Registration Document

according to section 12 (1) German Securities Prospectus Act
(*Wertpapierprospektgesetz*) in connection with
Art. 14 and Annex XI Commission Regulation (EC)
No. 809/2004 of April 29, 2004

of

Société Générale

dated

May 5, 2008

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I. RISK FACTORS RELATED TO SOCIÉTÉ GÉNÉRALE

The material risks incurred on banking activities are the following:

- **credit risks** (including country risk): risk of loss arising from the inability of the bank's customers, sovereign issuers or other counterparties to meet their financial commitments;
- **market risks:** risk of loss resulting from changes in market prices and interest rates, in correlations between these elements and their volatility;
- **structural risks:** risk of loss or of residual depreciation in the bank's balance sheet arising from variations in interest or exchange rates;
- **liquidity risk:** risk of the Group not being able to meet its commitments at their maturities;
- **operational risks (including legal, compliance, accounting, environmental and reputation risks):** risk of loss or fraud or of producing incorrect financial and accounting data due to inadequacies or failures in procedures and internal systems, human error or external events.

II. RESPONSIBILITY FOR THE INFORMATION GIVEN IN THIS REGISTRATION DOCUMENT

Société Générale, having its registered seat at 29, boulevard Haussmann, F-75009 Paris, assumes, within the meaning of Section 5(4) German Securities Prospectus Act, responsibility for the information provided in this Registration Document and declares that, to the best of its knowledge, the information contained in this Registration Document is in accordance with the facts and the Registration Document makes no omission likely to affect its import, and that it has taken all reasonable care to ensure that the information contained in this Registration Document is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.

III. ADDITIONAL INFORMATION

1. Legal Name and Group

The legal name of the company is Société Générale Société Générale is a limited liability corporation (*société anonyme*) under French law. Société Générale is the parent company of Société Générale group ("**Société Générale Group**" or the "**Group**").

2. Membership of the Statutory Auditors in a Professional Body

The statutory auditors are members of the "Compagnie Régionale des Commissaires aux Comptes de Versailles".

3. Business Address of the Members of the Administrative, Management and Supervisory Bodies of Société Générale

Except from the plans in regard of the dissociation of the functions of Chairman and Chief Executive officer (see the Société Générale Press Release dated 17 April 2008, page 533), the information about the administrative, management and supervisory bodies of Société Générale on pages 64 to 74 has not changed until the date of this Registration Document. The members of Société Générale's Board of Directors can be reached under the address of its head office, at 29, boulevard Haussmann, F-75009 Paris.

4. Basis of Statements Regarding the Competitive Position of Société Générale Group

Any statements in this Registration Document relating to the competitive position of Société Générale Group are based on the own opinion of Société Générale.

5. Legal and Arbitration Proceedings

Other than described on pages 155 to 157, during the twelve months preceding the date of this of this Registration Document, Société Générale Group has not been engaged in governmental, legal or arbitration proceedings that might have or have had a significant effect on the financial position or profitability of Société Générale Group, and, so far as Société Générale is aware, no such proceedings are pending or have been threatened.

6. Documents on Display

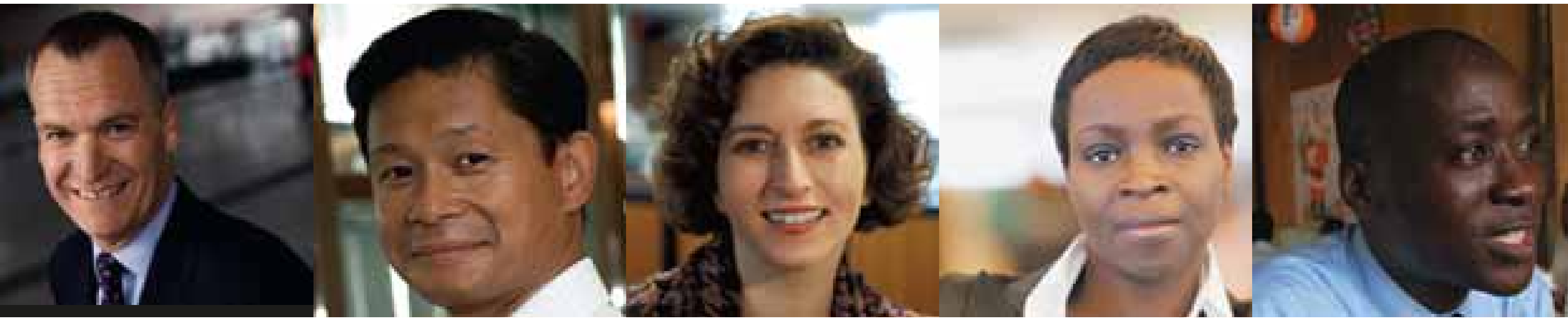
During the validity of this Registration Document, the documents mentioned on page 338 of this Registration Document are available for inspection at Société Générale's administrative offices at Tour Societe Generale, 17, cours Valmy, F-92972 Paris – La-Défense cedex, France or on Société Générale Group's website www.socgen.com.

7. Financial Information, Prospects, Financial and Trading Position

The financial information on pages 162 to 264, 269 to 329, 361 to 454 and 457 to 509 of this Registration Document has been audited (auditors: see pages 267, 331, 355, 456, 511; audit reports: see pages 266, 267, 330, 331, 455, 456, 510 and 511). Save as disclosed in this Registration Document, there has been no material adverse change in the prospects of Société Générale and its consolidated subsidiaries (taken as a whole) since its last respective audited financial statements dated 31 December 2007. Save as disclosed in this Registration Document, there has been no significant change in the financial or trading position of Société Générale and its consolidated subsidiaries (taken as a whole) since its last respective audited financial statements dated 31 December 2007.

IV. REGISTRATION DOCUMENT 2008 OF SOCIÉTÉ GÉNÉRALE

The following pages contain the 2008 Registration Document of Société Générale ("**2008 Registration Document**"), which constitutes a registration document pursuant to Article 5 (3) of Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003 (Prospectus Directive), as it was filed with the French Securities Regulator, AMF (*Autorité des Marchés Financiers*) on March 3, 2008 in accordance with Art. 212-13 of the General Regulation of the AMF.



2008 Registration document

SOCIETE GENERALE

Retail Banking & Financial Services ■ Global Management & Services ■ Corporate & Investment Banking

2008 REGISTRATION DOCUMENT

SOCIETE GENERALE

AMF

This original document was filed with the AMF (French Securities Regulator) on March 3, 2008, in accordance with article 212-13 of the General Regulation of the AMF. As such, it may be used to support a financial transaction if accompanied by a prospectus duly approved by the AMF.

This registration document is available online at **www.socgen.com**

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

1 HISTORY AND PROFILE OF SOCIETE GENERALE

HISTORY

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

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

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

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

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

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

Wholly owned by the French State after its second nationalization in 1982, the Bank was returned to the private sector in July 1987.

In 1997, with the purchase of Crédit du Nord, Societe Generale acquired a network of regional banks that would enable it to step up its retail banking activities in France.

Since that time, the Group has expanded considerably, developing its international presence via acquisitions in its different businesses, and absorbing Sogénal in 2001.

Today, Societe Generale Group is present in 82 countries around the world. Its largest overseas entities in terms of their payroll are in the United States, the Czech Republic, Egypt and Brazil as well as in Russia where the bank has taken up a purchase option on Rosbank.

PROFILE OF SOCIETE GENERALE

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

Societe Generale is one of the leading financial services groups in Europe, operating in 82 countries and employing close to 135,000 staff from 119 different nationalities. The Group is organized around five core businesses: French Networks, International Retail Banking, Financial Services, Global Investment Management & Services, Corporate & Investment Banking.

On February 29, 2008, Societe Generale's long-term rating was Aa2 at Moody's and AA- at Fitch and Standard & Poor's.

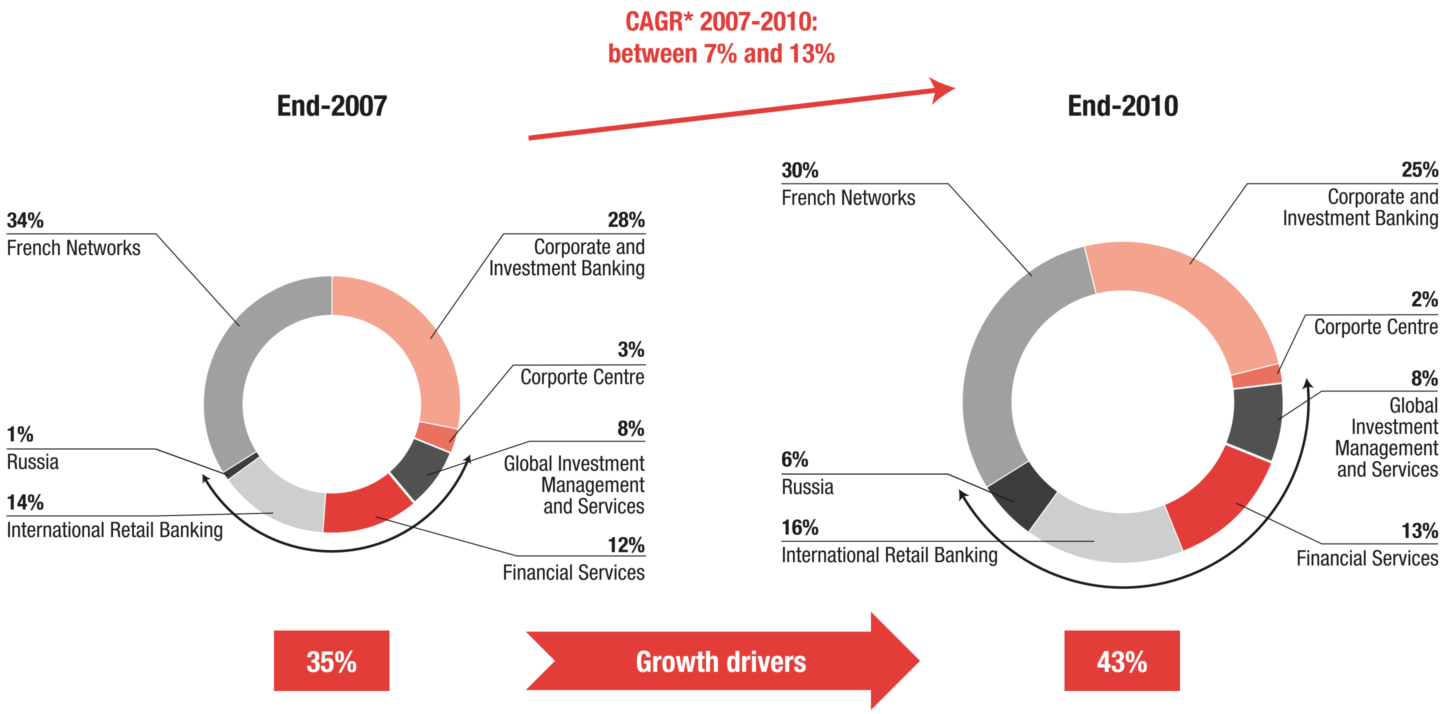
2 GROUP STRATEGY AND BUSINESSES

A PROFITABLE AND BALANCED GROWTH STRATEGY

After a difficult year in 2007, the Group intends to pursue the readjustment of its business portfolio over the coming years, through both organic growth and targeted acquisitions, and step up development in business and markets with high potential.

By the end of 2010, the share of International Retail Banking, Financial Services and Global Investment Management and Services and Russia in the Group's total risk-weighted assets should reach 43% compared to 35% at the end of 2007.

BREAKDOWN OF GROUP RISK-WEIGHED ASSETS (BASEL I)



* *Compound annual growth rate.*

This expansion strategy will be based on the strong ability to generate capital as a result of the Group's strong positions in Retail Banking in France and Corporate and Investment Banking. The Group also intends to boost the revenue synergies between the businesses and continue to improve its operating efficiency, with the implementation of a specific plan initiated in June 2007. This plan should improve operating income by at least EUR 1 billion by 2010.

In the case of **Corporate and Investment Banking,** which had to absorb the impact of an exceptional fraud uncovered in its market activities in January 2008 (cf. Chapter 4 – Group Management Report), the first half of 2008 is expected to be a transitional period, marked by the strengthening of control procedures in a market environment that will probably remain difficult. As a result, there is likely to be a deliberate reduction in stress-test limits and volumes in arbitrage activities, with a gradual pick-up as from Q3 2008, depending on market conditions. Client-driven activity will continue to expand through an enhanced product offering, the extension of the client base (hedge funds, financial institutions) and wider geographical coverage (Asia, Gulf countries, Russia). The expansion of the financing businesses will continue, especially in strong growth areas (commodities, infrastructures), with active management of the portfolio of activities. The exploitation of revenue synergies between businesses will continue, with priority given, amongst others, to cooperation with the international retail banking network and cross-selling between interest rate and foreign exchange derivatives and financing. Corporate and Investment Banking has a target of average annual revenue growth of between 5% and 10% over the period 2006-2010, enabling it to achieve net banking income of around EUR 9 billion in 2010, a C/I ratio of around 62% in 2009 and 60% in 2010, and a ROE after tax of around 30% (assuming a cost of risk of 40 bp) in 2009 and higher in 2010. In 2008, after a transitional first half and in a difficult market environment, ROE after tax is expected to be around 20% (+/-2 percentage points).

For the French Networks, favorable positioning, (high market share in the most profitable regions, strong penetration levels by Crédit du Nord in the professional customer market), the deliberate targeting of mass affluent clients and closer cooperation with Corporate and Investment Banking should further promote dynamic growth. The Group plans to continue its active policy of opening branches and increasing sales by the Internet. The aim is to achieve annual NBI growth that is at least equal to France's nominal GDP and a C/I ratio of below 63% by 2010.

International Retail Banking will pursue a strategy of ambitious organic growth in countries where the Group is already present (notably Egypt, Romania, the Czech Republic, Morocco). Following the decision to exercise the purchase option on Rosbank, the business will place an emphasis on development in Russia. It will also continue to reinforce its presence in the Mediterranean Basin. Synergies between the businesses will be strengthened and the tool and process harmonization policy will continue. The target for 2010 is that retail activities in Russia contribute 28% of International Retail Banking's net banking income, taking the share for Central and Eastern Europe to 51% (68% in 2007), the Mediterranean Basin to 12% (18% in 2007), Sub-Saharan Africa and the Overseas Territories to 9% (14% in 2007).

Specialized Financial Services will continue its expansion in countries with strong potential, in particular emerging countries, by drawing on the robust and durable base built up in France, Germany and Italy, and prudent risk management using the Group's scoring tools. In 2010, over half of the Consumer Credit business' NBI is expected to be generated in emerging countries (14% in Russia, 14% in Brazil, 9% in Poland) compared with 18% in France, 16% in Italy and 9% in Germany. Business Finance and Services will also expand aggressively internationally, while continuing to capitalize on their leadership positions in Europe. Insurance will also continue to pursue its expansion in France and abroad, with a deliberate strategy of cross-selling involving International Retail Banking and Consumer Credit.

With regard to **Global Investment Management and Services,** the creation of Newedge, effective on January 2, 2008, has produced a leading global player in listed derivatives broking. The aim of its development plan is to achieve gross operating income of at least EUR 400 million in 2010. The custody activities are aiming to participate in the consolidation movement under way in Europe and develop the business in emerging countries in conjunction with International Retail Banking, with a view to making a contribution of around EUR 180 million to Group net income in 2010. Meanwhile, Boursorama aims to replicate the online banking model that it has successfully developed in France, abroad (primarily a partnership project with La Caixa in Spain). Private Banking, which enjoys a strong presence in Europe and Asia, intends to continue its rapid expansion through targeted acquisitions and the extension of its presence in countries with strong potential, notably India and Russia. The ambition for 2010 is to achieve EUR 115 billion of assets under management, with a doubling of gross operating income vs. 2006. After 2007, which was marked by a more difficult environment, Asset Management intends to pursue its expansion in Asia (China, India and Korea), increase its inflow through the Group's networks in France and abroad, and boost cross-selling between its management and distribution platforms.

Lastly, following the recruitment of a head of Group resources at the end of 2006, an operating efficiency plan was launched in June 2007. This plan aims to reinforce the industrialization of the Group's processes, develop mutualization initiatives and optimize the cost of Group resources. The plan contains both measures specific to each of the Group's divisions and functional departments (55% of the improvement expected in operating income by 2010), and cross-functional mutualization initiatives (45% of the improvement expected in operating income by 2010).

Overall, the Group aims to achieve a C/I ratio of between 60% and 62% and a ROE after tax of between 19% and 20% in 2009, while targeting a Tier One ratio (Basel I) of 8.0% at end-2008, reduced gradually to 7.5% at end-2010. The aim of a dividend payout ratio of 45% of Group net income is confirmed over the period 2008-2010.

THE GROUP'S CORE BUSINESSES

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

This organizational structure was put in place in 2007 to take account of the strong growth in the Group's core businesses in recent years, particularly in retail banking. As a result, given the size of International Retail Banking and Specialized Financial Services in particular, and to enable them to prepare for the future in light of their own growth, these businesses which until then were grouped together in a single division (retail banking activities), were split into 3 separate entities: French Networks, International Retail Banking, and Financial Services.

French Networks

The Societe Generale and Crédit du Nord retail networks (along with six regional banks) cater to over 9 million individual customers and several hundred thousand businesses and professionals, offering a comprehensive range of financial products and services via a high performance, multi-channel platform. The two networks, which complement each other in terms of their positioning, together operate 2,997 local branches across France (including 71 opened in 2007), situated primarily in urban areas concentrating a high proportion of the nation's wealth. This strategic positioning and the skills and commitment of their 40,000 staff have enabled the French Networks to consistently increase their market share over the past seven years.

Average outstanding sight deposits have continued to grow (+6.4% vs. 2006) to stand at EUR 41.5 billion, while outstandings on regulated savings (excluding PEL housing savings accounts) grew 6.5% vs. 2006. The outflow of funds from older generations of PEL accounts, following the taxation of interest on plans that are more than 12 years old since the beginning of 2006, has continued. This has led to a 13.2% decline in average PEL outstandings vs. 2006. However, the comprehensive and innovative offering of the Societe Generale and Crédit du Nord networks has resulted in most of these funds being channeled into life insurance products whose average outstandings (expressed as mathematical reserves) were up 12.0% on 2006 at EUR 64.6 billion.

Average outstanding loans amounted to EUR 131.2 billion, up 11.6% vs. 2006, including EUR 69.6 billion in the individual customer segment (+11.1%). New housing loans totaled EUR 16.3 billion in 2007, down 6.2% vs. 2006, reflecting the French Networks targeted approach to the different customer segments in a competitive environment. However, average outstanding housing loans peaked at EUR 60.1 billion, up 13.0% vs. 2006. The French housing loan market is basically a low risk market. For the French Networks, it has a very high proportion of fixed-rate loans (more than 80% of the outstanding as at December 31, 2007) and approval criteria based on borrowers' ability to repay the loan. Lastly, average outstanding loans in the business segment increased 11.8% to EUR 58.4 billion, driven by the rise in investment loans.

Societe Generale Network

The cash management business, previously incorporated in Financial Services, has been part of the Societe Generale network since 2007. The Societe Generale network saw a further increase in activity in 2007, driven by the dynamic sales performance and professionalism of its 31,000 employees and the quality of its distribution platform. With a network of 2,241 branches at December 31, 2007 (+53 branches vs. end-2006), an efficient direct banking system and ongoing investment in the training of its teams, the Societe Generale network has further improved the quality of its customer services and once again expanded its customer bases, both individual and business.

Accordingly, the number of personal current accounts increased 2.2% in 2007 to 5.2 million. As regards long-term savings products, life insurance policies taken out with the Societe Generale network amounted to a high EUR 7.9 billion, 30% of which were unit-linked policies. This inflow was 6.7% lower than in 2006, an exceptional year that benefited from changes in the taxation of older generation PEL plans. The bank's UCITS offering continues to enjoy recognition: notably as a result of the successes of previous years, the Murano Garanti and Murano Plus ranges have been enhanced. They offer subscribers the opportunity to diversify their savings in the financial markets through advantageous PEA share savings plans and life insurance schemes, while protecting their invested capital. Medium/long-term UCITS inflows totaled EUR 1.3 billion in 2007.

The business customer segment represents a major development area in which the Societe Generale network continued to strengthen its customer base. The Societe Generale network has demonstrated the quality of its offering. The online guarantee service, cyclea@caution, launched at end-2006 and enhanced with new functionalities in 2007, has enjoyed growing success since it was launched. Meanwhile, Performance Dailly Export, a new international funding offering enabling customers to apply for financing via a transactional site and obtain an online report of their outstandings and corresponding maturities, has been added to the range of International Trade products. At the same time, joint ventures between the Societe Generale network and

Societe Generale Corporate & Investment Banking in interest rate and Forex hedging, SME consultancy, and local authority financing have continued to expand. As a result, average outstanding sight deposits for business customers increased 9.8% to EUR 12.8 billion, while average outstanding loans rose 13.1% to EUR 48.6 billion.

Crédit du Nord Network

Together, the banks of the Crédit du Nord Group (Crédit du Nord and the banks Courtois, Kolb, Laydernier, Nuger, Rhône-Alpes and Tarneaud) have over 150 years of expertise as local customer-based banks focused on professionalism and innovation. The Crédit du Nord Group, with its 9,100 employees, offers its customers all the advantages of a human-scale regional bank backed by a nationwide group that uses cutting-edge technologies in bringing its customers a wide range of high-performance products and services. The different Crédit du Nord Group entities are run as genuine mid-sized companies and enjoy considerable autonomy in the management of their activities, resulting in rapid decision-making and a high degree of reactivity with respect to their customers' needs.

2007 saw the continued expansion of the Group, with the net opening of 18 branches, taking the total to 756. These investments, combined with the strengthening of the Group's service offering and innovative capacity, particularly in terms of savings products, enabled it to increase its customer base in each of its three market segments: individuals, professionals and business customers. Competitive surveys carried out by the CSA in 2007 ranked the Crédit du Nord Group the No. 1 bank in terms of customer satisfaction amongst individuals, professionals and businesses.

International Retail Banking

International Retail Banking is one of Societe Generale's growth drivers. Since its creation in 1998, the Group has been shaped by a strategy of targeted investments to allow for the international deployment of Societe Generale's retail banking model in France, while nonetheless adapting it to incorporate local market characteristics. Through a combination of organic growth and acquisitions, the division is building up a position as a universal bank offering products and services that are suited to a broad base of individual and business customers. At December 31, 2007, International Retail Banking was present in 37 different locations, with significant positions in Central and Eastern Europe, the Mediterranean Basin, Africa and French Overseas Territories, and had a network of 2,795 branches and around 40,000 employees catering to 8.8 million individual customers and over 730,000 businesses. International Retail Banking had total deposits of EUR 51.3 billion (EUR 24.9 billion individual customer deposits and EUR 26.4 billion business customer deposits) and total loans of EUR 44.1 billion (EUR 16.2 billion individual customer loans and EUR 27.9 billion business loans). International Retail Banking continued to invest in organic growth in 2007, notably in Romania, Serbia, the Czech Republic, Russia, Morocco and Algeria. At constant structure, the division opened 379 new branches. At the same time, it embarked on new targeted acquisitions to supplement its positions in Central and Eastern Europe and in Africa.

In Central and Eastern Europe, International Retail Banking caters to 6.5 million individual and business customers via a network of 1,963 branches, excluding Rosbank (Russia). In the Czech Republic, Komercni Banka, acquired in 2001, is ranked No. 3 with an 17% share of the loan market. It continues to expand, notably with the integration of Modra Pyramida, through the acquisition of the 60% which it did not already own in October 2006. This Czech mortgage specialist offers substantial potential synergies. In Romania, a country that joined the European Union in 2007, the BRD subsidiary, with more than 800 branches (vs. 207 at end-2004), is the country's leading banking network and the second largest bank in terms of its share of the loan and deposit markets. BRD has enjoyed very rapid growth over the last few years with a fourfold increase in total outstanding loans since end-2004, amounting to EUR 7.1 billion at end-2007. The Group acquired majority stakes in Banka Popullore (Albania), Ohridska Banka (Macedonia) and Mobiasbanca (Moldavia) in 2007. These acquisitions are in addition to those made in 2006 (Croatian bank Splitska Banka and Bank Republic in Georgia). The Societe Generale Group is also present in Bulgaria, Slovenia, Serbia, Montenegro, as well as in Greece and Cyprus. In mid-February 2008, it exercised its option to purchase Rosbank, in which it had a 50% stake plus one share at that date, thus taking control of the leading Russian private capital-based retail banking network. The exercise of this option has triggered the launch by Societe Generale of a mandatory takeover bid which could take its stake in Rosbank to 57.8% by the end of H1 2008. With a network of around 600 branches covering the whole territory, notably most of the country's major agglomerations and regions enjoying very strong growth such as Siberia and the Far East, Rosbank caters to 3 million individual customers, 60,000 SMEs and 7,000 corporate clients. The Group was already present in Russia with BSGV, a universal bank, and DeltaCredit, a mortgage specialist acquired in 2005.

In the Mediterranean Basin, the Group caters to 1.7 million individual and business customers via a network of 556 branches. In Egypt, the merger in 2006 of National Societe Generale Bank and MIBank (acquired at end-2005) makes the entity the country's second largest private bank. In Morocco, SGMA is the fourth largest bank and has an 11% share of the loan market. Furthermore, the Societe Generale Group has continued with its strong organic growth in Algeria (opening of 20 branches in 2007), and is also present in Tunisia.

In Africa and French Overseas Territories, the Group has reinforced its customer bases. At end-2007, it was catering to 1.1 million individual and business customers via a network of 276 branches. The Group has a solid base in Africa, with 11 locations representing 0.9 million individual and business customers and 201 branches. In West Africa, SGBCI (Ivory Coast) is the No. 1 bank in terms of share of the loan market, while SGBC (Cameroon) is the No. 1 bank in terms of total assets. The dynamic demography and natural resources represent an asset for the development prospects in the region. At the same time, the Group acquired a majority stake in the Mauritanian bank Banque Internationale d'Investissement in 2007.

Financial Services

Financial Services comprises business finance and services, consumer credit and insurance. It is one of the major development areas for the Societe Generale Group, which is currently present in 47 countries and boasts leadership positions: No. 1 in Continental Europe in vendor and equipment finance (SG Equipment Finance), No. 1 in Europe in IT asset leasing and management (ECS), and No. 2 in Europe in operational vehicle leasing and fleet management (ALD Automotive). In consumer credit, Societe Generale Consumer Finance enjoys solid positions in France, Italy and Germany, and has experienced strong growth in emerging countries. Lastly, in life insurance, the Sogecap Group is continuing with its international expansion, and offers an extensive range of products to French Network customers and International Retail Banking.

Specialized Financing

Specialized Financing covers two major categories of activity, which are essentially international: business finance and services and consumer credit.

VENDOR AND EQUIPMENT FINANCE

SG Equipment Finance is the leader in Continental Europe in vendor and equipment finance, with EUR 17.3 billion in outstandings (excluding factoring) at end-2007. Its offering includes vendor finance and operational and financial leasing. SG Equipment Finance is present in 23 countries. It has particularly solid positions in France, Italy and Germany as well as in Scandinavia via SG Finans (previously Elcon Finans, acquired in 2004).

OPERATIONAL VEHICLE LEASING & FLEET MANAGEMENT

ALD Automotive is Europe's second largest operational vehicle leasing and fleet management company. Its offering includes a large number of products, ranging from services for large car fleets to operational leasing. At end-2007, ALD Automotive was present in 39 countries with a fleet of 728,000 vehicles, including 542,000 under operational leasing contracts. Its growth strategy combines acquisitions, new partnerships and investment in organic growth. ALD Automotive launched new operations in Serbia, Algeria, Malaysia and Mexico in 2007.

IT ASSET LEASING & MANAGEMENT

With operations in 16 countries, ECS is the European leader in IT asset leasing and management. Its offering includes both operational leasing and IT asset management.

CONSUMER CREDIT

At December 31, 2007, Societe Generale Consumer Finance was present in 24 countries with its extensive range of point of sale financing and direct loans. With a solid base in France, Italy and Germany, the business line has accelerated its expansion strategy in emerging countries (Poland, Russia, the Czech Republic and Romania in particular) in recent years. The Group continued to expand in 2007, with the acquisition of Banco Pecúnia and Banco Cacique in Brazil, Scott Financial Services in the United States, and with the launch of new operations in Croatia, Cyprus, Turkey and Vietnam. At end-2007, consumer credit outstandings totaled EUR 18.3 billion, excluding French networks' consumer credit outstandings.

Insurance

Societe Generale Group's life insurance business offers a wide range of life insurance and pension products for its individual customers, and corporate liabilities cover for its business clients. This offer is proposed by the Sogécap, Oradéa, Sogelife (France and some EU countries), La Marocaine Vie (Morocco), Komercni Pojistovna (Czech Republic), Sogécap Liban and NSGB Life (Egypt) subsidiaries in particular. The Group is currently stepping up its international expansion: after inroads into Germany and Slovakia in 2006, Sogécap launched activities in Portugal, Greece, Bulgaria and Russia in 2007, as well as creating a pension fund company in Romania and purchasing Soyuznik in Russia. It also signed a Joint Venture contract with Indiabulls in India. After record levels for inflows in 2006 following changes in the taxation on housing savings plans in France which benefited life insurance, 2007 saw the confirmation of the quality of the Sogécap's product offering, with the following awards: *Oscar* for the best life insurance policy of under 8 years (Érable Évolutions) and *Oscar* for the best savings product (Sogécapi Patrimoine) by the magazine Gestion de Fortune, the *Trophée d'Or* (Séquoia in the aggressive multi-funds category) and the *Grand Prix de l'interactivité* by the magazine Le Revenu. Lastly, the *label d'excellence* was awarded to Sogécap for its Garantie Obsèques Societe Generale in the Santé Prévoyance guide which appeared in the Dossiers de l'Épargne. Inflows for 2007 were high at EUR 8.9 billion versus EUR 9.7 billion in 2006. At December 31, 2007, life insurance outstandings for Sogécap (expressed as mathematical reserves) totaled EUR 63.0 billion.

As regards general insurance, Sogessur continued its dynamic development trend, with a client base that now includes over 650,000 clients for over 950,000 insurance contracts.

Global Investment Management and Services

Societe Generale's Global Investment Management and Services division comprises the Group's asset management (Societe Generale Asset Management), private banking (SG Private Banking), securities services (Societe Generale Securities Services), custody and clearing on organized markets (Fimat) and online banking (Boursorama) businesses. At the end of 2007, assets under management with GIMS amounted to EUR 434.6 billion. This figure does not include EUR 72.6 billion in assets managed by Lyxor Asset Management, a consolidated subsidiary of the Equities business line of Corporate and Investment Banking, nor does it include customers managed directly by the French networks with investable assets of over EUR 150,000, which represented approximately EUR 118 billion. Assets under custody stood at EUR 2,583 billion at December 31, 2007. Fimat and Boursorama both confirmed their respective positions as a world leader in execution and clearing, and a major player in the distribution of online financial products in Europe.

Asset Management

Societe Generale Asset Management (SGAM) is a global player whose operations span the world's three major investment pools: Europe, Asia and the United States. By carrying out cross-selling between its management platforms, Asset Management combines client proximity and expert knowledge of local regulations with a portfolio of genuinely international products. With assets under management of EUR 357.7 billion at December 31, 2007, business has struck a strong balance as much in terms of types of investors (individual and institutional), as in terms of product mix (equities, diversified, interest rate and alternative products) and the geographical breakdown of its assets under management (Europe, United States, Asia). SGAM's growth strategy combines targeted acquisitions, partnerships, and organic growth based on expanding its distribution coverage, notably via 1,200 agreements with banks, insurance companies, brokers and independent advisors worldwide, and focusing its product range on innovation and value-added services for the client in both traditional and alternative management. In Asia, SGAM has used partnerships with local leaders to create one of the most extensive networks, giving it access to 350 million potential clients in China, India and Korea.

Private Banking

Backed by the expertise of specialist teams in estate planning and asset allocation, SG Private Banking offers bespoke solutions to clients with a net financial worth of over EUR 1 million. The business line has developed rapidly in the past few years, in particular in Asia. At December 31, 2007, it had over 3,000 employees and EUR 76.9 billion in assets under management (i.e. average annual growth of assets under management of 14.3% since 2003). Present in 24 countries, in Europe, Asia, the Middle East and North America, SG Private Banking ranks among industry leaders in almost all of its international financial markets. SG Private Banking has received a number of awards for its renowned professionalism, in particular, *Best Private Bank for Structured Products* (Euromoney 2006 and 2007) and *Best Private Bank for Alternative Investment*s (Private Banker International 2005 and 2007). In 2007, SG Private Banking continued to expand its client portfolio and develop its international activities with the acquisition of ABN AMRO's private banking activities in the United Kingdom, and of Canadian Wealth Management, which is expected to be completed in early 2008.

Securities Services

Societe Generale Securities Services (SGSS) is one of the leading European custodians with EUR 2,583 billion assets under custody at December 31, 2007 (+14.2% over one year). SGSS used a combination of organic and external growth to strengthen its position in Europe (Italy, Luxembourg, Germany) while it continued to increase its service offering. In 2007, SGSS reinforced its fund administration activities with the acquisition of Pioneer Investments in Germany, which represented around EUR 46 billion of assets under administration. At the end of 2007, the fund administration business represented EUR 444 billion and covered over 5,000 UCITS. Lastly, Societe Generale Securities Services is the leader in France among corporate customer issuers in terms of administration services of their shareholders services, especially for employee shareholders, the management of securities services and the centralization of financial transactions. Strong growth at the business line and efforts to innovate and increase the range of services resulted in numerous awards, including *European Administrator in 2007* (Funds Europe) and *Most Innovative European Securities Services Provider* (Financial-i).

Derivative brokerage

Fimat is one of the world's premier brokers, offering its institutional clients comprehensive execution and clearing services for options and futures on financial and commodities products as well as for OTC rate products, currency products, equities and commodities.

Thanks to its expertise, Fimat increases its market share in the main markets of which it is a member every year, and it stood at 9.0% for 2007 versus 6.7% one year earlier. In 2007, the creation of Newedge, as a result of the merger of the brokerage activities of Fimat and Calyon Financial was announced. The operational launch of this new entity, which is jointly and owned (50/50) by Societe Generale and Calyon took place at the start of 2008. With 3,000 employees in over 70 organized markets, Newedge provides an extensive product offering and has positioned itself as a world leader in the execution, especially electronic execution, and clearing of listed derivative products in a fast growing market. In the United States, Newedge is ranked number three in the list of Future Commission Merchants. Newedge's shareholders hope to float the entity in the next 18 to 24 months.

Online Banking

With 6.2 million executed orders, 64,000 direct bank accounts and EUR 4.4 billion in outstanding savings at December 31, 2007, Boursorama is a major European player in online savings. In France, Boursorama is a key player in online banking under the Boursorama Bank brand. In the United Kingdom and Spain, the Group is a key player in online broking under the Selftrade and Self Trade Bank brands. In Germany, the Group has been present in online broking since 1997 through the Fimatex brand. The acquisition of OnVista in 2007, the German leader in web-based financial information, enable Boursorama to replicate its media-broker development strategy in this country.

Corporate and Investment Banking

Present in 46 countries with 12,000 employees, Societe Generale Corporate and Investment Banking (SG CIB) groups together all capital market and financing activities for corporate clients, financial institutions and institutional investors in Europe, the Americas and Asia Pacific. Combining innovation with strong execution capabilities, SG CIB develops high value-added, integrated financial solutions in each of its three key areas of expertise: euro capital markets, derivatives and structured finance.

In order to reinforce its client-based solutions approach and further improve response to market trends, the organization at SG CIB has been modified as part of the Step Up 2010 project. SG CIB now consists of three business divisions: Financing and Advisory, Fixed Income, Currencies and Commodities and Equities.

Equities

The Equities activity which is focused on a wide range of clients (institutional investors, hedge funds, corporates, asset managers) regroups all the cash equity and equity derivatives products and services, as well as equity research.

The development of Equity Derivatives is mainly based on the extensive diversification of profit centers and a strong capacity for innovation. SG CIB was named *Modern Great in Equity Derivatives* by Risk Magazine, an award for the best equity derivatives institution of the last 20 years.

In 2007, Equity Derivatives confirmed its leading position with nominations for *Best Equity Derivatives House* by The Banker, Euromoney and Risk Magazine, as well as *Best Equity Derivatives Provider in Europe and Asia* by Global Finance. Equity Derivatives consolidated its position as world leader in both flow activities and structured products:

- Flow activities include warrants and ETFs (Exchange Traded Funds) distributed through Lyxor Asset Management (Lyxor AM), to banking networks, institutional investors and corporate clients;
- Lyxor AM also distributes structured funds worldwide and has developed an Alternative Investment business which provides access to a number of international hedge funds with a high level of transparency, security and liquidity.

Equity Derivatives ranks first worldwide for warrants with a 15.8% market share and has a 26.9% market share in ETFs (No. 2 in December). At the end of 2007, Lyxor AM's assets under management totaled EUR 72.6 billion, up EUR 11.6 billion on the previous year.

SG CIB's Secondary Equity activities include a global execution service covering the world's equity markets and a pan-European Equity Research unit. As a member of 30 stock markets, SG CIB offers global access to institutional clients. It has also developed recognized expertise in program trading, trading algorithms and Direct Market Access. In 2007, SG CIB once again ranked No. 1 on the Euronext markets, with a market share of 8.5%. Equity Research, which in 2007 covered 388 stocks representing a market capitalization of EUR 6,000 billion, pursued the development of its pan-European reach. SG CIB was ranked the sixth pan-European Equity House in the Extel 2007 survey, reflecting a constant progression since 2003.

Fixed Income, Currencies and Commodities

The Fixed Income, Currencies and Commodities activity is mainly focused on investors, companies, financial institutions and the public sector. The business adopts an integrated approach covering structuring, trading and distribution of flow products and structured interest rate, currency, credit and commodity products as well as securitization and treasury.

In derivative interest rate products in 2007, SG CIB was No. 5 in interest rate swaps in euros and No. 2 in inflation swaps in euros (Risk Magazine and Risk Interdealer's Rankings). In currency products, SG CIB was No. 4 in exotic products (Risk Italia). The magazine Energy Risk named the bank *House of the Year, oil and products*. Lastly, the MX Energy transaction (American supplier and manufacturer of natural gas), which combined innovative credit solutions with financial management of risk, was named *Deal of the Year* by Energy Risk Magazine. In 2007, SG CIB was also named *Energy/Commodities House of the Year* by Asia Risk and *Best derivatives provider in Asia* in commodities by Global Finance. The different business lines at SG CIB also integrate the management of various aspects of sustained development. Gaselys, a subsidiary of Societe Generale Group (49%) and Gaz de France (51%) is responsible for the marketing of renewable energies. Orbeo, the joint venture created between Societe Generale Energie and Rhodia, trades all of Societe Generale's carbon credits and was named *Best Trading Company for credits* by the magazine Environmental Finance.

SG CIB has developed a Cross Asset Research approach which is recognized across the markets (transversal vision of different asset classes covering equity, credit, equity derivatives, interest rates and currencies, commodity and economic research.) In its European Fixed Income Research Poll 2007, the magazine Euromoney named SG CIB's Fixed Income research as the number one for all its credit research and trade ideas. In addition, the SG CIB's oil research was named number one by Risk magazine.

Financing & Advisory

Financing & Advisory is focused on issuers (companies, financial institutions and the public sector). The business covers acquisition financing and leveraged financing, advisory services for M&A and primary equity, structured finance activities (export financing, real estate, infrastructures, assets, commodities and energy) as well as complementary syndication and interest rate and currency hedging for issuers. The business also includes the coverage teams in charge of offering clients all of the products and services available at the bank. This platform is characterized by its capacity to offer its clients integrated, global and tailor-made solutions.

In the debt capital markets, SG CIB was named *Euro Bond House of the Year* by IFR and further strengthened its global position in the euro-denominated bond markets by rising from fifth to third place in the IFR rankings in 2007. It also extended its leading positions to Russia by becoming the number three bookrunner of syndicated loans (IFR). For its activity with financial institutions, SG CIB was named *Financial Institutions Group ALM House of the Year* by the magazine The Banker.

In structured finance, SG CIB confirmed its leading position and for the sixth year in a row was named the world number one in export finance by Trade Finance Magazine. It also excelled in commodities financing by obtaining the award for *Best Commodity Bank* from Trade Finance Magazine for the second year in a row and the *Oil and Gas Arranger of the Year* and *LNG Financial Adviser of the Year* awards from Infrastructure Journal.

Lastly, in 2007, primary equities came third in France (Thomson Financial rankings).

