas Securities Holdings, LLC) and certain Officers and Directors of SGMS. The complaint alleges that the GSEs purchased approximately USD 1.3 billion in RMBS certificates in connection with three issuances between May 2006 and December 2006. Societe Generale disputes the allegations and will defend the claims vigorously.

- At the end of September 2011, the French Banking Regulator (Autorité de Contrôle Prudentiel) brought disciplinary proceedings against Societe Generale after auditing Societe Generale Private Banking's procedures regarding compliance controls and the fight against money laundering and terrorism financing. The French Banking Regulator issued its decision: a warning and a fine in excess of 500,000 euros were retained. This decision is final.
- A former affiliate of Societe Generale, Cowen and Company, has been sued by a group of plaintiffs in California state court in connection with alleged negligence by Cowen in 1998 in the course of an investment banking transaction. Cowen had been engaged by an entity that was acquired in a stock for stock transaction. Plaintiffs, who were shareholders of the acquired entity or its majority shareholder, allege that Cowen acted negligently in the engagement, including by making misrepresentations or omissions about the acquiring entity, and that they suffered financial harm as a result of the acquiror's subsequent bankruptcy. The litigation survived two motions to dismiss and discovery is proceeding.
- Societe Generale Private Banking Japan ("SGPJ") has acted as discretionary trustee for the Nagano Pension Fund ("NPF") since 2004. NPF entrusted funds with SGPBJ which were invested further to NPF's instructions in a limited partnership (the "LPS") managed by RB Investment & Consulting ("RBICO"). RBICO employed the funds to make private equity investments, the value of which subsequently declined. The Japanese Financial Supervisory Agency ("FSA") conducted an onsite inspection of SGPBJ from March until July 2013, and concluded that SGPBJ had committed a breach of its duty of care towards NPF. On October 16, 2012, the FSA announced administrative sanctions against SGPBJ, which included a three month suspension of business in the corporate trust division. NPF representatives have stated their intention to lodge a damage recovery claim against SGPBJ.
- On 10 December 2012, the *Conseil d'État* made a ruling on the lawfulness of *précompte,* a tax which has been abolished. The court held that this tax violated EC law and defined the conditions pursuant to which the amounts levied towards *précompte* should be restituted. The conditions for restitution defined by the *Conseil d'État* lead to a significant reduction of the amount of restitution. In 2005, two companies had assigned their rights to restitution to Societe Generale with a limited right of recourse against the assignors. The *Conseil d'État's* ruling concerns one of the two companies in question (Rhodia). Societe Generale will continue to defend its rights in the proceedings that are currently pending against the French tax administration.
- Societe Generale has engaged in discussions with the US Office of Foreign Assets Control in relation to US dollar transfers made by Societe Generale on behalf of entities based in countries that are the subject of economic sanctions ordered by the US authorities. In connection with these discussions, Societe Generale has begun an internal review and is cooperating with the US authorities.

ENVIRONMENTAL RISKS

See pages 151 to 195.

OTHER RISKS

The Group is aware of no other risk to be mentioned in this respect.

REGULATORY RATIOS

Information on liquidity (liquidity ratio and regulatory developments) is provided in the "Liquidity risks" section of this chapter.

BASEL 2 SOLVENCY RATIO(1)

The Basel Accord of June 2004 set the rules for calculating minimum capital requirements, with the aim of more accurately calculating the risks to which banks are exposed. These rules (known as Basel 2) have been applicable since January 1, 2008. The calculation of credit risk-weighted assets therefore takes into account operational risk profiles using two methods: a standardised method and advanced methods based on internal counterparty rating models. Societe Generale has used these advanced methods for credit risk (IRBA) and operational risk (AMA) since year-end 2007 (for more information on this subject, see respectively page 223 and 255).

With regard to market risk, Societe Generale also uses advanced methods (see page 237). To better incorporate the default risk and rating migration risk of assets in the trading book, and to reduce the procyclicality of Value at Risk (VaR), in July 2009 the Basel Committee published new proposals (known as Basel 2.5). These proposals were transposed into European law via the Capital Requirements Directive 3 (CRD 3) in July 2010 and have been in effect since December 31, 2011.

In accordance with Pillar 1 of Basel 2, minimum capital requirements are set at 8% of the sum of risk-weighted assets for credit risk and the capital requirement multiplied by 12.5 for market risk and operational risk. For risk-based capital, the deductions introduced by Basel 2 apply 50% to Tier 1 capital and 50% to Tier 2 capital.

Since June 30, 2012, and following on from the EBA's monitoring of European bank solvency ratios in the first half of 2012, the regulatory minimum imposed on the Group has applied to the Core Tier 1 ratio (calculated according to the methodology set out in the EBA's recommendation published on December 8, 2011), which must be above 9%.

As at December 31, 2012, the Group's overall Basel 2 solvency ratio was 12.7%, its Basel 2 Tier 1 ratio 12.5% and its Core Tier 1 ratio[2] 10.7%.

(1) For further details, see the section of Chapter 10, note 4, dedicated to capital management and compliance with regulatory ratios on page 321, and the section of Chapter 4 dedicated to the Group's financial structure and capital oversight on page 62.

(2) As from December 31, 2011, Core Tier 1 capital is defined as Basel 2 Tier 1 capital minus Tier 1-eligible hybrid capital.

RISK-BASED CAPITAL, RISK-WEIGHTED ASSETS AND BASEL 2 SOLVENCY RATIOS

(In millions of euros)	Dec 31, 2012	Dec 31, 2011
Shareholders' equity (IFRS)	**49,809**	**47,067**
Deeply subordinated notes	(5,270)	(5,297)
Perpetual subordinated notes	(1,607)	(930)
Shareholders' equity, net of deeply subordinated and perpetual subordinated notes	**42,932**	**40,840**
Non-controlling interests	3,513	3,443
Intangible assets	**(1,497)**	**(1,511)**
Goodwill	**(7,084)**	**(7,942)**
Proposed dividends and coupons payable	(509)	(184)
Other regulatory adjustments	(620)	(382)
Basel 2 deductions	(2,126)	(2,717)
Core Tier 1 capital	**34,609**	**31,548**
Deeply subordinated notes	5,470	5,496
US preference shares	420	420
Tier 1 capital	**40,499**	**37,464**
Upper Tier 2 capital	767	1,555
Lower Tier 2 capital	6,971	9,187
Basel 2 deductions	(2,126)	(2,717)
Insurance affiliates(1)	(4,804)	(4,062)
Total regulatory capital (Tier 1 + Tier 2)	**41,308**	**41,428**
Total risk-weighted assets	**324,092**	**349,275**
Credit risk	254,134	273,297
Market risk	28,637	32,536
Operational risk	41,321	43,442
Solvency ratios		
Core Tier 1 ratio	**10.7%**	**9.0%**
Tier 1 ratio	12.5%	10.7%
Total capital adequacy ratio	12.7%	11.9%

(1) Including EUR -3.3 billion for the value of investments in insurance subsidiaries and affiliates accounted for by the equity method; Societe Generale uses the option provided by the Financial Conglomerates Directive allowing the deduction of equity holdings in insurance companies accounted for by the equity method from total capital requirements.

Group shareholders' equity at December 31, 2012 totalled EUR 49.8 billion (compared to EUR 47.1 billion at December 31, 2011).

Core Tier 1 capital totalled EUR 34.6 billion, Basel 2 Tier 1 capital EUR 40.5 billion and risk-based capital EUR 41.3 billion.

BASEL 2 RISK-WEIGHTED ASSETS (INCLUDING BASEL 2.5 REQUIREMENTS) AT DECEMBER 31, 2012

(In billions of euros)	Credit	Market	Operational	Total
French Networks	86.2	0.1	2.9	**89.2**
International Retail Banking	68.2	0.0	3.7	**71.9**
Corporate & Investment Banking	50.0	26.2	23.5	**99.7**
Specialised Financial Services and Insurance	38.2	0.0	2.3	**40.5**
Global Investment Management and Services	9.9	0.4	4.4	**14.8**
Corporate Centre	1.6	1.9	4.5	**8.0**
Group	**254.1**	**28.6**	**41.3**	**324.1**

Risk-weighted assets (EUR 324.1 billion) by type of activity break down as follows:

- credit risk[1] accounted for 78.4% of risk-weighted assets at December 31, 2012, or EUR 254.1 billion (as compared to EUR 273.3 billion at December 31, 2011);
- market risk accounted for 8.8% of risk-weighted assets at December 31, 2012, or EUR 28.6 billion (as compared to EUR 32.5 billion at December 31, 2011);
- operational risk accounted for 12.7% of risk-weighted assets at December 31, 2012, or EUR 41.3 billion (as compared to EUR 43.4 billion at December 31, 2011).

Credit risk on derivatives essentially relates to instruments with maturities under five years (a detailed breakdown of these instruments is provided in Note 33 to the consolidated financial statements).

Moreover, as the Societe Generale Group has been classified as a financial conglomerate, it is subject to additional supervision by the French Prudential Supervisory Authority *(Autorité de Contrôle Prudentiel).*

RATIO OF LARGE EXPOSURES

The European Directive (CRD 2), transposed into French law in August 2010 and applicable as from December 31, 2010, amended the calculation of the ratio of large exposures (tougher interbank weighting rules, extended definition of affiliated customers, etc.). Each quarter, the Societe Generale Group checks that the total net risk incurred in respect of a given debtor does not exceed 25% of consolidated equity. Furthermore, in connection with the implementation of Basel 3, the new Capital Requirements Regulation could conceivably change the definition of capital used to calculate this limit.

REGULATORY CHANGES

Solvency ratio

In response to the Basel Accord of December 2010, the European CRD4 and CRR will give regulatory force to the Basel Committee's recommendations. The objective of this reform of the prudential framework is to reinforce the sector's financial stability through the following measures:

- the complete revision and harmonisation of the definition of capital, particularly with the amendment of the deduction rules, the definition of a standardised Core Tier 1 ratio, and new Tier 1 capital eligibility criteria for hybrid securities;
- new capital requirements for counterparty risk related to derivatives, to better incorporate the risk of CVAs (Credit Value Adjustments), and an incentive to clear derivatives through clearing houses;
- additional capital requirements, with the introduction of buffers to limit procyclicality: "capital conservation buffers" to limit the amounts that can be distributed (dividends, share buybacks, performance-linked pay, etc.) and "countercyclical buffers" to limit excessive growth in lending during periods of strong economic growth.

On July 19, 2011, the Basel Committee published the proposed rules for calculating the capital surcharge applicable to SIFIs (Systemically Important Financial Institutions). The G20 adopted these rules at the November 2011 summit. The additional capital requirement for SIFIs will be applied gradually starting from January 1, 2016, becoming fully effective on January 1, 2019.

(1) As well as counterparty, dilution and settlement-delivery risks.

10
FINANCIAL INFORMATION

Contents

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS

(In millions of euros)		December 31, 2012	December 31, 2011
Cash, due from central banks	Note 5	67,591	43,963
Financial assets at fair value through profit or loss	Note 6	484,026	422,494
Hedging derivatives	Note 7	15,934	12,611
Available-for-sale financial assets	Note 8	127,714	124,738
Due from banks	Note 9	77,204	86,440
Customers loans	Note 10	350,241	367,517
Lease financings	Note 12	28,745	29,325
Revaluation differences on portfolios hedged against interest rate risk		4,402	3,385
Held-to-maturity financial assets	Note 13	1,186	1,453
Tax assets	Note 14	5,909	5,230
Other assets	Note 15	53,705	55,728
Non-current assets held for sale	Note 16	9,410	429
Deferred profit-sharing	Note 35	-	2,235
Investments in subsidiaries and affiliates accounted for by the equity method		2,119	2,014
Tangible and intangible fixed assets	Note 17	17,190	16,837
Goodwill	Note 18	5,320	6,973
Total		**1,250,696**	**1,181,372**

LIABILITIES

(In millions of euros)		December 31, 2012	December 31, 2011
Due to central banks		2,398	971
Financial liabilities at fair value through profit or loss	Note 6	411,388	395,247
Hedging derivatives	Note 7	13,975	12,904
Due to banks	Note 19	122,049	111,274
Customer deposits	Note 20	337,230	340,172
Debt securities issued	Note 21	135,744	108,583
Revaluation differences on portfolios hedged against interest rate risk		6,508	4,113
Tax liabilities	Note 14	1,167	1,195
Other liabilities	Note 22	58,163	59,525
Non-current liabilities held for sale	Note 16	7,287	287
Underwriting reserves of insurance companies	Note 35	90,831	82,998
Provisions	Note 24	2,807	2,450
Subordinated debt	Note 27	7,052	10,541
Total liabilities		**1,196,599**	**1,130,260**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Issued common stocks, equity instruments and capital reserves		26,196	25,081
Retained earnings		22,458	20,616
Net income		774	2,385
Sub-total		**49,428**	**48,082**
Unrealised or deferred capital gains and losses	Note 29	381	(1,015)
Sub-total equity, Group share		**49,809**	**47,067**
Non-controlling interests		4,288	4,045
Total equity		**54,097**	**51,112**
Total		**1,250,696**	**1,181,372**

Consolidated income statement

(In millions of euros)		2012	2011
Interest and similar income	Note 36	29,904	32,389
Interest and similar expense	Note 36	(18,592)	(20,182)
Dividend income		314	420
Fee income	Note 37	9,515	9,898
Fee expense	Note 37	(2,538)	(2,719)
Net gains and losses on financial transactions		3,201	4,432
o/w net gains and losses on financial instruments at fair value through profit or loss	Note 38	*2,566*	*4,434*
o/w net gains and losses on available-for-sale financial assets	Note 39	*635*	*(2)*
Income from other activities	Note 40	38,820	*23,675*
Expenses from other activities	Note 40	(37,514)	(22,277)
Net banking income		**23,110**	**25,636**
Personnel expenses	Note 41	(9,513)	(9,666)
Other operating expenses		(6,000)	(6,449)
Amortisation, depreciation and impairment of tangible and intangible fixed assets		(925)	(921)
Gross operating income		**6,672**	**8,600**
Cost of risk	Note 43	(3,935)	(4,330)
Operating income		**2,737**	**4,270**
Net income from companies accounted for by the equity method		154	94
Net income/expense from other assets		(507)	12
Impairment losses on goodwill	Note 18	(842)	(265)
Earnings before tax		**1,542**	**4,111**
Income tax	Note 44	(334)	(1,323)
Consolidated net income		**1,208**	**2,788**
Non-controlling interests		434	403
Net income, Group share		**774**	**2,385**
Earnings per ordinary share	Note 45	**0.64**	**3.20**
Diluted earnings per ordinary share	Note 45	**0.64**	**3.18**

Statement of net income and unrealised or deferred gains and losses

(In millions of euros)		2012	2011
Consolidated net income		**1,208**	**2,788**
Translation differences		38	(14)
Revaluation of available-for-sale financial assets		2,143	(722)
Revaluation of cash flow hedge derivatives		(31)	(52)
Unrealised gains and losses accounted for by the equity method		2	(6)
Tax		(611)	280
Total unrealised gains and losses	Note 29	**1,541**	**(514)**
Net income and unrealised gains and losses		**2,749**	**2,274**
O/w Group share		2,170	1,926
O/w non-controlling interests		579	348

Changes in shareholders' equity

	Capital and associated reserves						
(In millions of euros)	Issued common stocks	Issuing premium and capital reserves	Elimination of treasury stock	Other equity instruments (See Note 28)	Total	Retained earnings	Net income, Group Share
Shareholders' equity as at January 1, 2011	**933**	**17,974**	**(1,335)**	**7,382**	**24,954**	**22,023**	**-**
Increase in common stock	37	1,067	-	-	1,104	-	-
Elimination of treasury stock*	-	-	70	-	70	(119)	-
Issuance of equity instruments	-	-	-	(1,209)	(1,209)	433	-
Equity component of share-based payment plans	-	162	-	-	162	-	-
2011 Dividends paid*	-	-	-	-	-	(1,754)	-
Effect of acquisitions and disposals on non-controlling interests	-	-	-	-	-	36	-
Sub-total of changes linked to relations with shareholders	***37***	***1,229***	***70***	***(1,209)***	***127***	***(1,404)***	-
Change in value of financial instruments having an impact on equity	-	-	-	-	-	-	-
Change in value of financial instruments recognised in income	-	-	-	-	-	-	-
Tax impact of change in value on financial instruments having an impact on equity or recognised in income	-	-	-	-	-	-	-
Translation differences and other changes	-	-	-	-	-	(3)	-
2011 Net income for the period	-	-	-	-	-	-	2,385
Sub-total	**-**	**-**	**-**	**-**	**-**	***(3)***	***2,385***
Change in equity of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	-
Shareholders' equity as at December 31, 2011	**970**	**19,203**	**(1,265)**	**6,173**	**25,081**	**20,616**	**2,385**
Appropriation of net income	-	-	-	-	-	2,385	(2,385)
Shareholders' equity as at January 1, 2012	**970**	**19,203**	**(1,265)**	**6,173**	**25,081**	**23,001**	**-**
Increase in common stock (See Note 28)	5	75	-	-	80	-	-
Elimination of treasury stock (1)	-	-	294	-	294	(181)	-
Issuance of equity instruments (See Note 28)	-	-	-	608	608	142	-
Equity component of share-based payment plans (2)	-	133	-	-	133	-	-
2012 Dividends paid (See Note 28)	-	-	-	-	-	(441)	-
Effect of acquisitions and disposals on non-controlling interests (3) (4)	-	-	-	-	-	(44)	-
Sub-total of changes linked to relations with shareholders	***5***	***208***	***294***	***608***	***1,115***	***(524)***	**-**
Change in value of financial instruments having an impact on equity (See Note 29)	-	-	-	-	-	-	-
Change in value of financial instruments recognised in income (See Note 29)	-	-	-	-	-	-	-
Tax impact of change in value on financial instruments having an impact on equity or recognised in income (See Note 29)	-	-	-	-	-	-	-
Translation differences and other changes (5)	-	-	-	-	**-**	(19)	-
2012 Net income for the period	-	-	-	-	-	-	774
Sub-total	**-**	**-**	**-**	**-**	**-**	***(19)***	***774***
Change in equity of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	-
Shareholders' equity as at December 31, 2012	**975**	**19,411**	**(971)**	**6,781**	**26,196**	**22,458**	**774**

* Dividends relating to Treasury shares, previously recorded in Elimination of tresury stock, are now recorded in dividends paid.

Unrealised or deferred gains and losses						Non-controlling interests				
Translation reserves	Change in fair value of assets available-for-sale	Change in fair value of hedging derivatives	Tax impact	Total	Shareholders' equity, Group share	Capital and Reserves	Preferred shares issued by subsidiaries (See Note 28)	Unrealised or deferred gains and losses	Total	Total consolidated shareholders' equity
(357)	**(540)**	**136**	**205**	**(556)**	**46,421**	**3,496**	**962**	**96**	**4,554**	**50,975**
-	-	-	-	-	1,104	-	-	-	-	1,104
-	-	-	-	-	(49)	-	-	-	-	(49)
-	-	-	-	-	(776)	-	(312)	-	(312)	(1,088)
-	-	-	-	-	162	-	-	-	-	162
-	-	-	-	-	(1,754)	(306)	-	-	(306)	(2,060)
-	-	-	-	-	36	(6)	(230)	-	(236)	(200)
-	***-***	***-***	***-***	-	***(1,277)***	***(312)***	***(542)***	***-***	***(854)***	***(2,131)***
-	(1,133)	(46)	-	(1,179)	(1,179)	-	-	(32)	(32)	(1,211)
-	412	(1)	-	411	411	-	-	26	26	437
-	-	-	277	277	277	-	-	2	2	279
37	-	-	-	37	34	(3)	-	(51)	(54)	(20)
-	-	-	-	-	2,385	403	-	-	403	2,788
37	***(721)***	***(47)***	***277***	***(454)***	***1,928***	***400***	-	***(55)***	***345***	***2,273***
-	(7)	1	1	(5)	(5)	-	-	-	-	(5)
(320)	**(1,268)**	**90**	**483**	**(1,015)**	**47,067**	**3,584**	**420**	**41**	**4,045**	**51,112**
-	-	-	-	-	-	-	-	-	-	-
(320)	**(1,268)**	**90**	**483**	**(1,015)**	**47,067**	**3,584**	**420**	**41**	**4,045**	**51,112**
-	-	-	-	-	80	-	-	-	-	80
-	-	-	-	-	113	-	-	-	-	113
-	-	-	-	-	750	-	-	-	-	750
-	-	-	-	-	133	-	-	-	-	133
-	-	-	-	-	(441)	(225)	-	-	(225)	(666)
-	-	-	-	-	(44)	(106)	-	-	(106)	(150)
-	***-***	***-***	***-***	***-***	***591***	***(331)***	***-***	***-***	***(331)***	***260***
-	2,420	(31)	-	2,389	2,389	-	-	183	183	2,572
-	(448)	-	-	(448)	(448)	-	-	(12)	(12)	(460)
-	-	-	(574)	(574)	(574)	-	-	(36)	(36)	(610)
28	-	-	-	28	9	(5)	-	10	5	14
-	-	-	-	-	774	434	-	-	434	1,208
28	***1,972***	***(31)***	***(574)***	***1,395***	***2,150***	***429***	***-***	***145***	***574***	***2,724***
-	4	(2)	(1)	1	1	-	-	-	-	1
(292)	**708**	**57**	**(92)**	**381**	**49,809**	**3,682**	**420**	**186**	**4,288**	**54,097**

(1) As at December 31, 2012, the Group held 33,200,126 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 4.25% of the capital of Societe Generale S.A.

The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 971 million, including EUR 171 million in shares held for trading purposes and EUR 9 million in respect of the liquidity contract.

On August 22, 2011, the Group implemented a EUR 170 million liquidity contract in response to market volatility of its stock price.

As at December 31, 2012, this liquidity contract contained 335,000 shares valued at EUR 180 million.

The change in treasury stock over 2012 breaks down as follows:

(In millions of euros)	Liquidity contract	Transaction-related activities	Treasury stock and active management of Shareholders' equity	Total
Disposals net of purchases	12	(66)	348	294
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	3	17	(201)	(181)

(2) Share-based payments settled in equity instruments in 2012 amounted to EUR 133 million: EUR 20 million for the stock-option plans and EUR 113 million for the allocation of free shares.

(3) Impact on the shareholders' equity, Group share, regarding transactions related to non-controlling interests:

Cancellation of gains on disposals	(4)
Buybacks of non-controlling interests not subject to any put options	(20)
Transactions and variations in value on put options granted to non-controlling shareholders	(23)
Net income attributable to the non-controlling interests of shareholders holding a put option on their Group shares allocated to consolidated reserves	3
Total	**(44)**

(4) EUR -106 million changes recorded under non-controlling interest reserves notably relate to negative effect of the variations in scope mainly related to the sale of Societe Alsacienne de Valeurs d'Entreprises et de Participations (EUR -62 million) and the acquisition of 17.57% of non controlling interests related to Banque Tarnaud by Credit du Nord (EUR -40 million).

(5) First implementation of hyperinflationist accounting by Belrosbank, Bielorussian subsidiary of Rosbank, generates a negative impact amounting to EUR -23 million out of which EUR -19 million recorded in retained earnings Group's share and EUR -4 million in capital and reserves of non-controlling interests.

Cash flow statement

(In millions of euros)	December 31, 2012	December 31, 2011
Net cash inflow (outflow) related to operating activities		
Net income (I)	**1,208**	**2,788**
Amortisation expense on tangible fixed assets and intangible assets	3,262	3,131
Depreciation and net allocation to provisions	4,612	4,163
Net income/loss from companies accounted for by the equity method	(154)	(94)
Deferred taxes	(794)	353
Net income from the sale of long-term available-for-sale assets and subsidiaries	457	(190)
Change in deferred income	91	122
Change in prepaid expenses	48	80
Change in accrued income	138	(632)
Change in accrued expenses	330	1,182
Other changes	3,382	2,410
Non-monetary items included in net income and others adjustments not including income on financial instruments at fair value through Profit or Loss (II)	**11,372**	**10,525**
Income on financial instruments at fair value through Profit or Loss [(1)] (III)	**(2,566)**	**(4,434)**
Interbank transactions	21,374	17,766
Customers transactions	7,623	2,012
Transactions related to other financial assets and liabilities	(6,432)	12,342
Transactions related to other non financial assets and liabilities	(2,762)	(3,071)
Net increase/decrease in cash related to operating assets and liabilities (IV)	**19,803**	**29,049**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III) + (IV)	**29,817**	**37,928**
Net cash inflow (outflow) related to investment activities		
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	1,025	1,936
Tangible and intangible fixed assets	(4,026)	(3,915)
Net cash inflow (outflow) related to investment activities (B)	**(3,001)**	**(1,979)**
Net cash inflow (outflow) related to financing activities		
Cash flow from/to shareholders	277	(2,093)
Other net cash flows arising from financing activities	(3,354)	(1,881)
Net cash inflow (outflow) related to financing activities (C)	**(3,077)**	**(3,974)**
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C)	**23,739**	**31,975**
Cash and cash equivalents		
Cash and cash equivalents at the start of the year		
Net balance of cash accounts and accounts with central banks	42,992	11,303
Net balance of accounts, demand deposits and loans with banks	7,620	7,334
Cash and cash equivalents at the end of the year		
Net balance of cash accounts and accounts with central banks	65,888	42,992
Net balance of accounts, demand deposits and loans with banks	8,463	7,620
Net inflow (outflow) in cash and cash equivalents	**23,739**	**31,975**

(1) Income on financial instruments at fair value through Profit or Loss includes realised and unrealised income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on February 12, 2013.

Note 1

SIGNIFICANT ACCOUNTING PRINCIPLES

INTRODUCTION

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, the Societe Generale Group ("the Group") prepared its consolidated financial statements for the year ended December 31, 2012 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date (these standards are available on the European Commission website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

The standards comprise IFRS 1 to 8 and International Accounting Standards (IAS) 1 to 41, as well as the interpretations of these standards adopted by the European Union as at December 31, 2012.

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 1ST, 2012

Accounting standards, amendments or Interpretations	Publication dates by IASB	Adoption dates by European Union
Amendment to IFRS 7 "Disclosures - Transfers of Financial Assets"	October 7, 2010	November 22, 2011

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

• Amendment to IFRS 7 "Disclosures – Transfers of Financial Assets"

This amendment requires new disclosures related to risk exposures arising from transfers of financial assets for which the transferor retains residual exposure. These additional disclosures will be presented in Note 32 "Transferred financial assets".

The main valuation and presentation rules used in drawing up the consolidated financial statements are disclosed below. These accounting methods and principles were applied consistently in 2011 and 2012.

USE OF ESTIMATES

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

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

The use of estimates mainly concerns the following valuations:

- fair value in the balance sheet of financial instruments not quoted in an active market which are classified as *Financial assets and liabilities at fair value through profit or loss, Hedging derivatives* or *available-for-sale financial assets* (described in paragraph 2 and Note 3) and fair value of unlisted instruments for which this information must be disclosed in the notes to the financial statements;
- the amount of impairment of financial assets (*Loans and receivables, available-for-sale financial assets, held-to-maturity financial assets*), lease financing and similar agreements, tangible or intangible fixed assets and goodwill (described in paragraph 2 and Notes 4, 18 and 24);
- provisions recognised under liabilities, including provisions for employee benefits or underwriting reserves of insurance companies as well as the deferred profit-sharing on the asset side of the balance sheet (described in paragraph 2 and Notes 23, 24, 26 and 35);
- the amount of deferred tax assets recognised in the balance sheet (described in paragraph 2 and Note 14);
- initial value of goodwill determined for each business combination (described in paragraph 1 and Notes 2 and 18);
- in the event of the loss of control of a consolidated subsidiary, the fair value that is used to remeasure the portion retained by the Group in this entity, where applicable (described in paragraph 1).

1. CONSOLIDATION PRINCIPLES

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

CONSOLIDATION METHODS

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

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

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

The following consolidation methods are used:

• Full consolidation

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

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

• Proportionate consolidation

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

Joint control exists when control over a subsidiary run jointly by a limited number of partners or shareholders is shared in such a way that the financial and operating policies of 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 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 said subsidiary. In particular, significant influence can result from Societe Generale being represented on the Board of Directors or supervisory board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Societe Generale. The Group is assumed to exercise significant influence over the financial and operating policies of a subsidiary when it directly or indirectly holds at least 20% of the voting rights in this subsidiary.

SPECIFIC TREATMENT OF SPECIAL PURPOSE VEHICLES (SPV)

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

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

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

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

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

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

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

TREATMENT OF ACQUISITIONS AND GOODWILL

The Group uses the acquisition method to recognise its business combinations. The acquisition cost is calculated as the total fair value, at the date of acquisition, of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired entity. The costs directly linked to business combinations are recognised in the income statement for the period.

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is only potential. It is recognised under equity or debt in the balance sheet depending on the settlement alternatives; any subsequent adjustments are recorded under income for financial liabilities in accordance with IAS 39 and within the scope of the appropriate standards for other debts. For equity instruments, these subsequent adjustments are not recognised.

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

Any excess of the price paid over the assessed fair value of the proportion of net assets acquired is recorded on the asset side of the consolidated balance sheet under *Goodwill.* Any deficit is immediately recognised in the income statement. *Non-controlling interests* are valued according to their share of the fair value of the identifiable assets and liabilities of the acquired entity. However, for each business combination, the Group may also choose to measure *non-controlling interests* initially at their fair value, in which case a fraction of goodwill is allocated.

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

On the date of acquisition of an entity, any stake in this entity already held by the Group is remeasured at fair value through profit or loss. In the case of a step acquisition, goodwill is therefore determined by referring to the fair value on the acquisition date.

In the event of an increase in Group stakes in entities over which it already exercises control: the difference between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired at this date is recorded under the Group's *Consolidated reserves*; also, in the event of a reduction in the Group's stake in an entity over which it keeps control, the difference between the sale price and the recoverable amount of share interests sold is accounted under *Retained earnings, Group share.* The cost relative to these transactions is recognised directly in equity. At the date when the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is then remeasured at fair value through profit or loss, at the same time as the capital gain or loss is recorded under *Net income/expense from other assets* in the consolidated income statement.

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

If the recoverable amount of the cash-generating unit(s) is less than its(their) carrying amount, an irreversible impairment is recorded in the consolidated income statement for the period under *Impairment losses on goodwill.*

Goodwill for companies that are accounted for under the equity method are recorded under *Investments in subsidiaries and affiliates accounted for by the equity method* in the consolidated balance sheet and impairment of these investments are recorded under *Net income from companies accounted by the equity method.* Realised capital gains and losses on sale of these companies that are accounted for under the equity method are recognised under *Net income from other assets.*

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 buyout commitments are put option sales. The exercise price for these options can be based on a formula agreed upon at the time of the acquisition of the shares of the subsidiary that takes into account its future performance or can be set as the fair value of these shares at the exercise date of the options.

The commitments are recorded as follows:

- in accordance with IAS 32, the Group recorded a financial liability for the put options granted to minority shareholders of the subsidiaries over which it exercises control. This liability was initially recognised at the present value of the estimated exercise price of the put options under *Other liabilities;*
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as that applied to transactions in *non-controlling interests*. As a result, the counterpart of this liability is a write-down in value of *non-controlling interests* underlying the options, with any balance deducted from the *Group's Consolidated reserves;*
- subsequent variations in this liability linked to changes in the estimated exercise price of the options and the carrying value of *non-controlling interests* are recorded in full in the *Group's Consolidated reserves;*
- if the stake is bought, the liability is settled by the cash payment linked to the acquisition of *non-controlling interests* in the subsidiary in question. However if, when the commitment reaches its term, the purchase has not occurred, the liability is written off against *non-controlling interests* and the *Group's Consolidated reserves;*
- as long as the options have not been exercised, the results linked to *non-controlling interests* with a put option are recorded under *non-controlling interests* on the *Group's* consolidated income statement.

These accounting principles may be revised over the coming years in line with any amendments proposed by the IFRS Interpretations Committee (formerly IFRIC) or the IASB.

SEGMENT REPORTING

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

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

The Group is organised into five core business lines:

- French Networks, which include the domestic networks Societe Generale, Crédit du Nord and Boursorama;
- International Retail Banking, which covers retail banking activities abroad;
- Specialised Financial Services and Insurance, which comprises the Specialised Financing subsidiaries serving businesses (equipment and vendor finance, operational vehicle leasing and fleet management), and individuals (consumer finance) as well as the life and non-life insurance;
- Global Investment Management and Services. The Securities Services division includes the Group's brokerage arm, operated by Newedge, together with the securities and employee savings business;

- Corporate and Investment Banking, consisting of:
  - "Global Markets", which encompasses all market activities: "Equities" and "Fixed Income, Currencies & Commodities",
  - "Financing & Advisory", which covers all strategy, capital raising and structured financing advisory services,
  - "Legacy Assets", which manages financial assets that have become illiquid in the wake of the financial crisis.

These operating divisions are complemented by the Corporate Centre, which acts as the Group's central funding department for the divisions. As such, it recognises the financing cost of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income and expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

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

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

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A fixed asset or group of assets and liabilities is deemed to be "held for sale" if its carrying value will primarily be recovered via a sale and not through its continuing use. For this classification to apply, the asset or a group of assets and liabilities must then be immediately available-for-sale in its present condition and it must be highly probable that the sale will occur within twelve months.

For this to be the case, the Group must be committed to a plan to sell the asset (or disposal group of assets and liabilities) and an active programme to locate a buyer must have been initiated; furthermore an asset or a group of assets and liabilities must be marketed for sale at a price that is reasonable in relation to its current fair value.

Assets and liabilities falling under this category are reclassified as *Non-current assets held for sale* and *Non-current liabilities held for sale,* with no netting.

Any negative differences between the fair value less selling costs of non-current assets and groups of assets held for sale and their net carrying value is recognised as impairment in profit or loss. Moreover, *Non-current assets held for sale* are no longer depreciated.

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

2. ACCOUNTING POLICIES AND VALUATION METHODS

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the entity's functional currency at the prevailing spot exchange rate. Realised or unrealised foreign exchange losses or gains are recognised in the income statement.

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

Non-monetary financial assets denominated in foreign currencies, including shares and other variable-income securities that are not part of the trading portfolio, are converted into the entity's functional currency at the exchange rate applying at the end of the period. Currency differences arising on these financial assets are recorded 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 while booking the impact of exchange rate fluctuations to income subject to a fair value hedge relationship existing between the two financial instruments.

DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

FINANCIAL ASSETS AND LIABILITIES

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

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

• Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, held for trading purposes or intended for sale from the time they are originated or contributed. Loans and receivables are recognised in the balance sheet under *Due from banks* or *Customer loans* depending on the type of counterparty. Thereafter, they are valued at amortised cost using the effective interest rate method and impairment may be recorded if appropriate.

• Financial assets and liabilities at fair value through profit or loss

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

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

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

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

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

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

• Held-to-maturity financial assets

These are non-derivative financial assets with fixed or determinable payments and a fixed maturity, that are quoted in an active market and which the Group has the intention and ability to hold to maturity. They are measured after acquisition at their amortised cost and may be subject to impairment as appropriate. The amortised cost includes premiums and discounts as well as transaction costs. These assets are recognised in the balance sheet under *held-to-maturity financial assets*.

• Available-for-sale financial assets

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

SECURITIES LENDING AND BORROWING

Securities involved in a repurchase agreement or securities lending transaction are held in their original position on the asset side of the Group's balance sheet. For repurchase agreements, the obligation to return the amounts deposited is recorded under *Liabilities* on the liabilities side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial liabilities at fair value through profit or loss*.

Securities involved in a reverse repurchase agreement or securities borrowing transaction are not recorded in the Group's balance sheet. However, in the event the borrowed securities are subsequently sold, a debt representing the return of these securities to their lender is recorded on the liabilities side of the Group's balance sheet, under *Financial liabilities at fair value through profit or loss*. For securities received under a reverse repurchase agreement, the right to recover the amounts delivered by the Group is recorded under *Loans and receivables* on the asset side of the balance sheet, with the exception of transactions initiated under *trading* activities, which are recorded under *Financial assets at fair value through profit or loss*.

Securities lending and securities borrowing transactions that are fully matched by cash are assimilated to repurchase and reverse repurchase agreements and are recorded and recognised as such in the balance sheet.

RECLASSIFICATION OF FINANCIAL ASSETS

After their initial recognition, financial assets may not be later reclassified as *Financial assets at fair value through profit or loss.*

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

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

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

A financial asset initially recognised under *available-for-sale financial assets* may be reclassified in *held-to-maturity financial assets,* provided that the eligibility criteria for this category are met. Furthermore, if a financial asset with fixed or determinable payments initially recognised under *available-for-sale financial assets* can subsequently no longer be quoted in an active market and if the Group has the intention and ability to hold it for the foreseeable future or until maturity, then this financial asset may be reclassified in *Loans and receivables* provided that the eligibility criteria for this category are met.

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

DEBTS

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

• 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 at the effective interest rate is recorded as *Related payables* and as an expense in the income statement.

• Debt securities issued

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

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

SUBORDINATED DEBT

This item includes all dated or undated borrowings, whether or not in the form of debt securities, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid. Interest accrued and payable in respect of long-term subordinated debt, if any, is recorded 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, recognises 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 an amount equal to 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 recorded in the balance sheet under *Financial assets or liabilities at fair value through profit or loss.* Changes in fair value are recorded in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss.*

Changes in the fair value of financial derivatives involving counterparties which subsequently went into default are recorded under *Net gains and losses on financial instruments at fair value through profit or loss* until the termination date of these instruments. At this termination date, receivables and debts on these counterparties are recognised at fair value in the balance sheet. Any further impairment on these receivables is recognised under *Cost of risk* in the income statement.

• Derivative hedging instruments

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

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

Fair value hedge

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

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

Cash flow hedge

In a cash flow hedge (including hedges of highly probable forecast transactions), 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 recorded in the income statement under *Interest income and expense – Hedging derivatives* at the same time as the interest income or expense related to the hedged item.

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

Hedging of a net investment in a foreign operation

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

Macro-fair value hedge

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

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

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

Embedded derivatives

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

IMPAIRMENT OF FINANCIAL ASSETS

• Financial assets measured at amortised cost

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

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

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

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

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

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

- receivables on counterparties which have encountered financial difficulties since these receivables were initially recognised, without any objective evidence of impairment having yet been identified at the individual level (sensitive receivables) or;
- receivables on counterparties linked to economic sectors considered as being in crisis further to the occurrence of loss events or;
- receivables on geographical sectors or countries on which a deterioration of credit risk has been assessed.

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

• Available-for-sale financial assets

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

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

For unlisted equity instruments, the criteria used to assess the evidence of impairment are identical to those mentioned above; the value of these instruments at the balance sheet date is determined using the valuation methods described in Note 3.

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

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in shareholders' equity under *Gains and losses recognised directly in equity* and subsequent objective evidence of impairment emerges, the Group recognises the total accumulated unrealised loss previously recorded in shareholders' equity in the income statement under *Cost of risk* for debt instruments and under *Net gains and losses on available-for-sale financial assets* for equity securities.

This cumulative loss is measured as the difference between the acquisition cost (net of any repayments of principal and amortisation) and the present fair value, less any impairment of the financial asset that has already been recorded 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 recorded as an additional impairment loss. For debt instruments, however, an impairment loss is reversed through profit or loss if they subsequently recover in value.

LEASE FINANCING AND SIMILAR AGREEMENTS

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

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

Interest included in the lease payments is recorded 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 recognised as a loss under *Expenses from other activities* in the income statement and as a reduction of lease finance receivables on the asset side of the balance sheet.

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

TANGIBLE AND INTANGIBLE FIXED ASSETS

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

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

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

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

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

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

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

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

Realised capital gains and losses on operating fixed assets are recognised under *Net income from other assets*, while profits or losses on investment real estate are recognised 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 recorded where, by virtue of a commitment to a third-party, the Group will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange.

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

The provisions are presented in the Note 24. Information on the nature and the amount of the risks is not disclosed when the Group estimates that such disclosure could prejudice seriously its position in a dispute with other parties on the subject matter of the provision.

COMMITMENTS UNDER "CONTRATS EPARGNE-LOGEMENT" (MORTGAGE SAVINGS AGREEMENTS)

Comptes d'épargne-logement (CEL or mortgage savings accounts) and *plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of July 10, 1965. These products 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 measured at amortised cost.

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

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

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

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

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

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

LOAN COMMITMENTS

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

FINANCIAL GUARANTEES GIVEN

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

LIABILITIES/SHAREHOLDERS' EQUITY DISTINCTION

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

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

However, perpetual subordinated notes (TSDI) issued by the Group and that include some discretionary features governing the payment of interest are classified as equity.

These notes issued by Societe Generale are recorded under *Equity instruments and associated reserves.*

• Preferred shares

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

Preferred shares issued by Group subsidiaries are recognised under *non-controlling interests.* Remuneration paid to preferred shareholders is recorded under *non-controlling interests* in the income statement.

- **Deeply subordinated notes**

Given the discretionary nature of the decision to pay interest in order to remunerate the deeply subordinated notes issued by the Group, these notes have been classified as equity.

These notes issued by Societe Generale are recognised under *Equity instruments and associated reserves.*

NON-CONTROLLING INTERESTS

Non-controlling interests refer to the equity holding in fully consolidated subsidiaries that are neither directly nor indirectly attributable to the Group. They include equity instruments issued by these subsidiaries and not held by the Group.

TREASURY SHARES

Societe Generale shares held by the Group are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is eliminated from the consolidated income statement.

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

Other financial derivatives having Societe Generale shares as their underlying instrument are recorded in 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 recognised in 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 used to discount future cash inflows and outflows over the expected life of the instrument in order to establish the book value of the financial asset or liability. The calculation of this rate considers the future cash flows based on the contractual provisions of the financial instrument without taking account of possible future loan losses and also includes commissions paid or received between the parties where these may be assimilated to interest, transaction costs and all types of premiums and discounts.

When a financial asset or group of similar financial assets has been impaired following an impairment of value, subsequent interest income is recorded 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 recognised 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 ongoing services, such as some payment services, custody fees, or web-service subscriptions are recognised as income over the lifetime of the service. Fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties following payment incidents are recognised as income when the service is provided under *Fee services.*

In syndication deals, the effective interest rate for the share of the issue retained on the Group's balance sheet is comparable to that applying to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees is recorded in the income statement at the end of the syndication period. Arrangement fees are recorded as income when the placement is legally complete. These fees are recognised in the income statement under *Fee income from Primary market transactions.*

PERSONNEL EXPENSES

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

EMPLOYEE BENEFITS

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

- post-employment benefits, such as pension plans or retirement benefits;

- long-term benefits such as deferred variable remunerations, long service awards or the *Compte Epargne Temps* (CET) flexible working provisions;
- termination benefits.

• Post-employment benefits

Pension plans may be defined contribution or defined benefit plans.

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

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

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

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

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

- 10% of the present value of the defined benefit obligation;
- 10% of the fair value of the assets at the end of the previous financial year.

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

An annual charge is recorded 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 recognised immediately as 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 recognised as *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 recognised by the Group as an expense for the year under *Personnel expenses – Employee profit-sharing and incentives.* This benefit is measured as the difference between the fair value of each security acquired and the acquisition price paid by the employee, multiplied by the number of shares purchased. The fair value of the acquired securities is measured taking account of the associated legal obligatory holding period using market parameters (notably the borrowing rate) applicable to market participants who benefit from these non-transferable shares to estimate the free disposal ability.

• Other share-based payments

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

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, or for the beneficiaries to exercise their options.

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

For equity-settled share-based payments (free shares, stock purchase or subscription options), the fair value of these instruments, measured at the vesting date, is spread over the vesting period and recorded under *Equity instruments and associated reserves* under shareholders' equity. At each accounting date, the number of these instruments is revised in order to take into account performance and service conditions and adjust the overall cost of the plan as originally determined. Expenses recognised under *Personnel expenses* from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments (stock-options granted by unlisted companies or compensation indexed on Societe Generale shares), the fair value of the amounts payable is recorded under *Personnel expenses* as an expense over the vesting period against a corresponding liabilities entry recognised in the balance sheet under *Other liabilities – Accrued social charges.* This payables item is then remeasured at fair value against income until settled. For hedging derivatives, the effective portion of the change in their fair value is recorded in profit or loss.

COST OF RISK

Cost of risk includes allocations, net of reversals, to provisions and to impairments for credit risk, the amount of the loan considered uncollectible and the amount of recoveries on loans written off, as well as allocations and reversals of provisions for other risks.

INCOME TAX

• Current taxes

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

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

• Deferred tax

Deferred taxes are recognised whenever the Group identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured in each consolidated taxable entity and in accordance with the rules established by the local taxation authorities, upon which their income taxes are payable. This amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value. Deferred tax assets can result from deductible temporary differences or from tax loss carry forwards. These deferred tax assets are recorded only if it is probable that the entity concerned is likely to be able to apply them within a set time. These temporary differences or tax loss carry forwards can also be used against future taxable profit. Tax loss carry forwards are subject to an annual review taking into account the tax system applicable to the relevant entities and a realistic projection of their tax income or expense, based on their business development outlook: any previously unrecognised deferred tax assets are recorded in the balance sheet to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered; however, the carrying value of deferred tax assets already recognised in the balance sheet is reduced where a risk of total or partial non-recovery occurs.

Current and deferred taxes are recognised in the consolidated income statement under *Income tax.* But the deferred taxes related to gains and losses recorded under *Gains and losses recognised directly in equity* are also recognised under the same heading in shareholders' equity.

INSURANCE ACTIVITIES

• Financial assets and liabilities

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

• Underwriting reserves of insurance companies

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

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

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

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

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

Under the principles defined in IFRS 4, and in compliance with local regulations applicable with respect thereto, life insurance policies with discretionary profit-sharing features are subject to "mirror accounting", whereby any changes in the value of financial assets liable to affect policyholders are recorded in *Deferred profit-sharing*. This reserve is calculated to reflect the potential rights of policyholders to unrealised gains on financial instruments measured at fair value or their potential share of unrealised losses.

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

- the first consists in simulating deterministic ("standardised" or extreme) stress scenarios. This is used to show that in these scenarios no significant losses would be realised on the assets existing at the balance sheet date for the scenarios tested.
- the aim of the second approach is to ensure that in the long or medium term, the sale of assets to meet liquidity needs would not generate any significant losses. The approach is verified for projections based on extreme scenarios.
- a liability adequacy test is also carried out semi-annually using a stochastic model based on parameter assumptions consistent with those used for the MCEV (Market Consistent Embedded Value). This test takes into account all of the future cash flows from policies, including management charges, fees and policy options and guarantees.

3. PRESENTATION OF FINANCIAL STATEMENTS

CNC RECOMMENDED FORMAT FOR BANKS' SUMMARY FINANCIAL STATEMENTS

As the IFRS accounting framework does not specify a standard model, the format used for the financial statements is consistent with the format proposed by the French National Accounting Standards Board, the CNC, under Recommendation 2009-R-04 of July 2, 2009.

RULE ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

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

In this respect, the Group recognises more particularly, in its balance sheet, for their net amount the fair value of options on indexes traded on organised markets and whose underlying are securities within a single legal entity, provided these options meet the following criteria:

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

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

- the counterparty to the agreements is the same legal entity;
- they have the same firm maturity date from the start of the transaction;
- they are covered by a framework agreement that grants permanent entitlement, enforceable against third parties, to offset amounts for same-day settlement;
- they are settled through a clearing system that guarantees delivery of securities against payment of the corresponding cash sums.

CASH AND CASH EQUIVALENTS

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

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, excluding treasury shares. The net profit attributable to ordinary shareholders takes account of dividend rights of preferred shareholders such as holders of preferred shares, subordinated securities or deeply subordinated securities classified in equity. Diluted earnings per share take into account the potential dilution of shareholders' interests in the event dilutive instruments (stock options or free share plans) are converted into ordinary shares. This dilutive effect is determined using the share buyback method.

4. ACCOUNTING STANDARDS AND INTERPRETATIONS TO BE APPLIED BY THE GROUP IN THE FUTURE

Not all of the accounting standards published by the IASB had been adopted by the European Union at December 31, 2012. These accounting standards and interpretations are required to be applied from annual periods beginning on July 1, 2012 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Group as of December 31, 2012.

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
Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"	June 5, 2012	July 1, 2012
Amendments to IAS 19 "Employee Benefits"	June 5, 2012	January 1, 2013
IFRS 13 "Fair Value Measurement"	December 11, 2012	January 1, 2013
IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"	December 11, 2012	January 1, 2013
Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	December 11, 2012	January 1, 2013
Amendments to IFRS 7 "Disclosures - Offsetting Financial Assets and Financial Liabilities"	December 13, 2012	January 1, 2013
Amendments to IAS 32 "Presentation - Offsetting Financial Assets and Financial Liabilities"	December 13, 2012	January 1, 2014
IFRS 10 "Consolidated Financial Statements"	December 11, 2012	January 1, 2014
IFRS 11 "Joint Arrangements"	December 11, 2012	January 1, 2014
IFRS 12 "Disclosure of Interests in Other Entities"	December 11, 2012	January 1, 2014
Amendments to IAS 27 "Separate Financial Statements"	December 11, 2012	January 1, 2014
Amendments to IAS 28 "Investments in Associates and Joint Ventures"	December 11, 2012	January 1, 2014

• Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

These amendments will modify the presentation of the statement of net income and unrealised or deferred gains and losses in which the different components and their related tax will be grouped distinguishing whether they are potentially recyclable to profit or loss or not.

• Amendments to IAS 19 "Employee Benefits"

The main consequences of amendments to IAS 19 "Employee Benefits" will consist in the immediate recognition of actuarial gains and losses on post-employment defined benefit plans under *Gains and losses recognised directly in equity*, and in the immediate recognition in the income statement of past service costs when a plan is amended. The amount before tax of these unrecognised items is disclosed in the Note 26 for a total of -836 M EUR as at December 31, 2012.

• IFRS 13 "Fair Value measurement"

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 does not change when the fair value is required to be used but specifies how to measure fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. The consequences expected from this standard concern essentially how the Group will consider its own credit risk in the fair value of derivative financial liabilities. Besides, the update of valuation techniques, which will take into account the precision brought by this standard, can bring the Group to adjust how it will consider the counterpart risk in the fair value of derivative financial assets. IFRS 13 also requires additional disclosures in the notes to financial statements. IFRS 13 shall be applied prospectively as from January 1, 2013, accordingly, the impact of these amendments on the Group's consolidated financial statements will be recorded in its consolidated income for the first quarter of 2013. This impact is currently being estimated.

- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"**

This interpretation clarifies the accounting treatment when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. As far as the Group is not involved in such transactions, this interpretation will have no impact on its net income or shareholders' equity.

- **Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets"**

The measurement of deferred tax depends on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that the carrying amount will be recovered through sale unless the entity has clearly decided differently. This presumption applies to investment properties carried at fair value.