SG CIB has suffered of a fraud committed by a trader in its market activities. Unauthorized and concealed exposure to directional positions taken in 2007 and the start of 2008, and of an exceptional size, had to be closed as quickly as possible while respecting the integrity of the markets. This fraud resulted in an exceptional pre-tax loss of EUR 4.9 billion, which was booked in the accounts for 2007. The Group immediately took the measures required to tighten anti-fraud procedures through stricter access controls and information security systems.

A Special Committee composed exclusively of independent directors was given the following tasks by the Board of Directors: ensure that the causes and sizes of the trading losses announced by the bank have been completely identified; that measures have been put in place to prevent the reoccurrence of incidents of the same nature; that the information communicated by the bank faithfully reflects the findings of the inquiry, and that management of the situation is conducted in the best interests of the company, its shareholders, clients and employees.

On February 20, 2008, the Special Committee published a progress report in which it gave its assessment of the interim conclusions of the internal audit mission carried out by the General Inspection department of Societe Generale Group, as well as a status update on the measures designed to strengthen the control systems in order to avoid the occurrence of similar frauds.

3 FACTS AND FIGURES

2007 KEY FIGURES

GROUP CONSOLIDATED FIGURES

	2007	2006	2005 (2)	2004 (2)	2003 (1)
Results *(in millions of euros)*					
Net banking income	21,923	22,417	19,166	16,390	15,637
Operating income excluding net loss on unauthorized and concealed trading activities	6,713	8,035	6,562	4,760	3,843
Operating income including net loss on unauthorized and concealed trading activities	1,802				
Net income before minority interests	1,604	5,785	4,916	3,623	2,755
Net income	947	5,221	4,402	3,281	2,492
French Networks (4)	*1,375*	*1,344*	*1,059*	*942*	*878*
International Retail Banking	*686*	*471*	*386*	*258*	*214*
Financial Services (4)	*600*	*521*	*453*	*376*	*285*
Global Investment Management and Services	*652*	*577*	*460*	*385*	*290*
Corporate and Investment Banking	*(2,221)*	*2,340*	*1,841*	*1,453*	*1,052*
Corporate Center and other	*(145)*	*(32)*	*203*	*(133)*	*(227)*
Activity *(in billions of euros)*					
Total assets and liabilities	1,071.8	956.8	835.1	601.3	539.4
Customer loans	305.2	263.5	227.2	208.2	177.5
Customer deposits	270.7	267.4	222.5	213.4	160.2
Assets under management	435	422	386	315	284
Equity *(in billions of euros)*					
Group shareholders' equity	27.2	29.1	23	18.4	16.9
Total consolidated equity	31.3	33.4	27.2	20.5	21.3
Average headcount (3)	130,100	115,134	100,186	93,359	90,040

2003: French standards.

2004: IFRS (excluding IAS 32-39 and IFRS 4) and after reclassification of Sogécap's capitalization reserve.

2005-2007: IFRS (including IAS 32-39 and IFRS 4).

(1) The 2003 figures restated as per the 2006 Registration document.

(2) The 2004-2005 figures restated as per the 2007 Registration document.

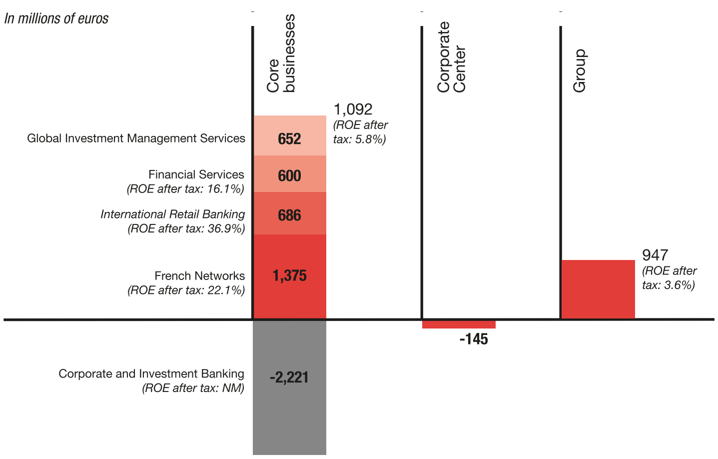
(3) Including temporary staff.

(4) 2005-2007 figures restated following the transfer of Cash Management to the French Networks as from May 2007 (previously included in Financial Services).

EUR 0.9 billion
Net income

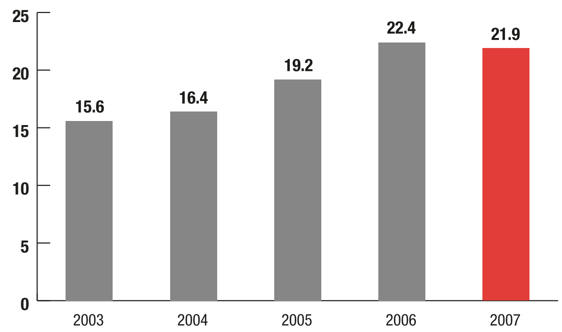
EUR 6.7 billion
Operating income *excluding net loss on unauthorized and concealed trading activities*

CONTRIBUTION OF CORE BUSINESS TO NET INCOME



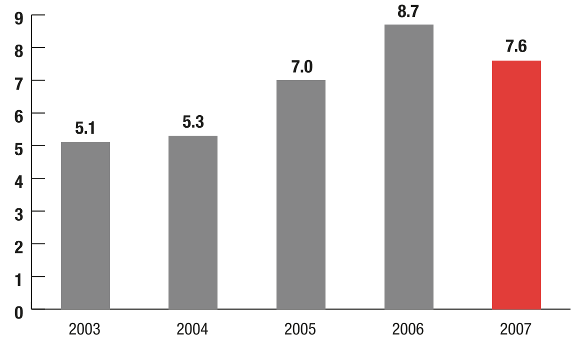
NET BANKING INCOME

In billions of euros



GROSS OPERATING INCOME

In billions of euros



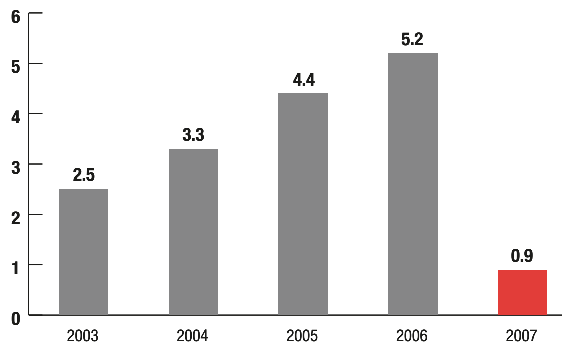
Very good performances in Retail Banking Financial Services Private Banking and Securities Services

Financial crisis impact on Corporate and Investment Banking and Asset Management

Profit-making despite an exceptional operating loss

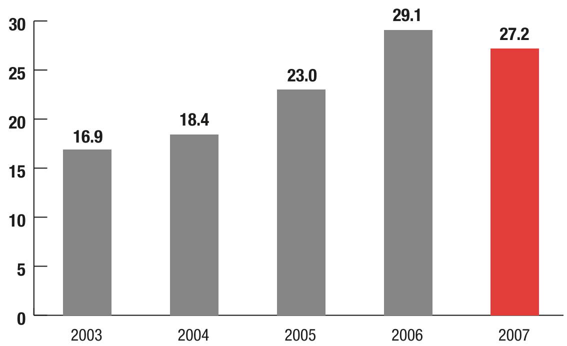
NET INCOME

In billions of euros



SHAREHOLDERS' EQUITY

In billions of euros



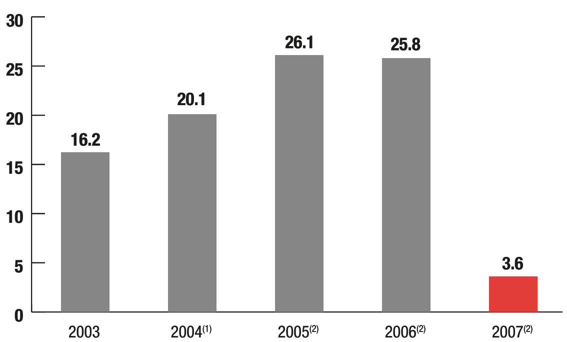
2003: French standards
2004: IFRS (excluding IAS 32-39 and IFRS 4) and after reclassification of Sogécap's capitalization reserve.

2005-2007: IFRS
(including IAS 32-39 and IFRS 4)

The 2004-2005 figures restated as per the 2007 Registration document

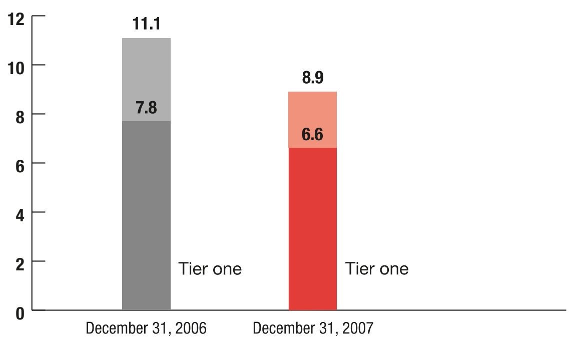
ROE AFTER TAX

In %



B.I.S. RATIO

In %



(1) Group ROE calculated on the basis of average Group shareholders'equity under French standards.
(2) Group ROE calculated on the basis of average Group shareholders'equity under IFRS (including IAS 32 & 39 and IFRS 4), excluding unrealized capital losses and gains except translation reserves and deeply subordinated notes and undated subordinated notes, and after deduction of interest to be paid to holders of these notes.

THE SOCIETE GENERALE SHARE

Stock market performance

Societe Generale's share price fell by 23.1% in 2007, closing at EUR 98.93. In comparison, the CAC 40 index gained 1.3% and the Euro Stoxx Bank index dropped by 8.9% over this period.

At December 31, 2007, Societe Generale Group's market capitalization stood at EUR 46.2 billion, ranking it tenth among CAC 40 stocks (eighth largest stock in terms of free float) and seventh among euro zone banks.

The market for the Group's shares remained highly liquid in 2007, with an average daily trading volume on the CAC 40 of EUR 419 million, representing a daily capital rotation rate of 0.72% (versus 0.44% in 2006). In value terms, Societe Generale's shares were the third most actively traded on the CAC 40 index.

Stock exchange listing

Societe Generale's shares are listed on the Paris Bourse (deferred settlement market, continuous trading group A, ISIN code FR0000130809) and on the Tokyo Stock Exchange. They are not listed in the United States but traded under an American Depositary Receipt (ADR) program.

Stock market indices

The Societe Generale share is a component stock of the CAC 40, Euro Stoxx 50, MSCI Europe, FTSE Eurotop, FTSE4GOOD and Dow Jones Sustainability Index World indices.

Total return* for shareholders

The following table shows the overall return on investment for Societe Generale shareholders over different time periods ending December 31, 2007. The figures are given as a cumulative total and an annualized average. For example, an investor holding Societe Generale shares from December 31, 2002 to December 31, 2007 (*i.e.* over five years) would have obtained a cumulative total return* of 125% over the period, or an average of 17.6% per year.

Duration of shareholding	Date	Cumulative total return*	Annualized average total return*
Since privatization	July 8, 1987	1,356%	7.8%
15 years	Dec. 31,1992	674%	14.8%
10 years	Dec. 31, 1997	380%	24.4%
5 years	Dec. 31, 2002	125%	17.6%
4 years	Dec. 31, 2003	68%	13.9%
3 years	Dec. 31, 2004	50%	14.5%
2 years	Dec. 31, 2005	3%	1.6%
1 year	Dec. 31, 2006	-20%	-20.3%

Source: Datastream.

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

Dividend history

The Group's aim is to achieve a payout ratio of close to 45% at mid-cycle.

	2007	2006	2005	2004	2003	2002
Net dividend (in EUR) *	0.90 (2)	5.20	4.47	3.28	2.48 (1)	2.09 (1)
Payout ratio (%) (3)	45.4	42.2	41.8	41.1	41.2	61.6
Net yield (%) (4)	0.9	4.0	4.3	4.4	3.6	3.8

2004: IFRS (excluding IAS 32-39 and IFRS 4); as from 2005: IFRS (including IAS 32-39 and IFRS 4).

(1) Individual investors have a tax credit of 50%.

(2) Submitted to the Annual General Meeting of Shareholders. The shares issued for the capital increase with preferred subscription rights, which was announced by the Group on February 11, 2008, will not give the right to receive the dividend paid in 2008 corresponding to the 2007 fiscal year.

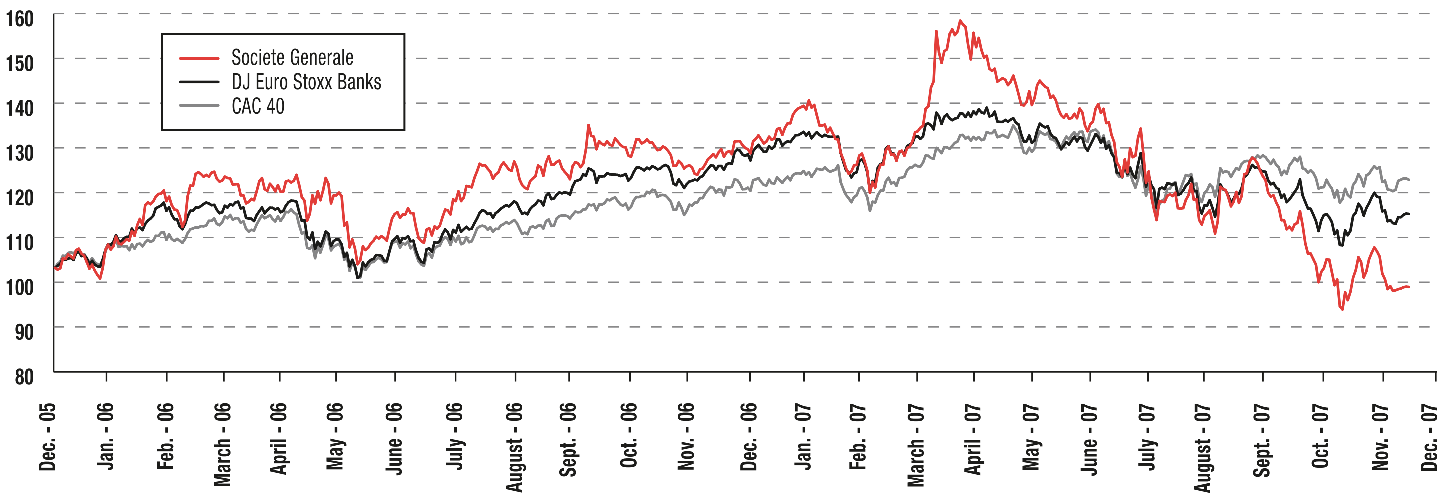
(3) Net dividend/earnings per share.

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

Stock market data		Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2002
Common stock (number of outstanding shares)		466,582,593	461,424,562	434,288,181	445,153,159	438,434,749	430,170,265
Market capitalization (in EUR billions)		46.2	59.3	45.1	33.1	30.7	23.9
Earnings per share (in EUR) *		1.98	12.33	10.70	7.98	6.03	3.38
Book value per share at year-end (in EUR) *		56.4	63.7	53.0	44.7	40.7	38.1
Share price (EUR) *	high	158.4	135.1	105.2	75.0	69.5	80.0
	low	93.9	100.8	74.2	64.5	42.6	37.9
	close	98.9	128.6	103.2	74.0	69.5	55.1

2004: IFRS (excluding IAS 32- 39 and IFRS 4); as from 2005: IFRS (including IAS 32- 39 and IFRS 4).

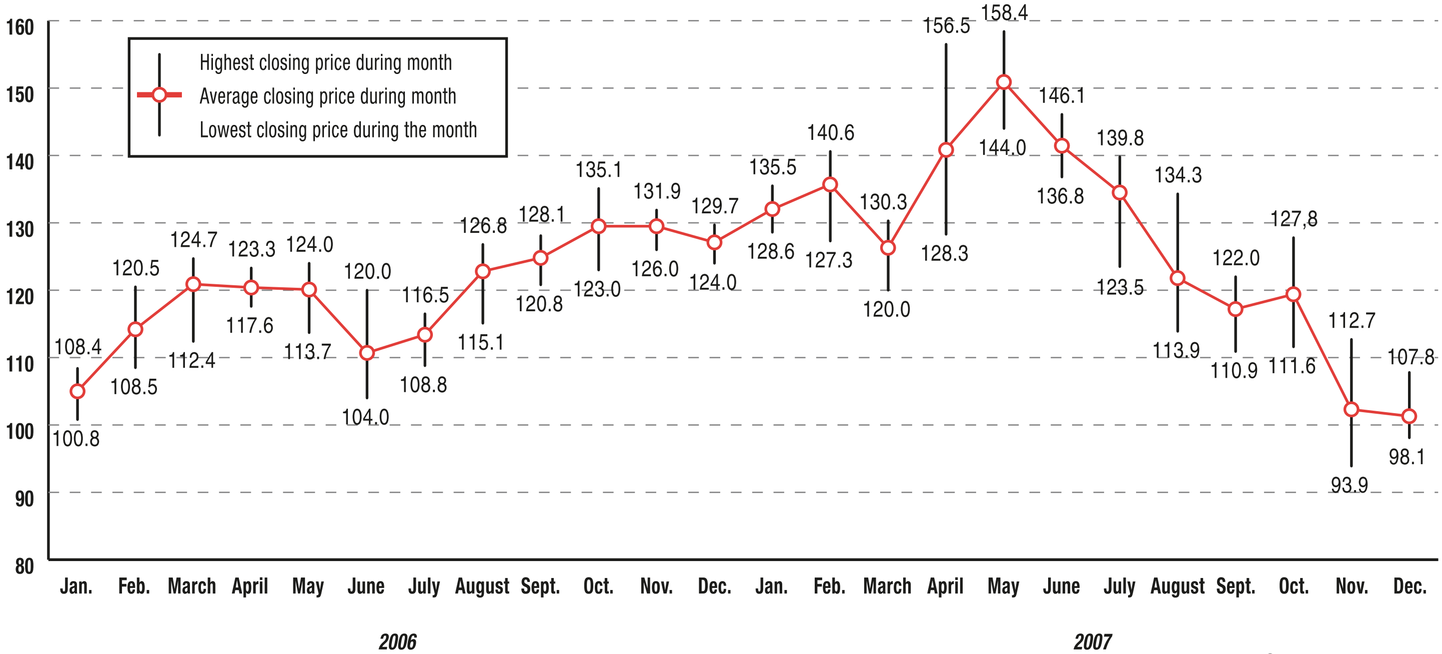
SHARE PERFORMANCE *



Source: Datastream.

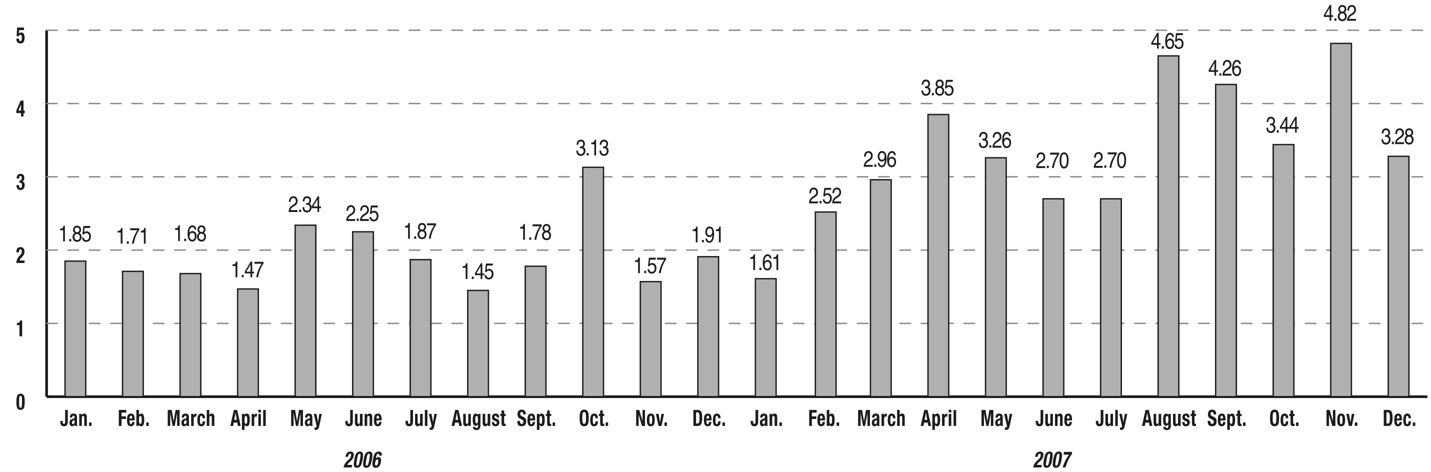
** Historical series adjusted for the impact of the capital increase carried out in the fourth quarter of 2006.*

MONTHLY EVOLUTION OF SHARE PRICE *



Source: Datastream.

TRADING VOLUMES (AVERAGE DAILY VOLUME IN MILLIONS OF SHARES)*



Source: Datastream.

** Historical series adjusted for the impact of the capital increase carried out in the fourth quarter of 2006.*

Share capital

At December 31, 2007, the Group's common stock comprised 467 million shares with a nominal value of EUR 1.25 per share.

The Board of Directors of February 8, 2008, decided a capital increase of 116,654,168 shares (see Financial Information – Information on common stock).

Special report on share buybacks

Since the launch of its share buyback program in September 1999, Societe Generale has bought back 105.3 million of its own shares, for a total net amount of EUR 8.3 billion. In 2002, Societe Generale cancelled 7.2 million shares representing a total of EUR 438 million, followed by a further 18.1 million in 2005, representing a total of EUR 1,352 million.

Over the course of 2007, Societe Generale Group bought back 14,550,482 shares for a total of EUR 1,903,154,171.22 and sold or transferred 7,178,491 shares with a book value of EUR 774,684,364.85.

- In 2007, the Group acquired 10,651,139 shares under its share buyback program (excluding shares purchased under the liquidity contract), at a cost of EUR 1,374,903,148.89:
  - 5,087,449 shares were set aside for cancellation;
  - 472,810 shares were used for the payment of acquisitions in 2007;
  - 5,090,880 shares were allocated to cover share purchase and subscription options granted to employees and for the attribution of free shares.
- Furthermore, in 2007, the Group purchased 3,899,343 shares under its liquidity contract representing a total of EUR 528,251,022.33 and sold 3,899,343 shares for a total of EUR 526,639,880.99.

The expenses incurred on the above transactions, combined with the management fees for the liquidity contract, amounted to EUR 1,176,481.83 for 2007.

January 1 to December 31, 2007

	Purchases			Disposals/Exercise of stock options				
	Number		Purchase price	Number		Purchase price		Sale price
Cancellation	5,087,449	133.29	678,115,470.29					
Acquisitions	472,810	149.49	70,678,019.30	472,810	149.49	70,678,019.30	152.50	72,103,525.00
Attribution to employees	5,090,880	122.99	626,109,659.30	2,806,338	55.86	156,774,883.51	62.69	175,940,958.86
Liquidity contract	3,899,343	135.47	528,251,022.33	3,899,343	135.47	528,251,022.33	135.06	526,639,880.99
Total	**14,550,482**	**130.80**	**1,903,154,171.22**	**7,178,491**	**105.27**	**755,703,925.14**	**107.92**	**774,684,364.85**

Since the start of 2008, Societe Generale has acquired 116,544 shares through the exercise of stock options, for a unit value of EUR 74.50, to ensure it will have the necessary reserves to be able to honor the exercise of employee stock options for this period and concerning the plans of January 13, 2005 and January 18, 2006, which have included stock option coverage since May 2006.

Share buybacks and treasury shares

At December 31, 2007, Societe Generale Group held 21,324,806 shares under its share buyback program, representing 4.57% of its capital, and 8,987,016 treasury shares, representing 1.93% of its capital. In total, the Group holds 30,311,822 of its own shares either directly or indirectly (excluding shares held under trading operations), with a net book value of EUR 2,436,690,301.23 and a nominal value of EUR 37,889,777.50. Of this total, 8,584,177 shares, with a market value of EUR 649,656,916.55, have been allocated to cover stock options granted to employees.

VALUE OF TREASURY SHARES AND BUYBACKS AT DECEMBER 31, 2007

Percentage of capital held directly or indirectly	**6.50%***
Number of shares cancelled over the last 24 months	-
Number of shares held directly	21,324,806
Net book value of shares held directly	EUR 2,283,012,301
Market value of shares held directly	EUR 2,109,663,058

** 7.69%, including stocks set aside for the coverage of 2005 and 2006 stock option plans.*

At December 31, 2007	Number of shares (in thousands)	Nominal value (in EUR)	Net book value (in EUR)
Societe Generale	21,324,806	26,656,008	2,283,012,301
Subsidiaries	8,987,016	11,233,770	153,678,000
Finareg	4,944,720	6,180,900	93,073,000
Gene-act1	2,210,112	2,762,640	23,934,000
Vouric	1,832,184	2,290,230	36,671,000
Total	**30,311,822**	**37,889,778**	**2,436,690,301**

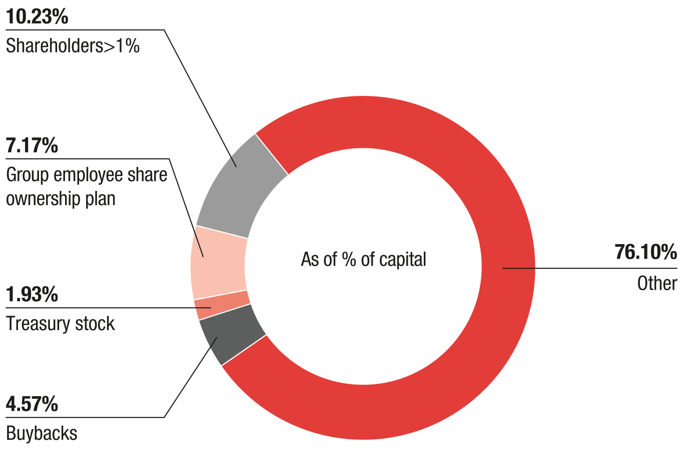
Breakdown of capital and voting rights (1) over 3 years

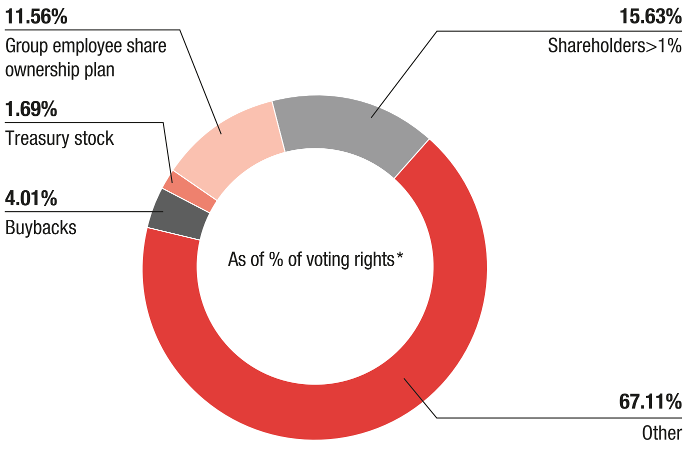
	At December 31, 2007			At December 31, 2006			At December 31, 2005		
	Number of shares	% of capital	% of voting rights*	Number of shares	% of capital	% of voting rights*	Number of shares	% of capital	% of voting rights
Employees and former employees via the Group employee share ownership program	33,458,863	7.17%	11.56%	32,424,638	7.03%	11.44%	32,831,211	7.56%	12.74%
Groupama	16,336,391	3.50%	5.48%	13,724,235	2.97%	5.06%	13,267,276	3.05%	5.61%
Meiji Yasuda Life Insurance Cy	11,069,312	2.37%	4.16%	11,069,312	2.40%	4.21%	11,069,312	2.55%	4.75%
CDC	10,778,058	2.31%	3.10%	9,360,014	2.03%	2.86%	8,107,520	1.87%	2.96%
CNP	5,188,089	1.11%	1.25%	5,213,047	1.13%	1.27%	5,393,022	1.24%	1.49%
Fondazione CRT	4,365,236	0.94%	1.64%	4,874,295	1.06%	1.85%	7,367,414	1.70%	1.58%
Dexia	(2)	(2)	(2)	5,235,000	1.13%	0.99%	6,417,404	1.48%	1.38%
Free float	355,074,822	76.10%	67.11%	356,584,190	77.28%	67.95%	322,860,315	74.35%	69.49%
Buybacks	21,324,806	4.57%	4.01%	13,952,815	3.02%	2.66%	17,987,691	4.14%	0.00%
Treasury stock	8,987,016	1.93%	1.69%	8,987,016	1.95%	1.71%	8,987,016	2.07%	0.00%
Total		**100.00%**	**100.00%**		**100.00%**	**100.00%**		**100.00%**	**100.00%**
Number of outstanding shares		466,582,593	531,812,177		461,424,562	526,251,548		434,288,181	465,977,455

To the best of Societe Generale's knowledge, no other shareholders hold more than 1% of the capital or voting rights.

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

(2) Shareholders with less than 1% of the capital and voting rights.





** As of 2006 and in accordance with article 223-11 of the General Regulation of the AMF, the total number of voting rights is calculated on the basis of all shares with voting rights attached.*

4 GROUP MANAGEMENT REPORT

SOCIETE GENERALE GROUP MAIN ACTIVITIES
SIMPLIFIED ORGANIZATIONAL CHART AT DECEMBER 31, 2007

French Networks | **International Retail Banking** | **Financial Services**

FRANCE

French Networks

Societe Generale*	
Crédit du Nord Group	80.0%
Compagnie Générale d'Affacturage	100%
Sogéfinancement	100%
Sogéfimur	100%
Sogelease FRANCE	100%
Sogébail	48.0%
Groupama Banque	20.0%
SG Services	100%
SG Capital Développement	100%

International Retail Banking

Banque de Polynésie	72.1%
Microcred	22.3%
Societe Generale Calédonienne de Banque	90.1%
Banque Française Commerciale Océan Indien	50.0%
SG de Banque aux Antilles	100%

Financial Services

Franfinance Group	100%
CGI Group	99.9%
ECS Group	100%
Sogécap	100%
Sogessur	65.0%
Temsys	100%

EUROPE

International Retail Banking

SKB Banka *Slovenia*	99.7%
BRD - SG Group *Romania*	58.3%
SG Express Bank *Bulgaria*	97.9%
Komerçni Banka A.S. (KB) *Czech Republic*	60.4%
General Bank of Greece *Greece*	52.3%
Banque SG Vostok *Russia*	100%
SG Cyprus Ltd	51.0%
Ohridska Banka ad Ohrid *Macedonia*	58.8%
SG Banka SRBIJA *Serbia*	100%
Podgoricka Banka *Montenegro*	86.7%
Delta Credit *Russia*	100%
Rosbank *Russia*	20.0%
SG-Splitska Banka *Croatia*	99.7%
Bank Republic *Georgia*	60.0%
Mobiasbanca *Moldavia*	95.3%
Banka Popullore *Albania*	75.0%

Financial Services

ALD International Group	100%
GEFA Group *Germany*	100%
Fiditalia Spa *Italy*	100%
SG Equipment Finance Group	100%
Eurobank *Poland*	99.4%
Rusfinance *Russia*	100%
Hanseatic Bank *Germany*	75.0%
SG Consumer Finance Group	100%

AFRICA - MIDDLE EAST

International Retail Banking

SG Marocaine de Banques	53.0%
SG de Banques en Côte-d'Ivoire	68.2%
Union Internationale de Banque *Tunisia*	52.0%
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	53.0%
SG de Banques au Bénin	73.2%
SG – SSB Limited *Ghana*	51.0%
Societe Generale *Mauritania*	51.0%
BFV SG *Madagascar*	70.0%
SG de Banques au Sénégal	59.3%
SG Algérie	100%
SG de Banques au Burkina	42.3%
SG de Banques en Guinée Equatoriale	52.4%
SG Tchadienne de Banque	55.2%

Financial Services

Eqdom *Morocco*	54.2%
La Marocaine Vie	87.1%

** 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 Societe Generale Group.
- Groups are listed under the geographical region where they carry out their principal activities.

Societe Generale Group

Global Investment Management and Services

Corporate and Investment Banking

FRANCE

Assets Management	Private Banking	Securities Services and Online Savings	Corporate and Investment Banking
SG Asset Management Group (SGAM) 100%	**Societe Generale***	**Societe Generale*** **FIMAT Banque** 100% **Parel** 100% **Boursorama Group** 55.9% **Euro VL** 98.2% **FIMAT SNC** 100%	**Societe Generale*** **CALIF** 100% **SG Securities (Paris) SAS** 100% **Lyxor Asset Management** 100% **Gaselys** 49.0% **Orbeo** 50.0% **Généfimmo** 100% **Généfim** 100% **Sogéprom** 100% **SG Option Europe** 100% **Clickoptions** 100%

EUROPE

Assets Management	Private Banking	Securities Services and Online Savings	Corporate and Investment Banking
SGAM Group Ltd *United Kingdom* 100% **SG Russell Asset Management** *Ireland* 50.0% **SGAM Ireland** 100% **IKS** *Czech Republic* 100%	**Societe Generale Bank & Trust Luxembourg** [2] 100% **SG Private Banking Suisse SA** 77.6% [1] **SG Private Banking (Belgique)** 99.0% **SG Hambros Bank Limited** *United Kingdom* 100% **SG Private Banking (Monaco)** 100% [1]	**2S Banca Spa** *Italy* 100% **FIMAT Banque** ***Branches in:*** **Frankfurt** *Germany* **Madrid** *Spain* **London** *United Kingdom*	**Societe Generale*** ***Branches in:*** **Milan** *Italy* **Frankfurt** *Germany* **Madrid** *Spain* **London** *United Kingdom*

AMERICAS

Assets Management	Private Banking	Securities Services and Online Savings	Corporate and Investment Banking
TCW Group Inc. *United States* 99.4% **SG Investment Management Corp** *United States* 100%		**FIMAT USA, LLC** 100% **FIMAT Canada Inc.** 100%	**SG Americas, Inc.** *United States* 100% **SG Americas Securities, LLC** *United States* 100% **SG Canada** 100% **Banco SG Brasil SA** 100% **Societe Generale*** ***Branches in:*** **New York** *United States* **Montréal** *Canada*

ASIA – AUSTRALIA

Assets Management	Private Banking	Securities Services and Online Savings	Corporate and Investment Banking
SGAM Japan 100% **SGAM Singapore** 100% **IBK-SGAM** *Korea* 50.0% **Fortune SGAM** *China* 49.0%	**SG Private Banking (Japan) Ltd** 100%	**FIMAT Singapore Pte Ltd** 100% **FIMAT Hong Kong Ltd** 100% **FIMAT Hong Kong, Taïwan Branch** **FIMAT Japan Inc.** 100% **FIMAT SNC trading as Fimat Australia** 100% **FIMAT Banque Hong Kong Branch**	**SG Securities Asia International Holdings Ltd (Hong Kong)** 100% **SG Securities North Pacific, Tokyo Branch** *Japan* 100% **SG Asia (Hong Kong) Ltd** 100% **SG Australia Holding Ltd** 100% **Lyxor Asset Management Japan Co Ltd** 100% **Societe Generale*** ***Branches in:*** **Singapore** **Tokyo** *Japan* **Hong Kong** **Sydney** *Australia*

GROUP ACTIVITY AND RESULTS

The financial information presented for 2007 and comparative information in respect of the 2006 financial year have been prepared by applying accounting principles and methods in accordance with IFRS, as adopted in the European Union and applicable at those dates.

The interim financial statements and related Group management report as of and for the six-month period ended June 30, 2007, the quarterly results as of and for the three-month and nine-month period ended March 31, 2007 and September 30, 2007 correspond to published historical data.

Against the backdrop of the financial crisis, the Group produced resilient revenues in 2007 due to its robust platform of activities and sound development model. The retail banking networks achieved good performances, while Financial Services, Private Banking and Securities Services enjoyed strong growth. During H2 2007, Corporate and Investment Banking was affected by the repercussions of the US financial crisis and Asset Management by the liquidity crisis.

Moreover, the Group has suffered the effects of a fraud committed by a trader in a sub-division of its capital market activities. The fraudulent positions, uncovered in January 2008, were unwound in a manner that respected the integrity of the markets and the interests of shareholders. They resulted in an exceptional loss for the Group of EUR 4.9 billion.

However, the Group has generated positive net income of EUR 947 million for 2007 due to its diverse portfolio of activities and the solidity of its revenues.

SUMMARY CONSOLIDATED INCOME STATEMENT

(In millions of euros)	2007	2006	Change	
Net banking income	21,923	22,417	-2.2%	-2.8%*
Operating expenses	(14,305)	(13,703)	+4.4%	+4.0%*
Gross operating income	**7,618**	**8,714**	**-12.6%**	**-13.6%***
Net allocation to provisions	(905)	(679)	+33.3%	+29.3%*
Operating income excluding net loss on unauthorized and concealed trading actvities	**6,713**	**8,035**	**-16.5%**	**-17.2%***
Net loss on unauthorized and concealed trading activities	(4,911)	0	NM	NM
Operating income including net loss on unauthorized and concealed trading actvities	**1,802**	**8,035**	**-77.6%**	**-79.6%***
Net income from companies accounted for by the equity method	44	18	NM	
Net income from other assets	40	43	-7.0%	
Impairment losses on goodwill	0	(18)	NM	
Income tax	(282)	(2,293)	-87.7%	
Net income before minority interests	1,604	5,785	-72.3%	
Minority interests	*657*	*564*	*+16.5%*	
Net income	**947**	**5,221**	**-81.9%**	**-84.6%***
Cost/income ratio	65.3%	61.1%		
Average allocated capital	23,683	20,107	+17.8%	
ROE after tax	**3.6%**	**25.8%**		
Tier-one ratio	**6.6%**	**7.8%**		

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

In order to make information on the Group's financial performance more pertinent for the purposes of comprehension, the global loss related to the closure of the directional positions taken under unauthorized and concealed activities is presented in an additional entry in the consolidated income statement, entitled "Net loss on unauthorized and concealed trading activities".

Net banking income

The Group's net banking income for 2007 was down -2.8% * vs. 2006 (-2.2% in absolute terms), at EUR 21.9 billion.

The strong performance of the French Networks (+4.8% * vs. 2006 excluding the impact of the PEL/CEL provision and excluding the capital gain from the disposal of Euronext shares), the significant growth of International Retail Banking (+17.1% * vs. 2006), Private Banking (+27.2% * vs. 2006) and Securities Services (+32.2% * vs. 2006), and the growth in Financial Services (+15.1% * vs. 2006) helped limit the consequences of the decline in Corporate and Investment Banking (-32.8% * vs. 2006) and Asset Management (-14.6% * vs. 2006) on the Group's net banking income as a result of the write-downs booked.

Operating expenses

The increase in operating expenses (+4.0% * vs. 2006) reflects the continued investment needed for the Group's organic growth, strict control of operating costs and changes in the businesses' performance-linked pay.

The Group continued to improve its operating efficiency in 2007. The Retail Banking Networks together with Private Banking and Securities Services saw their C/I ratio decline in 2007. The C/I ratios for Corporate and Investment Banking and Asset Management increased in 2007 as a result of the write-downs and losses recorded primarily in the second half. Overall, the C/I ratio stood at 65.3% (vs. 61.1% in 2006).

Operating income

The Group's 2007 gross operating income was down -13.6% * vs. 2006, at EUR 7.6 billion.

At 25 bp of risk-weighted assets, the Group's cost of risk in 2007 was similar to 2006. It was stable for the French Networks but lower for International Retail Banking. The higher cost of risk for Financial Services can be attributed to the growing share of consumer credit in emerging countries. Having recorded the impact of the financial crisis in the form of lower revenues, Corporate and Investment Banking made a EUR 56 million write-back in 2007.

Overall, the Group generated operating income, excluding the net loss on unauthorized and concealed trading activities, of EUR 6,713 million, down -17.2% * in 2007 vs. 2006 (-16.5% in absolute terms).

Net income

After the exceptional fraud-related loss, tax (the Group's effective tax rate was 15.3% vs. 28.4% in 2006) and minority interests, Group net income for 2007 totaled EUR 947 million. Excluding the fraud, it would have come to EUR 4,167 million.

The Group's 2007 ROE after tax stood at 3.6% (17.1% excluding the fraud), vs. 25.8% in 2006.

2007 earnings per share amounts to EUR 1.98. Excluding the fraud, the figure would have been EUR 9.37.