- **Amendments to IFRS 7 "Disclosures—Offsetting Financial Assets and Financial Liabilities"**

This amendment requires the disclosure of information about rights of offset and related arrangements for financial instruments. The new disclosures are required for all financial instruments that are offset in the balance sheet in accordance with IAS 32 (gross amounts of financial assets and liabilities that are offset, amounts that are offset and net amounts presented in the balance sheet). Additional information shall also be disclosed for recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether they are offset in accordance with IAS 32.

- **Amendments to IAS 32 "Presentation—Offsetting Financial Assets and Financial Liabilities"**

This amendment clarifies existing application issues relating to offsetting rules: rights of offset must be legally enforceable in all circumstances, and the Group shall intend to either settle on a net basis or to realise the financial asset and settle the financial liability simultaneously. The Group is currently analysing the potential impact of these amendments on its consolidated financial statements.

- **IFRS 10 "Consolidated Financial Statements"**

This standard defines the principle of control that will require Management to exercise significant judgement. The new definition of control includes all of the following elements: power over the investee, rights or exposure to variable returns of the investee and ability to use the power over the investee to affect the amount of the investor's returns. The Group is currently analysing the potential impact of this new standard on its consolidated financial statements.

- **IFRS 11 "Joint Arrangements"**

This standard distinguishes two forms of joint arrangement (joint operation and joint venture) by assessing the rights and obligations conferred upon the parties and removes the option of applying the proportionate consolidation method. Joint ventures must now be consolidated by applying the equity method. Newedge Group (brokerage and derivatives) is the most significant joint venture that is actually consolidated by the Group using the proportionate method (see Note 47).

- **IFRS 12 "Disclosure of Interests in Other Entities"**

This standard includes all the disclosures that are required to be presented in the notes for all subsidiaries, joint arrangements, associates as well as for consolidated and unconsolidated structured entities. Accordingly, the Group shall enhance its disclosures to financial statements for annual periods beginning on January 1, 2014.

- **Amendments to IAS 27 "Separate Financial Statements"**

These amendments have the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity elects to present separate financial statements.

- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"**

Further to amendments to IFRS 10 and IFRS 11, IAS 28 is amended to prescribe the accounting treatment of investments in associates and joint ventures.

AMENDMENTS OR INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION AT DECEMBER 31, 2012

Accounting standards or Interpretations	Publication dates by IASB	Effective dates: annual periods beginning on or after
IFRS 9 "Financial Instruments" (Phase 1: Classification and Measurement)	November 12, 2009 October 28, 2010 and December 16, 2011	January 1, 2015
Improvements to IFRSs (2009-2011) - May 2012	May 17, 2012	January 1, 2013
Transition guidance (Amendments to IFRS 10, 11 and 12)	June 28, 2012	January 1, 2013
Investment entities (Amendments to IFRS 10, 12 and IAS 27)	October 31, 2012	January 1, 2014

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

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

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

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

All equity instruments will be measured at fair value through profit or loss except in case of irrevocable election made at initial recognition for measurement at fair value through other comprehensive income (provided these financial assets are not held for trading purposes and not measured at fair value through profit or loss) without subsequent recycling through profit or loss.

Embedded derivatives will no longer be recognised separately when their host contracts are financial assets and the hybrid instrument in its entirety will then be measured at fair value through profit or loss.

Requirements for the classification and measurement of financial liabilities contained in IAS 39 have been incorporated into IFRS 9 without any modifications, except for financial liabilities designated at fair value through profit or loss (using the fair value option). The amount of change in the liability's fair value attributable to changes in credit risk is recognised in other comprehensive income without subsequent recycling through profit or loss.

Provisions related to derecognition of financial assets and financial liabilities have been carried forward unchanged from IAS 39 to IFRS 9.

The current IFRS 9 is subject to amendment proposals for which IASB has issued for public comment an exposure-draft "Classification and Measurement: Limited Amendments to IFRS 9" on November 28, 2012.

The final content of IFRS 9 "Financial instruments—Phase 1: classification and measurement" could be different from the current version described above.

• Improvements to IFRSs (2009-2011) – May 2012

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published amendments to six minor accounting standards.

• Transition guidance: Amendments to IFRS 10, IFRS 11 and IFRS 12

These amendments limit the requirement to provide adjusted comparative information to only the preceding comparative period and eliminate the requirement to present comparative information for unconsolidated structured entities for periods before IFRS 12 is first applied.

• Investment entities: Amendments to IFRS 10, IFRS 12 and IAS 27

These amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss. It also set out disclosure requirements for investment entities.

Note 2

CHANGES IN CONSOLIDATION SCOPE

As at December 31, 2012, the Group's consolidation scope included 803 companies:

- ***647*** fully consolidated companies;
- ***86*** proportionately consolidated companies;
- ***70*** companies accounted for by the equity method.

The consolidation scope includes entities under Group's exclusive control, joint control or significant influence that are not negligible compared to the Group's consolidated financial statements, notably regarding Group consolidated total assets and gross operating income.

The main changes to the consolidation scope at December 31, 2012, compared with the scope applicable at the closing date of December 31, 2011, are as follows:

- During the second half of 2012:
  - The Group sold its stake in Géniki, i.e. 99.08%, to Piraeus Bank. No assets were transferred from Geniki to the Societe Generale Group within the framework of this transaction. The income before tax from this disposal was recorded in *Net income/expense from other assets* in the income statement for an amount of EUR -375 million.
  - The Group sold its stake in Société Alsacienne Lorraine de Valeurs d'Entreprises et de Participations (SALVEPAR), i.e. 51.42%, to the Tikehau Group.
  - The Group sold its stakes in Canadian Wealth Management Group Inc and Canadian Wealth Management Ltd, previously held via SG Hambros Limited, to Fiera Capital Corporation.
  - The Group's equity interest in Sogelease Egypt increased from 70.87% to 86.29% due to the purchase by National Societe Generale Bank of shares held by minority shareholders.
  - The Group's stake in LLC Prostofinance, whose assets and liabilities were reclassified in *Non-current assets and liabilities held for sale* in June 2012, was sold to Zapikeso Limited.
  - The Group finalised the sale of its stake in Family Credit Limited. The entity's assets and liabilities were reclassified in *Non-current assets and liabilities held for sale* in December 2011.
  - The Group's equity interest in Banque Tarneaud increased from 80% to 97.57% following a takeover bid by Crédit du Nord. Due to cross-holdings, the Group's stake in Amundi increased from 24.93% to 24.97%.
  - The Group's stake in Bank Republic increased to 93.64% due to the early exercise of a put option granted to a minority shareholder.
  - Following dilutive capital increases, the Group's stake in TCW Group, Inc decreased to 89.56%. These capital increases were related to stock-option plans granted to its employees and to the earn-out clause granted for the acquisition of Metropolitan West Asset Management in 2010. All the shares issued within the framework of these capital increases are subject to a liquidity guarantee provided by TCW Group, Inc to its new shareholders.
  - The Group's equity interest in Boursorama decreased from 57.39% to 57.31% due to an unevenly subscribed capital increase.
- During the first half of 2012:
  - The Group sold its stake in Capital Credit Comradeship Bank (Joint Stock Company), previously fully consolidated through Rusfinance SAS.
  - The Group's stake in Bank Republic increased from 84.04% to 88.04% after an unevenly subscribed capital increase.
  - The Group's stake in Banka Societe Generale Albania Sh.A increased from 87.47% to 88.64% due to an unevenly subscribed capital increase.
  - Following two dilutive capital increases, the Group's stake in TCW Group, Inc decreased from 97.88% to 95.37%. The first capital increase was related to stock-option plans granted to its employees and the second to an earn-out clause granted for the acquisition of Metropolitan West Asset Management in 2010. All the shares issued within the framework of these capital increases are subject to a liquidity guarantee provided by TCW Group, Inc to its new shareholders.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the main items classified in *Non-current assets and liabilities held for sale* (See Note 16) are assets and liabilities relating to the TCW Group, Inc, National Societe Generale Bank and its subsidiaries.

Note 3

FAIR VALUE OF FINANCIAL INSTRUMENTS

This section begins by specifying the valuation methods used by the Group to establish the fair value of the financial instruments presented in the following notes:

Notes	Description
Note 6	Financial assets and liabilities at fair value through profit or loss
Note 7	Hedging derivatives
Note 8	Available-for-sale financial assets
Note 9	Due from banks
Note 10	Customer loans
Note 11	Reclassification of financial assets
Note 12	Lease financing and similar agreements
Note 13	Held-to-maturity financial assets
Note 19	Due to banks
Note 20	Customer deposits
Note 21	Debt securities issued
Note 27	Subordinated debt

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

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

1. VALUATION METHODS

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

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

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

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

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

- Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities. These instruments are mainly shares, government bonds and derivatives;
- Level 2 (L2): instruments valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Instruments quoted in an insufficiently liquid market and those traded over-the-counter market belong to this level. Prices published by an external source derived from the valuation of similar instruments are considered as data derived from prices;
- Level 3 (L3): instruments valued using inputs that are not based on observable market data (unobservable inputs). These instruments are mainly those for which the sales margin is not immediately recognised in profit or loss (derivatives with higher maturities than the ones usually traded) and financial instruments classified in legacy assets, when their valuation is not based on observable data.

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

For example, consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable data. This is the case for the implicit volatility used for the valuation of share options with maturities of more than seven years. On the other hand, when the residual maturity of the instrument is less than seven years, its fair value becomes sensitive to observable parameters.

In the event of unusual tensions on the markets, leading to a lack of the usual reference data used for the valuation of a financial instrument, the Risk Division may implement a new model in accordance with pertinent available data, similar to methods used by other market players.

• Shares and other variable income securities

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

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

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

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

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

• Other debts

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

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

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

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

• Loans, receivables and lease financing agreements

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

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

For all floating-rate loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity less than or equal to one year, fair value is taken to be the same as book value net of impairment, assuming there has been no significant change in credit spreads on the counterparties concerned since they were recognised in the balance sheet.

• Customer deposits

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

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

2. VALUATION METHODS OF FINANCIAL INSTRUMENTS AFFECTED BY THE FINANCIAL CRISIS

Normalisation of the markets in financial instruments affected by the financial crisis as well as deleveraging of these portfolios by Societe Generale continued in 2012.

2.1. SUPER SENIOR AND SENIOR TRANCHES OF CDOS EXPOSED TO THE US RESIDENTIAL MORTGAGE SECTOR

When there were no observable transactions, the valuation of Super Senior and Senior tranches of CDOs exposed to the US residential mortgage market (CDO of US RMBS) was carried out using a model with largely unobservable data or not quoted in an active market.

With the increase of the CDOs dismantled on the market and the observability of the prices of the underlying assets of the CDOs (RMBS), the valuation of the CDOs is now on the marked-to-market value of the underlying assets as at December 31, 2012.

The nominal amount of Super Senior and Senior unhedged tranches of US RMBS CDOs carried at fair value on the balance sheet decreased from EUR 1.7 billion as at December 31, 2011 to EUR 1.6 billion as at December 31, 2012, as a result of the dismantling of certain US RMBS CDOs. Concerning this position, write-downs recorded in 2012 amount to EUR 0.02 billion and negatively affect bonds and other debt instruments at fair value through profit or loss booked as assets on the consolidated balance sheet. The fair value of these tranches as at December 31, 2012 equals EUR 0.2 billion compared to EUR 0.4 billion at the end of December 2011.

The nominal amount of hedged US RMBS CDOs carried at fair value on the balance sheet is stable at EUR 1.7 billion as at December 31, 2012. Their fair value as at the end of December 2012 equals EUR 0.6 billion compared to EUR 0.5 billion at the end of December 2011.

2.2. EXPOSURE TO CREDIT RISK ON MONOLINE INSURERS

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

Value adjustments for credit risk on monoline insurers have been calculated based on the fair value of protection. Exposure to credit risk on monoline insurers can be broken down into three parts:

- exposure linked to CDO tranches of RMBS, for which the methodology applied by the Group is the same as for unhedged CDOs;
- exposure linked to non RMBS CDOs (excluding US residential mortgage market) and infrastructure finance measured at marked-to-market;
- exposure linked to Corporate credit (CLOs) and other secured financial instruments measured at marked-to-market.

As a result, the fair value of protection before value adjustments decreased due to the sale of underlying assets mainly Corporate credit (CLO), the change in valuation of the underlying assets and the euro's appreciation against the US dollar.

Consequently, the estimate of the amounts that may be due to the Societe Generale Group from monoline insurers' guarantees decreased from EUR 2.4 billion as at December 31, 2011 to EUR 1.7 billion as at December 31, 2012.

In 2012, the value adjustments calculated for credit risk on monoline insurers decreased by EUR 0.1 billion, reaching a total of EUR 1.2 billion. These adjustments are calculated based on the application of conservative cumulative loss rates (up to 80% for the most poorly rated monoline insurers). The expected loss rate applied to each monoline is reviewed quarterly and adjusted when needed.

EXPOSURE TO COUNTERPARTY RISK ON MONOLINE INSURERS (IMMEDIATE DEFAULT SCENARIO FOR ALL SOCIETE GENERALE GROUP'S MONOLINE INSURER COUNTERPARTIES)

(In billions of euros)	December 31, 2012	December 31, 2011
Fair value of protection before value adjustments	1.73	2.39
Value adjustments for credit risk on monolines insurers (booked under protection)	(1.24)	(1.28)
Net exposure to counterparty risk on monolines insurers	0.49	1.11
Nominal amount of hedges purchased	(0.34)	(1.06)

3. SENSITIVITY OF FAIR VALUE OR INSTRUMENTS IN LEVEL 3

Unobservable parameters are assessed carefully, particularly in the ongoing depressed current economic environment and market. However, by their very nature, unobservable parameters imply a degree of uncertainty in their valuation.

To quantify this, a sensitivity of fair value at December 31, 2012 was estimated on instruments whose valuation is based on unobservable parameters. This estimate was made on the basis of a "standardised"[1] variation of other unobservable parameters, calculated for each parameter on a net position.

Sensitivity to a standard variation in unobservable parameters—absolute value in millions of euros	
Shares, other equity instruments and derivatives	
Equity instrument volatility	6
Dividends	3
Correlation	4
Hedge Fund volatility	16
Mutual Fund volatility	3
Bonds, other debt instruments and derivatives	
Correlations between exchange rates	8
Correlations between exchange rates and interest rates	6
Time to default correlation	18
Correlation between exchange rates and time to default	3
Unobservable credit spreads	1
Others	
Commodities correlations	5

The estimates above include the impact on profit or loss of positions at market value through profit or loss and the impact on other comprehensive income of available-for-sale financial assets. It should be noted that, given the already conservative valuation levels (see 1.1—"Financial instruments carried at fair value on the balance sheet"), the probability attached to this uncertainty is higher for a favourable impact on results than for an unfavourable impact.

(1) Meaning:
- either the standard deviation of consensus prices which contribute to evaluating the parameter (TOTEM, etc) that are nevertheless considered unobservable,
- or the standard deviation of historical data used to assess the parameter.

Note 4

RISK MANAGEMENT LINKED TO FINANCIAL INSTRUMENTS

This note describes the main risks linked to financial instruments and the way they are managed by the Group according to IFRS 7 requirements ("Financial Instruments - Disclosures").

• Types of risks

The Group is exposed to the risks inherent in its core businesses. Given the diversity and changes in the Group's activities, its risk management focuses on the following main categories of risks, any of which could adversely affect its performance:

- credit and counterparty risk (including country risk): risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes the counterparty risk linked to market transactions (replacement risk), as well as securitisation activities. Country risk arises when an exposure can be negatively affected by changing political, economic, social and financial conditions in the country of operation. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of counterparties. Limits are set for some countries, geographical regions, sectors, products or types of customers with a view to minimising the most significant risks. In addition, major concentration risks are analysed periodically for the entire Group;
- market risk: risk of decline of the value of financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equities, bonds), commodities, derivatives and other assets, including real estate assets. Positions and risks are subject to daily controls and compared to predefined limits that, for major positions, are validated by the Board of Directors on the advice of the Audit, Internal Control and Risk Committee (CACIR) in accordance with the risk appetite defined by the Board of Directors;
- liquidity risk: risk of the Group not being able to meet its cash or collateral requirements as they arise and at a reasonable cost. Given that liquidity is a scarce resource, the Group's objective is to finance its activities at the best possible rates under normal conditions. The scope of the Group's short and long-term financing plan, which supplements customer deposits, is conservative with reduced concentration in the short term while ensuring diversification in terms of products and regions. Targets are validated by the Board of Directors in accordance with Risk Appetite;
- structural interest and exchange rate risk: risk of loss or write-downs in the Group's assets arising from variations in interest or exchange rates. Structural interest and exchange rate risk arises from commercial activities and from transactions entered into by the Corporate Centre. The general principle for the Group is to minimise structural interest rate and exchange rate risks as much as possible within consolidated entities. Wherever possible, commercial transactions are therefore hedged against interest rate and exchange rate risks. Any residual structural interest rate risk exposure is contained by sensitivity limits set for each entity and for the overall Group as validated by the Finance policy committee. As for exchange rates, the Group's policy is to immunise its solvency ratio against fluctuations of the major currencies in which it operates.

1. ORGANISATION, PROCEDURES AND METHODS

1.1. RISK MANAGEMENT STRATEGY

Implementing a high-performance and efficient risk management structure is a critical undertaking for Societe Generale Group, in all businesses, markets and regions in which the bank operates, as well as are maintaining a balance between strong risk culture and promoting innovation. Specifically, the main objectives of the Group's risk management strategy are:

- to contribute to the development of the Group's various businesses by optimising its overall risk-adjusted profitability in accordance with its risk appetite;
- to guarantee the Group's sustainability as a going concern, through the implementation of an efficient system for risk analysis, measurement and monitoring;
- to make risk management a differentiating factor and a competitive strength acknowledged by all.

This can take the form of:

- clear principles for governing, managing and organising risks;
- determining and formally defining the Group's risk appetite;
- effective risk management tools;
- a risk culture that is cultivated and established at each level of the Group.

These various items are currently under focus, with a series of initiatives established as part of the ERM (Enterprise Risk Management) program, which aims to improve the consistency and effectiveness of the Group's risk management system by fully integrating risk prevention and control in the day-to-day management of the bank's businesses.

1.2. RISK MANAGEMENT GOVERNANCE, CONTROL AND ORGANISATION PRINCIPLES

The Group's risk management governance is based on:

- strong managerial involvement in the risk management system and promotion of risk culture, throughout the entire organisational structure, from the Board of Directors down to operational teams;
- clearly defined internal rules and procedures;
- continuous supervision by an independent body to monitor risks and to enforce rules and procedures.

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

- risk assessment departments must be independent from the operating divisions;
- the risk management approach and risk monitoring must be consistent throughout the Group.

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

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

• Board of Directors

The Board of Directors defines the Group's strategy, while assuming and controlling risks, and ensures its implementation. In particular, the Board of Directors ensures the adequacy of the Group's risk management infrastructure, monitors changes in the portfolio and particularly in the cost of risk, and approves the market risk limits. Presentations on the main aspects of, and notable changes to, the Group's risk management strategy are made to the Board of Directors by the General Management at least once a year (more often if circumstances require it), within the framework of the Risk Appetite exercise.

• Audit, Internal Control and Risk Committee

The Board of Directors, Audit, Internal Control and Risk Committee plays a crucial role in the assessment of the quality of the Group's internal control. More specifically it is responsible for examining the internal framework for risk monitoring to ensure its consistency and compliance with procedures, laws and regulations in force. Special presentations are made by the General Management to the Committee, which reviews the procedures for controlling certain market risks as well as structural interest rate risk, and is consulted about the setting of risk limits. It also issues an opinion on the Group's overall provisioning policy as well as on large specific provisions. Finally, the Group's risk map and risk Appetite indicators are presented to the Committee annually, and every year it examines the Annual Report on Internal Control, which is submitted to the Board of Directors and the French Prudential Supervisory Authority (ACP).

• Risk Committee and Large Exposures Committee

Chaired by the General Management, the Risk Committee (CORISQ) meets at least once a month to discuss the major trends for the Group in terms of risk. Generally, upon the advice of the Risk Division, CORISQ takes the main decisions pertaining to, on the one hand, the architecture and the implementation of the Group's risk monitoring system, and on the other, the framework of each type of risk (credit risk, country risk, market and operational risks).

In addition to CORISQ, the Group also has a Large Exposures Committee, which focuses on reviewing large individual exposures.

• Risk Division

The main responsibility of the Risk Division is to help develop the activities and profitability of the Societe Generale Group by working with the business divisions to define the Group's risk Appetite (deployed within the Group's various businesses), and to establish a risk management and monitoring system. In exercising its functions, the Risk Division reconciles independence from and close cooperation with the business divisions, which are responsible first and foremost for the transactions they initiate.

Accordingly, the Risk Division is responsible for:

- providing hierarchical and functional supervision of the Group's Risk structure;
- identifying the risks borne by the Group;
- putting into practice a governance and monitoring system for these risks across all business lines, and regularly reporting on their nature and extent to the General Management, the Board of Directors and the supervisory authorities;
- contributing to the definition of risk policies, taking into account the aims of the businesses and the corresponding risk issues;

- defining or validating risk analysis, assessment, approval and monitoring methods and procedures;
- validating the transactions and limits proposed by the business managers;
- defining the "risk" information system, and ensuring its suitability for the needs of the businesses and its consistency with the Group's information system.

Regarding legacy assets[1], the Risk Division:

- validates all transactions linked to these assets (hedges, disposals, commutations, etc.);
- defines, measures and monitors positions using market risk metrics: VaR and stress tests;
- produces impairment calculations, after defining and validating their assumptions;
- assesses the value of CDOs (Collateralised Debt Obligations) and RMBS (Residential Mortgage Backed Securities);
- analyses each monoline counterparty in order to determine the adequate provisioning rate for Group exposures, and calculates the corresponding provisions;
- participates in the governance bodies of the subsidiary hosting these assets.

• New Product Committee

Each division submits all new products, businesses or activities to the New Product Committee. This committee, which is jointly managed by the Risk Division and the business divisions, aims to ensure that, prior to the launch of a new product, business or activity:

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

This process is underpinned by a very broad definition of a new product, which ranges from the creation of a new product, to the adaptation of an existing product to a new environment or the transfer of activities involving new teams or new systems.

• Finance Division

Within the Finance Division, the Financial Management and Capital Department manages the capital requirements and the capital structure.

In accordance with regulatory principles that advocate the separation of oversight and control functions, two different entities manage and monitor structural risks:

- the Balance Sheet and Global Treasury Management Department is dedicated to structural risk management. It also monitors and coordinates all Group treasury functions (external Group financing, internal entity financing, centralised collateral management). In addition, it manages the Financial Centre and executes financial transactions;
- the ALM Risk Control Department is responsible for supervising structural risk for the entire Group. In particular, it validates structural risks models and monitors compliance with limits and management practices by the Group's divisions, business lines and entities.

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

The Finance Policy Committee is chaired by the General Management and validates the system used to analyse and measure structural risks as well as the exposure limits for each Group entity. It also plays an advisory role for the business divisions and entities.

Societe Generale's risk measurement and assessment processes are an integral part of the bank's ICAAP (Internal Capital Adequacy Assessment Process[2]). As concerns capital management, ICAAP is aimed at providing guidance to both CORISQ and the Finance Committee in defining the Group's overall risk Appetite and setting risk limits.

Within the Finance Division, the steering of scarce resources and performance has been the responsibility of the new Strategic and Financial Steering department since 1st January 2013.

2. CREDIT RISK

2.1. RISK MANAGEMENT - GENERAL PRINCIPLES

• 2.1.1. Credit policy

Societe Generale's credit policy is based on the principle that approval of any credit risk undertaking must be based on sound knowledge of the client and the client's business, an understanding of the purpose and structure of the transaction and the sources of repayment of the debt. Credit decisions must also ensure that the structure of the transaction will minimise the risk of loss the event the counterparty defaults. Furthermore, the credit approval process takes into consideration the overall commitment of the group to which the client belongs. Risk approval forms part of the Group's risk management strategy in line with its risk Appetite.

(1) For further details on the valuation of certain assets within this scope, see Note 3 to the consolidated financial statements.

(2) ICAAP: Internal Capital Adequacy Assessment Process, corresponds to the Pillar II process required under the Basel Accord that enables the Group to ensure capital adequacy to support all business risks.

• 2.1.2. Approval process

The risk approval process is based on four core principles:

- all transactions involving credit risk (debtor risk, settlement/delivery risk, issuer risk and replacement risk) must be pre-authorised;
- responsibility for analysing and approving transactions lies with the most qualified business line and risk unit. The business line and the risk unit examine all authorisation requests relating to a specific client or client group, to ensure a consistent approach to risk management;
- the business line and risk unit must be independent from each other;
- credit decisions are based on internal risk ratings (obligor rating), as provided by the business lines and approved by the Risk Division.

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

Finally, the supervision exercised by CORISQ is supplemented by the Large Exposures Committee which focuses on reviewing large individual exposures.

• 2.1.3. Credit and counterparty risk monitoring

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

Any significant weakening in the bank's counterparties also prompts urgent internal rating reviews. A specific supervision and approval process is implemented for the most sensitive counterparties or the most complex financial instruments.

2.2. RISK MEASUREMENT AND INTERNAL RATINGS

The Group's rating system makes a key distinction between retail customers and corporate (credit to individuals, very small enterprises and self-employed), bank and sovereign clients:

- for retail customer portfolios, internal models are used to measure credit risks, calculated according to the borrower's probability of default (PD) within one year and the percentage loss if the counterparty defaults (Loss Given Default, LGD). These parameters are automatically assigned, in line with the Basel guidelines;
- for the corporate, bank and sovereign portfolios, the rating system relies on two main pillars: obligor rating models used as a decision-making support tool when assigning a rating and a system that automatically assigns LGD and CCF (Credit Conversion Factor) parameters according to the characteristics of the transactions.

In both cases a set of procedures defines the rules relating to ratings (scope, frequency of rating review, rating approval procedure, etc.), and for the supervision, back-testing and validation of models. Among other things, these procedures facilitate human judgement, which provides a critical view of the results and is an essential complement to the models for these portfolios.

The Group's internal models thus enable a quantitative assessment of credit risks based on the probability of default of the counterparty and the loss given default. These factors are included in the credit applications and are incorporated in the calculation of the risk-adjusted return on equity. They are used as a tool for structuring, pricing and approving transactions. Thus, obligor ratings are one of the criteria for determining the approval limits granted to operational staff and the risk function.

All Group risk models are developed and validated on the basis of the longest available internal historical data, which must be representative (both in terms of the portfolios in question and the effects of the economic environment during the period considered) and conservative. As a result, the Group's risks estimates are not excessively sensitive to changes in the economic environment, while being able to detect any deterioration of risks. The PD modelling for large corporates has also been calibrated against long-term default statistics obtained from an external rating agency.

These models, used to estimate PDs and LGDs, cover the vast majority of the Group's credit portfolios (Retail Banking and Corporate and Investment Banking). Most were IRBA - validated (Internal Ratings Based Advanced approach) in 2007 and have since undergone regular performance assessments.

In addition, the Bank received authorisation from the regulator to use the Internal Assessment Approach (IAA) when calculating regulatory capital requirements for Asset-Backed Commercial Paper conduits.

2.3. MANAGEMENT OF THE CREDIT PORTFOLIO AND OF COUNTERPARTY RISK

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

• Use of credit derivatives to manage corporate concentration risk

The Group uses credit derivatives in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentration and to implement a proactive risk and capital management approach. Individual protection is essentially purchased under the over-concentration management policy. For example, the ten most hedged names account for 77% of the total amount of individual protections purchased.

Total outstanding purchases of protection through Corporate credit derivatives decreased from EUR 4.6 billion at end-December 2011 to EUR 1.9 billion at end-December 2012, mainly due to the non-renewal of matured protection. In 2012, Credit Default Swap (CDS) spreads on European investment grade issues (iTraxx index) remained high during the first part of the year before falling once tensions over sovereign debt decreased.

In order to limit the volatility of the income generated by the CDS portfolio (as they are Marked-to-Market), the department in charge of corporate portfolio concentration management, has entered into credit derivatives transactions, to reduce the portfolio's sensitivity to the tightening of credit spreads.

Almost all protection was purchased from bank counterparties with ratings of BBB+ or above, the average being A/A-. Concentration with any particular counterparty is also carefully monitored.

In accordance with IAS 39, all credit derivatives regardless of their purpose are recognised at fair value through profit and loss and cannot be recorded as hedging instruments. Accordingly, they are recognised as trading derivatives at their notional and fair value.

• Guarantees and collateral

Guarantees encompass the protection commitments and mechanisms provided by banks and similar credit institutions, specialised institutions such as mortgage guarantors (such as Crédit Logement in France), monoline or multiline insurers, export credit agencies, etc. This category also includes Credit Default Swaps (CDS).

Collateral can consist of physical assets in the form of property, commodities or precious metals, as well as financial instruments such as cash, high-quality investments and securities and also insurance policies. Appropriate haircuts are applied to the value of collateral, reflecting its quality and liquidity.

The Group proactively manages its risks by diversifying guarantees: physical collateral, personal guarantees and others (including CDS). In addition, the Group has strengthened its policies relating to the acceptance and management of guarantees and collateral as well as their valuation (data collection on guarantees and collateral, deployment of operational procedures).

During the credit approval process, an assessment of the value of guarantees and collateral, their legal enforceability and the guarantor's ability to meet its obligations is undertaken. This process also ensures that the collateral or guarantee successfully meets the criteria set forth in the Capital Requirements Directive (CRD).

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

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

• Mitigation of counterparty risk linked to market transactions

Societe Generale uses different techniques to reduce this risk. With regard to trading counterparties, it seeks to implement master agreements with termination-clearing clause wherever it can. In the event of default, they allow netting of all due and payable amounts. The contracts usually call for the revaluation of required collateral at regular time intervals (often on a daily basis) and for the payment of the corresponding margin calls. Collateral is largely composed of cash and high-quality liquid assets such as government bonds with a good rating. Other tradable assets are also accepted, provided that the appropriate haircuts are made to reflect the lower quality and/or liquidity of the asset.

Management of Over the Counter (OTC) collateral is monitored on an ongoing basis in order to minimise operational risk:

- the exposure value of each collateralised transaction is certified on a daily basis;
- specific controls are conducted to make sure the process goes smoothly (settlement of collateral, cash or, securities; monitoring of suspended transactions, etc.);
- all outstanding secured transactions are reconciled with those of the counterparty according to a frequency set by the regulator (mainly on a daily basis) in order to prevent and/or resolve any disputes on margin calls;
- any legal disputes are monitored daily and reviewed by a committee.

• Credit insurance

In addition to using export credit agencies (for example Coface and Exim) and multilateral organisations (for example the EBRD), Societe Generale has been developing relationships with private insurers over the last several years in order to hedge some of its loans against commercial and political non-payment risks.

This activity is performed within a risk framework and monitoring system validated by the Group's General Management. This system is based on an overall limit for the activity, along with sub-limits by maturity, and individual limits for each insurance counterparty which must meet strict eligibility criteria.

The implementation of such a policy contributes overall to a sound risk reduction.

2.4. CREDIT PORTFOLIO ANALYSIS

• 2.4.1 Breakdown of on-balance-sheet credit portfolio

Outstanding loans in the on-balance-sheet credit portfolio could be broken down as follows as at December, 31 2012:

	December 31, 2012				December 31, 2011			
(In billions of euros)	Debts instruments(1)	Customer loans(2)	Due from banks	Total	Debts instruments(1)	Customer loans(2)	Due from banks	Total
Outstanding performing assets	114.26	344.25	42.44	500.95	115.02	369.97	37.36	522.35
of which including past due amount	-	*6.73*	*0.02*	*6.75*	-	*7.24*	*0.14*	*7.38*
Impaired loans and advances	0.48	26.93	0.20	27.61	1.32	27.71	0.20	29.23
Total gross outstanding loans	**114.74**	**371.18**	**42.64**	**528.56**	**116.34**	**397.68**	**37.56**	**551.58**
Impairment	(0.14)	(15.85)	(0.06)	(16.05)	(0.99)	(16.76)	(0.12)	(17.87)
Revaluation of hedged items	-	0.68	0.05	0.73	-	0.54	0.05	0.59
Total net outstanding loans	**114.60**	**356.01**	**42.63**	**513.24**	**115.35**	**381.46**	**37.49**	**534.30**
Loans secured by notes and securities and securities purchased under resale agreement	-	22.97	34.89	57.86	-	15.39	49.21	64.60
Total	**114.60**	**378.98**	**77.52**	**571.10**	**115.35**	**396.85**	**86.70**	**598.90**

(1) Debt instruments include available-for-sale and held–to-maturity assets.
(2) Including Lease Financing and similar agreements.

Outstanding performing assets with past due amounts account for 1.7% of unimpaired on-balance sheet assets excluding debt instruments and including loans that are past due for technical reasons. The amount is stable compared to December 31, 2011 (1.8% of outstanding performing assets excluding debt/securities).

• 2.4.2. Information on risk concentration

The measurement used for outstanding loans in this section is EAD - Exposure At Default (on-balance sheet and off-balance sheet), excluding fixed assets, equity investments and accruals.

At December 31, 2012, the Group's Exposure at Default amounted to EUR 685 billion (including on-balance sheet assets of EUR 543 billion). Societe Generale proactively manages its risk concentrations, both at the individual and portfolio levels (geographic or sector concentration).

Individual concentration is managed upon approval of the loan and throughout its life. The counterparties representing the bank's most significant exposures of the bank are regularly reviewed by the General Management.

Global portfolio analyses, as well as geographic and sector analyses, are performed and periodically presented to the General Management.

CREDIT RISK EXPOSURE BY EXPOSURE CLASS EXCLUDING SECURITISATION AS AT DECEMBER 31, 2012 *(EXPOSURE AT DEFAULT)*

Portfolio by exposure class *(In millions of euros)*	**December 31, 2012**	**December 31, 2011***
	EAD	**EAD**
Sovereign	143,422	116,588
Institutions[(1)]	71,585	117,883
Corporate	266,682	298,534
Retail	184,282	183,520
TOTAL	**665,971**	**716,525**

(1) Institutions: Basel classification covering banks and public sector entities.

* EAD under Standard Approach calculated net of collateral - amounts adjusted with respect to financial statements published as at December 31, 2011 to allow year-to-year comparison.

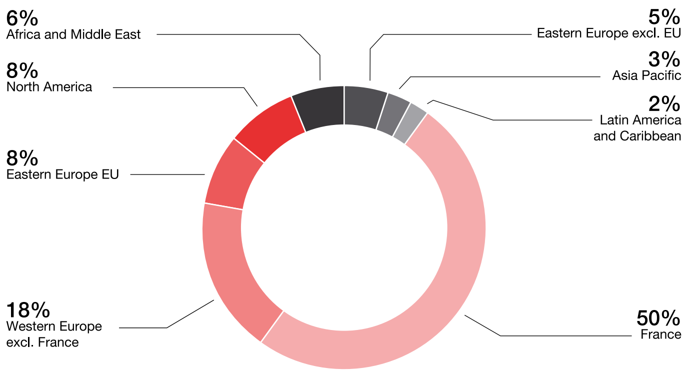
RETAIL CREDIT RISK EXPOSURE BY CLASS AS AT DECEMBER 31, 2012 *(EXPOSURE AT DEFAULT)*

Retail portfolio by exposure class *(In millions of euros)*	**December 31, 2012**	**December 31, 2011 ***
	EAD	**EAD**
Residential mortgages	94,565	91,246
Revolving credit	9,686	10,435
Other credit to individual	54,081	56,061
Very small enterprises and self-employed	25,950	25,778
TOTAL	**184,282**	**183,520**

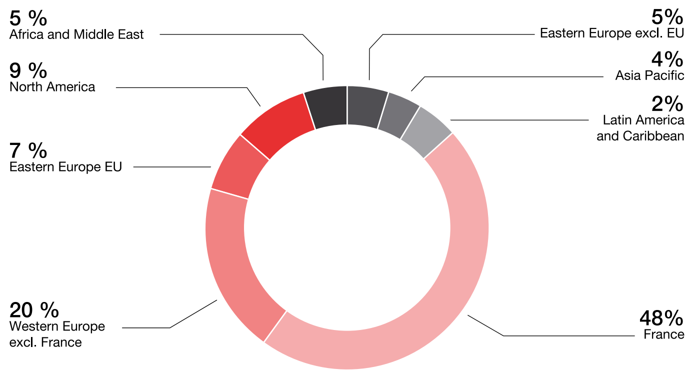
* EAD under Standard Approach calculated net of collateral - amounts adjusted with respect to financial statements published as at December 31, 2011 to allow year-to-year comparison.

GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK OUTSTANDING AS AT DECEMBER 31, 2012 (ALL CLIENT TYPES INCLUDED)

Balance sheet commitments (EUR 543 billion in EAD)

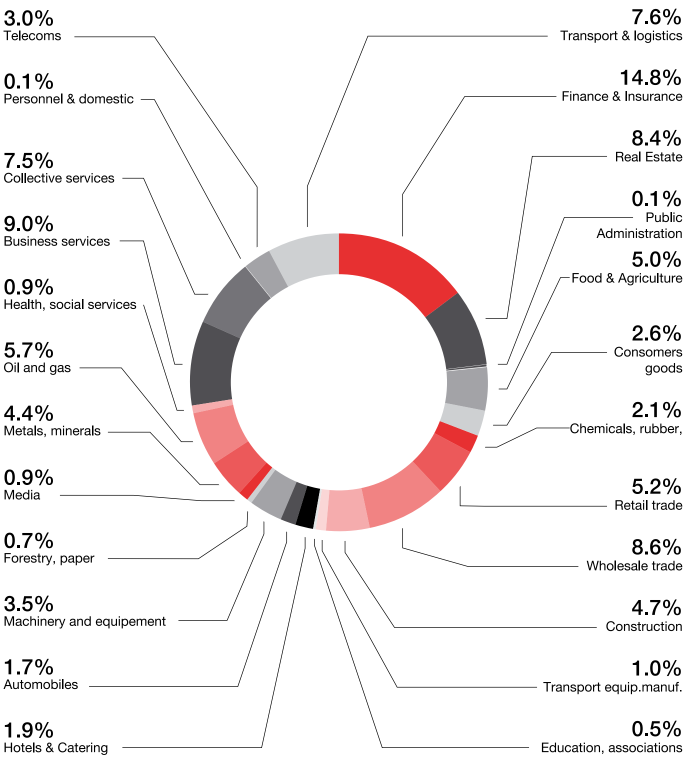


On-balance sheet and off-balance sheet commitments (EUR 685 billion in EAD)



At December 31, 2012, 85% of the Group's on and off-balance sheet outstanding loans were concentrated in the major industrialised countries. Half of the overall amount of outstanding loans was to French customers (28% exposure portfolio to non-retail customers and 19% to retail portfolio).

SECTOR BREAKDOWN OF GROUP CORPORATE CREDIT RISK OUTSTANDING AT DECEMBER 31, 2012 (BASEL CORPORATE PORTFOLIO, EUR 267 BILLION IN EAD)*



* On-balance sheet and off-balance sheet EAD, excluding fixed assets, accruals and equity investments.

The Group's Corporate portfolio (Large Corporates, SMEs and Specialised Financing) is highly diversified in terms of sectors.

At December 31, 2012, the Corporate portfolio amounted to EUR 267 billion (on and off-balance sheet outstanding measured in EAD). Only the Finance and Insurance sector accounts for more than 10% of the portfolio.

The Group's commitments to its ten largest corporate counterparties account for 5% of this portfolio.

2.4.3. Loans and advances past due but not individually impaired

	December 31, 2012			December 31, 2011		
(In billions of euros)	Loans and advances to customers	Loans and advances to Banks	% of Gross outstanding loans	Loans and advances to customers	Loans and advances to Banks	% of Gross outstanding loans
Amounts including past due less than 91 days old	6.22	0.02	92.40%	6.62	0.04	90.20%
Of which less than 31 days old	*3.94*	*0.01*	*58.00%*	*4.36*	*0.04*	*60.00%*
Amounts including past due between 91 and 180 days old	0.30	0.00	4.50%	0.36	0.03	5.30%
Amounts including past due over 180 days old	0.21	0.00	3.20%	0.26	0.07	4.50%
Total	**6.73**	**0.02**		**7.24**	**0.14**	

The amounts presented in the table above include loans and advances that are past due for technical reasons, which primarily affect the "less than 31 days old" category. Loans past due for technical reasons are loans that are classified as past due on account of a delay between the value date and the date of recognition in the customer account.

Total declared past due loans not individually impaired comprise all receivables (outstanding balance, interest and past due amounts) with at least one recognised past due amount. These outstanding loans can be placed on a watch list as soon as the first payment is past due.

Once a payment has been past due for 90 days, the counterparty is deemed to be in default (with the exception of certain categories of outstanding loans, particularly those relating to public sector entities).

2.4.4. Restructured debt

For Societe Generale, "restructured" debt refers to loans whose amount, term or financial conditions have been contractually modified due to the borrower's insolvency (whether insolvendy has already occurred or will definitely occur unless the debt is restructured).

Restructured debt does not include commercial renegotiations involving clients for which the bank has agreed to renegotiate the debt in order to retain or develop a business relationship, in accordance with credit approval rules in force and without giving up any of the principal or accrued interest.

Any situation leading to debt restructuring entails placing the client in question in the Basel default category and classifying the loans themselves as impaired. These assets are then subject to specific impairment.

Societe Generale Group's banking practices call for most clients whose loans have been restructured to be maintained as impaired, as long as the bank remains uncertain of their ability to meet their future commitments.

Debt that was restructured and reclassified from impaired to performing in 2012 totalled EUR 468 million.

2.4.5. Guarantees and collateral

The total amount of guarantees and collateral allocated for the calculation of Group capital requirements was EUR 141.8 billion as at December 31, 2012 of which EUR 90.3 billion for retail customers and EUR 51.5 billion for non-retail customers (versus EUR 85.8 billion and EUR 59.7 billion, respectively as at December 31, 2011).

Alongside the regulatory calculation of Group capital requirements, a data collection process is in place for guarantees and collateral related to past due loans not individually impaired as well as individually impaired loans. The amount of guarantees and collateral related to past due not individually impaired loans was EUR 2.7 billion (EUR 1.7 billion for retail customers and EUR 1 billion for non retail customers) as at December 31, 2012. The amount of guarantees and collateral related to individually impaired loans was EUR 6.1 billion (EUR 2.7 billion for retail customers and EUR 3.4 billion for non retail customers) as at December 31, 2012.

2.5. IMPAIRMENT

2.5.1. Individual impairment for credit risk

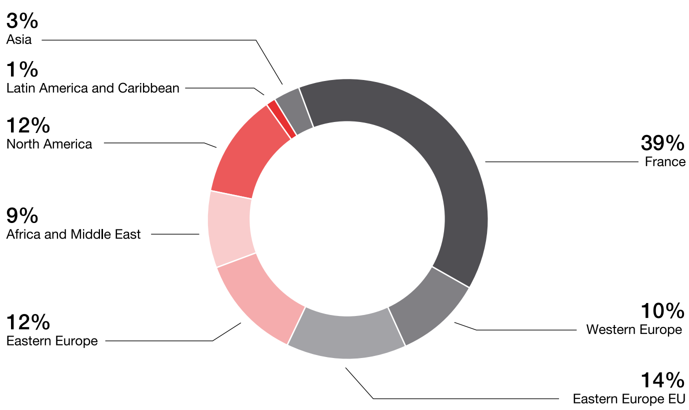
Decisions to book individual impairment on certain counterparties are taken where there is objective evidence of default. The amount of the impairment depends on the probability of recovering the amounts due. The expected cash flows are based on the financial position of the counterparty, its economic outlook and the guarantees available or that may become available.

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

- a significant deterioration in the counterparty's financial situation leads to a high probability of said counterparty being unable to fulfil its overall commitments (credit obligations), thus generating a risk of loss for the bank; and/or
- one or more payments past due by 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
- the debt is restructured (see 2.4.4); and/or
- a legal proceeding such as a bankruptcy, legal settlement or compulsory liquidation is in progress.

As at December 31, 2012, impaired outstanding loans amounted to EUR 27.1 billion (EUR 27.9 billion as at December 31, 2011), including EUR 3.4 billion on legacy assets within the Corporate and Investment Banking Division. They can be broken down as follows:

BREAKDOWN OF IMPAIRED OUTSTANDING LOANS BY GEOGRAPHIC REGION AT DECEMBER 31, 2012



As at December 31, 2011, impaired outstanding loans were broken down as follows: 34% France, 19% Western Europe, 12% Eastern Europe EU, 12% Eastern Europe, 13% North America, 7% Africa and Middle East, 2% Asia and 1% Latin America and Caribbean.

As at December 31, 2012, the impairment of these loans amounted to EUR 14.8 billion, including EUR 2.3 billion for legacy assets.

2.5.2. Impairment on groups of homogenous assets

Impairment on groups of homogenous assets are collective impairment booked for portfolios that are homogenous and have a deteriorated risk profile although no objective evidence of default can be observed at an individual level.

These homogeneous groups can include sensitive counterparties industrial sectors or countries. They are identified through regular analyses of the portfolio by industrial sector, country or counterparty type.

These impairements are calculated on the basis of assumptions on default rates and loss rates after default. These assumptions are calibrated by homogeneous groups based on their specific characteristics, sensitivity to economic environment and historical data. They are reviewed periodically by the Risk Division.

As at December 31, 2012, impairements on groups of homogeneous assets amounted to EUR 1.1 billion versus EUR 1.3 billion as at December 31, 2011.

• 2.5.3. Impairment

Impairment on assets are broken down as follows:

(In millions of euros)	Amounts as at December 31, 2011	Net impairment allowance	Reversal used	Exchange and scope effects	Amounts as at December 31, 2012
Specific impairments (Bank loan + Customer loan + lease financing)	15,596	3,220	(2,569)	(1,473)	14,774
Impairments on groups of homogenous assets	1,291	(1)	-	(158)	1,132
Impairments on available-for-sale assets and held to maturity securities, fixed income instruments	985	(134)	(722)	16	145
Other impairments	223	55	(35)	(4)	239
Total	**18,095**	**3,140**	**(3,326)**	**(1,619)**	**16,290**

3. MARKET RISKS

Market risks are the risks of losses resulting from unfavourable changes in market parameters. It concerns all the trading book transactions as well as some of the banking book portfolios.

3.1. MARKET RISK MANAGEMENT STRUCTURE

Although primary responsibility for managing risk exposure lies with the front office managers, the supervision system is based on an independent structure, the Market Risk Department of the Risk Division.

This Department carries out the following tasks:

- ongoing daily analysis (independently from the front office) of the exposure and risks incurred by the Group's market activities and comparison of these exposures and risks with the approved limits;
- definition of risk measurement methods and control procedures, approval of the valuation models used to calculate risks and results and setting of provisions for market risks (reserves and adjustments to earnings);
- definition of the functionalities of the databases and systems used to assess market risks;
- approval of the limit applications submitted by the business, within the framework of the overall set of limits authorised by the General Management and the Board of Directors, and monitoring of their use;
- centralisation, consolidation and reporting of the Group's market risks;
- proposals to the Group Risk Committee of appropriate limits by type of activity.

In addition to these specific market risk functions, the Market Risk Department also monitors the gross nominal value of market positions. This system, based on alert levels applied to all instruments and desks, contributes to the detection of possible rogue trading operations.

Within each entity that incurs market risk, risk managers are appointed to implement first level risk controls. The main tasks of these managers, who are independent from the front office, include:

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

A daily report on use of limits on VaR (Value at Risk), Stress Tests (extreme *scenarii)* and general sensitivity to interest rates 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 the General Management and the Board of Directors.

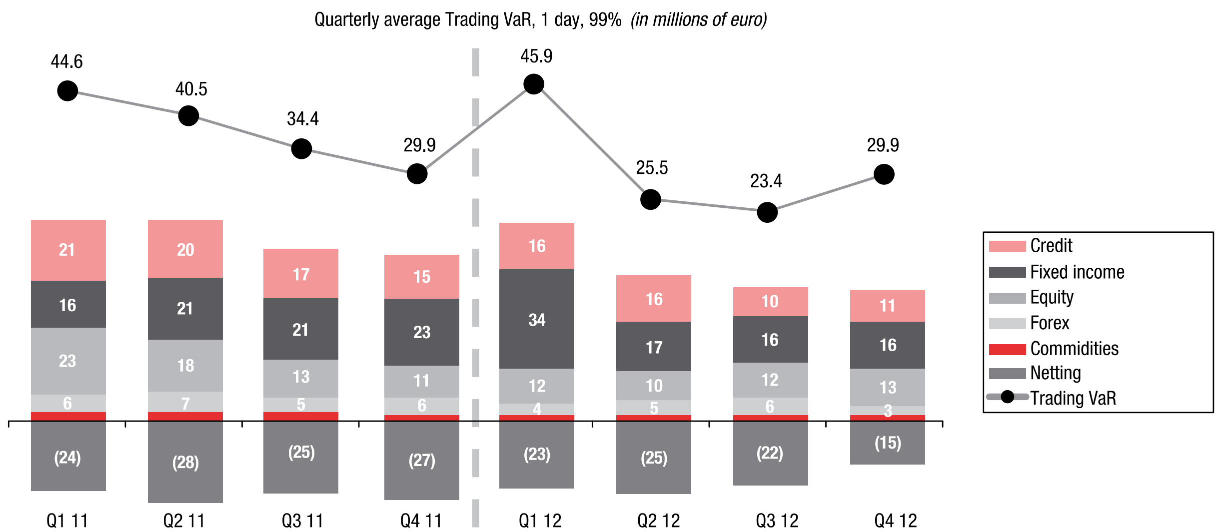
3.2. METHODS FOR MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

The Group's market risk assessment is based on three main indicators, which are monitored through limits:

- the 99% Value-at-Risk (VaR) method: in accordance with the regulatory internal model, this global 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 allow to restrict and monitor 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 overall risk limits and the operational thresholds used by the front office. These limits also allow to oversee risks that are only partially detected by VaR or Stress Test measurements.

In accordance with CRD 3 (Capital Requirement Directive), the following indicators are also calculated on a weekly basis: stressed VaR, IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure). The capital charges arising from these new internal models complement the previous measure (VaR) so as to better take into account extreme risks (in particular rating migration and default) and to limit the procyclical nature of capital requirements.