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

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 correspond to the key businesses of the Group:

- the **French Networks** which include the Societe Generale and Credit du Nord networks in France. Cash management activities, previously incorporated in Financial Services, have been attached to the French Networks since 2007. Note that historical data have been adjusted accordingly since 2005;
- **International Retail Banking;**
- the **Financial Services** for businesses subsidiaries (equipment and vendor finance, IT asset leasing and management, operational vehicle leasing and fleet management), financing for individuals and life and non-life insurance;
- **Global Investment Management and Services** including Asset Management, Private Banking and Securities Services and Online Savings. The Securities Services division, created in February 2004, includes the activities of Fimat, the Group's brokerage arm specializing in derivatives markets, together with the securities and employee savings business.
- **Corporate and Investment Banking** centred on 3 businesses since 2007:
  - **"Financing & Advisory"** which includes all the services and products relating to financing, debt and equities, advisory activities for businesses, financial institutions & insurers, investment funds as well as sovereign and public issuers;
  - **"Fixed Income, Currencies and Commodities"**, dedicated to investors, and covering both integrated financial engineering and the distribution of flow and structured products relating to fixed income, currencies and commodities;
  - **"Equities"**, also dedicated to investors, includes all cash equities and equity derivatives products and services, as well as equity research.

The financial communication has changed as follows:

- the revenues of the former "Corporate Banking and Fixed Income" are now divided between "Financing & Advisory" and "Fixed Income, Currencies and Commodities";
- the revenues generated by the equities origination /syndication and advisory activities, previously located in the former "Equity and Advisory" business are included in "Financing & Advisory".
- the division publishes a single income statement detailing the revenues of SG CIB's three activities.

These operating divisions are complemented by the **Corporate Centre** which acts as the Group's central funding department vis-à-vis the divisions. As such, it recognizes the cost of carry 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 impairment loss on goodwill.

Furthermore, income from the Group's industrial equity and real estate investment portfolios, as well as from its equity investment in banks, is allocated to the Corporate Centre, as are income and expenses that do not relate directly to the activity of the core businesses.

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

Allocation of capital

The general principle used in the allocation of capital is compliance with the average of regulatory requirements over the period, to which a prudential margin is added. This margin is set by the Group on the basis of an assessment of the risk relating to its business mix (*i.e.* capital representing 6% of risk-weighted commitments).

Capital is allocated as follows:

- in the French Networks and International Retail Banking, as well as Financial Services, capital is allocated on the basis of weighted risks. In the case of life insurance, the specific regulations governing this business are also taken into account;
- in Global Investment Management & Services, the amount of capital allocated corresponds to the larger of either the capital requirement calculated on the basis of weighted risks or the amount representing operating expenses for a three-month period, the latter being the regulatory standard in this business;

- in Corporate and Investment Banking, capital is allocated on the basis of weighted risks and the value at risk in capital market activities. For the majority of transactions, market risk is calculated using an in-house model validated by the French Banking Commission;
- capital allocated to the Corporate Centre corresponds to the sum of the regulatory requirement with respect to its assets (essentially the equity and real estate portfolios), and the surplus (or lack) of capital available at the Group level (the difference between the combined capital requirements of the core businesses, as defined above, and average Group shareholders' equity under IFRS[1] after payment of the dividend).

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, in accordance with IAS 32 & 39, 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 now booked under NBI, as these securities portfolios are available-for-sale.

Operating expenses

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

Provisions

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

Provisions concerning the whole Group are booked by the Corporate Centre.

Net income on other assets

In accordance with IAS 32 & 39, as of January 1, 2005, net income on 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

Further to the introduction of the IFRS accounting framework, 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 optimizing the consolidated expense.

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

(1) Excluding (i) unrealized or deferred capital losses excluding translation differences booked directly under shareholders' equity, (ii) deeply subordinated notes, (iii) perpetual subordinated notes restated under shareholders' equity and after deduction of (iv) interest to be paid to holders of said deeply subordinated and perpetual subordinated notes.

SUMMARY OF RESULTS AND PROFITABILITY BY CORE BUSINESS

Income statement by core business

For the Group, 2007 was marked by:

- excellent results for Retail Banking, Private Banking and Securities Services;
- the effects of the serious financial crisis on Corporate and Investment Banking and Asset Management activities;
- the exceptional fraud, the pre-tax cost of which amounts to EUR -4.9 billion.

Despite these two negative impacts, the Group generated net income of EUR 947 million. 2007 ROE after tax stood at 3.6% (17.1% excluding the fraud).

	French Networks		International Retail Banking		Financial Services		Global Investment Management & Services		Corporate & Investment Banking		Corporate Centre		Group	
(In millions of euros)	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net banking income	7,058	6,833	3,444	2,786	2,838	2,404	3,741	3,195	4,522	6,998	320	201	21,923	22,417
Operating expenses	(4,566)	(4,450)	(1,986)	(1,644)	(1,526)	(1,290)	(2,708)	(2,298)	(3,425)	(3,890)	(94)	(131)	(14,305)	(13,703)
Gross operating income	**2,492**	**2,383**	**1,458**	**1,142**	**1,312**	**1,114**	**1,033**	**897**	**1,097**	**3,108**	**226**	**70**	**7,618**	**8,714**
Net allocation to provisions	(329)	(275)	(204)	(215)	(374)	(273)	(41)	(8)	56	93	(13)	(1)	(905)	(679)
Operating income excluding net loss on unauthorized and concealed trading actvities	**2,163**	**2,108**	**1,254**	**927**	**938**	**841**	**992**	**889**	**1,153**	**3,201**	**213**	**69**	**6,713**	**8,035**
Net loss on unauthorized and concealed trading activities	0	0	0	0	0	0	0	0	(4,911)	0	0	0	(4,911)	0
Operating income including net loss on unauthorized and concealed trading actvities	**2,163**	**2,108**	**1,254**	**927**	**938**	**841**	**992**	**889**	**(3,758)**	**3,201**	**213**	**69**	**1,802**	**8,035**
Net income from companies accounted for by the equity method	2	2	36	11	(7)	(14)	0	0	19	24	(6)	(5)	44	18
Net income from other assets	4	5	28	7	1	(1)	(6)	(1)	26	30	(13)	3	40	43
Impairment losses on goodwill	0	0	0	0	0	0	0	0	0	0	0	(18)	0	(18)
Income tax	(736)	(719)	(320)	(242)	(315)	(291)	(295)	(273)	1,501	(902)	(117)	134	(282)	(2,293)
Net income before minority interests	1,433	1,396	998	703	617	535	691	615	(2,212)	2,353	77	183	1,604	5,785
Minority interests	58	52	312	232	17	14	39	38	9	13	222	215	657	564
Net income	**1,375**	**1,344**	**686**	**471**	**600**	**521**	**652**	**577**	**(2,221)**	**2,340**	**(145)**	**(32)**	**947**	**5,221**
Cost/income ratio	64.7%	65.1%	57.7%	59.0%	53.8%	53.7%	72.4%	71.9%	75.7%	55.6%	29.4%	65.2%	65.3%	61.1%
Average allocated capital	6,227	5,703	1,860	1,316	3,726	3,280	1,382	1,086	5,684	4,914	4,804**	3,808**	23,683	20,107
ROE after tax	**22.1%**	**23.6%**	**36.9%**	**35.8%**	**16.1%**	**15.9%**	**47.2%**	**53.1%**	**NM**	**47.6%**	**NM**	**NM**	**3.6%**	**25.8%**

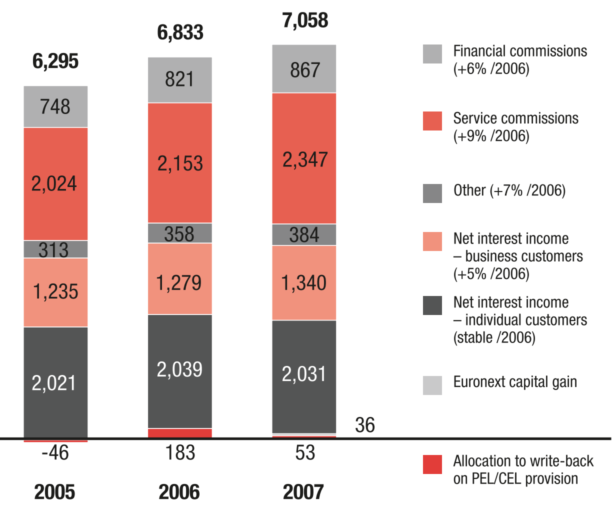
*** Calculated as the difference between the total Group capital and capital allocated to the core businesses.*

French Networks

(In millions of euros)	2007	2006	Change
Net banking income	7,058	6,833	+3.3%
Operating expenses	(4,566)	(4,450)	+2.6%
Gross operating income	**2,492**	**2,383**	**+4.6%**
Net allocation to provisions	(329)	(275)	+19.6%
Operating income	**2,163**	**2,108**	**+2.6%**
Net income from companies accounted for by the equity method	2	2	NM
Net income from other assets	4	5	NM
Income tax	(736)	(719)	+2.4%
Net income before minority interests	1,433	1,396	+2.7%
Minority interests	*58*	*52*	*+11.5%*
Net income	**1,375**	**1,344**	**+2.3%**
Cost/income ratio	64.7%	65.1%	
Average allocated capital	6,227	5,703	+9.2%
ROE after tax	**22.1%**	**23.6%**	

NB: The Cash Management activities were transferred from Financial Services to the French Network in 2007. Historical data has been adjusted accordingly.

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



The French Networks enjoyed a good year in 2007, with 4.8% growth in net banking income (excluding the effect of the PEL/CEL provision and the capital gain on the disposal of Euronext shares). They benefited from higher interest rates, especially at the short-end of the yield curve (3-month Euribor +120 bp on average/2006), and still sustained demand for financing. The end-2007 saw a slowdown in demand for unit-linked life insurance products, with customers preferring to transfer to investments exhibiting little volatility, in a more uncertain environment.

The French Networks continued to pursue their growth policy, with the net opening of 71 branches during the year. They also expanded their customer bases by focusing on two approaches: i) targeting of the most promising regions together with close cooperation between the Group's business lines; ii) strengthening of the sales force and creation of specific offerings for targeted customers with strong potential through the "Mass Affluent" project implemented over 2007-2009.

Sales performances for individual customers were satisfactory throughout the year. The number of personal current accounts rose +2.6% over one year (representing 160,400 net openings). Outstanding sight deposits continued to grow at a healthy pace (+4.3% vs. 2006) while outstandings for special savings accounts (excluding PEL accounts) were up +6.5% over the same period, mainly due to the Sustainable Development Account (+17.4%). Meanwhile, at EUR 2.9 billion, outstandings on term accounts benefited from the rate environment, posting growth of more than 90% vs. 2006. However, the erosion of PEL outstandings continued, as in the previous year (-13.2%). Life insurance inflows were down -6.2% (compared with a decline of -8.2% in the bancassurance market), after an exceptional year in 2006, although they remained at a very high level (EUR 9.2 billion for the year). The Group has a cautious approach to housing loans that consists of managing margins according to the quality and potential of counterparties. Consequently, new housing loans in 2007 were down -6.2% vs. 2006 at EUR 16.3 billion.

In the case of business customers, the dynamic activity shows no sign of abating, with a sustained rise in outstanding sight deposits (+9.5% vs. 2006) and investment loans (+15.3%), while French companies' healthy cash situation and reasonable level of debt have enabled them to cope with the expansion of their business without further recourse to operating loans (stable outstandings vs. 2006).

From a financial perspective, the revenues of the French Networks were up by +4.8% in 2007, after adjustment for changes in the PEL/CEL provision (provision write-back of EUR 53 million in 2007 and EUR 183 million in 2006) and the capital gain on the disposal of Euronext shares (EUR 36 million recorded in Q2 07). Before these adjustments, NBI was up +3.3% vs. 2006 at EUR 7,058 million.

Net interest income was up +2.1% vs. 2006 (excluding the PEL/CEL effect), due to the combination of increased deposits and rising market rates.

Commission income was up +8.1% vs. 2006, due to the increase in service commissions (+9.0%). These reflect the expansion of customer bases and the boom in activities such as payment services and direct banking, non-life insurance or personal insurance offerings. In the case of business customers, they also reflect the success of the Joint Ventures between the Societe Generale network and SG CIB in exchange rate hedging, SME consultancy, and local authority financing.

Financial commissions rose 5.6%.

Operating expenses were up +2.6% vs. 2006. The cost/income ratio (excluding the effect of the PEL/CEL provision and Euronext capital gain) improved by 1.4 point to 65.5% (vs. 66.9% in 2006).

The net cost of risk remained under control in 2007: 28 basis points of risk-weighted assets vs. 27 basis points in 2006. The level reflects the good overall quality of the French Networks' customer bases and their loan portfolio.

In 2007, the French Networks' contribution to Group net income amounted to EUR 1,375 million, up +2.3% vs. 2006.

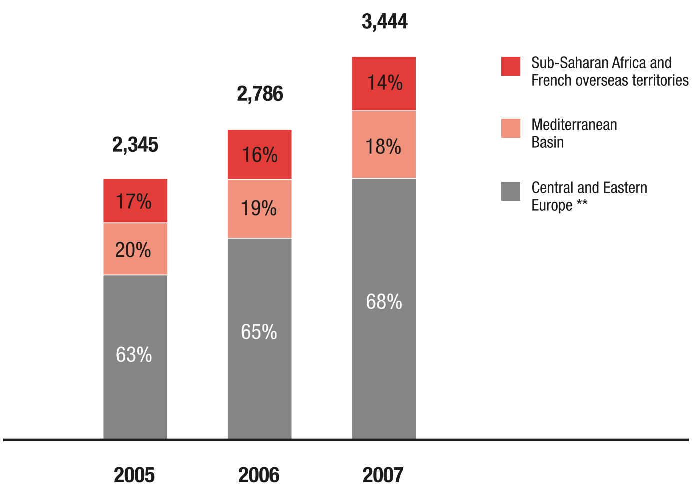
ROE after tax stood at 22.1% (21.2% excluding the effect of the PEL/CEL provision and the Euronext capital gain) vs. 23.6% in 2006 (21.5% excluding the effect of the PEL/CEL provision).

International retail banking

(In millions of euros)	2007	2006	Change	
Net banking income	3,444	2,786	+23.6%	+17.1%*
Operating expenses	(1,986)	(1,644)	+20.8%	+14.2%*
Gross operating income	**1,458**	**1,142**	**+27.7%**	**+21.3%***
Net allocation to provisions	(204)	(215)	-5.1%	-3.7%*
Operating income	**1,254**	**927**	**+35.3%**	**+27.2%***
Net income from companies accounted for by the equity method	36	11	NM	
Net income from other assets	28	7	NM	
Income tax	(320)	(242)	+32.2%	
Net income before minority interests	998	703	+42.0%	
Minority interests	*312*	*232*	*+34.5%*	
Net income	**686**	**471**	**+45.6%**	**+30.1%***
Cost/income ratio	57.7%	59.0%		
Average allocated capital	1,860	1,316	+41.3%	
ROE after tax	**36.9%**	**35.8%**		

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

BREAKDOWN OF NBI BY REGION (IN MILLIONS OF EUROS)



*** Including Greece and Cyprus.*

One of the Group's priority growth areas, International Retail Banking continued to pursue its sustained expansion in the different regions in which the Group is present during 2007. The increase in the Group's net banking income in the regions is significant: Central, Eastern and South-Eastern Europe excluding Russia (+17.3% *), Russia (+58.3% *), Africa and French Overseas Territories (+6.0% *) and Mediterranean Basin (+19.3% *).

The expansion of these activities is based on organic and external growth through the acquisition of shareholdings of varying size. In 2007, the Group reinforced its position as a major player in Central, Eastern and South-Eastern Europe and also continued to expand in Africa.

Moreover, the Group has exercised its option to purchase Rosbank at the price of USD 1.7 billion (corresponding to 30% of the capital plus 2 shares) after acquiring an initial stake in 2006 (20% minus 1 share). It is now the majority shareholder of one of the leading retail banking networks in Russia. The exercise of the purchase option has triggered the launch by Societe Generale of a mandatory takeover bid which could result in its stake increasing to 57.8% by the end of H1 2008. In a fast-growing banking market, Rosbank will supplement the Group's

Retail Banking, Financial Services for individuals and Corporate and Investment Banking activities in Russia.

The Group has responded to the growth in the banking markets in which it is already present by maintaining a significant pace of branch openings. It has opened 379 branches at constant structure, including 206 in Romania. This expansion strategy is also evident in the Mediterranean Basin with the opening of 25 branches in Morocco, 21 in Egypt and 20 in Algeria.

As a result of the acquisitions made over the period, 116 branches have been added to the International Retail Banking network which, at end-2007, had a total of 2,795 branches (2). To support its expansion, the total headcount (38,900 (2) people at end 2007) has continued to grow, with the recruitment of 3,150 staff (2) in one year.

Individual customer bases grew at a sustained rate in 2007. At constant structure, the number of individual customers increased by more than 744,000 over one year (+9.5%) and their outstanding deposits by +17.0% *. The credit growth rate for individual customers stood at +30.2% * for 2007, due to the rapid expansion of consumer and housing loans in the Central and Eastern European subsidiaries. At end-December 2007, International Retail Banking had 8.8 million (2) individual customers.

In the case of business customers, the respective growth rates for loans and deposits were +25.0% * and +18.0% *.

International Retail Banking's financial contribution is higher: 2007 revenues (EUR 3,444 million) were up 17.1% * vs. 2006 (+23.6% in absolute terms).

Operating expenses increased by +14.2% * (+20.8% in absolute terms) vs. 2006, with +5.9% * in respect of development costs for the existing network, mainly related to branch openings.

As a result, 2007 gross operating income rose +21.3% * (+27.7% in absolute terms) to EUR 1,458 million. The C/I ratio continued to improve, standing at 57.7% vs. 59.0% in 2006.

The cost of risk remained low in 2007 (44 bp vs. 55 bp in 2006), confirming the overall good quality of the portfolios.

The division's contribution to Group net income totaled EUR 686 million in 2007, substantially higher (+30.1% *) than in 2006 (+45.6% in absolute terms).

ROE after tax was a very high 36.9% in 2007, vs. 35.8% in 2006.

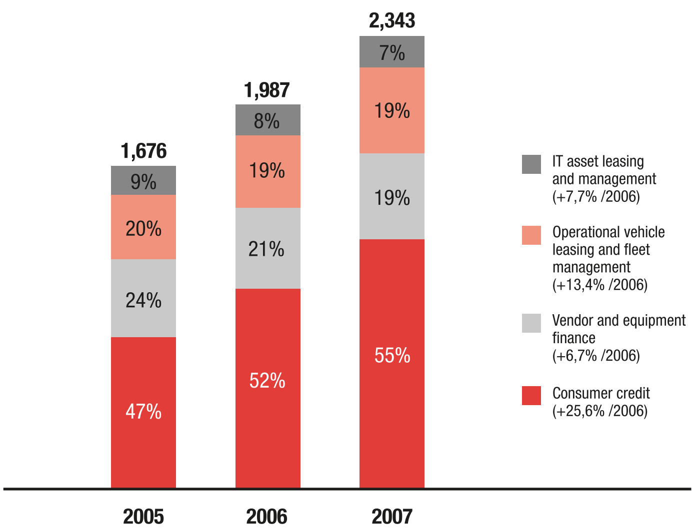
(2) Excluding Rosbank (Russia).

Financial Services

(In millions of euros)	2007	2006	Change	
Net banking income	2,838	2,404	+18.1%	+15.1%*
Operating expenses	(1,526)	(1,290)	+18.3%	+14.9%*
Gross operating income	**1,312**	**1,114**	**+17.8%**	**+15.3%***
Net allocation to provisions	(374)	(273)	+37.0%	+32.9%*
Operating income	**938**	**841**	**+11.5%**	**+10.0%***
Net income from companies accounted for by the equity method	(7)	(14)	NM	
Net income from other assets	1	(1)	NM	
Income tax	(315)	(291)	+8.2%	
Net income before minority interests	617	535	+15.3%	
Minority interests	*17*	*14*	*+21.4%*	
Net income	**600**	**521**	**+15.2%**	**+12.3%***
Cost/income ratio	53.8%	53.7%		
Average allocated capital	3,726	3,280	+13.6%	
ROE after tax	**16.1%**	**15.9%**		

** When adjusted for changes in Group structure and at constant exchange rates.*
NB: The Cash Management activities were transferred from Financial Services to the French Network in 2007. Historical data has been adjusted accordingly.

BREAKDOWN OF THE NBI OF SPECIALIZED FINANCING (IN MILLIONS OF EUROS)



Excluding life and non-life insurance

The **Financial Services** division comprises Specialized Financing (consumer credit, equipment finance, operational vehicle leasing and fleet management, IT leasing and management), Life and Non-Life Insurance.

Specialized Financing is one of the Group's growth drivers. Its performances have grown steadily, driven by a strategy combining organic growth and targeted acquisitions in markets with strong potential. This has boosted the international activities, which represented 75% of revenues in 2007 vs. 72% in 2006.

The **consumer credit business** confirmed its dynamic growth in 2007. It contributed 55% of Specialized Financing revenues vs. 52% in 2006. New consumer loans in 2007 increased by 16.9% * to EUR 11.0 billion. This performance is driven by new markets such as Russia (x2 * vs. 2006) and Poland (+66.0% *). Traditional markets (France, Germany and Italy) have generally seen more moderate growth (+4% in new lending and +9% in outstandings).

In 2007, the Group expanded its operations in Brazil by finalising the acquisition of Banco Cacique, one of the major players in the sector, following the acquisition of Banco Pecùnia. It has also continued its organic growth by launching new operations in Turkey, the United States and Vietnam.

As for **business finance and services**, new financing (3) by SG Equipment Finance – a European leader in equipment finance for businesses – totaled EUR 8.5 billion in 2007, up 7.7% * vs. 2006. Activity in 2007 was buoyant, especially in Poland (+35.2% *), the Czech Republic (+13.1% *) and Scandinavia (+10.6% *). SG Equipment Finance's outstandings (3) totaled EUR 17.3 billion at end-2007, up 9.5% * vs. end-2006. Net banking income was up 6.5% *.

In **operational vehicle leasing and fleet management**, ALD Automotive is No. 2 in Europe with a fleet under management representing more than 728,000 vehicles at end-2007, or +6.1% at constant structure. Business continues to be focused on Europe where positions have been strengthened in Italy following the purchase from Unicredit of the remaining 50% in their joint subsidiary (Locatrent). At the same time, international expansion has continued with the establishment of new subsidiaries (in Algeria, Serbia, Malaysia and Mexico), taking the geographical coverage to 39 countries.

Overall, **Specialized Financing** revenues increased by +14.4% * in 2007 (+17.9% in absolute terms).

Gross new inflows in **Life Insurance** totaled EUR 8.9 billion in 2007, down 8.3% * vs. 2006, which was marked by an exceptional inflow as a result of transfers from PEL accounts. The proportion of unit-linked policies amounted to 30%. 2007 life insurance revenues were substantially higher (+18.9% *) than the previous year, driven by the increase in mathematical reserves (+8.9%). 2007 marked a rapid expansion in the international operation with the establishment of 7 new subsidiaries. Sogecap is now present in 11 countries.

Overall, the **Financial Services** division generated substantially higher revenues totaling EUR 2,838 million in 2007, or +15.1% * (+18.1% in absolute terms). Organic growth, which was particularly significant in consumer credit, was accompanied by a 14.9% * increase in operating expenses (+18.3% in absolute terms). As a result, gross operating income was up +15.3% * (+17.8% in absolute terms) at EUR 1,312 million.

The net allocation to provisions (EUR 374 million in 2007) was up 32.9% * vs. 2006, amounting to 89 bp vs. 73 bp in 2006. This trend is due to the strong growth of consumer credit in emerging countries where the cost of risk is higher, especially in Russia and Brazil.

2007 operating income rose by 10.0% * (+11.5% in absolute terms) and the contribution to Group net income by +12.3% *, to EUR 600 million. ROE after tax stood at 16.1% vs. 15.9% in 2006.

(3) Excluding factoring.

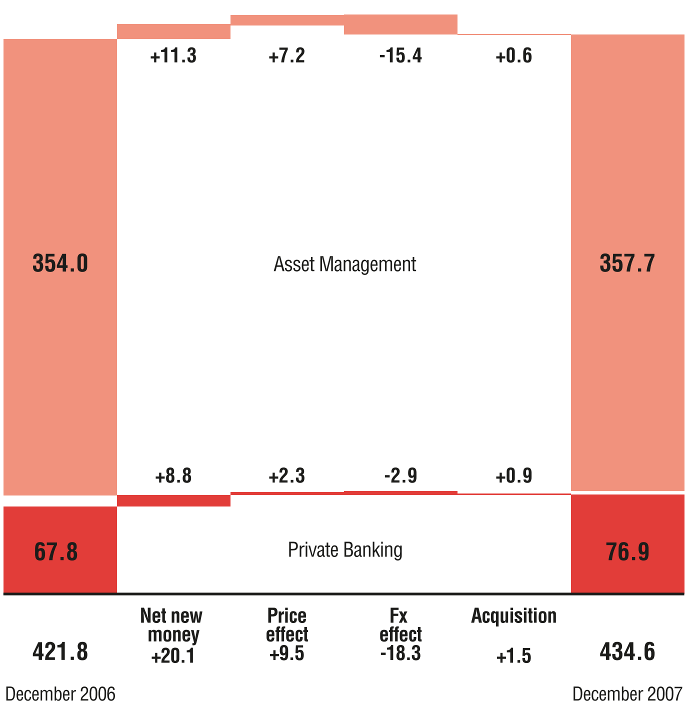
Global Investment Management & Services

(In millions of euros)	2007	2006	Change	
Net banking income	3,741	3,195	+17.1%	+12.3%*
Operating expenses	(2,708)	(2,298)	+17.8%	+13.3%*
Gross operating income	**1,033**	**897**	**+15.2%**	**+9.9%***
Net allocation to provisions	(41)	(8)	NM	NM
Operating income	**992**	**889**	**+11.6%**	**+7.3%***
Net income from other assets	(6)	(1)	NM	
Income tax	(295)	(273)	+8.1%	
Net income before minority interests	691	615	+12.4%	
Minority interests	*39*	*38*	*+2.6%*	
Net income	**652**	**577**	**+13.0%**	**+8.4%***
Cost/income ratio	72.4%	71.9%		
Average allocated capital	1,382	1,086	+27.3%	

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

Global Investment Management and Services comprises asset management (Societe Generale Asset Management), private banking (SG Private Banking), Societe Generale Securities & Services (SG SS) and online savings (Boursorama).

ASSETS UNDER MANAGEMENT (IN BILLIONS OF EUROS)



The liquidity crisis prevailing since the summer 2007 has led to a substantial outflow from dynamic money market funds in France, a segment in which SGAM had a significant market share. SGAM decided to ensure the liquidity of some of its funds (most of which are marketed to corporate and institutional clients) and therefore felt the effects of this crisis.

Meanwhile, Private Banking produced excellent performances with a very high net inflow (EUR 8.8 billion in 2007), a substantial increase on 2006.

Overall, Asset Management recorded a net inflow of EUR 20.1 billion (vs. EUR 41.9 billion in 2006) and outstanding assets under management totaled EUR 434.6 billion (4) at the end of the year (vs. EUR 421.8 billion at end-2006). Securities Services confirmed its dynamic growth, with in particular assets under custody up +14.2% at EUR 2,583 billion at end-2007.

(4) This figure does not include the assets held by customers of the French Networks (around EUR 118 billion for investable assets exceeding EUR 150,000) nor the assets managed by Lyxor Asset Management (EUR 72.6 billion at December 31, 2007), whose results are consolidated in the Equities business line.

Global Investment Management and Services recorded mixed financial performances in 2007: Asset Management, which was heavily impacted by the liquidity crisis, produced lower results, whereas Private Banking and Securities Services posted sharply higher results. Overall, and after the EUR 33 million net allocation to provisions in Q4 07, Global Investment Management and Services recorded operating income up +7.3% * vs. 2006 (+11.6% in absolute terms) at EUR 992 million (5). The contribution to Group net income was 13.0% higher than in 2006 and totaled EUR 652 million (5).

Asset Management

(In millions of euros)	2007	2006	Change	
Net banking income	1,119	1,281	-12.6%	-14.6%*
Operating expenses	(841)	(805)	+4.5%	+5.6%*
Gross operating income	**278**	**476**	**-41.6%**	**-48.2%***
Net allocation to provisions	(4)	1	NM	NM
Operating income	**274**	**477**	**-42.6%**	**-49.1%***
Net income from other assets	(6)	(1)	NM	
Income tax	(91)	(162)	-43.8%	
Net income before minority interests	177	314	-43.6%	
Minority interests	*8*	*16*	*-50.0%*	
Net income	**169**	**298**	**-43.3%**	**-50.5%***
Cost/income ratio	75.2%	62.8%		
Average allocated capital	371	280	+32.5%	

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

For 2007, the business line posted a positive net inflow of EUR 11.3 billion vs. EUR 34.2 billion in 2006. The slowdown was essentially due to two different factors:

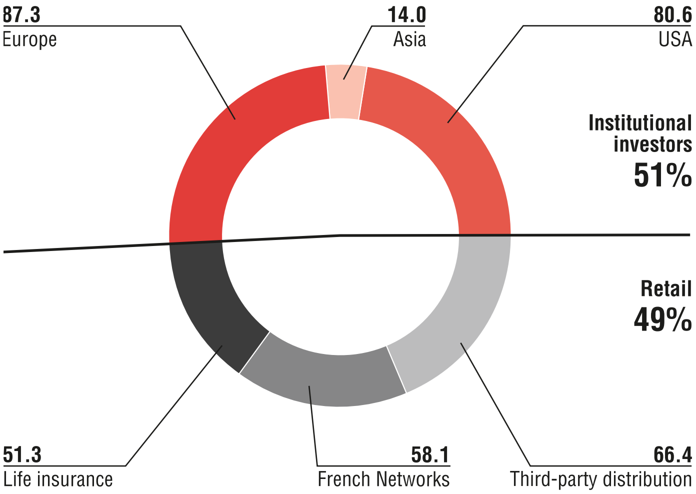
- firstly, withdrawals from dynamic money market funds representing EUR -14.1 billion in 2007. SGAM was also forced to ensure the liquidity of some dynamic money market funds for its clients. This decision and the valuation of certain assets resulted in write-downs and losses amounting to EUR 276 million for 2007;
- secondly, the outflow from CDOs (EUR -7.6 billion) through TCW.

In contrast, note the healthy contribution from the Asian operation, whose inflow for 2007 totaled EUR 6.7 billion.

Assets managed by SGAM totaled EUR 357.7 billion at end-2007, vs. EUR 354.0 billion a year earlier.

Operating expenses increased +5.6% * (and +4.5% in absolute terms) vs. 2006.

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY TYPE OF CLIENT AND REGION (IN BILLIONS OF EUROS)

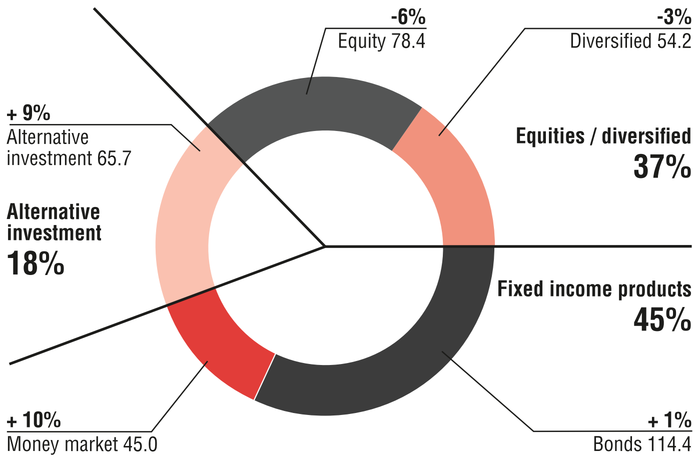


(5) Including the EUR 165 million Euronext capital gain booked in Q2 07.

SGAM recorded operating income of EUR 274 million in 2007. This was lower than the EUR 477 million posted in 2006. The contribution to 2007 Group net income amounted to EUR 169 million vs. EUR 298 million in 2006.

The purchase of assets originating from SGAM funds invested in credit-type underlyings could continue in Q1 2008 and, given the situation in the credit markets, lead to further write-downs.

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY PRODUCT (IN BILLIONS OF EUROS) – % CHANGE VS 2006



Private Banking

(In millions of euros)	2007	2006	Change	
Net banking income	823	658	+25.1%	+27.2%*
Operating expenses	(531)	(434)	+22.4%	+24.4%*
Gross operating income	**292**	**224**	**+30.4%**	**+32.6%***
Net allocation to provisions	(1)	(4)	-75.0%	-75.0%*
Operating income	**291**	**220**	**+32.3%**	**+34.6%***
Net income from other assets	0	0	NM	
Income tax	(63)	(49)	+28.6%	
Net income before minority interests	228	171	+33.3%	
Minority interests	*13*	*12*	*+8.3%*	
Net income	**215**	**159**	**+35.2%**	**+37.6%***
Cost/income ratio	64.5%	66.0%		
Average allocated capital	427	378	+13.0%	

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

SG Private Banking achieved excellent performances, both commercial and financial, in 2007.

Net inflow totaled EUR 8.8 billion in 2007 (or 13% of assets year-on-year), vs. EUR 7.7 billion in 2006. It was driven by all the geographical regions. Assets under management totaled EUR 76.9 billion at end-2007. The gross margin was sharply higher (114 bp vs. 103 bp in 2006). As a result, the business line's net banking income was up +27.2% * at EUR 823 million.

The increase in operating expenses (+24.4% * vs. 2006) includes the impact of continued commercial and infrastructure investments and the increase in business performance-linked pay.

The business line's gross operating income (EUR 292 million) was sharply higher (+32.6% * vs.2006), with the contribution to Group net income also progressing 35.2% to EUR 215 million in 2007.

Securities Services and Online Savings

(In millions of euros)	2007	2006	Change	
Net banking income	1,799	1,256	+43.2%	+32.2%*
Operating expenses	(1,336)	(1,059)	+26.2%	+14.5%*
Gross operating income	**463**	**197**	**x2.4**	**x2.3***
Net allocation to provisions	(36)	(5)	NM	NM
Operating income	**427**	**192**	**x2.2**	**x2.2***
Net income from other assets	0	0	NM	
Income tax	(141)	(62)	x2.3	
Net income before minority interests	286	130	x2.2	
Minority interests	*18*	*10*	*+80.0%*	
Net income	**268**	**120**	**x2.2**	**x2.2***
Cost/income ratio	74.3%	84.3%		
Average allocated capital	584	428	+36.4%	

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

SG SS' business volumes grew substantially in 2007.

With 1,582 million lots traded in 2007, up 62.4% vs. 2006, FIMAT continued to boost its global market share [6], which stood at 9.0% at end-2007, vs. 6.7% in 2006.

The launch in January 2008 of Newedge, the result of the merger between FIMAT and Calyon Financial, has produced a leader in derivatives execution and clearing. Owned jointly (50/50) by Societe Generale and Calyon, Newedge will be present in more than 70 markets around the world, with 3,000 staff.

The **Global Custodian subdivision** has also enjoyed buoyant business: assets under custody rose 14.2% year-on-year to EUR 2,583 billion at end-2007, reinforcing the Group's position as one of the leading European custodians. Assets under administration also increased by 20.0% to EUR 444 billion after including the acquisition of the fund administration activities of Pioneer Investments in Germany, a subsidiary of Pioneer Global Asset Management, which enabled the business line to consolidate its position in this activity. Societe Generale Securities Services has continued its targeted development strategy, acquiring the securities custody, clearing and administration activities of Capitalia in Q1 2008. The operation is expected to be finalized at end-March 2008.

In 2007, **Boursorama** confirmed its position as a major player in the distribution of online savings products. At end-2007, Boursorama acquired OnVista AG, the German leader in web-based financial information. This operation will enable Boursorama to accelerate its development in Germany, where it is already present via its Fimatex subsidiary. The strong growth of its activities has continued, with a 8.6% increase in the number of executed orders vs. 2006, which represented a high comparison base. Outstanding savings totaled EUR 4.4 billion, or +7.1% year-on-year. The success of the banking offering has been confirmed, with the opening of 14,700 accounts in 2007, taking the total number of bank accounts to nearly 64,000.

Revenues for SG SS and Boursorama (excluding Euronext capital gain) were up +18.4% * vs. 2006 (+30.2% in absolute terms).

Continued investment in the European custody and fund administration platforms combined with a rise in performance-linked pay due to the growth in business resulted in a 14.5% * increase in operating expenses vs. 2006. The C/I ratio was down, at 81.7% (excluding Euronext capital gain) vs. 84.3% in 2006. Operating income was 29.2% * higher (excluding Euronext capital gain).

(6) Market share in the main markets of which Fimat is a member.

Corporate and Investment Banking

(In millions of euros)	2007	2006 **	Change	
Net banking income	4,522	6,860	-34.1%	-32.8%*
o.w. Financing & Advisory	*1,859*	*1,559*	*+19.2%*	*+21.0%**
o.w.Fixed Income, Currencies & Commodities	*(885)*	*2,252*	*NM*	*NM*
o.w. Equities	*3,548*	*3,049*	*+16.4%*	*+18.4%**
Operating expenses	(3,425)	(3,755)	-8.8%	-6.9%*
Gross operating income	**1,097**	**3,105**	**-64.7%**	**-64.0%***
Net allocation to provisions	56	93	-39.8%	-36.4%*
Operating income excluding net loss on unauthorized and concealed trading actvities	**1,153**	**3,198**	**-63.9%**	**-63.2%***
Net loss on unauthorized and concealed trading activities	(4,911)	0	NM	NM
Operating income including net loss on unauthorized and concealed trading actvities	**(3,758)**	**3,198**	**NM**	**NM**
Net income from companies accounted for by the equity method	19	24	-20.8%	
Net income from other assets	26	30	-13.3%	
Impairment losses on goodwill	0	0	NM	
Income tax	1,501	(901)	NM	
Net income before minority interests	(2,212)	2,351	NM	
Minority interests	*9*	*13*	*-30.8%*	
Net income	**(2,221)**	**2,338**	**NM**	**NM**
Cost/income ratio	75.7%	54.7%		
Average allocated capital	5,684	4,908	+15.8%	
ROE after tax	**n/s**	**47.6%**		

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

The results of **Societe Generale Corporate & Investment Banking** (SG CIB) are presented in accordance with the division's organizational structure implemented at the beginning of Q1 2007. Historical comparable data have been adjusted and are also now presented excluding Cowen.

SG CIB posted a negative contribution to Group net income of EUR -2,221 million in 2007, due to the combination of an exceptional fraud (EUR 4.9 billion net loss on unauthorized and concealed trading activities) and the US financial crisis.

Net banking income totaled EUR 4,522 million in 2007 or -32.8% * vs. 2006 (-34.1% in absolute terms). The growth in Equities activities and Financing & Advisory (net banking income up +18.4% * and +21.0% * respectively vs. 2006) helped limit the financial crisis' impact on the Fixed Income, Currencies & Commodities business.

Trading revenues were heavily impacted by the financial crisis in the United States (negative contribution of EUR 1,174 million in 2007). Client-driven revenues continued to grow and amounted to EUR 5,197 million, or +14.5% vs. 2006.

Revenues for the **Equities** business were up +18.4% * in 2007 (+16.4% in absolute terms) at EUR 3,548 million, due to the financial crisis. Equity trading activities were affected by the subprime crisis (-15.4% vs. 2006 at EUR 1,251 million). Revenues from client-driven activities continued to grow (+35.8% vs. 2006), confirming the robustness of the franchise. As a result, flow products, structured products and cash equities produced good performances in 2007. Lastly, Lyxor saw its managed outstandings increase by EUR 11.6 billion in 2007, confirming clients' interest in its products and its model.

The **Fixed Income, Currencies & Commodities** business posted net banking income of EUR -885 million in 2007 due to EUR 2.6 billion of write-downs and losses on US mortgage-related exposures, including:

- EUR -1,250 million relating to super senior tranches of unhedged CDOs;
- EUR -947 million [7] relating to the counterparty risk on monoline insurers (gross exposure of EUR 1.9 billion at December 31, 2007, adjusted to EUR 1.3 billion after taking into account CDS hedges purchased from banking counterparties, *i.e.* net exposure after write-down of EUR 0.4 billion);
- EUR -325 million on the RMBS trading portfolio. Written down on the basis of market parameters, this portfolio has been largely hedged or sold. At December 31, 2007, RMBS exposure, net of write-downs and unhedged, amounted to EUR 184 million.

The decision to consolidate the SIV (Structured Investment Vehicle) PACE at December 31, 2007 resulted in the recording of EUR -49 million under net banking income in 2007.

However, client-driven activities increased +15.7% in 2007 to EUR 1,404 million, particularly for flow products and structured rates.