BREAKDOWN[1] BY RISK FACTOR OF TRADING VAR - CHANGES IN QUARTERLY AVERAGE OVER THE 2011-2012 PERIOD (IN MILLIONS OF EUROS)



(1) In Q3-12, some Fixed-Income and Forex products were reclassified in the VaR breakdown by risk factor, with historical data restated. This reweighting does not change the VaR model and has no impact on the global VaR amount

• 3.2.1. Average VaR

Average VaR amounted to EUR 31 million for 2012 compared to EUR 37 million in 2011. VaR, which on average remained relatively low throughout 2012, was subject to the following changes:

- an increase until mid-March due to more risk-on positions that reflected the market normalisation observed during most of the quarter, and the non-renewal of the defensive positions taken at the end of 2011;
- then a sharp decrease until July due to the reduction of exposures and the implementation of defensive strategies following the return of considerable uncertainty regarding peripheral eurozone countries;
- beginning in August and continuing until the end of 2012, VaR increased due to the reduction of the defensive profile with gradually more risk-on positions as the market environment became favourable once more (announcement of the ECB's OMT (Outright Monetary Transactions) programme to buy back public debt and Fed's latest round of quantitative easing). This increase was nevertheless tempered by the gradual exit of volatile scenarios of the summer of 2011 and November 2011.

• 3.2.2. VaR calculation method

The internal VaR Model was introduced at the end of 1996 and the Internal VaR Model has been approved by the French regulator within the scope of the Regulatory Capital requirements.

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

- 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.);
- definition of 260 scenarios, corresponding to one-day variations in these market parameters over a rolling one-year period;
- application of these 260 scenarios to the market parameters of the day;
- revaluation of daily positions, on the basis of the 260 sets of adjusted daily market parameters.

The 99% Value-at-Risk is the largest loss that would occur after eliminating the top 1% of the most adverse occurrences over a one-year historical period. Within the framework described above, it corresponds to the average of the second and third largest losses computed. The VaR assessment is based on a model and a certain number of conventional assumptions whose main limitations are as follows:

- the use of "1-day" shocks assumes that all positions can be unwound or hedged within one day, which is not the case for certain products and crisis situations;
- the use of the 99% confidence interval does not take into account losses arising beyond this point; VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptionally large fluctuations;
- VaR is computed using closing prices, so intra-day fluctuations are not taken into account;
- there are a number of approximations in the VaR calculation. For example, benchmark indices are used instead of more detailed risk factors and not all of the relevant risk factors are taken into account, in particular due to difficulties in obtaining historical daily data.

The Market Risk Department of the Risk Division mitigates these limitations by:

- performing stress tests and other additional measurements;
- assessing the relevance of the model through ongoing backtesting to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval.

Daily profit and loss used for backtesting includes in particular the change in value of the portfolio (book value) and the impact of new transactions and of modified during the day (including their sales margins), refinancing costs, the various related commissions (brokerage fees, custody fees, etc.), as well as provisions made and parameters adjusted for market risk. Some components (for example, some adjustements for market risk) calculated at various frequencies are allocated on a daily basis.

Today, the market risks for almost all of Corporate and Investment Banking's activities are monitored using the VaR method, including those related to the most complex products, as well as the main market activities of Retail Banking and Private Banking. The few activities not covered by the VaR method, either for technical reasons or because the stakes are too low, are monitored using stress tests and give rise to capital charges using the standard method or through alternative in-house methods.

• 3.2.3. Stressed VaR (SVaR)

Societe Generale has been authorised by the French Prudential Supervisory Authority (Autorité de Contrôle Prudentiel) to complement its internal models with the new CRD3 measurements, in particular Stressed VaR, for the same scope as VaR.

The calculation method used is the same as under the VaR approach. This consists in carrying out a historical simulation with 1-day shocks and a 99% confidence interval. Contrary to VaR, which uses 260 scenarios for one-day fluctuations over a rolling one-year period, Stressed VaR uses a fixed one-year historical window corresponding to a period of significant financial tension.

The historical window, which is determined using a method approved by the regulator, captures significant shocks on all risk factors (risks related to equity, interest rates, foreign exchange rates and commodities). It is subject to an annual review.

• 3.2.4. Stress Test assessment

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

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

This stress test risk assessment is applied to all of the Bank's market activities. It is based on 26 historical *scenarii* and 8 theoretical *scenarii* that include the "Societe Generale hypothetical Financial Crisis Scenario" (or “Generalised” scenario) based on the events observed in 2008. These scenarios apply shocks to all substantial risk factors including exotic parameters.

Together with the VaR model, this stress test risk assessment methodology is one of the main pillars of the risk management system. The underlying principles are as follows:

- risks are calculated every day for each of the Bank’s market activities (all products combined), using the 26 historical scenarios and 8 hypothetical scenarios;
- stress test limits are established for the Group’s activity as a whole and then for the Bank’s various business lines. They frame the most adverse result arising from the 34 historical and hypothetical *scenarii;*
- the various stress test *scenarii* are revised and improved by the Risk Division on a regular basis, in conjunction with the Group’s teams of economists and specialists.

• 3.2.5. Historical Stress Tests

This method consists of an analysis of the major economic crises that have affected the financial markets since 1995 (a date from which the financial markets have become global and subject to increased regulatory requirements): the changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises have been analysed in order to define scenarios for potential variations in these risk factors which, when applied to the bank’s trading positions, could generate significant losses. Using this methodology, Societe Generale has defined 26 historical scenarios, including 7 new ones added in 2012:

- six of them cover the periods between Q3-2008 and Q1-2009 and are related to the subprime crisis and its consequences for all financial markets;
- the seventh corresponds to the PIIGS sovereign debt crisis in Q2-2010.

• 3.2.6. Hypothetical Stress Tests

The hypothetical scenarios are defined by the Bank’s economists and are designed to simulate the possible sequences of events that could lead to a major crisis in the financial markets (e.g. a major terrorist attack, political instability in the main oil-producing countries, etc.). The Bank’s aim is to select extreme but nonetheless plausible events which would have major repercussions on all the international markets. Societe Generale has therefore adopted 8 hypothetical scenarios.

4. STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

Structural exposure to interest rate risks encompasses all exposures resulting from commercial activities and their hedging and the proprietary transactions of all 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 total interest rate and exchange rate exposure of the Group.

The general principle is to reduce structural interest rate and exchange rate risks to the greatest extent possible within the consolidated entities. 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 the 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 ALM (Asset and Liability Management) Risks Control Departments of the Group Business divisions conducts Level 2 controls of the entities’ structural risk management.

• The Group Finance Committee, a General Management body

- validates and oversees the structural risk monitoring, management and supervision system;
- reviews changes in the Group’s structural risks through consolidated reporting by the Finance Division;

- examines and validates the measures proposed by the Group Finance Division.

• The Balance Sheet and Global Treasury Management Department, which is part of the Finance Division, is responsible for

- defining the structural interest rate, exchange rate and liquidity risk policies for the Group and in particular evaluating and planning the Group's funding;
- defining the steering indicators and overall stress test scenarii of the different types of structural risks and setting the main limits for the business divisions and the entities;
- analysing the Group's structural risk exposure and defining hedging strategies;
- monitoring the regulatory environment concerning structural risks.

• The ALM Risk Control Department, which is part of the Finance Division is responsible for

- defining of the ALM principles for the Group and controlling the regulatory compliance in terms of the structural risks;
- defining the normative environment of the structural risk metrics;
- validating the models used by the Group entities with regard to structural risks;
- inventorying, consolidating and reporting on Group structural risks;
- performing controls of structural risk limits.

The ALM Risk Control Department reports to the Chief Financial Officer of the Group and is functionally supervised by the Chief Risk Officer, to whom it reports its activities and who validates its working plan jointly with the Chief Finance Officer. The ALM Risk Control Department is integrated in the Group Risk function in compliance with CRBF 97-02.

• Entities are responsible for structural risk management

In this respect, entities apply the standards defined at the Group level, develop their models, measure their risk exposure and implement the required hedges.

Each entity has its own structural risk manager, who reports to the entity's Finance Department and is responsible for conducting first level controls and for reporting the entity's structural risk exposure to the Group Finance Division 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 compliance 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 transactions and proprietary transactions).

Structural interest rate risk arises mainly 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 structural interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. 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 deficit) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of the annual net interest margin). The limit set at Group level is EUR 1 billion, representing an amount equal to 2.5% of its regulatory 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 clients' historic behaviour patterns (particularly for regulated savings accounts, early loan repayments, etc.), as well as conventional assumptions relating to certain balance sheet items (principally shareholders' equity and sight deposits).

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

In addition to this analysis, the Group also analyses the sensitivity 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 2012, the Group's overall sensitivity to interest rate risk remained below 1% of Group regulatory capital and within the EUR 1 billion limit.

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

- within the Societe Generale French retail networks, the outstanding amounts of customer deposits, generally considered to be fixed-rate, exceed fixed-rate loans for maturities over 1 year. Thanks to macro-hedging essentially through the use of interest rate swaps, the French retail networks' sensitivity to interest rate risk (on the basis of the adopted scenarii) has been kept inside its limits. At end of December 2012, the sensitivity of the French retail networks' economic value, based on their essentially euro-denominated assets and liabilities, was EUR 325 million;
- transactions with large corporates are generally micro-hedged and therefore present no residual interest rate risk;
- transactions with clients of the Specialised Financial Services subsidiaries are generally macro-hedged and therefore present only a very low interest rate risk;
- client transactions at 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 in optimally hedging interest rate risk due to the weak 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 at expected maturities.

Sensitivity to interest rate variations of the Group's main entities represented EUR 387 million as at December 31, 2012 (for a 1% parallel and instantaneous rise in the yield curve). These entities account for 90% of the Group's outstanding loans.

(In millions of euros)

Less than one year	between 1 and 5 years	More than 5 years	Total sensitivity
70	(205)	522	387

4.3. STRUCTURAL EXCHANGE RATE RISK

Structural exchange rate risk is mainly caused by:

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

• 4.3.1. Objective of the Group

The Group's policy is to immunise its solvency ratio against fluctuations in the currencies it operates. To this end, it may decide to purchase currencies to finance very long-term foreign currency-denominated investments, thus creating structural foreign exchange positions. Any differences in the valuation of these structural positions are subsequently booked as translation differences.

• 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 and proprietary transactions.

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

In 2012, the Group successfully neutralised the sensitivity of its solvency ratio to currency fluctuations by monitoring the structural positions in these currencies (the sensitivity of the solvency ratio is managed with limits per currency set according to the Group's risk Appetite in these currencies).

4.4. HEDGING INTEREST RATE AND EXCHANGE RATE RISK

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

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

• Fair value hedging

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

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

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

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

• Cash flow hedging

Cash flow hedges on interest rates are used to hedge against the risk of fluctuation in the future cash flow of a floating-rate financial instrument due to variation in 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 historical 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 hedging 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, 2012 *(In millions of euros)*	**Less than 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Floating cash flows hedged	302	375	843	745	2,265
Highly probable forecast transaction	20	398	863	39	1,320
Other	-	-	624	-	624
Total flows covered by cash flow hedge	322	773	2,330	784	4,209

At December 31, 2011 *(In millions of euros)*	**Less than 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Floating cash flows hedged	345	180	719	78	1,322
Highly probable forecast transaction	43	603	1,177	367	2,190
Other	81	116	695	-	892
Total flows covered by cash flow hedge	469	899	2,591	445	4,404

• Hedging of a net investment in a foreign company

The purpose of a hedge of 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 AND GOVERNANCE

• 5.1.1. Organisation of liquidity risk management

Since January 1, 2011, liquidity risk steering, management and monitoring have been provided by two distinct entities of the Group Finance Division, in compliance with the regulatory principles that advocate a separation of risk steering and monitoring functions:

- The Balance Sheet and Global Treasury Management Department:
  - manages liquidity and structural risks,
  - oversees and coordinates all Group treasury functions (external Group funding, internal entity financing and centralised collateral management),
  - manages the Group's corporate centre and conducts financing operations.
- The ALM Risk Control Department:
  - supervises and manages the structural risks to which the Group is exposed,
  - in particular, validates models, monitors compliance with limit restrictions and management practices by the divisions, business lines and entities of the Group.
  - reports hierarchically to the Chief Financial Officer and reports functionally to the Group Chief Risk Officer.

In addition, several Risk Division departments contribute, together with the Finance Division, to the operational supervision of liquidity risk. Their actions are coordinated by the Cross-Business Risk Monitoring Department for the Group Chief Risk Officer. Specifically, they relate to:

- the independent review of capital market models,
- the validation of all the Group's liquidity models within the framework of centralised governance,
- the examination of requests for risk limits relating to liquidity risk metrics and the monitoring of any limit overages.

• 5.1.2. Governance

The principles and standards applicable to the management of liquidity risks are defined at Group level.

The business divisions and major Group entities manage liquidity under the direct supervision of the Group's Finance Division.

The other operating entities are responsible for managing their own liquidity and for adhering to applicable regulatory constraints, under the supervision of the business division to which they report. The entities submit reports on their structural liquidity risk to the Group via a shared IT system.

In 2012, the Group's Balance Sheet and Global Treasury Management Department had full responsibility for managing the Group's liquidity and functionally supervised the Corporate and Investment Banking business unit's Treasury Department.

The main functions of the Group's governing bodies in the area of liquidity are listed below:

- The Group's Board of Directors:
  - meets on a quarterly basis to examine the liquidity risk situation and to provide follow-up to its past decisions,
  - conducts an annual review of the liquidity risk management and monitoring system,
  - establishes the level of liquidity-related risk tolerance, including the time horizon over which the Group can operate under conditions of stress (“survival horizon”), as part of determining the Group's risk Appetite,
  - monitors adherence to the main risk limits.
- General Management:
  - presents a framework of Group-wide liquidity risk tolerance levels to the Board of Directors for validation as part of determining the Group's risk Appetite,
  - sets the liquidity limits per business division and per major Group entity,
  - monitors adherence to liquidity limits Group-wide and per business division,
  - validates remedial action plans in the event that liquidity limits are exceeded at the Group level or by the business divisions.
- The Finance Committee:
  - meets at least quarterly under the chairmanship of the Chairman and Chief Executive Officer or a Deputy Chief

Executive Officer with the representatives from the different corporate divisions and business divisions,

- readies the decisions of General Management in the areas of general policy, liquidity risk tolerance and limits,
- ensures the adequacy of the risk management and control system,
- examines and validates the steps advocated by the Departments: the Balance Sheet and Global Treasury Management Department and ALM Risk Control Department,
- monitors developments in the liquidity situation falling under the Group's scope of management.

5.2. UNDERLYING PRINCIPLES OF LIQUIDITY MANAGEMENT

• 5.2.1. Group objective, principles and challenges

The Group's overriding objective is to ensure the funding of its activities in the most cost-effective way while managing liquidity risk and adhering to regulatory limits.

In 2012, the Group strengthened the management of its balance sheet structure, i.e. the absolute limit on borrowing on the financial market, both short term and long term, with a view to securing its liabilities and optimising its refinancing structure. With this in mind, structural efforts were made to rebalance liabilities toward customer deposits and long-term funding was set in motion.

Furthermore, during the first half of 2012 the Group conducted, at the request of General Management, a strategic review of all its businesses from a liquidity standpoint in order to optimise the allocation of this scarce resource in the Group-wide management of its businesses and to set medium-term objectives for the business lines consistent with the Group's strategy.

As a result, the Group's operating principles for liquidity management introduced in 2011 were maintained and strengthened in 2012, namely:

■ Group Funding

1. The dynamic management and coordination of the businesses' borrowing requirements from the Group, consistent with the Group's capacity for leveraging financial resources and in line with the objectives established by the General Management.
2. The plan for short- and long-term funding, in addition to resources gathered from clients, is sized conservatively with reduced control in the short term while ensuring diversification in terms of products and target areas.
3. Conservative and close monitoring of short-term liquidity and the Group's footprint in the markets. The Treasury Department of the Corporate and Investment Banking division, which manages the Group’s short-term liquidity by delegation and monitors its liquidity gap under 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 Balance Sheet and Global Treasury Management Department, assesses the Bank’s short-term liquidity situation and makes management decisions according to the market environment by delegation from the Finance Committee.

■ Liquidity Risk

4. Using internal stress tests to be certain that the time limit during which the Group can continue to operate under liquidity stress conditions, whether systemic, specific or a combination thereof, is met as established by the Board of Directors.
5. Defining, measuring and managing business line liquidity gaps. The businesses will be expected to respect to the principle of a zero or small gap, averting any risk of mismatch.
6. Actively managing eligible assets. The Group has set the aim of optimising the management of the pool of assets eligible for the various refinancing mechanisms (central bank refinancing operations, société de crédit foncier, securitisation, etc.) using a centralised application that creates an inventory of saleable assets to allow an optimum allocation and secure management of these asset pools.

■ Regulatory Requirements

7. Implementing a Group steering structure, taking into account regulatory ratios (LCR, NSFR) and guiding the contribution of the business lines to these ratios.

Since 2012, Societe Generale has been working intensively to transpose the Basel document into a banking standard to be enforced Group-wide governing standards and steering. The automation of liquidity ratio calculation was begun in the first quarter of 2012 and will continue into 2013.

The key performance indicator regulatory framework, which was initiated in the first half of 2011 by the Group, created the conditions for setting targets and limits per business division and major entities in 2012 covering the 2012-2015 period for most key liquidity performance indicators validated by General Management.

• 5.2.2. Key liquidity performance indicators

The task of managing liquidity in the Group's Finance Division notably includes:

1. From a qualitative point of view, direct supervision of the liquidity of the business divisions and the major entities,
2. From a quantitative point of view, controlling the Group, the divisions and the business divisions and monitoring several key performance indicators that it defined in line with needs of informing the General Management, some of which are an integral part of the targets and limits defined as part of the

Group's Risk Appetite arrangement.

- Qualitative coordination of the liquidity requirements of the business divisions of the Group, the divisions and the major entities:

  Liquidity supervision of the business divisions and major entities by the Group's Finance Division aims at setting out the main objectives of monitoring the business lines as well as ensuring that any operational sticking points that need to be reported back to the Group level are indeed reported.

  With this in mind, the Group's Finance Division participates, at the business divisions level and in major entities, both in France and in foreign countries, to the meetings of the ALM Committees and Funding Committees and is involved in enterprise-wide efforts related to thoughts on the targets and trends of the Group and its businesses.

- Quantitative liquidity planning for the Group, the business divisions, the major entities and the business lines:

  Current and forward-looking vision, the main key steering performance indicators and close monitoring.

1. Net Group funding needs of the business divisions and Group Treasury Resources
   - Budget caps and control of the business lines' borrowing requirements in both the short and long term.
   - Controlling the absolute and relative level and maturity of borrowing and its adequacy for the business lines' borrowing requirements.
   - The net borrowing requirements of the business divisions and the major entities as regards liquidity will be monitored and managed monthly, consistently with the Group's capacity for leveraging financial resources on the market, the structure of the Group's balance sheet and the business lines' business and development plan.
2. The Group's regulatory liquidity: monitoring the Basel LCR and NSFR ratios.
   - Budget limits and consolidated view of liquidity per business divisions and per major entities.
   - Monitoring the contribution of the business divisions to the Group's regulatory liquidity shortage or surplus by means of implementing specific action plans in all of the Group's business lines.
3. Liquidity gaps and stress
   - Zero or low liquidity gap limits at the Group, business divisions and major entities level.
   - Determination by the General Management of the time horizon over which the Group can continue to operate in a liquidity stress scenario, reviewed quarterly by the Board of Directors and monitored daily by the Finance Division.
4. French Prudential Supervisory Authority's liquidity Ratio
   - Monitoring the Societe Generale Parent Company's 1-month liquidity ratio under current French regulation.

6. CAPITAL MANAGEMENT AND COMPLIANCE WITH REGULATORY RATIOS

6.1. QUALITATIVE INFORMATION

• Description of the approach to capital management

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

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

Financial planning is used to maintain this objective, which consists in simulating the balance of resources in relation to capital requirements and capital transactions. Capital management is monitored through data collected at least every half-year within the framework of the Group budget and strategic plan.

• Compliance with ratios

The solvency ratio (Basel 2 solvency ratio) complies with the calculation methods established by the French Prudential Supervisory Authority. This ratio is based on the Group's consolidated banking activities, thus eliminating the contributions of the insurance entities.

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

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

Banking Commission (Commission bancaire) in 2007.

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

In order to better take into account the default and rating migration risk for assets in the trading portfolio and in order to reduce the procyclicality of Value at Risk (VaR), the Basel Committee published new proposals in July 2009, within the Basel 2.5 framework. The risk of rating migration and default with regard to issuers in trading portfolios lead to two capital charges for specific market risk: IRC (Incremental Risk Charges), and CRM (Comprehensive Risk Measurement, specific to correlation trading portfolios). Moreover, the regulator requires an estimated stressed VaR calculation, similar to the VaR, but estimated for a crisis period. These proposals have been rolled out in the European Capital Requirements Directive (CRD 3) in July 2010 and are applied since December 31, 2011.

In 2012, Societe Generale Group complied with all of the prudential solvency ratios applicable to its activities.

Since June 30, 2012, and in line with the monitoring of European bank solvency ratios by the European Banking Authority in the first half of 2012, the regulatory minimum imposed on the Group now applies to the Core Tier One ratio (calculated in accordance with the methodology set out in the EBA recommendation published on December 8, 2011), which must be greater than 9%. Societe Generale Group fulfilled this requirement as of December 31, 2012 with a Core Tier 1 ratio of 10.7%. Furthermore, Societe Generale Group also applies Directive No. 2005-04 relating to "additional monitoring of financial conglomerates".

The Basel 3 regulation will be rolled out in Europe by the European Capital Requirements Directive IV (CRD IV) and the European Capital Requirements Regulation (CRR), which will come into force after adoption by the European Parliament. The Group will be able to meet these new requirements, with a Basel 3 Core Tier 1 ratio above 9% by the end of 2013.

6.2. QUANTITATIVE DATA

At the end of 2012, total regulatory capital was EUR 41,308 million.

Prudential capital - Basel 2 *(In millions of euros)*	**December 31, 2012**	**December 31, 2011**
Group shareholders' equity	49,809	47,067
Estimated and forecast dividends	(508)	(184)
Non-controlling interests including preferred shares	4,115	4,045
Estimated and forecast dividends related to non-controlling interests	(182)	(180)
Prudential deductions	(10,609)	(10,567)
Tier 1 capital	**42,625**	**40,181**
Basel 2 deductions	(2,126)	(2,717)
Total Core Tier 1 capital	**34,609**	**31,548**
Total Tier 1 capital	**40,499**	**37,464**
Tier 2 capital	7,738	10,742
Other deductions	(6,929)	(6,778)
Total regulatory capital	**41,308**	**41,428**

Note 5

CASH, DUE FROM CENTRAL BANKS

(In millions of euros)	December 31, 2012	December 31, 2011
Cash	2,595	2,684
Due from central banks	64,996	41,279
Total	**67,591**	**43,963**

Note 6

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2012				December 31, 2011			
(In millions of euros)	Valuation on the basis of quoted prices in active markets (L1)[2]	Valuation using observable inputs other than quoted prices included in (L2)[2]	Valuation using mainly inputs that are not based on observable market data (L3)[2]	Total	Valuation on the basis of quoted prices in active markets (L1)[2]	Valuation using observable inputs other than quoted prices included in L1 (L2)[2]	Valuation using mainly inputs that are not based on observable market data (L3)[2]	Total
Trading portfolio								
Bonds and other debt securities	55,821	6,019	894	62,734	36,609	8,185	3,486	48,280
Shares and other equity securities[1]	69,059	3,341	98	72,498	34,361	2,691	279	37,331
Other financial assets	2	91,165	318	91,485	52	61,571	312	61,935
Sub-total trading portfolio	**124,882**	**100,525**	**1,310**	**226,717**	**71,022**	**72,447**	**4,077**	**147,546**
o/w securities on loan				*14,382*				*13,602*
Financial assets measured using fair value option through P&L								
Bonds and other debt securities	8,370	171	45	8,586	6,582	514	25	7,121
Shares and other equity securities[1]	10,577	1,994	131	12,702	10,899	1,737	120	12,756
Other financial assets	12	17,497	283	17,792	-	12,908	330	13,238
Separate assets for employee benefit plans	-	104	1	105	-	99	-	99
Sub-total of financial assets measured using fair value option through P&L	**18,959**	**19,766**	**460**	**39,185**	**17,481**	**15,258**	**475**	**33,214**
o/w securities on loan				-				-
Interest rate instruments	**48**	**158,774**	**1,273**	**160,095**	**15**	**146,662**	**912**	**147,589**
Firm instruments								
Swaps				119,453				107,683
FRA				517				899
Options								
Options on organised markets				4				7
OTC options				30,753				30,174
Caps, floors, collars				9,368				8,826
Foreign exchange instruments	**398**	**21,023**	**59**	**21,480**	**425**	**30,340**	**129**	**30,894**
Firm instruments				*16,554*				*24,438*
Options				*4,926*				*6,456*
Equity and index instruments	**8**	**17,393**	**879**	**18,280**	**103**	**23,365**	**1,671**	**25,139**
Firm instruments				*1,109*				*1,858*
Options				*17,171*				*23,281*
Commodity instruments	**4**	**4,231**	**43**	**4,278**	**385**	**7,485**	**153**	**8,023**
Firm instruments-Futures				*3,420*				*6,351*
Options				*858*				*1,672*
Credit derivatives	**-**	**12,542**	**1,066**	**13,608**	**-**	**27,271**	**2,409**	**29,680**
Other forward financial instruments	**9**	**236**	**138**	**383**	**216**	**13**	**180**	**409**
On organised markets				*175*				*147*
OTC				*208*				*262*
Sub-total trading derivatives	**467**	**214,199**	**3,458**	**218,124**	**1,144**	**235,136**	**5,454**	**241,734**
Total financial instruments at fair value through P&L[3]	**144,308**	**334,490**	**5,228**	**484,026**	**89,647**	**322,841**	**10,006**	**422,494**

(1) Including UCITS.
(2) See Note 3 for valuation level definitions.
(3) O/w EUR 89,745 million in securities purchased under resale agreements at December 31, 2012 versus EUR 60,220 million at December 31, 2011.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(In millions of euros)	December 31, 2012 Valuation on the basis of quoted prices in active markets (L1)[4]	Valuation using observable inputs other than quoted prices included in L1 (L2)[4]	Valuation using mainly inputs that are not based on observable market data (L3)[4]	Total	December 31, 2011 Valuation on the basis of quoted prices in active markets (L1)[4]	Valuation using observable inputs other than quoted prices included in L1 (L2)[4]	Valuation using mainly inputs that are not based on observable market data (L3)[4]	Total
Trading portfolio								
Debt securities issued	-	10,866	14,980	25,846	-	9,079	13,849	22,928
Amounts payable on borrowed securities	20,684	40,230	29	60,943	4,777	35,130	-	39,907
Bonds and other debt instruments sold short	6,900	32	-	6,932	6,271	146	91	6,508
Shares and other equity instruments sold short	1,308	182	-	1,490	2,348	69	1	2,418
Other financial liabilities	-	79,294	325	79,619	-	65,757	768	66,525
Sub-total trading portfolio[4]	**28,892**	**130,604**	**15,334**	**174,830**	**13,396**	**110,181**	**14,709**	**138,286**
Interest rate instruments	**40**	**152,085**	**1,738**	**153,863**	**75**	**140,809**	**2,544**	**143,428**
Firm instruments								
Swaps				112,070				101,887
FRA				331				856
Options								
Options on organised markets				21				21
OTC options				31,073				30,390
Caps, floors, collars				10,368				10,274
Foreign exchange instruments	**1,003**	**21,908**	**111**	**23,022**	**283**	**30,155**	**92**	**30,530**
Firm instruments				*17,613*				*24,266*
Options				*5,409*				*6,264*
Equity and index instruments	**96**	**20,087**	**711**	**20,894**	**83**	**25,956**	**1,162**	**27,201**
Firm instruments				*1,712*				*1,924*
Options				*19,182*				*25,277*
Commodity instruments	**43**	**4,506**	**80**	**4,629**	**422**	**8,350**	**262**	**9,034**
Firm instruments-Futures				*3,454*				*7,098*
Options				*1,175*				*1,936*
Credit derivatives	**-**	**12,143**	**676**	**12,819**	**-**	**26,878**	**1,308**	**28,186**
Other forward financial instruments	**4**	**868**	**1**	**873**	**157**	**860**	**1**	**1,018**
On organised markets				*73*				*97*
OTC				*800*				*921*
Sub-total trading derivatives	**1,186**	**211,597**	**3,317**	**216,100**	**1,020**	**233,008**	**5,369**	**239,397**
Sub-total of financial liabilities measured using fair value option through P&L[4][6]	**632**	**17,643**	**2,183**	**20,458**	**307**	**16,669**	**588**	**17,564**
Total financial instruments at fair value through P&L[5]	**30,710**	**359,844**	**20,834**	**411,388**	**14,723**	**359,858**	**20,666**	**395,247**

(4) See Note 3 for valuation level definitions.

(5) O/w EUR 78,951 million in securities sold under repurchase agreements at December 31, 2012 versus EUR 63,062 million at December 31, 2011.

FINANCIAL LIABILITIES MEASURED USING FAIR VALUE OPTION THROUGH PROFIT OR LOSS

(In millions of euros)	December 31, 2012 Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	December 31, 2011 Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity
Total financial liabilities measured using fair value option through P&L[6][7]	**20,458**	**20,089**	**369**	**17,564**	**17,806**	**(242)**

(6) The change in fair value attributable to the Group's own credit risk generated an expense of EUR 1,255 million as at December 31, 2012 of which EUR -130 million due to a basis adjustment. The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale Group's actual financing terms and conditions on the markets and the residual maturity of the related liabilities.

(7) Mainly indexed EMTNs.

VARIATION IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS WHOSE VALUATION IS NOT BASED ON OBSERVABLE MARKET DATA (LEVEL 3[8])

	Trading portfolio			Financial assets measured using fair value option through profit or loss			Trading derivatives						
(In millions of euros)	Bonds and other debt securities	Shares and other equity securities	Other financial assets	Bonds and other debt securities	Shares and other equity securities	Other financial assets	Interest rate instruments	Foreign exchange instruments	Equity and index instruments	Commodity instruments	Credit derivatives	Other forward financial instruments	Total financial instruments at fair value through P&L
Balance at January 1, 2012	**3,486**	**279**	**312**	**25**	**120**	**330**	**912**	**129**	**1,671**	**153**	**2,409**	**180**	**10,006**
Acquisitions	183	2	-	21	12	57	283	4	35	22	254	-	873
Disposals / redemptions	(869)	-	(4)	-	-	(66)	(246)	(23)	(156)	(17)	(376)	-	(1,757)
Transfer to Level 2 [8]	(887)	-	-	-	-	(12)	(151)	(12)	(434)	-	-	-	(1,496)
Transfer to Level 1 [8]	(629)	-	-	-	-	-	-	-	-	-	-	-	(629)
Transfer from Level 2 [8]	35	94	-	-	-	118	100	-	-	5	-	-	352
Gains and losses on changes in fair value during the period [9]	(432)	(122)	4	(1)	(1)	(147)	360	(37)	(257)	(119)	(1,234)	(41)	(2,027)
Translation differences	7	-	6	-	-	4	15	(2)	20	(1)	13	(1)	61
Change in scope and others	-	(155)	-	-	-	-	-	-	-	-	-	-	(155)
Balance at December 31, 2012	**894**	**98**	**318**	**45**	**131**	**284**	**1,273**	**59**	**879**	**43**	**1,066**	**138**	**5,228**

(8) See Note 3 for valuation level definitions.

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

VARIATION IN FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS WHOSE VALUATION IS NOT BASED ON OBSERVABLE MARKET DATA (LEVEL 3[10])

	Trading portfolio				Trading derivatives							
(In millions of euros)	Debt securities issued	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, 2012	**13,849**	**-**	**92**	**768**	**2,544**	**92**	**1,162**	**262**	**1,308**	**1**	**588**	**20,666**
Issues	4,740	-	-	-	-	-	164	-	-	-	-	4,904
Acquisitions/disposals	(442)	-	-	(366)	223	(1)	(70)	110	(285)	-	1,754	923
Redemptions	(2,607)	-	-	-	-	-	(31)	-	-	-	-	(2,638)
Transfer to Level 2 [10]	(1,220)	-	-	(13)	(298)	(34)	(394)	-	-	-	(10)	(1,969)
Transfer from Level 2 [10]	151	-	-	-	52	11	17	4	-	-	7	242
Gains and losses on changes in fair value during the period [11]	537	29	(92)	(61)	(809)	40	(149)	(295)	(356)	1	(166)	(1,321)
Translation differences	(28)	-	-	(3)	26	3	12	(1)	9	-	10	28
Change in scope and others	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Balance at December 31, 2012	**14,980**	**29**	**-**	**325**	**1,738**	**111**	**711**	**80**	**676**	**1**	**2,183**	**20,834**

(10) See Note 3 for valuation level definitions.

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

Note 7

HEDGING DERIVATIVES

(In millions of euros)	December 31, 2012		December 31, 2011	
	Assets	**Liabilities**	**Assets**	**Liabilities**
FAIR VALUE HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	14,836	13,199	11,640	11,881
Options				
Caps, floors, collars	84	-	151	-
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	151	20	219	39
Forward foreign exchange contracts	17	-	-	-
Equity and index instruments				
Equity and stock index options	-	3	-	1
CASH FLOW HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	808	576	522	467
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	16	118	19	162
Forward foreign exchange contracts	13	9	29	106
Other forward financial instruments				
On organised markets	9	50	31	248
Total	**15,934**	**13,975**	**12,611**	**12,904**

Note 8

AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	December 31, 2012				December 31, 2011			
	Valuation on the basis of quoted prices in active markets (L1)(2)	Valuation using observable inputs other than quoted prices included in L1 (L2)(2)	Valuation using mainly inputs that are not based on observable market data (L3)(2)	Total	Valuation on the basis of quoted prices in active markets (L1)(2)	Valuation using observable inputs other than quoted prices included in L1 (L2)(2)	Valuation using mainly inputs that are not based on observable market data (L3)(2)	Total
Current assets								
Bonds and other debt securities	101,113	12,090	206	**113,409**	93,919	19,302	685	**113,906**
o/w provisions for impairment				*(139)*				*(946)*
Shares and other equity securities (1)	10,838	903	284	**12,025**	6,608	1,159	330	**8,097**
o/w impairment losses				*(1,873)*				*(1,905)*
Sub-total current assets	**111,951**	**12,993**	**490**	**125,434**	**100,527**	**20,461**	**1,015**	**122,003**
Long-term equity investments	430	570	1,280	**2,280**	551	707	1,477	**2,735**
o/w impairment losses				*(518)*				*(628)*
Total available-for-sale financial assets	**112,381**	**13,563**	**1,770**	**127,714**	**101,078**	**21,168**	**2,492**	**124,738**
o/w securities on loan				-				-

(1) Including UCITS.

(2) See Note 3 for valuation level definitions.

CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	December 31, 2012	December 31, 2011
Balance at January 1	**124,738**	**103,836**
Acquisitions	141,504	108,921
Disposals/redemptions (3)	(145,852)	(88,050)
Reclassifications and changes in scope	(313)	125
Gains and losses on changes in fair value recognised directly in equity (4)	7,713	(41)
Change in impairment on fixed income securities recognised in P&L	771	(301)
O/w: increase	*(259)*	*(945)*
write-backs	*1,079*	*472*
others	*(49)*	*172*
Impairment losses on variable income securities recognised in P&L	(281)	(308)
Change in related receivables	1	212
Translation differences	(567)	344
Balance at December 31	**127,714**	**124,738**

(3) Disposals are valued according to the weighted average cost method.

(4) The difference versus "Revaluation of available-for-sale assets of the period" in note 29 mainly results from the variation in Insurance Companies-Net allowances for deferred profit-sharing.

VARIATION OF AVAILABLE-FOR-SALE ASSETS WHOSE VALUATION METHOD IS NOT BASED ON OBSERVABLE MARKET DATA (LEVEL 3[5])

(In millions of euros)	Bonds and other debt securities	Shares and other equity securities	Long-term equity investments	Total
Balance at January 1, 2012	**685**	**330**	**1,477**	**2,492**
Acquisitions	93	284	128	505
Disposals/redemptions	(263)	(309)	(119)	(691)
Transfer to Level 2 [5]	(18)	(17)	(1)	(36)
Transfer to Level 1 [5]	(112)	-	(25)	(137)
Transfer from Level 2 [5]	15	-	1	16
Gains and losses recognised directly in equity during the period	38	1	33	72
Changes in impairment on fixed income securities recognised in P&L	(17)	-	-	(17)
O/w: increase	*(17)*	-	-	*(17)*
write-backs	-	-	-	-
Impairment losses on variable income securities recognised in P&L	-	(2)	(54)	(56)
Changes in related receivables	3	(1)	-	2
Translation differences	1	1	21	23
Change in scope and others	(219)	(3)	(181)	(403)
Balance at December 31, 2012	**206**	**284**	**1,280**	**1,770**

(5) See note 3 for valuation level definitions.

Note 9

DUE FROM BANKS

(In millions of euros)	December 31, 2012	December 31, 2011
Deposits and loans		
Demand and overnights		
Current accounts	21,199	15,401
Overnight deposits and loans and others	2,346	1,556
Loans secured by overnight notes	35	6
Term		
Term deposits and loans [1]	17,980	19,460
Subordinated and participating loans	580	715
Loans secured by notes and securities	287	245
Related receivables	219	173
Gross amount	**42,646**	**37,556**
Impairment		
Impairment of individually impaired loans	(60)	(124)
Revaluation of hedged items	48	49
Net amount	42,634	37,481
Securities purchased under resale agreements	34,570	48,959
Total	**77,204**	**86,440**
Fair value of amounts due from banks	**77,190**	**87,270**

(1) As at December 31, 2012, the amount of receivables with incurred credit risk was EUR 202 million compared with EUR 199 million as at December 31, 2011.

Note 10

CUSTOMER LOANS

(In millions of euros)	December 31, 2012	December 31, 2011
Customer loans		
Trade notes	11,528	11,384
Other customer loans [(1)]	311,601	337,965
o/w short-term loans	86,078	100,940
o/w export loans	10,795	11,450
o/w equipment loans	57,801	63,099
o/w housing loans	107,042	104,528
o/w other loans	49,885	57,948
Overdrafts	17,168	16,848
Related receivables	1,448	1,507
Gross amount	**341,745**	**367,704**
Impairment		
Impairment of individually impaired loans	(14,027)	(14,824)
Impairment of groups of homogenous receivables	(1,128)	(1,287)
Revaluation of hedged items	680	539
Net amount	**327,270**	**352,132**
Loans secured by notes and securities	394	1,067
Securities purchased under resale agreements	22,577	14,318
Total amount of customer loans	**350,241**	**367,517**
Fair value of customer loans	**353,525**	**365,695**

(1) As at December 31, 2012, the amount of receivables with incurred credit risk was EUR 25,300 million compared with EUR 26,038 million as at December 31, 2011.

Note 11

RECLASSIFICATION OF FINANCIAL ASSETS

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

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

Furthermore, due to the exceptional deterioration of the world's financial markets, the Group decided on October 1, 2008 to reclassify into the *Available-for-sale financial assets* category certain financial instruments initially measured at fair value through profit or loss, insofar as these instruments were no longer held for trading purposes.

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

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

No reclassification was performed in 2012.

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

(In millions of euros)	Fair value on December 31, 2012 *	Book value on December 31, 2012 *	Fair value on December 31, 2011	Book value on December 31, 2011	Book value on the date of reclassification (October 1, 2008)
Available-for-sale financial assets	190	190	241	241	969
Due from banks	4,515	4,518	4,014	4,602	6,345
Customer loans	3,716	4,496	6,161	7,580	21,293
Total	**8,421**	**9,204**	**10,416**	**12,423**	**28,607**

* Net reimbursements and disposals that have been received since January 1, 2012: EUR 1,268 million and EUR 1,835 million.

(In millions of euros)	2012
Contribution of reclassified financial assets over the period	
recognised in Shareholders' equity	31
recognised in Net banking income	276
recognised in Net cost of risk	(245)

(In millions of euros)	On December 31, 2012	On December 31, 2011
Changes in fair value		
that would have been recognised in Shareholders' equity if the financial assets had not been reclassified **	649	(550)
that would have been recognised in Net banking income if the financial assets had not been reclassified **	223	(752)

The effective interest rates on December 31, 2012 of reclassified financial assets ranged from 0.53% to 5.68%.

Expected recoverable cash flows on reclassified financial assets are EUR 9,818 million.

** Including insurance activity reclassifications whose impact would have been neutralised by deferred profit-sharing for EUR 615 million in shareholders' equity and for EUR 17 million in Net banking income.

Note 12

LEASE FINANCING AND SIMILAR AGREEMENTS

(In millions of euros)	December 31, 2012	December 31, 2011
Real estate lease financing agreements	8,230	8,295
Non-real estate lease financing agreements	21,145	21,615
Related receivables	61	67
Gross amount (1)	**29,436**	**29,977**
Impairment of individually impaired loans	(687)	(648)
Impairment of groups of homogenous receivables	(4)	(4)
Revaluation of hedged items	-	-
Net amount	**28,745**	**29,325**
Fair value of receivables on lease financing and similar agreements	**29,388**	**29,731**

(1) As at December 31, 2012, the amount of individually impaired loans with incurred credit risk was EUR 1,632 million compared to EUR 1,672 million as at December 31, 2011.

(In millions of euros)	December 31, 2012	December 31, 2011
Gross investments	**32,666**	**33,593**
less than one year	8,066	8,542
1-5 years	16,858	17,445
more than five years	7,742	7,606
Present value of minimum payments receivable	**27,859**	**28,298**
less than one year	7,375	7,646
1-5 years	14,359	14,460
more than five years	6,125	6,192
Unearned financial income	**3,230**	**3,616**
Unguaranteed residual values receivable by the lessor	**1,577**	**1,679**

Note 13

HELD-TO-MATURITY FINANCIAL ASSETS

(In millions of euros)	December 31, 2012	December 31, 2011
Bonds and other debt securities	1,192	1,492
Impairment	(6)	(39)
Total held-to-maturity financial assets	**1,186**	**1,453**
Fair value of held-to-maturity financial assets	**1,217**	**1,421**

Note 14

TAX ASSETS AND LIABILITIES

(In millions of euros)	December 31, 2012	December 31, 2011
Current tax assets	790	648
Deferred tax assets	5,119	4,582
o/w defered tax assets on tax losses carryforwards	*4,519*	*4,386*
o/w defered tax assets on temporary differences (1)	*600*	*196*
Total	**5,909**	**5,230**

(In millions of euros)	December 31, 2012	December 31, 2011
Current tax liabilities	711	756
Deferred tax liabilities (2)	456	439
Total	**1,167**	**1,195**

(1) O/w EUR -2 million as at December 31, 2012 on items credited or charged to shareholder's equity for unrealised gains and losses against EUR 526 million as at December 31,2011.

(2) O/w EUR 119 million as at December 31, 2012 on items credited or charged to shareholder's equity for unrealised gains and losses against EUR 43 million as at December 31,2011.

DEFERRED TAX ASSETS RECOGNISED ON TAX LOSSES CARRYFORWARDS

As at December 31, 2012, based on the tax system of each entity and realistic projection of their tax income or expense, the projected period for deferred tax asset recovery is indicated in the table below :

(In millions of euros)	December 31, 2012	Statutory time limit on carryforwards	Expected recovery period
Total deferred tax assets relating to tax loss carryforwards	4,519	-	-
o/w French tax group	*3,545*	*unlimited (3)*	*16 years*
o/w US tax group	*831*	*20 years*	*7 years*
others	*143*	-	-

(3) In accordance with the 2013 Finance Law, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.

Note 15

OTHER ASSETS

(In millions of euros)	December 31, 2012	December 31, 2011
Guarantee deposits paid (1)	33,470	35,224
Settlement accounts on securities transactions	2,610	2,314
Prepaid expenses	666	746
Miscellaneous receivables	17,224	17,699
Gross amount	**53,970**	**55,983**
Impairment	(265)	(255)
Net amount	**53,705**	**55,728**

(1) Mainly concerns guarantee deposits paid on financial instruments.

Note 16

NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

(In millions of euros)	December 31, 2012	December 31, 2011
Assets[(1)]	**9,410**	**429**
Fixed assets and Goodwill	1,108	6
Financial assets	2,398	85
Receivables	5,575	178
O/w: due from banks	*476*	*40*
customer loans	*4,400*	*138*
others	*699*	-
Other assets	329	160
Liabilities[(1)]	**7,287**	**287**
Allowances	77	-
Debts	6,908	236
O/w: due to banks	*191*	*152*
customer deposits	*5,667*	-
others	*1,050*	*84*
Other liabilities	302	51

(1) In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the main items classified in Non-current assets and liabilities held for sale are assets and liabilities relating to the TCW Group Inc., National Societe Generale Bank and its subsidiaries.

Note 17

TANGIBLE AND INTANGIBLE FIXED ASSETS

(In millions of euros)	Gross book value at December 31, 2011	Acquisitions	Disposals	Changes in translation, consolidation scope and reclassifications	Gross value at December 31, 2012	Accumulated depreciation and amortisation of assets at December 31, 2011	Allocations to amortisation and depreciation in 2012	Impairment of assets 2012	Write-backs from amortisation and depreciation in 2012	Changes in translation, consolidation scope and reclassifications	Net book value at December 31, 2012	Net book value at December 31, 2011
Intangible assets												
Software, EDP development costs	1,600	94	(29)	(99)	1,566	(1,245)	(135)	(1)	22	95	302	355
Internally generated assets	1,412	76	(25)	228	1,691	(972)	(215)	-	16	(10)	510	440
Assets under development	393	300	-	(318)	375	-	-	-	-	-	375	393
Others	771	8	-	(20)	759	(280)	(39)	(3)	-	27	464	491
Sub-total	**4,176**	**478**	**(54)**	**(209)**	**4,391**	**(2,497)**	**(389)**	**(4)**	**38**	**112**	**1,651**	**1,679**
Operating tangible assets												
Land and buildings	4,571	73	(31)	103	4,716	(1,464)	(145)	(2)	17	54	3,176	3,107
Assets under development	861	302	(17)	(379)	767	-	-	-	-	-	767	861
Lease assets of specialised financing companies	13,432	4,584	(3,858)	67	14,225	(4,002)	(2,342)	10	2,030	(17)	9,904	9,430
Others	5,175	250	(158)	14	5,281	(3,762)	(377)	(3)	84	49	1,272	1,413
Sub-total	**24,039**	**5,209**	**(4,064)**	**(195)**	**24,989**	**(9,228)**	**(2,864)**	**5**	**2,131**	**86**	**15,119**	**14,811**
Investment property												
Land and buildings	395	2	(4)	5	398	(150)	(9)	-	2	(4)	237	245
Assets under development	102	81	-	-	183	-	-	-	-	-	183	102
Sub-total	**497**	**83**	**(4)**	**5**	**581**	**(150)**	**(9)**	**-**	**2**	**(4)**	**420**	**347**
Total tangible and intangible fixed assets	**28,712**	**5,770**	**(4,122)**	**(399)**	**29,961**	**(11,875)**	**(3,262)**	**1**	**2,171**	**194**	**17,190**	**16,837**

OPERATIONAL LEASING

(In millions of euros)	December 31, 2012	December 31, 2011
Breakdown of minimum payments receivable		
due in less than one year	2,762	2,421
due in 1-5 years *	5,096	4,894
due in more than five years	26	21
Total minimum future payments receivable	**7,884**	**7,336**

* Amounts adjusted with respect to the published financial statements at December 31, 2011.

Note 18

GOODWILL

The table below presents the Cash Generating Unit (CGU) by business units :

(In millions of euros)	Gross value at December 31, 2011	Acquisitions and other increases	Disposals and other decreases	Translation differences	Gross value at December 31, 2012	Impairment of goodwill at December 31, 2011	Impairment losses	Disposals, translation differences and other changes	Impairment of goodwill at December 31, 2012	Net goodwill at December 31, 2011	Net goodwill at December 31, 2012
French Networks	**750**	**1**	**-**	**1**	**752**	**-**	**-**	**-**	**-**	**750**	**752**
Crédit du Nord	511	-	-	-	511	-	-	-	-	511	511
Societe Generale Network	239	1	-	1	241	-	-	-	-	239	241
International Retail Banking	**3,511**	**-**	**(416)**	**41**	**3,136**	**(337)**	**(250)**	**50**	**(537)**	**3,174**	**2,599**
International Retail Banking - European Union and Pre-European Union	1,960	-	(65)	22	1,917	(65)	-	65	-	1,895	1,917
Russian Retail Banking	1,103	-	-	39	1,142	(272)	(250)	(15)	(537)	831	605
Other International Retail Banking	448	-	(351)	(20)	77	-	-	-	-	448	77
Specialised Financial Services and Insurance	**1,291**	**1**	**-**	**(10)**	**1,282**	**(243)**	**-**	**-**	**(243)**	**1,048**	**1,039**
Insurance Financial Services	10	1	-	-	11	-	-	-	-	10	11
Individual Financial Services	705	-	-	(14)	691	(243)	-	-	(243)	462	448
Business Financial Services	399	-	-	3	402	-	-	-	-	399	402
Auto Leasing Financial Services	177	-	-	1	178	-	-	-	-	177	178
Corporate and Investment Banking	**50**	**-**	**-**	**-**	**50**	**-**	**-**	**-**	**-**	**50**	**50**
Corporate and Investment Banking	50	-	-	-	50	-	-	-	-	50	50
Asset Management	**662**	**-**	**(684)**	**22**	**-**	**-**	**(200)**	**200**	**-**	**662**	**-**
Asset Management	662	-	(684)	22	-	-	(200)	200	-	662	-
Private Banking	**374**	**-**	**(18)**	**3**	**359**	**-**	**-**	**-**	**-**	**374**	**359**
Private Banking	374	-	(18)	3	359	-	-	-	-	374	359
SGSS and Brokers	**980**	**1**	**-**	**(3)**	**978**	**(65)**	**(392)**	**-**	**(457)**	**915**	**521**
SGSS	532	1	-	-	533	-	(12)	-	(12)	532	521
Brokers	448	-	-	(3)	445	(65)	(380)	-	(445)	383	-
TOTAL	**7,618**	**3**	**(1,118)**	**54**	**6,557**	**(645)**	**(842)**	**250**	**(1,237)**	**6,973**	**5,320**

The Group performs an annual impairment test as at December 31, 2012 for each cash-generating unit (CGU) to which goodwill has been allocated. An impairment loss is recognised in the income statement if the carrying amount of a cash-generating unit, including its allocated goodwill, is higher than its recoverable amount. This impairment loss is then allocated first to reduce the carrying amount of goodwill.

The recoverable amount of a cash-generating unit is calculated using the most appropriate method, generally the discounted cash flow (DCF) method applied to the entire cash-generating unit. Cash flows used in this calculation are income available for distribution generated by all the entities included in the cash-generating unit. They are determined on the basis of the CGU's business plan, which is derived from the prospective three-year budgets approved by Management, extrapolated over a period of sustainable growth (usually seven more years) then extended to infinity (see table below for assumptions made on long-term growth rates).