Financing & Advisory revenues grew +21.0% * vs. 2006, to EUR 1,859 million (+19.2% in absolute terms). SG CIB confirmed its place among the leaders in euro capital markets. In 2007, it ranked No.3 for euro bond issues (IFR) and was named “Euro Bond House of the Year” (IFR).

SG CIB’s operating expenses fell -6.9% * to EUR 3,425 million in 2007 (-8.8% in absolute terms).

Corporate and Investment Banking recorded a EUR 56 million provision write-back in 2007 (vs. a EUR 93 million write-back in 2006). In a particularly uncertain and difficult environment, the Group expects an increase in the cost of risk in the next few months.

Corporate and Investment Banking made a total contribution to operating income in 2007, excluding the net loss on unauthorized and concealed trading activities, of EUR 1,153 million (vs. EUR 3,198 million in 2006).

The division’s ROE after tax, adjusted for the net loss on unauthorized and concealed trading activities, stood at 17.9%.

(7) Including EUR 47 million relating to the exposure to ACA (fully written down at December 31, 2007).

Corporate Center

(In millions of euros)	2007	2006
Net banking income	320	201
Operating expenses	(94)	(131)
Gross operating income	**226**	**70**
Net allocation to provisions	(13)	(1)
Operating income	**213**	**69**
Net income from companies accounted for by the equity method	(6)	(5)
Net income from other assets	(13)	3
Impairment losses on goodwill	0	(18)
Income tax	(117)	134
Net income before minority interests	77	183
Minority interests	*222*	*215*
Net income	**(145)**	**(32)**

The Corporate Centre recorded gross operating income of EUR 226 million in 2007 (vs. EUR 70 million in 2006). Income from the equity portfolio amounted to EUR 502 million. At December 31, 2007, the IFRS net book value of the industrial equity portfolio, excluding unrealized capital gains, amounted to EUR 0.6 billion, representing market value of EUR 1.0 billion.

In managing the liquidity of some SGAM funds, the Group subscribed to units in two dynamic money market funds in Q4 07. The write-downs and depreciation for the cost of risk recorded on these units due to the liquidity crisis had an impact of EUR - 49 million on the Corporate Centre’s operating income.

Methodology

1. **The potential accounting impact of the unauthorized transactions is not reflected in the interim financial statements, management reports and quarterly results**

   The interim financial statements and related Group management report as of and for the six-month period ended June 30, 2007, the quarterly results as of and for the three-month and nine-month period ended March 31, 2007 and September 30, 2007, together with the related Group management comments are incorporated by reference as originally issued and do not reflect the potential accounting impact of eliminating such unauthorized activities. This information which is included respectively in the supplements to the 2007 Annual Report submitted to the AMF under No. D.07-0146-A02 on August 31, 2007, No. D.07-0146-A01 on May 25, 2007, No. D.07-0146-A03 on November 13, 2007 cannot be relied upon without due consideration of the matter described above.

2. **The Group's results were approved by the Board of Directors on February 20, 2008**

   The financial information presented for 2007 and comparative information in respect of the 2006 financial year have been prepared by applying accounting principles and methods in accordance with IFRS, as adopted in the European Union and applicable at those dates.

3. Group **ROE** is calculated on the basis of average Group shareholders' equity under IFRS excluding (i) unrealized or deferred capital gains or losses booked directly under shareholders' equity excluding conversion reserves, (ii) deeply subordinated notes, (iii) undated subordinated notes recognized as shareholders' equity, and deducting (iv) interest to be paid to holders of deeply subordinated notes and of the restated, undated subordinated notes. The net income used to calculate ROE excludes interest, net of tax impact, to be paid to holders of deeply subordinated notes for the period and, as of 2006, to the holders of restated, undated subordinated notes (*i.e.* EUR 83 million for 2007 vs. EUR 41 million for 2006).

4. **Earnings per share** is the ratio of (i) net income for the period after deduction (as of 2005) of the interest, net of tax, to be paid to holders of deeply subordinated notes (EUR 55 million in 2007 and EUR 28 million in 2006) and, as of 2006, the interest, net of tax, to be paid to holders of undated subordinated notes which were reclassified from debt to shareholders' equity (EUR 28 million for 2007 vs. EUR 13 million for 2006, (ii) the average number of shares outstanding excluding treasury shares, but taking into account (a) trading shares held by the Group, and (b) shares held under the liquidity contract.

5. **Net assets** are comprised of Group shareholders' equity, excluding (i) deeply subordinated notes (EUR 2.48 billion), undated subordinated notes previously recognized as debt (EUR 0.87 billion), and (ii) interest to be paid to holders of deeply subordinated notes and undated subordinated notes, but reinstating the book value of trading shares held by the Group and shares held under the liquidity contract. The number of shares used to calculate book value per share is the number outstanding at December 31, 2007, excluding treasury shares but including (a) trading shares held by the Group and (b) shares held under the liquidity contract.

FINANCIAL POLICY

The objective of the Group's capital management policy is to optimize the use of capital in order to maximize the short- and long-term return for the shareholder, while maintaining a capital adequacy ratio (Tier One ratio) in keeping with its objectives and with its target rating.

The Tier One ratio at the end of 2007 was 6.6% due to respective changes in available capital and its use over the year and, in particular, to the impact of the exceptional fraud-related loss.

After the current capital increase and taking into account the acquisition of additional tranches of 37.8% in the Russian bank Rosbank, the proforma Tier One ratio for the end of 2007 will be slightly higher than 8%. The Group aims to maintain a Tier One ratio (Basel I) of 8% at the end of 2008 and to subsequently gradually reduce it to 7.5% by the end of 2010.

Capital base

At December 31, 2007, Group shareholders' equity amounted to EUR 27.2 billion and book value per share to EUR 56.4 (-11.4% vs. 2006), including EUR 2.6 of unrealized capital gains. Risk-weighted assets increased by 14.3% * year-on-year reflecting strong organic growth in all the Group's businesses. Corporate and Investment Banking's risk-weighted assets increased +10.7% over the same period, but have fallen -5.7% since June 30, 2007.

In order to boost its shareholders' equity, the Board of Directors, meeting on January 23, 2008, decided to launch a EUR 5.5 billion capital increase. This operation, which is subject to a firm underwriting (*garantie de bonne fin*) as per article L.225-145 of the French Commercial Code, will take the Tier One ratio (Basel I) to 8%, taking into account the Rosbank acquisition.

The Group follows a share buyback policy aimed at annually neutralising the dilutive effect of capital issues reserved for employees and allocations of stock options and free shares. In accordance with this policy, the Group repurchased 10.7 million shares during 2007. At December 31, 2007, Societe Generale held 30.3 million treasury shares (or 6.5% of the capital), excluding shares held for trading purposes.

The Societe Generale Group's ratings were upgraded in 2006 and 2007 by the rating agencies Moody's (on May 11, 2007 from Aa2 to Aa1), Standard & Poor's (on November 15, 2006 from AA- to AA) and Fitch (on May 12, 2006 from AA- to AA). Following the fraud-related loss and in view of the financial policy measures undertaken by the Group to boost its shareholders' equity, Moody's and Fitch have downgraded (on January 24, 2008) Societe Generale's long-term rating, respectively to Aa2 and AA- with a stable outlook. On February 15, 2008, Standard & Poor's also downgraded its long-term rating to AA- with a negative outlook.

These levels are compatible with the long-term rating objective that the Group has set.

Generation and use of capital in 2007

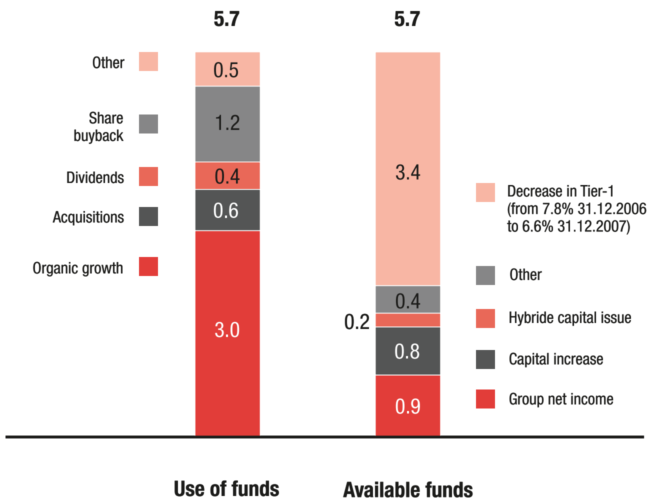
The main changes in shareholders' equity over 2007 were as follows:

Available funds:

- attributable net income of EUR 0.9 billion;
- additional paid-in capital from capital increases reserved for employees in the amount of EUR 0.8 billion;
- additional paid-in capital from the issuance of equity instruments (deeply subordinated notes) in the amount of EUR 0.2 billion;
- various items, including changes in reserves, in the amount of EUR 0.4 billion.

Use of funds:

- financing of organic growth: EUR 3.0 billion in 2007, at constant exchange rates, reflecting growth in all the Group's businesses;
- financing of acquisitions: EUR 0.6 billion in 2007;
- the dividend for 2007 which is subject to the approval of the General Meeting (pay-out ratio slightly higher than 45% in 2007);
- share buybacks intended to dilute the impact of capital increases reserved for employees, corresponding to the purchase of 10.7 million shares in 2007 (EUR 1.2 billion).



Financing of the main investments currently underway

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

SIGNIFICANT NEW PRODUCTS OR SERVICES

In line with its strategy of innovation, the Societe Generale Group launched a number of new products and services in 2007, the most significant of which are listed below:

Business Division	New product or service	
French Networks	High Fidelity Services Infinite Visa card Réservéa	Societe Generale offering aimed at "premium" individual and professional customers, with a range of services specifically for cardholders, a card and money accessible at any time.
	12-15 generation by Societe Generale	Societe Generale offering aimed at young people, including a young person's account, a debit card and access to consult and monitor the account.
	"Integral" Progecard	Societe Generale's new electronic banking solution for professionals:" to collect more cash, more quickly and at lower cost".
	Libertimmo 3 Cap-1 Modulinvest 3 Cap-1	New variable-rate loan formula launched by Credit du Nord. It provides customers with similar security to that of a fixed-rate loan and enables them to benefit from any decline in the variable rate.
	Antarius Dépendance	An insurance policy for individuals offered by Credit du Nord and covering the consequences of partial and/or total dependence. It allows holders to avoid being a burden on their family and provides access to assets in the event of dependence.
International Retail Banking	"0-la-la" Visa card in Serbia	Launch of the Visa revolving credit card 0-la-la to celebrate Societe Generale's 30 years in Serbia. Holders will benefit from a 10% discount in partner stores and accumulate points on day-to-day banking transactions that they can convert into gifts. The 0-la-la card is also accessible to non-SG customers.
	Mortgage loan in the Czech Republic	A unique product launched by Komerçni Banka in the Czech mortgage market, offering the possibility of postponing and changing monthly payments.
	Personalized bank cards in the Czech Republic	A Komerçni Banka service enabling customers to create the visual appearance of their bank card (personal photos, pets, monuments) via a dedicated website (www.mojekarta.cz)
	Ahly card in Morocco	A pre-paid "family solidarity" card launched by Societe Generale in Morocco and designed for Moroccans living abroad. The card enables them to make transfers and money available to their family in Morocco, from within Morocco or directly from abroad.
	Pro Active Pack in Reunion island	A package for professionals comprising a basic range of services (direct banking, insurance, payment services, overdraft facility, account handling fees) and optional products (bank cards, Pro legal protection, private account package).
Financial Services	Franfinance/Nouvelles Frontières co-branded card	This card combines the functionalities of a traditional Visa card, financing solutions and the specific features of a store card. It also enables the holder to benefit from travel reductions, through purchases made in the Nouvelles Frontières network and credited to an acount.
	Multipremia in Italy	Launch by Fiditalia of a personal loan rewarding regular monthly payments throughout the contract through a graduated decreasing rate system (degressive amortization plan). In the case of a payment incident, the customer loses the possibility of benefiting from a lower rate at the next stage. The number of stages (maximum of 4) and the duration of each are determined according to the total duration of the loan (from 24 to 96 months).
	VIP Service	Launch by ALD of a new VIP offering comprising a range of innovative services: – organization of appointments relating to car maintenance; – supply of a replacement car in the luxury category for the period the car is out of service; – premium assistance with a wider range of services.
	The Safe Proctocol	Launch by SG Equipment of a new product designed to confirm to exporting SMEs the implementation of leasing financing with their foreign buyers. The direct release of the financing into the hands of the exporter's local representative helps to secure the commercial counterparty risk.
	Ebène	An individual multi-media life insurance contract (launched by SOGECAP) aimed at wealth management clients. Offering access to external funds and the best products of the Group's management companies, "Ebène" provides increased guarantees with tax breaks.

Asset Management	SGAM AI Equity Fund	Obtainment of approval in France, Italy, Portugal, Spain, the United Kingdom, Austria and Germany for the marketing of SGAM AI Equity Fund. A mutual fund with sub-funds governed by Luxembourg law, this product provides access to US "long-only" equity funds managed by leaders recognized in the global hedge fund industry.
	ETF range	Launch on Euronext Paris of four ETFs: two ETFs offering inverse exposure to changes in the CAC 40 and two ETFs offering inverse exposure to the Dow Jones EURO STOXX 50. These ETFs are intended for institutional investors not wishing to use futures to implement a declining market and portfolio hedging strategy, and well-informed individual investors.
Private Banking	New SG Private Banking product	Launch of a socially responsible structured product in partnership with the Association Mondiale des Amis de l'Enfance Monaco (A.M.A.D.E.) whose characteristics are as follows: a 6-year investment horizon, a secure investment and a selection of assets related to sustainable development.
	SGAM Fund Equities SGAM Fund Bonds	Launch by SGAM Fund, the Luxembourg subsidiary of SGAM, of 7 new sub-funds (SGAM Fund Equities Latin America, SGAM Fund Equities Europe Expansion, SGAM Fund Equities Europe Growth, SGAM Fund Equities Global 130/30, SGAM Fund Bonds Europe Convertible, SGAM Fund Bonds Absolute Return Forex, SGAM Fund Bonds Global MultuiStrategies) offering clients new expertise in order to still better respond to their needs and changes in the market.
Securities Services	Asset Servicing offering for complex derivatives	Extension of the range of services of Societe Generale Securities Services. After the marketing of valuation, performance attribution, and complex derivative risk calculation services, SGSS has supplemented the Asset Servicing offering with a new middle office OTC and structured products service.
Corporate and Investment Banking	Lyxor Generis	Launch by Lyxor of a range of three mono-strategy Hedge Funds based on implicit assets.
	Lyxor Quantic	Launch of a new "absolute return" fund, Ucits 3, which primarily manages arbitrage positions on hidden assets.
	CrossRoads	A service for investors offering access to innovative structured strategies and active management of the portfolio composed of these different strategies.
	"Societe Generale Index"	Creation of "Societe Generale Index" (SGI), a new generation of indexes accessible via investment vehicles. For each new SGI index created, a certificate or ETF is launched that replicates the index.
	Timer Call	A new generation of derivatives, an innovation in terms of vanilla call (or Put) at the base of all options products, warrants with complex structured products.
	EMTN with incorporated swap	Structuring of an EMTN program issue, a very innovative product due to its structure, and incorporating a derivative.

MAJOR INVESTMENTS

As part of its strategy to increase its customer base in Europe and secure its long-term growth, the Group made further targeted acquisitions in 2007, notably in its designated growth drivers: International Retail Banking, Financial Services, Global Investment Management & Services.

Business Division	Description of the investment
2007	
International Retail Banking	Acquisition of 51% of Banque Internationale d'Investissement (BII) in Mauritania.
	Acquisition of 95% of Mobiasbanca, one of the main banks in Moldavia.
	Acquisition of 59% of Ohridska Banka, one of the four major universal banks in Macedonia.
	Acquisition of 75% of Banka Popullore, a dynamic universal bank in Albania.
Financial Services	Acquisition of Scott Financial Services, a broker specializing in pleasure boat financing in the United States.
	Acquisition of 70% of Banco Pecunia, a Brazilian company specializing in consumer credit.
	Acquisition of Banco Cacique, a major Brazilian player specialized in consumer credit.
	Increase of the stake in Indian consumer credit company Family Credit (ex-Apeejay Finance) from 45% to 100%.
	Purchase from UniCredit of its 50% share in LocatRent, an Italian company specialized in multi-brand operational vehicle leasing and fleet management. LocatRent will therefore be wholly-owned by Societe Generale.
Asset Management	Increase in SGAM's stake in Fortune SGAM to 49%, the maximum level authorized by Chinese regulations. Fortune SGAM is a co-management company formed in 2003 with the Chinese industrial leader Baosteel.
	Acquisition of an additional 3.3% of the capital of TCW.
	Acquisition of 51% of Buchanan Street Partners, an asset management company specialized in real estate in the United States.
Private Banking	Acquisition of the private banking activities of ABN AMRO in the United Kingdom.
Securities Services and Online Savings	Acquisition by Boursorama of 82% of OnVista AG, the German leader in web-based financial information.
	Purchase by Fimat of the commodities business of Himawari CX Inc., a Japanese broker in the futures markets in Japan.
	Acquisition of the fund administration, middle and back office activities of Pioneer Investments in Germany.
2006	
International Retail Banking	Acquisition of 99.75% of HVB Splitska Banka d.d., a Croatian universal bank with a 9% market share of banking assets.
	Acquisition by Societe Generale of a stake in Rosbank (No. 2 in retail banking in Russia) representing 10% to 20% minus one share. Interros has given Societe Generale a purchase option on 30% of Rosbank + 2 shares in order to take control of the Russian bank before the end of 2008
	Acquisition of control by Komercni Banka (Czech Republic) of Modra Pyramida (stake increased from 40% to 100%)
	Acquisition of a 60% stake in Bank Republic, one of the main banks in Georgia.
Financial Services	Acquisition by Rusfinance, a wholly-owned subsidiary of Societe Generale, of SKT Bank in Russia, specialized in dealership car loans.
	Acquisition of Chrofin, a Greek company specialized in car financing and operational vehicle leasing.
	Acquisition of 100% of Oster Lizing, a Hungarian consumer credit company specialized in car financing.
	Acquisition of SKT Bank (Russia), specialized in dealership car loans.
	Acquisition by ALD International of Ultea, a US company specialized in car fleet management.
	Acquisition of an initial tranche of 45% of Apeejay Finance (India), specialized in financing for a wide range of products including cars, commercial vehicles, two-wheeled vehicles and consumer goods.
	Acquisition of Inserviss Group, a Latvian company offering a wide range of consumer credit products.
Asset Management	Acquisition of 20.65% of the capital of TCW

Business Division	Description of the investment
Securities Services and Online Savings	Acquisition of CaixaBank, a French subsidiary of CaixaHolding, by Boursorama
	Acquisition by Fimat of Cube Financial, a broker specialized in derivatives execution services with offices in London and Chicago.
	Acquisition of the securities business line of the Unicredit Group (2S Banca S.p.a.), the second largest securities custodian in Italy.
2005	
International Retail Banking	Acquisition of 91% of MIBank (Egypt) by NSGB.
	Acquisition of 100% of the capital of DeltaCredit Bank in Russia, the main mortgage player in Russia.
	Acquisition of 64.44% of the capital of Podgoricka Banka, the third largest bank in Montenegro by balance sheet size (13.3% market share).
Financial Services	Acquisition of 75% of the capital of Hanseatic Bank, a subsidiary of the Otto Group· Hanseatic Bank ranks as Germany's No. 4 consumer credit specialist.
	Acquisition by Fiditalia of the financing activities of Finagen (Italy).
	Acquisition by ALD International of 51% of Alfa Oto Filo Kiralama, a Turkish Group specializing in operational vehicle leasing.
	Acquisition of Eurobank, a Polish company specializing in consumer credit.
	Acquisition of 100% of Promek Bank, a subsidiary of the Sok Group (Russia) and one of the leading regional banks specializing in consumer credit, and notably car loans.
Corporate and Investment Banking	Acquisition of Bank of America's hedge-fund linked structured investment business.
Securities Services and Online Savings	Purchase of the assets of PreferredTrade (USA) by Fimat to reinforce its service offering in all US cash equities and equity derivative products.
	Acquisition by Boursorama of Squaregain (ex Comdirekt UK), a major online brokerage player in the UK.

RECENT DEVELOPMENTS AND FUTURE PROSPECTS

In 2007, the crisis in the US residential real estate sector and its repercussions on the financial markets put an end to four years of rising equity markets. After several years of strong economic growth, steady increases in the prices of basic products and a low cost of risk, the economic environment is now less buoyant and uncertain. Global economic activity is therefore expected to see more moderate growth in 2008 as a result of the slowdown in the US economy. That said, and despite the slowdown in demand from the most industrialized countries, the emerging economies should generally continue to enjoy strong growth, due primarily to the dynamic development of their internal markets.

The Group which, since the end of the 1990s, has developed its activities by gradually reinforcing the importance of businesses and regions with strong potential, is particularly well positioned to seize the opportunities for growth in emerging countries, as testified by the acquisition of the majority of Rosbank in Russia, which was finalized in February 2008. This makes Societe Generale one of the leading banks in Russia, with 600 branches in the country's largest private banking network, in a market of 142 million inhabitants driven by a dynamic economy. In 2008, the Group will also continue to expand its activities in Central and Eastern Europe and in the Mediterranean Basin, as well as in Consumer Credit, particularly in countries with strong growth potential, and in Private Banking.

As in the past, this expansion of the Group's growth drivers will draw on the substantial capital generation resulting from the French Networks and Corporate and Investment Banking, which boast leadership positions in their respective markets. In the case of the French Networks, the growth in the customer base will continue to be based on the opening of new branches, the development of the multi-channel distribution network and the targeting of customer segments with strong potential. An extensive platform will be put in place for mass affluent customers through the recruitment over 2007-2009 of 650 dedicated advisers and the roll-out of a specific offering. In Corporate and Investment Banking, the first half of 2008 will be a transitional period marked by the reinforcement of operating control mechanisms and the temporary reduction of stress test limits and arbitrage volumes, in a market environment that will probably remain difficult. Thanks to the strength of the commercial franchise the performance of client-based activities will remain sustained. The division will continue to develop its targeted growth strategy in the three areas in which it excels (equity derivatives, structured financing and euro capital markets) primarily through cooperation initiatives between its different businesses and with International Retail Banking (particularly in Eastern Europe).

In order to increase the Group's efficiency, initiatives introduced in 2007 with the creation of the Resources Department and the launch of an operating efficiency improvement program will continue in 2008, with a threefold ambition by 2010:

- to reinforce process industrialization;
- to develop mutualization practices and synergies in France and abroad;
- to optimize the cost of resources.

POST-CLOSING EVENTS

The main post-closing events are as follows:

Operational launch of newedge, brokerage subsidiary of Societe Generale and Calyon

January 2, 2008 saw the start of business at Newedge, the result of the merger between the Fimat and Calyon Financial brokerage companies. The new entity, owned jointly (50/50) by Societe Generale and Calyon, enjoys a global leadership position in listed derivatives execution (especially electronic execution) and clearing.

Newedge is supported by a powerful international network of 25 subsidiaries in 17 countries and offers its clients access to more than 70 markets around the world.

Newedge's strategy consists of responding to the growing needs of its clients. Based on a traditional offering involving futures contracts, options, equity products, currencies, fixed income and commodities on OTC markets, Newedge offers clients a full range of added value services in execution, clearing and prime brokerage. With a position in its Futures Commission Merchants (FTM) activity, Newedge aims to diversify its range of prime brokerage services to include new asset classes, and to develop new activities using its electronic trading platform.

La Banque Postale and Societe Generale sign memorandum of understanding

On January 10, 2008, Societe Generale announced the signing of a memorandum of understanding with La Banque Postale bringing together the development and operational use of their electronic payment systems. By mutualizing investments, maintenance and operating costs of the electronic payment platform, the two partners aim to share their expertise while reducing costs.

Current and future IT processing will be centralized by a joint venture led equally by the two institutions.

Management of the transaction systems for bank card payments, retail operations and ATMs will be shared, thereby reducing investment, maintenance and operating costs.

The two institutions will maintain their autonomy in terms of commercial, pricing policy and client relationship management.

Detection of an exceptional fraud

Exceptional loss on a fraudulent and concealed position

In January 2008, the Group uncovered an exceptional fraud in both its scale and nature: a trader, in charge of arbitrage activities on financial instruments involving European stock market indexes, took fraudulent directional positions during 2007 and in early 2008 that greatly exceeded the individual limits that had been allocated to him. Certain unusual transactions had also been carried out in 2005 and 2006, albeit on a "sporadic" or "marginal" basis (Lagarde report). They are currently being investigated in the course of the ongoing audits. This trader, whose activity consisted in the concurrent management of two portfolios similar in size and composition, using one to hedge the other, conducted hedges using fictitious transactions, thus concealing his losses and gains. He was able to conceal his positions through a series of fictitious transactions of various sorts. In order to prevent the immediate identification of these fictitious transactions, the trader used his years of experience acquired in departments for the processing and control of market transactions to circumvent the controls enabling the Bank to verify the details and therefore the real existence of the transactions initiated by its traders.

On January 18, 2008, an alert on the positions taken triggered an internal investigation. On January 20, 2008, once the scale of the exposure had been identified, Societe Generale's Chairman notified the Board of Directors' Accounts Committee as well as the Bank of France and the *Autorité des Marchés Financiers* (French Securities Regulator). The positions were unwound between January 21 and 23 in a manner respecting the integrity of the markets and the interests of shareholders. The unwinding of transactions on the Eurostoxx, DAX and FTSE involved volumes that represented a maximum of 8.1% of the daily trading volumes in these markets. Given the size of these positions and the particularly unfavorable market conditions at the time, this fraud has ultimately had a net negative impact of EUR 4.9 billion on the Group's 2007 operating income.

At the date of the closing of the accounts, Corporate and Investment Banking activities are still the subject of various investigations, both internal and external, and any new information will be taken into consideration.

Exceptional nature of the loss

Since 2003, the Group has kept a record of unit internal operating losses in excess of EUR 10k (EUR 25k for Corporate and Investment Banking) covering virtually all of its entities, both in France and abroad. This database has been used to analyze losses (by category of event, activity, geographical region, etc) and monitor their trends as well as the corrective action plans proposed. The total annual cost of operating risk represented, excluding the exceptional loss mentioned above, around EUR 225 million over 2004-2007.

Measures taken – Impact on the control environment

During a hearing before the Senate's Finance Commission on January 30, 2008, the Governor of the Bank of France stated that "the initial information available suggested that Societe Generale's system of internal control had not functioned as it should have and that those that had functioned had not always been appropriately monitored".

Mrs. Lagarde's February 4, 2008 Report to the Prime Minister on recent events at Societe Generale identified the eight areas below that are likely to have been particularly exposed:

- monitoring of traders' nominal outstandings (as opposed to the monitoring of net positions which, by definition, only reveals a limited market risk): the absence of this monitoring made it possible to establish in a little over two weeks a position of EUR 50 billion in January 2008;
- monitoring of cash flows, margin calls and payments, guarantee deposits, results achieved;
- extensive analysis of and follow up on requests for information that the Eurex clearing house submitted to the Bank in November 2007;
- monitoring of transaction cancellations and changes originating from a single trader;
- confirmation of transactions with all the counterparties;
- compliance with the Chinese Wall between the front and back offices and cross-functional organization of the middle and back offices;
- IT systems' security and protection of access codes;
- monitoring of unusual behavior (e.g. absence of vacations).

Societe Generale has not commented on the points other than to note that the Report does not call into question its risk measurement and management systems. Societe Generale has indicated that all of the points mentioned are being analyzed as part of the audits in progress.

This trader's positions have been reviewed and a detailed analysis of all positions within his department has been made, which has identified no similar situation. The employee, who has acknowledged these facts, has been relieved of his duties and a dismissal procedure has been initiated. In addition, the trader's direct line managers have been suspended, pending the results of the current audits and investigations, which will enable Societe Generale to determine whether the trader acted alone or in concert with others, within or outside the Group.

Specific control procedures have been defined in order to prevent any further use of the techniques devised by this trader to circumvent the control procedures. Some measures are being implemented immediately. Other, more structural, measures will be implemented in the short-term. These changes, together with their timetable, have been communicated to supervisors.

An action plan has been launched to prevent any similar situation. The plan is as follows:

- the measures that have already been implemented concern the scope of the fraud. They included a review of the trader's transactions and any other transactions exhibiting similar characteristics.

  A program to improve IT security is underway (frequent changing of passwords, access checking). A biometric identity control system will be put in place on the most sensitive workstations over the coming months;
- the management of alert indicators has been reformed (control and limits of gross nominal amounts, supervision of cancellations, transactions with deferred start, ongoing confirmation with internal counterparties, control of cash flows, more rigorous monitoring of holidays and unusual behavior, alert distribution list);
- plans already underway to reorganize relations between the middle and front offices will continue. The middle office's organizational structure will be reformed and a department responsible for transaction security, and independent of the front and back office chains, will be set up. This will include a team responsible for seeking out fraudulent transactions, notably those related to malicious behavior. Lastly, fraud risk training and control resources will be stepped up.

These developments are in keeping with those already under way. The resources of SG CIB's back and middle offices have increased from 55% of the workforce in 2002 to 62% today.

The action plan described above has been prepared on the basis of internal audits carried out during the period immediately after the discovery of the fraud. The internal audit is still ongoing. Moreover, other audits and investigations, notably by the Banking Commission, are in progress, which will enable Societe Generale to reinforce and improve its internal control systems and procedures if weaknesses are identified.

Establishment of a Special Committee within the Board of Directors

On January 30, 2008, the Board of Directors set up a Special Committee of independent directors responsible primarily for ensuring:

- that the causes and amounts of the trading losses announced by the bank have been completely identified;
- that measures have been, or are, put in place to prevent the occurrence of further incidents of the same nature;
- that the bank's public disclosure faithfully reflects the findings of the investigations;
- that the situation is managed in the best interests of the company, its shareholders, clients and employees.

This Committee is assisted in its task by Price Waterhouse Coopers.

The Chairman of the Special Committee will provide an update on the situation at the Board of Directors' meeting on February 20, 2008 based on the state of progress of the ongoing investigations.

Interim report by the Board of Directors' Special Committee (February 20, 2008)

1. The Special Committee was given the following missions by the Board of Directors: ensure that the causes and sizes of the trading losses discovered in January 2008 have been completely identified, that measures have been put in place to prevent the occurrence of further incidents of the same nature, that the information communicated by the bank faithfully reflects the findings of the inquiry and that management of the situation is conducted in the best interests of the company, its shareholders, its clients, and its employees.

2. On January 24, 2008, the bank's General Inspection department received an internal audit mission. The Banking Commission dispatched an audit team which commenced its work on January 25, 2008. Legal proceedings were opened on January 28, 2008 by the investigating magistrates, Van Ruymbeke and Desset, who entrusted the investigation to the Paris financial brigade. The French securities regulator (AMF) has opened an inquiry into the financial information and the market for Societe Generale shares. The Minister of the Economy, Finance and Employment delivered a report on these events to the Prime Minister on February 4, 2008.

3. The aim of the mission carried out by the General Inspection department is to establish the chronology of the fraudulent positions, identify the responsibilities and malfunctions pertaining to the controls which enabled the fraud to occur, to seek the motives for the fraud and any accomplices and to confirm the absence of any other frauds using some of the mechanisms used for equity market activities. The scope of the mission was reviewed and approved by the Special Committee, which enlisted PriceWaterhouseCoopers to review the various tasks.

4. To successfully carry out its mission, the General Inspection used a team of over forty employees. The aims of the different investigations are not identical but their realization is largely based on the same tasks and interviews with the same individuals. Consequently, the General Inspection took responsibility for coordinating requests from the other investigating bodies with which it was working so as to ensure transparency and efficiency. It goes without saying that the legal investigation takes priority over the other inquiries and, given its obligations, it has prevented the bank's General Inspection department from carrying out all of the interviews required before it can submit its conclusions.

5. The Special Committee submits below its assessment of the interim conclusions of the internal audit mission carried out by the General Inspection department of the Societe Generale [8], as well as a status update on the measures designed to strengthen the control systems in order to avoid the occurrence of similar frauds.

THE NATURE OF THE TRADING ACTIVITIES WHERE THE FRAUD OCCURRED

6. In the Global Equities Derivatives Solutions (GEDS) department of the Corporate and Investment Banking arm, the trading activities where the fraud occurred can be separated into two main types of activity, depending on whether they are directly linked or not to client operations.

The former activities involve carrying out transactions in the market with a view to reducing or even eliminating the risk for the bank on operations carried out by its clients.

The latter activities, called arbitrage or proprietary trading involve taking advantage of differences in the valuation of correlated assets. For example, by purchasing a portfolio of financial instruments and selling at the same time another portfolio of very similar financial instruments but with a slightly different value. The fact that the two portfolios have very similar characteristics and that they offset each other means that these activities present very little market risk. As the differences in value are often very small, numerous transactions are required involving sometimes-high nominal amounts in order to generate any significant income. The trader involved in the fraud worked in this field.

In both cases, it is not the role of the trading activities to take positions on rises or falls in the market (called directional risk) unless they are residual, over a short period, and within strictly defined limits.

(8) The Inspection General report is available on the website www.socgen.com.

INTERMEDIARY CONCLUSIONS OF THE INTERNAL AUDIT MISSION

7. The conclusions of the internal audit mission confirm the main characteristics of the fraud, as indicated on January 24, 2008 by Societe Generale's management.

8. The author of the fraud departed from his normal arbitrage activities and established genuine "directional" positions in regulated markets, concealing them through fictitious transactions in the opposite direction. The various techniques used consisted primarily of:

   - purchases or sales of securities or warrants with a deferred start date;
   - transactions or futures with a pending counterparty.
   - forwards with an internal Group counterparty.

9. The author of the fraud began taking these unauthorized directional positions, in 2005 and 2006 for small amounts, and from March 2007 for larger amounts. These positions were uncovered between January 18 and 19, 2008. The total loss resulting from these fraudulent positions has been identified and amounts to 4.9 billion euros, after their unwinding between January 21 and 23, 2008.

10. The General Inspection department believes that, on the whole, the controls provided by the support and control functions were carried out in accordance with the procedures, but did not make it possible to identify the fraud before January 18, 2008. The failure to identify the fraud until that date can be attributed firstly to the efficiency and variety of the concealment techniques employed by the fraudster, secondly to the fact that operating staff do not systematically carry out more detailed checks, and finally to the absence of certain controls that were not provided for and which would have probably identified the fraud. The Inspection General department has refrained from drawing any conclusions at this stage regarding the responsibility of the front office manager supervising the fraud's author, given the ongoing legal investigation which has not enabled it to interview all the protagonists. At this stage of the investigations, there is no evidence of embezzlement or internal or external complicity (*i.e.* the existence of a third party who knowingly assisted the interested party to conceal his movements).The investigations are continuing and, in particular, have been extended to cover a wider area than the activities of the author of the fraud.

11. After receiving the comments of Price Waterhouse Coopers, the Special Committee concurs with these conclusions. It has decided to make public the General Inspection department's interim summary report.

MEASURES AIMED AT REINFORCING THE CONTROL SYSTEM IN ORDER TO PREVENT FURTHER FRAUDS

12. As soon as the fraud was discovered, weaknesses were identified in the supervision and control system which required immediate corrective measures. Consequently, action plans were immediately implemented as part of a structured plan consisting of three priority areas:

   - Strengthening of IT security through the development of strong identification solutions (biometry), the acceleration of current structural plans for the management of access security and targeted security audits;
   - Reinforcement of controls and alert procedures; these are reviewed mainly to ensure the appropriate circulation of relevant information between the different units and at the correct management level;
   - Strengthening of the organizational structure and governance of the operating risk prevention system to develop its cross-functional nature and better take account of the fraud risk, including from the human resources standpoint.

13. The bank has taken account in its action plans of the observations and recommendations presented in the report delivered by the Minister of the Economy and Finance to the Prime Minister on February 4, 2008. It has implemented or undertaken to apply specific additional measures to enhance, whenever necessary, its control systems on the points highlighted by this report.

14. The Special Committee has entrusted Price Waterhouse Coopers with the task of analyzing all the measures that will be implemented, assessing the pertinence of the measures, and making any recommendations that it deems appropriate. Price Waterhouse Coopers' report will be given to the Board of Directors and will be made public prior to the Annual General Meeting.

15. The Special Committee has ensured that the information distributed by the bank faithfully reflects the findings of the investigations and that the situation is properly managed in the best interests of the company, its shareholders, clients and staff. It will continue to do so over the next few months and will report on its mission to the Annual General Meeting of shareholders on May 27, 2008.

Announcement and launch of a EUR 5.5 billion capital increase with preferential subscription rights

Following an exceptional fraud uncovered in January 2008 and in order to reinforce its capital base, the Board Meeting on January 23 decided to launch a EUR 5.5 billion capital increase with preferential subscription rights. This operation will be led by JP Morgan, Morgan Stanley and Societe Generale Corporate and Investment Banking. The capital increase will be subject to a firm underwriting (*garantie de bonne fin*) as per article L.225-145 of the French Commercial Code. It will take the Tier One ratio (Basel I) to 8% proforma at December 31, 2007, taking into account the Rosbank acquisition.

On February 11, 2008, the Group announced the procedures of its EUR 5.5 billion capital increase:

The preferential subscription right will be maintained for the capital increase in order to protect the interests of the Group's shareholders and to involve them as largely as possible in the operation. Four preferential subscription rights will entitle the holder to subscribe to one new share at the price of EUR 47.50 (or a nominal value of EUR 1.25 and a EUR 46.25 issue premium) resulting in the issuance of 116,654,168 new shares.

Each Societe Generale shareholder will receive one preferential subscription right per share held at the close of business on February 20, 2008. The subscription period for new shares will begin on February 21, 2008 and will close February 29, 2008 (inclusive). During this period, the preferential subscription rights will be listed and traded on Eurolist by NYSE Euronext Paris. Subscriptions subject to reduction on a contingent basis will be accepted.

The offering will be open to the public in France and in 8 European countries [(9)].

The new shares will carry rights to dividends as of January 1, 2008. They will not entitle their holders to the dividend with respect to the 2007 financial year that is likely to be proposed by the Board of Directors to the shareholders' meeting convened to approve the financial statements for the 2007 financial year. The new shares will be listed for trading on Eurolist of NYSE Euronext Paris as of March 13, 2008.

Acquisition of the former Capitalia securities services business from UniCredit

Consistent with their previous transactions in the securities services sector, Societe Generale and UniCredit have entered into an agreement for the sale and outsourcing of the former Capitalia Group's custody, clearing, depositary bank and fund administration businesses to Societe Generale Securities Services (SGSS). The securities services business bought by SGSS represents assets under custody of EUR 102 billion and assets under administration in Italy and in Luxembourg of respectively EUR 22 billion and EUR 5 billion.

SGSS will also become the exclusive provider in Italy of securities services to the relevant businesses in the former Capitalia Group. This falls within the framework of the existing outsourcing agreement between UniCredit and SGSS, which was established following the sale of 2S Banca (now SGSS Spa) to Societe Generale in 2006.

Following this latest acquisition, SGSS will have close to EUR 2,720 billion in assets under custody and approximately EUR 480 billion in assets under administration, thus consolidating its position among the three largest European global custodians.

Completion of the transaction is expected by the end of March 2008.

Finalization of the acquisition of a majority stake in Rosbank

On February 13, 2008, the Group announced the closing of the Rosbank operation, in accordance with the announcement on December 20, 2007. With 50% +1 share, Societe Generale is now the majority shareholder of Rosbank. The Group will launch a mandatory takeover bid as specified by Russian law. This could increase its stake in Rosbank to 57.8%.

(9) Offer open to the public through the passport of the prospectus in Germany, Belgium, Spain, Italy, Luxembourg, Czech Republic, Romania and the United Kingdom.

IMPLEMENTATION OF THE BASEL II REFORM

New capital requirements

Minimal capital requirements relating to credit and operating risks

The Societe Generale Group's efforts since 2003 to prepare for the implementation of the Basel II reform resulted in mid-2007 in the presentation to the Banking Commission's General Secretariat of an official application for the processing of most of the Group's credit portfolio under the IRBA method. Following an audit mission which was completed at end-2007 and on the basis of a mutually agreed Memorandum of Understanding, the Banking Commission validated this application in December.

Similarly, in 2007, the Banking Commission's General Inspection department conducted an investigation into the operating risk system developed by Societe Generale. The Banking Commission has authorized the Group to use the AMA method (Advanced Measurement Approach) to calculate its capital requirement in relation to operating risk.

The Societe Generale Group can therefore use the advanced methods (IRBA and AMA) from January 2008 to calculate its minimum capital requirement.

Organization under Basel II

To prepare for the changes in the management of capital and the measurement of risk generated by the Basel II reform, a work program has been launched jointly by the Group's Risk Department and Finance Department.