The discount rate used is the cost of capital calculated using a risk-free interest rate grossed up by a risk premium, which is determined according to the underlying activities of the cash-generating unit. This risk premium, specific to each activity, is calculated from series of equity risk premiums published by SG Cross Asset Research and from its specific estimated volatility (beta). Where appropriate, the risk-free interest rate is also grossed up by a sovereign risk premium, 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 currency of assignment.

Discount rate and long-term growth rate: specific rates applied to each CGU as disclosed in the table below:

Assumptions as at December 31, 2012	**Discount rate**	**Long-term growth rate**
French Networks	8.0%	2.0%
International Retail Banking	10.6 to 12.7%	4.0%
Specialised Financial Services and Insurance	8.8 to 10.0%	2.0% to 2.5%
Corporate and Investment Banking	11.2%	2.0%
Asset Management, Private Banking , SGSS and Brokers	8.5 to 10.0%	2.0% to 2.5%

Sensitivity tests are carried out to measure in particular the impact on each CGU's recoverable value of the variation in certain assumptions such as profitability, long-term growth or discount rate.

During first-half 2012, due to the updating of Rosbank's business plan and the consideration of the asset management market in the current economic environment, the Group conducted an impairment test on the Russian Retail Banking and Asset Management CGUs and consequently recorded impairments amounting respectively to EUR 250 million and EUR 200 million.

As at December 31, 2012, given risks relating to underlying activities in the current environment, impairment tests were performed using cautious assumptions and taking into account an adverse change of 50 basis points in discount and perpetual growth rates. As a result, impairments were recorded in the amount of EUR 380 million for the Brokers CGU and EUR 12 million for the SGSS CGU in order to maintain a recoverable value exceeding the impaired carrying value even in this challenging climate.

Due to the impairments booked in 2012, recoverable values are not very sensitive to additional changes in the assumptions of long-term growth and discount rates. Accordingly:

- an increase of 50 basis points applied to all the discount rates of the CGUs disclosed in the table above would lead to a decrease of 6.8% in the recoverable value and would not generate any additional impairment;
- similarly, a decrease of 50 basis points in long-term growth rates would lead to a decrease of 2.6% in the recoverable value and would not generate any additional impairment.

Note 19

DUE TO BANKS

(In millions of euros)	**December 31, 2012**	**December 31, 2011**
Demand and overnight deposits		
Demand deposits and current accounts	12,008	7,793
Overnight deposits and borrowings and others	10,214	7,123
Sub-total	**22,222**	**14,916**
Term deposits		
Term deposits and borrowings	68,978	73,613
Borrowings secured by notes and securities	182	143
Sub-total	**69,160**	**73,756**
Related payables	319	235
Revaluation of hedged items	219	148
Securities sold under repurchase agreements	30,129	22,219
Total	**122,049**	**111,274**
Fair value of amounts due to banks	**121,107**	**110,270**

Note 20

CUSTOMER DEPOSITS

(In millions of euros)	December 31, 2012	December 31, 2011
Regulated savings accounts		
Demand	55,471	48,648
Term	19,322	18,324
Sub-total	**74,793**	**66,972**
Other demand deposits		
Businesses and sole proprietors	53,269	52,317
Individual customers	46,217	43,924
Financial customers	31,548	24,229
Others(1)	13,014	15,591
Sub-total	**144,048**	**136,061**
Other term deposits		
Businesses and sole proprietors	42,894	38,358
Individual customers	17,814	18,804
Financial customers	16,336	20,419
Others(1)	6,925	6,730
Sub-total	**83,969**	**84,311**
Related payables	1,694	1,307
Revaluation of hedged items	534	277
Total customer deposits	**305,038**	**288,928**
Borrowings secured by notes and securities	115	188
Securities sold to customers under repurchase agreements	32,077	51,056
Total	**337,230**	**340,172**
Fair value of customer deposits	**336,901**	**340,417**

(1) Including deposits linked to governments and central administrations.

Note 21

DEBT SECURITIES ISSUED

(In millions of euros)	December 31, 2012	December 31, 2011
Term savings certificates	798	1,853
Bond borrowings	17,964	14,026
Interbank certificates and negotiable debt instruments	113,481	89,846
Related payables	940	1,001
Sub-total	**133,183**	**106,726**
Revaluation of hedged items	2,561	1,857
Total	**135,744**	**108,583**
O/w floating-rate securities	32,913	39,683
Fair value of debt securities issued	**137,431**	**109,899**

Note 22

OTHER LIABILITIES

(In millions of euros)	December 31, 2012	December 31, 2011
Guarantee deposits received[1]	31,258	32,000
Settlement accounts on securities transactions	3,075	2,753
Other securities transactions	23	27
Expenses payable on employee benefits	2,513	2,605
Deferred income	1,803	1,716
Miscellaneous payables	19,491	20,424
Total	**58,163**	**59,525**

(1) Mainly concerns guarantee deposits received on financial instruments..

Note 23

PEL/CEL MORTGAGE SAVING ACCOUNTS

1. OUTSTANDING DEPOSITS IN PEL/CEL ACCOUNTS

(In millions of euros)	December 31, 2012	December 31, 2011
PEL accounts	**13,849**	**13,253**
less than 4 years old	4,853	3,960
between 4 and 10 years old	2,806	4,422
more than 10 years old	6,190	4,871
CEL accounts	**1,828**	**1,951**
Total	**15,677**	**15,204**

2. OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS

(In millions of euros)	December 31, 2012	December 31, 2011
less than 4 years old	174	247
between 4 and 10 years old	117	78
more than 10 years old	18	28
Total	**309**	**353**

3. PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS

(In millions of euros)	December 31, 2011	Allocations	Reversals	December 31, 2012
PEL accounts	**118**	**36**	**(77)**	**77**
less than 4 years old	5	34	-	39
between 4 and 10 years old	30	-	(26)	4
more than 10 years old	83	2	(51)	34
CEL accounts	**4**	**20**	**-**	**24**
Total	**122**	**56**	**(77)**	**101**

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

The level of provisions is sensitive to long-term interest rates. Since long-term rates were low during 2012, the provisions for PEL and CEL mortgage saving accounts are mainly linked to the risks attached to the commitment to remunerate the deposits. Provisioning for PEL/CEL savings amounted to 0.64% of total outstandings as at December 31, 2012.

4. METHODS USED TO ESTABLISH THE PARAMETERS FOR VALUING PROVISIONS

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

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

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

Note 24

PROVISIONS AND IMPAIRMENTS

1. ASSETS IMPAIRMENTS

(In millions of euros)	Assets impairments as at December 31, 2011	Allocations	Write-backs available	Net impairment losses	Reversals used	Currency and scope effects	Assets impairments as at December 31, 2012
Banks	124	8	(19)	(11)	(30)	(23)	60
Customer loans	14,824	5,449	(2,367)	3,082	(2,452)	(1,427)	14,027
Lease financing and similar agreements	648	402	(253)	149	(87)	(23)	687
Groups of homogeneous assets	1,291	609	(610)	(1)	-	(158)	1,132
Available-for-sale assets[(1)(2)]	3,479	275	(530)	(255)	(722)	28	2,530
Others[(1)(3)]	546	327	(162)	165	(81)	(73)	557
Total	**20,912**	**7,070**	**(3,941)**	**3,129**	**(3,372)**	**(1,676)**	**18,993**

(1) Including a EUR 79 million net reversal for counterparty risks, o/w a EUR 24 million impairment on Greek government bonds (See Note 25).

(2) O/w write-down on variable-income securities, excluding insurance activities, of EUR 157 million, which can be broken down as follows:
- EUR 109 million: impairment loss on securities not written down as at December 31, 2011;
- EUR 48 million: additional impairment loss on securities already written down as at December 31, 2011.

(3) O/w a EUR 120 million provision for impairment of non current assets held for sale and related payables (See Note 16).

2. PROVISIONS

(In millions of euros)	Provisions as at December 31, 2011	Allocations	Write-backs available	Net allocation	Write-backs used	Effect of discounting	Currency and scope effects	Provisions as at December 31, 2012
Provisions for off-balance sheet commitments to banks	-	4	-	4	-	-	3	7
Provisions for off-balance sheet commitments to customers	267	235	(158)	77	(1)	-	(63)	280
Provisions for employee benefits	1,112	383	(258)	125	(181)	-	(33)	1,023
Provisions for tax adjustments	351	170	(47)	123	(103)	-	(20)	351
Other provisions [(4)]	720	639	(200)	439	(46)	1	32	1,146
Total	**2,450**	**1,431**	**(663)**	**768**	**(331)**	**1**	**(81)**	**2,807**

(4) Including :
- a EUR 318 million net allocation for net cost of risk, predominantly comprising allocations to provisions for disputes;
- a EUR 101 million in PEL/CEL provisions as at December 31, 2012 for the French Networks (See Note 23).

Note 25

EXPOSURE TO SOVEREIGN RISK

1. BANKING ACTIVITIES

1.1. SIGNIFICANT EUROPEAN EXPOSURE

The table below shows the Societe Generale Group's significant exposure to European sovereign risk by country as at December 31, 2012, in accordance with the methodology defined by the European Banking Authority (EBA) for the European bank capital requirements tests:

(In millions of euros)	Banking book	Trading book	CDS - Fair value of net positions (1)	Net direct exposure (2)
France	16,617	(34)	28	16,611
Czech Republic	3,718	1,085	7	4,810
Germany	2,535	283	166	2,984
Italy	1,369	260	(61)	1,568
Romania	1,065	121	(3)	1,183
Spain	632	527	9	1,168
Total	**25,936**	**2,242**	**146**	**28,324**

(1) Difference between the market value of short positions and long positions.

(2) After allocation for write-down and excluding direct exposure to derivatives.

	CDS - Nominal amounts		
(In millions of euros)	CDS - Long positions (3)	CDS - Short positions (3)	CDS - Net positions (4)
France	8	29	21
Czech Republic	47	37	(10)
Germany	1,298	1,808	510
Italy	1,794	1,920	126
Romania	90	95	5
Spain	558	671	113
Total	**3,795**	**4,560**	**765**

(3) These positions are offset by counterparty and by country of exposure, in accordance with the applicable rules for determining risk-based capital requirements.

(4) Difference between the nominal value of short positions and long positions.

1.2. EXPOSURE TO GREECE

1.2.1. Sovereign portfolio

(In millions of euros)	December 31, 2011*	Redemptions	Exchange	Disposals	Change in scope	December 31, 2012
Loans and receivables	6	-	(6)	-	-	-
Available-for-sale securities	311	(5)	(206)	(65)	(35)	-
Held-to-maturity securities	12	-	(12)	-	-	-
Total	**329**	**(5)**	**(224)**	**(65)**	**(35)**	**-**

* Amounts as at December 31, 2011 adjusted for accrued interest and premiums/discounts.

The exchange offer on Greek government bonds, open to private investors (PSI - Private Sector Involvement), was finalised in Q1 2012. Under this PSI scheme, all Greek government bonds held by the Group were tendered for exchange in March 2012, except for the UK securities held by Greek subsidiary Geniki, for which the exchange did not take place until April 2012.

Accordingly, the Greek government bonds tendered for exchange under the PSI scheme were fully derecognised on the exchange date. The EFSF (European Financial Stability Fund) securities and the new Greek bonds received were recorded directly in the Group's balance sheet at their fair value on that date.

The difference between the net book value as at December 31, 2011 of Greek government bonds previously classified in *available-for-sale financial assets* or *held-to-maturity financial assets* and the fair value of the financial assets received during the exchange was recorded in profit and loss under the heading *Cost of risk* for EUR -24 million. The EFSF securities and the new Greek government bonds received were recorded in *available-for-sale financial assets.* Following disposals on these security lines carried out since the exchange date, and further to the sale of Geniki, the Group held no more exposure to Greek bonds as a December 31, 2012.

As at December 31, 2011, the exposure of the Group's trading book to Greek government bonds amounted to EUR 77 million. All securities in the trading book in March 2012 (April 2012 for UK securities), classified in *Financial assets at fair value through profit or loss,* were tendered for exchange. The EFSF securities and the new Greek government bonds received were recorded in *Financial assets at fair value through profit or loss.* At December 31, 2012, the Group had no more exposure to Greek government bonds in its trading book and held no CDS on Greek sovereign debt.

1.3. COUNTRIES HAVING REQUESTED OR RECEIVED AID FROM A EUROPEAN RESCUE PLAN OR RECEIVING EUROPEAN UNION AID FOR THEIR BANKING SECTOR

1.3.1. Breakdown of exposure

At December 31, 2012, sovereign risk exposure with respect to countries having requested or received aid from a European rescue plan or receiving European Union aid for their banking sector, was as follows (according to the EBA methodology):

(In millions of euros)	Banking book	Trading book	CDS - Fair value of net positions(5)	Net direct exposure(6)
Cyprus	-	-	-	-
Spain	632	527	9	1,168
Ireland	309	6	-	315
Portugal	-	92	8	100
Total	**941**	**625**	**17**	**1,583**

(5) Difference between the market value of short positions and long positions.
(6) After allocation for write-down and excluding direct exposure to derivatives.

	CDS - Nominal amounts		
(In millions of euros)	CDS - Long positions(7)	CDS - Short positions(7)	CDS - Net positions(8)
Cyprus	1	1	-
Spain	558	671	113
Ireland	217	223	6
Portugal	327	427	100
Total	**1,103**	**1,322**	**219**

(7) These positions are offset by counterparty and by country of exposure, in accordance with the applicable rules for determining risk-based capital requirements.
(8) Difference between the nominal value of short positions and long positions.

1.3.2. Changes in exposure

Changes in the Group's exposure to sovereign risk in the banking book in 2012 are presented in the table below:

(In millions of euros)	December 31, 2011*	Acquisitions	Disposals	Redemptions	December 31, 2012
Cyprus	-	-	-	-	-
Spain(9)	924	13	-	(305)	632
Ireland	309	9	-	(9)	309
Portugal	217	-	(10)	(207)	-
Total	**1 450**	**22**	**(10)**	**(521)**	**941**

* Amounts as at December 31, 2011 adjusted for accrued interest and premiums/discounts.

(9) Amounts adjusted with respect to the published financial statements as at December 31, 2011.

Changes in the Group's exposure to sovereign risk in the trading book and CDS in 2012 are presented in the table below:

	Trading book		CDS - Fair value of net positions (10)	
(In millions of euros)	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Cyprus	-	-	-	-
Spain	527	283	9	14
Ireland	6	48	-	4
Portugal	92	210	8	(8)
Total	**625**	**541**	**17**	**10**

(10) Difference between the market value of short positions and long positions.

1.3.3. Evaluation of risks

Greece remains a “unique case”. There is no debt restructuring plan in the other countries subject to the bailout package. The European Summit on June 18 and 19 reinforced the aid instruments to countries in difficulty by easing the aid mechanisms (EFSF and European Stability Mechanism (ESM)). These tools will be able to directly recapitalise banks, once a single supervisory mechanism has been established in the euro zone. They will also be able to purchase public debt in the primary and secondary markets.

The Troika has approved the disbursement of the next bailout instalments for countries included in the programme. In Ireland, like Portugal, the implementation of reforms is considered satisfactory, despite the sluggish economic outlook and concerns over the level of unemployment. Ireland would like to ease the conditions of its programme following the proposal of European aid to the Spanish banking sector. A specific maximum bailout of EUR 100 billion has been announced by the European Union for Spanish banks. This amount appears to be sufficient and the risk of a banking crisis has diminished.

At the end of June 2012, Cyprus requested a bailout plan for its banking system, due to its exposure to Greece (approximately 140% of Cyprus' gross domestic product). The terms and conditions of the plan, estimated at EUR 17 billion, have not yet been disclosed.

On these bases, there is no risk of default on the Group's exposure to Ireland, Portugal, Cyprus and Spain that would call for recognition of an impairment in the financial statements as at December 31, 2012.

1.3.4. Unrealised losses on available-for-sale financial assets

(In millions of euros)	December 31, 2012
Cyprus	-
Spain	2
Ireland	2
Portugal	-
Total	**4**

1.3.5. Fair value of held-to-maturity financial assets

(In millions of euros)	Book value at December 31, 2012	Fair value at December 31, 2012
Cyprus	-	-
Spain	308	301
Ireland	-	-
Portugal	-	-
Total	**308**	**301**

2. INSURANCE ACTIVITIES

The insurers of the Societe Generale Group mainly hold government bonds for the investment purposes of life insurance policies. Net exposure to the bonds equals the insurer's residual exposure after the application of contractual tax and profit-sharing rules, in the event of the issuer's total default.

Exposure to the countries subject to a European Union rescue plan is presented below:

(In millions of euros)	Gross exposure(11)	Net exposure
Greece	-	-
Cyprus	-	-
Spain	1,367	61
Ireland	499	27
Portugal	146	9
Total	**2,012**	**97**

(11) Gross exposure (net book value) to EUR-denominated vehicles.

The Greek government bonds held by the Group as at December 31, 2011, which represented gross exposure of EUR 30 million, were tendered for exchange in March 2012. For the other countries subject to a European Union rescue plan, gross and net exposure did not vary significantly in 2012.

Note 26

EMPLOYEE BENEFITS

1. DEFINED CONTRIBUTION PLANS

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

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

Contributions to these plans amount to EUR 624 million in 2012 (EUR 611 million in 2011).

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, 2012				December 31, 2011			
	Post-employment benefits				Post-employment benefits			
(In millions of euros)	Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Net liabilities recorded in the balance sheet	420	37	495	**952**	400	56	397	**853**
Assets recorded in the balance sheet	(143)	-	-	**(143)**	(121)	-	-	**(121)**
Net balance	**277**	**37**	**495**	**809**	**279**	**56**	**397**	**732**
Breakdown of the net balance								
Present value of defined benefit obligations	2,714	-	107	**2,821**	2,287	-	95	**2,382**
Fair value of plan assets	(1,971)	-	(61)	**(2,032)**	(1,806)	-	(54)	**(1,860)**
A – Actuarial deficit (net balance)	743	-	46	**789**	481	-	41	**522**
B – Present value of unfunded obligations	350	57	449	**856**	327	62	356	**745**
Unrecognised items	-	-	-	**-**				
Unrecognised past service cost	44	-	-	**44**	51	-	-	**51**
Unrecognised Net Actuarial (Gain)/Loss	773	20	-	**793**	479	6	-	**485**
Separate assets	(1)	-	-	**(1)**	(1)	-	-	**(1)**
Plan assets impacted by change in Asset Celling	(0)	-	-	**-**	(0)	-	-	**-**
C – Total unrecognised items	816	20	-	**836**	529	6	-	**535**
A + B – C Net balance	**277**	**37**	**495**	**809**	**279**	**56**	**397**	**732**

Notes:

1. For pensions and other post-employment plans, actuarial gains and losses that exceed 10% of the greater of the defined benefit obligations or funding assets are amortised over the estimated average remaining working life of the employees participating in the plan in accordance with the IAS 19 option (corridor approach).
2. Pension plans include pension benefit as annuities, end of career payments and cash balance plans. Pension benefit annuities are paid in addition to state pension plans. The Group has 148 pension plans in 40 countries. Ten pension plans mainly located in France, the UK, Germany, the USA and Switzerland represent 80% of the gross liabilities of these pension plans. Other post-employment benefit plans are mainly healthcare plans. These 12 plans are located in 6 countries among which France represents 34% of the gross liabilities and Northern Africa 60%.

   Other long-term employee benefits include deferred variable remuneration, flexible working provisions (French term: compte épargne temps) and long-service awards. 90 plans are located in 24 countries.
3. The present value of defined benefit obligations have been valued by independent qualified actuaries.
4. The application of IAS 19 amendments, as at January 1, 2013, will have an impact of EUR -836 million on shareholders' equity, Group share.

2.2. EXPENSES RECOGNISED IN THE INCOME STATEMENT

	2012				2011			
	Post-employment benefits				Post-employment benefits			
(In millions of euros)	Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Current service cost including social security contributions	86	2	194	**282**	85	3	195	**283**
Employee contributions	(7)	-	-	**(7)**	(7)	-	-	**(7)**
Interest cost	112	3	6	**121**	109	3	5	**117**
Expected return on plan assets	(97)	-	(3)	**(100)**	(97)	-	(3)	**(100)**
Expected return on separate assets	-	-	-	**-**	(0)	-	-	**-**
Amortisation of past service cost	15	-	-	**15**	7	-	2	**9**
Amortisation of losses (gains)	28	3	18	**49**	29	3	(3)	**29**
Settlement, curtailment[(1)]	-	(6)	-	**(6)**	1	(4)	(1)	**(4)**
Change in asset ceiling	-	-	-	**-**	-	-	-	**-**
Transfer from unrecognised assets	-	-	-	**-**	-	-	-	**-**
Total charges	**137**	**2**	**215**	**354**	**127**	**5**	**195**	**327**

(1) Settlement of SMC healthcare plan.

2.3. CHANGES IN NET LIABILITIES OF POST-EMPLOYMENT BENEFIT PLANS RECORDED IN THE BALANCE SHEET

2.3.1. Changes in the present value of defined benefit obligations

	2012			2011		
	Post-employment benefits			Post-employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**2,614**	**62**	**2,676**	**2,574**	**62**	**2,636**
Current service cost including social security contributions	86	2	**88**	85	3	**88**
Interest cost	112	3	**115**	109	3	**112**
Employee contributions	-	-	**-**	-	-	**-**
Actuarial (gain)/loss	405	17	**422**	(44)	(1)	**(45)**
Foreign exchange adjustment	5	(3)	**2**	35	-	**35**
Benefit payments	(145)	(2)	**(147)**	(135)	(5)	**(140)**
Past service cost	8	-	**8**	10	-	**10**
Acquisition/(Sale) of subsidiaries[(2)]	(19)	-	**(19)**	(9)	5	**(4)**
Transfers, reductions and others	(2)	(22)	**(24)**	(11)	(5)	**(16)**
At December 31	**3,064**	**57**	**3,121**	**2,614**	**62**	**2,676**

(2) Mainly due to the sale of Geniki for an amount of EUR 19 million.

2.3.2. Changes in fair value of plan assets and separate assets

	2012			2011		
	Post-employment benefits			Post-employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**1,806**	**-**	**1,806**	**1,814**	**-**	**1,814**
Expected return on plan assets	97	-	**97**	97	-	**97**
Expected return on separate assets	-	-	**-**	-	-	**-**
Actuarial gain/(loss)	74	-	**74**	(63)	-	**(63)**
Foreign exchange adjustment	9	-	**9**	29	-	**29**
Employee contributions	7	-	**7**	7	-	**7**
Employer contributions to plan assets	92	-	**92**	44	-	**44**
Benefit payments	(113)	-	**(113)**	(95)	-	**(95)**
Acquisition/(Sale) of subsidiaries	-	-	**-**	(14)	-	**(14)**
Transfers and others	(1)	-	**(1)**	(13)	-	**(13)**
At December 31	**1,971**	**-**	**1,971**	**1,806**	**-**	**1,806**

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: 47% bonds, 40% equities, 2% money market instruments and 11% others. Directly held Societe Generale shares are not significant. For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 143 million.

Employer contributions to be paid to post-employment defined benefit plans for 2013 are estimated at EUR 28 million.

2.4.2. Actual returns on plan assets

The actual returns on plan and separate assets were:

	2012				2011			
	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	171	-	7	**178**	34	-	-	**34**

The assumption on return on assets is presented in section 2.5.

2.5. MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	December 31, 2012	December 31, 2011
Discount rate		
Europe	3.10%	4.32%
Americas	4.00%	4.92%
Asia-Oceania-Africa	3.11%	3.98%
Long-term inflation		
Europe	2.12%	2.18%
Americas	2.00%	2.00%
Asia-Oceania-Africa	1.83%	1.79%
Expected return on plan assets (separate and plan assets)(3)		
Europe	3.29%	5.26%
Americas	3.98%	6.50%
Asia-Oceania-Africa	2.92%	6.30%
Future salary increase		
Europe	0.75%	1.03%
Americas	2.00%	2.00%
Asia-Oceania-Africa	2.28%	2.31%
Healthcare cost increase rate		
Europe(4)	2.24%	3.40%
Americas	NA	NA
Asia-Oceania-Africa	5.52%	5.72%
Average remaining working lifetime of employees (in years)		
Europe	10.5	11.2
Americas	9.0	9.0
Asia-Oceania-Africa	12.9	11.3

(3) In accordance with the amendments of IAS 19 applicable from January 1, 2013, the expected return on plan assets is the discount rate at closing.

(4) The healthcare cost increase rate, as at December 31, 2012, takes into account the settlement of SMC healthcare plan.

Notes:

1. The assumptions by geographical area are averages weighted by the present value of the liabilities (DBO) with the exception of the expected returns on plan assets, which are averages weighted by the fair value of assets.
2. The yield curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed in the end of October for USD, GBP and EUR, and corrected at the end of December if the decrease in discount rates had a significant impact.

   Inflation rates used are the long-term targets of the central banks of the monetary areas above.
3. The average remaining working lifetime of employees is calculated taking into account withdrawal assumptions.

2.6. OBLIGATIONS SENSITIVITIES TO MAIN ASSUMPTIONS RANGES

	2012			2011		
(Percentage of item measured)	Pension plans	Post-employment healthcare plans	Other plans	Pension plans	Post-employment healthcare plans	Other plans
Variation of +1% in discount rate						
Impact on present value of defined benefit obligations at December 31 N	- 13%	- 15%	- 9%	- 12%	- 13%	- 8%
Variation of +1% in expected return on plan and separate assets						
Impact on the plan assets at December 31 N+1	1%	NA	1%	1%	NA	1%
Variation of +1% in future salary increases						
Impact on the present value of defined benefit obligations at December 31 N	5%	NA	6%	4%	NA	5%
Variation of +1% in healthcare cost increase rate						
Impact on the present value of defined benefit obligations at December 31 N	NA	17%	NA	NA	18%	NA

The impact of +1% variation in healthcare service cost is 23%.

Note:

1. The disclosed sensitivities are averages of the variations weighted by the present value of liabilities (impact on the defined benefit obligation at December 31, 2012) or by the fair value of assets.

2.7. EXPERIENCE ADJUSTMENTS OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(In millions of euros)	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
Defined benefit obligations current value	3,064	2,614	2,574	2,304	2,047
Fair value of plan assets	1,971	1,806	1,814	1,593	1,541
Deficit/(surplus)	**1,093**	**808**	**760**	**711**	**506**
Adjustments of plan liabilities due to experience (negative: gain)	6	17	(50)	55	17
Adjustments of plan liabilities due to experience (negative: gain), % of DBO	0.2%	0.7%	- 1.9%	2.4%	0.8%
Adjustments of plan assets due to experience (negative: gain)	(74)	63	(72)	(95)	532
Adjustments of plan assets due to experience (negative: gain), % of assets	-3.8%	3.5%	- 4.0%	- 6.0%	34.5%

Note 27

SUBORDINATED DEBT

(In millions of euros)	Maturity dates							
Currency of issue	**2013**	**2014**	**2015**	**2016**	**2017**	**Other**	**Outstanding at December 31, 2012**	**Outstanding at December 31, 2011**
Subordinated Capital notes								
EUR	328	355	789	767	192	2,517	4,948	7,436
USD	-	-	57	393	-	-	450	831
GBP	-	-	-	-	-	339	339	718
Other currencies	-	9	-	-	-	-	9	9
Sub-total	**328**	**364**	**846**	**1,160**	**192**	**2,856**	**5,746**	**8,994**
Dated subordinated debt								
EUR	-	-	-	-	-	50	50	50
Other currencies	-	-	-	-	-	224	224	180
Sub-total	**-**	**-**	**-**	**-**	**-**	**274**	**274**	**230**
Related payables	**166**	**-**	**-**	**-**	**-**	**-**	**166**	**248**
Total excluding revaluation of hedged items	**494**	**364**	**846**	**1,160**	**192**	**3,130**	**6,186**	**9,472**
Revaluation of hedged items							866	1,069
Total							**7,052**	**10,541**

The fair value of subordinated debt securities stood at EUR 7,615 million at December 31, 2012 (EUR 9,829 million at December 31, 2011).

Note 28

SOCIETE GENERALE ORDINARY SHARES, TREASURY STOCK, SHARES HELD BY EMPLOYEES AND SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

1. ORDINARY SHARES ISSUED BY SOCIETE GENERALE S.A.

(Number of shares)	December 31, 2012	December 31, 2011
Ordinary shares	780,273,227	776,079,991
Including treasury stock with voting rights[1]	26,270,956	29,092,954
Including shares held by employees	59,344,358	58,566,866

(1) Societe Generale shares held for trading excluded.

As at December 31, 2012, Societe Generale S.A.'s capital amounted to EUR 975,341,534 and was made up of 780,273,227 shares with a nominal value of EUR 1.25.

In the first half of 2012 , Societe generale S.A. carried out a capital increase reserved for the employees amounting to EUR 5 million, with an issue premium of EUR 75 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.

As at December 31, 2012, the amount of perpetual subordinated notes (TSDI) issued by the Group and recognised under Group shareholder's equity in other equity instruments totalled EUR 1,560 million. This amount changed due to the issuance of a new perpetual subordinated note amounting to USD 1,500 million in December 2012 and reimbursments occured in 2012.

Issuance Date	Amounts in local currency as at December 31, 2011	Repurchases and redemptions in 2012	Amounts in local currency as at December 31, 2012	Amounts in millions of euros at historical rate	Remuneration
July 1, 1985	EUR 70 M	EUR 7 M	EUR 63 M	63	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 248 M		USD 248 M	182	Average 6-months Euro/Dollar deposit rates communicated by reference banks + 0.075 %
June 30, 1994	JPY 15,000 M		JPY 15,000 M	107	5.385 % until December 2014 and for next due dates: the more favourable rate between the fixed rate and a variable rate + spread defined as 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		JPY 10,000 M	71	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	GBP 350 M	-	-	5.75 % until March 2012 and for the next due dates 3-month GBP Libor + 1.10 %
December 11, 2012			USD 1,500 M	1,137	6.625 % until June 2018 and for the next due dates Mid Swap Rate USD 5 years + 5.754 %

2.2. PREFERRED SHARES ISSUED BY SUBSIDIARIES

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

As at December 31, 2012, the amount of preferred shares issued by the Group's subsidiaries and recognised under non-controlling interests totalled EUR 420 million.

Issuance Date	**Amount**	**Remuneration**
4th quarter of 2003 (step up clause after 10 years)	EUR 420 M	5.419%, from 2013 3-months Euribor +1.95% annually

2.3. DEEPLY SUBORDINATED NOTES

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

As at December 31, 2012, the amount of deeply subordinated notes issued by the Group and recognised under Group shareholder's equity in other equity instruments totalled EUR 5,221 million. The amount of deeply subordinated notes issued by the Group decreased due to repurchases occured during the first half of 2012.

Issuance Date	**Amounts in local currency as at December 31, 2011**	**Repurchases and redemptions in 2012**	**Amounts in local currency as at December 31, 2012**	**Amount in millions of euros at historical rate**	**Remuneration**
January 26, 2005	EUR 732 M	EUR 4 M	EUR 728 M	728	4.196 %, from 2015 3-months Euribor +1.53 % annually
April 05, 2007	USD 63 M		USD 63 M	47	3-months USD Libor +0.75 % annually, from 2017 3-months USD Libor +1.75 % annually
April 05, 2007	USD 808 M		USD 808 M	604	5.922 %, from 2017 3-months USD Libor +1.75 % annually
December 19, 2007	EUR 464 M	EUR 1 M	EUR 463 M	463	6.999 %, from 2018 3-months Euribor +3.35 % annually
May 22, 2008	EUR 797 M	EUR 2 M	EUR 795 M	795	7.756 %, from 2013 3-months Euribor +3.35 % annually
June 16, 2008	GBP 506 M		GBP 506 M	642	8.875 %, from 2018 3-months GBP Libor +3.4 % annually
February 27, 2009	USD 450 M		USD 450 M	356	9.5045 % from 2016 3-months USD Libor +6.77 % annually
September 4, 2009	EUR 905 M		EUR 905 M	905	9.375 %, from 2019 3-months Euribor +8.901 % annually
October 7, 2009	USD 1,000 M		USD 1,000 M	681	8.75 %

Changes related to the perpetual subordinated notes and to the deeply subordinated notes included in *Retained earnings* are detailed below:

(In millions of euros)	**Deeply subordinated notes**	**Perpetual subordinated notes**	**Total**
Remuneration paid booked under dividends (2012 Dividends paid line)	(402)	(39)	(441)
Changes in nominal values in 2012	(7)	615	608
Tax savings on the remuneration to be paid to shareholders and recorded under reserves	139	9	148
Issuance fees relating to the perpetual subordinated note issued in 2012	-	(10)	(10)
Others	2	3	5

3. DIVIDEND PAID

Dividends paid by the Societe Generale Group in 2012 amounted to EUR -666 million and are detailed in the following table:

(In millions of euros)	**Group Share**	**Non-controlling interests**	**Total**
Ordinary shares	-	(202)	(202)
o/w paid in equity	-	-	-
o/w paid in cash	-	*(202)*	*(202)*
Other equity instruments	(441)	(23)	(464)
Total	**(441)**	**(225)**	**(666)**

Note 29

UNREALISED OR DEFERRED GAINS AND LOSSES

(In millions of euros)

Change in unrealised or deferred gains and losses	December 31, 2012	Period	December 31, 2011
Translation differences(1)	**(279)**	**38**	**(317)**
Revaluation differences		38	
Recycled to P&L		-	
Revaluation of available-for-sale assets	**920**	**2,143**	**(1,223)**
Revaluation differences		2,603	
Recycled to P&L		(460)	
Revaluation of hedging derivatives	**46**	**(31)**	**77**
Revaluation differences		(31)	
Recycled to P&L		-	
Unrealised or deferred gains and losses for companies accounted for by the equity method	**11**	**2**	**9**
Tax	**(131)**	**(611)**	**480**
Total	**567**	**1,541**	**(974)**

	December 31, 2012			December 31, 2011		
(In millions of euros)	Gross Value	Tax	Net of tax	Gross Value	Tax	Net of tax
Translation differences(1)	(279)		(279)	(317)		(317)
Revaluation of available-for-sale assets	920	(111)	809	(1,223)	514	(709)
Revaluation of hedging derivatives	46	(16)	30	77	(31)	46
Unrealised or deferred gains and losses for companies accounted for by the equity method	11	(4)	7	9	(3)	6
Total unrealised or deferred gains and losses	**698**	**(131)**	**567**	**(1,454)**	**480**	**(974)**
Group share			**381**			**(1,015)**
Non-controlling interests			**186**			**41**

(1) The variation in Group translation differences for 2012 amounted to EUR 28 million.

This variation was mainly due to the increase against the Euro of the Pound Sterling (EUR 106 million), Russian Rouble (EUR 49 million) and Czech Koruna (EUR 41 million) largely offset by the decrease against the Euro of the US Dollar (EUR -65 million), Japanese Yen (EUR -64 million) and Egyptian Pound (EUR -43 million).

The variation in translation differences attributable to non controlling interests amounted to EUR 10 million.

This is mainly due to the increase against the Euro of the Czech Koruna (EUR 26 million) and Russian Rouble (EUR 21 million) partly offset by the decrease against the Euro of the Romanian Leu (EUR -16 million) and Egyptian Pound (EUR -12 million).

Breakdown of unrealised gains and losses on available-for-sale assets:

(In millions of euros)	Unrealised gains	Unrealised losses	Unrealised gains and losses
Unrealised gains and losses on equity instruments available-for-sale	708	(52)	656
Unrealised gains and losses on debt instruments available-for-sale	1,276	(1,099)	177
Unrealised gains and losses of insurance companies	181	(94)	87
o/w equity instruments available-for-sale	*898*	*(105)*	-
o/w debt instruments available-for-sale and assets reclassified in Loans and receivables	*4,852*	*(1,151)*	-
o/w deferred profit-sharing	*(5,569)*	*1,162*	-
Total	**2,165**	**(1,245)**	**920**

Note 30

COMMITMENTS

1. COMMITMENTS GRANTED AND RECEIVED

COMMITMENTS GRANTED

(In millions of euros)	December 31, 2012	December 31, 2011
Loan commitments		
To banks	8,623	8,466
To customers(1)		
Issuance facilities	-	-
Confirmed credit lines	119,079	129,400
Others	2,442	2,177
Guarantee commitments		
On behalf of banks	6,831	4,324
On behalf of customers(1)(2)	53,181	56,917
Securities commitments		
Securities to be delivered	21,382	27,555

COMMITMENTS RECEIVED

(In millions of euros)	December 31, 2012	December 31, 2011
Loan commitments		
From banks	42,697	44,609
Guarantee commitments		
From banks	63,776	66,366
Other commitments(3)*	73,440	86,158
Securities commitments		
Securities to be received	21,135	28,892

* Amounts adjusted with respect to the published financial statements at December 31, 2011.

(1) As at December 31, 2012, credit lines and guarantee commitments granted to securisation vehicles and other special purpose vehicles amounted to EUR 9,180 million and EUR 649 million respectively.

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

(3) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 33,204 million as at December 31, 2012 versus 37,602 million as at December 31, 2011. The remaining balance mainly comprises securities and assets pledged as a guarantee for EUR 1,343 million as at December 31, 2012 versus EUR 1,468 million as at December 31, 2011.

2. FORWARD FINANCIAL INSTRUMENT COMMITMENTS (NOTIONAL AMOUNTS)

	December 31, 2012		December 31, 2011	
(In millions of euros)	**Trading transactions**	**Hedging transactions**	**Trading transactions**	**Hedging transactions**
Interest rate instruments				
Firm transactions				
Swaps	10,014,755	263,815	9,892,512	271,728
Interest rate futures	2,028,168	1,438	2,489,776	1,892
Options	*2,546,427*	*5,311*	*2,840,878*	*6,358*
Foreign exchange instruments				
Firm transactions	*1,996,807*	*8,904*	*1,810,373*	*8,223*
Options	*494,730*	*-*	*579,117*	*-*
Equity and index instruments				
Firm transactions	*59,538*	*-*	*55,247*	*-*
Options	*543,795*	*2*	*674,991*	*5*
Commodity instruments				
Firm transactions	*126,604*	*-*	*150,185*	*-*
Options	*60,327*	*-*	*75,845*	*-*
Credit derivatives	**1,073,793**	**-**	**1,447,794**	**-**
Other forward financial instruments	**6,108**	**393**	**3,768**	**643**

SECURITISATION TRANSACTIONS ON BEHALF OF EXTERNAL COUNTERPARTIES

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

As at December 31, 2012, there were 2 non-consolidated vehicles (Barton and Antalis) structured by the Group on behalf of external counterparties. Total assets held by these vehicles and financed through the issuance of commercial papers amounted to EUR 6,938 million (EUR 7,318 million as at December 31, 2011).

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, 2012, none of these vehicles was consolidated, as the Group does not control them and is not exposed to the majority of the related risks and rewards.

The default risk on the assets held by these vehicles is borne by the transferers of the underlying receivables or by third parties. The Societe Generale Group provides an additional guarantee as a credit enhancement through the issuance of letters of credit in the amount of EUR 649 million (EUR 1,012 million as at December 31, 2011). Furthermore, the Group granted these vehicles short-term loan facilities in the amount of EUR 9,180 million at this date (EUR 10,338 million as at December 31, 2011).

Note 31

ASSETS PLEDGED AND RECEIVED AS SECURITY

1. ASSETS PLEDGED AS SECURITY

(In millions of euros)	December 31, 2012	December 31, 2011*
Book value of assets pledged as security for liabilities* [1]	183,080	210,577
Book value of assets pledged as security for transactions in financial instruments[2]	32,291	34,418
Book value of assets pledged as security for off-balance sheet commitments	614	555
Total	**215,985**	**245,550**

* Amounts adjusted with respect to the published financial statements at December 31, 2011

(1) Assets pledged as security for liabilities mainly include loans given as guarantees for liabilities (guarantees notably provided to the central banks).

(2) Assets pledged as security for transactions in financial instruments mainly include surety deposits.

2. ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

(In millions of euros)	December 31, 2012	December 31, 2011*
Fair value of reverse repos*	**146,913**	**123,858**

* Amounts adjusted with respect to the published financial statements at December 31, 2011.

Note 32

TRANSFERRED FINANCIAL ASSETS

1. TRANSFERRED FINANCIAL ASSETS NOT DERECOGNISED

Transferred financial assets that are not derecognised include securities lending and repurchase agreements as well as certain loans transferred to consolidated securitisation vehicles.

The tables below show securities lending and repurchase agreements that only concern securities recognised on the asset side of the balance sheet in the categories indicated.

The accounting treatment of securities lending and repurchase agreements is presented in note 1 - Significant accounting principles.

With securities lending and repurchase agreements, the Group remains exposed to issuer default (credit risk) and to the increase or decrease of securities prices (market risk). The financial assets underlying securities lending and repurchase agreements cannot simultaneously be used as collateral in other transactions.

In 2012, the Group carried out two securitisations of customer loans which had been partially refinanced with external investors. The vehicles carrying these loans are consolidated by the Group.

The Group remains exposed to the majority of the risks and rewards associated with these loans. Furthermore, the loans can neither be used as collateral or sold outright in other transactions.

1.1. REPURCHASE AGREEMENTS

(In millions of euros)	Carrying amount of transferred assets	Carrying amount of associated liabilities
Available-for-sale securities	3,888	3,723
Securities at fair value through profit or loss	44,487	41,646
Total	**48,375**	**45,369**

1.2. SECURITIES LENDING

(In millions of euros)	Carrying amount of transferred assets	Carrying amount of associated liabilities
Securities at fair value through profit or loss	9,195	266
Total	**9,195**	**266**

1.3. SECURITISATION FOR WHICH THE COUNTERPARTIES TO THE ASSOCIATED LIABILITIES HAVE RECOURSE ONLY TO THE TRANSFERRED ASSETS

(In millions of euros)	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Customer loans	1,055	835	1,073	840	233
Total	**1,055**	**835**	**1,073**	**840**	**233**

2. TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED

The Group has no material transferred financial assets that are either partially or fully derecognised.

Note 33

BREAKDOWN OF ASSETS AND LIABILITIES BY TERM TO MATURITY

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES(1)

(In millions of euros at December 31, 2012)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Due to central banks	2,414	-	-	-	-	**2,414**
Financial liabilities at fair value through profit or loss, except derivatives	134,643	12,546	29,094	22,890	-	**199,173**
Due to banks	77,474	7,356	33,834	3,009	-	**121,673**
Customer deposits	290,345	15,859	26,205	5,309	-	**337,718**
Debt securities issued	56,794	27,086	30,704	19,575	-	**134,159**
Subordinated debts	155	307	2,227	3,644	3	**6,336**
Total Liabilities	**561,825**	**63,154**	**122,064**	**54,427**	**3**	**801,473**
Loan commitment granted	45,504	35,060	42,406	7,164	-	**130,134**
Guarantee commitments granted	19,256	18,061	12,418	11,573	-	**61,308**
Total commitments granted	**64,760**	**53,121**	**54,824**	**18,737**	**-**	**191,442**

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

INSURANCE COMPANY UNDERWRITING RESERVES(2)

(In millions of euros at December 31, 2012)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Insurance company underwriting reserves	8,059	6,567	23,217	52,988	-	**90,831**

(2) Breakdown of carrying accounting amounts.

NOTIONAL MATURITIES OF COMMITMENTS IN FINANCIAL DERIVATIVES(3)

	ASSETS				LIABILITIES			
(In millions of euros at December 31, 2012)	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Interest rate instruments								
Firm instruments								
Swaps	2,675,561	3,989,452	3,613,557	**10,278,570**	-	-	-	**-**
Interest rate futures	750,491	181,037	7	**931,535**	843,295	253,577	1,199	**1,098,071**
Options	*369,449*	*542,527*	*357,836*	***1,269,812***	*341,326*	*577,304*	*363,296*	***1,281,926***
Forex instruments								
Firm instruments	*1,252,852*	*538,710*	*214,149*	***2,005,711***	-	-	-	**-**
Options	*147,790*	*69,452*	*31,136*	***248,378***	*147,450*	*68,646*	*31,605*	***247,701***
Equity and index instruments								
Firm instruments	*15,097*	*2,794*	*1,087*	***18,978***	*33,029*	*4,936*	*2,595*	***40,560***
Options	*109,650*	*133,977*	*19,918*	***263,545***	*109,805*	*152,731*	*17,716*	***280,252***
Commodity instruments								
Firm instruments	*56,752*	*8,754*	*137*	***65,643***	*52,060*	*8,734*	*167*	***60,961***
Options	*16,020*	*13,160*	*30*	***29,210***	*16,926*	*14,041*	*150*	***31,117***
Credit derivatives	115,945	383,352	39,392	**538,689**	109,306	386,927	38,871	**535,104**
Other forward financial instruments	1,033	642	29	**1,704**	2,657	2,062	79	**4,798**

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

Note 34

FOREIGN EXCHANGE TRANSACTIONS

	December 31, 2012				December 31, 2011			
(In millions of euros)	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered
EUR	775,715	812,578	20,499	14,189	725,336	763,220	8,735	14,807
USD	238,398	210,768	30,975	35,509	274,939	247,333	24,126	30,980
GBP	50,235	51,220	4,144	3,231	28,885	29,418	2,603	7,437
JPY	36,986	36,261	6,705	5,844	27,104	22,524	5,219	5,818
AUD	6,549	6,527	2,154	1,626	7,427	7,015	2,731	3,848
CZK	29,107	30,361	91	331	26,409	28,214	79	232
RUB	18,230	14,697	205	414	13,804	12,735	1	380
RON	5,587	6,278	124	96	5,684	6,271	86	168
Other currencies	89,889	82,006	15,812	9,085	71,784	64,642	8,295	10,240
Total	**1,250,696**	**1,250,696**	**80,709**	**70,325**	**1,181,372**	**1,181,372**	**51,875**	**73,910**

Note 35

INSURANCE ACTIVITIES

UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In millions of euros)	December 31, 2012	December 31, 2011
Underwriting reserves for unit-linked policies	16,521	15,124
Life insurance underwriting reserves	70,043	67,155
Non-life insurance underwriting reserves	854	719
Deferred profit-sharing booked in liabilities	3,413	-
Total	**90,831**	**82,998**
Deferred profit-sharing booked in assets	-	(2,235)
Attributable to reinsurers	(440)	(395)
Underwriting reserves of insurance companies (including provisions for deferred profit-sharing) net of the share attributable to reinsurers	**90,391**	**80,368**

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, 2012 (except provisions for deferred profit-sharing)	**15,124**	**67,155**	**719**
Allocation to insurance reserves	6	565	92
Revaluation of unit-linked policies	1,792	-	-
Charges deducted from unit-linked policies	(98)	-	-
Transfers and arbitrage	(403)	402	-
New customers	-	89	-
Profit-sharing	96	1,815	-
Others	4	17	43
Reserves at December 31, 2012 (except provisions for deferred profit-sharing)	**16,521**	**70,043**	**854**

In accordance with IFRS 4 and Group accounting standards, the Liability Adequacy Test (LAT) was performed as at December 31, 2012. This test assesses whether recognised insurance liabilities are adequate, using current estimates of future cash flows under insurance policies. It is carried out on the basis of stochastic modelling similar to the one used for asset/liability management. The result of the test as at December 31, 2012 was conclusive.

NET INVESTMENTS OF INSURANCE COMPANIES

(In millions of euros before elimination of intercompany transactions)	December 31, 2012	December 31, 2011
Financial assets at fair value through Profit or Loss	**21,841**	**19,770**
Debt instruments	9,233	7,162
Equity instruments	12,608	12,608
Due from Banks	**9,888**	**12,067**
Available-for-sale financial assets	**70,484**	**58,778**
Debt instruments	59,020	50,964
Equity instruments	11,464	7,814
Investment property	**331**	**256**
Total(1)	**102,544**	**90,871**

(1) Investments in other Group companies that are made in representation of unit-linked liabilities are kept in the Group's consolidated balance sheet without any significant impact thereon.

TECHNICAL INCOME FROM INSURANCE COMPANIES

(In millions of euros)	2012	2011
Earned premiums	10,183	9,948
Cost of benefits (including changes in reserves)	(11,297)	(8,939)
Net income from investments	5,301	1,513
Other net technical income (expense)	(3,533)	(1,995)
Contribution to operating income before elimination of intercompany transactions	**654**	**527**
Elimination of intercompany transactions(2)	478	225
Contribution to operating income after elimination of intercompany transactions	**1,132**	**752**

(2) This essentially concerns the elimination of fees paid by the insurance companies to the distribution networks and the elimination of financial income on investments made in other Group companies.

NET FEE INCOME

(In millions of euros before elimination of intercompany transactions)	2012	2011
Received Fees		
Acquisition fees	413	340
Management fees	666	674
Others	33	44
Paid Fees		
Acquisition fees	(420)	(364)
Management fees	(322)	(333)
Others	(47)	(44)
Total Fees	**323**	**317**

MANAGEMENT OF INSURANCE RISKS

There are two main types of insurance risk:

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

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

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

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

Management of risks linked to the financial markets is just as much an integral part of the investment strategy as the aim of long-term performance. The optimisation of these two factors is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analysed by the Finance and Risk Department of the insurance business line. 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 risks;
  - close monitoring of the redemption flows and stress scenarios simulations;
  - close monitoring of the equity markets and stress scenarios simulations;
  - hedging of exchange rate risks (in the event of rise or drop in the markets) using financial instruments.
- Financial risk management via the establishment of limits:
  - counterparty limits (e.g. limits according to the issuer's country of domiciliation, distinction between sovereign issuers and private issuers);
  - rating limits by issuer;
  - limits per type of asset (e.g. equities, private equity);

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

Note 36

INTEREST INCOME AND EXPENSE

(In millions of euros)	2012	2011
Transactions with banks	**1,880**	**2,375**
Demand deposits and interbank loans	1,172	1,642
Securities purchased under resale agreements and loans secured by notes and securities	708	733
Transactions with customers	**16,245**	**17,827**
Trade notes	675	699
Other customer loans(1)	14,716	16,163
Overdrafts	715	771
Securities purchased under resale agreements and loans secured by notes and securities	139	194
Transactions in financial instruments	**10,233**	**10,639**
Available-for-sale financial assets	3,521	3,803
Held-to-maturity financial assets	52	72
Securities lending	11	20
Hedging derivatives	6,649	6,744
Finance leases	**1,546**	**1,548**
Real estate finance leases	278	287
Non-real estate finance leases	1,268	1,261
Total interest income	**29,904**	**32,389**
Transactions with banks	**(1,550)**	**(1,728)**
Interbank borrowings	(1,286)	(1,331)
Securities sold under resale agreements and borrowings secured by notes and securities	(264)	(397)
Transactions with customers	**(7,271)**	**(7,718)**
Regulated savings accounts	(1,385)	(1,253)
Other customer deposits	(5,699)	(6,029)
Securities sold under resale agreements and borrowings secured by notes and securities	(187)	(436)
Transactions in financial instruments	**(9,770)**	**(10,735)**
Debt securities issued	(2,614)	(2,591)
Subordinated and convertible debt	(375)	(492)
Securities borrowing	(35)	(49)
Hedging derivatives	(6,746)	(7,603)
Other interest expense	**(1)**	**(1)**
Total interest expense(2)	**(18,592)**	**(20,182)**
Including interest income from impaired financial assets	*588*	*478*

(1) BREAKDOWN OF OTHER CUSTOMER LOANS

(In millions of euros)	2012	2011
Short-term loans	5,659	6,058
Export loans	291	318
Equipment loans	2,464	2,608
Housing loans	4,614	4,532
Other customer loans	1,688	2,647
Total	**14,716**	**16,163**

(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 38). Insofar as income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through P&L must be assessed as a whole.

Note 37

FEE INCOME AND EXPENSE

(In millions of euros)	2012	2011
Fee income from		
Transactions with banks	211	162
Transactions with customers	2,739	2,885
Securities transactions	452	583
Primary market transactions	208	175
Foreign exchange transactions and financial derivatives	844	864
Loan and guarantee commitments	797	799
Services	3,961	4,106
Others	303	324
Total fee income	**9,515**	**9,898**
Fee expense on		
Transactions with banks	(151)	(153)
Securities transactions	(495)	(637)
Foreign exchange transactions and financial derivatives	(686)	(717)
Loan and guarantee commitments	(143)	(154)
Others	(1,063)	(1,058)
Total fee expense	**(2,538)**	**(2,719)**

Fee income and expense includes:

(In millions of euros)	2012	2011
Fee income excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	3,980	4,158
Fee income linked to trust or similar activities	2,051	1,965
Fee expense excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	(144)	(153)
Fee expense linked to trust or similar activities	(880)	(963)

Note 38

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(In millions of euros)	2012	2011
Net gain/loss on non-derivative financial assets held for trading	7,025	(485)
Net gain/loss on financial assets measured using fair value option	(743)	(583)
Net gain/loss on non-derivative financial liabilities held for trading	(8,074)	(3,187)
Net gain/loss on financial liabilities measured using fair value option	3	(492)
Net gain/loss on derivative instruments	2,713	8,310
Net gain/loss on fair value hedging instruments	1,815	1,729
Revaluation of hedged items attributable to hedged risks	(1,202)	(2,010)
Ineffective portion of cash flow hedge	(4)	-
Net gain/loss on foreign exchange transactions	1,033	1,152
Total[(1)(2)]	**2,566**	**4,434**

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

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

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

(In millions of euros)	2012	2011
Remaining amount to be recorded in the income statement as at January 1	765	796
Amount generated by new transactions within the period	372	348
Amount recorded in the income statement within the period	(303)	(379)
Amortisation	*(169)*	*(188)*
Switch to observable parameters	*(19)*	*(93)*
Expired or terminated	*(115)*	*(114)*
Translation differences	*-*	*16*
Remaining amount to be recorded in the income statement as at December 31	**834**	**765**

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

Note 39

NET GAINS AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	2012	2011
Current activities		
Gains on sale[1]	1,403	1,036
Losses on sale[2]	(359)	(846)
Impairment losses on variable-income securities	(54)	(208)
Deferred profit-sharing on available-for-sale financial assets of insurance subsidiaries	(312)	(32)
Sub-total	**678**	**(50)**
Long-term equity investments		
Gains on sale	116	158
Losses on sale	(14)	(10)
Impairment losses on variable-income securities	(145)	(100)
Sub-total	**(43)**	**48**
Total	**635**	**(2)**

(1) O/w EUR 576 million for Insurance activities as at December 31, 2012.
(2) O/w EUR -145 million for Insurance activities as at December 31, 2012.

Note 40

INCOME AND EXPENSES FROM OTHER ACTIVITIES

(In millions of euros)	2012	2011
Income from other activities		
Real estate development	70	77
Real estate leasing	69	159
Equipment leasing	6,547	6,187
Other activities[1][3]	32,134	17,252
Sub-total	**38,820**	**23,675**
Expenses from other activities		
Real estate development	-	(10)
Real estate leasing	(36)	(46)
Equipment leasing	(4,566)	(4,336)
Other activities[2][3]	(32,912)	(17,885)
Sub-total	**(37,514)**	**(22,277)**
Net total	**1,306**	**1,398**

(1) O/w EUR 11,591 million for Insurance activities as at December 31, 2012.
(2) O/w EUR -11,425 million for Insurance activities as at December 31, 2012.
(3) The increase of income and expenses from other activities is mainly due to the development of new activities on non-ferrous metals on the London Metal Exchange in 2012.

Note 41

PERSONNEL EXPENSES

(In millions of euros)	2012	2011
Employee compensation	(6,858)	(7,118)
Social security charges and payroll taxes	(1,667)	(1,516)
Net pension expenses – defined contribution plans	(626)	(615)
Net pension expenses – defined benefit plans	(135)	(120)
Employee profit-sharing and incentives	(227)	(297)
Total	**(9,513)**	**(9,666)**

Note 42

SHARE-BASED PAYMENT PLANS

1. EXPENSES RECORDED IN THE INCOME STATEMENT

	2012			2011		
(In millions of euros)	Cash settled plans	Equity settled plans	Total plans	Cash settled plans	Equity Settled plans	Total plans
Net expenses from stock purchase plans*	-	-	-	-	-	-
Net expenses from stock option and free share plans	160.5	133.0	293.5	278.2	171.8	450.0

* See paragraph 4. Allocation of Societe Generale shares with a discount.

The charge described above relates to equity-settled plans and to cash-settled plans.

2. MAIN CHARACTERISTICS OF SOCIETE GENERALE STOCK-OPTION PLANS AND FREE SHARE PLANS

2.1. EQUITY-SETTLED STOCK OPTION PLANS FOR GROUP EMPLOYEES FOR THE YEAR ENDED DECEMBER 31, 2012 ARE BRIEFLY DESCRIBED BELOW:

2.1.1 Stock options (purchase and subscription)

For plans 2005 to 2007, the information provided is limited due to the situation of the plans.

Issuer	Société Générale	Société Générale	Société Générale	Société Générale	Société Générale	Société Générale
Year of allocation	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Type of plan				subscription stock option	subscription stock option	subscription stock option
Shareholders agreement				05.30.2006	05.27.2008	05.27.2008
Board of Directors' decision	01.13.2005	01.18.2006	01.19.2007	03.21.2008	03.09.2009	03.09.2010
Number of stock-options granted(1)				2,328,128	1,344,552(3)	1,000,000
O/w number of stock-options granted to Executive Committee members				293,230	155,289	415,596
Number of Executive Committee beneficiaries				10	7	10
Contractual life of options granted	7 years	7 years	7 years	7 years	7 years	7 years
Settlement				Societe Generale shares	Societe Generale shares	Societe Generale shares
Vesting period				03.21.2008 - 03.31.2011	03.09.2009 - 03.31.2012	03.09.2010 - 03.31.2014
Performance conditions				yes(2)	yes(2)	yes(2)
Resignation from the Group				forfeited	forfeited	forfeited
Redundancy				forfeited	forfeited	forfeited
Retirement				maintained	maintained	maintained
Death				maintained for 6 months	maintained for 6 months	maintained for 6 months
Share price at grant date (in euros)(1)(4)				63.6	23.18	43.64
Discount				0 %	0 %	not applicable
Exercise price (in euros)(1)	64.63	93.03	115.6	63.6	23.18	41.2
Options authorised but not allocated				-	-	-
Options exercised as at December 31, 2012				-	2,290	-
Options forfeited as at December 31, 2012				1,295,940	906,705	23,646
Options outstanding as at December 31, 2012	0	1,554,561	1,100,692	1,032,188	435,557	976,354
Number of shares reserved as at December 31, 2012				-	-	-
Share price of shares reserved (in euros)				-	-	-
Total value of shares reserved (in millions of euros)				-	-	-
First authorised date for selling shares				03.21.2012	03.31.2013	03.31.2014
Delay for selling after vesting period				1 year	1 year	-
Fair value (% of the share price at grant date)				24 %	27 %	26%(5)
Valuation method used to determine the fair value				Monte-Carlo	Monte-Carlo	Monte-Carlo

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

(2) The performance conditions are described in the "corporate governance" section. For the options granted in 2008, the performance conditions on EPS 2010 were not met.

(3) Of which 320,000 options initially granted to the Chief Executive Officer and his deputies who gave them up. These options have thus been forfeited.

(4) Average share price of 20 days prior to grant date for the 2008 and 2009 plans and closing share price at grant date for the 2010 plan.

(5) If the condition related to the ROE is not met, the fair value including the condition on the TSR is equal to 7%.

2.1.2. Free shares

Issuer	Societe Generale		Societe Generale	Societe Generale	Societe Generale
Year	**2009**		**2010**	**2011**	**2012**
Shareholders agreement	05.27.2008		05.27.2008	05.25.2010	05.25.2010
Board of Directors' decision	01.20.2009		03.09.2010	03.07.2011	03.02.2012
Number of free shares granted(6)	3,155,781		4,200,000	2,351,605	2,975,763
Number of beneficiaries	4,760		5,617	5,969	6,363
O/w number of free shares granted to Executive Committee members	16,140		20,873	190,009	-
Number of Executive Committee beneficiaries	7		10	14	-
Settlement	Societe Generale shares		Societe Generale shares	Societe Generale shares	Societe Generale shares
Vesting period	01.20.2009 - 03.31.2012(8)	sub-plan n°1 : 03.09.2010 - 03.31.2013(8)	sub-plan n° 2 : 03.09.2010 - 03.31.2012 03.09.2010 - 03.31.2013(10)	03.07.2011 - 03.31.2013(10)(11)	03.02.2012 - 03.31.2014(10)(11)
Performance conditions	yes(7)	performance condition for certain recipients(7)	performance condition for certain recipients(7)	yes(7)	yes(7)
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(6)	23.36		43.64	46.55	25.39
Shares delivered as at December 31, 2012	1,986,934		834,358	874	1,033
Shares forfeited as at December 31, 2012	894,787		581,579	72,110	12,566
Shares outstanding as at December 31, 2012	274,060		2,784,063	2,278,621	2,962,164
Number of shares reserved as at December 31, 2012	274,060		2,784,063	2,278,621	2,962,164
Share price of shares reserved (In euros)	59.7		47.71	45.67	29.75
Total value of shares reserved (In millions of euros)	16		133	104	88
First authorised date for selling the shares	03.31.2014	03.31.2015	03.31.2014 03.31.2015	03.31.2015	04.01.2016
Delay for selling after vesting period	2 years		2 years	2 years(11)	2 years(11)
Fair value (% of share price at grant date)	78%		vesting period 2 years: 86% vesting period 3 years: 82%(9)	86%(12)	86 %
Valuation method used to determine fair value	Arbitrage		Arbitrage	Arbitrage	Arbitrage

(6) In accordance with IAS 33 , as a result of the detachment of Societe Generale share preferential subscription right, the historical share data have been adjusted for the coefficients given by Euronext which reflect the portion attributable to the share after detachment following the capital increases which took place in the fourth quarter of 2009.

(7) The performance conditions are described in the "corporate governance" section.

(8) For non-French tax residents, the vesting period is increased by one year and there is no mandatory holding period.

(9) If the condition related to the ROE is not met, the fair value including the condition on the TSR is equal to 16%.

(10) In accordance with the provision of the Ministerial Order issued in France on November 3, 2009 and related to the remuneration of employees whose activities may have consequences on the risk exposure of banks and investment companies, the expense related to share-based payments granted to employees in financial markets is recorded in the income statement over the vesting period beginning on January 1 of the preceding year.

(11) For non-French tax residents, the vesting period is increased by two years and there is no mandatory holding period.

(12) If the conditions related to the ROE or EPS are not met, the fair values including the condition on the TSR are respectively equal to 31% and 68%.

2.2. STATISTICS CONCERNING SOCIETE GENERALE STOCK-OPTION PLANS

Main figures concerning Societe Generale stock-option plans, for the year ended December 31, 2012:

	Options outstanding as at January 01, 2012	Options granted in 2012	Options forfeited in 2012	Options exercised in 2012	Options expired in 2012	Outstanding options as at December 31, 2012	Exercisable options as at December 31, 2012
Options granted in 2008	1,067,862	-	35,674	-	-	1,032,188	1,032,188
Options granted in 2009	908,955	-	471,519	1,879	-	435,557	435,557
Options granted in 2010	991,216	-	14,862	-	-	976,354	-
Weighted average remaining contractual life						20 months	
Weighted average fair value at grant date (In euros)						15.41	
Weighted average share price at exercise date (In euros)				26			
Range of exercise prices (In euros)				23-30			

Notes

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

	2008	2009	2010
Risk-free interest rate	4.2%	3.0%	2.9%
Implied share volatility	38%	55%	29%
Forfeited rights rate	0%	0%	0%
Expected dividend (yield) (% of the exercise price)	5.0%	3.5%	1.3%
Expected life (after grant date)	5 years	5 years	5 years

The implied volatility used is that of Societe Generale 5-year share options traded OTC (TOTEM parameters), which was 29% in 2010. This implied volatility reflects the future volatility of the share.

3. MAIN CHARACTERISTICS OF THE FREE SHARE PLAN GRANTED TO ALL EMPLOYEES OF THE GROUP

In order to involve all employees of the Group in the success of the Ambition SG 2015 program, the Board of Directors decided at a meeting on November 2, 2010 to grant 40 Societe Generale shares to each Group employee (nearly 159,000 employees in 79 countries). The grants are subject to presence and performance conditions. The vesting period and the holding period depend on the location of the entity in which the employee works:

- in France: the vesting period ends on March 29, 2013 for the first section i.e. 16 shares and on March 31, 2014 for the second section i.e. 24 shares. The shares are subject to a holding period of 2 years;
- International: the vesting period ends on March 31, 2015 for the first section i.e. 16 shares and on March 31, 2016 for the second section i.e. 24 shares. There is no holding period.

The performance conditions are described in chapter 6 "Human Resources".

There are no shares reserved at December 31, 2012 for the plan because it is a subscription plan.

The share price at the grant date is equal to EUR 42.1. The valuation method used to determine the fair values is the arbitrage model. These fair values (expressed as a % of the share price at the grant date) amount to:

- for France: 85 % for the first section and 82 % for the second section;
- International: 82 % for the first section and 79 % for the second section.

In countries where the granting of free shares is not possible or too complex, Societe Generale share cash equivalents are granted under the same presence and performance conditions applicable to free shares granted.

An assumption on annual withdrawal rate is applied for the determination of the plan expense; it amounts to 3.5 % per year on average for employees eligible for the plan in France and to 11 % per year on average for employees eligible for the plan outside France.

4. INFORMATION ON OTHER PLANS

ALLOCATION OF SG SHARES WITH A DISCOUNT RATE - GLOBAL EMPLOYEE SHARE OWNERSHIP PLAN

As part of the Group employee shareholding policy, on April 2, 2012 Societe Generale offered its employees the opportunity to subscribe for a reserved capital increase at a share price of EUR 19.19, with a discount of 20% compared to the average of the last 20 Societe Generale share prices before this date.

The number of shares subscribed was 4,191,357. There is no expense for this plan, as the valuation model used, which complies with the recommendation of the National Accounting Board on the accounting treatment of company savings plans, compares the gain employees would have obtained if they had been able to sell the shares immediately and the notional cost that the 5-year holding period represents to the employee. This model gives a unit value of 0: the average of the 20 Societe Generale share prices during the subscription period (from April 23 to May 7) minus the cost of the 5-year holding period is lower than the subscription price.

TCW STOCK-OPTION PLAN AND FREE SHARE PLANS

In accordance with IFRS 5 "non current assets held for sale and discontinued operations", assets and liabilities of TCW Group Inc are classified as non current assets and liabilities held for sale (See Note 16).

Note 43

COST OF RISK

(In millions of euros)	2012	2011
Counterparty risk		
Net allocation to impairment losses	(3,228)	(4,012)
Losses not covered	(466)	(430)
on bad loans	*(423)*	*(379)*
on other risks	*(43)*	*(51)*
Amounts recovered	151	184
on bad loans	*132*	*167*
on other risks	*19*	*17*
Other risks		
Net allocation to other provisions(1)	(392)	(72)
Total(2)	**(3,935)**	**(4,330)**

(1) To take into account the developments in a number of legal risks, including in particular the ongoing judicial investigations and proceedings with the US and European authorities, as well as the French "Conseil d'Etat" recent ruling on the “précompte” (equalisation tax – for which the Group’s exposure stands at EUR 1.5 billion before exercising any potential recourse), the Group recorded an additional provision of EUR 300 million at December 31, 2012.

(2) Allocations to provisions for legacy assets amounted to EUR -262 million as at December 31, 2012 versus EUR -425 million as at December 31, 2011.

Note 44

INCOME TAX

(In millions of euros)	2012	2011
Current taxes	(1,128)	(970)
Deferred taxes	794	(353)
Total taxes[(1)]	**(334)**	**(1,323)**

(1) RECONCILIATION OF THE DIFFERENCE BETWEEN THE GROUP'S STANDARD TAX RATE AND ITS EFFECTIVE TAX RATE:

	2012	2011
Income before tax excluding net income from companies accounted for by the equity method and impairment losses on goodwill *(in millions of euros)*	2,230	4,282
Normal tax rate applicable to French companies (including 3.3% tax contributions)	34.43%	34.43%
Permanent differences	- 2.69%	0.11%
Differential on items taxed at reduced rate	- 0.45%	- 0.27%
Tax rate differential on profits taxed outside France	- 13.73%	- 4.93%
Impact of non-deductible losses and use of tax losses carried forward	- 2.58%	1.56%
Group effective tax rate[(2)]	**14.98%**	**30.90%**

(2) The variation of the Group effective tax rate compared to December 31, 2011 is mainly attributable to the tax impact arising from disposals of subsidiaries in 2012.

In France, the standard Corporate Income Tax rate is 33.33%. A Contribution Sociale (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3 % (after a deduction from basic taxable income of EUR 0.76 million). In 2011, an additional contribution of 5% was introduced, in respect of fiscal years 2011 and 2012 and subsequently renewed for fiscal years 2013 and 2014, applicable to profitable companies generating revenue in excess of EUR 250 million.

Long-term capital gains on equity investments are exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate. Since December 31, 2012, in accordance with the 2013 Finance Law, 88% of long-term capital gains on equity investments have been exempt, resulting in an effective rate of 4.13%.

Dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to taxation of a 5% portion of fees and expenses at the full statutory tax rate.

The standard tax rate applicable to French companies to determine their deferred tax is 34.43%. The reduced rate is 4.13% taking into account the nature of the taxed transactions.

Note 45

EARNINGS PER SHARE

(In millions of euros)	2012	2011
Net income, Group share	774	2,385
Net income attributable to deeply subordinated notes	(266)	(273)
Net income attributable to perpetual subordinated notes shareholders	(16)	(25)
Issuance fees relating to perpetual subordinated notes	(11)	-
Net gain related to the redemption of the deeply subordinated notes at a price below the issuance value	2	276
Net income attributable to ordinary shareholders	**483**	**2,363**
Weighted average number of ordinary shares outstanding(1)	751,736,154	739,383,366
Earnings per ordinary share (In EUR)	**0.64**	**3.20**

(In millions of euros)	2012	2011
Net income, Group share	774	2,385
Net income attributable to deeply subordinated notes	(266)	(273)
Net income attributable to perpetual subordinated notes shareholders	(16)	(25)
Issuance fees relating to perpetual subordinated notes	(11)	-
Net gain related to the redemption of the deeply subordinated notes at a price below the issuance value	2	276
Net income attributable to ordinary shareholders	**483**	**2,363**
Weighted average number of ordinary shares outstanding(1)	751,736,154	739,383,366
Average number of ordinary shares used in the dilution calculation(2)	1,023,545	2,723,995
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	752,759,699	742,107,361
Diluted earnings per ordinary share (In EUR)	**0.64**	**3.18**

(1) Excluding treasury shares.

(2) The number of shares used in the dilution calculation is computed using the "share buy-back" method and takes into account free shares and stock-options plans.

Stock-option plans' dilutive effect depends on the average stock-market price of Societe Generale which was EUR 21.51 for 2012. In this context, as at December 31, 2012, free shares without performance condition in the 2009 and 2010 plans were dilutive.The characteristics of the stock-option and free shares plans can be found in Note 42 "Share-based payment plans".

Note 46

TRANSACTIONS WITH RELATED PARTIES

1. DEFINITION

In accordance with the definitions provided under IAS 24, the Group's related parties include the following: members of the Board of Directors, corporate officers (the Chairman and Chief Executive Officers and the three Deputy Chief Executive Officers), their respective spouses and any children residing in the family home, and the subsidiaries which are either controlled exclusively or jointly by the Group, i.e. companies over which Societe Generale exercises significant influence.

1.1. REMUNERATION OF THE GROUP'S MANAGERS

This includes amounts effectively paid by the Group to Directors and Chief Executive Officer and his deputies as remuneration (including employer contributions), and other benefits under IAS 24 - paragraph 16 - as indicated below.

(In millions of euros)	December 31, 2012	December 31, 2011
Short-term benefits	8.0	8.2
Post-employment benefits	0.4	0.3
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	0.4	0.5
Total	**8.8**	**9.0**

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 members of the Board of Directors, corporate officers and members of their families included in this note comprise loans and guarantees outstanding as at December 31, 2012, for a total amount of EUR 7.2 million. All other transactions with these individuals were insignificant.

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

The total amount provisioned or booked by the Societe Generale Group at December 31, 2012 under IAS 19 for the payment of pensions and other benefits to Societe Generale's Deputy Chief Executive Officers (Mr Cabannes, Mr Sammarcelli and Mr Sanchez Incera) and the two staff-elected Directors was EUR 8.4 million.

2. PRINCIPAL SUBSIDIARIES AND AFFILIATES(1)

OUTSTANDING ASSETS WITH RELATED PARTIES

(In millions of euros)	December 31, 2012	December 31, 2011
Financial assets at fair value through profit or loss	61	59
Other assets	1,490	1,263
Total outstanding assets	**1,551**	**1,322**

OUTSTANDING LIABILITIES WITH RELATED PARTIES

(In millions of euros)	December 31, 2012	December 31, 2011
Liabilities at fair value through profit or loss	117	90
Customer deposits	487	1,302
Other liabilities	1,237	1,165
Total outstanding liabilities	**1,841**	**2,557**

NET BANKING INCOME FROM RELATED PARTIES

(In millions of euros)	2012	2011
Interest and similar income	(6)	(3)
Fees	131	182
Net income from financial transactions	27	29
Net income from other activities	(11)	(1)
Net banking income	**141**	**207**

COMMITMENTS TO RELATED PARTIES

(In millions of euros)	December 31, 2012	December 31, 2011
Loan commitments granted	-	-
Guarantee commitments granted	902	7
Forward financial instrument commitments	8,005	7,032

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

Note 47

COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

	Country	Method*	Group ownership interest		Group voting interest	
			December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
FRANCE						
BANKS						
. BANQUE FRANCAISE COMMERCIALE OCEAN INDIEN	France	FULL	49.99	50.00	49.99	50.00
. CREDIT A L'INDUSTRIE FRANCAISE (CALIF)(1)	France	FULL	100.00	100.00	100.00	100.00
. CREDIT DU NORD(1)	France	FULL	100.00	100.00	100.00	100.00
. GENEBANQUE	France	FULL	100.00	100.00	100.00	100.00
. SG DE BANQUE AUX ANTILLES	France	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
. SOCIETE GENERALE SECURITIES SERVICES FRANCE	France	FULL	100.00	100.00	100.00	100.00
. INTER EUROPE CONSEIL	France	FULL	100.00	100.00	100.00	100.00
. INTERGA	France	FULL	100.00	100.00	100.00	100.00
. LYXOR ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
. LYXOR INTERNATIONAL ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE HOLDING DE PARTICIPATIONS	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 RETIREMENT SERVICES (SGRS) FRANCE(5)	France	FULL	-	100.00	-	100.00
. SOCIETE GENERALE SCF	France	FULL	100.00	100.00	100.00	100.00
. AMUNDI GROUP(1)	France	EQUITY	24.97	24.93	25.00	25.00
. FCT CODA(2) (10)	France	FULL	-	-	-	-
. FCT BLANCO(2) (10)	France	FULL	-	-	-	-
. FCT RED & BLACK CONSUMER 2008-1	France	FULL	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
. AIR BAIL	France	FULL	100.00	100.00	100.00	100.00
. TEMSYS(1)	France	FULL	100.00	100.00	100.00	100.00
. ALD INTERNATIONAL S.A.(1)	France	FULL	100.00	100.00	100.00	100.00
. BULL FINANCE(8)	France	FULL	-	51.35	-	51.35
. COMPAGNIE FINANCIERE DE BOURBON	France	FULL	99.99	99.99	100.00	100.00
. COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS(1)	France	FULL	99.88	99.88	99.88	99.88
. DISPONIS	France	FULL	99.94	99.94	100.00	100.00
. EVALPARTS	France	FULL	100.00	100.00	100.00	100.00
. FENWICK LEASE	France	FULL	99.99	100.00	100.00	100.00
. FRANFINANCE	France	FULL	99.99	99.99	99.99	99.99
. FRANFINANCE LOCATION	France	FULL	99.99	99.99	100.00	100.00
. GENECAL	France	FULL	100.00	100.00	100.00	100.00
. GENECOMI	France	FULL	99.70	99.94	99.70	99.94
. ORPAVIMOB	France	FULL	100.00	100.00	100.00	100.00
. RUSFINANCE SAS	France	FULL	100.00	100.00	100.00	100.00
. SAGEMCOM LEASE	France	FULL	99.99	100.00	100.00	100.00
. SG EQUIPMENT FINANCE S.A.	France	FULL	100.00	100.00	100.00	100.00
. SG SERVICES	France	FULL	100.00	100.00	100.00	100.00
. SOGEFIMUR(1)	France	FULL	100.00	100.00	100.00	100.00
. SOGEFINANCEMENT	France	FULL	100.00	100.00	100.00	100.00
. SG POUR LE FINANCEMENT DES INVESTISSEMENTS ECONOMISANT L'ENERGIE	France	FULL	100.00	100.00	100.00	100.00
. SOGELEASE FRANCE	France	FULL	100.00	100.00	100.00	100.00

	Country	Method*	Group ownership interest		Group voting interest	
			December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
. SOLOCVI	France	FULL	99.99	100.00	100.00	100.00
. FCT RED AND BLACK - GUARANTEED HOME LOANS(5)	France	FULL	-	100.00	-	100.00
. FCT RED & BLACK FRENCH SMALL BUSINESS 2010-1	France	FULL	100.00	100.00	100.00	100.00
. LA BANQUE POSTALE FINANCEMENT	France	EQUITY	35.00	35.00	35.00	35.00
. SOCIETE GENERALE SFH	France	FULL	100.00	100.00	100.00	100.00
. PHILIPS MEDICAL CAPITAL FRANCE	France	FULL	59.99	60.00	60.00	60.00
PORTFOLIO MANAGEMENT						
. FCT R&B BDDF PPI(10)	France	FULL	-	-	-	-
. FCC ALBATROS	France	FULL	100.00	100.00	51.00	51.00
. FINAREG	France	FULL	100.00	100.00	100.00	100.00
. GENE ACT 1	France	FULL	100.00	100.00	100.00	100.00
. GENEFINANCE	France	FULL	100.00	100.00	100.00	100.00
. GENEVAL(1)	France	FULL	100.00	100.00	100.00	100.00
. GENINFO	France	FULL	100.00	100.00	100.00	100.00
. LIBECAP	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE ALSACIENNE ET LORRAINE DE VALEURS, D'ENTREPRISES ET DE PARTICIPATIONS(7)	France	FULL	-	51.42	-	51.42
. LA FONCIERE DE LA DEFENSE	France	FULL	99.99	99.99	100.00	100.00
. SG CAPITAL DEVELOPPEMENT	France	FULL	100.00	100.00	100.00	100.00
. SG CONSUMER FINANCE(1)	France	FULL	100.00	100.00	100.00	100.00
. SG FINANCIAL SERVICES HOLDING	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SECURITIES SERVICES HOLDING(1)	France	FULL	100.00	100.00	100.00	100.00
. SOGEFIM HOLDING	France	FULL	100.00	100.00	100.00	100.00
. SOGENAL PARTICIPATIONS	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE DE PARTICIPATIONS	France	FULL	100.00	100.00	100.00	100.00
. SOGEPARTICIPATIONS(1)	France	FULL	100.00	100.00	100.00	100.00
. SOGEPLUS	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE CAPITAL PARTENAIRES	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE DE LA RUE EDOUARD VII	France	FULL	99.91	99.91	99.91	99.91
. VOURIC	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE PARTICIPATIONS INDUSTRIELLES	France	FULL	100.00	100.00	100.00	100.00
BROKERS						
. BOURSORAMA S.A.(1)	France	FULL	57.31	57.39	57.31	57.39
. 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
. SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER	France	FULL	100.00	100.00	100.00	100.00
. SOGEPROM(1)	France	FULL	100.00	100.00	100.00	100.00
. SOPHIA-BAIL	France	FULL	51.00	51.00	51.00	51.00
SERVICES						
. COMPAGNIE GENERALE D'AFFACTURAGE	France	FULL	100.00	100.00	100.00	100.00
. PARIS REGLEMENT LIVRAISON	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE DE CONTROLE ET DE GESTION FINANCIERE - SOCOGEFI(9)	France	FULL	-	100.00	-	100.00
. SOCIETE GENERALE SECURITIES SERVICES NET ASSET VALUE	France	FULL	100.00	100.00	100.00	100.00

	Country	Method*	Group ownership interest		Group voting interest	
			December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
GROUP REAL ESTATE MANAGEMENT COMPANIES						
. COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)[1]	France	FULL	100.00	100.00	100.00	100.00
. ELEAPARTS	France	FULL	100.00	100.00	100.00	100.00
. GENEGIS I	France	FULL	100.00	100.00	100.00	100.00
. GENEGIS II	France	FULL	100.00	100.00	100.00	100.00
. GENEVALMY	France	FULL	100.00	100.00	100.00	100.00
. SOGEMARCHE	France	FULL	100.00	100.00	100.00	100.00
. SOGECAMPUS	France	FULL	100.00	100.00	100.00	100.00
. SC ALICANTE 2000	France	FULL	100.00	100.00	100.00	100.00
. SC CHASSAGNE 2000	France	FULL	100.00	100.00	100.00	100.00
. OPERA 72	France	FULL	99.99	99.99	100.00	100.00
. SI DU 29 BOULEVARD HAUSSMANN	France	FULL	100.00	100.00	100.00	100.00
. SOGE PERIVAL I	France	FULL	100.00	100.00	100.00	100.00
. SOGE PERIVAL II	France	FULL	100.00	100.00	100.00	100.00
. SOGE PERIVAL III	France	FULL	100.00	100.00	100.00	100.00
. SOGE PERIVAL IV	France	FULL	100.00	100.00	100.00	100.00
. SOGEFONTENAY	France	FULL	100.00	100.00	100.00	100.00
. SOGINFO - SOCIETE DE GESTION ET D'INVESTISSEMENTS FONCIERS[1]	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	France	FULL	99.99	99.99	100.00	100.00
. VALMINVEST	France	FULL	100.00	100.00	100.00	100.00
INSURANCE						
. SG DE COURTAGE ET DE REASSURANCE (GENECAR)	France	FULL	100.00	100.00	100.00	100.00
. ORADEA VIE	France	FULL	100.00	100.00	100.00	100.00
. SOGECAP[1]	France	FULL	100.00	100.00	100.00	100.00
. SOGESSUR	France	FULL	100.00	100.00	100.00	100.00
. SOGECAP RISQUES DIVERS[2]	France	FULL	100.00	-	100.00	-
EUROPE						
BANKS						
. OHRIDSKA BANKA	Macedonia	FULL	70.02	70.02	72.76	70.02
. DELTACREDIT[1]	Russia	FULL	82.40	82.40	100.00	100.00
. BRD - GROUPE SOCIETE GENERALE[1]	Romania	FULL	60.17	60.17	60.17	60.17
. BANKA SOCIETE GENERALE ALBANIA SH.A.[1]	Albania	FULL	88.64	87.47	88.64	87.47
. BANK REPUBLIC[1]	Georgia	FULL	93.64	84.04	93.64	84.04
. GENIKI[7]	Greece	FULL	-	99.05	-	99.05
. KOMERCNI BANKA A.S[1]	Czech Republic	FULL	60.73	60.73	60.73	60.73
. SOCIETE GENERALE BANK NEDERLAND N.V.	Netherlands	FULL	100.00	100.00	100.00	100.00
. SG EXPRESS BANK[1]	Bulgaria	FULL	99.74	99.72	99.74	99.72
. SG HAMBROS LIMITED (HOLDING)[1]	United Kingdom	FULL	100.00	100.00	100.00	100.00
. SG PRIVATE BANKING SUISSE S.A.[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
. SOCIETE GENERALE BANK AND TRUST LUXEMBOURG[1]	Luxembourg	FULL	100.00	100.00	100.00	100.00
. SG PRIVATE BANKING MONACO	Monaco	FULL	100.00	100.00	100.00	100.00
. SKB BANKA[1]	Slovenia	FULL	99.72	99.72	99.72	99.72
. SG PRIVATE BANKING BELGIQUE	Belgium	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SPLITSKA BANKA	Croatia	FULL	100.00	100.00	100.00	100.00
. SGSS SPA	Italy	FULL	100.00	100.00	100.00	100.00
. ROSBANK[1]	Russia	FULL	82.40	82.40	82.40	82.40
. MOBIASBANCA GROUPE SOCIETE GENERALE	Moldova	FULL	79.93	79.93	87.90	87.90
. SOCIETE GENERALE BANKA MONTENEGRO A.D.	Montenegro	FULL	90.56	90.56	90.56	90.56
FINANCIAL COMPANIES						
. EURO VL IRLANDE	Ireland	FULL	100.00	100.00	100.00	100.00
. SOLENTIS INVESTMENT SOLUTIONS PCC	Jersey	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE HEDGING LIMITED[10]	Ireland	FULL	-	-	-	-

	Country	Method*	Group ownership interest		Group voting interest	
			December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
. SG LETTRES DE GAGE	Luxembourg	FULL	100.00	100.00	100.00	100.00
. BRD FINANCE IFN S.A.	Romania	FULL	80.48	80.48	100.00	100.00
. BRIGANTIA INVESTMENTS B.V.	Netherlands	FULL	100.00	100.00	100.00	80.00
. CLARIS 4(10)	Jersey	FULL	-	-	-	-
. SOCIETE GENERALE SECURITIES SERVICES LUXEMBOURG	Luxembourg	FULL	100.00	100.00	100.00	100.00
. HALYSA S.A.	Luxembourg	FULL	100.00	100.00	100.00	100.00
. IRIS II SPV LIMITED(10)	Ireland	FULL	-	-	-	-
. IVEFI S.A.	Luxembourg	FULL	100.00	100.00	100.00	100.00
. LIGHTNING ASSET FINANCE LIMITED(5)	Ireland	FULL	-	100.00	-	100.00
. LYXOR MASTER FUND	Jersey	FULL	100.00	100.00	100.00	100.00
. LYXOR ASSET MANAGEMENT (IRELAND) LIMITED	Ireland	FULL	100.00	100.00	100.00	100.00
. SG ISSUER	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
. SOCIETE GENERALE IMMOBEL(1)	Belgium	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED(1)	United Kingdom	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(6)	Germany	FULL	-	100.00	-	100.00
. CODEIS SECURITIES S.A.	Luxembourg	FULL	100.00	100.00	100.00	100.00
. LLC PROSTOFINANCE(7)	Ukraine	FULL	-	100.00	-	100.00
. THE TURQUOISE FUND	Luxembourg	FULL	100.00	100.00	100.00	100.00
. THE TURQUOISE II FUND	Luxembourg	FULL	100.00	100.00	100.00	100.00
. PILLAR CAPITAL LIMITED PARTNERSHIP	United Kingdom	FULL	100.00	100.00	100.00	100.00
. EUROPEAN FUND SERVICES S.A.(2)	Luxembourg	FULL	100.00	-	100.00	-
. CONDORCET OPPORTUNITY LIMITED(2)(10)	Ireland	FULL	-	-	-	-
SPECIALIST FINANCING						
. ALD AUTOMOTIVE SRL	Romania	FULL	92.03	92.03	100.00	100.00
. SG EQUIPEMENT FINANCE IBERIA S.A.	Spain	FULL	100.00	100.00	100.00	100.00
. LIMITED LIABILITY COMPANY RUSFINANCE(1)	Russia	FULL	82.40	82.40	100.00	100.00
. LIMITED LIABILITY COMPANY RUSFINANCE BANK	Russia	FULL	82.40	82.40	100.00	100.00
. SG EQUIPEMENT FINANCE ITALY SPA	Italy	FULL	100.00	100.00	100.00	100.00
. AXUS SA/NV	Belgium	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE A/S(1)	Denmark	FULL	100.00	100.00	100.00	100.00
. AXUS FINLAND OY(1)	Finland	FULL	100.00	100.00	100.00	100.00
. AXUS ITALIANA SRL	Italy	FULL	100.00	100.00	100.00	100.00
. AXUS NEDERLAND BV	Netherlands	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE AS(1)	Norway	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE AB(1)	Sweden	FULL	100.00	100.00	100.00	100.00
. ALD AUTOLEASING D GMBH(1)	Germany	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE GROUP PLC(1)	United Kingdom	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE SRO	Czech Republic	FULL	100.00	100.00	100.00	100.00
. ALD INTERNATIONAL SAS & CO. KG(1)	Germany	FULL	100.00	100.00	100.00	100.00
. ALD LEASE FINANZ GMBH(1)	Germany	FULL	100.00	100.00	100.00	100.00
. SG ALD AUTOMOTIVE PORTUGAL SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENZ S.A.	Portugal	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE S.A.	Spain	FULL	100.00	100.00	100.00	100.00
. AXUS LUXEMBOURG S.A.	Luxembourg	FULL	100.00	100.00	100.00	100.00
. DC MORTGAGE FINANCE NETHERLAND BV(5)	Netherlands	FULL	-	100.00	-	100.00
. EIFFEL LIMITED PARTNERSHIP	United Kingdom	FULL	100.00	100.00	100.00	100.00
. ESSOX SRO	Czech Republic	FULL	80.00	80.00	100.00	100.00
. EURO BANK SPOLKA AKCYJNA	Poland	FULL	99.52	99.52	99.52	99.52

	Country	Method*	Group ownership interest		Group voting interest	
			December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
. FIDITALIA SPA[1]	Italy	FULL	100.00	100.00	100.00	100.00
. FRAER LEASING SPA	Italy	FULL	73.85	73.85	73.85	73.85
. SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.	Czech Republic	FULL	80.33	80.33	100.00	100.00
. SG LEASING SPA	Italy	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT LEASING POLSKA SP Z.O.O.	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[1]	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 S.A. & CO KG[1]	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 S.L.	Spain	FULL	100.00	100.00	100.00	100.00
. SG LEASING XII[1]	United Kingdom	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE ITALIA HOLDING S.P.A	Italy	FULL	100.00	100.00	100.00	100.00
. SOGELEASE B.V.[1]	Netherlands	FULL	100.00	100.00	100.00	100.00
. PEMA GMBH[1]	Germany	FULL	100.00	100.00	100.00	100.00
. MILFORD	Belgium	FULL	100.00	100.00	100.00	100.00
. NEW HOLDING LIMITED[5]	United Kingdom	FULL	-	99.78	-	99.78
. SGSS DEUTSCHLAND KAPITALANLAGEGESELLSCHAFT MBH	Germany	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE LIMITED[1]	United Kingdom	FULL	100.00	100.00	100.00	100.00
BROKERS						
. SG ENERGIE UK LIMITED	United Kingdom	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SECURITIES SERVICES UK LTD	United Kingdom	FULL	100.00	100.00	100.00	100.00
. SOCGEN INVERSIONES FINANCIERAS S.A.[3]	Spain	FULL	100.00	-	100.00	-
INSURANCE						
. GENERAS	Luxembourg	FULL	100.00	100.00	100.00	100.00
. INORA LIFE LTD	Ireland	FULL	100.00	100.00	100.00	100.00
. KOMERCNI POJISTOVNA A.S	Czech Republic	FULL	80.76	80.76	100.00	100.00
. SOGELIFE	Luxembourg	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE STRAKHOVANIE ZHIZNI LLC	Russia	FULL	96.66	96.66	100.00	100.00
. SOCIETE GENERALE RE S.A.	Luxembourg	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE STRAKHOVANIE CJSC[2]	Russia	FULL	96.66	-	100.00	-
AFRICA AND THE MIDDLE-EAST						
BANKS						
. SOCIETE GENERALE TCHAD	Tchad	FULL	55.19	55.19	66.16	66.16
. BANKY FAMPANDROSOANA VAROTRA SG	Madagascar	FULL	70.00	70.00	70.00	70.00
. SG DE BANQUES AU BURKINA	Burkina Faso	FULL	51.27	51.27	52.61	52.61
. SG DE BANQUE EN GUINEE EQUATORIALE	Equatorial Guinea	FULL	52.44	52.44	57.24	57.24
. NATIONAL SOCIETE GENERALE BANK[1]	Egypt	FULL	77.17	77.17	77.17	77.17
. SOCIETE GENERALE ALGERIE	Algeria	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE DE BANQUE AU CAMEROUN	Cameroon	FULL	58.08	58.08	58.08	58.08
. SG DE BANQUES EN CoTE D'IVOIRE[1]	Ivory Coast	FULL	73.25	73.25	73.25	73.25
. SG DE BANQUES EN GUINEE	Guinea	FULL	57.94	57.94	57.94	57.94
. SG DE BANQUE AU LIBAN[1]	Lebanon	EQUITY	19.00	19.00	19.00	19.00
. SG DE BANQUES AU SENEGAL	Senegal	FULL	64.45	64.45	64.87	64.87
. SG MAROCAINE DE BANQUES[1]	Morocco	FULL	56.91	56.91	56.91	56.91
. SG-SSB LIMITED	Ghana	FULL	52.24	52.24	52.24	52.24
. UNION INTERNATIONALE DE BANQUES	Tunisia	FULL	57.20	57.20	52.34	52.34

	Country	Method*	Group ownership interest		Group voting interest	
			December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
. SOCIETE GENERALE-BENIN(2)	Benin	FULL	78.83	-	79.50	-
SPECIALIST FINANCING						
. ALD AUTOMOTIVE SA MAROC	Morocco	FULL	43.54	43.54	50.00	50.00
. SOCIETE D'EQUIPEMENT DOMESTIQUE ET MENAGER "EQDOM"	Morocco	FULL	45.63	46.31	53.72	54.92
. SOGELEASE EGYPT	Egypt	FULL	86.29	70.87	99.99	80.00
. SOCIETE GENERALE DE LEASING AU MAROC(4)	Morocco	FULL	-	56.91	-	100.00
INSURANCE						
. LA MAROCAINE VIE	Morocco	FULL	88.86	88.86	99.98	99.98
THE AMERICAS						
BANKS						
. BANCO SG BRAZIL S.A.(1)	Brazil	FULL	100.00	100.00	100.00	100.00
. BANCO PECUNIA S.A.(1)	Brazil	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE (CANADA)(1)	Canada	FULL	100.00	100.00	100.00	100.00
. BANCO CACIQUE S.A.(1)	Brazil	FULL	100.00	100.00	100.00	100.00
. SG AMERICAS SECURITIES HOLDINGS, LLC(1)	United States	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE S.A. ARRENDAMENTO MERCANTIL(3)	Brazil	FULL	100.00	-	100.00	-
FINANCIAL COMPANIES						
. SGFP MEXICO, S. DE R.L. DE C.V.	Mexico	FULL	100.00	100.00	100.00	100.00
. SGE HOLDINGS INC.(1)	Canada	FULL	100.00	100.00	100.00	100.00
. SG AMERICAS, INC.(1)	United States	FULL	100.00	100.00	100.00	100.00
. SG WARRANTS N.V.(5)	Curacao	FULL	-	100.00	-	100.00
. TCW GROUP INC(1)	United States	FULL	89.56	97.88	89.56	97.88
. THE TURQUOISE FUND LTD	Cayman Islands	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE ENERGY LLC(4)	United States	FULL	-	100.00	-	100.00
. SGA SOCIETE GENERALE ACCEPTANCE N.V. ("SGA")	Curacao	FULL	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
. MAKATEA JV INC.(7)	United States	FULL	-	100.00	-	66.67
. SG CONSTELLATION CANADA LTD	Canada	FULL	100.00	100.00	100.00	100.00
. SG FINANCE LLC(5)	United States	FULL	-	100.00	-	100.00
. SG PREFERRED CAPITAL III, LLC(1)	United States	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE USA CORP.	United States	FULL	100.00	100.00	100.00	100.00
. BENNINGTON STARK CAPITAL COMPANY, LLC(2)(10)	United States	FULL	-	-	-	-
PORTFOLIO MANAGEMENT						
. LYXOR ASSET MANAGEMENT HOLDING CORP.(1)	United States	FULL	100.00	100.00	100.00	100.00
INSURANCE						
. CATALYST RE INTERNATIONAL LTD.	Bermuda	FULL	100.00	100.00	100.00	100.00
ASIA AND OCEANIA						
BANKS						
. SOCIETE GENERALE 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
. BANQUE DE POLYNESIE(1)	Polynesia	FULL	72.10	72.10	72.10	72.10
. SG CALEDONIENNE DE BANQUE(1)	Caledonie	FULL	90.10	90.10	90.10	90.10
FINANCIAL COMPANIES						
. FORTUNE SG FUND MANAGEMENT CO. , LTD.	China	PROP	49.00	49.00	49.00	49.00
. SOCIETE GENERALE ASIA LTD	HongKong	FULL	100.00	100.00	100.00	100.00
. TH INVESTMENTS (HONG KONG) 1 LIMITED(1)	HongKong	FULL	100.00	100.00	100.00	100.00
. TH INVESTMENTS (HONG-KONG) 3 LIMITED(1)	HongKong	FULL	100.00	100.00	100.00	100.00
BROKERS						
. SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD (HONG-KONG)(1)	HongKong	FULL	100.00	100.00	100.00	100.00

	Country	Method*	Group ownership interest		Group voting interest	
			December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
SERVICES						
. SOCIETE GENERALE GLOBAL SOLUTION CENTRE PRIVATE LIMITED	India	FULL	100,00	100,00	100,00	100,00
SPECIALIST FINANCING						
. SG LEASING AND RENTING CO LTD	China	FULL	100,00	100,00	100,00	100,00
PORTFOLIO MANAGEMENT						
. LYXOR ASSET MANAGEMENT JAPAN CO LTD(2)	Japan	FULL	100,00	-	100,00	-

* FULL: full consolidation - PROP: proportionate consolidation - EQUITY: equity method.

(1) Companies carrying out sub-consolidation.

(2) Consolidated for the first time in 2012.

(3) Companies now consolidated directly.

(4) Entities now sub-consolidated.

(5) Entities deconsolidated during 2012.

(6) Entities wound up in 2012.

(7) Entities sold in 2012.

(8) Dissolution by transfer of assets with Franfinance.

(9) Dissolution by transfer of assets with Genefim.

(10) Special purpose vehicles substantially controlled by the Group.

Note 48

SEGMENT INFORMATION

SEGMENT INFORMATION BY BUSINESS LINES

	French Networks		International Retail Banking		Specialised Financial Services and Insurance	
(In millions of euros)	2012	2011	2012	2011	2012	2011
Net banking income	8,161	8,165	4,943	5,017	3,489	3,443
Operating Expenses(1)	(5,264)	(5,248)	(3,077)	(2,988)	(1,844)	(1,846)
Gross operating income	**2,897**	**2,917**	**1,866**	**2,029**	**1,645**	**1,597**
Cost of risk	(931)	(745)	(1,348)	(1,284)	(687)	(829)
Operating income	**1,966**	**2,172**	**518**	**745**	**958**	**768**
Net income from companies accounted for by the equity method	11	10	8	13	15	(33)
Net income/expense from other assets	(3)	1	(4)	-	(12)	(5)
Impairment of goodwill	-	-	(250)	-	-	(200)
Earnings before tax	**1,974**	**2,183**	**272**	**758**	**961**	**530**
Income tax	(669)	(739)	(112)	(161)	(271)	(219)
Net income before non-controlling interests	**1,305**	**1,444**	**160**	**597**	**690**	**311**
Non-controlling interests	14	16	211	272	16	14
Net income, Group share	**1,291**	**1,428**	**(51)**	**325**	**674**	**297**

(1) Including depreciation and amortisation.

	Private Banking, Global Investment Management and Services					
	Asset Management		Private Banking		SGSS, Brokers	
(In millions of euros)	2012	2011	2012	2011	2012	2011
Net banking income	338	344	757	762	1,065	1,063
Operating Expenses[1]	(289)	(342)	(624)	(619)	(992)	(1,006)
Gross operating income	**49**	**2**	**133**	**143**	**73**	**57**
Cost of risk	1	-	(6)	(1)	(5)	(12)
Operating income	**50**	**2**	**127**	**142**	**68**	**45**
Net income from companies accounted for by the equity method	115	98	-	-	-	-
Net income / expense from other assets	-	-	1	2	10	(8)
Impairment of goodwill	(200)	-	-	-	(380)	(65)
Earnings before tax	**(35)**	**100**	**128**	**144**	**(302)**	**(28)**
Income tax	(17)	(1)	(35)	(29)	(25)	(13)
Net income before non-controlling interests	**(52)**	**99**	**93**	**115**	**(327)**	**(41)**
Non-controlling interests	6	-	-	-	1	2
Net income, Group share	**(58)**	**99**	**93**	**115**	**(328)**	**(43)**

	Corporate and Investment Banking[2]		Corporate Centre[3]		Societe Generale Group	
(In millions of euros)	2012	2011	2012	2011	2012	2011
Net banking income[2]	6,189	5,980	(1,832)	862	23,110	25,636
Operating Expenses[1]	(4,189)	(4,748)	(159)	(239)	(16,438)	(17,036)
Gross operating income	**2,000**	**1,232**	**(1,991)**	**623**	**6,672**	**8,600**
Cost of risk	(630)	(563)	(329)	(896)	(3,935)	(4,330)
Operating income	**1,370**	**669**	**(2,320)**	**(273)**	**2,737**	**4,270**
Net income from companies accounted for by the equity method	-	-	5	6	154	94
Net income / expense from other assets	10	76	(509)	(54)	(507)	12
Impairment of goodwill	-	-	(12)	-	(842)	(265)
Earnings before tax	**1,380**	**745**	**(2,836)**	**(321)**	**1,542**	**4,111**
Income tax	(313)	(97)	1,108	(64)	(334)	(1,323)
Net income before non-controlling interests	**1,067**	**648**	**(1,728)**	**(385)**	**1,208**	**2,788**
Non-controlling interests	14	13	172	86	434	403
Net income, Group share	**1,053**	**635**	**(1,900)**	**(471)**	**774**	**2,385**

(1) Including depreciation and amortisation.