The work is in keeping with the implementation of Pillar II of the reform: it is designed to continue the development of the risk measurement system and to take account of the requirements of Basel II in the management of the Group's capital.

As part of the improvements to the risk identification and measurement system, portfolio analyses covering all the Group's commitments are carried out and presented to the Group's management on a regular basis, in order to analyze the credit portfolios' risk profile on a sector and geographical basis.

Moreover, a project for the realization of global stress tests incorporating the Group's full risk profile has been carried out in order to measure, in a consistent framework, the consequences of macro-economic crises scenarios on the Group's loss profile. These forward-looking analyses are supplemented by analyses of economic cycles to assess the volatility of the loss profile and Risk Weighted Assets (RWA) established under Basel II standards.

This work naturally leads to procedures for management of the capital in a Basel II environment. The global stress test scenarios are included and identified in the different components for the management of financial equilibrium and the Tier 1 ratio. These analyses presented to the Group's Risk Committee make it possible to consistently simulate the Group's loss profile and also the solvency ratio by incorporating the volatility of Basel II RWA.

New disclosure requirements

Pillar 3 of the reform (resumed in the French Decree of February 20, 2007 of the European Directive) provides for banks having selected the advanced methods (IRBA and AMA) to publish Pillar 3 data at least once a year from January 1, 2008. Pillar 3 information should therefore be included in the 2008 registration document to be published in H1 2009. However, during 2008, the Group will publish information on the reform's main effects on minimum capital requirements as well as on the management of the Group's capital.

This information will be published under the joint responsibility of the Group's Finance Department and Risk Department.

ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

(In billions of euros)	31.12.2007	31.12.2006	Change 12.31.2007/12.31.2006
Cash, due from central banks	**11.3**	9.4	21%
Financial assets at fair value through profit or loss	**490.0**	453.2	8%
Hedging derivatives	**3.7**	3.7	1%
Available-for-sale financial assets	**87.8**	78.7	12%
Non-current assets held for sale	**14.2**	0.0	NM
Due from banks	**73.1**	68.2	7%
Customer loans	**305.2**	263.5	16%
Lease financing and similar agreements	**27.0**	25.0	8%
Revaluation differences on portfolios hedged against interest rate risk	**(0.2)**	0.0	NM
Held-to-maturity financial assets	**1.6**	1.5	11%
Tax assets and other assets	**39.0**	36.0	8%
Tangible, intangible assets and other	**19.1**	17.6	8%
Total	**1,071.8**	**956.8**	**12%**

LIABILITIES

(In billions of euros)	31.12.2007	31.12.2006	Change 12.31.2007/12.31.2006
Due to central banks	**3.0**	4.2	-28%
Financial liabilities at fair value through profit or loss	**340.7**	298.7	14%
Hedging derivatives	**3.9**	2.8	37%
Liabilities directly associated with non-current assets classified as held for sale	**15.1**	0.0	NM
Due to banks	**131.9**	129.8	2%
Customer deposits	**270.7**	267.4	1%
Securitized debt payables	**138.1**	100.4	38%
Revaluation differences on portfolios hedged against interest rate risk	**(0.3)**	0.1	NM
Tax liabilities and other liabilities	**48.4**	41.2	17%
Underwriting reserves of insurance companies	**68.9**	64.6	7%
Provisions	**8.7**	2.6	NM
Subordinated debt	**11.5**	11.5	0%
Shareholders' equity	**27.2**	29.1	-6%
Minority interests	**4.0**	4.4	-8%
Total	**1,071.8**	**956.8**	**12%**

Main changes in the consolidated balance sheet

At December 31, 2007, the Group's consolidated balance sheet totaled EUR 1,071.8 billion, up EUR 115 billion (+12.0%) vs. the figure at December 31, 2006 (EUR 956.8 billion). Changes in the dollar, yen and sterling exchange rate have impacted the balance sheet by respectively EUR –26.3 billion, EUR -1.8 billion and EUR –2.5 billion.

The main changes in scope impacting the consolidated balance sheet and occurring during the 2007 financial year consist of:

- the acquisition of 60% of the capital of Bank Republic with a commitment by Societe Generale to purchase 30% of the remaining shares via sales of futures options;
- entry into the scope of SGCF Hellas Finance which, in 2006, acquired SFS HF Lease & Trade (ex Chrofin) and SFS HF Consumer (ex Cofidis Hellas);
- the acquisition of 100% of the capital of the holding company Transcoso Participaçoes Ltda and the company Banco Cacique SA via Banco SG Brasil;
- the full consolidation of PACE, a Structured Investment Vehicle, following the Group's acquisition of control;
- the full consolidation of seven funds of the SGAM sub-division, the Group having ensured their liquidity.

Main changes in the consolidated balance sheet

Financial assets at fair value booked through profit and loss (EUR 490 billion at December 31, 2007) increased EUR 36.8 billion (+8.1%) compared with December 31, 2006, including a EUR – 16.4 billion dollar effect and EUR +5.9 million scope effect. This increase is primarily due to the rise in trading derivatives which were up EUR +35.6 billion including EUR +13.8 billion on credit derivatives, EUR +6.2 billion on index and equity instruments and EUR +8.1 billion on interest rate instruments. The trading portfolio increased EUR +0.8 billion including EUR +23.9 billion for the bond portfolio, EUR -22.9 billion for other financial assets (including EUR –27.6 billion for securities purchased under resale agreements and EUR +4.9 billion on trading loans), EUR +1 billion for the portfolio of public bills and EUR –1.2 billion for the equity portfolio. The portfolio of financial assets measured using fair value option increased EUR +0.4 billion.

Similarly, financial liabilities at fair value booked through profit and loss (EUR 340.7 billion at December 31, 2007) increased EUR 42.0 billion (+14.1%) compared with December 31, 2006, including a EUR –8.2 billion dollar effect and EUR +1.1 billion scope effect. This increase is due to the progression in trading derivatives which were up EUR +35.0 billion, including EUR +11.5 billion on interest rate instruments, EUR +12.6 billion on credit derivatives, EUR +5.3 billion on currency instruments and EUR +4.3 billion on index and equity instruments. Trading liabilities rose EUR 3.2 billion, including EUR +9.7 billion on securitized debt payables, EUR +24.3 billion in respect of debts on borrowed securities, EUR -43 billion on securities sold short and EUR +12.2 billion on other financial liabilities (including EUR +9.3 billion on securities purchased under resale agreements and EUR +3 billion on trading borrowings). Financial liabilities measured using fair value option increased EUR +3.8 billion.

Non-current assets and liabilities intended for sale amounted respectively to EUR +14.2 billion and EUR +15.1 billion and can be attibuted principally to the disposal of 50% of Fimat in the Newedge operation.

Customer loans stood at EUR 305.2 billion at December 31, 2007, including securities purchased under resale agreements, representing a rise of EUR 41.7 billion (+15.8%) compared with December 31, 2006, including a EUR –4.2 billion dollar effect and EUR +2.6 billion scope effect.

This increase mainly reflects the following:

- growth in short-term credit facilities (EUR +24.1 billion) primarily for business customers (EUR +11.7 billion) and individual customers (EUR +11.1 billion);
- increased housing loan issuance (EUR +10.1 billion);
- rise in equipment loans (EUR +5.6 billion);
- increase in loans to financial customers (EUR +5.6 billion);
- decline in other loans (EUR -3.9 billion).

Debts represented by a security totaled EUR 138.1 billion at December 31, 2007. They increased EUR 37.7 billion (+37.6%) compared with December 31, 2006, including a dollar effect of EUR +6.5 billion and a scope effect of EUR +1.5 billion. Most of the increase (EUR +37.9 billion) relates to interbank market securities and negotiable debt securities which totaled EUR +130.1 billion.

Group shareholders' equity stood at EUR 27.2 billion at December 31, 2007 vs. EUR 29.1 billion at December 31, 2006, mainly reflecting the following:

- net income for 2007: EUR +0.9 billion;
- variation in treasury stock: EUR –1.6 billion;
- equity instrument issues (undated subordinated notes and deeply subordinated notes): EUR +2.1 billion;
- the dividend payment in respect of the 2006 financial year: EUR –2.4 billion.

After taking into account minority interests (EUR 4.0 billion), total shareholders' equity amounted to EUR 31.3 billion at December 31, 2007.

This represented a B.I.S. ratio of 8.87% at December 31, 2007. The Tier One ratio stood at 6.62% of risk-weighted assets (EUR 326 billion).

Group debt policy

The Societe Generale Group's debt policy reflects its refinancing requirements and is based on two major objectives. On the one hand, the Group actively seeks to diversify its sources of refinancing in order to guarantee its stability: at December 31, 2007, customer deposits and insurance deposits accounted for EUR 318 billion (*i.e.* 29.5% of the Group's liabilities), while debt instruments, interbank deposits and funds generated through the refinancing of securities portfolios amounted to EUR 490 billion (*i.e.* 45.5% of the Group's liabilities). The balance of refinancing requirements was met through a combination of shareholders' equity, derivatives, bonds and other financial accounts and provisions. On the other hand, the Group manages the maturity and currency composition of its debt with a view to minimizing its exposure to currency and mismatch risk.

PROPERTY AND EQUIPMENT

The gross book value of the Societe Generale Group's tangible fixed assets amounted to EUR 18.2 billion at December 31, 2007. This figure essentially comprises land and buildings (EUR 3.2 billion), assets rented out by specialized financing companies (EUR 9.9 billion), and other tangible assets (EUR 4.5 billion)

The gross book value of the Group's investment property amounted to EUR 567 million at December 31, 2007.

The net book value of tangible fixed assets and investment property amounted to EUR 11.9 billion, representing just 1.1% of the consolidated balance sheet at December 31, 2007. Due to the nature of the Group's activities, the weighting of property and equipment in overall assets is low.

The following construction projects are also underway:

- a new high-rise building located next to its administrative headquarters at La Défense. These premises will house a number of departments currently based at other sites across Paris;
- a new building at La Défense, with work expected to start in the summer: these premises will supplement our trading floor facilities which are currently saturated;
- a new site at Val de Fontenay, with work expected to start at the end of 2008 or beginning of 2009. 4,500 positions currently located in Paris or at La Défense will be transferred to this site.

5 CORPORATE GOVERNANCE

BOARD OF DIRECTORS AT JANUARY 1, 2008

Daniel BOUTON

Date of birth: April 10, 1950

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF SOCIETE GENERALE

Member of the Nomination Committee

Holds 127,500 shares

Year of first appointment: 1997 - Year in which current mandate will expire: 2011

Other mandates held in listed companies: Director: Total S.A., Veolia Environnement

Biography: Budget director at the Ministry of Finance (1988-1990). Joined Societe Generale in 1991. Appointed Chief Executive Officer in 1993. Chairman and Chief Executive Officer since November 1997.

Philippe CITERNE

Date of birth: April 14, 1949

DIRECTOR AND CO-CHIEF EXECUTIVE OFFICER OF SOCIETE GENERALE

Holds 43,321 shares

Year of first appointment: 2001 - Year in which current mandate will expire: 2008

Other mandates held in listed companies: Director: Accor, Sopra.

Other mandates held in unlisted companies: Chairman: Systèmes Technologiques d'Echange et de Traitement (STET). Director: Généval, Grosvenor Continental Europe, Rosbank, SG Hambros Bank Ltd., Trust Company of the West TCW Group.

Biography: After a career at the Ministry of Finance, he joined Societe Generale in 1979. Head of Economic Research in 1984, Chief Financial Officer in 1986, Senior Executive Vice-president, Human Relations in 1990. Appointed Deputy Chief Executive Officer in 1995. Chief Executive Officer since November 1997. Deputy Co-Chief Executive Officer since April 22, 2003.

Jean AZÉMA

Date of birth: February 23, 1953

CHIEF EXECUTIVE OFFICER OF GROUPAMA GROUP

Independent Director

Holds 600 shares

Year of first appointment: 2003 - Year in which current mandate will expire: 2009

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

Other mandates held in unlisted companies: Chief Executive Officer: Groupama Holding, Groupama Holding 2. Chairman Groupama International, Representative of Groupama SA in SCI Groupama les Massues.

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

Michel CICUREL

Date of birth: September 5, 1947

CHAIRMAN OF THE MANAGEMENT BOARD OF COMPAGNIE FINANCIÈRE EDMOND DE ROTHSCHILD AND COMPAGNIE FINANCIÈRE SAINT-HONORÉ

Independent Director. Member of the Nomination Committee. Member of the Compensation Committee.

Holds 600 shares.

Year of first appointment: 2004 - Year in which current mandate will expire: 2008

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

Other mandates held in unlisted companies: 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, Siaci, Newstone Courtage, Edmond de Rothschild Private Equity Partners (SAS). Chairman of the Board of Directors: ERS, Edmond de Rothschild SGR SpA (Italy), Edmond de Rothschild SIM SpA (Italy), Director: La Compagnie Benjamin de Rothschild (Geneva), Edmond de Rothschild Ltd (London), La Compagnie Financière Holding Edmond et Benjamin de Rothschild (Geneva), Banque Privée Edmond de Rothschild (Geneva), CDB Web Tech (Italy), Bouygues Telecom. 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. Non-voting Director: Paris-Orléans.

Biography: After a career at the French Treasury from 1973 to 1982, he was appointed project director and then Deputy Chief Executive Officer of 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.

Élie COHEN

Date of birth: December 8, 1946

PROFESSOR AT THE UNIVERSITÉ PARIS-DAUPHINE

Independent Director. Member of the Audit Committee

Holds 630 shares.

Year of first appointment: 2003 - Year in which current mandate will expire: 2010

Biography: University professor in management sciences, PhD in economic sciences, professor at the Université Paris-Dauphine, President of the Université Paris-Dauphine (1994-1999).

Robert DAY

Date of birth: December 11, 1943

CHAIRMAN AND CHIEF EXECUTIVE OFFICER, TRUST COMPANY OF THE WEST (TCW)

Holds 3,034,000[(1)] shares at December 31, 2007

Year of first appointment: 2002 - Year in which current mandate will expire: 2010

Other mandates held in listed companies: Director: Freeport McMoran Copper & Gold Inc., McMoran Exploration Cy.

Other mandates held in unlisted companies: Chairman and Chief Executive Officer: TCW Group Inc. Chairman: Oakmont Corporation, Foley Timber & Land Cy Lp.

Biography: A US national, Graduate of the Robert Louis Stevenson School (1961), Bachelor of science economics from Claremont McKenna College (1965), Portfolio Manager at White, Weld & Cy bank in New York (1965). Created Trust Company of the West in 1971.

(1) Rounded figure, shares held directly by Mr and Mrs DAY.

Jean-Martin FOLZ

Date of birth: January 11, 1947

COMPANY DIRECTOR, CHAIRMAN OF THE AFEP (ASSOCIATION FRANÇAISE DES ENTREPRISES PRIVÉES – FRENCH ASSOCIATION FOR PRIVATE ENTERPRISES)

Independent Director. Member of the Nomination Committee. Member of the Compensation Committee.

Holds 600 shares.

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

Other mandates held in listed companies: Director: Saint-Gobain, Alstom, Solvay (Belgium). Member of the Supervisory Board: Axa, Carrefour.

Biography: He served as Chairman of PSA Peugeot Citroën Group from 1997 to February 2007; he had previously held management, followed by executive management positions with Rhône-Poulenc Group, Schneider Group, Péchiney Group and Eridania-Beghin-Say.

Antoine JEANCOURT-GALIGNANI

Date of birth: January 12, 1937

COMPANY DIRECTOR

Independent Director. Chairman of the Nomination Committee and of the Compensation Committee.

Holds 1,717 shares.

Year of first appointment: 1994 - Year in which current mandate will expire: 2008

Other mandates held in listed companies: Director: Gecina, Total SA, Kaufman et Broad SA, SNA Holding Liban. Chairman of the Supervisory Board: Euro Disney SCA. Member of the Supervisory Board: Hypo Real Estate Holding aG.

Biography: Deputy Chief Executive Officer of Crédit Agricole from 1973 to 1979. Chief Executive Officer of Banque Indosuez in 1979, Chairman from 1988 to 1994. Chairman of AGF from 1994 to 2001. Chairman of Gecina from 2001 to 2005.

Élisabeth LULIN

Date of birth: May 8, 1966

FOUNDER AND CHIEF EXECUTIVE OFFICER OF PARADIGMES ET CAETERA

(company specializing in benchmarking and forecasting in public policies)

Independent Director. Member of the Audit Committee

Holds 1,000 shares.

Year of first appointment: 2003 - Year in which current mandate will expire: 2009

Other mandates held in listed companies: Director: Bongrain SA (since April 2007).

Biography: After a career at the Ministry of Finance (1991-1996) as adviser to Edouard Balladur and subsequently as technical adviser to Alain Juppé (1994-1995), she was appointed head of the external communication unit at Insee (1996-1998) and has since been Chief Executive Officer of Paradigmes et Caetera.

Gianemilio OSCULATI

Date of birth: May 19, 1947

CHAIRMAN OF VALORE SPA

Independent Director. Member of the Audit Committee

Holds 1,000 shares

Year of first appointment: 2006 - Year in which current mandate will expire: 2010

Other mandates held in unlisted companies: Chairman: Osculati & Partners SPA. Director: Miroglio SPA, MTC Group.

Biography: An Italian national, he has an in-depth knowledge of the financial sector thanks to his work as a consultant specializing in the sector and six years as Chief Executive Officer of Banca d'America e d'Italia, a subsidiary of Deutsche Bank.

Patrick RICARD

Date of birth: May 12, 1945

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF PERNOD-RICARD

Member of the Nomination Committee and the Compensation Committee.

Holds 1,016 shares

Year of first appointment: 1994 - Year in which current mandate will expire: 2009

Other mandates held in listed companies: Director: Altadis (until February 6, 2008), Provimi (until April 12, 2007).

Other mandates held in unlisted companies: Chairman of the Board of Directors: Comrie Limited. Director: ANIA (*Association Nationale des Industries Alimentaires*), Chivas Brothers, Pernod Ricard Ltd, Société Paul Ricard S.A., Irish Distillers Group Ltd, Martell & Co, Pernod Ricard acquisitions II, Pernod Ricard Finance, Suntory Allied Limited. Permanent representative of Pernod Ricard on the Board of Directors: ETS Vinicoles Champenois (E.V.C.), Havana Club Holding S.A., JFA, Pernod, Pernod Ricard Europe, Ricard. Member of the Board of Directors: PR Asia, PR North America.

Biography: Joined Pernod-Ricard Group in 1967. Chairman since 1978.

Luc VANDEVELDE

Date of birth: February 26, 1951

COMPANY DIRECTOR

Founder and Chief Executive Officer of Change Capital Partners

Independent Director. Member of the Nomination Committee. Member of the Compensation Committee

Holds 1,750 shares

Year of first appointment: 2006 - Year in which current mandate will expire: 2008

Other mandates held in listed companies: Director: Vodafone.

Biography: A Belgian national, he has extensive international experience in the agri-food and mass-market retail sectors, having served as Chief Financial Officer and, subsequently, Chief Executive Officer at a number of blue-chip companies (Kraft, Promodès, Carrefour, Marks and Spencer) in several European countries as well as in the United States.

Anthony WYAND

Date of birth: November 24, 1943

COMPANY DIRECTOR

Chairman of the Audit Committee

Holds 1,050 shares

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

Other mandates held in listed companies: Director: Unicredito Italiano SPA, Société Foncière Lyonnaise.

Other mandates held in unlisted companies: Chairman: Grosvenor Continental Europe. Director: Aviva Participations. Member of the Supervisory Board: Aviva France. Non-executive Director: Grosvenor Group Holding Ltd.

Biography: A British national, he joined Commercial Union in 1971. Executive Director of Aviva until June 2003.

Philippe PRUVOST

Date of birth: March 2, 1949

WEALTH MANAGEMENT ADVISER, ANNEMASSE BRANCH

Director elected by employees

Year of first appointment: 2000 - Year in which current mandate will expire: 2009

Biography: Societe Generale employee since 1971.

Gérard REVOLTE

Date of birth: March 30, 1946

HEAD OF EMPLOYEE RELATIONS – ORLÉANS

Director elected by employees

Year of first appointment: 2006 - Year in which current mandate will expire: 2009

Biography: Societe Generale employee since 1968.

Non-voting director

Kenji MATSUO

CHAIRMAN OF MEIJI YASUDA LIFE INSURANCE

Year of first appointment: 2006 – Year in which current mandate will expire: 2009

Biography: a Japanese national, he joined Meiji Group in 1973 and was appointed Chairman in 2005.

Director profiles

	Main sector of activity		
DIRECTORS	Banking, Finance and Insurance	Industry and other	Description
Daniel BOUTON	x		Since 1991 – Banking (Societe Generale)
Philippe CITERNE	x		Since 1979 – Banking (Societe Generale)
Jean AZÉMA	x		Since 1998 – Insurance (Groupama)
Michel CICUREL	x		Since 1983 – Banking (Cie Bancaire-Cortal-Cerus-Cie Financière Edmond de Rothschild and Cie Financière Saint-Honoré)
Elie COHEN	x		Banking and Insurance (University professor in management sciences)
Robert DAY	x		Since 1965 – Banking then Asset Management
Jean-Martin FOLZ		x	From 1995 to 2007 – Automobiles (PSA)
Antoine JEANCOURT-GALIGNANI	x		Since 1994 – Insurance (AGF) then, Gecina until 2006
Élisabeth LULIN		x	Since 1998 – Consulting: public policy benchmarking
Gianemilio OSCULATI	x		Since 1987 – Banking (Banca d'America e d'Italia) and Strategic consulting (McKinsey), Chairman of Valore Spa
Patrick RICARD		x	Since 1978 – Industry (Pernod Ricard)
Luc VANDEVELDE		x	From 1971 to 2007 – Major retail (Kraft Group, Carrefour)
Anthony WYAND	x		Since 1971 – Insurance (Commercial Union-CGU-Aviva)
Philippe PRUVOST	x		Since 1971 – Banking (Societe Generale)
Gérard REVOLTE	x		Since 1968 – Banking (Societe Generale)

Directors whose mandate expires in 2008

Philippe CITERNE

Date of birth: April 14, 1949

DIRECTOR AND CO-CHIEF EXECUTIVE OFFICER OF SOCIETE GENERALE

Michel CICUREL

Date of birth: September 5, 1947

CHAIRMAN OF THE MANAGEMENT BOARD OF COMPAGNIE FINANCIÈRE EDMOND DE ROTHSCHILD AND COMPAGNIE FINANCIÈRE SAINT-HONORÉ

Independent Director. Member of the Nomination Committee. Member of the Compensation Committee.

Antoine JEANCOURT-GALIGNANI

Date of birth: January 12, 1937

COMPANY DIRECTOR

Independent Director. Chairman of the Nomination Committee and of the Compensation Committee.

Luc VANDEVELDE

Date of birth: February 26, 1951

COMPANY DIRECTOR

Founder and Chief Executive Officer of Change Capital Partners

Conflicts of interest

To the best of Societe Generale's knowledge, there are no potential conflicts of interest between the duties of the members of the Board of Directors and their private interests and/or other duties. Conflicts of interests are governed by article 9 of the Board's internal rules. None of the Board members have been selected pursuant to an arrangement or understanding with major shareholders, customers, suppliers or other parties. However, as one of the conditions for the acquisition by Societe Generale Asset Management of a majority stake in TCW in 2001, Mr. Robert DAY, Chairman of TCW, was appointed a Director of Societe Generale at the 2002 Annual General Meeting.

The members of the Board of Directors have agreed to no restrictions on the disposal of their stakes in Societe Generale's capital. There are no service contracts between members of the Board of Directors and Group companies. Excluding the Chairman and Chief Executive Officer and the Co-Chief Executive Officer, three Directors carry out functions within the Group:

- the staff-elected Directors, Messrs. Pruvost and Revolte;
- Mr. Robert Day, Chairman of TCW.

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

Start	End	Name	2007	2006	2005	2004	2003
1997	2011	**Daniel BOUTON** Chairman and Chief Executive Officer *Professional address:* Tours SG, 75886 Paris Cedex 18.	*Director:* Total SA, Vélia Environnement.	*Director:* Total SA, Véolia Environnement.	*Director:* Schneider Electric SA, Total SA, Véolia Environnement.	*Director:* Schneider Electric SA, Total SA, Véolia Environnement.	*Director:* Arcelor, Schneider Electric SA, Total SA, Véolia Environnement.
2001	2008	**Philippe CITERNE** Director and Co-Chief Executive Officer *Professional address:* Tours SG, 75886 Paris Cedex 18.	*Chairman:* Systèmes Technologiques d'Échanges et de Traitement (STET). *Director:* Accor, Crédit du Nord (up to July 24, 2007), Généval, Sopra, Grosvenor Continental Europe, SG Hambros Ltd., Rosbank, Trust Company of the West TCW Group.	*Chairman:* Systèmes Technologiques d'Échanges et de Traitement (STET). *Director:* Accor, Crédit du Nord, Généval, Sopra, Grosvenor Continental Europe, Rosbank (as of Dec. 26, 2006), SG Hambros Bank & Trust Ltd., Trust Company of the West TCW Group.	*Chairman:* Systèmes Technologiques d'Échanges et de Traitement (STET). *Director:* Accor since Jan. 9, 2006, Crédit du Nord, Généval, Grosvenor Continental Europe, SG Hambros Bank & Trust Ltd., Trust Company of the West TCW, Group, Unicredito Italiano Spa up to Dec. 16, 2005. *Member of the Supervisory Board:* Sopra. Permanent representative of Societe Generale on the Board of Directors of Accor up to Sept. 1, 2006.	*Chairman:* Systèmes Technologiques d'Échanges et de Traitement (STET). *Director:* Crédit du Nord, Généval, Grosvenor Continental Europe, SG Hambros Bank & Trust Ltd., Trust Company of the West TCW Group, Unicredito Italiano Spa. *Member of the Supervisory Board:* Sopra Group. *Permanent representative of Societe Generale on the Board of Directors of* Accor.	*Director:* Crédit du Nord, Généval, SG Hambros Bank & Trust Ltd., Trust Company of the West TCW Group, Unicredito Italiano. *Member of the Supervisory Board:* Sopra Group. *Permanent representative of Societe Generale on the Board of Directors of* Accor and TF1.
2003	2009	**Jean AZEMA** Chief Executive Officer of Groupama *Professional address:* 8, 10 rue d'Astorg, 75008 Paris.	*Director:* Médiobianca, Véolia Environnement. *Permanent representative of Groupama on the Board of Directors of:* Bolloré. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2, Chairman of Groupama International. *Permanent representative of* Groupama SA in SCI Groupama les Massues.	*Director:* Médiobianca, Véolia Environnement. *Permanent representative of Groupama on the Board of Directors of* Bolloré Investissement. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2, Chairman of Groupama International.	*Director:* Médiobianca, Véolia Environnement. *Permanent representative of Groupama on the Board of Directors of* Bolloré Investissement. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2.	*Director:* Médiobianca, Véolia Environnement. *Permanent representative of Groupama on the Board of Directors of* Bolloré Investissement. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2.	*Director:* Médiobianca, Veolia Environnement. *Permanent representative of Groupama on the Board of Directors of* Bolloré Investissement and Gimar Finances & Compagnie. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2.

NB: professional addresses are only given for those still in employment.

Start	End	Name	2007	2006	2005	2004	2003
2004	2008	**Michel CICUREL** Chairman of the Management Board of La Cie Financière Edmond de Rothschild and Cie Financière Saint Honoré. *Professional address:* 47, Faubourg Saint-Honoré, 75008 Paris.	*Member of the Supervisory Board:* Publicis. *Chairman of the Supervisory Board:* Edmond de Rothschild Corporate Finance SAS. *Member of the Supervisory Board:* Assurances et Conseils Saint-Honoré, SIACI, Newstone Courtage, Edmond de Rothschild Private Equity Partners (SAS). *Chairman of the Board of Directors:* ERS, Edmond de Rothschild SGR Spa (Italy), Edmond de Rothschild SIM Spa (Italy). *Director:* La Compagnie Benjamin de Rothschild (Geneva), Edmond de Rothschild Ltd. (London), La Compagnie Financière holding Edmond et Benjamin de Rothschild (Geneva), Banque Privée Edmond de Rothschild (Geneva), Cdb Web Tech (Italy), Bouygues Télécom, *Non-Executive Director:* Paris-Orléans. *Permanent representative of Compagnie Financière Saint-Honoré:* Cogifrance. *Permanent representative of* Compagnie financière Edmond de Rothschild Banque: Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision.	*Member of the Supervisory Board:* Publicis. *Chairman of the Supervisory Board:* Edmond de Rothschild Multi Management SAS. *Chairman of the Board of Directors:* ERS, Edmond de Rothschild SGR Spa (Italy), Edmond de Rothschild SIM Spa (Italy). *Director:* La Compagnie Benjamin de Rothschild (Geneva), Edmond de Rothschild Ltd. (London), La Compagnie Financière holding Edmond et Benjamin de Rothschild (Geneva), Cdb Web Tech (Italy), Bouygues Télécom. *Non-Executive Director:* Paris-Orléans. *Member of the Council of Sponsors:* Rothschild & Compagnie Banque. *Permanent representative of* Compagnie Financière Saint-Honoré: Cogifrance. *Permanent representative of* Compagnie financière Edmond de Rothschild Banque: Assurances et Conseils Saint-Honoré, Edmond de Rothschild Corporate Finance, Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision.	*Member of the Supervisory Board:* Publicis. *Chairman of the Supervisory Board:* Edmond de Rothschild Multi Management SAS. *Chairman of the Board of Directors:* ERS, Edmond de Rothschild SGR Spa (Italy), Edmond de Rothschild SIM Spa (Italy). *Director:* La Compagnie Benjamin de Rothschild (Geneva), Edmond de Rothschild Ltd. (London), La Compagnie Financière holding Edmond et Benjamin de Rothschild (Geneva), Cdb Web Tech (Italy), Bouygues Télécom; *Non-Executive Director:* Paris-Orléans. *Member of the Council of Sponsors:* Rothschild & Compagnie Banque. *Permanent representative of* Compagnie Financière Saint-Honoré: Cogifrance. *Permanent representative of* Compagnie financière Edmond de Rothschild Banque: Assurances et Conseils Saint-Honoré, Edmond de Rothschild Corporate Finance, Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision.	:	
2003	2010	**Élie COHEN** *Professional address:* Université de Paris Dauphine, Place du Maréchal de Lattre de Tassigny, 75116 Paris.	None	None	None	None	None
2002	2010	**Robert A. DAY** Chairman & CEO Trust Company of the West TCW *Professional address:* 865 South Figueroa Street, Suite 1800, Los Angeles, California 90071, USA.	*Chairman:* TCW Group. *Chairman:* Oakmont Corporation, Foley Timber & Land Company LP. *Director:* Freeport McMoRan Copper and Gold Inc., McMoRan Exploration Cy.	*Chairman:* TCW Group. *Chairman:* Oakmont Corporation. *Director:* Freeport, Freeport McMoRan Copper and Gold Inc., McMoRan Exploration Cy.	*Chairman and CEO:* TCW Group. *Chairman:* Oakmont Corporation. *Director:* Freeport, Freeport McMoRan Copper and Gold Inc., McMoRan Exploration Cy, Syntroleum Corporation, Synta Pharmaceuticals, Fischer Scientific Inc.	*Chairman and CEO:* TCW Group. *Director:* Freeport, Freeport McMoRan Copper and Gold Inc., McMoRan Exploration Cy, Syntroleum Corporation, Synta Pharmaceuticals, Fischer Scientific Inc., Foley Timber.	None
2007	2011	**Jean-Martin FOLZ** Company Director, Chairman the AFEP.	*Director:* Saint-Gobain, Alstom, Solvay (Belgium). *Member of the Supervisory Board:* Axa, Carrefour.				

NB: professional addresses are only given for those still in employment.

Start	End	Name	2007	2006	2005	2004	2003
1994	2008	**Antoine JEANCOURT-GALIGNANI** Company Director.	*Director:* Gecina, Total SA, Kaufman et Broad SA. SNA Holding Liban. *Chairman of the Supervisory Board:* Euro Disney SCA. *Member of the Supervisory Board:* Hypo Real Estate Holding AG.	*Director:* AGF, Gecina, Total SA, Kaufman et Broad, Oddo & Cie SCA. *Chairman of the Supervisory Board:* Euro Disney SCA. *Member of the Supervisory Board:* Fox Kids Europe NV. *Chairman of the Board of Directors (non executive):* SNA Group Liban.	*Chairman of* Gecina. *Director:* AGF, Total SA, Kaufman et Broad, Oddo & Cie SCA. *Chairman of the Supervisory Board:* Euro Disney SCA. *Member of the Supervisory Board:* Fox kids Europe NV. *Chairman of the Board of Directors (non executive):* SNA Group Liban.	*Chairman of* Gecina. *Chairman of the Board of Directors:* Simco. *Director:* AGF, Total Fina Elf SA, Kaufman et Broad, Oddo & Cie SCA. *Chairman of the Supervisory Board:* Euro Disney SCA. *Member of the Supervisory Board:* Fox kids Europe NV. *Chairman of the Board Directors (non executive):* SNA Group Liban.	*Chairman and CEO of* Gecina. *Chairman of the Board of Directors:* Simco. *Chairman:* AGF, AGF IARD, AGF Vie, AGF International. *Director:* AGF, TOTAL SA, Kaufman et Broad, Oddo & Cie SCA. *Chairman of the Supervisory Board:* Euro Disney Sca.
2003	2009	**Élisabeth LULIN** Founder and CEO of Paradigmes et Caetera *Professional address:* 11 rue Surcouf, 75007 Paris.	*Director:* Groupe BONGRAIN.	None	None	*Director:* Doma Viva SA.	*Director:* Doma Viva SA.
2006	2010	**Gianemilio OSCULATI** Chairman of Valore Spa *Professional address:* Piazza San Sepolcro, 1-20123 Milan Italy.	*Chairman:* Osculati & Partners Spa. *Director:* Miroglio Spa, MTS Group.	*Chairman:* SAIAG-Comital Spa, Valore Spa. *Director:* Miroglio Spa.			

NB: Professional addresses are only given for those still in employment.

Start	End	Name	2007	2006	2005	2004	2003
1994	2009	**Patrick RICARD** Chairman and CEO of Pernod Ricard *Professional address:* 12, place des États-Unis, 75016 Paris.	*Director:* Altadis (mandate ending on Feb. 6, 2008). *Chairman of the Board of Directors:* Comrie Limited. *Director:* Ania, Association Nationale des Industries Alimentaires, Chivas Brothers Pernod Ricard Ltd, Société Paul Ricard S.A., Irish Distillers Group Ltd, Martell & Co, Pernod Ricard acquisitions II, Pernod Ricard Finance, Suntory Allied Limited. *Permanent representative of Pernod Ricard on the Board of Directors:* Ets Vinicoles champenois (E.V.C.), Havana Club Holding S.A., JFA, Pernod, Pernod Ricard Europe, Ricard. *Member of the Executive Board:* PR Asia, PR North America. *Director of* Provimi (up to April 12, 2007).	*Chairman of the Board of Directors:* Comrie Plc. *Chairman:* Austin Nichols and Co. Inc. Vice-*Chairman of the Supervisory Board:* Société Paul Ricard SA. *Member of the Supervisory Board:* Wyborowa SA. Agros Holding SA. *Director:* Provimi, Altadis. Pernod Ricard Finance SA, Chivas Brothers Pernod Ricard Ltd., Distillerie Fratelli Ramazzotti Spa, Irish Distillers Group Ltd., Pernod Ricard Swiss SA, Polairen Trading Ltd., Sankaty Trading Ltd., Peri Mauritius Ltd., Populous Trading Ltd., World Brands Duty Free Ltd. PR acquisitions II Corp, Suntory Allied Ltd. *Permanent representative of Pernod Ricard on the Board of Directors:* Cusenier SA, JFA SA, Pernod Ricard Europe SA, Pernod SA, Ricard SA, Santa Lina SA up to Nov. 7, 2006, Ets Vinicoles champenois (E.V.C.) Galibert et Varon. *Permanent representative of Santa Lina on the Board of Directors:* Cie Financière des Produits Orangina (C.F.P.O.) SA. *Permanent representative of* La Société Martel/ Mumm Perrier-Jouët on the Board of Directors of Renault Bisquit SA.	*Director:* Provimi, Altadis. *Chairman of the Board of Directors:* Comrie Plc. *Chairman and CEO:* World Brands Duty Free Ltd. *Chairman:* Austin Nichols Export Sales Inc. Vice-*Chairman of the Supervisory Board:* Société Paul Ricard SA. *Member of the Supervisory Board:* Wyborowa SA. *Director:* Allied Domecq Ltd., Allied Domecq (holdings) Ltd., Allied Domecq SPIRITS 1 Wine Holdings Ltd., Pernod Ricard Finance SA, Martell & Co. SA, Chivas Brothers Pernod Ricard Ltd., The Glenlivet Distillers Ltd., Aberlour Glenlivet Distillery Ltd., Boulevard Export Sales Inc., Distillerie Fratelli Ramazzotti Spa, Duncan Fraser and Company Ltd., Glenforres Glenlivet Distillery Ltd., House of Campbell Ltd., Irish Distillers Group Ltd., Larios Pernod Ricard SA, Muir Mackenzie Ad Company Ltd., Pernod Ricard Swiss SA, Polairen Trading Ltd., Sankaty Trading Ltd., Peri Mauritius Ltd., Populous Trading Ltd., White Heather Distillers Ltd., W. Whiteley and Company Ltd., PR acquisitions II Corp, William Whiteley & Co. Inc. Vice-*Chairman of the Board of Directors:* Austin Nichols and Co. Inc. *Permanent representative of Pernod Ricard on the Board of Directors:* Cusenier SA, JFA SA, Pernod Ricard Europe SA, Pernod SA, Ricard SA, Santa Lina SA, Campbell Distillers Ltd., Ets Vinicoles champenois (E.V.C.) Galibert et Varon. *Permanent representative of Santa Lina on the Board of Directors:* Cie Financière des Produits Orangina (C.F.P.O.) SA, Société Immobilière et Financière pour l'alimentation (S.I.F.A.) SA. *Permanent representative of International Cognac Holding on the Board of Directors of* Renault Bisquit SA.	*Director:* Provimi, Altadis. *Chairman of the Board of Directors:* Comrie Plc. *Chairman and CEO:* World Brands Duty Free Ltd. *Chairman:* Austin Nichols Export Sales Inc. *Member of the Management Board:* Wyborowa SA. *Director:* Pernod Ricard Europe SA, PR Finance SA, Société Paul Ricard, Société Paul Richard Ricard & Fils, Martell & Co. SA, Altadis, Chivas Brothers Ltd., The Glenlivet Distillers Ltd., Aberlour Glenlivet Distillery Ltd., Boulevard Export Sales Inc., Peribel SA, Distillerie Fratelli Ramazzotti Spa, Duncan Fraser and Company Ltd., Glenforres Glenlivet Distillery Ltd., House of Campbell Ltd., Irish Distillers Group Ltd., Larios Pernod Ricard SA, Muir Mackenzie Ad Company Ltd., Pernod Ricard Swiss SA, Polairen Trading Ltd., Sankaty Trading Ltd., Peri Mauritius Ltd., Pernod Ricard Nederland BV, Populous Trading Ltd., White Heather Distillers Ltd., W. Whiteley and Company Ltd., PR acquisitions II Corp, William Whiteley & Co. Inc. *Vice-Chairman of the Board of Directors:* Co-Chief Executive Officer Austin Nichols and Co. Inc. *Permanent representative of Pernod Ricard on the Board of Directors:* Cusenier SA, JFA SA, Pernod SA, Ricard SA, Santa Lina SA, Campbell Distillers Ltd. *Permanent representative of Santa Lina on the Board of Directors:* Cie Financière des Produits Orangina (C.F.P.O.) SA, Société Immobilière et Financière pour l'alimentation (S.I.F.A.) SA, Société Immobilière et Financière pour l'alimentation (S.I.F.A) SA. *Permanent representative of International Cognac Holding on the Board of Directors of:* Renault Bisquit SA.	*Director:* Provimi, Altadis. *Chairman of the Board of Directors:* Comrie Public Limited CY. *Director:* Martell & Cie, PR Europe Spirits & Wines SA, Finance SA, Austin Nichols (International) Inc., Anco Do Brasil Inc., Austin Nichols Export Sales Inc., Aberlour Glenlivet Distillery, Boulevard Distillers and Importers Inc., Boulevard Export Sales Inc., Peribel, Distillerie Fratelli Ramazzotti Spa, Duncan Fraser and Company Ltd., Glenforres Glenlivet Distillery, House of Campbell Ltd., Irish Distillers Group Ltd., PR Larios, Muir Mackenzie Ad Company Ltd., Pernod Ricard Swiss, Peri Mauritius, PR Nederlands Spirits and Wines BV, Polairen Trading Ltd., Populous Trading Ltd., Sankaty Trading Ltd., White Heather Distillers Ltd., W. Whiteley and Company Ltd., World Brands Duty Free Ltd. *Permanent representative of Pernod Ricard on the Board of Directors:* Cusenier SA, JFA SA, Pampryl, Pernod SA, Ricard SA, Santa Lina SA, Campbell Distillers Ltd., Havana Club Holding SA. *Permanent representative of Santa Lina on the Board of Directors:* Cie Financière des Produits Orangina (C.F.P.O.) SA, Société Immobilière et Financière pour l'alimentation (S.I.F.A.) SA.

NB: Professional addresses are only given for those still in employment.

Start	End	Name	2007	2006	2005	2004	2003
2006	2008	**Luc VANDEVELDE** Company Director.	*Director:* Vodafone. *Manager:* Change Capital Partners.	*Director:* Vodafone, Comet BV, Citra SA.			
2002	2011	**Anthony WYAND** Company Director.	*Chairman:* Grosvenor Continental Europe SAS. *Director:* Aviva Participations, Unicredito Italiano Spa, Société Foncière Lyonnaise. *Member of the Supervisory Board:* Aviva France. *Non Executive Director:* Grosvenor Group Holding Ltd.	*Chairman:* Grosvenor Continental Europe SAS. *Director:* Aviva Participations, Unicredito Italiano Spa, Société Foncière Lyonnaise. *Member of the Supervisory Board:* Aviva France. *Non Executive Director:* Grosvenor Group Holding Ltd.	*Director:* Unicredito italiano SPA, Société Foncière Lyonnaise, Atis real, Aviva Participations. *Permanent representative* Aviva Spain, CU Italia. *Member of the Supervisory Board* Aviva France. *Non Executive Director:* Grosvenor Group Holding Ltd.	*Executive Director:* Aviva. *Chairman of the Supervisory Board:* CGU France. *Executive Vice-President:* Victoire Asset Management. *Director:* Aviva Holding Poland Ltd., Noth Mercantile Insurance Cy Ltd., Norwch Union Overseas Holding BV, Norwich Union Overseas Ltd., The Road Transport and General Insurance Cy Ltd., Scottish Insurance Corporation Ltd., The Yorkshire Insurance Company Ltd. Abeille Assurances, Abeille Vie SA, CGU Group BV, CGU Insurance Plc, CGU International Holding BV, Commercial Union Finance BV, Commercial Union Holding (France) Ltd., Commercial Union International Holding Ltd., Delta Lloyd NV, Eurofil SA, General Accident Plc, Northern Assurance Company Ltd., Norwich Union Plc, Royal St George Banque SA. *Director and Vice-Chairman:* CGU International Insurance Plc. *Member of the Supervisory Board:* Commercial Union Polska General Insurance Company SA, Commercial Union Polska Life Assurance Company SA, Commercial Union Polska Towarzyshwo Ubezpieczen Na Zycie SA, Commercial Union Polska Towarzyshwo Ubezpieczen Ogolnych Spo Ka Akcyina.	*Executive Director* Aviva. *Chairman of the Supervisory Board:* CGU France. *Director:* Unicredito italiano, Société Foncière Lyonnaise. *Non Executive Director:* Grosvenor Group Holding Ltd. *Executive Vice President:* Victoire Asset Management. *Director:* Abeille Assurances, Abeille Vie Sa, CGU Courtage SA, CGU Group BV, CGU Insurances, CGU International Holding BV, Commercial Union Finance BV, Commercial Holdings (France) Ltd., Commercial Union International Holdings Ltd., Delta NV, Eurofil SA, General Accident Plc, Northern Assurance Company Ltd., Northern Union Plc., Royal George Banque SA. *Director and Vice-Chairman:* International Insurance Plc. *Member of the Supervisory Board:* Commercial Union Polska General Insurance Company SA, Commercial Union Polska Life Assurance Company SA, Commercial Union Polska Towarzyshwo Ubezpieczen Na Zycie SA, Commercial Union Polska Towarzyshwo Ubezpieczen Ogolnych Spo Ka Akcyin. *Mandates started in 2001:* CGNU Holdings Poland Ltd.; Norwich and Mercantile Insurance Company Ltd., Norwich Union Overseas Holdings Road Transport & General Insurance Company Ltd., Scottish Insurance Corporation Ltd., Welsh Insurance Corporation Ltd., Yorkshire Insurance Company Ltd.
2000	2009	**Philippe PRUVOST** Director elected by employees *Professional address:* Tours SG, 75886 Paris Cedex 18.	None	None	None	None	
2006	2009	**Gérard REVOLTE** Director elected by employees *Professional address:* Tours SG, 75886 Paris Cedex 18.	None	None	None	None	

NB: Professional addresses are only given for those still in employment.

GENERAL MANAGEMENT

Daniel BOUTON

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF SOCIETE GENERALE

see page 64.

Philippe CITERNE

DIRECTOR AND CO-CHIEF EXECUTIVE OFFICER OF SOCIETE GENERALE

see page 64.

Didier ALIX

Date of birth: August 16, 1946

CO-CHIEF EXECUTIVE OFFICER OF SOCIETE GENERALE

Holds 5,037 shares

Biography: Joined Societe General in 1971. Worked in the General Inspection Department from 1972 to 1979. Head of Central Risk Control (1980). Chief Executive Officer of Franfinance (1991-1993). Deputy Managing Director, then Managing Director of the French network (1993-1998). Co-Managing Director of Individual and Business Customers (1998). Co-Chief Executive Officer since September 26, 2006.

MANDATES HELD OVER THE LAST FIVE YEARS

	2007	2006	2005	2004	2003
Didier ALIX Co-Chief executive officer *Professional address:* Tours SG, 75886 Paris Cedex 18.	*Chairman and Chief Executive Officer:* Sogébail. *Chairman of the Supervisory Board:* Komercni Banka. *Director:* Crédit du Nord (as of July 25, 2007), Franfinance, Yves Rocher, Banque Roumaine de Développement, National Societe Generale Bank S.A.E. (NSGB), Societe Generale de Banques au Cameroun, Societe Generale de Banques au Sénégal, Societe Generale au Liban. *Director and Vice-Chairman:* Societe Generale de Banque en Côte d'Ivoire. *Member of the Supervisory Board:* Societe Generale Marocaine de Banques. *Permanent representative for Salvepar on the Board of Directors:* Latécoère	*Chairman and Chief Executive Officer:* Sogébail. *Chairman of the Supervisory Board:* Komercni Banka. *Director:* Franfinance, Yves Rocher, Banque Roumaine de Développement, National Societe Generale Bank S.A.E. (NSGB), Societe Generale de Banque au Cameroun, Societe Generale de Banques au Sénégal, Societe Generale au Liban, MISR International Bank (until December 2006), Sogessur (until November 2006), Fiditalia (until December 2006). *Director and Vice-Chairman:* Societe Generale de Banque en Côte d'Ivoire. *Member of the Supervisory Board:* Societe Generale Marocaine de Banques, Groupama Banque (until October 2006). *Permanent representative for Salvepar on the Board of Directors:* Latécoère	*Chairman and Chief Executive Officer:* Sogébail; *Chairman of the Supervisory Board:* Komercni Banka. *Director:* Franfinance, Yve Rocher, Banque Roumaine de Développement, National Societe Generale Bank S.A.E. (NSGB), Societe Generale de Banques au Cameroun, Societe de Banques au Sénégal, Societe Generale au Liban, MISR International Bank, Sogessur, Fiditalia. *Director and Vice-Chairman:* Societe Generale de Banques en Côte d'Ivoire. *Member of the Supervisory Board:* Societe Generale Marocaine de Banques, Groupama Banque. *Permanent representative for Salvepar on the Board of Directors:* Latécoère	*Chairman and Chief Executive Officer:* Sogébail. *Chairman of the Supervisory Board:* Komercni Banka. *Director:* Franfinance, Yves Rocher, Sogessur, Fiditalia, Banque Roumaine de Développement, National Societe Generale Bank S.A.E. (NSGB), Societe Generale de Banques au Cameroun, Societe Generale de Banques au Sénégal, Societe Generale au Liban. *Director and Vice-Chairman:* Societe Generale de Banques en Côte d'Ivoire. *Member of the Supervisory Board:* Societe Generale. Marocaine de Banques, Groupama Banque	*Chairman and Chief Executive Officer:* Sogébail. Chairman of the Supervisory Board: Komercni Banka. *Director:* Franfinance, Yves Rocher, Sogessur, Fiditalia, Banque Roumaine de Développement, National Societe Generale Bank S.A.E. (NSGB), Societe Generale de Banques au Cameroun, Societe Generale Marocaine de Banques, Societe Generale de Banques au Sénégal, Societe Generale au Liban. *Director and Vice-Chairman:* Societe Generale de Banque en Côte d'Ivoire. *Member of the Supervisory Board:* Groupama Banque.

EXECUTIVE COMMITTEE AT JANUARY 1, 2008

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

Daniel BOUTON

Chairman and Chief Executive Officer of Societe Generale

Philippe CITERNE

Director and Co-Chief Executive Officer of Societe Generale, principally in charge of heading up the Group's key strategic projects, its acquisitions and external growth operations and its risk strategy as well as supervising its Corporate and Investment Banking and Global Investment Management & Services divisions.

Didier ALIX

Co-Chief Executive Officer of Societe Generale, principally in charge of supervising the Group's Retail Banking and Specialized Financial Services businesses and of overseeing cross-business projects aimed at heightening Group efficiency.

Séverin CABANNES

Group Chief Administrative Officer

Philippe COLLAS

Chief Executive Officer, Societe Generale Global Investment Management and Services

Didier HAUGUEL

Group Chief Risk Officer

Hugues LE BRET

Head, Group Communication

Jean-Pierre MUSTIER

Chief Executive Officer, Societe Generale Corporate and Investment Banking

Frédéric OUDEA

Group Chief Financial Officer

Alain PY

Chairman and Chief Executive Officer of Crédit du Nord

Anne MARION-BOUCHACOURT

Head, Group Human Resources

Jean-François SAMMARCELLI

Head of Retail Banking in France

Christian SCHRICKE

Corporate Secretary and Group Head of Compliance Monitoring

Attends meetings on subjects within his domain of competence

Christian POIRIER

Senior Advisor to the Chairman

GROUP MANAGEMENT COMMITTEE

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

INFORMATION ON CORPORATE GOVERNANCE

Societe Generale implements the recommendations given in the AFEP-MEDEF reports on the corporate governance of listed companies.

In September 1995, three committees (Audit Committee, Compensation Committee and Nomination Committee) were set up.

Since early 2000, the Board of Directors and the Committees have been governed by internal rules. Moreover, a Directors' Charter also regroups the compliance rules that apply to Societe Generale Directors. The internal rules and the Directors' Charter, together with the Company's by-laws, are included as an appendix to this document.

This chapter contains three sections and has been submitted to the relevant Committees and to the Board of Directors. In accordance with articles L. 225-37 and L. 225-51 of the French Commercial Code, the first two sections are devoted to the rules used to determine the compensation and benefits in kind of Board directors and comprise the Chairman's report. The third section outlines the Group's relations with its Statutory Auditors.

Chairman's report

Board of Directors

Societe Generale is a *Société Anonyme* (French limited liability corporation) managed by a Board of Directors. In April 2003 and 2007, following the renewal of the Chairman's mandate, the Board of Directors upheld the Group's monistic management structure, considering it the most suitable option for the Company in its current position. It considered that the composition of the Board of Directors and its committees, their operational scope and the manner in which the Chairman exercises his functions and his relations with the Board guarantee a sufficient balance of powers. Under this structure, the Chairman, Daniel Bouton, also carries out the functions of Chief Executive Officer and is assisted by Philippe Citerne in his capacity as Chief Executive Officer and, since September 2006, by a second Chief Executive Officer, Didier Alix.

The by-laws provide for no particular limitations to the powers of the chief executive officers, who exercise their functions in accordance with the laws and regulations in force, the Company's by-laws and internal rules, and the guidelines set by the Board of Directors.

The Board is made up of thirteen directors elected by the General Meeting and two directors elected by employees of the Group.

Board of Directors at January 1, 2008

The thirteen directors appointed by the General Meeting have four-year mandates. The expiry dates for these mandates are spread out in such a way as to ensure that around one-quarter are renewed each year. Two directors are elected by the employees of Societe Generale for a three-year mandate.

The Board of Directors is comprised of one woman and 14 men. Four directors are non-French nationals and the average age of directors is 59. In 2007, the composition of the Board changed as follows:

- renewal of the mandates of Messrs Bouton and Wyand;
- appointment of Mr Folz;
- expiry of the mandate of Mr Viénot;

In addition, Mr Matsuo has represented Meiji Yasuda Life on the Board as a non-voting director since January 18, 2006.

In accordance with the recommendations of the AFEP-MEDEF reports, the Board of Directors, on the basis of the report of its Nomination Committee, examined the independence of each of its members at December 31, 2007 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 nature and importance as to color the directors' judgment. This analysis was based on a thorough examination that factored in a number of criteria, including the Company's overall debt and liquidity, the ratio of bank loans to total debt, Societe Generale's total exposure and the ratio of this exposure to total bank loans, advisory mandates, other commercial relations, etc. The Board of Directors also analyzed the situation of those directors with ties to groups that hold Societe Generale shares.

On the basis of these criteria, the Board of Directors considered that Ms. Lulin and Messrs Azéma, Cicurel, Cohen, Folz, Jeancourt-Galignani, Osculati and Vandevelde should be regarded as independent directors.

Mr. Azéma, Chief Executive Officer of Groupama, is considered an independent director since Groupama holds substantively less than 10% of Societe Generale's capital, and neither the banking or commercial relations between Groupama and Societe Generale, nor the partnership set up between the two groups to launch Groupama Banque (of which Societe Generale holds only a 20% interest) are liable to color his judgment, given the limited impact of this project for both groups.

The other directors are not considered independent under the criteria given in the AFEP-MEDEF report.

Eight out of fifteen directors were therefore independent at December 31, 2007 (i.e. 53% of the Board of Directors and 62% of directors appointed by the General Meeting).

This situation is in line with the Board's aim of ensuring that 50% of all directors are independent, as recommended in the AFEP-MEDEF report.

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

Directors

The Group's directors hold a significant number of shares personally: the statutory minimum is 600 shares per director appointed by the General Meeting.

The amount and distribution of attendance fees are stipulated below in the section on directors' compensation.

The Directors' Charter stipulates that directors of Societe Generale should abstain from carrying out transactions in securities issued by companies on which they possess inside information. Like Group employees with access to privileged information, directors are prohibited from conducting transactions in Societe Generale shares during the thirty days prior to the publication of results, and from carrying out speculative trading in Societe Generale shares (shares must be held for at least two months, options trading is banned).

The Directors' Charter was modified in January 2005 to extend this rule to transactions involving securities of listed subsidiaries of Societe Generale. Directors must inform the *Autorité des Marchés Financiers* (French Securities Regulator) of any transactions they or persons close to them have carried out on Societe Generale shares.

Duties and powers of the Board

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

Since 2003, the internal rules clearly state the rules applicable in cases where the Board of Directors gives its prior approval to investment projects or more general strategic transactions. This article was changed in 2005 in order to adapt to the Group's size (see article 1 of the internal rules).

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

The Board sets the remuneration of the chief executive officers and decides on the implementation of stock option and share purchase plans in accordance with the authorization granted by the General Meeting.

Functioning of the Board

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

At least once a year, it shall devote an item of its agenda to an evaluation of the Board's 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 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 necessary training to fulfill his or her mandate.

Activity report of the Board of Directors for 2007

The Board of Directors met nine times in 2007, with meetings lasting an average of two hours and 50 minutes. The attendance rate of directors was 88%, compared with 80% in 2006 and 77% in 2005.

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

The Board examined the 2007 budget.

The Board was kept informed of the developments in the financial and liquidity crisis and discussed its consequences.

It deliberated on a number of strategic projects, in accordance with its internal rules. The main decision was the exercise of the option to purchase the majority of the capital in Rosbank.

It also discussed the possible creation of a partnership with the departments of Banque Postale in the area of electronic payment solutions.

It reviewed the Group's global strategy as well as the strategies of the following fields:

- corporate and investment banking;
- the financial services division;
- real estate policy;
- human resources;
- trading activities carried out by the Corporate and Investment Banking arm.

The Board reviewed the Group's status with respect to risk exposure, and particularly the state of the risk function; it approved the overall annual market risk limits. It examined the annual reports submitted to the French Banking Commission, as well as the responses to the follow-up letters drafted after the Banking Commission's audits.

The Board reviewed the consequences of Basel II for the Group, notably the validation of the Group's usage of an internal ratings approach to credit risk and the Advanced Measurement Approach to operational risk for the calculation of regulatory capital requirements.

It decided to implement two stock option plans, the distribution of free shares and a capital increase reserved for employees as part of the Group's Global Employee Share Ownership Plan.

The Board prepared the resolutions submitted to the General Meeting.

The handling of the exceptional fraud by the Board of Directors at the start of 2008

On January 23, 2008, the Board of Directors was informed of the detection on January 18 and 19 of an exceptional fraud in one of the sub-divisions of its market activities.

Faced with this situation, the Board of Directors:

- rejected Daniel Bouton's offer to resign and reaffirmed its confidence in both him and the management team. The Board asked Daniel Bouton to lead the Group back on track for profitable growth;
- decided to carry out a EUR 5.5 billion capital increase with preferential subscription rights;
- created a Special Committee comprising three independent directors and chaired by Mr FOLZ, tasked with ensuring:
  - that the causes and sizes of the losses announced by the bank have been completely identified;
  - that measures have been, or are being, put in place to prevent the reoccurrence of incidents of the same nature;
  - that the information communicated by the bank faithfully reflects the findings of the inquiry;
  - that management of the situation is conducted in the best interests of the company, its shareholders, its clients, and its employees.

The Special Committee is assisted in its assignment by audit firm PriceWaterhouseCoopers.

Audit Committee

The Committee is composed of four directors, Ms. Lulin and Messrs. Osculati, Cohen and Wyand, three of whom are independent members. The Committee is chaired by Mr. Wyand and is responsible for:

- reviewing the draft financial statements before they are submitted to the Board, notably verifying how they were prepared and ensuring the relevance and consistency of the accounting principles and methods applied;
- reviewing the choice of account consolidation principles and the consolidation scope of Group companies;
- examining the consistency of the internal mechanisms implemented to control procedures, risks and ethical compliance;
- overseeing the selection of the statutory auditors and providing the Board with an opinion on their appointment or renewal, as well as on their remuneration;
- ensuring that the Statutory Auditors remain independent (see "Statutory Auditors");
- examining the work schedule of the Statutory Auditors;
- examining the Group's internal audit schedule and the annual report on internal control drawn up in accordance with banking regulations, and formulating an opinion on the organization and functioning of the internal audit departments;
- examining the follow-up letters sent by the French Banking Commission and issuing an opinion on draft responses.

The Statutory Auditors attend the Audit Committee meetings, unless the Committee decides otherwise.

Activity report of the Audit Committee for 2007

The Audit Committee met eight times in 2007, with an attendance rate of 94% (97% in 2006).

At each closing of the accounts, the Audit 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 Head of Group Risk Management and Corporate Secretary on all matters pertaining to risks. Since 2002, one of the chief executive officers attends part of the meetings called to approve the accounts and discusses 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 organized in response to internal needs and any outside developments. Once such session was held in 2007 at BRD in Romania and took note of the current situation at this large subsidiary and of its performances, strategy, risk and internal control structure.

In 2007, 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 continued to pay particular attention to the evolution of operating expenses and the cost/income ratio. The Committee examined IT expenditure and the Group's major real estate projects.

The Committee closely followed the development of the financial and liquidity crisis and its consequences for the Group. In particular, it carried out an in-depth review of the Group's exposure to the US residential mortgage market and the methodology used to value financial instruments linked to this market.

As part of its risk control responsibilities, the Committee has adopted an in-depth approach to different risk factors.

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. The Committee reviews the procedures used to control certain market risks and is consulted on the annual revision of market risk limits as well as on the annual report on risk assessment and monitoring procedures submitted to the French Banking Commission.

The Committee monitored the deployment of the new Group internal control measures following the amendments to French banking regulations in this area, particularly as regards period controls, compliance controls and permanent supervision. It was kept informed of the significant incidents observed in the area of compliance. It examined the French Banking Commission's annual report on internal control as well as the internal audit schedule for the General Inspection department and audit teams. It examined the effective application of the rules governing subsidiary audit committees.

The Committee was presented the measures taken by Corporate and Investment Banking to deal with the very rapid growth of its market activities and to manage the resulting risk, and received a status update on the overhaul of the information system designed to process equity and indices transactions in the market activities. It submitted a report to the Board of Directors.

It was also consulted on the draft responses by the Group to the follow-up letters from the French Banking Commission It closely followed the development of major regulatory projects, the implementation of the Markets in Financial Instruments Directive (MiFID) and particularly Basel II. It carefully examined the responses to the French Banking Commission on the use of internal ratings to measure credit risk and the Advanced Measurement Approach for operational risks.

The Committee examined the financial aspect of the various acquisition projects submitted to the Board and reviewed the progress made on acquisitions and disposals carried out in 2006.

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

The Committee discussed the Statutory Auditors' work schedule and fees for 2007.

Compensation Committee

At December 31, 2007, the Compensation Committee was made up of five directors, Messrs. Cicurel, Folz, Jeancourt-Galignani, Ricard and Vandevelde, four of whom are independent. The Committee is chaired by Mr. Jeancourt-Galignani, an independent director. The Committee:

- draws up and submits to the Board the criteria for determining the remuneration of the chief executive officers, including benefits in kind, insurance and pension benefits, as well as any compensation received from Group companies; it ensures these criteria are properly applied, in particular the rules governing performance-linked bonuses;
- advises the Board on the policy for awarding stock options, and formulates an opinion on the list of beneficiaries;
- is kept informed of the Group's compensation policy, in particular that applicable to senior managers;
- prepares the annual appraisals of the chief executive officers and meets with the Group's outside directors to discuss these appraisals;
- prepares Board decisions regarding employee savings schemes.

Activity report of the Compensation Committee for 2007

The Compensation Committee met four times in 2007. The attendance rate of the members was 100% (77% in 2006).

During its meetings, the Committee set the method to be used by the Board in determining the remuneration of the members of the Executive Committee. It reviewed the situation of the chief executive officers and submitted proposals for changes therein to the Board of Directors (see "Remuneration of chief executive officers", page 80).

The Committee prepared the appraisals of the chief executive officers and discussed them with the Group's other outside directors before submitting its report to the Chairman. It determined the setting of targets for the chief executive officers.

It proposed rules imposing shareholding obligations on chief executive officers who hold stock options.

It also examined the terms of the capital increase reserved for employees after reviewing employee share ownership twenty years after the privatization. It discussed the development of the employee savings scheme at the Group level.

Lastly, the Committee proposed two stock option plans to the Board (see "stock options") as well as a plan authorizing the distribution of free shares to employees. It proposed the approval of additional profit-sharing for employees.

Nomination Committee

The Nomination Committee is composed of the Chairman of the Board and the members of the Compensation Committee. It is chaired by the Chairman of the Compensation Committee. The Nomination Committee submits proposals to the Board for the appointment of new Board members and for the replacement of chief executive officers, especially in the case of an unexpected vacancy.

The Nomination Committee prepares the Board of Directors' review of issues pertaining to corporate governance. It is responsible for conducting the evaluation of the performance of the Board of Directors.

It submits a proposal to the Board of Directors for the presentation of the Board of Directors to be included in the annual report and notably the list of independent directors. It makes proposals to the Board regarding its composition, after carrying out any necessary inquiries. The Nomination Committee is informed prior to the appointment of any member of the Group's Executive Committee and any head of a corporate department who does not sit on this Committee and is kept informed of the list of replacements for these senior managers.

Activity report of the Nomination Committee for 2007

The Nomination Committee met five times in 2007, with an attendance rate of 95% (82% in 2006).

It prepared the Board's review of the corporate governance section of the 2007 annual report, in particular the section concerning the assessment of directors' independence. The Committee prepared the conclusions from the self-assessment of the functioning of the Board of Directors.

The Committee prepared proposals for the appointment of Directors to be submitted at the 2007 General Meeting and in the medium term.

It reviewed the list of replacements for the chief executive officers, in order to be able to submit a proposal to the Board should the need arise.

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 its scope and operations on the basis of the answers provided by the directors in a questionnaire.

Every three years, this questionnaire is highly detailed and the directors are required to provide their answers during an in-depth interview, either with a specialized consultant or with the Board secretary. For the other two years, the questionnaire comes in abridged format and the directors submit written answers. In both instances, the answers are presented anonymously in a document that serves as a basis for debate by the Board.

At the end of 2006, the answers collected during the individual interviews with the new secretary of the Board resulted in the editing of a summary document which was debated by the Board in its meeting of January 19, 2007. This introspective indicated a strong level of satisfaction with the way the Board operates and prepares its work, as well as with the format of its debates and the quality of relations with its Chairman. The Board concluded that the Group's monistic management structure with a Chairman that also carries out the duties of Chief executive Officer remained the appropriate option for the company in its present situation and should be maintained upon the renewal of the Chairman's mandate insofar as Daniel Bouton's directorship is also renewed.

Various suggestions were made as to the issues to be discussed by the Board, including how to improve the quality of its debates, its composition as well as the feedback it receives on the work of the committees. the Board motioned to increase the minimum number of shares that must be held by those directors appointed by the General Meeting as stipulated in the company's by-laws to the minimum number recommended in the Directors' Charter. A draft resolution therein was submitted to the 2007 General Meeting.

Since 2003, the Compensation Commitee has carried out a yearly appraisal of the Group's chief executive officers at a meeting of non-staff appointed directors or group company directors. The conclusions of this evaluation are communicated to the Chairman and Chief Executive Officer by the Chairman of the Compensation Committee.

Remuneration of chief executive officers

Chief executive officer remuneration policy

ANNUAL REMUNERATION

At the start of 2007, the Board of Directors decided, at the proposal of the Compensation Committee, to review the different elements used to quantify this variable remuneration as of financial year 2007. The aim of the Board was to not only make this remuneration more objective by introducing criteria that compare Societe Generale's performance with those of its main competitors, but also more variable and incentivizing by allowing for a stronger correlation (both upwards and downwards) between this remuneration and the average performance of the Group's key competitors.

The remuneration structure for chief executive officers is now as follows:

- a basic salary which may be revised in line with market practices;
- a performance-linked component, equivalent to the percentage of the basic salary set annually by the Board of Directors when closing the Group's full-year accounts. The Board of Directors has set this performance-linked component based on two elements:
- a quantitative component, which since 2007 has been based on the comparative performance of Societe Generale Group and a selection of 14 other large European banks, which is measured by the annual variation in earnings per share (EPS). The performance-linked bonus tied to this indicator may vary between 0% and 140% of the basic salary, with the floor corresponding to a change in EPS of less than at least 15 points compared to the average, and the ceiling corresponding to a change in excess of at least 25 points; a change equal to the average corresponds to a rate of 50%. In the event of a particularly low, or even negative change in EPS, the amount generated by this scale may be lowered by the Board;
- a qualitative component, which remains based on the key objectives underpinning the success of the company's strategy, that are set ahead of the financial year and are measured using relevant indicators. The variable remuneration linked to this component may vary between 0 and 100% of the basic salary.

Any attendance fees paid by Societe Generale or by companies outside the Group of which they are directors to the company's chief executive officers are then deducted from the performance-linked bonus.

Since 2006, the annual fixed remuneration of Societe Generale's Chairman is set at EUR 1,250,000 while the fixed and variable remuneration of Mr Citerne is equal to 60% of that of the Chairman and that of Mr Alix is equal to 40% of that of the Chairman.

The Chairman and chief executive officers have their own company car.

REMUNERATION PAID FOR 2007

For 2007, the Chairman of Societe Generale Group's basic salary amounted to EUR 1,250,000. As regards his performance-linked bonus, the Board of Directors decided at a meeting on January 30, 2008, to not award a bonus to Messrs Bouton and Citerne, as a result of the exceptional fraud uncovered in January 2008. The Board also decided at the same meeting not to pay any Societe Generale attendance fees for 2007.

The performance-linked bonus of Mr Alix for 2007 will be decided after the closing of the accounts for full-year 2007, based on the principles described above.

BENEFITS AWARDED AFTER THE END OF THE DIRECTORS' MANDATES

Regarding benefits awarded after the end of their mandates, the Board has elected to maintain the supplementary pension plan for senior group managers from which Messrs Bouton, Citerne and Alix benefited as employees prior to their first appointment as chief executive officers.

This plan entitles its beneficiaries, upon the liquidation of their pension rights by the French Social Security, to a pension payment equal to a percentage of their pensionable earnings, calculated according to the number of annuities taken into account and capped at 70% of said remuneration in the event of liquidation at the age of 60. A person's pensionable earnings include their basic salary plus a variable part which is equal to 5% of their basic salary. The pension paid by the company is equal to the difference between the total pension defined above and all 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.

As regards Messrs Bouton, Citerne and Alix, in order to factor in their global monetary remuneration package, it was decided that the pensionable earnings taken into account upon the liquidation of their rights shall equate to their annual basic salary in their capacity as chief executive officers plus a variable portion equivalent to 5% of said basic salary. The annuities taken into account by virtue of their years of professional service shall extend as much to their years' service as employees as to their mandates as chief executive officers.

Accordingly, at December 31, 2007, Mr Bouton's pension rights to be covered by the company equated to 57.9% of his basic salary and 21.1% of his global monetary remuneration in 2007. On the same date, Mr Citerne's pension rights to be covered by the company equated to 47.3% of his basic salary and 17.2% of his current global monetary remuneration, while those of Mr Alix equated to 51.6% and 22.1% respectively.

Messrs Bouton, Citerne and Alix do not benefit from any provision for compensation in the event that they are required to step down from their position as chief executive officers. Although the employment contracts they held prior to their appointment are suspended during their term of office, the compensation provided for in said contracts shall remain due in the event of their unilateral termination.

STOCK OPTIONS

Societe Generale's chief executive officers are regularly awarded stock options in the plans approved by the Board of Directors, the characteristics of which are outlined here after.

2007 Plan

During its review of the remuneration of its chief executive officers, the Board of Directors elected to amend its policy therein on the awarding of stock options. On the one hand it decided to reduce the number of options allocated purely on the basis of presence within the company at the time they are exercised by half and, on the other, to allocate additional options subject to both presence and performance.

The criteria used to define performance are the same as those used in the amended variable remuneration component, namely the objective comparison of the Group's performance with that of its main competitors and a strong variation in the acquisition of options according to this performance and measured in terms of Total Shareholder Return (TSR – change in stock price and capital dividends) on the Societe Generale share over the three years following the attribution.

These conditional options shall only be deemed to be acquired at the end of a three-year period, if and insofar as Societe Generale's performance exceeds the following conditions:

- the maximum number of options is acquired where the annualized TSR booked between the three full-years 2007, 2008 and 2009 exceeds the average TSR of the sample of the fourteen other European banks used in determining the quantitative component of the variable remuneration by at least 15 points over the same period;
- where the variation is equal to the average variation, the number of options acquired will be equal to 35% of the maximum;
- where the variation falls short of this average by at least 10 points no conditional options will be acquired.

In application of this policy, the Board decided to allocate its Chairman 60,000 options in 2007 subject to the sole condition of his presence within the company at the time they are taken up, i.e. 50% less than in 2006. It has also allocated the Chairman a number of performance-linked stock options, whose final number can vary between 0 and 90,000. The final number shall only be known in 2010 and shall depend on the Group's performance according to the criteria set out above. Where, for example, Societe Generale's TSR performance ranks amongst the average performances posted by its counterparts, the Chairman shall be granted a total 91,500 stock options, i.e. a reduction of 24% on the number allocated under the 2006 plan.

Accordingly, Mr Citerne was awarded 90,000 options, 54,000 of which were performance-linked and Mr Alix was allocated 60,000 options, 36,000 of which were performance-linked.

2008 Plan

As regards the awarding of stock options to chief executive officers, the Board of Directors decided at a meeting on January 30, 2008, to not allocate stock options to Mr Bouton or Mr Citerne in 2008, on account of the exceptional fraud uncovered in January 2008. However, Mr Alix is expected to receive stock options according to the criteria set out above when the Board adopts the 2008 plan.

Share ownership obligations of the Group's chief executive officers

In 2002, the Board of directors decided that the Group's chief executive officers should hold the following minimum number of Societe Generale shares:

Chairman	8,500
Chief Executive Officer	4,500

At December 31, 2007, this obligation was respected by the three chief executive officers.

In the 2007 stock options plan, the Board of Directors set new obligations for chief executive officers. From now on, the latter are required to hold a proportion of the shares acquired using the options awarded under this plan in a registered account until the end of their mandates. This proportion is equal to 40% of the capital gains made on exercising the options, net of tax and any other mandatory deductions and minus any capital gains used to finance the acquisition of the shares. However, where the value of the shares held by a director exceeds his fixed yearly remuneration, by double for chief executive officers or by three times for the Chairman, the proportion of shares that must be held until the end of their mandates shall be reduced to 20% of net capital gains. The same obligations and measures shall be applicable to the 2008 plan.

Each year, the chief executive officers must provide the Board with the necessary information to ensure that these obligations are met in full.

The chief executive officers committed to subscribe to the capital increase decided on February 8, 2008, using the rights which they received (one new share for four existing shares).

CHANGE IN REMUNERATION SINCE 2003

The remuneration allocated to the Company's chief executive officers for each year over the last five years is as follows:

	2003				2004				2005				2006				2007			
	Basic salary	PLB (*)	Total	o.w. SG (**)	Basic salary (*)	PLB (*)	Total	o.w. SG (**)	Basic salary (*)	PLB (*)	Total	o.w. SG (**)	Basic salary (*)	PLB (*)	Total	o.w. SG (**)	Basic sala-ry (*)	PLB (****)	Total	o.w. SG (**)
Mr. Bouton	1.00	1.95	2.95	2.80	1.00	2.10	3.10	2.94	1.00	2.30	3.30	3.18	1.25	2.18	3.43	3.3	1.25	0	1.25	1.25
Mr. Citerne	0.55	1.07	1.62	1.58	0.58	1.15	1.73	1.67	0.60	1.27	1.87	1.87	0.75	1.31	2.06	2.00	0.75	0	0.75	0.75
Mr. Alix (1)													0.13	0.22	0.35	0.35	0.50	(***)	0.50	0.50
Total	**1.55**	**3.02**	**4.57**	**4.38**	**1.58**	**3.25**	**4.83**	**4.61**	**1.60**	**3.57**	**5.17**	**5.05**	**2.13**	**3.71**	**5.84**	**5.65**	**2.50**			

(1) For the period after which he was appointed chief executive officer.

(*) This amount includes attendance fees paid by Societe Generale and those paid by companies outside the Group. The performance-linked bonuses paid are equal to the bonuses set by the Board of Directors minus these attendance fees.

(**) Total remuneration paid by the Group excluding any attendance fees paid by companies outside the Group.

(***) Not established

(****) This does not include any attendance fees paid by companies outside the Group.

OPTIONS HELD BY CHIEF EXECUTIVE OFFICERS

Date of award	Strike price	Unit value IFRS 2 (*)	Number of options awarded	Options exercised in 2007	Number of options awarded	Options exercised in 2007	Number of options awarded	Options exercised in 2006
Ordinary options				Mr Bouton		Mr Citerne		Mr Alix (1)
January 16, 2002	62.08	17.33	90,611	33,000				
April 22, 2003	51.65	13.23	109,739	54,000	60,272	0	38,227	33,689
January 14, 2004	69.53	14.92	120,814	0	66,448	0	45,306	0
January 13, 2005	74.50	12.82	120,814	0	66,448	0	42,789	0
January 18, 2006	104.85	16.63	120,914	0	66,503	0	29,788	0
January 19, 2007	130.30	25.24	60,000	0	36,000	0	24,000	0
Performance-linked options		(**)						
January 19, 2007	130.30	13.06	90,000	0	54,000	0	36,000	0

(1) In 2006, Mr Alix received 2,006 free shares before becoming a chief executive officer.

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

(**) The unit value of the options corresponds to the value used to determine the expense recognized under IFRS 2. This value is calculated on the date the stock option is awarded using a Monte Carlo model which factors in trends in exercising options noted at Societe Generale for ordinary options.

Attendance fees paid to Company directors

The total amount of attendance fees was increased from EUR 650,000 to EUR 750,000 by the General Meeting of May 30, 2006, and to EUR 780,000 of the General Meeting of May 14, 2007.

The new rules for distributing attendance fees amongst directors are as follows for 2007:

- one third of the total fees is split equally between all directors, although members of the Audit Committee each receive three parts and the Chairmen of the Audit, Nomination and Compensation Committees each receive an additional part. For directors whose mandate does not cover the full year, the share is calculated on a prorata basis for the length of the mandate during the year;
- the balance is distributed among the directors on the basis on the number of Board meetings and Committee meetings attended by each director over the year.

TABLE OF INDIVIDUAL REMUNERATIONS FOR THE COMPANY DIRECTORS *paid by Societe Generale in 2007 and attendant fees received from 2005 to 2007 (art. L. 225-102-1 of the French Commercial Code)*

Name of Director	Basic salary	Performance-linked-pay	Attendance fees received in 2007	Attendance fees received in 2006	Attendance fees received in 2005	Benefits in kind received	Attendance rate at Board & Committee meetings in 2007
Daniel Bouton*	1,250,000	2,003,350	48,694 (1)	38,400 (1)	41,407 (1)	Car	100%
Philippe Citerne*	750,000	1,209,980	36,068 (1)	31,024 (1)	32,226 (1)	Car	100%
Didier Alix*	500,000	667,500	0	0	0	Car	-
Jean Azéma			18,391 (2)	29,180 (2)	30,390 (2)		56%
Euan Baird			8,968	19,960	15,701		-
Gérard Baude			22,121 (3)	32,868 (3)	32,226 (3)		-
Yves Cannac			41,112	70,946	58,944		-
Michel Cicurel			51,219	29,180	21,570		90%
Elie Cohen			82,951	70,946	50,553		94%
Robert A. Day			23,442	19,960	26,718		56%
Jean-Martin Folz			0	0	0		100%
Antoine Jeancourt-Galignani			63,846	43,932	48,752		89%
Élisabeth Lulin			80,426	70,946	48,717		94%
Gianemilio Osculati			36,700	0	0		100%
Philippe Pruvost			36,068 (3)	29,180 (3)	32,226 (3)		78%
Patrick Ricard			48,694	38,400	48,752		89%
Gérard Revolte			13,917 (4)	0	0		100%
Marc Sonnet			12,020 (4)	23,649 (4)	32,226 (4)		-
Luc Vandevelde			11,392	0	0		84%
Marc Viénot			36,068	31,024	32,226		25%
Anthony Wyand			77,900	67,258	57108		94%
Non-Voting Directors							
Kenji Matsuo			12,837 (5)	0	0		11%

Applicable rules:

2007: base EUR 750,000, 1/3 basic and 2/3 performance-based, 3 shares from the basic portion attributed to members of Audit Committee.

2006: base EUR 650,000, 1/3 basic and 2/3 performance-based, 3 shares from basic portion attributed to members of Audit Committees.

2005: base EUR 650,000, 1/2 basic and 1/2 performance-based, 2 shares from basic portion attributed to members of Audit Committee.

(1) The attendance fees received by the Chairman and the Co-Chief Executive Officers are deducted from, not combined with, performance-linked pay.

(2) Paid to Groupama Vie.

(3) Paid to Societe Generale SNB union.

(4) Paid to Societe Generale CFDT union.

(5) Paid to Meiji Yasuda Life Insurance Cy.

** The change in the remunaration of company directors since 2003 appears in a chart on the previous page.*

TRANSACTIONS CARRIED OUT BY CHIEF EXECUTIVE OFFICERS IN SOCIETE GENERALE SHARES

Summary statement published in compliance with article 223-26 of the General Regulations of the AMF

Daniel BOUTON, Chairman and Chief Executive Officer, performed 11 transactions on the following dates:

Acquisition of shares	Disposal of shares	Acquisition of other financial instruments	Subscription for other financial instruments
	Jan. 12, 2007	Jan. 12, 2007	Dec. 17, 2007
	Feb. 15, 2007	Feb. 15, 2007	
	March 15, 2007	March 15, 2007	
	May 16, 2007	May 15, 2007	
	June 15, 2007	June 15, 2007	

Didier Alix, Co-Chief Executive Officer, performed 3 transactions on the following dates:

Acquisition of shares	Disposal of shares	Acquisition of other financial instruments
	May 17, 2007	May 17, 2007
		May 17, 2007

Related parties linked to Robert A. DAY, Director, performed 3 transactions on the following dates:

Acquisition of shares	Disposal of shares
	Jan. 4, 2007
	Jan. 11, 2007
	Jan. 11, 2007

Luc Vandevelde, Director, performed 2 transactions on the following dates:

Acquisition of shares
Aug. 4, 2006
Oct. 26, 2006

Statutory Auditors

The financial statements of Societe Generale are certified jointly by Ernst & Young Audit, represented by Mr. Philippe Peuch-Lestrade, and Deloitte et Associés (Deloitte Touche Tohmatsu until October 2004), represented by Mr. José- Luis Garcia. Their mandates end upon the closing of the 2011 accounts.