(2) BREAKDOWN OF NET BANKING INCOME BY BUSINESS FOR "CORPORATE AND INVESTMENT BANKING":

(In millions of euros)	2012	2011
Global Markets	4,875	4,141
Financing and Advisory	1,582	2,315
Legacy Assets	(268)	(476)
Total net banking income	**6,189**	**5,980**

(3) Income and expense not directly related to the business line activities are recorded in the Corporate Centre's profit and loss. Thus the debt revaluation differences linked to own credit risk (EUR -1,255 million at December 31, 2012), the revaluation differences of the credit derivative instruments hedging the loans and receivables portfolios (EUR -56 million at December 31, 2012) and the impact of the sovereign securities, mainly Greek, are allocated to the Corporate Centre.

(In millions of euros)	French Network		International Retail Banking		Specialised Financial Services and Insurance	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Segment assets	211,915	197,688	98,098	97,604	146,262	136,692
Segment liabilities(4)	172,891	158,583	79,433	76,905	101,343	90,405

(In millions of euros)	Private Banking, Global Investment Management and Services					
	Asset Management		Private Banking		SGSS, Brokers	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Segment assets	2,655	2,846	23,875	21,110	56,997	48,704
Segment liabilities(4)	517	546	25,688	22,217	69,993	62,613

(In millions of euros)	Corporate and Investment Banking		Corporate Centre(5)		Societe Generale Group	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Segment assets	613,969	614,652	96,925	62,076	1,250,696	1,181,372
Segment liabilities(4)	660,144	658,468	86,590	60,523	1,196,599	1,130,260

(4) Segment liabilities correspond to debts (i.e. total liabilities excluding equity).

(5) Assets and liabilities not directly related to the business lines activities are recorded on the Corporate Centre's balance sheet. Thus the debt revaluation differences linked to own credit risk and the revaluation differences of the credit derivative instruments hedging the loans and receivables portfolios are allocated to the Corporate Centre.

SEGMENT INFORMATION BY GEOGRAPHICAL REGION

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME

(In millions of euros)	France		Europe		Americas	
	2012	2011*	2012	2011*	2012	2011*
Net interest and similar income	5,570	6,104	4,325	4,508	425	748
Net fee income	4,191	4,328	1,654	1,745	470	480
Net income / expense from financial transactions	(257)	1,801	1,951	1,436	677	586
Other net operating income	331	391	1,012	987	1	6
Net banking income	**9,835**	**12,624**	**8,942**	**8,676**	**1,573**	**1,820**

(In millions of euros)	Asia		Africa		Oceania		Total	
	2012	2011*	2012	2011*	2012	2011*	2012	2011*
Net interest and similar income	98	179	1,123	981	85	107	11,626	12,627
Net fee income	178	186	435	392	49	48	6,977	7,179
Net income / expense from financial transactions	773	569	53	40	4	-	3,201	4,432
Other net operating income	(50)	(9)	10	21	2	2	1,306	1,398
Net banking income	**999**	**925**	**1,621**	**1,434**	**140**	**157**	**23,110**	**25,636**

* Amounts adjusted with respect to the 2011 published financial statements.

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS

	France		Europe		Americas	
(In millions of euros)	December 31, 2012	December 31, 2011*	December 31, 2012	December 31, 2011*	December 31, 2012	December 31, 2011*
Segment assets	959,716	926,920	147,468	123,911	94,344	86,515
Segment liabilities(6)	914,915	882,690	139,177	118,403	96,607	88,638

	Asia		Africa		Oceania		Total	
(In millions of euros)	December 31, 2012	December 31, 2011*	December 31, 2012	December 31, 2011*	December 31, 2012	December 31, 2011*	December 31, 2012	December 31, 2011
Segment assets	21,564	16,912	24,993	24,601	2,611	2,513	1,250,696	1,181,372
Segment liabilities(6)	20,858	15,867	22,585	22,318	2,457	2,344	1,196,599	1,130,260

(6) Segment liabilities correspond to debts (i.e. total liabilities excluding equity).

* Amounts adjusted with respect to the 2011 published financial statements.

Note 49

FEES TO STATUTORY AUDITORS

Fees to statutory auditors recorded in the income statement are:

(In millions of euros)	2012	2011
Fees related to statutory audit, certification, examination of parent company and consolidated statements	30	31
Fees related to audit services and related assignments	6	6
Total	**36**	**37**

Note 50

POST CLOSING EVENTS

Sale of Group's stake in Trust Company of the West (TCW).

On August 9, 2012, Societe Generale entered into a definitive agreement to sell the whole of its stake in TCW to the Carlyle Group and TCW's Management.

After obtaining all the necessary approvals on February 1, 2013, the transaction was finalised on February 6, 2013.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

SOCIETE GENERALE - YEAR ENDED DECEMBER 31, 2012

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2012, on:

- the audit of the accompanying consolidated financial statements of Société Générale;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- For the purpose of preparing the consolidated financial statements, your company records depreciation 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 valuation of goodwill and the assessment of the deferred tax assets, as well as of the pension plans and other post-employment benefits. We have reviewed and tested the processes implemented by management, the underlying assumptions and the valuation parameters, and we have assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies disclosed in note 1 to the consolidated financial statements.
- Your company provides in note 3 to the consolidated financial statements its indirect exposures to the US residential real estate market, and in note 25 its exposures to certain eurozone countries, as well as the processes implemented

and the procedures used for measuring or assessing them. We have reviewed the control procedures implemented to measure such exposures, to assess the credit risk and related depreciation and the appropriateness of the related disclosures included in the aforementioned notes.

- As detailed in note 1 to the consolidated financial statements, your company uses internal models to measure financial instruments that are not listed on active markets. Our procedures consisted in reviewing the control procedures for the models used, assessing the underlying data and assumptions as well as their observability, and verifying that the risks generally expected from the markets were taken into account in the valuations.
- As stated in notes 3 and 6 to the consolidated financial statements, your company assessed the impact of changes in its own credit risk with respect to the valuation of certain financial liabilities measured at fair value through profit 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 VERIFICATION

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, March 4, 2013

The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres

Isabelle SANTENAC

DELOITTE & ASSOCIES

Jean-Marc MICKELER

PARENT COMPANY FINANCIAL STATEMENTS

Societe Generale management report

SUMMARY BALANCE SHEET OF SOCIETE GENERALE

ASSETS

(In billions of euros at December 31)	December 31, 2012	December 31, 2011	Change
Interbank and money market assets	147	142	5
Customer loans	267	272	(5)
Securities	377	344	33
of which securities purchased under resale agreements	*132*	*112*	*20*
Other assets	206	236	(30)
of which option premiums	*100*	*117*	*(17)*
Tangible and intangible fixed assets	2	2	(0)
Total assets	**999**	**994**	**5**

LIABILITIES AND SHAREHOLDERS' EQUITY

(In billions of euros at December 31)	December 31, 2012	December 31, 2011	Change
Interbank and money liabilities(1)	257	240	17
Customer deposits	318	320	(2)
Bonds and subordinated debt(2)	*22*	*24*	*(2)*
Securities	172	156	16
of which securities sold under repurchase agreements	*115*	*110*	*5*
Other liabilities and provisions	200	225	(25)
of which option premiums	*105*	*120*	*(15)*
Equity	30	29	1
Total liabilities and shareholders' equity	**999**	**994**	**5**

(1) Including negotiable debt instruments.
(2) Including undated subordinated capital notes.

Societe Generale's balance sheet total increased very slightly year-on-year to EUR 999 billion.

Amid a difficult economic environment (the euro zone having fallen back into recession where the equity markets remained for most of the year), Societe Generale successfully followed through its transformation, significantly improving its financial stability both in terms of capital and liquidity.

In 2012, the ECB continued its policy of standing in for the frozen interbank lending market by providing with banks with liquidity.

The unconventional interventions of the ECB, particularly through LTROs, as well as measures undertaken by Societe Generale to downsize its balance sheet (selling portfolios, lowering the Corporate and Investment Banking core business's exposure to market risks) contributed to a liquidity surplus which was then largely reinvested in the ECB and the Fed. This effect resulted in a EUR 6 billion increase in interbank and money market assets on the balance sheet, which breaks down into a EUR 21 billion increase in Central Bank assets and a EUR 14 billion decrease in amounts due from banks.

Amid a deteriorated macroeconomic climate in France, outstanding loans were slightly lower, primarily on account of a EUR 3 billion decrease in outstanding long- and medium-term equipment loans to local authorities and resident companies. Despite a slowdown in demand at the end of the year, mortgage loans increased 0.4%, in step with the market.

In 2012, the markets were characterised by successive wait-and-see periods and investors' renewed appetite for risk. The rebound in risky assets was owed to the decisions by central banks to ease their monetary policies by keeping long interest rates low, and to the confidence-boosting turnaround in activity in the United States and Asia. Outstanding equity trading assets increased by EUR 28.8 billion to the detriment of the bond market, down EUR 8.4 billion. There was nevertheless a strong move back towards French treasury bonds (OATs), up EUR 8.3 billion. The increase in securities transactions was offset by other assets, with the valuation of derivatives down EUR 15.6 billion, a decrease in volatility and volumes of equity derivative positions which resulted in a EUR 10 billion reduction in premiums on equity and index options.

Amid rife competition for savings inflows, outstanding balance sheet deposits increased by EUR 17.2 billion, chiefly in the French Networks. Deposit growth was driven by term deposit inflows under the successful "CAT Tréso +" offer for businesses which increased by EUR 6.1 billion. Regulated saving schemes also rose sharply, driven in part by the increase in the Livret A and LDD sustainable development passbook savings accounts in Q4 2012 by EUR 4.4 billion. This increase in outstandings was offset by a EUR 18.8 billion decrease in financial customer deposits.

Societe Generale boasts a diversified range of funding sources and channels:

- stable resources consisting of equity and subordinated debt (EUR 52 billion);
- customer deposits, which make up a significant share (32%) of total balance sheet resources;
- capital raised on the market through a proactive diversification policy making use of various types of debt (secured and unsecured bonds, etc.), issuance vehicles (EMTNs, Certificates of Deposit), currencies and investor pools (EUR 117 billion);
- resources in the form of interbank transactions (EUR 140 billion) and securities sold under repurchase agreements (EUR 115 billion).

By diversifying its sources of funding, Societe Generale was able to finance the rollover of its debt maturing in 2012 and fund the requirements of its commercial operations. Societe Generale intends to maintain this policy in order to further the well-balanced development of its balance sheet.

SUMMARY INCOME STATEMENT OF SOCIETE GENERALE

	2012						2011		
		12/11		*12/11*		*12/11*			
(In millions of euros at December 31)	France	(%)	International	(%)	Societe Generale	(%)	France	International	Societe Generale
Net banking income	**8,498**	*(10)*	**2,754**	*19*	**11,252**	*(5)*	**9,468**	**2,315**	**11,783**
Operating expenses	(6,264)	*(7)*	(1,523)	*(4)*	(7,788)	*(6)*	(6,704)	(1,584)	(8,288)
Gross operating income	**2,234**	*(19)*	**1,231**	*68*	**3,464**	*(1)*	**2,764**	**731**	**3,495**
Cost of risk	(1,336)	*86*	(253)	*498*	(1,589)	*108*	(723)	(42)	(765)
Operating income	**897**	*(56)*	**978**	*42*	**1,875**	*(31)*	**2,041**	**689**	**2,730**
Net income from long-term investments	(682)	*(59)*	(177)	*N/A*	(859)	*(55)*	(1,651)	(265)	(1,916)
Operating income before tax	**215**	*(45)*	**801**	*89*	**1,016**	*25*	**390**	**424**	**814**
Income tax	468	*12*	(211)	*(1)*	257	*25*	418	(213)	205
Net allocation to regulatory provisions	10	*N/A*	-	*N/A*	10	*N/A*	-	-	-
Net income	**693**	*(14)*	**590**	*180*	**1,283**	*26*	**808**	**211**	**1,019**

In 2012, Societe Generale generated gross operating income of EUR 3.5 billion, largely in line with that of 2011.

- 2012 was characterised by a number of non-recurring events:
  - the completion of the deleveraging programme for the Corporate and Investment Banking businesses (more than EUR 8 billion of the credit portfolio sold in 2012 for a EUR 268 million discount after tax);
  - the transfer to a subsidiary of a loan granted to Généfinance containing an index clause, generating a profit of EUR 362 million after tax;
  - an additional provision of EUR 300 million to take into account the developments in a number legal risks, including in particular ongoing judicial investigations and proceedings with the US and European authorities, as well as the recent ruling from the French *Conseil d'Etat* on the précompte (equalisation tax – for which Societe Generale's exposure stands ay EUR 1.5 billion before exercising any potential recourse);
  - the sale of the Greek subsidiary Geniki generated a loss of EUR 121 million after tax.
- Net banking income was down slightly at EUR 11.3 billion vs. 2011 (EUR 11.8 billion).
  - Amid a deteriorated macroeconomic environment in France, the French Networks' commercial activity was robust in 2012, demonstrating once again the stability of the franchise. Moreover, the French Networks remained fully committed to its customers and continued to support the economy by assisting companies and individual customers with financing their projects. The French Networks' income was resilient and came from increased income linked to growing outstanding deposits, offset by an increasingly marked decline in reinvestment rates and a virtually stable loan margin.
  - Following the major crisis in the euro zone in the second half of 2011, economic conditions in 2012 remained difficult. Nevertheless, Corporate and Investment Banking's income remained stable with markets gradually returning to normal in 2012, particularly in Fixed Income, Currencies and Commodities.
- Societe Generale's cost-cutting efforts brought down its operating expenses to EUR 7.8 billion at end-2012 vs. EUR 8.3 billion at end-2011. Operating expenses include the French systemic tax at EUR 138 million.
- The net cost of risk increased due to the weakness of the French economy and the creation of an additional provision for legal risks.
- The stability of the gross operating income, together with the deterioration of the net cost of risk, lowered operating income to EUR 1.9 billion at December 31, 2012.
- The improvement of net income from long-term investments is attributed to the recognition of impairment losses on equity investments in 2011, including EUR 887 million for Geniki and EUR 469 million for Généval.
- Net income after tax came out at EUR 1.3 billion at end-2012, up 26% compared to 2011.

SUPPLIER PAYABLES PAYMENT SCHEDULE

	December 31, 2012					December 31, 2011				
	Payables not yet due					Payables not yet due				
(In millions of euros)	1 to 30 days	31 to 60 days	More than 60 days	Payables due	Total	1 to 30 days	31 to 60 days	More than 60 days	Payables due	Total
Supplier payables	61.8	46.4	0.5	41.3	150.0	46.9	20.9	0.6	72.9	141.3

The maturity dates correspond to payment conditions determined 60 days from date of invoice.

The processing of Societe Generale France's supplier invoices is largely centralised. The department responsible for this processing books and settles invoices transmitted for payment by all of Societe Generale France's corporate and business divisions. The branches of the French network, however, have dedicated teams to process and settle their own invoices.

In accordance with the Group's internal control procedures, invoices are only paid after they have been validated by the departments that signed for the services. The average time for the payment of invoices after validation is from three to seven days.

FIVE-YEAR FINANCIAL SUMMARY OF SOCIETE GENERAL

	2012	2011	2010	2009	2008
Financial position at year-end					
Capital stock (in millions of euros)(1)	975	970	933	925	726
Number of outstanding shares(2)	780,273,227	776,079,991	746,421,631	739,806,265	580,727,244
Results of operations (in millions of euros)					
Gross banking and other income(3)	27,982	31,197	26,714	29,577*	36,238
Earnings before tax, depreciation, amortization, provisions, employee profit sharing and general reserve for banking risks	1,210	4,980	4,057	5,693	(836)
Employee profit sharing	9	31	15	22	45
Income tax	(257)	(205)	817	(554)	(1,956)
Net income	1,283	1,019	1,362	922	(2,964)
Total dividends paid	351(4)	-	1,306	185	697
Earnings per share (in euros)					
Earnings after tax but before depreciation, amortization and provisions	1.87	6.64	4.32	8.41	1.85
Net income	1.64	1.31	1.82	1.25	(5.10)
Dividend paid per share	0.45(4)	-	1.75	0.25	1.20
Personnel					
Average headcount	46,114	47,540	46,316	46,181	45,698
Total payroll (in millions of euros)	3,862	3,298	3,340	3,109	2,813
Employee benefits (Social Security and other) (in millions of euros)	1,404	1,349	1,443	1,394	1,212

* Amount adjusted in regard to financial statements published on December 31, 2009.

(1) In 2012, Societe Generale proceeded to the following increases of capital, representing a total of EUR 5.2 million, with a issuing premium of EUR 75.2 million :
- EUR 5.2 million for the capital increase reserved for the employees , with EUR 75.2 million issuing premium ;
- EUR 0.002 million resulting from stock options granted by the Board of Directors, that were exercised by employees with EUR 0.041 million of issuing premiums.

(2) At December 31, 2012, Societe Generale's common stock comprised 780,273,227 shares with a nominal value of EUR 1.25 per share.

(3) Gross banking and other income are made up of interest income, dividend income, fee income, income from financial transactions and other operating income.

(4) Subject to approval at the General Meeting.

Financial statements

PARENT COMPANY BALANCE SHEET

ASSETS

(In millions of euros)		December 31, 2012	December 31, 2011
Cash, due from central banks and post office accounts		53,241	32,077
Due from banks	(note 2)	167,519	176,322
Customer loans	(note 3)	325,665	316,528
Lease financing and similar agreements		22	80
Treasury notes and similar securities	(note 4)	51,708	42,503
Bonds and other debt securities	(note 4)	105,908	125,582
Shares and other equity securities	(note 4)	55,965	27,266
Affiliates and other long term securities	(note 5)	453	543
Investments in subsidiaries	(note 6)	30,370	35,146
Tangible and intangible fixed assets	(note 7)	1,629	1,627
Treasury stock	(note 8)	605	675
Accruals, other accounts receivable and other assets	(note 9)	205,916	236,006
Total		**999,001**	**994,355**

OFF-BALANCE SHEET ITEMS

(In millions of euros)		December 31, 2012	December 31, 2011
Loan commitments granted	(note 18)	112,439	125,011
Guarantee commitments granted	(note 18)	180,922	221,252
Commitments made on securities		15,146	17,377
Foreign exchange transactions	(note 31)	973,684	835,457
Forward financial instrument commitments	(note 19)	18,603,554	19,902,028

(The accompanying notes are an integral part of the Parent Company financial statements.)

LIABILITIES AND SHAREHOLDERS' EQUITY

(In millions of euros)		December 31, 2012	December 31, 2011
Due to central banks and post office accounts		1,805	389
Due to banks	(note 10)	210,675	189,903
Customer deposits	(note 11)	362,000	376,623
Liabilities in the form of securities issued	(note 12)	123,709	109,245
Accruals, other accounts payable and other liabilities	(note 13)	221,874	224,604
Provisions	(note 14)	33,596	46,598
Long-term subordinated debt and notes	(note 16)	15,062	18,066
SHAREHOLDERS' EQUITY			
Common stock	(note 17)	975	970
Additional paid-in capital	(note 17)	19,847	19,772
Retained earnings	(note 17)	8,175	7,166
Net income	(note 17)	1,283	1,019
Sub-total		**30,280**	**28,927**
Total		**999,001**	**994,355**

OFF-BALANCE SHEET ITEMS

(In millions of euros)		December 31, 2012	December 31, 2011
Loan commitments received	(note 18)	39,024	43,039
Guarantee commitments received	(note 18)	48,895	53,664
Commitments received on securities		17,210	18,002
Foreign exchange transactions	(note 31)	973,999	834,193

(The accompanying notes are an integral part of the Parent Company financial statements.)

INCOME STATEMENT

(In millions of euros)		2012	2011
Interest and similar income		*20,975*	*23,514*
Interest and similar expenses		*(18,752)*	*(19,287)*
Net interest income	(note 20)	2,223	4,227
Net income from lease financing and similar agreements		3	7
Dividend income	(note 21)	1,985	3,254
Commissions (income)		*3,904*	*3,980*
Commissions (expenses)		*(1,141)*	*(1,281)*
Net fee income	(note 22)	2,763	2,699
Net income from the trading portfolio	(note 23)	3,159	2,092
Net income from short-term investment securities[1]	(note 23)	1,171	(488)
Income from other activities		*20,137*	*6,934*
Expenses from other activities		*(20,189)*	*(6,942)*
Net gains or losses on other activities		(52)	(8)
Net banking income		**11,252**	**11,783**
Personnel expenses	(note 24)	(4,687)	(4,845)
Other operating expenses		(2,777)	(3,114)
Depreciation and amortization		(324)	(329)
Total operating expenses		**(7,788)**	**(8,288)**
Gross operating income		**3,464**	**3,495**
Cost of risk	(note 27)	(1,589)	(765)
Operating income		**1,875**	**2,730**
Net income from long-term investments	(note 28)	(859)	(1,916)
Operating income before tax		**1,016**	**814**
Exceptional items		-	-
Income tax	(note 29)	257	205
Net allocation to regulatory provisions		10	-
Net income		**1,283**	**1,019**

(1) including correction on previous financial year of EUR +386 million (Cf. note 1).

Information about fees paid to statutory auditors are disclosed in the notes to the consolidated financial statements of Societe Generale Group for the year 2012 ; consequently, this information is not provided in the notes to the parent company financial statements of Societe Generale.

(The accompanying notes are an integral part of the Parent Company financial statements.)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Note 1

SIGNIFICANT ACCOUNTING PRINCIPLES

The parent company financial statements for Societe Generale were drawn up in accordance with the provisions of regulation 91-01 of the French Banking Regulation Committee (CRB) applicable to credit establishments, and with the accounting principles generally accepted in the French banking industry. As the financial statements of foreign branches were prepared using accounting principles generally accepted in their respective countries, they were subsequently adjusted to comply with the accounting principles applicable in France. The presentation of the financial statements complies with regulation 2000-03 of the French Accounting Regulation Committee (CRC) on parent company financial statements for enterprises governed by the French Banking and Financial Regulation Committee (CRBF), amended by CRC regulation 2005-04 dated November 3, 2005.

ACCOUNT COMPARABILITY

In 2011, a line of securities, recorded in short-term investment securities, was fully impaired by mistake. Consequently, net income for 2011 was reduced by EUR 386 million. In early 2012, this line of securities was sold and the impairment reversed, thus increasing net income for 2012 by EUR 386 million.

ACCOUNTING POLICIES AND VALUATION METHODS

In accordance with the accounting principles applicable to French banks, the majority of transactions are recorded using valuation methods that take into account the purpose for which they were made.

In financial intermediation transactions, assets and liabilities are generally carried at historical cost and depreciation are recognised where counterparty risk arises. Revenues and expenses arising from these transactions are recorded over the life of the transaction in accordance with the time period concept. Transactions on forward financial instruments carried out for hedging purposes or to manage the bank's overall interest rate risk are accounted for using the same principles.

Trading transactions are generally marked to market at year-end, except for loans, borrowings and short-term investment securities which are recorded at nominal value (see below). When instruments are traded on illiquid markets, the market value used is reduced for reasons of prudence. Moreover, a reserve is recorded to cover valuations established on the basis of in-house models (Reserve Policy), which is determined according to the complexity of the model used and the life of the financial instrument.

TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

The on- and off-balance sheet items of branches reporting in foreign currencies are translated at the official exchange rate prevailing at year-end. Income statement items of these branches are translated at the average month-end exchange rates. Gains and losses arising from the translation of reserves, retained earnings and net income are included in shareholders' equity under *Translation differences.* Gains and losses from transactions used to hedge translations of net income in foreign currencies of branches are also included in shareholders' equity under the same heading.

Gains and losses arising from the translation of the capital contribution of foreign branches are included under *Other accounts payable* or *Other accounts receivable.*

In accordance with CNC Recommendation 98-01, translation differences relating to branches in the euro zone are retained in shareholders' equity and are only recognised in the income statement when these entities are sold.

AMOUNTS DUE FROM BANKS, CUSTOMER LOANS, GUARANTEES AND ENDORSEMENTS

Amounts due from banks and customer loans are classified according to their initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits in the case of banks, and commercial loans, overdrafts and other loans to customers. They also include securities purchased from banks and customers under resale agreements, and loans secured by notes and securities.

Only amounts due and customer loans which meet the following criteria are offset on the balance sheet: those with the same counterparty, maturity, currency and accounting entity, and those for which an agreement exists with the counterparty allowing the company to combine the accounts and exercise the right of offset.

Interest accrued on these receivables is recorded as *Related receivables* and recognised in the income statement.

Fees received and incremental transaction costs related to the granting of a loan are comparable to interests and spread over the effective life of the loan.

Guarantees and endorsements recorded off-balance sheet represent transactions which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

Under CRC regulation 2002-03, if a commitment carries an incurred credit risk which makes it probable that Societe Generale will not recover all or part of the amounts due under the counterparty's commitment in accordance with the original terms of the contract, despite the existence of a guarantee, the corresponding outstanding loan is classified as a doubtful loan. Moreover, any loan will be classified as doubtful if one or more repayments are more than three months overdue (six months for mortgage loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed, if it can be assumed that there is an identified risk, or if legal proceedings have been started.

If a loan to a given borrower is classified as doubtful, all outstanding loans or commitments to that borrower are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Depreciation for unrealised losses and for doubtful loans is recorded in the amount of the probable loss. Depreciation for unrealised losses is equal to the difference between the carrying amount of the asset and the present value of estimated future recoverable cash flows, taking into account any guarantees, discounted at the financial assets' original effective interest rate. Furthermore, this depreciation may not be less than the full amount of the accrued interest on the doubtful loan. Depreciation, reversals of depreciation, losses on bad debts and recovery of impaired debts are recognised under *Cost of risk,* along with write-backs of depreciation linked to the passage of time.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, a depreciation is recognised without waiting for the risk to individually affect one or more receivables. The amount of depreciation is notably determined on the basis of historical data on default rates and incurred losses on assets with credit risk characteristics that are similar to those in the portfolio, adjusted to reflect any relevant current economic conditions and, where necessary, the opinion of an expert. Changes in depreciation calculated as such are recognised under *Cost of risk.*

Doubtful loans can be reclassified as performing loans when the credit risk has been definitively eliminated and regular repayments have resumed according to the original terms of the contract. Similarly, doubtful loans which have been restructured can be reclassified as performing loans. When a loan is restructured, a discount is applied to any differences between the cash flows expected to be received under the initial terms of the contract and the present value of the future flows of capital and interest expected to be received under the new terms, discounted at the original effective interest rate.

The amount deducted is recognised under *Cost of risk.* If the restructured loan is subsequently reclassified as a performing loan, it is reincorporated into net interest income over the remaining term of the loan.

When a borrower's solvency is such that after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, the loan is identified as a non-performing loan. A loan is classified as non-performing once the bank asks for an early termination, when the contract is terminated and in any case one year after it was classified as doubtful, except where the original terms of the contract have been respected or where the loan is covered by guarantees which ensure its recovery. Loans which have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

SECURITIES PORTFOLIO

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank securities), shares and other equity securities;
- the purpose for which they were acquired: trading, short-term and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments.

Purchases and sales of securities are recorded in the balance sheet at the date of settlement-delivery.

According to CRB amended regulation n° 90-01 relative to the accounting treatment of securities transactions and modified by CRC regulation 2008-17, the classification and valuation rules applied for each portfolio category are as follows:

• Trading securities

Trading securities are securities acquired or incurred principally for the purpose of selling or repurchasing them in the near-term, or held for the purpose of market-making activities. These securities are traded in active markets, and the available market price reflects frequent buying and selling under normal conditions of competition. Trading securities also include securities linked to a sale commitment in the context of an arbitrage operation done on an organised or assimilated market and securities purchased or sold in the specialised management of a trading portfolio containing forward financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Trading securities are recognised in the balance sheet at cost, excluding acquisition expenses.

They are marked to market at the end of the financial period.

Net unrealised gains or losses, together with net gains or losses on disposals, are recognised in the income statement under *Net income from financial transactions.* Coupon payments received on fixed-income securities in the trading portfolio are recorded in the income statement under *Net interest income from bonds and other debt securities.*

Trading securities that are no longer held for the purpose of selling them in the near-term, or no longer held for the purpose of market-making activities, or held in the specialised management of a trading portfolio for which there is no longer evidence of a recent pattern of short-term profit-taking, may be reclassified into the *Short-term investment securities category* or into the *Long-term investment securities* category if:

- exceptional market situations generate a change of holding strategy, or
- if after their acquisition debt securities become no longer negotiable in an active market and Societe Generale has the intention and the ability to hold them for the foreseeable future or until maturity.

Securities which are then reclassified are recorded in their new category at their fair market value on the date of reclassification.

• Short-term investment securities

Short-term investment securities are all those that are not classified as trading securities, long-term investment securities, or investments in consolidated subsidiaries and affiliates.

Shares and other equity securities

Equity securities are carried on the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realisable value. For listed securities, realisable value is defined as the most recent market price. Unrealised capital gains are not recognised in the accounts but a depreciation of portfolio securities is recorded to cover unrealised capital losses, without the said depreciation being offset against any unrealised capital gains. Income from these securities is recorded in *Dividend income.*

Bonds and other debt securities

These securities are carried at cost excluding acquisition expenses and, in the case of bonds, excluding interest accrued and not yet due at the date of purchase. The positive or negative difference between cost and redemption value is amortised to income over the life of the relevant securities and using the actuarial method. Accrued interest on bonds and other short-term investment securities is recorded as *Related receivables* and under *Net interest income from bonds* and *other debt securities* in the income statement.

At year-end, cost is compared to realisable value or, in the case of listed securities, to their most recent market price. Unrealised capital gains are not recognised in the accounts but a depreciation of portfolio securities is recorded to cover unrealised capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of depreciation for losses on short-term investment securities together with gains and losses on sales of these securities are recorded under *Net income from financial transactions* in the income statement.

Short-term investment securities may be reclassified into the *Long-term investment securities* category provided that:

- exceptional market situations generate a change of holding strategy, or
- if after their acquisition debt securities become no longer negotiable in an active market and Societe Generale has the intention and the ability to hold them for the foreseeable future or until maturity.

• Long-term investment securities

Long-term investment securities are acquired debt securities or reclassified short-term investment securities which Societe Generale intends to hold until maturity, where it has the financial capacity to do so and is not subject to any legal or other form of constraint that might call into question its intention to do so. Long-term investment securities also include trading and short-term investment securities which have been reclassified by Societe Generale following the particular conditions described here before (facing exceptional market situations or when debt securities are no longer negotiable in an active market).

These instruments may be designated as hedged items in hedging transactions using forward financial instruments used to hedge the interest rate risk on identifiable items or groups of similar items.

Long-term investments are recorded according to the same principles as short-term investment securities, except that no depreciation is made for unrealised losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of depreciation for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under *Net income from long-term investments.*

• Investments in consolidated subsidiaries and affiliates, and other long-term equity investments

This category of securities covers shares held in consolidated subsidiaries and affiliates, when it is deemed useful to Societe Generale's business to hold the said shares in the long term. This notably covers investments that meet the following criteria:

- shares in companies that share Directors or senior managers with Societe Generale and where influence can be exercised over the company in which the shares are held;
- shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the group and ensure that decisions are taken in unison;
- shares representing more than 10% of the voting rights in the capital issued by a bank or a company whose business is directly linked to that of Societe Generale.

This category also includes *Other long-term equity investments.* These are equity investments made by Societe Generale with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the low proportion of attached voting rights.

Investments in consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price net of acquisition costs. Dividend income earned on these securities is recognised in the income statement under *Dividend income.*

At year-end, investments in consolidated subsidiaries and affiliates are valued at their value in use, namely the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. Unrealised capital gains are not recognised in the accounts but a depreciation on portfolio securities is recorded to cover unrealised capital losses. Allocations to and reversals of depreciation as well as any capital gains or losses realised on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are recognised under *Net income from long-term investments.*

TANGIBLE AND INTANGIBLE FIXED ASSETS

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

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

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

Where one or several components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life, through the income statement under *Depreciation and amortisation.* Societe Generale has applied this approach to its operating property, breaking down its assets into the following minimum components with their corresponding depreciation periods:

Infrastructure	Major structures	50 years
	Doors and windows, roofing	20 years
	Façades	30 years
Technical installations	Elevators	10 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, usually estimated in 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

AMOUNTS DUE TO BANKS, CUSTOMER DEPOSITS

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

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

DEBT SECURITIES ISSUED

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

Interest accrued is recorded as *Related payables* and as an expense in the income statement. Bond issuance and redemption premiums are amortised using the straight-line or actuarial method over the life of the related borrowings. The resulting expense is recorded in the income statement under *Net income from bonds and other debt securities.*

Bond issuance costs accrued over the period are recorded as expenses for the period, under *Net income from bonds and other debt securities* in the income statement.

SUBORDINATED DEBT

This item includes all dated or undated borrowings, whether or not in the form of debt securities, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Interest accrued and payable in respect of long-term subordinated debt, if any, is recorded as *Related payables* and as an expense in the income statement.

PROVISIONS

Provisions include:

- provisions for country risks considered as a reserve, which are calculated on a lump-sum basis based on estimates by Societe Generale of its risks on the related countries and on debtors located in these countries at the balance sheet date, using criteria such as estimates of the country's economic, financial and socio-political situation, or the discount rate on the secondary market;
- provisions for commitments;
- provisions for contingencies and disputes.

A description of contingencies and disputes is provided in the Risk Management report.

Provisions for contingencies and disputes are defined as liabilities with no precisely defined amount or due date. They are only recorded if the company has an obligation to a third party that will probably or necessarily lead to a transfer of funds to the third party, without compensation for at least an equivalent amount being expected from this third party.

The provisions are presented in the Note 14. Information on the nature and the amount of the risks is not disclosed when the Group estimates that such disclosure could prejudice seriously its position in a dispute with other parties on the subject matter of the provision.

Net allocations to provisions are classified by type of risk in the corresponding accounts in the income statement.

CRB regulation 99-06 defines the funds necessary for the deposit guarantee fund. These resources comprise certificates of association acquired by each entity, together with annual subscription fees. CRB regulation 99-08 sets the total amount of these subscription fees which were payable over the period 1999 through 2002 in order to endow the fund. Half of said fees were paid in the form of guarantee deposits. Certificates of association and guarantee deposits are recorded in the balance sheet under *Other sundry debtors.* A provision was recognised at the end of 1999 under *Exceptional items* for all subscription fees to be paid by Societe Generale over the 2000-2002 period for the initial endowment of the guarantee fund. Subsequent fees were recorded under *Other operating expenses.*

In case of share purchase options and free shares plans granted to employees, a provision must be recorded for the loss that the entity will incur when it will deliver treasury shares to the employees.

This provision is recorded under *Personnel expenses* for an amount equal to the difference:

- between the quoted price of the treasury shares at the balance sheet closing date and the exercise price (zero in the case of free shares) if the entity has not already purchased its treasury shares in order to give them to the employees,
- between the acquisition price of treasury shares held and the exercise price (zero in case of free shares) if the entity has already purchased its treasury shares in order to deliver them to the employees.

If vesting conditions such as service or performance conditions must to be satisfied for the employees to become entitled to receive shares, the allowance expense on provision shall be accounted for the services as they are rendered by the employees during the vesting period.

In the case of share subscription plans, no expense shall be recorded concerning treasury shares that have to be issued.

COMMITMENTS UNDER CONTRATS EPARGNE-LOGEMENT (MORTGAGE SAVINGS AGREEMENTS)

Comptes d'épargne-logement (CEL or mortgage savings accounts) and *plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of July 10, 1965. These products 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 recognised at amortised cost.

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

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the company, a provision is recorded in the liabilities side of the balance sheet. Any changes in these provisions are recognised as *net banking income* under *Net interest income.* These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

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

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

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

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

TREASURY SHARES

In accordance with Recommendation No. 2000-05 of the French National Accounting Standards Board relating to the recognition in the accounts of treasury shares held by companies governed by the French Banking and Financial Regulation Committee, Societe Generale shares acquired for allocation to employees are recorded as *Short-term investment securities – Treasury shares* on the assets side of the balance sheet.

Societe Generale shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are recorded under *Trading securities.*

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

Gains and losses arising from ordinary activities in foreign currencies are recognised in the income statement. In accordance with CRB regulation 89-01, outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealised gains and losses are recognised in the income statement. Premiums and discounts resulting from hedged forward foreign exchange transactions, as defined by article 9 of the above-mentioned regulation, are amortised to income on a straight-line basis over the remaining term to maturity of these transactions.

FORWARD FINANCIAL INSTRUMENTS

Forward financial instruments relating to interest rates, foreign exchange or equities are used for trading and hedging purposes and are accounted for in compliance with CRB amended regulations 88-02 and 90-15 and directive 94-04 of the French Banking Commission *(Commission bancaire).* Nominal commitments on forward financial instruments are recorded as a separate off-balance sheet item. This amount represents the volume of outstanding transactions and does not represent the potential gain or loss associated with the market or counterparty risk on these transactions. Credit derivatives purchased to hedge credit risks on financial assets which are not valued at market value are classified and treated as guarantee commitments received.

The accounting treatment of income or expenses on these forward financial instruments depends on the purpose for which the transaction was concluded, as follows:

• **Hedging transactions**

Income and expenses on forward financial instruments used as a hedge and assigned from the beginning to an identifiable item or group of similar items, are recognised in the income statement in the same manner as revenues and expenses on the hedged items. Income and expenses on interest rate instruments are recorded as *net interest income* in the same interest income or expense account as the items hedged. Income and expenses on other instruments such as equity instruments, stock market indexes or currencies are recognised as *Net income from financial transactions,* under *Net income from forward financial instruments*.

Income and expenses on forward financial instruments used to hedge or manage an overall interest rate risk are recognised in the income statement over the life of the instrument under *Net income from financial transactions,* in the caption *Net income from forward financial instruments.*

• **Trading transactions**

Trading transactions include instruments traded on organised or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets, together with debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks. These transactions are measured at their market value at the balance sheet date. If there is no liquid market for the instruments, this value is generally determined on the basis of in-house models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a conservative valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated according to the size of the position and intended to cover the risk that Societe Generale will be unable to liquidate the investment in one go due to the size of the holding;
- an adjustment for the reduced liquidity of instruments and modeling risks in the case of complex products as well as transactions on less liquid markets (less liquid since they have been developed recently or are more specialised).

Furthermore, for over-the-counter transactions on forward interest rate instruments, the market value takes into account counterparty risks and the discounted value of future management costs.

The corresponding gains or losses are directly recognised as income for the period, regardless of whether they are realised or unrealised. They are recognised in the income statement as *Net income from financial transactions.*

Gains or losses corresponding to contracts concluded within the scope of cash management activities managed by the trading room, in order to benefit from any interest rate fluctuations, are recorded when liquidated or over the life of the contract, depending on the type of instrument. Unrealised losses are provisioned at year-end and the corresponding amount is recorded under *Net income from financial transactions.*

NET FEES FOR SERVICES

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

Fees for ongoing services, such as some payment services, custody fees, or web-service subscriptions are recorded as income over the lifetime of the service. Fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties following payment incidents are recognised in income when the service is provided under *Fee services.*

In syndication deals, the effective interest rate for the share of the issue retained on the Societe Generale's balance sheet is comparable to that applying to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees is recorded in the income statement at the end of the syndication period. Arrangement fees are recorded in income when the placement is legally complete. These fees are recognised in the income statement under *Fee income from Primary market transactions.*

PERSONNEL EXPENSES

The *Personnel expenses* account includes all expenses related to personnel, notably the cost of the legal employee profit-sharing and incentive plans for the year, as well as the cost of internal restructuring operations.

EMPLOYEE BENEFITS

Societe Generale in France, and its branches in foreign countries, may award their employees:

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

• Post-employment benefits

Pension plans may be defined contribution or defined benefit plans.

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

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

Provisions are recognised 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 recognised as actuarial gains or losses. They are amortised in the income statement according to the "corridor" method: i.e. over the expected average remaining working lives of the employees participating in the plan, as soon as they exceed the greater of:

- 10% of the present value of the defined benefit obligation;
- 10% of the fair value of the assets at the end of the previous financial year.

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

An annual charge is recorded 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 recorded immediately in income.

COST OF RISK

Cost of risk includes allocations, net of reversals, to provisions and to impairments for credit risk, the amount of the loan considered uncollectible and the amount of recoveries on loans written off, as well as allocations and reversals of provisions for other risks.

NET INCOME FROM LONG-TERM INVESTMENTS

This item covers capital gains or losses realised on disposals, as well as the net allocation to depreciation for investments in consolidated subsidiaries and affiliates, long-term investment securities and offices and other premises. Income from real-estate holdings excluding offices is recorded under *net banking income.*

INCOME TAX

• Current taxes

In the 1989 financial year, Societe Generale opted to apply a tax consolidation regime. At December 31, 2012, 314 subsidiaries had signed a tax consolidation agreement with the company, under which they are required to record in their accounts the tax expense they would have paid if they had not been consolidated with Societe Generale for tax purposes.

In France, the normal corporate income tax rate is 33.33%. As from January 1, 2007, long-term capital gains on equity investments are exempted but taxed a share of expenses of 12% of gross gains on sales in case of long term net gain of sale. Additionally, a Contribution sociale (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (based on corporate income tax after a deduction of EUR 0.76 million from basic taxable income). Dividends from companies in which Societe Generale's interest is at least 5% are tax exempt up to 95%.

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

• Deferred tax

Societe Generale has opted to apply the option allowing it to recognise deferred taxes in its parent company accounts.

Deferred taxes are recorded when there is a timing difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. The impact of changes to tax rates is recorded in the income statement under *Deferred taxes.* Net deferred tax assets are not recorded unless it is probable that the subsidiary that owns the assets is likely to be able to apply them within a set timeframe.

In 2012 and thereafter, the normal tax rate applicable to French companies to determine their deferred tax is 34.43%, and the reduced rate is 4.13% taking into account the nature of the taxed transactions.

Deferred taxes are determined separately for each taxable entity and are not discounted to present value when the corresponding effect is not significant or when a precise timetable has not been drawn up.

EXCEPTIONAL ITEMS

This caption includes income earned and expenses incurred by Societe Generale that are considered to be exceptional in view of either the amount or the manner in which they were generated. In most cases, said income or expenses are the result of events that fall outside Societe Generale's activity.

Note 2

DUE FROM BANKS

(In millions of euros)	December 31, 2012	December 31, 2011
Deposits and loans		
Demand		
Current accounts	13,628	9,707
Overnight deposits and loans	644	610
Loans secured by notes-overnight	-	-
Term		
Term deposits and loans	73,931	91,882
Subordinated and participating loans	5,434	5,540
Loans secured by notes and securities	289	239
Related receivables	357	433
Gross amount	**94,283**	**108,411**
Depreciations	(70)	(130)
Net amount	**94,213**	**108,281**
Securities purchased under resale agreements	73,306	68,041
Total(1)(2)	**167,519**	**176,322**

(1) At December 31, 2012 doubtful loans amounted to EUR 191 million (of which EUR 26 million were non-performing loans) against EUR 245 million (of which EUR 27 million were non-performing loans) at December 31, 2011.

(2) Including amounts receivable from subsidiaries : EUR 73,869 million at December 31, 2012 (EUR 83,637 million at December 31, 2011).

Note 3

CUSTOMER LOANS

(In millions of euros)	December 31, 2012	December 31, 2011
Discount of trade notes[1]	2,644	2,021
Other loans:		
Short-term loans	49,408	56,095
Export loans	9,992	10,686
Equipment loans	43,327	46,294
Mortgage loans	66,992	66,723
Other loans	86,453	68,112
Sub-total[2][3]	**256,172**	**247,910**
Overdrafts	9,740	23,439
Related receivables	1,155	1,256
Gross amount	**269,711**	**274,626**
Depreciations	(3,638)	(3,202)
Net amount	**266,073**	**271,424**
Loans secured by notes and securities	909	1,274
Securities purchased under resale agreements	58,683	43,830
Total[4]	**325,665**	**316,528**

(1) Including pledged loan: EUR 89,520 million of which amounts eligible for refinancing with Bank of France: EUR 14,873 million at December 31, 2012 (EUR 16,527 million at December 31, 2011).

(2) Of which participating loans: EUR 1,585 million at December 31, 2012 (EUR 1,292 million at December 31, 2011).

(3) At December 31,2012 doubtful loans amounted to EUR 7,834 million (of which EUR 3,000 million were non-performing loans) against EUR 6,673 million (of which EUR 2,873 million were non-performing loans) at December 31,2011.

(4) Of which amounts receivable from subsidiaries: EUR 77,769 million at December 31, 2012 (EUR 67,601 million at December 31, 2011).

Note 4

TREASURY NOTES, BONDS AND OTHER DEBT SECURITIES, SHARES AND OTHER EQUITY SECURITIES

	December 31, 2012				December 31, 2011			
(In millions of euros)	**Treasury notes and similar securities**	**Shares and other equity securities**	**Bonds and other debt securities**	**Total**	**Treasury notes and similar securities**	**Shares and other equity securities**	**Bonds and other debt securities**	**Total**
Trading securities	28,430	55,730	63,092	147,252	20,128	26,957	71,485	118,570
Short-term investment securities(1):								
Gross book value	22,906	172	42,774	65,852	22,149	217	54,079	76,445
Depreciations	(6)	(35)	(244)	(285)	(208)	(19)	(571)	(798)
Net book value	22,900	137	42,530	65,567	21,941	198	53,508	75,647
Long-term investment securities:								
Gross book value	193	-	80	273	231	-	293	524
Depreciations	-	-	(1)	(1)	-	-	-	-
Net book value	193	-	79	272	231	-	293	524
Related receivables	185	98	207	490	203	111	296	610
Total	**51,708**	**55,965**	**105,908**	**213,581**	**42,503**	**27,266**	**125,582**	**195,351**

(1) Of which Bank of France elligible securities in refinancement: EUR 40,859 million.

ADDITIONAL INFORMATION ON SECURITIES

(In millions of euros)	December 31, 2012	December 31, 2011
Estimated market value of short-term investment securities:		
Unrealised capital gains(*)	2,917	2,013
Estimated value of long-term investment securites:	10	19
Premiums and discounts relating to short-term and long-term investment securities	79	(9)
Investments in mutual funds:		
- French mutual funds	3,054	3,054
- Foreign mutual funds	5,033	4,311
Of which mutual funds which reinvest all their income	192	12
Listed securities(**)	147,394	114,929
Subordinated securities	155	382
Securities lent	13,729	7,327

* Not including unrealized gains or losses on forward financial instruments, if any, used to hedge short-term investment securities.

**The listed trading securities amounted to EUR 83,807 million at December 31, 2012 against EUR 42,075 million at December 31, 2011.

PORTFOLIOS TRANSFERS

In application of the amendment to IAS 39 published in October 2008, Societe Generale Group proceeded to the following transfers during 4th quarter 2008:

		Net book value in transfer date Portfolio of destination				
	Net book value of provisions at Dec. 31, 2007	**Financial assets available for sale**	**Loans and accounts receivables**	**Total**	**Net book value at Dec. 31, 2012**	**Fair value at Dec. 31, 2012**
Portfolio origin						
Transaction portfolio						
Debts securities and other debts instruments	24,078	28	21066	21,094	33	32

The amount that would have been recognised in net banking income without the transfer would be EUR 0,5 million in 2012.

The fall is mainly explained by the contribution of redeployed securities to the company IEC, amounted to EUR 17,762 million at November 5, 2010 and the disposal in 2012 of EUR 45 million.

Note 5

AFFILIATES AND OTHER LONG TERM SECURITIES

(In millions of euros)	**December 31, 2012**	**December 31, 2011**
Banks	382	391
Others	188	191
Gross book value(1)	**570**	**582**
Depreciations(2)	(117)	(39)
Net book value	**453**	**543**

(1) The main changes for 2012 involve:
- the securities Profin Bank: EUR - 23 million;
- the readjustment of its stake in CRH: EUR + 11 million.

(2) The main change for 2012 involve:
- the depreciation of Seabank securities : EUR + 91 million.

Note 6

INVESTMENTS IN SUBSIDIARIES

(In millions of euros)	December 31, 2012	December 31, 2011
Banks	**27,114**	**28,270**
Listed	6,523	7,836
Unlisted	20,591	20,434
Others	**8,737**	**12,994**
Listed		
Unlisted	8,737	12,994
Gross book value(1)	**35,851**	**41,264**
Depreciation(2)	(5,481)	(6,118)
Net book value	**30,370**	**35,146**

(1) The main changes for 2012 involve:
- The disposal of Geniki: EUR - 1,395 million;
- The disposal of Makatea: EUR - 1,895 million;
- The share premium repayment of Brigantia: EUR - 861 million;
- The capital decrease of SG Immobel: EUR - 500 million;
- The capital decrease of Orpavimob: EUR - 372 million.

(2) The main changes in the depreciation concern:
- Rosbank: EUR - 250 million;
- Societe Generale Holding de Participations: EUR - 162 million;
- Geniki: EUR + 1,278 million.

All transactions with the related parties were concluded under normal market conditions.

Note 7

TANGIBLE AND INTANGIBLE FIXED ASSETS

(In millions of euros)	Gross book value December 31, 2011	Acquisitions	Disposals	Scope variation and other movements	Gross book value December 31, 2012	Accumulated depreciation and amortization Dec. 31, 2012	Net book value December 31, 2012
OPERATING ASSETS							
Intangible assets							
Start-up costs	-	-	-	-	-	-	-
Software, EDP development costs	1,218	77	(10)	121	1,406	(1,070)	336
Other	531	189	-	(204)	516	(20)	496
Sub-total	**1,749**	**266**	**(10)**	**(83)**	**1,922**	**(1,090)**	**832**
Tangible assets							
Land and buildings	513	4	(2)	42	557	(168)	389
Other	2,122	118	(21)	(27)	2,192	(1,788)	404
Sub-total	**2,635**	**122**	**(23)**	**15**	**2,749**	**(1,956)**	**793**
NON-OPERATING ASSETS							
Tangible assets							
Land and buildings	7	-	-	-	6	(3)	3
Other	7	-	-	-	7	(6)	1
Sub-total	**14**	**-**	**-**	**-**	**13**	**(9)**	**4**
Total	**4,398**	**388**	**(33)**	**(68)**	**4,684**	**(3,055)**	**1,629**

Note 8

TREASURY STOCK

(In millions of euros)	December 31, 2012			December 31, 2011		
	Quantity	Book value(2)	Market value	Quantity	Book value(2)	Market value
Trading securities(1)	335,000	9	9	1,269,639	22	22
Short-term investment securities	17,283,940	596	500	20,105,938	653	356
Long-term equity investments	-	-	-	-	-	-
Total	**17,618,940**	**605**	**509**	**21,375,577**	**675**	**378**

Nominal value : EUR 1.25.

Market value per share : EUR 28.34 at december 31, 2012.