At the proposal of the Board of Directors, the mandates of Ernst & Young and Deloitte et Associés were renewed by the General Meeting called in 2006 to approve the 2005 financial statements.

As of 2001, in order to reinforce the independence of the company's Statutory Auditors, the Board decided to limit the fees paid to the networks of the Statutory Auditors for non-audit work.

In 2002, the Board adopted stricter rules distinguishing between the various types of mission that may be entrusted to external auditors and the networks to which they belong.

The French Security Act of August 1, 2003, amended the legislation governing the independence of Statutory Auditors. It prohibits the latter from providing services other than audit services to all Group companies and restricts the services that can be provided by the networks to which the Statutory Auditors belong. The code of compliance governing all Statutory Auditors stipulates the restrictions that apply to the services provided by members of its network to Group companies that they do not audit.

The Board meeting held in November 2003 noted these changes and adopted the new rules governing the relations between Group companies and Ernst & Young Audit, Deloitte et Associés and their respective networks. These rules are more stringent than the law in that they state that the Statutory Auditors may only provide services that are not directly linked to their audit assignments to group subsidiaries outside of France and with prior authorization of the Audit Committee.

The Statutory Auditors' code of compliance was approved by decree of November 16, 2005 and amended by decree of April 24, 2006. The code reiterates the limitations laid down by the law and lists all prohibited services. It imposes on the Statutory Auditors the obligation to ensure that their independence is not compromised by a member of their network providing services to companies that it does not audit and furnishes a list of example services.

During its meeting of May 17, 2006, the Board of Directors adopted new rules to accommodate the code of compliance. The changes made had no significant impact on the Group's principles which already factored in the services furnished by a network of Statutory Auditors. They require a stricter definition of the different types of assignments as well as of those services that May not be entrusted to a Statutory Auditor or to the members of its network by any other Group company.

The Statutory Auditors declare the fees earned for their work each year. A report is submitted to the Audit Committee each year on the way in which the aforementioned rules are applied, with details of the fees paid to the networks to which the Statutory Auditors belong per assignment.

FEES PAID TO STATUTORY AUDITORS IN 2007

	Ernst & Young Audit				Deloitte & Associés			
	Amount		%		Amount		%	
(in thousands of euros)	2007	2006	2007	2006	2007	2006	2007	2006
Audit								
Statutory audit, certification, examination of parent company and consolidated accounts								
Issuer	2,459	2,108			4,244	3,433		
Fully consolidated subsidiaries	10,048	8,884			6,872	6,393		
Related assignments								
Issuer	636	2,029			655	1,340		
Fully consolidated subsidiaries	765	724			589	575		
Sub-total	**13,908**	**13,745**	**99.14%**	**98.14%**	**12,361**	**11,741**	**99.87%**	**99.97%**
Other services								
Legal, tax, social	0	12			0	0		
Other (to specify if > 10% of audit fees)	121	248			16	3		
Sub-total	**121**	**260**	**0.86%**	**1.86%**	**16**	**3**	**0.13%**	**0.03%**
Total	**14,029**	**14,005**	**100.00%**	**100.00%**	**12,377**	**11,744**	**100.00%**	**100.00%**

Remuneration, options and free shares

Remuneration of the other members of the Executive Committee who are not chief executive officers

For the Chairman of Crédit du Nord, the process is identical to that applied to Messrs Bouton, Citerne and Alix, with the Board of Directors setting the basic salary and performance-linked bonus based on a proposal by the Compensation Committee. The performance-linked bonus is tied directly to the Company's performance.

The remuneration of the other members of the Executive Committee, which is set by the General Management, also comprises two parts:

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

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

For 2007, remuneration as expressed in millions of euros was as follows:

	Basic salary	Performance-linked bonus	Total remuneration
Other members of the Executive Committee(1)	3	2.19	5.19

(1) These amounts includes the salaries of Mrs Marion-Bouchacourt and of Messrs Cabannes, Collas, Hauguel, Le Bret, Mustier, Oudéa, Py, Sammarcelli and Schricke.

Since 2002, Executive Committee members must hold at least 2,500 Societe Generale shares. Following the capital increase decided on February 8, 2008, the minimum number of shares will be increased from 2,500 to 5,000. Shares may be held directly or indirectly through the Company's employee share ownership plan.

Those members of the Executive Committee who do not currently fulfil these conditions must rectify matters upon exercising their stock options.

At December 31, 2007, 152,916 Societe Generale shares were held by Executive Committee members that are not chief executive officers, resulting in an average 15,291 shares per person.

Stock-option plans and free shares

GENERAL POLICY

Following the approval of the General Meeting in 2005, the Board of Directors may allocate shares to the chief executive officers and senior managers of the Group on top of any options to purchase or subscribe to Societe Generale shares. Furthermore, since 2005, the attribution of these financial instruments is booked under personnel expenses in the Company's financial statements. at the proposal of the Compensation Committee, the Board has defined the following policy.

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

As the awarding of stock options or free shares to personnel is henceforth booked as an expense for the Company in accordance with IFRS 2, the Board of Directors has defined a policy that factors in said expenses when determining any benefits to be awarded and has decided to combine the two instruments together. Chief executive officers shall only be awarded stock options. the members of the Executive Committee, Management Committee and other senior managers shall be allocated both stock options and free shares in varying amounts according to their level of responsibility, with the number of options decreasing exercised. Non-senior executives may only receive free shares, mainly in substitution of options allocated under the previous policy.

In general, these stock options are vested for a period of seven years and are exercisable after three years. Moreover, the exercise of said options is subject to the beneficiary holding a valid employment contract on the date that the options are exercised. In view of the tax regime in force in France, beneficiaries resident for tax purposes in France may not transfer the shares received upon exercising their options until the fourth year following the exercise date.

As regards the attribution of free shares, their acquisition shall become definitive after three years and in two stages (50% after 2 years and 50% after 3 years of working for the Societe Generale Group). In accordance with French legislation, shares may not be transferred for a period of two years following their final acquisition.

Each year since 2003, the Board of Directors examines the appropriateness of implementing a stock option or share plan which is approved, as appropriate, during its meeting in January.

2007 Plans

At the proposal of the Compensation Committee, the Board of Directors, at its meeting of January 19, 2007, approved the new awarding of stock options and attributed free shares to certain members of personnel in application of resolution eleven of the General Meeting of May 30, 2006. This new system was used as a complement or substitution to stock options.

As regards stock options, 1,260,956 options were allocated to 1,057 managers, chief executive officers included, representing 0.28% of the share capital. The strike price of these options was set at EUR 130.30, representing no discount on the rounded average market price of the Societe Generale share during the twenty trading days preceding the meeting of the Board of Directors. Of the 1,057 beneficiaries, 243 (23%) were managers under the age of thirty-five, 661 (63%) were aged between 35 and 55 and 153 (14%) were over 55 years of age. 207 (20%) beneficiaries were women, with subsidiary employees accounting for almost 54% of all beneficiaries.

As regards free shares, 824,406 shares were allocated to 2,798 Group senior managers, representing 0.18% of the share capital. Of the 2,798 beneficiaries, 1,014 (36%) were managers under the age of thirty-five, 1,563 (56%) were aged between 35 and 55 and 221 (8%) were over 55 years of age. 750 (27%) beneficiaries were women, with subsidiary employees accounting for almost 24% of all beneficiaries. For the 360 principal beneficiaries, half of said allocation was subject to them meeting minimal profitability targets, namely that the average ROE over the vesting period remain above 15%.

All told, shares and options were allocated to 3,472 group senior managers, with 1,57 managers (51%) awarded shares or options for the first time.

Moreover, at its meeting of September 19, 2007, the Board of Directors, at the proposal of the Compensation Committee, carried out the awarding of stock purchase options Societe Generale for employees of TCW in the United States. This allocation concerned 121,037 stock options with a strike price of EUR 117.41 and concerned 159 employees.

2008 Plans

At the proposal of the Compensation Committee, the Board of Directors, at its meeting of January 30, 2008, approved the principle of the awarding of new shares and the allocation of free Societe Generale shares but postponed the adoption of these plans to a later date on account of the exceptional events which occurred in January 2008. This decision does not call into question the principle of the annual allocation of stock options and free shares during the same month.

The Board’s decision consisted of establishing maximum amounts for the awarding of stock options and free shares in 2008. These amounts are in millions of euros and correspond to an equivalent cumulative IFRS 2 expense to be recognized over the time between the initial awarding of the stock options and free shares and their and the vesting. The Board of Directors decided on a sum of EUR 323 million. The number of stock options and free shares which should be definitively allocated by the Board of Directors will be established on the basis of this sum and the conversion rules determined by market conditions at the time.

SOCIETE GENERALE STOCK OPTION PLANS AT DECEMBER 31, 2007

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

Date of award	Strike price	Options vested Number of beneficiaries	Number of options	Options exercisable as of	Shares transferable as of	Expiration date of options
Aug 2, 2000	EUR 50.66	1,477	2,270,716	Aug 2, 2003	Aug 2, 2005	Aug 1, 2007
o/w Executive Committee		*0*	*0*			
Jan 12, 2001	EUR 65.56	258	3,124,671	Jan 12, 2004	Jan 12, 2005	Jan 11, 2008
o/w Executive Committee		*9*	*744,847*			
Jan 16, 2002	EUR 62.08	1,092	3,553,549	Jan 16, 2005	Jan 16, 2006	Jan 15, 2009
o/w Executive Committee		*9*	*314,103*			
Apr 22, 2003	EUR 51.65	1,235	3,910,662	Apr 22, 2006	Apr 22, 2007	Apr 21, 2010
o/w Executive Committee		*9*	*332,911*			
Jan 14, 2004	EUR 69.53	1,550	3,814,026	Jan 14, 2007	Jan 14, 2008	Jan 13, 2011
o/w Executive Committee		*9*	*472,437*			
Jan 13, 2005	EUR 74.50	1,767	4,067,716	Jan 13, 2008	Jan 13, 2009	Jan 12, 2012
o/w Executive Committee		*9*	*471,680*			
Jan 18, 2006	EUR 104.85	1,065	1,548,218	Jan 18, 2009	Jan 18, 2010	Jan 17, 2013
o/w Executive Committee		*9*	*465,105*			
Apr 25, 2006	EUR 121.52	143	138,503	Apr 25, 2009	Apr 25, 2010	Apr 25, 2013
o/w Executive Committee		*0*	*0*			
Jan 19, 2007	EUR 130.30	1,076	1,080,956	Jan 19, 2010	Jan 19, 2011	Jan 18, 2014
o/w Executive Committee		*11*	*351,037*			
Jan 19, 2007	EUR 130.30	3	180,000	Jan 19, 2010	Jan 19, 2011	Jan 18, 2014
o/w Executive Committee		*3*	*180,000*			
Sept 18, 2007	EUR 117.41	159	121,037	Sept 18, 2010	Sept 18, 2011	Sept 17, 2014
o/w Executive Committee		*0*	*0*			
Total			**23,630,054**			
o/w General Management			*3,152,120*			

N.B: In 2001, awards were made in the form of stock subscription options. In 2000 and from 2002 to 2007, they took the form of stock purchase options. The strike price corresponds to the average market price of the Societe Generale share during the twenty trading days preceding the Board of Directors' meeting at which it was decided to award the options, with a 20% discount for options vested in 2000.

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

Options exercised											
in 2000	in 2001	in 2002	in 2003	in 2004	in 2005	in 2006	in 2007	Options cancelled	Options outstanding at end 2007	Unit value IFRS2 (*)	Potential dilutive effect
0	0	0	8,754	72,896	1,144,504	433,218	326,005	285,339	0		
0	*0*	*0*	*0*	*0*	*0*	*0*	*0*				
	0	0	0	44,250	1,117,434	1,138,411	579,196	211,300	34,080		0.007%
	0	*0*	*0*	*0*	*261,500*	*351,077*	*32,270*				
		0	0	180	460,095	1,625,947	451,223	283,693	732,411	17.33	
		0	*0*	*0*	*28,500*	*148,214*	*34,250*				
			0	0	1,500	1,057,563	1,254,209	186,374	1,411,016	13.23	
			0	*0*	*0*	*24,538*	*105,096*				
				0	0	2,000	666,150	99,078	3,046,798	14.92	
				0	*0*	*0*	*0*				
					0	4,000	0	130,137	3,933,579	12.82	
					0	*0*	*0*				
						2,174	0	40,156	1,505,888	16.63	
						0	*0*				
						0	0	6,033	132,470	20.89	
						0	*0*				
							0	13,934	1,067,022	25.24	
							0				
							0	0	180,000	13.06	
							0				
							0	235	120,802	24.68	
							0				
0	**0**	**0**	**8,754**	**117,326**	**2,723,533**	**4,263,313**	**3,276,783**	**1,256,279**	**12,164,066**		
0	*0*	*0*	*0*	*0*	*290,000*	*523,829*	*171,616*				*0.01%*

SOCIETE GENERALE FREE SHARES AT DECEMBER 31, 2007

with details of shares awarded to Group senior management in office at the time of their allocation

Date of award	Shares awarded: Number of beneficiaries	Shares awarded: Number of rights	Final acquisition as of	Shares transferable as of	Shares acquired: in 2006	Shares acquired: in 2007	Shares cancelled	Shares reoutstanding at end-2007	Unit value IFRS 2(*)
Jan 18, 2006	2,058	363,978	March 31, 2008	March 31, 2010	120	0	16,730	347,128	91.47
Jan 18, 2006	2,058	362,688	March 31, 2009	March 31, 2011	120	0	16,702	345,866	86.24
Sub-total 2006 plan		**726,666**			**240**	**0**	**33,432**	**692,994**	
o/w Executive Committee (on the two dates)	*6*	*8,718*							
Jan 19, 2007	2,801	412,203	March 31, 2009	March 31, 2011		235	8,188	403,780	112.98
Jan 19, 2007	2,801	412,203	March 31, 2010	March 31, 2012		235	8,188	403,780	105.88
Sub-total 2007 plan		**824,406**				**470**	**16,376**	**807,560**	
o/w Executive Commitee (on the two dates)	*9*	*9,808*							
Total for both plans		**1,551,072**			**240**	**470**	**49,808**	**1,500,554**	
o/w Executive Committee		*18,526*							

(*) Value used to determine the expense recognized under IFRS 2.

SOCIETE GENERALE STOCK OPTIONS GRANTED TO EMPLOYEES

Plan	Total of 10 largest option awards per plan
2000	22,000
2001	476,000
2002	251,375
2003	308,125
2004	354,000
2005	358,000
2006	319,673
2007	252,411

SOCIETE GENERALE FREE SHARES GRANTED TO EMPLOYEES

Plan	Total of 10 largest option awards per plan
2006	204,370
2007	157,772

GROUP STATISTICS

Stock options granted to the ten employees who were not chief executive officers and who were awarded the largest number of stock options and stock options exercised by the ten employees who were not chief executive officers and who exercised the largest number of stock options.

	Number of options	Weighted average price
Options granted in 2007 by a Group company	252,411	129.73
Options exercised in 2007 on the stock of a Group company	244,473	63.13

REPORT OF THE CHAIRMAN ON INTERNAL CONTROL PROCEDURES

This report has been prepared in compliance with article L. 225-37 of the French Commercial Code. It provides a summary of the internal controls carried out by the consolidated Societe Generale Group and is in no way intended to give a detailed description of the internal control procedures implemented by each of the Group's activities and subsidiaries. The Chairman of each French limited liability company carrying out a public offering, and that is a subsidiary of the Group, is required to draft a specific report.

Given the extent and diversity of the risks inherent in banking, internal control is a vital instrument in risk management 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). Lastly, internal control is an area that affects all Group employees: indeed, while the primary responsibility therein lies with the operational staff, a number of support departments are also involved, notably the Risk Division, the Internal Audit Department and the General Inspection Department, together with all of the Group's finance departments.

These entities all contributed to the production of this report. Once drafted, the report was approved by the Chairman, discussed by the Board of Directors' Audit Committee and submitted to the Board for information.

THE ROLE OF THE BOARD OF DIRECTORS' AUDIT COMMITTEE

In addition to its responsibilities in relation to the work of the Statutory Auditors (selecting the auditors, ensuring they are independent and examining their work schedule), the Audit Committee also plays an essential role in the Board of Directors' assessment of the Group's internal control procedures.

As such, the Committee is responsible for the following:

- examining the consistency of the internal mechanisms implemented to control procedures, risks and observance of laws and regulations and of banking and finance compliance rules;
- examining the Group's internal audit schedule and the annual report on internal control drawn up in accordance with banking regulations, and formulating an opinion on the organization and functioning of the internal audit departments;
- examining the follow-up letters sent by the French Banking Commission and commenting on the draft responses;
- examining the policy for risk management and monitoring off-balance sheet commitments, notably in accordance with the procedures drafted by the Finance Department, Risk Division and Statutory Auditors.

As part of its functions, the Audit Committee is entitled to question, as it sees fit, the chief executive officers of the Company, the Statutory Auditors and the managers in charge of the financial statements, internal control, risk management and compliance.

Internal control is part of a strict regulatory framework applicable to all banking establishments and Group staff

A strict regulatory framework

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. 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 measurement and limitation of the various risks inherent in the activities of the companies in question, and the procedures under which the deliberating body must assess and evaluate the quality of the internal controls carried out.

In June 2004, the Basel Committee defined the four principles - independence, universality, impartiality, and sufficient resources - which must form the basis of the internal audits carried out by credit institutions.

At Societe Generale, these principles have been applied primarily through seven directives, one of which constitutes the Group Audit Charter, while the others relate to the work of the Risk Division, the management of credit risks, market risks, interest rate, exchange rate and structural liquidity risks and the management of compliance risks and a global directive covering all elements pertaining to the Group's internal control.

Internal control is defined as all the means and resources that enable the Group General Management to ensure that the transactions carried out and the organization and procedures implemented are compliant with legal and regulatory requirements, with professional and compliance practices, and with the internal rules and policies defined by the Company's executive bodies. Internal control is designed to:

- detect and measure the risks borne by the Company, and ensure they are adequately controlled;
- guarantee the reliability, integrity and availability of financial and management information;
- verify the quality of the information and communication systems.

A STRICTLY CONTROLLED ACQUISITION PROCESS

In light of the risks inherent in the acquisition of new entities, the Group has implemented a clear body of rules that is updated on a regular basis.

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

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

This pre-acquisition evaluation is conducted by the business lines with the help of specialists where required (representatives of the business lines, the Risk Division, the General Inspection department, the accounting department, the Compliance department, the Legal department, etc.).

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

Once acquired, the entity is integrated into the relevant business line of the Group according to specific procedures, which are evaluated every six months by the appropriate management level, according to the importance of the acquisition (Chief Financial Officer, Group General Management, Executive Committee). A diagnosis is carried out of the acquired entity's internal control system, in particular its risk management, the production of accounting and financial data and, depending on the activities of the entity in question, its compliance procedures. Measures are then taken to bring the entity in line with Group standards as quickly as possible.

Moreover, the Company has implemented a specific procedure whereby strategic acquisitions are monitored by the Group Audit Committee and the Board of Directors. In April 2007, a summary of the acquisitions carried out in 2006 was presented to the Audit Committee. A development plan is thus drawn up upon the acquisition of a new entity and then reviewed some two years later.

The departments involved in internal control

In accordance with the provisions of amended regulation 97-02 of the French Banking and Financial Regulation Committee (CBRF), the internal control system includes both permanent and periodic supervision.

The first level of responsibility for ongoing control lies with the operational staff. At the same time, the Group's transactions are also controlled by a number of support departments, which are independent from the operational departments. The role of each of these departments is covered in other sections of this report:

- **the Risk Division,** which is responsible for identifying and monitoring all risks borne by the Group;
- **the Group Finance Department,** which, in addition to its strategic and financial management responsibilities, also carries out extensive accounting and finance controls;
- **the Finance Departments of the business lines,** which are hierarchically attached to the managers of the business lines and functionally attached to the Group Finance Department. They make sure that accounts are prepared correctly at local level and control the quality of the information in the consolidated financial reports submitted to the Group;
- **the Group Compliance Department,** which ensures that all compliance rules and principles applicable to the Group's banking and investment activities are respected by staff;
- **the Group Legal Department,** which monitors the legality and compliancy of the Group's activities in collaboration with the legal departments of its subsidiaries;
- **the Group Tax Department,** which monitors compliance with all applicable tax laws.

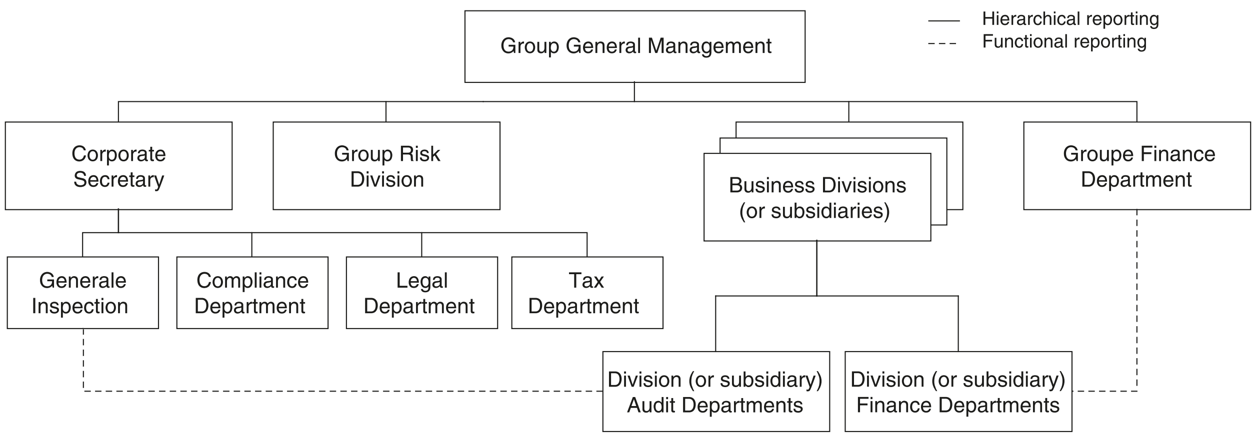
With the exception of the business line Finance Departments, all these functional departments report directly to Group's General Management or the Corporate Secretary. They are also responsible for submitting any information required by the Executive Committee for the strategic management of the Company under the authority of the Chairman and Chief Executive Officer.

The periodic control structure consists of:

- **the Internal Audit Departments,** which are hierarchically attached to the managers of the business lines and functionally attached to the General Inspection Department;
- the **General Inspection Department.**

Philippe Citerne, Societe Generale's Chief Executive Officer is responsible for ensuring the overall consistency and efficiency of the internal control system. He chairs the Internal Control Coordination Committee (CCCI) which meets on a quarterly basis and is attended by the Corporate Secretary, the Head of Risk Management, the Chief Financial Officer, the Chief Information Officer and the Head of Group Internal Audit.

ORGANIZATIONAL CHART OF THE DEPARTMENTS INVOLVED IN INTERNAL CONTROL



Risks: assessment, management and ongoing control

Banking activities are exposed to a variety of risks

Given the diversity and ongoing evolution of its activities, the Group is exposed to a wide range of risks, which are generally grouped into five categories:

- **credit risk** (including country risk): risk of loss arising from the inability of the bank's customers (including sovereign issuers) or other counterparties to meet their financial commitments;
- **market risk:** risk of loss resulting from changes in market prices and interest rates, from the correlations between these elements and their volatility;
- **structural interest rate and exchange rate risks** (risk of loss or of residual depreciation in the bank's balance sheet arising from variations in interest or exchange rates);
- **liquidity risk** (risk of the Group not being able to meet its commitments at their maturities);
- **operational risks** (including legal, compliance, accounting, environmental and reputational risks): risk of loss or fraud or of producing inaccurate financial and accounting data due to inadequacies or failures in procedures and internal systems, human error or external events.

Risk management procedures are defined at the highest management level

The Group organizes a monthly Risk Committee meeting, chaired by the General Management, at which the Executive Committee defines the framework required to manage risk, reviews changes in the characteristics and risks of Group portfolios, and decides on any necessary strategic changes. The Group also has a Major Risks Committee, which focuses on reviewing areas of substantial risk exposure (on individual counterparties or segments of a portfolio).

Each division must submit all new products and activities or products under development to a specific new product procedure. This New Product Committee aims to ensure that, prior to the launch of a new activity or product, all associated risks are fully understood, measured, approved and submitted to adequate procedures and controls, using the appropriate information systems and processing chains.

Lastly, the procedures for managing, preventing and evaluating risks are regularly analyzed in-depth by the Board of Directors and, in particular, its Audit Committee.

2,700 employees dedicated to managing and controlling risk exposure on a permanent basis

Societe Generale Group's risk function comprises some 2,700 staff dedicated to risk management activities:

- 700 in the Group Risk Division;
- 2,000 in the Group's different businesses and subsidiaries.

An independent Risk Division, responsible for implementing an effective system of risk management and for ensuring risks are monitored in a coherent fashion across the Group

The Risk Division is completely independent from the Group's operating entities and reports directly to the General Management. Its role is to contribute to the development and profitability of the Group by ensuring that the risk management framework in place is both sound and effective, and by overseeing all transactions carried out within its businesses.

Accordingly, the Group Risk Division is responsible for identifying all risks borne by the Group, defining and validating the methods and procedures for analyzing, measuring, approving and monitoring risks, ensuring risk information systems are adequate, managing risk portfolios, monitoring cross-disciplinary risks and anticipating levels of risk provisioning for the Group. Furthermore, it also assists in the appraisal of risks incurred on transactions proposed the Group's sales managers.

Procedures and organization

Based on the monitoring framework defined by the Risk Committee, a set of specific procedures has been compiled for each type of risk.

Procedures for **counterparty risks**:

- the Risk Division submits recommendations to the Risk Committee on the specific concentration limits it feels are appropriate at a given time for different countries, geographical areas, sectors, products, client types, etc.;
- all requests for authorization received from the business lines regarding a particular client or client group are directed to a specific sales department that has in-depth knowledge of the client;
- the business lines and Risk Division submit all commitment files for analysis and approval to the team best suited to deal with the type of risk incurred.

Procedures for **market risk**:

- the Risk Division proposes limits for each type of activity to the Group Risk Committee, which are then submitted for approval to the Board of Directors;
- teams of risk controllers who are completely independent from the front-office staff, carry out daily reviews of all positions and risks taken in the course of the Group's market activities;
- daily summaries of risk exposure are produced, highlighting any cases where limits have been exceeded;
- the market parameters used to calculate risks and results are verified each day;
- precise methods have been defined for evaluating risks, and the Risk Division must validate the valuation models used to calculate risks, results and provisioning levels.

These procedures and structures are progressively adapted to accommodate changes in regulations and the rapid growth of increasingly sophisticated businesses. Some controls are further reinforced through targeted action plans.

Structural risk is monitored by the Division Finance Departments, which analyze exposure to this risk and prepare the necessary reports. They are responsible for monitoring Group standards and compliance with limitations. The Financial Division's Capital, Assets and Liabilities Department is responsible for establishing Group standards on structural risk, second level controls, the consolidation of structural risk and its reporting to the Finance Committee. It also validates the models and methods used by the entities as well providing advice to both the entities and the business lines.

Lastly, the Finance Committee, which is part of the Group's General Management, approves all risk analysis and assessment methods and sets the exposure limits for each Group entity.

Operational risks are managed by the Operational Risk function comprised of the Operational Risk Department (placed under the authority of the Risk Division on January 1, 2007) and the teams responsible for managing and controlling these risks within the operational and functional divisions.

The function's mission is to:

- define and implement a strategy for operational risk control;
- analyze the environment in terms of operational risks and related controls in order to evaluate its development and the consequences on the Group's risk profile;
- promote a groupwide culture of operational risk control;
- set common goals and promote teamwork to achieve them;
- develop technical expertise and encourage best practices.

As part of its functional supervision of the whole of this function, the Operational Risk unit ensures the cross-business monitoring and management of the Group's operational risk and is responsible for all reporting to the Group's General Management and Board of Directors and the French Banking Commission. It also monitors the coherence, integrity and conformity of procedures with current and future regulatory provisions.

The Business Continuity Plan (BCP) function is attached to this department. It is committed to constantly improving the Group's business continuity plans and tests them on a regular basis.

In January 2007, a Crisis Management function was detached from the BCP function in order to strengthen the incorporation of this specific issue within the Group and the implementation of appropriate tools and measures.

Furthermore, a unified set of procedures, tools and methodologies has been implemented. This enables the Group to better identify, evaluate (both quantitatively and qualitatively) and manage its operational risk. It is based notably on:

- Risk and Control Self-Assessment, the aim of which according to specific regulations, is to identify and evaluate the Group's exposure to different operational risks in order to map them (inherent risks and residual risks, i.e. having taken into account the quality of risk prevention and control systems);
- Key Risk Indicators or KRIs, which provide alerts as to the risks of operational losses;
- scenario analyses, which consist in estimating infrequent but severe potential losses to which the Group could be exposed;
- data collection and analysis of internal losses and losses incurred in the banking industry.

On this basis, the Group's various entities are able to define and implement the necessary actions to ensure that operational risk is maintained at or reduced to an acceptable level.

Methodology and information systems

Societe Generale dedicates significant resources to adapting its risk management and monitoring methods and bringing them up to date. Its information systems, in particular, are regularly upgraded to accommodate changes in the products processed and the associated risk management techniques, at both the local level (banking entities) and central level (Risk Division).

In the case of counterparty risk on capital market products, the methods used up to the end of 2004 to measure average risk exposure have been supplemented with stress tests (the VaR is a 99% fractile calculated using statistical models and stress tests defined on the basis of hypothetical macro-economic scenarios) to reinforce the transaction selection process.

With respect to market risk, the measurement model used internally has been approved by the French Banking Commission for nearly all transaction types.

As regards credit risks and operational risks, the risk approval and monitoring procedures have been extended and adapted to meet the regulatory requirements relating to the implementation of the Basel II reform. 2007 represented a particularly important phase in the Group's IRBA (Internal Rating Based Advanced) and AMA (Advanced Measurement Approach) validations. The French Banking Commission undertook an in-depth review of the main portfolios and the measures for monitoring operational risk. All the recommendations drawn up by the supervisor at the end of these audits were acted upon with the given time schedules, which meant that the Group obtained IRBA and AMA validation on January 1, 2008. Komercni Banka also received IRBA validation from the Czech National Bank.

Modeling carried out for credit risk purposes was accompanied by the implementation of permanent procedures in the Group enabling the collection of the data required for modeling and back testing.

For this, Basel II models on evaluating counterparty and trading risk were developed for the whole of the Group's credit business, taking into account the specific characteristics of each client and the nature of the commitments made. Used in conjunction with the economic risk indicators such as risk-adjusted return on capital (RAROC) or economic value-added (EVA), these models constitute a decision-making tool for the issue and pricing of loans and will serve as a basis for calculating the amount of equity required to offset credit risk as defined in the Basel II regulations.

The Group rating system is therefore now operational on a permanent basis for exposure in France and used on a regular basis to monitor risk, from portfolio analysis to information at the Group's management bodies.

The same measures for operational risk are currently in the regular production phase. The integration of the model into the AMA system for collecting internal losses and scenario analyses now means that the Risk Committees can be presented with regular simulations so as to monitor the main changes in Group capital.

The developments achieved in the framework of the Basel II reform enabled Societe Generale to reinforce its risk management procedures.

Significant methodological studies were carried out with the other departments in the Risk Division responsible for credit risk management of the analysis of concentrations on an individual basis and on a portfolio basis.

The creation of a validation unit, separate from the Group's modeling entities, also helped:

- strengthen the management and control of model risk;
- implement the operational governance of the rating system for the purpose of the permanent supervision of the rating system's models.

In addition to validating models, this entity:

- informs management of the state of the rating system;
- manages the different committees for validating models and banking decisions which are required for the internal validation of models;
- is also responsible for carrying out audits of the non-IRBA sections of the portfolio; and
- to this end, has carried out audits of the scoring systems of some Central European subsidiaries.

Fully conscious of the increasing exposure of its information systems to external threats as a result of the increasing number of sales channels such as the Internet, Societe Generale has maintained and reinforced its different organizational, monitoring and communication initiatives. A security network is coordinated by a Group information systems security manager who has relays within the Group's different business divisions. At the operating level, the Group uses a central unit that manages alerts and monitors security levels using a multitude of both internal and external sources for information and supervision purposes. The security network is regularly updated to keep abreast of technological developments and the appearance of new threats. The need to adapt the security network of the information systems to the risks inherent to the banking activity has been taken into account, especially within the framework of procedures for Basel II. Employees are regularly informed of and trained in the procedures and approach to adopt in order to deal with risks linked to the use of IT systems.

Compliance controls

The Group's Corporate Secretary is responsible for the coherence and efficiency of the Group's compliance control system. He is assisted in this role by a Group compliance committee comprising, among others, the individual heads of compliance appointed within each business division who carry out similar functions to the Group Head but at a local level. Clear roles and responsibilities have also been defined for the Group's subsidiaries or major entities.

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

- the **Compliance Department,** which verifies that all 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;
- the **Legal and Tax Departments,** which monitor all fiscal and legal aspects, including legal compliance, of the Group's activities.

These central departments report to the Group's Corporate Secretary. They are represented by local staff within each operational entity and, in certain subsidiaries and offices, by departments exercising the same type of function. The central teams are responsible for compliance monitoring and training as well as for the dissemination of relevant information throughout the Group.

Under the new amended regulations, the Group's existing procedures have been extended to meet the stricter compliance requirements for new products and services, and for the reporting and resolution of anomalies.

Moreover, over and above its usual regular initiatives, Societe Generale continues to make targeted efforts to raise awareness among staff and provide training in the prevention of compliance risks.

The permanent supervision of activities at a local level by operational staff forms the cornerstone of ongoing control within Societe Generale Group

Permanent supervision is defined as all of the measures taken on a permanent basis to ensure the compliance, security and authenticity of transactions performed at the operational level. The first level of responsibility for permanent control lies with the Group's operating staff.

Permanent supervision comprises two elements:

- **day-to-day security**: all operational staff are required to permanently comply with the applicable rules and procedures governing all transactions carried out;
- **formal supervision:** management is required to make regular checks using written procedures to verify that staff are complying with the rules and procedures for processing transactions and for ensuring effective day-to-day security.

In order to ensure this system functions correctly, operating methods need to be formally defined and communicated to all Group staff. In addition, permanent supervision procedures are adapted for each group entity according to their specific activities.

In order to reinforce the coherence of this system at Group level, since October 2006, the Operational Risk unit of the Risk Division has been responsible for coordinating permanent supervision procedures and consolidating the summary reports drafted by the different Group entities.

The Internal Audit Departments cover all entities within the Group

The primary function of Societe Generale's Internal Audit teams is to regularly assess the efficiency of the internal controls employed by the entity to which they are attached. It covers all Group entities and activities and can focus on any aspect of their day-to-day operations. Given the risks at stake, each department is provided with the requisite resources, from both a qualitative and quantitative point of view, to carry out its functions effectively.

KEY FIGURES

The Internal Audit Departments of Societe Generale comprise some 1,150 members of staff.

The Group employs almost 1,000 auditors, 74% of whom are employed in Retail Banking, 12% in Corporate and Investment Banking, 10% in Global Investment Management and Services, with the remainder responsible for specialized audit assignments (accounting, legal, information technology, etc.).

The General Inspection Department employs 158 people, including 121 inspectors and controllers.

Societe Generale's control system is split into two levels: the Internal Audit Departments and the General Inspection Department

Each Group division has its own Internal Audit Department and Head of Audit, who reports directly to the division manager. The Head of Audit has hierarchical and functional authority over all the auditors in the division. The system also includes an audit department for the support functions, which reports to the group's Corporate secretary.

Each Internal Audit Department regularly identifies the areas of risk to which its division is exposed. It then defines an annual schedule of audits to make sure that the exposure is covered in full. Entities within the Group's Retail Banking Network, for example, are audited every 18 months, whereas in Corporate and Investment Banking, the highest-risk entities are audited once a year.

In the course of their assignments, the auditors carry out controls to check the security, compliance and efficiency of the division's activities, and evaluate the quality of the permanent supervision system in place. They then put forward recommendations based on their findings, and follow these up to check they are implemented correctly. Any problems noted or recommendations put forward are entered into the recommendation monitoring system managed by the Audit Departments and General Inspection Department.

This system is reinforced with specialized audits in areas requiring specific expertise: these include accounting audits, legal audits and audits of counterparty risks. The head of the support functions in question takes responsibility for these specialized audits, and is thus able to directly monitor their compliance with group principles and procedures by ensuring that they effectively cover all operational activities and that the auditors in question have access to all relevant information. The specialized audits can also complement the divisional audits in specific areas.

The General Inspection Department carries out around 100 assignments each year and verifies the overall quality of the internal control system

The General Inspection Department audits the business activities and operations of all entities within the Group. It reports its finding, conclusions and recommendations to the General Management, and covers all Group entities without exception. In the course of its assignments, it makes a certain number of recommendations, the implementation of which is monitored on a quarterly basis by the Group Executive Committee. The department's activity is defined by an annual audit plan validated by the Group's General Management.

Furthermore, the General Inspection Department is responsible for ensuring that the internal control system implemented across Societe Generale and its subsidiaries is both coherent and effective.

To do this, the General Inspection Department:

- audits the various support functions involved in internal control and, through these checks, evaluates the efficiency of the permanent control system;
- assesses the quality of the work carried out by the audit departments. To this end, it is furnished with copies of all reports submitted by the auditors and appraises their quality. It also conducts specific inspections of the Group Audit Departments themselves (3 assignments in 2007) and assesses the quality of the work carried out by said departments in the entities concerned;
- validates the audit plans submitted by the Audit Departments;
- the Head of Group Internal Audit exercises functional control over the Heads of business line audits, the Head of Audit for the support departments and the specialized audit managers. He manages all audit-related activities (coherence of recommendations and methods, implementation of shared tools and resources, etc.). to this end, he notably organizes Audit Committees within each Group business line and main subsidiary.

AUDIT COMMITTEES

Audit Committees are attended by representatives of the business line audit departments and their respective hierarchical and functional managers, and play a vital role in the internal control system. They assess the operation and activities of the system on an annual basis and, depending on the agenda set by the Head of Group Internal Audit, address issues such as the assignments carried out over the course of the year and the forthcoming audit plan, the implementation of the General Inspection Department's recommendations and, where applicable, those of the supervisory authorities and external auditors.

As part of his role, the Head of Group Internal Audit is required to meet regularly with the Audit Committee of the Board of Directors. During these meetings, he presents the periodic control section of the annual report on the internal control system, as specified in article 42 of amended CBRF regulation 97/02. The Audit Committee examines the Group internal audit plan and comments on the organization and functioning of the periodic controls.

The Head of Group Internal Audit also maintains close ties with the Statutory Auditors and representatives of the supervisory authorities. Lastly, the General Inspection Department works in conjunction with the Internal Audit Departments to ensure that the recommendations made by the supervisory authorities are implemented.

Control of the production and publication of financial and management information

The departments involved

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

- the middle office in the Corporate and Investment Banking division validates the valuations of financial instruments. It also reconciles the economic results produced by the front office with the accounting results produced by the back office;
- the back office is responsible for all support functions relating to transactions carried out by the front offices. It checks that financial transactions are economically justified, records transactions in the accounts and manages means of payment;
- the subsidiary and business line Finance Departments carry out second-level controls on the accounting data and entries booked by the back offices and the management data submitted by the front offices. They compile the financial statements and regulatory information required at a local level and submit reports (accounting data, management control, regulatory reports, etc.) to the Group Finance Department;
- the Group Finance Department gathers all accounting and management data compiled by the subsidiaries and divisions in a series of standardized reports. It consolidates and controls this information so that it can be used in the overall management of the Group and disclosed to third parties (supervisory bodies, investors, etc.).

Above and beyond its role of consolidating the Group's accounting and financial information, the Group Finance Department is also entrusted with large-scale control assignments: it monitors the financial aspects of the Group's capital transactions and its financial structure, manages its assets and liabilities, and consequently defines, manages and controls the Group's financial position and structural risks. Furthermore, it ensures that the regulatory financial ratios are respected, defines accounting standards, frameworks, principles and procedures for the Group, ensures they are observed and verifies that all financial and accounting data published by the Group is reliable.