(1) The Group set up on August 22, 2011 a liquidity contract which was endowed with EUR 170 million for carrying out transactions on the Societe Generale share.

(2) The accounting value is assessed according to the new notice of the CNC N 2008-17 approved on november 6, 2008 concerning stock-options and bonus issues of shares.

Note 9

ACCRUALS, OTHER ACCOUNTS RECEIVABLE AND OTHER ASSETS

(In millions of euros)	December 31, 2012	December 31, 2011
Other assets		
Miscellaneous receivables[(1)]	40,381	40,150
Premiums on options purchased	100,440	116,639
Settlement accounts on securities transactions	1,053	770
Other	541	132
Sub-total	**142,415**	**157,691**
Accruals and similar		
Prepaid expenses	316	387
Deferred taxes	5,431	4,987
Accrued income	2,044	2,074
Other[(2)]	55,836	70,893
Sub-total	**63,627**	**78,341**
Gross amount	**206,042**	**236,032**
Depreciations	(126)	(26)
Net amount	**205,916**	**236,006**

(1) Mainly concerns guarantee deposits paid on financial instruments.

(2) including derivative instruments valuation for EUR 52,753 million (EUR 68,376 million at December 31,2011).

Deferred taxes		
Losses of lease finance partnerships	(57)	(69)
Gain on sales of assets to companies included in the tax consolidation	(166)	(169)
Other (principally relating to other reserves)	5,654	5,225
Total	**5,431**	**4,987**

Note 10

DUE TO BANKS

(In millions of euros)	December 31, 2012	December 31, 2011
Demand deposits		
Demand deposits and current accounts	16,891	10,966
Borrowings secured by notes - overnight	7	-
Sub-total	**16,898**	**10,966**
Term deposits		
Term deposits and borrowings	122,384	124,839
Borrowings secured by notes and securities	-	2
Sub-total	**122,384**	**124,841**
Related payables	387	373
Total deposits	**139,669**	**136,180**
Securities sold under repurchase agreements	71,006	53,723
Total[(1)]	**210,675**	**189,903**

(1) Including amounts due to subsidiaries: EUR 63,320 million at December 31, 2012 (EUR 44,834 million at December 31, 2011)

Note 11

CUSTOMER DEPOSITS

(In millions of euros)	December 31, 2012	December 31, 2011
Regulated savings accounts		
Demand	37,513	32,206
Term	13,262	12,639
Sub-total	**50,775**	**44,845**
Other demand deposits		
Businesses and sole proprietors	26,189	23,642
Individual customers	21,202	21,507
Financial customers	27,934	14,848
Others	8,208	9,915
Sub-total	**83,533**	**69,912**
Other term deposits		
Businesses and sole proprietors	31,722	23,488
Individual customers	1,200	434
Financial customers	143,406	175,309
Others	6,133	4,282
Sub-total	**182,461**	**203,513**
Related payables	1,455	1,522
Total customer deposits	**318,224**	**319,792**
Borrowings secured by notes and securities	115	96
Securities sold to customers under repurchase agreements	43,661	56,735
Total(1)	**362,000**	**376,623**

(1) Including deposits of subsidiaries : EUR 144,181 million at December 31, 2012 (EUR 159,617 million at December 31, 2011).

Note 12

DEBT SECURITIES ISSUED

(In millions of euros)	December 31, 2012	December 31, 2011
Term savings certificates	2	2
Bond borrowings	45	63
Related payables	33	34
Sub-total	**80**	**99**
Interbank certificates and negotiable debt instruments	122,681	107,413
Related payables	948	1,733
Total	**123,709**	**109,245**

Note 13

ACCRUALS, OTHER ACCOUNTS PAYABLE AND OTHER LIABILITIES

(In millions of euros)	December 31, 2012	December 31, 2011
Transactions on securities		
Amounts payable for securities borrowed	26,538	17,254
Other amounts due for securities	30,605	28,364
Sub-total	**57,143**	**45,618**
Other liabilities		
Miscellaneous payables(1)	31,752	32,086
Premiums on options sold	104,827	120,366
Settlement accounts on securities transactions	1,843	1,305
Other securities transactions	2	-
Related payables	240	526
Sub-total	**138,664**	**154,283**
Accruals and similar		
Accrued expenses	3,636	4,016
Deferred taxes	3	2
Deferred income	3,557	2,486
Other(2)	18,871	18,199
Sub-total	**26,067**	**24,703**
Total	**221,874**	**224,604**

(1) Mainly concerns guarantee deposits paid on financial instruments.
(2) Including derivative instruments valuation for EUR 14,206 million (EUR 14,234 million at December,31 2011).

Note 14

PROVISIONS AND DEPRECIATIONS

(In millions of euros)	December 31, 2012	December 31, 2011
Assets depreciations:		
Banks	70	130
Customer loans	3,638	3,202
Lease financing agreements	-	1
Other	126	26
Sub-total(1)	**3,834**	**3,359**
Provisions :		
Prudential general country risk reserve(2)	764	842
Commitments made to banks	23	21
Commitments made to customers	163	122
Sectoral provisions and other	641	793
Provisions for other risks and commitments	32,005	44,820
Sub-total	**33,596**	**46,598**
Total provisions and depreciations (excluding securities)(4)	**37,430**	**49,957**
Provisions on securities(3)	5,884	6,955
Total provisions and depreciations	**43,314**	**56,912**

(1) Of which depreciation for non-performing loans : EUR 2,205 million.
(2) Societe Generale has maintained the country risk reserve in its parent company accounts. This provision is calculated using those methods defined by the French authorities.
(3) Except Treasury stock.

(4) The change provisions and depreciations breaks down as follows:

(In millions of euros)	Amount at December 31, 2011	Net allowances: Net cost of risk	Net allowances: Other income statement	User provisions	Change in scope and exchange rates	Amount at December 31, 2012
Prudential country risk reserve	842	(78)	-	-	-	764
Assets' depreciations	3,359	876	(12)	(412)	24	3,835
Provisions[5]	45,756	182	(10,223)	(157)	(2,726)	32,832
Total	**49,957**	**980**	**(10,235)**	**(569)**	**(2,702)**	**37,431**

(5) Analysis of provisions:

(In millions of euros)	Amount at December 31, 2011	Net allowances: Net cost of risk	Net allowances: Other income statement	User provisions	Change in scope and exchange rates	Amount at December 31, 2012
Provisions for off-balance sheet commitments to banks	22	2	-	-	(1)	23
Provisions for off-balance sheet commitments to customers	122	44	-	-	(3)	163
Sectoral provisions and other	791	(149)	-	-	(1)	641
Provisions for employee benefits	1,578	-	(397)	(154)	57	1,084
Provisions for restructuring costs and litigations expenses	51	-	26	-	(8)	69
Provisions for tax adjustments	141	-	(60)	-	17	98
Provisions for forward financial instruments	42,746	-	(9,802)	-	(2,788)	30,156
Other provisions[6]	305	285	10	(3)	1	598
Total	**45,756**	**182**	**(10,223)**	**(157)**	**(2,726)**	**32,832**

(6) In order to take into account the developments of some legal risks, including in particular the ongoing judicial investigations and proceedings with the US and European authorities, as well as the French "Conseil d'Etat" recent ruling on the “précompte” (equalisation tax – for which the Societe Generale’s exposure stands at EUR 1.5 billion before exercising any potential recourse), Societe Generale recorded an additional provision of EUR 300 million at December 31, 2012.

Note 15

MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

1. OUTSTANDING DEPOSITS IN MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In millions of euros)	December 31, 2012	December 31, 2011
Mortgage savings plans (PEL)		
• less than 4 years old	4,184	3,273
• between 4 and 10 years old	2,370	3,779
• more than 10 years old	5,459	4,420
Sub-total	**12,013**	**11,472**
Mortgage savings accounts (CEL)	1,497	1,627
Total	**13,510**	**13,099**

2. OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In millions of euros)	December 31, 2012	December 31, 2011
• less than 4 years old	150	215
• between 4 and 10 years old	103	68
• more than 10 years old	16	25
Total	**269**	**308**

3. PROVISIONS FOR COMMITMENTS LINKED TO MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

(In millions of euros)	December 31, 2011	Allocations	Reversals	December 31, 2012
Mortgage savings plans (PEL)				
• less than 4 years old	5	(26)		31
• between 4 and 10 years old	26	-	22	4
• more than 10 years old	72	-	43	29
Sub-total	**103**	**(26)**	**65**	**64**
Mortgage savings accounts (CEL)	3	(17)	-	20
Total	**106**	**(43)**	**65**	**84**

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

The level of provisions is sensitive to the long-term interest rates. Since the long-term rates were low during 2012, 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 0.62% of total outstandings as at December 31, 2012.

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 data and constitute a better estimation, at the valuation date, of the future value of these elements for the period concerned, in line with the retail banking division's policy of interest rate risk management.

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

Note 16

SUBORDINATED DEBT

(In millions of euros) Issuance date	Currency	Amount issued	Maturity date	December 31, 2012	December 31, 2011
Undated subordinated capital notes					
July 1, 1985	EUR	348	Undated	70	70
November 24, 1986	USD	500	Undated	188	191
June 30, 1994	JPY	15,000	Undated	132	150
December 30, 1996	JPY	10,000	Undated	88	100
November 10, 2003	EUR	215	Undated	215	215
November 10, 2003	EUR	45	Undated	45	45
January 26, 2005	EUR	732	Undated	728	732
March 27, 2007	GBP	350	Undated	-	419
April 5, 2007	USD	808	Undated	612	624
April 5, 2007	USD	63	Undated	48	48
December 19, 2007	EUR	469	Undated	468	469
May 22, 2008	EUR	797	Undated	795	797
June 16, 2008	GBP	506	Undated	619	605
July 7, 2008	EUR	100	Undated	100	100
February 27, 2009	USD	450	Undated	341	348
September 4, 2009	EUR	1,000	Undated	1,000	1,000
October 7, 2009	EUR	1,000	Undated	758	773
December 11, 2012	USD	1,500	Undated	1,137	-
Sub-total[(1)]				**7,344**	**6,686**
Subordinated long-term debt and notes					
June 29, 1999	EUR	30	June 30, 2014	30	30
April 13, 2000	EUR	120	April 13, 2012	-	114
April 27, 2000	EUR	500	April 27, 2015	366	500
June 23, 2000	EUR	125	April 27, 2015	125	125
July 10, 2000	EUR	100	July 10, 2012	-	96
July 21, 2000	EUR	78	July 31, 2030	28	32
November 3, 2000	EUR	100	November 5, 2012	-	96
April 25, 2001	EUR	120	April 25, 2013	115	115
June 29, 2001	EUR	120	June 29, 2013	114	114
October 10, 2001	EUR	120	October 10, 2013	113	113
November 27, 2001	USD	90	November 27, 2021	68	70
November 27, 2001	USD	335	November 27, 2021	254	259
December 21, 2001	EUR	300	December 21, 2016	194	300
February 13, 2002	EUR	600	February 13, 2012	-	600
July 3, 2002	EUR	180	July 3, 2014	175	175
October 16, 2002	EUR	170	October 16, 2014	164	164
January 30, 2003	GBP	450	January 30, 2018	155	538
April 28, 2003	EUR	100	April 28, 2015	94	94
June 2, 2003	EUR	110	December 21, 2016	110	110
October 13, 2003	EUR	120	October 13, 2015	113	113
November 10, 2003	EUR	390	November 10, 2023	390	390
December 29, 2003	GBP	150	January 30, 2018	184	179
February 4, 2004	EUR	120	February 4, 2016	114	114
March 12, 2004	EUR	300	March 12, 2019	249	300
May 6, 2004	EUR	118	May 6, 2016	113	113
October 29, 2004	EUR	100	October 29, 2016	94	94
February 3, 2005	EUR	120	February 3, 2017	112	112
May 13, 2005	EUR	100	May 13, 2017	90	90

(In millions of euros) Issuance date	Currency	Amount issued	Maturity date	December 31, 2012	December 31, 2011
August 16, 2005	EUR	226	August 18, 2025	216	226
September 30, 2005	USD	75	September 30, 2015	57	58
April 20, 2006	USD	1,000	April 20, 2016	393	773
May 15, 2006	EUR	135	May 15, 2018	125	125
October 26, 2006	EUR	120	October 26, 2018	111	111
February 9, 2007	EUR	124	February 11, 2019	116	116
June 7, 2007	EUR	1,000	June 7, 2017	-	1,000
July 16, 2007	EUR	135	July 16, 2019	130	130
October 30, 2007	EUR	134	October 30, 2019	129	129
February 14, 2008	EUR	225	February 14, 2018	225	225
March 26, 2008	EUR	550	March 26, 2018	331	550
April 7, 2008	EUR	250	April 6, 2023	155	250
April 15, 2008	EUR	321	April 15, 2023	321	321
April 28, 2008	EUR	50	April 6, 2023	50	50
May 14, 2008	EUR	150	April 6, 2023	150	150
May 14, 2008	EUR	50	April 6, 2023	50	50
May 14, 2008	EUR	90	April 6, 2023	90	90
May 30, 2008	EUR	79	April 15, 2023	79	79
June 10, 2008	EUR	300	June 12, 2023	259	300
June 30, 2008	EUR	40	June 30, 2023	40	40
August 20, 2008	EUR	1,000	August 20, 2018	777	1,000
Sub-total(1)				**7,368**	**10,923**
Related payables				**350**	**457**
Total(2)				**15,062**	**18,066**

(1) The Board of Directors may decide to defer payouts on undated subordinated notes (TSDI) in full or in part in case the Ordinary General Meeting called to approve the parent company financial statements has decided not to pay any dividends.

Societe Generale has issued EUR 348 million in undated subordinated notes with warrants for the acquisition of preferential investment certificates attached, all of which are eligible for dividends on income earned from July 1, 1985. These certificates shall only be redeemed in the event of the liquidation of the company and once all unsubordinated debt has been reimbursed in full.

The other securities and borrowings have an early redemption clause as of their tenth year which may only be exercised by Societe Generale.

In 2012, Societe Generale proceeded for:

- EUR 2 million net of tax for partial repurchases at a price lower than the issue price of super subordinated notes.
- EUR 14 million net of tax for two takeover bid on redeemable subordinated notes placed with institutional investors.

(2) The bank's global subordinated debt expense, net of tax and of the repurchase impact, amounted to EUR 918 million in 2012 (compared with EUR 1,082 million in 2011).

Note 17

CHANGES IN SHAREHOLDERS' EQUITY

(In millions of euros)	Capital Stock	Additional paid-in-capital	Reserves, unappropriated retained earnings	Shareholders' equity
At Decembre 31, 2010	**933**	**18,704**	**8,453**	**28,090**
Increase in capital stock[(1)(3)]	37	1,068	(889)	216
Net income for the period			1,019	1,019
Dividends paid[(2)]			(398)	(398)
Other movements				-
At Decembre 31, 2011	**970**	**19,772**	**8,185**	**28,927**
Increase in capital stock[(4)(5)]	5	75		80
Net income for the period			1,283	1,283
Dividends paid			-	-
Other movements[(6)]			(10)	(10)
At Decembre 31, 2012	**975**	**19,847**	**9,458**	**30,280**

(1) At December 31, 2011, Societe Generale's fully paid-up capital amounted to EUR 970,099,988.75 and was made up of 776,079,991 shares with a nominal value of EUR 1.25.

Societe Generale proceeded in 2011 to the following increases of capital, representing a total of EUR 37.1 million, with a issuing premium of EUR 1,067.5 million:

- EUR 29.9 million due to the dividends distribution, with EUR 858.8 million issuing premium;
- EUR 7.2 million for the capital increase reserved for the employees, with EUR 208.7 million issuing premium.

(2) After elimination of treasury stock dividend : EUR 19.3 million.

(3) At December 31, 2011, the amount of the reserve of Societe Generale is EUR 3,650,467,236.78 with EUR 93,302,703.89 for legal rerserve, EUR 2,097,253,512.08 long term capital gain reserve and EUR 1,459,911,020.81 for other reserve.

(4) At December 31, 2012, Societe Generale's fully paid-up capital amounted to EUR 975,341,533.75 and was made up of 780,273,227 shares with a nominal value of EUR 1.25.

Societe Generale proceeded in 2012 to the following increases of capital, representing a total of EUR 5.2 million, with a issuing premium of EUR 75.2 million:

- EUR 5.2 million for the capital increase reserved for the employees , with EUR 75.2 million issuing premium.
- EUR 0.002 million resulting from stock options granted by the Board of Directors, that were exercised by employees with EUR 0.041 million of issuing premiums.

(5) At December 31, 2012, the amount of the reserve of Societe Generale is EUR 3,643,901,508.84 with EUR 97,009,998.88 for legal rerserve, EUR 2,097,253,512.08 long term capital gain reserve and EUR 1,449,637,997.88 for other reserve.

(6) Including a provision for investments released for EUR 10 million at December 31, 2012.

Note 18

COMMITMENTS

(In millions of euros)	December 31, 2012	December 31, 2011
Commitments granted[1]		
Loan commitments		
- To banks	13,926	13,516
- To customers	98,513	111,495
Total	**112,439**	**125,011**
Guarantee commitments		
- On behalf of banks	122,481	157,682
- On behalf of customers	58,441	63,570
Total	**180,922**	**221,252**
Commitments received[2]		
Loan commitments received from banks	39,024	43,039
Guarantee commitments received from banks	48,895	53,664
Total	**87,919**	**96,703**

(1) Of which commitments granted to subsidiaries : EUR 29,630 million at December 31, 2012 (EUR 59,527 million at December 31, 2011).

(2) Of which commitments received from subsidiaries : EUR 2,581 million at December 31, 2012 (EUR 3,054 million at December 31, 2011).

Note 19

FORWARD FINANCIAL INSTRUMENTS COMMITMENTS

(In millions of euros)	Fair Value Trading transactions	Hedging transactions	Total December 31, 2012	Total December 31, 2011
Firm transactions				
Transactions on organized markets				
- Interest rate futures	565,283	-	565,283	690,193
- Foreign exchange futures	65,643	-	65,643	74,286
- Other forward contracts	1,231,750	333	1,232,083	1,614,273
OTC agreements				
- Interest rate swaps	10,260,107	93,518	10,353,625	10,297,258
- Currency financing swaps	924,735	2,176	926,911	866,480
- Forward Rate Agreements (FRA)	1,453,723	-	1,453,723	1,785,538
- Other	17,676	57	17,733	23,085
Optional transactions				
- Interest rate options	2,578,611	-	2,578,611	2,896,787
- Foreign exchange options	268,419	-	268,419	312,793
- Options on stock exchange indexes and equities	1,007,145	7	1,007,152	1,161,652
- Other options	134,371	-	134,371	179,683
Total	**18,507,463**	**96,091**	**18,603,554**	**19,902,028**

FAIR-VALUE OF THE TRANSACTIONS QUALIFIED AS HEDGING

(In millions of euros)	December 31, 2012
Firm transactions	
Transactions on organized markets	
- Interest rate futures	-
- Foreign exchange futures	-
- Other forward contracts	8
OTC agreements	
- Interest rate swaps	(2,162)
- Currency financing swaps	(628)
- Forward Rate Agreements (FRA)	-
- Other	-
Optional transactions	
- Interest rate options	
- Foreign exchange options	-
- Options on stock exchange indexes and equities	-
- Other options	-
Total	**(2,782)**

Note 20

INTEREST INCOME AND EXPENSE

(In millions of euros)	2012	2011
Interest and related income:		
Interest income from transactions with banks:		
Transactions with central banks, post office accounts and banks	2,183	2,945
Net premiums and discounts	2	5
Securities sold under repurchase agreements and borrowings secured by notes and securities	2,666	3,172
Sub-total	**4,851**	**6,122**
Interest income from transactions with customers:		
Trade notes	110	98
Other customer loans:		
- Short-term loans	1,286	1,642
- Export loans	281	249
- Equipment loans	1,457	1,534
- Mortgage loans	2,657	2,659
- Other loans	3,678	5,230
Sub-total	**9,359**	**11,314**
Overdrafts	274	316
Net premiums and discounts	-	-
Securities sold under repurchase agreements and borrowings secured by notes and securities	1,158	1,551
Sub-total	**10,901**	**13,279**
Bonds and other debt securities	***4,832***	***3,244***
Other interest and related income	***391***	***869***
Sub-total	**20,975**	**23,514**
Interest and related expenses:		
Interest expense from transactions with banks:		
Transactions with central banks, post office accounts and banks	(1,737)	(1,770)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(1,785)	(2,315)
Sub-total	**(3,522)**	**(4,085)**
Interest expense from transactions with customers:		
Special savings accounts	(929)	(841)
Other deposits	(4,738)	(5,852)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(1,821)	(2,554)
Sub-total	**(7,488)**	**(9,247)**
Bonds and other debt securities	***(7,092)***	***(4,697)***
Other interest and related expenses	***(650)***	***(1,258)***
Sub-total	**(18,752)**	**(19,287)**
Net total	**2,223**	**4,227**

Note 21

DIVIDEND INCOME

(In millions of euros)	2012	2011
Dividends from shares and other equity securities	2	5
Dividends from investments in non-consolidated subsidiaries and affiliates and other long-term securities	1,983	3,249
Total[(1)]	**1,985**	**3,254**

(1) Dividends received from investments in the trading portfolio have been classified under Net income from financial transactions.

Note 22

NET FEE INCOME

(In millions of euros)	2012	2011
Fee income from :		
Transactions with banks	180	122
Transactions with customers	1,001	1,048
Securities transactions	294	361
Primary market transactions	131	95
Foreign exchange transactions and forward financial instruments	51	38
Loan and guarantee commitments	706	681
Services and other	1,541	1,635
Sub-total	**3,904**	**3,980**
Fee expense on :		
Transactions with banks	(90)	(79)
Transactions with customers	-	-
Securities transactions	(352)	(459)
Foreign exchange transactions and forward financial instruments	(305)	(347)
Loan and guarantee commitments	(255)	(277)
Other	(139)	(119)
Sub-total	**(1,141)**	**(1,281)**
Net total	**2,763**	**2,699**

Note 23

NET INCOME FROM FINANCIAL TRANSACTIONS

(In millions of euros)	2012	2011
Net income from the trading portfolio:		
Net income from operations on trading securities	6,900	(12,086)
Net income from forward financial instruments	(4,608)	13,257
Net income from foreign exchange transactions	867	921
Sub-total	**3,159**	**2,092**
Net income from short-term investment securities:		
Gains on sale	706	84
Losses on sale	(150)	(89)
Allocation of depreciations	(416)	(1,128)
Reversal of depreciations	1,031	645
Sub-total	**1,171**	**(488)**
Net total	**4,330**	**1,604**

Note 24

PERSONNEL EXPENSES

(In millions of euros)	2012	2011
Employee compensation	3,176	3,327
Social security benefits and payroll taxes	1,404	1,341
Employer contribution, profit sharing and incentives[(1)]	107	177
Total	**4,687**	**4,845**
Average staff	**46,114**	**47,540**
In France	40,843	41,828
Outside France	5,271	5,712

(1) Analysis of personnel expenses for the last five years:

(In millions of euros)	2012	2011	2010	2009	2008
Societe Generale					
Profit sharing	9	31	15	22	18
Incentives	55	75	85	106	79
Employer contribution	41	67	61	67	71
Sub-total	**105**	**173**	**161**	**195**	**168**
Subsidiaries	**2**	**4**	**3**	**3**	**4**
TOTAL	**107**	**177**	**164**	**198**	**172**

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS

Total attendance fees paid in 2012 to the company's directors amounted to EUR 1.25 million.

The remuneration paid in 2012 to Chief executive officers amounted to EUR 4.68 million (including EUR 1.38 million for variable pay for 2011, and EUR 0.30 million of additional remuneration awarded to the Chairman when he had to terminate his employment contract).

Note 25

EMPLOYEE BENEFITS

1. DEFINED CONTRIBUTION PLANS

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

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

Contributions to these plans amount to EUR 405 million in 2012 (EUR 395 million in 2011).

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, 2012				December 31, 2011			
	Post employment benefits				Post employment benefits			
(In millions of euros)	Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Net liabilities recorded in the balance sheet	181	-	862	**1,043**	146	-	1,225	**1,371**
Assets recorded in the balance sheet	(134)	-	-	**(134)**	(109)	-	-	**(109)**
Net balance	**47**	**-**	**862**	**909**	**37**	**-**	**1,225**	**1,262**
Breakdown of the net balance					-	-	-	**-**
Present value of defined benefit obligations	2,074	-	106	**2,180**	1,767	-	94	**1,861**
Fair value of plan assets	(1,529)	-	(60)	**(1,589)**	(1,423)	-	(53)	**(1,476)**
A - Actuarial deficit (net balance)	545	-	46	**591**	344	-	41	**385**
B - Present value of unfunded obligations	105	-	816	**921**	83	-	1,184	**1,267**
Unrecognised items					-	-	-	**-**
Unrecognised past service cost	28	-	-	**28**	34	-	-	**34**
Unrecognised net actuarial (Gain)/Loss	575	-	-	**575**	356	-	-	**356**
Separate assets	-	-	-	**-**	-	-	-	**-**
Plan assets impacted by change in asset celling	(0)	-	-	**-**	(0)	-	-	**-**
C - Total unrecognised items	603	-	-	**603**	390	-	-	**390**
A + B - C Net balance	**47**	**-**	**862**	**909**	**37**	**-**	**1,225**	**1,262**

Notes:

1. For pensions and other post-employment plans, actuarial gains and losses that exceed 10% of the greater of the defined benefit obligations or funding assets are amortised over the estimated average remaining working life of the employees participating in the plan in accordance with the corridor approach.
2. Pension plans include pension benefit as annuities and end of career payments. Pension benefit annuities are paid in addition to pensions state plans. Societe Generale has 28 pension plans in 18 countries. Five pension plans located in France, the UK and the USA represent 90% of the gross liabilities of these pension plans. Other long-term employee benefits include deferred variable remuneration, flexible working provisions (French term : compte épargne temps) and long-service awards. Roughly twelve plans are located in 10 countries.
3. The present value of defined benefit obligations have been valued by independent qualified actuaries.

2.2. EXPENSES RECOGNISED IN THE INCOME STATEMENT

	2012				2011			
	Post employment benefits				Post employment benefits			
(In millions of euros)	Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Current service cost including social security contributions	39	-	348	**387**	39	-	447	**486**
Employee contributions	(1)	-	-	**(1)**	(1)	-	-	**(1)**
Interest cost	81	-	4	**85**	81	-	3	**84**
Expected return on plan assets	(77)	-	(3)	**(80)**	(78)	-	(2)	**(80)**
Expected return on separate assets	-	-	-	**-**	-	-	-	**-**
Amortisation of past service cost	6	-	-	**6**	6	-	-	**6**
Amortisation of Losses (gains)	22	-	8	**30**	23	-	0	**23**
Settlement, curtailment	-	-	-	**-**	0	-	(0)	**-**
Change in asset ceiling	-	-	-	**-**	0	-	-	**-**
Transfer from non recognised assets	-	-	-	**-**	-	-	-	**-**
Total Charges	**70**	**-**	**357**	**427**	**70**	**-**	**448**	**518**

2.3. CHANGES IN NET LIABILITIES OF POST-EMPLOYMENT BENEFIT PLANS RECORDED IN THE BALANCE SHEET

2.3.1. Changes in the present value of defined benefit obligations

	2012			2011		
	Post employment benefits			Post employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**1,850**	**-**	**1,850**	**1,830**	**1**	**1,831**
Current service cost including social security contributions	39	-	**39**	39	-	**39**
Interest cost	81	-	**81**	81	-	**81**
Employee contributions	-	-	**-**	-	-	**-**
Actuarial (gain)/loss	295	-	**295**	(31)	-	**(31)**
Foreign Exchange adjustment	10	-	**10**	24	-	**24**
Benefit payments	(86)	-	**(86)**	(85)	-	**(85)**
Past service cost	(0)	-	**-**	0	-	**-**
Acquisition/(Sale) of subsidiaries	-	-	**-**	-	-	**-**
Transfers, reductions and others	(10)	-	**(10)**	(8)	(1)	**(9)**
At December 31	**2,179**	**-**	**2,179**	**1,850**	**-**	**1,850**

2.3.2. Changes in Fair Value of plan assets and separate assets

	2012			2011		
	Post employment benefits			Post employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**1,423**	**-**	**1,423**	**1,429**	**-**	**1,429**
Expected return on plan assets	77	-	**77**	78	-	**78**
Expected return on separate assets	-	-	**-**	-	-	**-**
Actuarial gain/(loss)	53	-	**53**	(38)	-	**(38)**
Foreign Exchange adjustment	11	-	**11**	21	-	**21**
Employee contributions	1	-	**1**	1	-	**1**
Employer contributions to plan assets	49	-	**49**	20	-	**20**
Benefit payments	(75)	-	**(75)**	(75)	-	**(75)**
Acquisition/(Sales) of subsidiaries	-	-	**-**	-	-	**-**
Transfers and others	(10)	-	**(10)**	(13)	-	**(13)**
At December 31	**1,529**	**-**	**1,529**	**1,423**	**-**	**1,423**

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: 47% bonds, 43% equities and 10% others. The Societe Generale's own financial instruments directly held are not significant.

For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 134 million.

Employer contributions to be paid to post-employment defined benefit plans for 2013 are estimated at EUR 5 million.

2.4.2. Actual returns on plan assets

The actual return on plan and separate assets were:

	2012				2011			
	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
Real return on plan assets	130	-	7	**137**	40	-	0	**40**

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, 2012	December 31, 2011
Discount rate		
Europe	3.28%	4.44%
Americas	3.98%	4.92%
Asia-Oceania-Africa	2.68%	3.25%
Long-term inflation		
Europe	2.20%	2.22%
Americas	2.00%	2.00%
Asia-Oceania-Africa	1.77%	1.59%
Expected return on plan assets (separate and plan assets)		
Europe	4.80%	5.42%
Americas	6.50%	6.50%
Asia-Oceania-Africa	2.97%	2.97%
Future salary increase		
Europe	0.68%	1.04%
Americas	2.00%	2.00%
Asia-Oceania-Africa	2.47%	2.28%
Average and remaining lifetime of employees (in years)		
Europe	9.9	10.4
Americas	9.0	9.0
Asia-Oceania-Africa	11.0	10.0

Notes:

1. The assumptions by geographical area are averages weighted by the present value of the liabilities (DBO) with the exception of the expected returns on plan assets, which are averages weighted by the fair value of assets.
2. The yield curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed in the end of October for USD, GBP and EUR, and corrected at the end of December if the decrease in discount rates had a significant impact.

   Inflation rates used are the long-term targets of the central banks of the monetary areas above.
3. The range of expected rates of return on plan assets rate is related to the composition of the assets. Generally, expected return rates on plan assets are calculated by weighting anticipated returns on each category of assets with their respective weights in the asset fair value. For the French plan assets, the long-term return rates are 7.2% for equities, 2.9% for bonds and 2.1% for cash. In the United Kingdom plan assets, the return rates are 7.1% for equities and 3.4% for bonds.
4. The average remaining working lifetime of employees is calculated taking into account withdrawal assumptions.

2.6. OBLIGATIONS SENSITIVITIES TO MAIN ASSUMPTIONS RANGES

	2012			2011		
(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 the present value of defined benefit obligations at December 31 N	-14%	NA	-9%	-13%	NA	-8%
Impact on total Expenses N+1	-41%	NA	0%	-25%	NA	1%
Variation from +1% in Expected return on plan assets						
Impact on plan assets at December 31 N+1	1%	NA	1%	1%	NA	1%
Impact on total Expenses N+1	-13%	NA	-9%	-19%	NA	-8%
Variation from +1% in Future salary increases						
Impact on the present value of defined benefit obligations at December 31 N	3%	NA	4%	3%	NA	4%
Impact on total Expenses N+1	13%	NA	6%	16%	NA	7%

Note:

1. The disclosed sensitivities are averages of the variations weighted by the liabilities (impact on the defined benefit obligation at December 31, 2012), by the fair value of assets or by expected expenses N+1 (impact on total expenses N+1).

2.7. EXPERIENCE ADJUSTMENTS OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(In millions of euros)	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Defined benefit obligations	2,179	1,850	1,830	1,668	1,474
Fair value of plan assets	1,529	1,423	1,429	1,288	1,270
Deficit / (surplus)	**650**	**427**	**401**	**380**	**204**
Adjustments of plan liabilities due to experience (negative: gain)	1	15	(62)	52	10
Adjustments of plan liabilities due to experience (negative: gain), % of DBO	0.0%	0.8%	-3.4%	3.1%	0.7%
Adjustments of plan assets due to experience (negative: gain)	(53)	38	(64)	(85)	486
Adjustments of plan assets due to experience (negative: gain), % of assets	-3.5%	2.7%	-4.5%	-6.6%	38.3%

Note 26

SUBSCRIPTION OR PURCHASE STOCK-OPTION PLANS AND FREE SHARE PLANS

1. MAIN CHARACTERISTICS OF SUBSCRIPTION OR PURCHASE STOCK-OPTION PLANS AND FREE SHARE PLANS

Plans for employees for the year ended December 31, 2012 are briefly described below:

Issuer	**Societe Generale**
Year of grant	**2012**
Type of plan	**performance shares**
Number of free shares granted	2,161,874
Shares delivered	1,033
Shares forfeited as at December 31, 2012	7,342
Shares outstanding as at December 31, 2012	2,153,499
Number of shares reserved as at December 31, 2012	2,153,499
Performance conditions	yes(1)
Resignation from the Group	forfeited
Redundancy	forfeited
Retirement	maintained
Death	maintained for 6 months
Share value, used as basis for social contributions	EUR 46 million

(1) Conditions of performance are described in the "Corporate Governance" section.

2. AMOUNT OF THE DEBT RECORDED IN THE BALANCE SHEET FOR 2012 PLAN

The amount of the debt recorded in the balance sheet for 2012 plan is EUR 33 million.

3. INFORMATION RELATIVE TO TREASURY SHARES FOR 2012 PLAN

The number of treasury shares linked to 2012 plan is 2,153,499 for EUR 64 million.

Note 27

COST OF RISK

(In millions of euros)	2012	2011
Net allocation to depreciations and provisions for identified risks		
Identified risks[1]	(770)	(433)
Losses not covered by depreciations and amounts recovered on writte-offs	(612)	(268)
Other risks and commitments[2]	(285)	(65)
Sub-total	**(1,667)**	**(766)**
Net allocation to general country risk reserves[1]	78	1
Net allocation to depreciations and provisions for receivables and commitments	**(1,589)**	**(765)**
[1]Including gain (loss) on revaluation of currency hedge of provisions:		
- Counterparty risk	*(13)*	*(68)*
- Net allocation to general country risk reserves	-	-

(2) In order to take into account the developments some legal risks, including in particular the ongoing judicial investigations and proceedings with the US and European authorities, as well as the French "Conseil d'Etat" recent ruling on the “précompte” (equalisation tax – for which the Societe Generale’s exposure stands at EUR 1.5 billion before exercising any potential recourse), Societe Generale recorded an additional provision of EUR 300 million at December 31, 2012.

Note 28

NET INCOME FROM LONG-TERM INVESTMENTS

(In millions of euros)	2012	2011
Long-term investment securities:		
Net capital gains (or losses) on sale	-	(1)
Net allocation to depreciations	(1)	-
Sub-total	**(1)**	**(1)**
Investments in subsidiaries and affiliates:		
Gains on sale	20	492
Losses on sale[1]	(1,447)	(13)
Allocation to depreciations[2]	(812)	(2,440)
Reversal of depreciations[2]	1,376	44
Subsidies granted to affiliates (subsidiaries)	-	-
Sub-total	**(863)**	**(1,917)**
Operating fixed assets:		
Gains on sale	5	3
Losses on sale	-	(1)
Sub-total	**5**	**2**
Net total	**(859)**	**(1,916)**

(1) Societe Generale sold its stake in Geniki, i.e. 99.08%, to Piraeus Bank. This sale generated a capital loss of EUR 1,395 million.

(2) Of which EUR 720 million of allocations and EUR 1,365 million of write-backs in 2012 for subsidiaries (see "Note 6 - Invesments in subsidiaries")

Note 29

INCOME TAX

(In millions of euros)	2012	2011
Current taxes	(190)	344
Deferred taxes	447	(139)
Total[(1)]	**257**	**205**

(1) 2012 income tax includes a gain of EUR 66.0 million (against a gain of EUR 44 million for 2011) as a consequence of the tax consolidation (314 subsidiaries were consolidated in 2012 against 344 in 2011).

Note 30

BREAKDOWN OF ASSETS AND LIABILITIES BY TERM TO MATURITY

	Outstanding at December 31, 2012					
(In millions of euros)	Less than 3 months	3 months to one year	1 to 5 years	More than 5 years	Intercompany eliminations: Societe Generale Paris/ branches	Total
ASSETS						
Due from banks	**169,246**	**31,875**	**50,859**	**16,446**	**(100,907)**	**167,519**
Customer loans	**98,682**	**46,097**	**95,653**	**85,293**	**(38)**	**325,687**
Bonds and other debt securities:						
Trading securities	7,425	10,693	25,242	19,821	(89)	63,092
Short-term investment securities	705	7,099	28,629	6,304		42,737
Long-term investment securities	1	-	27	51		79
Total	**276,059**	**95,764**	**200,410**	**127,915**	**(101,034)**	**599,114**
LIABILITIES						
Due to banks	196,580	28,794	86,504	1,070	(102,273)	210,675
Customer deposits	208,034	23,000	52,210	79,233	(477)	362,000
Liabilities in the form of securities issued	48,561	22,913	30,494	21,741		123,709
Total	**453,175**	**74,707**	**169,208**	**102,044**	**(102,750)**	**696,384**

Note 31

TRANSACTIONS IN FOREIGN CURRENCIES

(In millions of euros)	December 31, 2012				December 31, 2011			
	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered
EUR	672,633	704,647	262,281	267,139	674,516	699,283	224,537	231,618
USD	197,745	201,203	434,299	407,558	231,043	211,950	363,539	355,971
GBP	48,103	46,022	64,527	72,732	23,956	33,408	56,109	53,469
JPY	24,327	20,978	67,556	65,855	22,579	21,925	67,858	66,003
Other currencies	56,193	26,151	145,021	160,715	42,261	27,789	123,414	127,132
Total	**999,001**	**999,001**	**973,684**	**973,999**	**994,355**	**994,355**	**835,457**	**834,193**

Note 32

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME[(1)]

(In millions of euros)	France		Europe		Americas	
	2012	2011	2012	2011	2012	2011
Net interest and similar income	3,492	6,795	486	223	173	309
Net fee income	2,346	2,294	238	203	95	130
Net income from financial transactions	2,727	458	1,348	811	149	274
Other net operating income	(67)	(79)	39	75	-	-
Net banking income	**8,498**	**9,468**	**2,111**	**1,312**	**417**	**713**

(In millions of euros)	Asia		Africa		Oceania	
	2012	2011	2012	2011	2012	2011
Net interest and similar income	46	137	6	5	8	19
Net fee income	82	69	2	3	-	-
Net income from financial transactions	106	66	2	4	(2)	(9)
Other net operating income	(24)	(5)	-	1	-	-
Net banking income	**210**	**267**	**10**	**13**	**6**	**10**

(In millions of euros)	Total	
	2012	2011
Net interest and similar income	4,211	7,488
Net fee income	2,763	2,699
Net income from financial transactions	4,330	1,604
Other net operating income	(52)	(8)
Net banking income	**11,252**	**11,783**

(1) Geographical regions in which companies recording income is located.

Note 33

OPERATIONS IN UNCOOPERATIVE STATES OR TERRITORIES

Since 2003, Societe Generale has been defining strict internal rules to prevent the development of operations in countries qualified as uncooperative tax havens by the OECD. Any operation, or development of activities as part of existing operations, may only be authorised by decision of the General Management after approval by the Corporate Secretariat and the Risk Division.

Since 2010, Societe Generale decided to close and therefore took the necessary steps to close, all the Group's operations in Countries and Territories deemed non-cooperative by France, the list of which was updated by the Ministerial Act of April 04, 2012 (published in April 12, 2012).

As at December 31, 2012, Societe Generale no longer directly or indirectly held any operation in the states and territories in question. The closing-down of the investment banking branch (SG MANILE) and the Private Banking representative office (SG FSC Manila) located in the Philippines has been suspended, pending a decision by the Filipino authorities. Societe Generale also holds an unused license to operate in Brunei.

Table of subsidiaries and affiliates

(In thousands of euros or local currency)

Company/Head Office	Activity/Division		2012 Registered capital (local currency)[1]	2012 Shareholders' equity other than capital (local currency)[1]	2012 Share of capital held (%)	2012 Book value of shares held Gross (EUR)	2012 Book value of shares held Net (EUR)
I - INFORMATION ON INVESTMENTS WITH A BOOK VALUE IN EXCESS OF 1% OF SOCIETE GENERALE'S SHARE CAPITAL							
A) Subsidiaries (more than 50% owned by Societe Generale)							
INTER EUROPE CONSEIL 29, boulevard Haussmann - 75009 Paris – France	**Credit institution** Corporate and Investment Banking	EUR	1,161,158	3,177,514	100.00	3,852,866	3,852,866
GENEFINANCE 29, boulevard Haussmann - 75009 Paris - France	**Portfolio management** Corporate Centre	EUR	1,600,000	297,416	100.00	1,736,025	1,736,025
SOCIETE GENERALE HOLDING DE PARTICIPATIONS Immeuble SGAM 170, Place Henri Régnault - 92400 Courbevoie - France	**Asset management** Global Investment Management & Services	EUR	378,896	1,204,969	100.00	2,085,819	1,421,900
SG FINANCIAL SERVICES HOLDING 29, boulevard Haussmann - 75009 Paris - France	**Portfolio management** Corporate Centre	EUR	862,976	135,062	100.00	1,357,285	1,357,285
SG AMERICAS SECURITIES HOLDINGS, LLC 1221 avenue of the Americas - New York 10020 - USA	**Brokerage** Corporate and Investment Banking	USD	1,430,976	529,826	100.00	1,356,598	1,356,598
SOCIETE GENERALE SPLITSKA BANKA Rudera Boskovica 16 - 21000 Split - Croatia	**International retail banking** International retail banking	HRK	491,426	3,090,820	100.00	1,058,707	1,058,707
BANCO SOCIETE GENERALE BRASIL S/A Avenida Paulista, 2300 - Cerqueira Cesar - Sâo Paulo SP CEP 01310-300 - Brazil	**Investment banking** Corporate and Investment Banking	BRL	2,074,918	34,940	100.00	834,429	834,429
SOCIETE GENERALE SECURITIES SERVICES SPA Via Benigno Crespi 19 A - 20159 Milano - Italy	**Credit institution** Global Investment Management & Services	EUR	111,309	245,962	100.00	745,062	745,062
SOCIETE GENERALE (CHINA) LIMITED 2, Wudinghou Street, Xicheng District 100140 Beijing - China	**International retail banking** Corporate and Investment Banking	CNY	4,000,000	(188,819)	100.00	413,174	413,174
SOCIETE GENERALE SECURITIES (NORTH PACIFIC) LTD Ark Mori Building - 13-32 Akasaka 1 Chome, Minato-Ku - 107-6015 Tokyo - Japan	**Brokerage of marketable securities** Corporate and Investment Banking	JPY	31,703,000	18,858,000	100.00	368,411	368,411
VALMINVEST 29, boulevard Haussmann 75009 Paris - France	**Office space** Corporate Centre	EUR	248,877	(4,191)	100.00	249,427	249,427
SG AMERICAS, INC. 1221 avenue of the Americas - New York 10020 - USA	**Investment banking** Corporate and Investment Banking	USD	0	233,508	100.00	1,685,355	242,605
GENEGIS I 29, boulevard Haussmann - 75009 Paris - France	**Office space** Corporate Centre	EUR	192,900	22,289	100.00	196,061	196,061
COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM) 29, boulevard Haussmann - 75009 Paris - France	**Office space** Corporate Centre	EUR	76,627	1,944	100.00	155,837	155,837
SOGINFO - SOCIETE DE GESTION ET D'INVESTISSEMENTS FONCIERS 29, boulevard Haussmann - 75009 Paris - France	**Office space** French Networks	EUR	123,411	200,683	100.00	148,720	148,720

2012	2012	2012	2012	2012	2012
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR)**	**Revenue excluding tax for the last financial year (local currency)(1) (2) (3)**	**Net income (loss) for the last financial year (local currency)(1) (3)**	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
18,280,298	0	1,824,484	(143,154)	0	
2,785,093	0	257,700	213,396	204,000	
98,833	0	1,574	(287,563)	0	
1,957,120	0	529,282	202,635	184,275	
485,069	0	721,686	24,673	0	1 EUR = 1.3194 USD
59,000	168,574	1,168,645	139,184	0	1 EUR = 7.5575 HRK
0	0	53,435	(69,866)	0	1 EUR = 2.7036 BRL
0	0	153,305	21,941	0	
0	0	480,957	(4,805)	0	1 EUR = 8.2207 CNY
44,010	0	15,403,000	6,064,000	0	1 EUR = 113.61 JPY
0	0	8,887	3,434	0	
0	0	119,900	61,264	19,153	capital = 1 USD 1 EUR = 1.3194 USD
11,999	0	197,091	1,162	0	
35,457	0	645	1,121	0	
0	2,000	30,216	12,646	8,566	

(In thousands of euros or local currency) Company/Head Office	Activity/Division		2012 Registered capital (local currency)[1]	2012 Shareholders' equity other than capital (local currency)[1]	2012 Share of capital held (%)	2012 Book value of shares held Gross (EUR)	2012 Book value of shares held Net (EUR)
ORPAVIMOB	**Real estate and real estate financing**						
17, cours Valmy - 92800 Puteaux - France	Corporate and Investment Banking	EUR	130,253	6,803	100.00	130,253	130,253
SOCIETE GENERALE ALGERIE	**International retail banking**						
75, chemin Cheikh Bachir Ibrahimi, El-Biar, 16010 Alger - Algeria	International retail banking	DZD	10,000,000	11,950,850	100.00	110,524	110,524
SOGEMARCHE	**Real estate**						
17, cours Valmy - 92800 Puteaux - France	Corporate Centre	EUR	108,037	126	100.00	108,037	108,037
SI DU 29 BOULEVARD HAUSSMANN	**Office space**						
29, boulevard Haussman - 75009 Paris - France	Corporate Centre	EUR	90,030	20,400	100.00	89,992	89,992
SOCIETE GENERALE ITALIA HOLDING SPA	**Portfolio management**						
Via Olona 2 - 20123 Milano - Italy	Corporate and Investment Banking	EUR	467,120	(206,974)	100.00	544,100	72,361
SOGELEASE B.V.	**Leasing and finance**						
Amstelplein 1 1096 HA Amsterdam 94066 1090 GB Amsterdam - Netherlands	Corporate and Investment Banking	EUR	2,269	54,498	100.00	62,000	62,000
SG FACTORING SPA	**Factoring**						
Via Trivulzio 7 - 20146 Milan - Italy	Corporate and Investment Banking	EUR	11,801	29,963	100.00	46,100	46,100
SOGECAMPUS	**Real estate**						
17, cours Valmy - 92800 Puteaux - France	Corporate Centre	EUR	45,037	(6,147)	100.00	45,037	45,037
SG ASIA (HONG-KONG) LTD	**Merchant banking**						
42/F Edinburgh Tower - 15 Queen's Road Central Hong Kong	Corporate and Investment Banking	HKD	400,000	(137,339)	100.00	38,875	38,875
SOCIETE GENERALE BANK NEDERLAND N.V.	**Credit institution**						
Rembrandt Tower Amstelplein 1 1096 HA Amsterdam - Netherlands	Corporate and Investment Banking	EUR	7,714	849	100.00	38,000	38,000
ELEAPARTS	**Office space**						
29, boulevard Haussmann - 75009 Paris - France	French Networks	EUR	37,967	7,126	100.00	37,978	37,978
SG HOLDING DE VALORES Y PARTICIPATIONES S.N.	**Portfolio management**						
1 Plaza Pablo Ruiz Picasso (Tore Picasso) 28020 Madrid - Spain	Corporate and Investment Banking	EUR	3,000	26,523	100.00	28,984	28,984
INORA LIFE LTD	**Life insurance**						
6, Exchange Place, International Financial Services Center, Dublin 1 - Ireland	Corporate and Investment Banking	EUR	40,000	(7,358)	100.00	40,000	25,855
GENINFO	**Portfolio management**						
Les Miroirs, Bt. C, 18, avenue d'Alsace, 92400 Courbevoie - France	Corporate Centre	EUR	18,524	57,379	100.00	20,477	20,477
SOCIETE GENERALE VIET FINANCE COMPANY LTD	**Consumer finance**						
801, Nguyen Van Linh Boulevard Tan Phu Ward Ho Chi Minh City - Vietnam	Specialised Financial Services and Insurance	VND	550,000,000	(116,535,207)	100.00	24,620	17,696
SOCIETE GENERALE IMMOBEL	**Real estate**						
5, place du Champs de Mars - 1050 Bruxelles - Belgium	Corporate and Investment Banking	EUR	1,500,062	21,832	100.00	1,500,061	1,500,061

2012	2012	2012	2012	2012	2012
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR)**	**Revenue excluding tax for the last financial year (local currency)(1) (2) (3)**	**Net income (loss) for the last financial year (local currency)(1) (3)**	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
0	0	22,200	7,120	0	
0	0	15,613,430	4,420,750	20,248	1 EUR = 103,1671 DZD
0	0	55	(166)	0	
0	0	7,247	2,826	2,326	
0	0	(180,674)	(186,347)	0	
0	0	297	71	0	
0	210,000	11,323	4,243	0	
70,000	0	0	(122)	0	
0	0	53,120	46,741	0	1 EUR = 10.226 HKD
0	28,000	14,852	9,720	0	
0	0	2,885	875	788	
18,909	0	258	(50)	0	
0	0	(6,022)	(3,456)	0	
0	0	3,201	3,091	1,158	
9,474	35,091	330,014,504	45,764,623	0	1 EUR = 27,492 VND
381,381	0	49,021	48,302	70,544	

(In thousands of euros or local currency) Company/Head Office	Activity/Division		2012 Registered capital (local currency)(1)	2012 Shareholders' equity other than capital (local currency)(1)	2012 Share of capital held (%)	2012 Book value of shares held Gross (EUR)	2012 Book value of shares held Net (EUR)
SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD (HONG-KONG)	**Investment banking**						
41/F Edinburgh Tower - 15 Queen's Road Central Hong Kong	Corporate and Investment Banking	USD	154,990	170,275	100.00	139,315	139,315
SG HAMBROS LIMITED (HOLDING)	**Asset management**						
Exchange House - Primrose st. Londres EC2A 2HT - Great Britain	Global Investment Management & Services	GBP	282,185	153,857	100.00	369,648	369,648
GENEVAL	**Portfolio management**						
29, boulevard Haussmann - 75009 Paris - France	Corporate Centre	EUR	538,630	94,694	100.00	1,910,368	659,008
SOCIETE GENERALE SFH	**Credit institution**						
17, cours Valmy - 92800 Puteaux - France	Corporate and Investment Banking	EUR	375,000	13,799	100.00	375,000	375,000
ALD INTERNATIONAL SA	**Automobile leasing and financing**						
15, allée de l'Europe - 92110 Clichy sur Seine - France	Specialised Financial Services and Insurance	EUR	550,038	(71,938)	100.00	804,000	804,000
CREDIT DU NORD	**French retail banking**						
28, place Rihour, 59800 Lille - France	French Networks	EUR	890,263	909,039	100.00	1,410,255	1,410,255
SOCIETE GENERALE BANKA SRBIJA	**International retail banking**						
Vladimira Popovica 6 - 11070 Novi Beograde - Serbia	International retail banking	RSD	23,724,274	11,854,848	100.00	264,125	264,125
GENEFIMMO	**Real estate and real estate financing**						
29, boulevard Haussmann - 75009 Paris - France	French Networks	EUR	392,340	23,419	100.00	651,732	651,732
SOCIETE GENERALE SECURITIES SERVICES HOLDING	**Portfolio management**						
17, cours Valmy - 92800 Puteaux - France	Global Investment Management & Services	EUR	188,555	(198)	100.00	188,555	188,555
SOCIETE GENERALE SCF	**Mortgages**						
17, cours Valmy - 92800 Puteaux - France	Corporate and Investment Banking	EUR	150,000	40,146	100.00	150,000	150,000
LYXOR ASSET MANAGEMENT	**Alternative asset management**						
17, cours Valmy - 92800 Puteaux - France	Corporate and Investment Banking	EUR	161,106	213,620	100.00	160,278	160,278
SG EUROPEAN MORTGAGE INVESTMENTS	**Portfolio management**						
17, cours Valmy - 92800 Puteaux - France	Corporate and Investment Banking	EUR	590,037	0	99.99	590,000	590,000
SOCIETE DE LA RUE EDOUARD VII	**Office space**						
29, boulevard Haussmann - 75009 Paris - France	Corporate Centre	EUR	11,396	889	99.91	59,612	23,980
SG EXPRESS BANK	**International retail banking**						
92, Bld VI Varnentchik - 9000 Varna - Bulgaria	International retail banking	BGN	33,674	373,807	99.74	62,354	62,354
SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED	**Investment banking**						
SG House, 41 Tower Hill, EC3N 4SG Londres - Great Britain	Corporate and Investment Banking	GBP	157,820	144,983	98.96	205,931	205,931
SKB BANKA	**International retail banking**						
Adjovscina, 4 - 1513 Ljubljana - Slovenia	International retail banking	EUR	52,784	246,617	97.58	220,202	220,202

2012	2012	2012	2012	2012	2012
Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue excluding tax for the last financial year (local currency)(1) (2) (3)	Net income (loss) for the last financial year (local currency)(1) (3)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
0	0	698,930	396,527	263,863	1 EUR = 1.3194 USD
0	0	98,534	16,159	0	1 EUR = 0.8161 GBP
0	0	12,524	9,170	0	
0	0	1,150,645	26,625	0	
0	20	49,851	88,374	0	
3,657,465	314,931	1,083,516	344,903	222,566	
120,000	392,633	9,381,094	351,239	0	1 EUR = 113,5704 RSD
111,004	1,888	29,888	23,445	29,844	
0	0	0	(37,758)	0	
0	750,000	25,659	12,985	0	
0	0	108,009	33,483	37,660	
0	0	0	27,920	0	
0	0	93	39	44	difference = 16,509
45,000	109,050	165,497	56,182	0	1 EUR = 1.9558 BGN
152	294	27,444	30,135	59,299	1 EUR = 0.8161 GBP
0	165,000	106,797	585	0	

(In thousands of euros or local currency) Company/Head Office	Activity/Division		2012 Registered capital (local currency)[1]	2012 Shareholders' equity other than capital (local currency)[1]	2012 Share of capital held (%)	2012 Book value of shares held Gross (EUR)	2012 Book value of shares held Net (EUR)
BANK REPUBLIC	**International retail banking**						
2 Gr, Abashidze St-Tbilisi - Georgia	International retail banking	GEL	76,031	44,586	93.64	110,275	60,829
PODGORICKA BANKA SOCIETE GENERALE GROUP AD PODGORICA	**International retail banking**						
8 a Novaka Miloseva Street 81000 Podgorica - Montenegro	International retail banking	EUR	24,731	15,501	90.56	28,819	28,819
BANKA SOCIETE GENERALE ALBANIA SH.A	**International retail banking**						
BLV Deshmoret e Kombit Twin Tower -Tirana - Albania	International retail banking	ALL	6,740,900	(107,599)	88.64	70,024	66,587
SOCIETE GENERALE CONGO	**International retail banking**						
avenue Amilcar Cabral - BP 1140 Brazzaville - Congo	International retail banking	XAF	10,000,000	(2,717,247)	87.00	13,263	13,263
SOGESSUR	**Insurance**						
2, rue Jacques-Daguerre 92565 Rueil-Malmaison - France	Specialised Financial Services and Insurance	EUR	30,300	56,893	84.16	114,940	98,900
ROSBANK	**International retail banking**						
11, Masha Poryvaeva St PO Box 208 - Moscow - Russia	International retail banking	RUB	17,586,914	87,254,317	82.40	4,140,825	3,416,597
NATIONAL SOCIETE GENERALE BANK	**International retail banking**						
5, rue Champollion - Le Caire - Egypt	International retail banking	EGP	4,435,359	5,171,740	77.17	274,722	274,722
BANQUE DE POLYNÉSIE	**International retail banking**						
Bd Pomare, BP 530, Papeete Tahiti - French Polynesia	International retail banking	XPF	1,380,000	8,051,876	72.10	12,397	12,397
SG DE BANQUES EN COTE D'IVOIRE	**International retail banking**						
5 & 7, avenue J. Anoma, 01 BP 1355 Abidjan 01 - Ivory Coast	International retail banking	XAF	15,555,555	65,941,655	71.84	30,504	30,504
OHRIDSKA BANKA	**International retail banking**						
Makedonski Prosvetiteli 19 6000 - Macedonia	International retail banking	MKD	1,162,253	634,166	70.02	30,371	30,371
MOBIASBANCA GROUPE SOCIETE GENERALE	**International retail banking**						
Bd. Stefan cel Mare 81A MD-2012 mun. - Chisinau - Republic of Moldova	International retail banking	MDL	99,944	717,921	67.85	24,960	24,960
KOMERČNI BANKA A.S	**International retail banking**						
Centrala Na Prokope 33 - Postovni Prihradka 839 114 07 Praha 1 - Czech Republic	International retail banking	CZK	19,004,926	49,102,476	60.35	1,368,364	1,368,364
BRD - GROUPE SOCIETE GENERALE	**International retail banking**						
A, Doamnei street - 70016 Bucarest 3 - Romania	International retail banking	RON	696,902	5,256,708	60.17	229,888	229,888
SOCIETE GENERALE DE BANQUE AU CAMEROUN	**International retail banking**						
Rue Joss - Douala - Cameroon	International retail banking	XAF	12,500,000	31,595,251	58.08	16,940	16,940
GENEFIM	**Real estate lease finance**						
29, boulevard Haussmann - 75009 Paris - France	French Networks	EUR	72,779	29,169	57.62	89,846	89,846
UNION INTERNATIONALE DE BANQUES	**International retail banking**						
65, avenue Habib Bourguiba - 1000A Tunis - Tunisia	International retail banking	TND	196,000	(105,631)	57.20	118,877	69,509

2012 Unreimbursed loans and advances made by the Company (in EUR)	2012 Guarantees given by the Company (in EUR)	2012 Revenue excluding tax for the last financial year (local currency)(1) (2) (3)	2012 Net income (loss) for the last financial year (local currency)(1) (3)	2012 Dividends received by the Company during the year (in EUR)	2012 Remarks Revaluation differences
10,000	102,359	77,171	17,870	0	1 EUR = 2.18705 GEL
0	75,486	16,937	3,198	0	
0	37,322	2,630,040	553,583	0	1 EUR = 139,81 ALL
0	0	163,315	(2,717,247)	0	1 EUR = 655.957 XAF
22,744	412	353,138	13,675	0	Provisional figures
749,000	462,406	44,212,003	5,782,521	0	1 EUR = 40,3295 RUB
108,000	0	3,745,814	1,524,779	48,380	1 EUR = 8,16545 EGP
0	175,378	6,993,506	661,147	6,690	1 EUR = 119.33174 XPF
0	0	62,624,699	23,222,244	13,595	difference = 5,166 1 EUR = 655.957 XAF
28,000	171,525	1,003,582	142,031	0	1 EUR = 62,28485 MKD
0	20,000	316,626	46,344	0	1 EUR = 15,9918 MDL
0	245,852	30,844,897	13,741,643	145,025	1 EUR = 25.151 CZK
201,000	170,000	2,965,039	(280,594)	15,658	1 EUR = 4.4445 RON
0	12,958	45,209,897	11,161,047	5,082	difference = 1,675 1 EUR = 655.957 XAF
1,952,108	0	37,586	10,294	2,595	0
39,000	84,429	201,465	19,050	0	1 EUR = 2,04805 TND

			2012	2012	2012	2012	2012
						Book value of shares held	
(In thousands of euros or local currency) Company/Head Office	Activity/Division		Registered capital (local currency)(1)	Shareholders' equity other than capital (local currency)(1)	Share of capital held (%)	Gross (EUR)	Net (EUR)
SG MAROCAINE DE BANQUES	**International retail banking**						
55, boulevard Abdelmoumen - Casablanca - Morocco	International retail banking	MAD	2,050,000	5,665,356	56.91	135,765	135,765
BOURSORAMA SA	**Online brokerage**						
18, Quai du Point du Jour 92100 Boulogne-Billancourt - France	Global Investment Management & Services	EUR	35,178	472,875	55.69	304,343	304,343
NEWEDGE GROUP	**Brokerage and derivatives**						
52/60, Avenue des Champs Élysées 75008 Paris - France	Global Investment Management & Services	EUR	395,130	799,895	50.00	226,708	161,708
B) Affiliates (10% to 50 % owned by Societe Generale)							
FIDITALIA SPA	**Consumer finance**						
Via G. Ciardi 9 - 20148 - Milan - Italy	Specialised Financial Services and Insurance	EUR	130,000	137,771	48.68	224,318	98,216
SG PREFERRED CAPITAL III, L.L.C.	**Portfolio management**						
1221 avenue of the Americas - New York 10020 - USA	Corporate and Investment Banking	EUR	65,001	661,498	38.46	25,008	25,008
SG CONSUMER FINANCE	**Portfolio management**						
59, Avenue de Chatou - 92853 Rueil Malmaison - France	Specialised Financial Services and Insurance	EUR	56,336	45,868	25.37	480,037	109,766
SOGEPARTICIPATIONS	**Portfolio management**						
29, boulevard Haussmann - 75009 Paris - France	Corporate Centre	EUR	411,267	471,099	24.58	234,000	234,000
SG CALEDONIENNE DE BANQUE	**International retail banking**						
56, rue de la Victoire - Nouméa - New-Caledonia	International retail banking	XPF	1,068,375	12,976,383	20.60	16,266	16,266
SOUTH EAST ASIA COMMERCIAL BANK	**International retail banking**						
16, Lang Ha Street - Hanoi - Vietnam	International retail banking	VND	5,334,656,000	285,605,900	20.00	91,283	43,360
CAISSE DE REFINANCEMENT DE L'HABITAT	**Refinancing loans in the accommodation**						
35, rue de la Boetie - 75008 Paris - France	Corporate Centre	EUR	299,702	14,206	14.53	38,121	38,121
CREDIT LOGEMENT	**Credit institution**						
50, boulevard Sébastopol - 75003 Paris - France	Corporate Centre	EUR	1,259,850	1,178,289	13.50	171,037	171,037

(1) For foreign subsidiaries and affiliates, shareholders' equity is booked in the Group consolidated financial statements in their consolidated reporting currency.
(2) For banking and finance subsidiaries, revenue refers to net banking income.
(3) Financial statements not yet audited for French companies.

2012	2012	2012	2012	2012	2012
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR)**	**Revenue excluding tax for the last financial year (local currency)(1) (2) (3)**	**Net income (loss) for the last financial year (local currency)(1) (3)**	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
0	377,500	4,070,953	945,211	15,028	difference = 1,142 1 EUR = 11.16325 MAD
181,601	460,000	172,513	44,267	0	
591,137	1,804,500	132,169	47,110	0	0
100,000	100,000	172,392	(75,715)	0	
0	0	37,902	14,969	0	
867,561	0	25,075	6,057	0	Provisional figures
887,997	0	785,183	734,999	21,480	
0	71,384	9,305,004	3,071,427	0	1 EUR = 119.33174 XPF
0	0	1,196,406,455	158,668,296	0	1 EUR = 27,492 VND
20,319	0	2,085,466	1,764	85	
336,516	0	330,318	164,267	11,344	Provisional figures

Table of subsidiaries and affiliates (continued)

(In thousands of euros)	Book value of shares held: Gross	Book value of shares held: Net	Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Dividends received during the year	Remarks	
II - INFORMATION CONCERNING OTHER SUBSIDIARIES AND AFFILIATES							
A) Subsidiaries not included in paragraph 1:							
1°) French subsidiaries	94,058	54,422	7,244,474	14,335,218	114,761	Revaluation difference:	389
2°) Foreign subsidiaries	518,843	108,529	104,057	503,018,463	39,962	Revaluation difference:	1,447
B) Affiliates not included in paragraph 1:							
1°) French companies	3,445	3,442	0	0	116	Revaluation difference:	0
2°) Foreign companies	17,930	9,750	0	36,269	1,731	Revaluation difference:	0
	634,276	176,143	7,348,530	517,389,950	156,570		

MAIN CHANGES IN THE INVESTMENT PORTFOLIO IN 2012

In 2012, the following transactions affected Societe Generale's investment portfolio:

Outside France	In France
Creation of	**Creation of**
Acquisition of interest in	**Acquisition of interest in**
Acquisition	**Acquisition**
Increase of interest in Bank Republic	**Increase of interest in**
Subscription to capital increase Inora Life – Banco SG Brazil – SG Holding Australia Limited – SG North Pacific Banka SG Albania – Bank Republic	**Subscription to capital increase**
Disposal of total interest in Geniki – Makatea - Profin Bank	**Disposal of total interest in**
Reduction of interest in(1) SG Wertpapierhandelsgesellschaft – Brigantia - SG Finance LLC SG Immobel	**Reduction of interest in**(1) Orpavimob

(1) Including capital reductions, dissolution by transfer of assets and liquidations.

The table below summarises the significant changes in Societe Generale's investment portfolio in 2012:

Increase(1)				Decrease(1)			
		% of capital				% of capital	
Declaration threshold	Company	Dec. 31, 2012	Dec. 31, 2011	Declaration threshold	Company	Dec. 31, 2012	Dec. 31, 2011
5%				5%			
10%				10%			
20%				20%			
33.33%				33.33%			
50%				50%			
66.66%	Bank Republic	93.64%	84.04%	66.66%	Makatea	0%	66.67%
					Profin Bank	0%	98.10%
					Geniki	0%	99.05%
					SG Wertpapierhandels-gesellschaft	0%	100%

(1) Threshold crossings by percentage of direct ownership by Societe Generale SA.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Statutory auditors' report on the financial statements

SOCIETE GENERALE – YEAR ENDED DECEMBER 31, 2012

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, 2012, on:

- the audit of the accompanying financial statements of Société Générale;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE 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 financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the 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 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 financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2012 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to Note 1 – Account comparability to the financial statements, which presents the impact on the income statement of an error in a previous fiscal year.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- For the purpose of preparing the financial statements, your company records depreciation and provisions to cover the credit risks inherent to its activities and performs significant accounting estimates, as described in note 1 to the financial statements, related in particular to the valuation of investments in subsidiaries and of its securities portfolio, to the assessment of the deferred tax assets, as well as the assessment of pension plans and other post-employment benefits. We have reviewed and tested the processes implemented by management, the underlying assumptions and the valuation parameters, and we have assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies disclosed in note 1 to the financial statements.
- As detailed in note 1 to the financial statements, your company uses internal models to measure financial instruments that are not listed on active markets. Our procedures consisted in reviewing the control procedures for the models used, assessing the underlying data and assumptions as well as their observability, and verifying that the risks generally expected from the markets were taken into account in the valuations.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the board of directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Paris-La Défense and Neuilly-sur-Seine, March 4, 2013

The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres	**DELOITTE & ASSOCIES**
Isabelle SANTENAC	Jean-Marc MICKELER

11
LEGAL INFORMATION

BY-LAWS

(Updated on January 8, 2013)

TYPE OF COMPANY – NAME – REGISTERED OFFICE – PURPOSE

Article 1

The Company, named Societe Generale, is a public limited company (société anonyme) incorporated by deed approved by the Decree of May 4, 1864, and is approved as a bank.

The duration of Societe Generale, previously fixed at 50 years with effect from January 1, 1899, was then extended by 99 years with effect from January 1, 1949.

Under the legislative and regulatory provisions relating to credit institutions, notably the articles of the French Monetary and Financial Code that apply to them, the Company is subject to the commercial laws, in particular articles L. 210-1 and following of the French Commercial Code, as well as by the current By-laws.

Article 2

Societe Generale's registered office is at 29, boulevard Haussmann, Paris (9e).

In accordance with current legislative and regulatory provisions it may be transferred to any other location.

Article 3

The purpose of Societe Generale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals and corporate entities, in France or abroad:

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

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

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

CAPITAL – SHARES

Article 4

4.1. SHARE CAPITAL

The share capital amounts to EUR 975,341,533.75. This is divided into 780,273,227 shares each having a nominal value of EUR 1.25 and fully paid up.

4.2. CAPITAL INCREASE AND REDUCTION

The capital may be increased or reduced on the decision of the competent General Meeting or Meetings.

Any capital reduction motivated by losses shall be shared between shareholders in proportion to their share of the capital.

Article 5

Unless otherwise provided by legislative and regulatory provisions, all shares have the same rights.

All shares which make up or which will make up the share capital will be given equal rank as regards taxes. Consequently, all taxes which, for whatever reason, may become payable on certain shares following capital reimbursement, either during the life of the Company or during its liquidation, shall be divided between all the shares making up the capital on such reimbursement(s) so that, while allowing for the nominal and non-amortised value of the shares and for their respective rights, all present or future shares shall entitle their owners to the same effective advantages and to the right to receive the same net sum.

Whenever it is necessary to possess a certain number of shares in order to exercise a right, it is incumbent on shareholders who own fewer shares than the total number required to assemble the necessary number of shares.

Article 6

6.1. FORM AND TRANSFER OF SHARES

Shares may, in accordance with the holder's wishes, be registered or bearer shares and shall be freely negotiable, unless otherwise stipulated by law.

6.2. STATUTORY THRESHOLDS

Any shareholder acting on his own or jointly, who comes to hold directly or indirectly at least 1.5% of the capital or voting rights, must inform the Company within fifteen days of the time at which he exceeds this threshold, and must also indicate in his declaration the number of shares he holds in the share capital. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage. Beyond the initial 1.5%, shareholders are obliged to notify the Company, under the aforementioned conditions, whenever their holding of capital or voting rights exceeds an additional 0.50%.

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

Any shareholder acting on his own or jointly, is also required to inform the Company within fifteen days if the percentage of his capital or voting rights falls below each of the thresholds described in this article.

6.3. IDENTIFICATION OF SHAREHOLDERS

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

6.4. SHAREHOLDERS' RIGHTS

The rights of shareholders shall comply with applicable legislative and regulatory provisions, subject to the specific provisions of the current By-laws.

BOARD OF DIRECTORS

Article 7

I – DIRECTORS

The Company is administered by a Board of Directors made up of two categories of Directors:

1. DIRECTORS APPOINTED BY THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

There are at least nine of these Directors, and thirteen at the most.

The term of office of Directors appointed by the Ordinary General Meeting shall expire four years after the approval of the current article. This provision does not apply to Directors in office at the time of this approval.

When, in application of current legislative and regulatory provisions, a Director is appointed to replace another, then his term of office shall not exceed the term of office remaining to be served by his predecessor.

Each Director must hold at least six hundred shares.

2. DIRECTORS ELECTED BY EMPLOYEES

The status and the methods of electing these Directors are laid down by Articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as by these By-laws.

There are two such Directors, one to represent the executives and one to represent all other Company employees.

In any event, their number may not exceed one-third of the Directors appointed by the General Meeting.

Their term of office is three years.

Regardless of the appointment procedure, the duties of a Director cease at the end of the Ordinary General Meeting called to approve the financial statements of the previous fiscal year and held during the year in which his term of office expires.

Directors may be re-elected, as long as they meet the legislative provisions, particularly with regard to age.

II – METHODS OF ELECTING DIRECTORS ELECTED BY EMPLOYEES

For each seat to be filled, the voting procedure is that set forth by law.

The first Directors elected by employees will begin their term of office during the Board of Directors' Meeting held after publication of the full results of the first elections.

Subsequent Directors shall take up office upon expiry of the outgoing Directors' terms of office.

If, under any circumstances and for any reason whatsoever, there shall remain in office less than the statutory number of Directors before the normal end of the term of office of such Directors, vacant seats shall remain vacant until the end of the term of office and the Board shall continue to meet and take decisions validly until that date.

Elections shall be organised every three years so that a second vote may take place at the latest fifteen days before the normal end of the term of office of outgoing Directors.

For both the first and second ballot, the following deadlines should be adhered to:

- posting of the date of the election at least eight weeks before the polling date;
- posting of the lists of the electors at least six weeks before the polling date;
- registration of candidates at least five weeks before the polling date;
- posting of lists of candidates at least four weeks before the polling date;
- sending of documents required for postal voting at least three weeks before the polling date.

The candidatures or lists of candidates other than those entered by a representative trade union should be accompanied by a document including the names and signatures of the one hundred employees presenting the candidates.

Polling takes place the same day, at the work place, and during working hours. Nevertheless, the following may vote by post:

- employees not present on the day of polling;
- employees working abroad;
- employees of a department or office, or seconded to a subsidiary in France, not having a polling station, or who cannot vote in another office.

Each polling station consists of three elective members, the Chairman being the oldest one among them. The Chairman is responsible for seeing that voting operations proceed correctly.

Votes are counted in each polling station, and immediately after the closing of the polls; the report is drawn up as soon as the counting has been completed.

Results are immediately sent to the Head Office of Societe Generale, where a centralised results station will be set up with a view to drafting the summary report and announcing the results.

Methods of polling not specified by Articles L. 225-27 to L. 225-34 of the French Commercial Code or these By-laws are settled up by the General Management after consulting with the representative trade unions.

These methods may include electronic voting, whose organisation may deviate, where necessary, from the practical organisation and polling methods described herein.

III – NON-VOTING DIRECTORS

On the proposal of the Chairman, the Board of Directors may appoint one or two Non-Voting Directors.

Non-Voting Directors are convened and attend Board of Directors' meetings in a consultative capacity.

They are appointed for a period not exceeding four years and the Board can renew their terms of office or terminate them at any time.

They may be selected from among shareholders or non-shareholders, and receive an annual remuneration determined by the Board of Directors.

Article 8

The Board of Directors determines the Company's strategy and ensures its implementation. Subject to the powers expressly attributed to the General Meeting and within the scope of the corporate purpose, it considers all matters that affect the Company's operations and settles by its decisions matters that concern it.

It carries out all the controls and verifications it deems appropriate. The Chairman or Chief Executive Officer is required to furnish each director with any documents or information required to carry out their function.

Article 9

The Board of Directors elects a Chairman from among its natural person members, determines his remuneration and sets the duration of his term of office, which may not exceed that of his term of office as Director.

No member of 70 years of age or more shall be appointed Chairman. If the Chairman in office reaches the age of 70, his duties shall cease after the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

The Chairman organises and manages the work of the Board of Directors and reports on its activities to the General Meeting. He ensures that the Company's bodies operate correctly and in particular ensures that the Directors are able to fulfil their functions.

Article 10

The Board of Directors meets as often as is required by the interests of the Company, upon convocation by the Chairman, either at the registered office or in any other place indicated in the Notice of Meeting. The Board examines the items placed on the agenda.

It shall also meet when at least one-third of Board members or the Chief Executive Officer submits a request for a meeting with a specific agenda to the Chairman.

If the Chairman is unable to attend, the Board of Directors can be convened either by at least one-third of its members, or by the Chief Executive Officer or a Deputy Chief Executive Officer, provided they are members of the Board.

Unless specifically provided for, Directors are called to meetings by letter or by any other means. In any event, the Board may always deliberate validly if all its members are present or represented.

Article 11

Board meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Director designated for this purpose at the beginning of the meeting.

Each Director may give his proxy to another Director, but a Director may act as proxy for only one other Director and a proxy can only be given for one specific meeting of the Board.

In all cases, deliberations of the Board are valid only if at least half the members are present.

The Chief Executive Officer attends meetings of the Board.

One or several delegates of the Central Works Council attend Board meetings, under the conditions laid down by the legislation in force.

At the request of the Chairman of the Board of Directors, members of the General Management, the Statutory Auditors or other persons outside the Company with specific expertise relating to the items on the agenda may attend all or part of a Board meeting.

Resolutions are adopted by a majority vote of the Directors present or represented. In the event of a tie, the Chairman holds a casting vote.

A member of the Management appointed by the Chairman serves as Secretary of the Board.

Minutes are prepared and copies or extracts certified and delivered in accordance with the law.

Article 12

Members of the Board may receive Director's fees in the form of a global sum set by the General Meeting distributed by the Board among its members as it sees fit.

GENERAL MANAGEMENT

Article 13

The General Management of the Company is the responsibility of either the Chairman of the Board of Directors, or any other individual appointed by the Board of Directors to act as Chief Executive Officer.

The Board of Directors may choose between the two general management structures, and its decision is only valid if:

– the agenda with respect to this choice is sent to members at least 15 days before the date of the Board Meeting;

– at least two-thirds of Directors are present or represented.

Shareholders and third-parties shall be informed of this decision in accordance with the regulations in force.

When the Chairman of the Board of Directors assumes responsibility for the general management of the Company, the following provisions relating to the Chief Executive Officer shall be applicable to him.

The Chief Executive Officer shall be granted exhaustive powers to act on behalf of the Company in all matters. He shall exercise these powers within the scope of the Company's purpose and subject to those powers expressly assigned by law to meetings of shareholders and the Board of Directors. He shall represent the company vis-à-vis third-parties.

The Board of Directors sets the remuneration and the duration of the Chief Executive Officer's term, which may not exceed that of the dissociation of the functions of Chairman and Chief Executive Officer nor, where applicable, that of his term as Director.

No person aged 70 or more may be appointed Chief Executive Officer. If the Chief Executive Officer in office reaches 70 years of age, his functions shall end at the end of the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

On recommendation by the Chief Executive Officer, the Board of Directors can appoint up to five persons to assist the Chief Executive Officer, who shall have the title of Deputy Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to Deputy Chief Executive Officers. The Board of Directors sets their remuneration. With respect to third-parties, Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

SHAREHOLDERS' MEETING

Article 14

General Meetings are comprised of all shareholders.

The General Meeting is called and deliberates as provided for by the legislative and regulatory provisions in force.

It meets at the Company's head office or in any other place in mainland France indicated in the Notice to attend the General Meeting.

Such meetings are chaired by the Chairman of the Board or, in his absence, by a Director appointed for this purpose by the Chairman of the Board.

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

The intermediary registered on behalf of shareholders may participate in the General Meetings, as provided for by the legislative and regulatory provisions in force.

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

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

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

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

The number of votes at General Meetings to be used by one shareholder, either personally or by a proxy, may not exceed 15% of total voting rights at the date of the Meeting.

This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided that each shareholder for which they act as proxy complies with the rule stipulated in the previous paragraph.

For the purposes of applying this limit, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L. 233-7 and following of the French Commercial Code.

This limit ceases to apply when a shareholder acquires – either directly or indirectly or jointly with another shareholder – more than 50.01% of the Company's voting rights following a public offering.

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

SPECIAL MEETINGS

Article 15

When different categories of shares exist, the Special Meetings of the Shareholders of such categories of shares are convened and deliberate as provided by the applicable legislative and regulatory provisions and Article 14 herein.

AUDITORS

Article 16

The Statutory Auditors are appointed and carry out their duties according to the applicable statutory and regulatory provisions.

ANNUAL FINANCIAL STATEMENTS

Article 17

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

The Board of Directors prepares the financial statements for the year under the conditions fixed by the applicable laws and regulations.

All other documents prescribed by the applicable laws and regulations are also drawn up.

Article 18

The results for the year are determined in accordance with the applicable legislative and regulatory provisions.

At least 5% of the profits for the year, less any previous losses, must be set aside to form a reserve fund required by law until the said fund reaches 10% of the capital.

The net income available after this deduction, increased by any net income brought forward, constitutes the profits available for distribution, to be successively allocated to ordinary, extraordinary or special reserves or to be carried forward in those amounts which the General Meeting may deem useful, upon the recommendation of the Board of Directors.

The balance is then allocated to the shareholders in proportion of their participation in the share capital.

The General Meeting may also resolve to distribute amounts from available reserves.

The General Meeting approving the annual financial statements may, with regard to all or part of the dividend or interim dividend, grant each shareholder the option of choosing between payment of the dividend or interim dividend in cash or in shares in accordance with the conditions fixed by the laws in force. Shareholders who exercise this option must do so for all of the dividends or interim dividends attached to their shares.

Except in cases of a reduction in capital, no distribution may be made to shareholders if the shareholders' equity of the Company is or may subsequently become less than the minimum capital and the reserves that may not be distributed by law or under the Company's By-laws.

FORUM SELECTION CLAUSE

Article 19

Any dispute arising during the life of the Company or during its liquidation, between the Company and its shareholders or among the Shareholders themselves, related to Company matters, shall be brought solely before the courts with jurisdiction over the Company's registered office.

DISSOLUTION

Article 20

In the event that Societe Generale is wound up and unless otherwise provided for by Law, the General Meeting determines the method of liquidation, appoints the liquidators on the proposal of the Board of Directors and continues to exercise its assigned powers during the said liquidation until completion thereof.

The net assets remaining after repayment of the nominal value of the shares are distributed among the shareholders, in proportion to their share of the capital.

INTERNAL RULES OF THE BOARD OF DIRECTORS*

(Updated on April 13, 2012)

Preamble

Societe Generale applies the April 2010 AFEP-MEDEF Corporate Governance Code for listed companies. The Board's organisation and operating procedures are defined in these Internal Rules.

These Internal Rules are included in the Company's Registration Document.

Article 1: Powers

The Board shall deliberate on any issue that falls within the scope of the powers ascribed to it by law or by regulations.

Moreover, the Board:

a) approves the Group's strategy and reviews it at least once a year;

b) approves all strategic investments and transactions, notably acquisitions or disposals, liable to have a material impact on the Group's earnings, its balance sheet structure or its risk profile.

This prior approval process concerns:

- organic growth operations where these represent a unit amount in excess of EUR 250 million and have not already been approved within the framework of the annual budget or the strategic plan;
- acquisitions for a unit amount exceeding 3% of the Group's consolidated shareholders' equity or 1.50% of consolidated shareholders' equity where acquisitions do not comply with the development priorities approved in the strategic plan;
- disposals for a unit amount exceeding 1.50% of the Group's consolidated shareholders' equity;
- partnerships involving a cash payment exceeding 1.50% of the Group's consolidated shareholders' equity;
- transactions that would result in a substantial deterioration of the Group's risk profile.

If, for reasons of urgency, it is impossible to convene a meeting of the Board to deliberate on a transaction that falls within the aforementioned categories, the Chairman shall do his utmost to obtain the opinion of all the Directors before taking a decision. He shall keep the Vice-Chairman informed thereof.

The Chairman assesses the appropriateness of convening the Board to deliberate on a transaction that does not fall within the aforementioned categories on a case-by-case basis.

During each Board meeting, the Chairman shall report on the transactions concluded since the previous meeting, as well as on the main projects in progress that are liable to be concluded before the next Board meeting.

c) deliberates on modifications to the Group's management structures prior to their implementation and is informed of the principal changes to its organisation;

d) notably ensures the adequacy of the Group's risk management infrastructures, monitors the global risk exposure of its activities and approves the risk budgets for market and credit risk. At least once a year, it examines the main aspects of, and major changes to, the Group's risk management strategy;

e) deliberates at least once a year on its operation and that of its Committees, and on the conclusions of their periodic evaluation;

f) sets the compensation of the Chief Executive Officers, particularly their basic fixed salaries, performance-linked pay and benefits in kind, as well as stock option or performance share allocations and post-employment benefits;

g) establishes the remuneration policy rules applicable within the Group, particularly those regarding employees whose activities have a significant impact on the Group's risk profile, and ensures that the internal control systems effectively verify the rules' compliance with the regulations and professional standards and are suitable for meeting risk management objectives;

h) deliberates once a year on the Company's policy regarding professional and wage equality between male and female employees;

* This document does not form part of Societe Generale's By-laws. It is not enforceable against third-parties. It may not be cited by third-parties or shareholders as evidence against Societe Generale.

i) approves the "Corporate Governance" chapter of the Registration Document, which notably includes the Report of the Chairman on Corporate Governance and Internal Control and Risk Management Procedures and the activity report of the Board, the Committees and the Vice-Chairman, the presentation of the Board of Directors and the General Management and the policy followed for the remuneration of Chief Executive Officers and employees, as well as stock option subscription or purchase plans and share award plans;

j) ensures the accuracy and sincerity of the parent company and consolidated financial statements and the quality of the information communicated to shareholders and the market.

Article 2: The Chairman and Vice-Chairman of the Board of Directors

a) The Chairman calls and chairs the Board of Directors' meetings. He sets the timetable and the agenda of Board meetings. He organises and manages the work of the Board of Directors and reports on its activities to the General Meeting. He chairs the General Meetings of Shareholders.

The Chairman ensures that the Company's bodies, including the Board Committees, operate correctly and consistently with the best principles of corporate governance. He may request the opinion of the Committees on specific questions. He produces the report on the organisation of the Board's work and on internal control and risk management procedures.

He ensures that the Directors are in a position to fulfill their duties and that they are provided with the appropriate information.

He speaks alone in the Board's name, barring exceptional circumstances or specific assignments entrusted to another Director.

As the Chief Executive Officer, he proposes and implements the Company's strategy, within the limits defined by French Law and in compliance with the Company's corporate governance rules and the strategies determined by the Board of Directors.

b) The Board of Directors may appoint a Vice-Chairman to assist the Chairman in his tasks, particularly the organisation and correct operation of the Board and its Committees, and the supervision of corporate governance, internal control and risk management.

Consequently the Vice-Chairman chairs the Audit, Internal Control and Risk Committee and is a member of the Nomination and Corporate Governance and the Compensation Committees. He may question the members of the Group Executive Committee and the managers responsible for drawing up financial statements, internal control, risk management, compliance and internal audits, and more generally the Group's management executives and Statutory Auditors. He is provided with the information and documents he deems necessary to accomplish his assignments.

At least once a year he holds a meeting with the Directors who are not employees of the Group, from which the Chairman and Chief Executive Officer is excluded, notably to evaluate the Chief Executive Officers.

In agreement with the Chairman and Chief Executive Officer, he may represent the Company during meetings with third-parties about corporate governance, internal control and risk management.

Article 3: Meetings

The Board shall meet at least six times a year.

The Directors participating in the Board meeting via videoconferencing or any other means of telecommunications that allows their identification and active participation, shall be considered present for the calculation of the quorum and majority. To this end, the means chosen must transmit at least the voice of the participating members and comply with specifications that permit continuous and simultaneous transmission of the debates.

This provision is not valid where the Board has been convened to establish and approve the parent company and consolidated financial statements and the Management Report.

Notices to attend Board meetings issued by the Secretary of the Board or the Corporate Secretary may be sent by letter, fax or electronic mail, or by any other means, including verbally.

On the decision of the Chairman, the Deputy Chief Executive Officers or other Group management executives or, where relevant, people who are not members of the Board and are able to contribute usefully to discussions, may attend all or part of meetings of the Board of Directors.

Article 4: Information provided to the Board of Directors

Each Director shall receive all the documents and information necessary for him to accomplish his mission.

Prior to the Board and Committee meetings, a file containing agenda items requiring special analysis and prior reflection, will be made available or posted online in a timely manner whenever confidentiality rules allow.

Moreover, between meetings, the Directors shall receive any relevant information, including any critical reviews, about significant events or transactions concerning the Company. In particular, they shall receive copies of press releases issued by the Company.

At least once a year, the Board is informed of and regularly discusses Group policy with respect to human resources, information systems and organisation.

Article 5: Training of Directors

Each Director may benefit, either at the time of his appointment or during the term of his mandate, from any training that he deems necessary for the exercise of his duties.

This training shall be organised and proposed by the Company, which shall bear its cost.

Article 6: The Board's Committees

In certain areas, the Board's resolutions are prepared by specialised Committees composed of Directors appointed by the Board, who examine the issues within their competencies and submit their opinions and proposals to the Board.

These Committees shall act under the responsibility of the Board.

The Committees may, in the course of their respective duties, request the communication of any relevant information, hear reports from the Group's Chief Executive Officers and senior managers and, after informing the Chairman, request that external technical studies be conducted, at the expense of the Company. The Committees shall subsequently report on the information obtained and the opinions collected.

There are three permanent Committees:

– the Audit, Internal Control and Risk Committee;

– the Compensation Committee;

– the Nomination and Corporate Governance Committee.

The Board may create one or more "ad hoc" Committees.

The Audit, Internal Control and Risk Committee shall be chaired by the Vice-Chairman or, in his absence, by a Chairman appointed by the Board of Directors based on a proposal made by the Nomination and Corporate Governance Committee.

The Compensation Committee and the Nomination and Corporate Governance Committee shall be chaired by a Chairman appointed by the Board of Directors based on a proposal made by the Nomination and Corporate Governance Committee.

The secretarial functions for each Committee shall be the responsibility of a person appointed by the Chairman of the Committee.

The Chairman of each Committee shall report to the Board on the Committee's work. A written report of the Committee's activities shall be regularly sent to the Board.

Each Committee shall present the Board with its annual work program.

Article 7: The Compensation Committee

The Compensation Committee:

a) proposes to the Board, in accordance with the guidelines given by the AFEP-MEDEF Corporate Governance Code and with the professional standards, the policy governing the remuneration of the Chief Executive Officers and Directors, and particularly the determination criteria, structure and amount of this remuneration, including allowances and benefits in kind, personal protection insurance or pension benefits, as well as any compensation received from Group companies, and ensures that the policy is properly applied;

b) prepares the annual performance appraisal of the Chief Executive Officers;

c) submits a proposal to the Board of Directors for the performance share and stock option award policy and formulates an opinion on the list of beneficiaries;

d) prepares the decisions of the Board relating to the employee savings plan;

e) examines each year and gives the Board of Directors its opinion on the General Management's proposals for the remuneration policy principles applicable within the Group, the policy for the compensation of employees referred to by regulation No. 97-02 on internal control, particularly employees whose activities have a significant impact on the Group's risk profile, and makes sure with the General Management that the policy is being implemented. It also ensures that the General Management and Risk Management and Compliance do in fact cooperate in the definition and application of this policy, as required by professional standards, and that due consideration is given to the opinions of Risk Management and Compliance;

f) checks that the report made to it by the General Management complies with regulation No. 97-02 and is consistent with the applicable professional standards. It receives all the information necessary for it to complete its mission and particularly the annual report sent to the French Prudential Control Authority (Autorité de Contrôle Prudentiel) and compensation for individual amounts above a threshold that it determines. It shall call on the internal audit departments or outside experts where necessary. It reports to the Board on its activities. It may perform the same tasks for the Group companies monitored by the French Prudential Control Authority (Autorité de Contrôle Prudentiel) on a consolidated or sub-consolidated basis;

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

It is made up of at least three Directors, who may not be Chief Executive Officers of the Company, nor linked to the Company or one of its subsidiaries by an employment contract. At least two-thirds of its members shall be independent according to the definition given in the AFEP-MEDEF Corporate Governance Code and have the expertise to analyse the remuneration policies and practices according to all the relevant criteria, including the Group risk policy.

Article 8: The Nomination and Corporate Governance Committee

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

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

It may propose the appointment of a Vice-Chairman.

The Committee carries out preparatory work for the examination by the Board of Directors of corporate governance issues. It is responsible for the evaluation of the Board of Directors' performance, which is carried out each year.

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

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

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

It is made up of at least three Directors, who may not be Chief Executive Officers of the Company, nor linked to the Company or one of its subsidiaries by an employment contract. At least two-thirds of its members shall be independent according to the definition given in the AFEP-MEDEF Corporate Governance Code and have the expertise to analyse the nomination, corporate governance policies and practices according to all the relevant criteria.

Article 9: The Audit, Internal Control and Risk Committee

This Committee's mission is to monitor issues concerning the production and control of accounting and financial information, and to monitor the efficiency of the internal control and risk assessment, monitoring and management systems.

It is particularly in charge of:

– ensuring monitoring of the process for drawing up financial information, particularly examining the quality and reliability of the systems in place and making suggestions for their improvement, and verifying that corrective actions have been implemented if faults are found in the procedure;

– analysing the draft financial statements to be submitted to the Board in order, in particular, to verify the clarity of the information provided and to offer an assessment of the relevance and consistency of the accounting methods used to draw up parent company and consolidated financial statements;

– ensuring the independence of Statutory Auditors, in particular by reviewing the breakdown of the fees paid by the Group to them as well as to the network to which they may belong and through prior approval of all assignments that do not fall within the strict framework of a statutory audit of accounts, but which may be the consequence of, or a supplement to, the same, all other assignments being prohibited; implementing the procedure for selecting the Statutory Auditors and submitting an opinion to the Board of Directors concerning the appointment or renewal of such as well as their remuneration;

– examining the work program of the Statutory Auditors and more generally ensuring the supervision of account monitoring by the Statutory Auditors;

– offering an assessment of the quality of internal control, in particular the consistency of risk assessment, monitoring and management systems, and proposing additional actions where appropriate. To this end, the Committee is responsible primarily for:
  - reviewing the Group's internal audit program and the Annual Report on Internal Control drawn up in accordance with banking regulations, as well as formulating an opinion on the organisation and operation of the internal control departments;
  - reviewing the follow-up letters sent by the French Banking Commission (Commission bancaire) and issuing an opinion on draft responses to these letters;
  - examining the market risk and structural interest rate risk control procedures and being consulted about setting risk limits;

- formulating an opinion on the Group's global provisioning policy, as well as on specific provisions relating to large sums;
- examining the annual risk assessment and control procedures report drawn up in accordance with the French banking regulations;
- reviewing the policy concerning risk management and off-balance sheet commitment monitoring, in particular in the light of memoranda drafted to this end by the Finance Division, the Risk Division and the Statutory Auditors.

Aside from the persons referred to in Article 6, the Committee may interview, under conditions it shall establish, the Statutory Auditors and the managers in charge of drawing up financial statements, internal control, risk management, compliance and internal audits. The Statutory Auditors shall be invited to the meetings of the Audit, Internal Control and Risk Committee unless the Committee decides otherwise.

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

The Audit, Internal Control and Risk Committee shall consist of at least three Directors appointed by the Board of Directors, who have appropriate financial, accounting, auditing, internal control or risk management expertise. They may not be Chief Executive Officers of the Company, nor linked to the Company or one of its subsidiaries by an employment contract, nor members of the Compensation Committee, except for the Vice-Chairman. At least two-thirds of its members shall be independent according to the definition given in the AFEP-MEDEF Corporate Governance Code. At least one of the independent members must have specific accounting and financial expertise.

Article 10: Conflicts of interest

Any Director faced with a conflict of interest, or even a potential conflict of interest, especially when it concerns his role within another company, should inform the Board and abstain from voting on the corresponding resolution.

The Chairman may also request that he does not participate in the deliberating process.

Article 11: Directors' attendance fees

The global amount of the attendance fee is set at the General Meeting.

The Chairman and Chief Executive Officer does not receive any attendance fees.

The global amount of the attendance fee is divided into two parts: one fixed part equal to one-third of the global amount and one variable part equal to two-thirds.

The Vice-Chairman receives 35% of the fixed part of the annual attendance fee as a special attendance fee, calculated pro-rata to the duration of his mandate over the period.

After allocation of the Vice-Chairman's share, the fixed part of the attendance fee allocated to the other Directors, calculated pro-rata to the duration of their mandate over the period, is split as follows:

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

The variable part of the attendance fee is shared between the Directors at the end of the year according to the number of Board meetings or working meetings of the Board and Committee meetings that they have attended. However, meetings of the Compensation Committee and the Nomination and Corporate Governance Committee held on the same day are taken into account as one unit for those who are members of both Committees.

The compensation paid to the Non-Voting Directors for their participation in Board meetings is equal to the attendance fee paid to Directors who are not members of a Committee, according to the terms defined above.

Article 12: Reimbursement of expenses

Directors' and Non-Voting Directors' travel, accommodation, meals and assignment-related expenses linked to Board or Committee meetings, the General Meeting of Shareholders or any other meetings associated with the duties of the Board or Committees, are paid for or reimbursed by Societe Generale, upon submission of receipts.

The Company pays for the Vice-Chairman's office, secretariat and communication expenses in relation with his duties.

The Secretary of the Board of Directors receives and checks these receipts and ensures that the amounts due are paid for by the Company or reimbursed.

Article 13: Confidentiality

Each Director or Non-Voting Director should consider himself bound by professional secrecy with regard to confidential information received in his capacity as Director or Non-Voting Director, and with regard to the opinions expressed by each Board member.

DIRECTOR'S CHARTER*

(Updated on April 19, 2011)

Article 1: Representation

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

Article 2: Mission

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

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

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

Article 3: Knowledge of rights and obligations

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

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

Article 4: Shares held in a personal capacity

Each Director, appointed by the General Meeting (in his or her own name or as a permanent representative of a legal entity) must hold at least 1,000 shares or the equivalent. Each Director within a six month time-frame must hold the 600 shares provided for by the by-laws and must increase his or her stake to 1,000 shares within the following six months. Directors in function on April 19, 2011 must hold 1,000 shares by October 19, 2011 at the latest.

Each Director shall refrain from hedging his or her shares.

Article 5: Insider trading rules

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

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

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

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

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

* This document does not form part of Societe Generale's By-laws. It is not enforceable against third-parties. It may not be cited by third-parties or shareholders as evidence against Societe Generale.

(1) Here the term shares is taken to mean, on the one hand, securities giving the buyer the right, however this right may be exercised, to buy or sell Societe Generale shares or to receive a sum calculated by referral to the current share price upon exercising this right; and on the other hand, assets composed primarily of Societe Generale shares or related securities (e.g. units in the E-Fund (Societe Generale's Employee share ownership plan).

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

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

Article 6: Transparency

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

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

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

Article 7: Conflicts of interest – Statement

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

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

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

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

Article 8: Regular attendance

Each Director or Non-Voting Director shall dedicate the time needed to fulfill his duties. He or she shall respect the principles laid down by the AFEP-MEDEF Corporate Governance Code and the French commercial code as regards multiple mandates.

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

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

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

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

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

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PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr. Frédéric Oudéa

Chairman and Chief Executive Officer of Societe Generale.

STATEMENT OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

I hereby declare, after taking all reasonable measures for this purpose and to the best of my knowledge, that the information contained in this Registration Document is in accordance with the facts and that it makes no omission likely to affect its meaning.

I certify, to the best of my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and are a fair reflection of the assets, liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation scope, and that the Management Report (the cross-reference table of the annual financial statement in Chapter 13 indicates the contents of said report) presents a fair view of the Company's business, performance and financial position and that of all the undertakings included in the consolidation scope, as well as a description of the main risks and uncertainties to which they are exposed.

I have received a completion letter from the Statutory Auditors stating that they have audited the information contained in this Registration Document about the Company's financial position and accounts and that they have read this document in its entirety.

The historical financial data presented in this Registration Document has been discussed in the Statutory Auditors' reports found on pages 385 to 386 and 446 to 447 herein and those enclosed for reference for the financial years 2010 and 2011, found respectively on pages 343 to 344 and 416 to 417 of the 2011 Registration Document and on pages 363 to 364 and 426 to 427 of the 2012 Registration Document. The Statutory Auditors' reports on the 2012 and 2010 parent company financial statements contain observations.

Paris, March 4, 2013

Chairman and Chief Executive Officer
Frédéric Oudéa

PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

STATUTORY AUDITORS

Name: Société Ernst & Young et Autres
represented by Ms. Isabelle Santenac

Address: 1-2, place des Saisons
92400 Courbevoie – Paris-La Défense 1

Date of appointment: May 22, 2012

Term of office: six financial years

End of current term of office: at the close of the Ordinary General Meeting which will approve the financial statements for the year ended December 31, 2017.

Name: Société Deloitte et Associés
represented by Mr. Jean-Marc Mickeler

Address: 185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine cedex

Date of first appointment: April 18, 2003

Date of renewal: May 22, 2012

Term of office: six financial years

End of current term of office: at the close of the Ordinary General Meeting which will approve the financial statements for the year ended December 31, 2017.

SUBSTITUTE STATUTORY AUDITORS

Name: Société Picarle et Associés

Address: 1-2, place des Saisons
92400 Courbevoie – Paris-La Défense 1

Date of appointment: May 22, 2012

Term of office: six financial years

Name: Société BEAS

Address: 7-9 Villa Houssay
92200 Neuilly-sur-Seine

Date of nomination: May 22, 2012

Term of office: six financial years

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In accordance with the requirements of Article 28 of EC regulation No. 809/2004 dated April 29, 2004, the following elements are enclosed for reference purposes:

- The parent company and consolidated financial statements for the year ended December 31, 2011, the related Statutory Auditors' report and the Group Management Report presented respectively on pages 365 to 425 and 246 to 362, pages 426 to 427 and 363 to 364 and pages 37 to 74 of the Registration Document D.12-0125 submitted to the AMF on March 2, 2012;
- The parent company and consolidated financial statements for the year ended December 31, 2010, the related Statutory Auditors' report and the Group Management Report presented respectively on pages 345 to 415, pages 223 to 342, pages 416 to 417 and 343 to 344 and pages 35 to 70 of the Registration Document D.11-0096 submitted to the AMF on March 4, 2011;

The chapters of the Registration Documents D.12-0125 and D.11-0096 not mentioned above do not apply to investors or are covered in another part of the present document.

ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE

In application of Article 222-3 of the AMF's General Regulations, the annual financial report referred to in paragraph 1 of Article 451-1-2 of the French Monetary and Financial Code contains the information described in the following pages of the Registration Document:

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INVESTOR RELATIONS AND FINANCIAL INFORMATION

Tel: 33 (0) 1 42 14 47 72

investor.relations@socgen.com

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