Accounting standards

Local accounts are drawn up in accordance with local accounting standards, and the consolidated Group accounts are compiled in accordance with the standards defined by the Group Finance Department, which are based on IFRS as adopted by the European Union. The Group Finance Department has its own standards unit, which monitors the applicable regulations and drafts new internal standards to comply with any changes in the regulatory framework.

Procedures for producing financial and accounting data

Each entity within the Group compiles its own accounting and management statements on a monthly basis. The information is then consolidated each month at Group level and published for the markets on a quarterly basis. The business line Finance Departments also submit analytical reviews and notes validating their accounting data to the Group Finance Department to allow it to compile the consolidated financial reports (accounting, management reporting, regulatory, etc.) for the General Management and 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. Indeed, in order to handle the strong growth in the volume of equity derivative transactions and the increasingly complex nature of the products on offer, Societe Generale Group has heavily invested in the major overhaul of its transaction processing system, which will be rolled out between now and 2010.

Internal control procedures governing the production of accounting and financial data

ACCOUNTING DATA ARE COMPILED INDEPENDENTLY FROM THE FRONT OFFICES

Accounting data are compiled by the back and middle offices and independently from the sales teams, thereby guaranteeing that information is both reliable and objective. These teams carry out a series of controls defined by Group procedures on the financial and accounting data:

- daily verification of the economic reality 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 organizations, staff training and IT tools are reviewed on a permanent basis to check that the production and verification of financial and management accounting data are effective and reliable.

SCOPE OF CONTROL

In practice, the internal control procedures implemented by the various businesses are designed to guarantee the quality of the financial and accounting information, and notably to:

- ensure the transactions entered in the Group's accounts are exhaustive and accurate;
- validate the valuation methods used for certain transactions;
- ensure that transactions are correctly assigned to the corresponding fiscal period and recorded in the accounts in accordance with the applicable accounting regulations, and that the accounting aggregates used to compile the Group accounts are compliant with the regulations in force;
- ensure the inclusion of all entities that must be consolidated in accordance with Group regulations;
- check that the operational risks associated with the production and transmission of accounting data through the IT system are correctly controlled, that the necessary adjustments are made accurately, that the reconciliation of accounting and management data is satisfactory, and that the flows of cash payments and other items generated by transactions are exhaustive and adequate.

SECOND-LEVEL CONTROL BY THE FINANCE DEPARTMENTS OF THE BUSINESS DIVISIONS

The Division Finance Departments employ over 500 staff across the Group to manage the transmission of accounting and financial data and carry out second-level controls. Financial data are transmitted via computerized accounting systems, which trace all events that generate an accounting entry (notion of audit trail).

The Local Finance Departments, which are in charge of local accounts and reporting, harmonize this data with Group standards. They monitor whether the information is reliable and consistent with the various accounting frameworks defined for the Group.

The Finance Departments of the business divisions control the consistency of the data produced by the entities and, in conjunction with the Group Finance Department, resolve any issues in the interpretation of accounting, regulatory or management data. A formalized quarterly analysis of the supervision carried out is sent to the management of the entity and the business division and to the Group Financial Department.

SUPERVISION BY THE GROUP FINANCE DEPARTMENT

Once the accounts 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 accounts.

The department in charge of consolidation checks that the consolidation scope is compliant with the applicable accounting standards and controls a number of aspects of the data received for consolidation: validation of the aggregates produced with the collected data, verification of recurrent and non-recurrent consolidation entries, exhaustive treatment of critical points in the consolidation process, and processing of any residual differences in intercompany accounts. Lastly, the department checks the overall consolidation process by carrying out analytical reviews of the summary data and checking the consistency of the main aggregates in the financial statements. Changes in shareholders' equity, provisions and any deferred taxes consolidated in the fiscal year in question are also analyzed.

A three-level accounting audit system, in line with the Group Audit Charter

CONTROL 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, verifying the quality of the controls carried out on accounting data and the associated accounting treatment.

SECOND-LEVEL CONTROL CARRIED OUT BY THE AUDIT DEPARTMENTS OF THE BUSINESS DIVISIONS AND THE ACCOUNTING AUDIT TEAM IN THE GROUP FINANCE DEPARTMENT THAT IS RESPONSIBLE FOR CONTROLLING ACCOUNTING DATA (ATTACHED TO THE GROUP ACCOUNTING DEPARTMENT).

In the course of their assignments, the Audit Departments of the business lines verify the quality of the financial and management accounting data produced by the audited entities.They check certain accounts, assess the reconciliations between financial and management accounting data, and the quality of the permanent supervision procedures for the production and control of accounting data. They also identify any areas where manual processing may be required to make up for gaps in the IT tools and which therefore need to be closely checked. The departments then issue recommendations to the people 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.

The accounting audit team is charged with the following functions:

- audits of any areas where financial information is deemed to be most sensitive, to verify that accounting standards are correctly applied;
- provision of technical and methodological expertise to the generalist Audit Departments of the business divisions or to the General Inspection Department;
- preventive intervention at entities that are to be integrated into the Group in the near future, in order to evaluate the impact of the application of Group accounting standards;
- maintenance of links with the Group Statutory Auditors and monitoring of their recommendations with the other internal Audit Services.

Through its work, this specific control team helps to tighten the security of the internal control procedures used in the production of consolidated accounting information.

THIRD-LEVEL CONTROL CARRIED OUT BY THE GENERAL INSPECTION DEPARTMENT

At the third level of control, the General Inspection Department generally carries out accounting audits as part of its general inspections, 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. For example, in 2007, the General Inspection Department conducted audits on the accounting department of Corporate & Investment banking and the financial function of BRD, the Group's Romanian retail banking subsidiary.

Developments underway

An exceptional loss from a fraudulent and concealed position

In January 2008, the Group uncovered an exceptional fraud in both its scale and nature: a trader, in charge of arbitrage activities on financial instruments involving European stock market indexes, took fraudulent directional positions throughout 2007 and in early 2008 that greatly exceeded the individual limits that had been allocated to him. The trader was able to conceal his positions through a series of fictitious transactions. In order to prevent the immediate identification of these fictitious transactions, the trader used his years of experience acquired in departments for the processing and control of market transactions to circumvent the controls enabling the Bank to verify the details and therefore the real existence of the transactions initiated by its traders.

The Group decided to close these positions as quickly as possible while respecting the integrity of the markets and the interest of its shareholders. Given the size of the positions and the particularly unfavorable market conditions, the fraud had a EUR 4.9 billion negative impact on the Group's pre-tax income in 2007.

Exceptional nature of the loss

Since 2003, the Group has kept a record of unit internal operating losses in excess of EUR 10,000 (EUR 25,000 for Corporate and Investment Banking) covering virtually all of its entities, both in France and abroad. This database has been used to analyze losses (by category of event, activity, geographical region) and monitor their trends as well as the corrective action plans proposed. The total annual cost of operating risk represented, excluding the exceptional loss mentioned above, around EUR 225 million over the 2004-2007 period.

Impact on the control environment

This trader's positions have been reviewed and a detailed analysis of all positions within his department has been made, which has identified no similar situation. The employee, has been relieved of his duties and a dismissal procedure has been initiated.

Specific control procedures have been defined in order to prevent any further use of the techniques devised by this trader to circumvent the control procedures. Some measures are being implemented immediately. Other, more structural, measures will be implemented in the short-term. These changes, together with their timetable, have been communicated to supervisors.

They are designed to precisely establish the scope of the fraud, improve IT security and the management of alert indicators and reinforce organization and training programs.

On January 30, 2008, the Board of Directors set up a Special Committee of independent directors responsible primarily for ensuring that the investigation into the affair is carried out independently and in accordance with audit regulations so that the mechanisms behind the fraud can be fully exposed. The Committee will be assisted in its assignment by the audit firm PriceWaterhouseCoopers.

Other developments related to the implementation of Basel II reforms

Under the Basel II project, Societe Generale Group is making ongoing efforts to reinforce its risk management structures, tighten up its risk modeling, streamline its risk information systems and increase their interoperability.

While continuing efforts to refine its structure as part of Pillar 1 of the Basel II reform, the Group also committed itself to the operational launch in 2008 of the different elements of Pillar 2.

To this end, the Finance Division and the Risk Division have launched a joint Basel II guidance project.

Requirements for financial communication under Pillar 3 of Basel II also mean that the Group will be in a position to publish a substantial amount of quantitative and qualitative information on its credit portfolio as of 2009.

This will require additional changes to the information system, which are already under way.

REPORT OF THE STATUTORY AUDITORS ON INTERNAL CONTROL PROCEDURES

Societe Generale S.A.
Year ended December 31, 2007

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' report, prepared in accordance with article L. 225-235 of the French Company Law (*Code de Commerce*), on the report prepared by the Chairman of the Board of Societe Generale, on the internal control procedures relating to the preparation and processing of accounting and financial information.

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 report to you 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, 2007.

It is for the Chairman to give an account, in his report, notably of the conditions in which the duties of the Board of Directors are prepared and organized and the internal control procedures in place within the company.

It is our responsibility to report to you on the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of accounting and financial information.

We conducted our work in accordance with the relevant French professional standard. This standard requires that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report on the internal control procedures relating to the preparation and processing of accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of accounting and financial information, serving as the basis of the information set out in the Chairman's report, as well as of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report as well as of the existing documentation;
- determining if the major internal control deficiencies relating to the preparation and processing of the accounting and financial information that we might have identified in the course of our work, have been appropriately addressed in the Chairman's report.

On the basis of our work, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of accounting and financial information, contained in the report prepared by the Chairman of the Board in accordance with article L. 225-37 of the French Commercial Code (*Code de Commerce*).

Neuilly-sur-Seine, Paris-La Défense, February 29, 2008

The Statutory Auditors,

French original signed by

ERNST & YOUNG Audit	DELOITTE & ASSOCIÉS
Philippe PEUCH-LESTRADE	José-Luis GARCIA

6 HUMAN RESOURCES[1]

(1) Historical data should be used with caution as the scopes concerned and the dates of calculation may vary from one fiscal 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.

Through the continuation of its growth and international expansion strategy, Societe Generale Group employed almost 135,000 staff in 82 countries at the end of 2007. In this increasingly diverse environment which brings together very different businesses, profiles and cultures, the aim of human resources management is to support the Group's main challenges, which are:

- to keep pace with the Group's development and the diversification of its different activities;
- to strengthen its appeal as an employer, in order to attract new talent and integrate and retain existing staff;
- to recognize and encourage staff diversity and dynamism;
- to favor cohesion through the sharing of common values;
- to focus on the management and personal development of staff, through the encouragement of more professional guidance and integration of international staff.

These Human Resources initiatives also aim to foster cross-business co-operation, the pooling of knowledge and synergies between the practices and expertise of the different Group divisions.

EMPLOYMENT

Total headcount

At the end of 2007, the Group employed a total of 134,738 staff, representing a 12.5% rise on 2006.

	2007	2006	2005	2004	2003
Group headcount (at end of period, excluding temporary staff)	134,738	119,779	103,555	92,000	88,000

This increase is essentially the result of two factors:

- acquisitions, in particular of Mobiasbanca in Moldavia (500 employees), Ohridska Banka in the Republic of Macedonia (180 employees), Banka Popullore in Albania (280 employees) and Banco Cacique in Brazil (2,300 employees);
- organic growth (see "Recruitment" section below).

The Group is continuing to broaden its international scope with an increasing majority of its workforce (55.7% versus 51.4% in 2006) located outside mainland France and spread over 82 countries. Once again this year, this increase has been particularly sharp in Central and Eastern Europe, where the number of employees was up 24% on 2006, due to the Group's continued consistent development in the region.

Breakdown of staff by region and activity

	Western Europe *(including France)*	Central and Eastern Europe	Africa and Middle East	Americas	Asia + Oceania	Total	% of total
Retail Banking and Financial Services	52,631 *(45,130)*	37,594	12,931	3,641	612	107,409	79.7%
Global Investment Management & Services	9,109 *(4,836)*	53	68	1,484	1,175	11,889	8.8%
Corporate and Investment Banking	8,122 *(6,312)*	134		2,068	1,685	12,009	8.9%
Functional Divisions	3,431 *(3,431)*					3,431	2.6%
Total	**73,293 *(59,709)***	**37,781**	**12,999**	**7,193**	**3,472**	**134,738**	**100%**
% of total	54.4% *(44.3%)*	28%	9.7%	5.3%	2.6%	100%	

Breakdown of staff by contract type

At end-December 2007, 91.3% of staff were employed on permanent contracts.

Breakdown of staff by gender

Women account for 57.1% of the total payroll, compared to 55.5% in 2006.

At Societe Generale France, 40,964 staff (95.7% of the total headcount) had permanent contracts in 2007. The number of fixed-term contracts amounted to 1,825, and included 1,667 young persons on work-study, vocational training contract or apprenticeship schemes. Over the course of 2007, 492 fixed-term contracts were converted into permanent contracts. 41% of the company's employees have executive status, and 59% employee status (banking technicians). The proportion of female employees on the payroll has continued to rise, and currently stands at 55%.

Breakdown of staff by age bracket (2)

AGE	MEN	WOMEN	TOTAL
Under 24	1,226	2,656	3,882
24 to 29	8,171	13,652	21,823
30 to 34	7,069	8,481	15,550
35 to 39	5,968	6,900	12,868
40 to 44	4,842	6,068	10,910
45 to 49	4,915	5,759	10,674
50 to 54	4,739	5,946	10,685
55 and over	8,513	6,692	15,205
Total	**45,443**	**56,154**	**101,597**

Recruitment

Societe Generale Group pursues an active recruitment policy designed to keep pace with its global expansion, prepare future generations of staff and renew its skill-set. This policy ensures that a high standard of customer service is maintained and is adapted to the specific characteristics of its business lines, activities and geographic locations.

Over the 2007 financial year, the Group once again stepped up its recruitment, hiring a total of 18,886 staff on permanent contracts (up 28.7% on 2006), including 55.6% women, and 11,883 staff on fixed-term contracts.

Breakdown of new hires on permanent contracts by region and activity

	Western Europe (including France)	Central and Eastern Europe	Africa and Middle East	Americas	Asia + Oceania	Total	% of total
Retail Banking and Financial Services	4,151 *(3,494)*	5,776	1,675	1,880	20	**13,502**	71.5%
Global Investment Management & Services	1,719 *(818)*	4	32	277	300	**2,332**	12.4%
Corporate and Investment Banking	1,761 *(1,333)*	3	-	490	452	**2,706**	14.3%
Functional Divisions	346 *(346)*	-	-	-	-	**346**	1.8%
Total	**7,977 *(5,991)***	**5,783**	**1,707**	**2,647**	**772**	**18,886**	**100%**
% of total	42.3% *(31.7%)*	30.6%	9%	14%	4.1%	100%	

(2) Data at end-September 2007 for 75% of the Group's scope.

At Societe Generale France, a total of 4,031 new staff were recruited on permanent contracts, including 2,351 executives, and 1,505 on fixed-term contracts (including 1,034 young people on work-study programs).

With this sustained pace of recruitment, the Group makes a major contribution to the French economy through job-creation and employment. With 8,371 hires across all Group entities in France (of which 71.6% were permanent contracts), up 12% on 2006, the Group is confirming its position as one of the leading recruiters on the French market. At the same time, these recruitments are also helping to balance the age distribution of staff, notably in Retail Banking which will be hit by a wave of retirements over the next ten years (see "Departures" section below).

Induction

A comprehensive induction process has been implemented at Group level in order to offer new staff the assistance they need during their first few months with the company. In particular, this process includes:

- a Group Induction Seminar which 1,500 new employees attended in 2007, 40% of whom were not French;
- a dedicated intranet site presenting essential information and points of reference about the Company;
- guidance by a senior member of staff for each new employee.

Several Group businesses and entities also organize internal induction seminars for their new employees.

Departures

In 2007, a total of 13,429 staff on permanent contracts left the Group (10,971 in 2006). The main reasons for departure were, in descending order of importance: resignations (8,097), retirements (2,251) and dismissals (1,956).

The Group's overall staff turnover was low at 6.7%. Individual rates vary, however, depending on the business, activity or market in question.

Over the year, the number of dismissals totaled 1,956 and included 258 economic redundancies. The latter were concentrated primarily in International Retail Banking (150), and Financial Services (65) and Global Investment Management Services (43).

All dismissals were carried out in full compliance with local legislation and in close collaboration with employee representative bodies. Moreover, where possible, the Group made every effort to find staff another position internally.

In France, a total of 1,820 Societe Generale and Crédit du Nord staff retired, which is a significant increase on 2006.

Moreover, retirements at Societe Generale are expected to peak between 2007 and 2012 (linked to the major recruitment drive from 1965 to 1970, notably in Retail Banking) and average around 1,800 per year.

REMUNERATION

In order to maintain its pace of global expansion, the Group strives to attract and retain high quality staff, notably by offering competitive pay packages (basic salary, performance-linked pay, employee benefits). These are based on standard Group-wide principles, but adapted to particular market contexts, and are designed to reward both individual and collective performance.

The Group's entities monitor their pay policies on an ongoing basis, drawing up market surveys of remuneration levels to assess the competitiveness of the packages they offer, particularly in the case of specialized posts.

Average gross annual remuneration is not calculated for the Group as a whole, as this is not meaningful given the broad diversity of activities and geographic locations.

However, at Societe Generale France, the average gross annual remuneration [3] was EUR 46,224 in 2006 (up 5.5% compared with 2005).

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

PROFIT-SHARING AND THE GLOBAL EMPLOYEE SHARE OWNERSHIP PROGRAM

The Group offers its staff a number of profit-sharing and share ownership schemes to provide additional incentives and align their interests with those of the business. Since 1987, Societe Generale has pursued an active employee share ownership policy, with the aim of giving a maximum number of staff a share in its performance.

At Societe Generale France, profit-sharing is now calculated by taking into account in particular the overall Group earnings. Societe Generale employees can invest their share of the profits in marketable securities under the company savings plan (PEE), which offers excellent financial terms and tax incentives. The Company makes additional top-up contributions to the fund on behalf of employees choosing to invest. Employees can invest in a range of nine mutual funds, which allows them to better diversify their investments. Moreover, and save for 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.

In 2007, a total of EUR 114.5 million in profits from 2006 was distributed to Societe Generale staff, up 21.8% on the amount distributed in the previous year. An exceptional additional profit share, totaling EUR 9.2 million, was also distributed uniformly to all employees. This “work dividend” benefited from the same social security and fiscal regime as the profit share resulting from the annual calculation.

The average amount of company shares held by Societe Generale France employees stood at EUR 52,800 at the end of 2007.

The Global Employee Share Ownership Program

Initially reserved for current and former employees of Societe Generale France and Crédit du Nord, the capital increases have been progressively opened to a broader scope since 2003. In 2007 the scheme was made available to 226 Group entities located in 57 countries. 79.9% of those eligible in France (Societe Generale and the Group’s French subsidiaries) subscribed to the scheme and 35.4% abroad, representing an overall subscription rate of 59.2%. 4.6 million new shares were created and a total of EUR 498.7 million was invested [4] (compared to EUR 396.2 million in 2006 and EUR 357.7 million in 2005). More than 87,000 employees and former employees around the globe are now Societe Generale shareholders, accounting for 7.2% of the Group’s share capital at end-2007.

In addition, some of the Group’s international subsidiaries have set up their own local profit-sharing schemes, which vary from one country to another depending on the applicable remuneration and fiscal regulations.

(3) Basic salary + variable component (excluding profit-sharing and top-up payments).
(4) Profit-sharing: EUR 134 million. Other voluntary contributions: EUR 262 million. Top-up payments: EUR 103 million.

DIVERSITY AND EQUALITY IN THE WORKPLACE

Diversity is a source of dynamism which fosters innovation and creativity, both of which are essential attributes in the competitive sectors in which Societe Generale operates. A key element in its development, the Group's focus on diversity is reflected in its constant aim to recognize and promote all talent, regardless of ethnic origin, gender, age, culture or profile.

Beyond the figures which illustrate the importance the Group attaches to diversity in real terms (almost 135,000 employees in 82 countries, 119 nationalities and 57.1% women), Societe Generale has undertaken a number of concrete initiatives to promote its development:

- through the implementation of a Group Diversity Council, created at the end of 2005, which meets twice a year and whose composition is representative of the Group's diversity (eight men and five women, with ten nationalities from ten different countries and who work in each of the Group's different sectors of activity);
- through its recruitment policies. In France, the Group works in partnership with the French employment agency (ANPE) in hiring people with some business experience, even if they do not have the relevant qualifications. It also participates in the "Phenix" operation which gives general university program students (literature, humanities, sciences) the chance to be employed on a permanent contract at the end of their studies. The Group also runs open recruitment campaigns for young graduates but also experienced candidates and high school graduates with some business experience in executive or non-executive positions, with or without banking experience;
- through company agreements, notably relating to equality in the workplace (signed in 2005) and the employment and integration of disabled workers (signed in 2007) (see Employment and integration of disabled workers section below).

The Group's desire to assume its corporate and social responsibility also took concrete form in the creation of a foundation for solidarity and professional integration (*Fondation d'entreprise Societe Generale pour la solidarité et l'insertion professionnelle*) in October 2006, which was notably set up to help young people get their careers off the ground and fight against illiteracy.

The equal opportunities agreement signed by Societe Generale and SGAM in June 2005 is the concrete application of the Group's policy in this respect. Part of a wider approach to stamp out discrimination and promote diversity in all its forms within the company, these texts introduce concrete and measurable initiatives aimed at raising the profile of women in the workplace at every stage of their professional careers.

The second report on this agreement, which was drawn up in April 30, 2007, details the results obtained, notably:

- 38% of management positions are held by women (compared to 35.7% at the end of 2005), with a target of 40% by the end of 2008;
- 56.7% of female staff were promoted (compared to 55.4% in 2006) and overall, more women, were promoted than men;
- 51.6% of employees aged 45 and over and with at least one child benefited from a promotion or an increase in their fixed salary.

In March 2007, Societe Generale obtained the "Professional Equality Label" (*label égalité professionnelle*) awarded by the independent certification company, AFAQ-AFNOR, which is a testament to the success of the policies and strategies implemented in terms of professional equality.

EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING

In 2007, the Group signed some 259 agreements with employee representatives, including 83 new agreements or amendments in France. These texts cover issues such as remuneration, profit-sharing, equality in the workplace, disabled workers, working hours, employee benefits (including the health insurance and retirement scheme) and staff representative bodies.

An agreement on the new company health insurance scheme, managed by the Mutuelle SG (health insurance company), was signed in 2006 and approved by the company's General Meeting of the same year. Implemented on January 1, 2007, it enables Societe Generale France to maintain a lasting, well-balanced health insurance cover, both for employees and those who have retired, and within an ever-changing demographic, fiscal and accounting framework.

HEALTH AND SAFETY IN THE WORKPLACE

In France, Societe Generale has developed a comprehensive health and safety policy covering all areas of activity, and comprising a range of initiatives, such as:

- post-trauma medical and psychological assistance for victims or witnesses of attacks;
- monitoring of food hygiene in the company's canteens;
- safeguarding of the health of employees (annual medical examinations, permanent medical service at the head office, specific monitoring of the health of expat employees, etc.);
- the provision of information and screening as part of public health programs (tobacco, sleeping disorders, etc.).

The Group also keeps a permanent eye out for any risks liable to affect the health of its staff, anywhere in the world.

Staff throughout Societe Generale Group are provided with extensive health and invalidity cover, which in many countries goes beyond the minimum legal requirements. A number of targeted initiatives have also been implemented, notably in countries affected by major pandemics (*e.g.* to tackle AIDS in sub-Saharan Africa).

CAREER MANAGEMENT AND TRAINING

Societe Generale Group places great emphasis on the professional development of its staff, and aims to tailor its career management, mobility and training policies to suit the needs of the individual and the requirements of its business entities. In a universe as complex and diverse as Societe Generale Group, the aim is to offer employees a coherent, varied and motivating career path which benefits both employee and company.

As such, international and functional mobility is developed with more than 600 different types of position within the Group and an "International Development" program to facilitate expatriation.

Over 100,000 Group employees (58% of whom were women) received some form of training in 2007 and more than 3.5 million hours of training were provided.

The range of courses on offer is extended and adapted each year to cater for the professional needs of Group staff, both in terms of technical and managerial training.

In France, Societe Generale devoted 4.2% of its total payroll to the provision of training, which equates to EUR 2,244 per employee. The Group-wide training agreement signed in 2006 sets out the various ways in which training initiatives must comply with the company's training plan and an individual's right to training (DIF) under French law.

In France, Societe Generale also offers employees the opportunity to enroll in in-house training programs, *Cursus TMB* (*Techniciens des Métiers de la Banque*) and *Cursus Cadres* (an internal promotion scheme), and in external courses leading to professional qualifications. Out of 258 employees registered on these courses, 87 graduates managed to obtain management positions with the different divisions in 2007 following a two-year training period – a set-up which is unique to the banking world. In addition, 319 out of 419 staff successfully completed the *Cursus TMB* program. These figures are consistently improving and demonstrate employees' commitment to these programs which enhance their professional development.

Also see below: Relationships with educational establishments and employment associations.

Appraisal

One of the major challenges for the Group in terms of human resources management is how to evaluate and recognize the professional performance of its staff. The annual "Performance and Personal Development" appraisal procedure, which takes the form of a discussion between the employee and their immediate superior, emphasizes the employee's personal development at the same time as setting performance targets.

EMPLOYMENT AND INTEGRATION OF DISABLED WORKERS

Societe Generale Group is working to increase the number of disabled persons on its payroll, particularly in France where it has collaborated actively for several years with an enterprise agency to recruit and retain disabled staff. The agreement in favor of the employment and integration of disabled workers signed in 2007 has significantly reinforced this policy.

At the end of 2007, the Group employed 1,749 disabled staff around the world, 1,263 of which are located in France (note that it is difficult to obtain accurate figures for certain countries as there is no precise definition of the concept).

The specific agreement in favor of the employment and integration of disabled workers, signed by Societe Generale France in 2007, aims to increase the percentage of disabled workers in the workforce and under the best possible conditions for both work and personal development. It sets out various targets for the company, notably:

- doubling the current number of hires and committing to hiring at least 160 disabled workers over the next four years, while making every effort to exceed this figure;

- increasing internship offers to schools, training bodies and associations in order to make it easier for young disabled people to discover the company's businesses or enable them to progress following their studies;
- identifying disabled workers as a priority in terms of training. As such, during the appraisal interview, the employee defines professional development targets with their manager in order to enable the employee to adapt to the development of their activity, strengthen their qualification or develop their abilities;
- training and making Group managers, HR supervisors and Societe Generale employees aware of the benefits of diverse profiles;
- adapting employees' workstations when warranted depending on their disability.

An ad hoc team was created in order to coordinate and implement policies and strategies in favor of disabled workers. Made up of several employees and with its own budget, this *Mission Handicap* ensures that the commitments made are implemented.

The head of this program is also the "Disability Issues Manager" and is responsible for examining individual disabled employee files which are believed to have been unfairly processed.

At the same time, it continues to encourage the use of *"centres d'aides par le travail"* and *"ateliers protégés"* (associations offering tailored solutions to help disabled people to work). Revenues generated in 2007 with disabled workers totaled more than EUR 1 million excl. VAT, equivalent to 48 disabled workers working full time over the year.

THE GROUP'S CONTRIBUTION TO LOCAL AND REGIONAL DEVELOPMENT

Relationships with educational establishments and employment associations

The Group has an active policy of training young people and students (work-study contracts, internships, company volunteer programs, etc.) and seeks to develop partnerships with educational establishments, both in France and abroad. In 2007, it took on a total of 7,923 students on company internships and 309 FIA (French International Assignments) around the world.

In France, Societe Generale's approach is initially to recruit students in its target areas of expertise (BTS, DUT, DESS banking and finance, etc.) on work-study contracts (apprenticeship and work experience programs). As a result, Societe Generale took on over 1,600 young people on work-study contracts in 2007, mostly in Retail Banking in France. The Group also continued to build up long-standing ties with a number of educational establishments in 2007: new partnerships with business schools (HEC, CEMS – business school networks in 17 European countries, etc.), engineering schools (Polytechnique, etc.) and different universities to meet challenges in terms of number of hires and diversify the profiles of the young graduates hired.

Foreign subsidiaries were are also very active in this area and forged several partnerships with universities and local schools, designed to facilitate the integration of interns, and to have employers participate in forums and on panels and even lecture in class.

In France, Societe Generale was ranked in 2007 the second most attractive company to work for by business school students and third by engineering school students.

Encouraging subcontractors and subsidiaries to comply with ILO Standards

The Group's purchasers incorporate references to Societe Generale's sustainable development commitments in all invitations to tender and new contracts with subcontractors (UNEP statement by Financial Institutions on the environment and sustainable Development, principles of the Global compact), along with founding texts such as the universal Declaration of Human Rights and the fundamental principles of the International Labor Organization. Subcontractors must all undertake to comply with these texts in the countries where they operate, by signing a contract which includes, in addition to other clauses, a specific clause governing this. They therefore commit to comply with:

- labor rights and, as a minimum in cases where labor rights do not exist, with the ILO declaration;
- environmental rights, not working with subcontractors, natural persons or legal entities which, to the best of their knowledge, do not respect the regulations cited above.

2007 NRE APPENDIX – SOCIAL SECTION

Article 1 of decree 2002-221 of February 20, 2002, enacting article L. 225-102-1 of the French Commercial Code.

The data given below relate to the Group, France or Societe Generale France as indicated.

Employment

Total headcount

Group headcount at November 30, 2007: 134,738 (including 11,666 on fixed-term contracts)

Societe Generale France headcount: 42,789 (including 1,825 on fixed-term contracts)

Recruitment

Total recruitments: 30,769

Recruitments on fixed-term contracts: 11,883

Recruitments on permanent contracts: 18,886

The Group's strong financial performances and reputation as an employer make it easier to recruit the required profiles.

Dismissals

Total number of dismissals: 1,956

Of which economic redundancies: 258

The other main causes for dismissals are unsuitability for the position, dismissal during a trial period, and dismissal for professional misconduct (France and abroad).

Information on severance plans

Over and above its legal obligations, Societe Generale Group looks to provide its staff with additional support measures during the implementation of severance plans (reclassification, use of outplacement firms, extension of benefits, etc.).

Outside contractors

The use of outside contractors remains limited and principally concerns the outsourcing of specialized activities such as information systems, security, armored transport, catering and building maintenance.

Societe Generale France data:

Monthly average number of service providers: 7,337

Monthly average number of temporary workers: 548 (full-time equivalent)

Working hours

Organization of working time

The organization of working time depends on the regulations applicable in each country where the Group operates, and the employee's function. As a result, the schemes available vary widely (number of working hours, flexible working hours, organization).

Societe Generale France signed an agreement in October 2000 on the reduction and organization of working hours, which was implemented as of 2001. It provides for two systems:

- a 39-hour working week with 56 days of paid leave in addition to normal days off per week;
- a working week of 37 hours and 22 minutes, spread over 4.5 days, with 47 days of paid leave in addition to normal days off per week.

Employees may benefit from schemes reducing the number of hours worked to 80%, 60%, 50% or even 40%.

Several French subsidiaries of the Group have signed special agreements, as have numerous foreign entities.

6,393 staff (*i.e.* 4.7% of the workforce) work part-time within the Group as a whole (including 4,742 in France and 3,509 for Societe Generale France).

Weekly working hours

In France (Societe Generale), 39 hours a week.

Part-time staff work different hours, depending on their chosen scheme (for example 31.2 hours a week for an employee working an 80% week).

Overtime

The definition of overtime is taken from French regulations, and the reporting scope for this indicator is therefore limited to France.

At November 30, 2007, the total number of hours of overtime reported by staff at the French entities was 133,034, or an average of 2.34 hours per employee.

The total number of hours of overtime recorded by Societe Generale France over the period was 79,363, or an average of 1.97 hours per employee.

Absenteeism

Rates of absenteeism and the related causes are monitored at all Group entities.

Rate of absenteeism (number of days absent/total number of days paid, as a percentage) at Societe Generale France for the first 11 months of the year: 4.53%

Main causes: illness (2.5%), maternity (1.85%)

Rate of absenteeism for the Group: 5.03% (illness: 2.58%, maternity: 1.41%)

Number of accidents in the workplace (Group): 931

Employee remuneration, Social Security charges

Average gross annual remuneration (Societe Generale France data): EUR 46,224

All entities in the Societe Generale Group comply with their obligations in terms of social security charges levied on employee salaries and benefits. See Note 37, page 240.

7 CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Our vision of CSR and the main principles of our approach

Message from Daniel Bouton:

"Societe Generale's core strategy is to create lasting value for its shareholders, clients and staff. Yet this objective is only meaningful if it is built into a broader policy of corporate social responsibility designed to promote social development and environmental protection.

We choose our activities, suppliers and partners according to their ability to generate sustainable value, using a transparent process. We also aim to encourage increasingly open and constructive dialogue with each of our stakeholders in order to establish and constantly build on a relationship of trust.

The ongoing growth of our Group would never have been possible without this trust - a value that forms the very basis of our activities and can only be achieved by taking into account the needs and concerns of all of the Company's stakeholders.

Societe Generale is well aware of its responsibility to the environment and to society at large. As a major driver of wealth creation and development, the banking industry makes a significant contribution to economic and social progress. This places us under increased scrutiny, and means that our responsibility to society as a whole is perceived differently from that of other businesses. We know this because we listen to our stakeholders. Civil society is becoming increasingly demanding over the extent of our responsibilities, meaning that we need to incorporate CSR considerations into all levels of our business, both upstream in our purchasing and sourcing procedures, and downstream in the environmental impact of our financing activities and in our relationships with customers.

This policy of active engagement with civil society, of ongoing reflection and improvement, is deeply embedded in our corporate culture and forms the basis for our corporate values - professionalism, team spirit, innovation – and our ethics.

It derives from our commitment to constant progress and is based on the 10 principles of the United Nations' Global Compact to which we conform once again this year.

Societe Generale has made corporate social responsibility an integral part of its business, taking into account the specific geographical, cultural, social and economic characteristics of each country where it operates."

Societe Generale Group's corporate social responsibility is based on five core principles that have already proved their merit and are continually being reinforced:

- a client-focused **quality approach**;
- a robust system of **corporate governance**, which is continually being adapted to the demands of society;
- an **increasingly reinforced system of risk management** and internal control processes;
- a comprehensive **framework of compliance**;
- a **culture of innovation and a collective innovation program** designed to encourage staff to contribute to the evolution of the Group.

Our obligations and commitments

Societe Generale seeks to respect the environment and observe fundamental human rights and social principles in all of the areas in which it operates.

The Company complies fully with the obligations of the *Nouvelles Régulations Économiques,* notably article 116 which requires listed companies to report on how they integrate social and environmental considerations into the way they do business.

It has agreed to observe the *OECD Guidelines for Multinational Enterprises* and signed the UNEP Statement by *Financial Institutions on the Environment and Sustainable Development* in 2001. In 2003, the Company also adhered to the *Global Compact* initiative launched by the Secretary General of the United Nations, and has integrated the ten principles of this text into its strategy, business culture and operational methods. 2007 was marked by the Group's adoption of the Equator Principles and by the formalization of the internal social and environmental analysis procedures used by the project financing division.

Furthermore, Societe Generale Asset Management signed the *Principles For Responsible Investment* (PRI) defined by the UNEP in 2006 and, conscious of the importance of climate change, the Group also joined the *Carbon Disclosure Project* in 2006 and renewed its membership in 2007.

Our objectives and policy

Societe Generale's aim is to become a major reference in corporate social responsibility (CSR), and one of the leading European financial establishments in the field.

The Group is already listed on the top sustainable development indices (*FTSE4Good, ASPI, Ethibel, Dow Jones Sustainability Index*, etc.) and included in the majority of French Socially Responsible Investment funds. Firmly committed to maintaining and improving these performances, Societe Generale was listed on the *Climate Disclosure Leadership Index* in 2007.

In terms of corporate and social responsibility, the Group's aim is to put its commitments into practice and to continually look for ways to improve its contribution. Its policy focuses on three core priorities:

1/ The incorporation of social and environmental considerations into our business practices

This comprises two aspects:

- **the inclusion of social and environmental concerns in financing and investment activities.**

  The core businesses have adopted a structured approach, tailored to their particular activities and to the extent of the risks incurred, which is designed to ensure that the social and environmental risks associated with their financing activities are correctly identified, prioritized and controlled,

- **the promotion of responsible economic development**, notably through the elaboration of policies, products and services that contribute directly or indirectly to the protection of the environment or to social development, in response to the growing concerns of our customers and to the opportunities offered by the market.

2/ Pro-active and responsible management of staff *(see pages 106 and following of this document)*

This incorporates a number of elements: a recruitment policy that seeks to promote diversity, strategies to enhance the skills and employability of staff that reconcile professional development with personal fulfilment, and motivational remuneration policies designed to give employees a stake in the performance and results of the Group.

3/ Management and reduction of the direct environmental impact of our activities

Societe Generale Group not only adheres to the best environmental practices within the profession, but also subscribes to any relevant practices within those sectors more deeply implicated in the protection of the environment. This relates in particular to the use of natural resources, energy and paper consumption, the use of recycled paper, the selection of electronic equipment, waste management, the optimization of business travel, etc.

The Group also promotes environmental protection among its staff, and encourages suppliers to develop eco-friendly practices (notably by including a CSR questionnaire in all calls for tender).

In fact, the Group's CSR policy is the extension of its client-focused Quality approach to a broader range of stakeholders.

The approach itself is based on two main principles:

– the continuous search for ways to optimize customer satisfaction through structured dialogue.

For over ten years, the Group's domestic retail banking network has conducted annual satisfaction surveys, targeting representative samples of its major customer segments (individuals, self-employed professionals, businesses), along with customers from rival banks.

Since 2005, it has also published an annual "branch satisfaction survey", which questions a selection of 100,000 customers on the treatment they receive at the branches and the quality of their relationships with customer advisers. In 2007, the Forrester "customer advocacy" survey ranked Societe Generale first amongst French banks and fifth amongst European banks. For customers requiring a more tailored approach (businesses or private banking clients), Societe Generale Group organizes personalized appraisal meetings to assess their expectations and levels of satisfaction. The results of these surveys are then analyzed and followed up with targeted action plans.

The international retail banking network has developed its own version of this policy in order to place increased emphasis on the quality of its customer relationships.

– the management and improvement of operating procedures across all core business lines

The Group's operating entities have launched individual programs to review their main business processes (Corporate and Investment Banking in 2003, French networks in 2005), with the aim of enhancing reliability, reducing processing times, increasing reactivity and above all delivering maximum value for the end-customer. These programs are all implemented according to the highest methodological standards.

Moreover, the creation of the Corporate Resources division in 2007 and implementation of a plan to improve the Group's operational efficiency has given new impetus to this approach thanks to the implementation of new IT process management tools and well as the pooling of resources and optimization of costs.

Our organization and tools

The CSR management framework forms an integral part of the Group's structure, and comprises a number of different tools and structures at various levels of the Group's hierarchy (the corporate governance system, the compliance framework, the code of conduct, the audit charter, the risk committees, the new product committees, internal regulations, etc.).

The Group's operating divisions and corporate departments are responsible for defining and implementing practical ways of applying CSR policies, according to the specific characteristics of their business, and for verifying that these methods are correctly observed. They have appointed their own CSR "contributors" (around sixty throughout the Group), who help define action plans for the departments, monitor CSR practices and report their findings to the Sustainable Development Department.

The Quality, Innovation and Sustainable Development Department is directly attached to the Corporate Secretariat. It is in charge of promoting CSR policy throughout the Group as well as coordinating its implementation. It also provides practical assistance to the operating divisions and corporate departments and encourages the exchange and dissemination of best practices.

Throughout the year, steering committees bring together CSR contributors from the various divisions and corporate departments to report on and assess the progress made in their respective initiatives.

The Group's Executive Committee sets the overall sustainable development strategy and periodically validates the action plans submitted by the Sustainable Development Department.

In order to evaluate its overall performance in terms of corporate social responsibility, the Group has defined a series of quantitative indicators which are first entered into a software tool acquired in 2005 and then consolidated and analyzed. The indicators fall into three main categories:

- **corporate** indicators: corporate governance, compliance, social and environmental evaluation of counterparties/projects, innovative products to foster sustainable development, customer satisfaction, contribution to local development, corporate citizenship;
- **social** indicators: employment, skills and careers management, remuneration, working hours, internal dialogue, health and safety;
- **environmental** indicators: environmental management system, environmental awareness, water and energy consumption, transport, waste.

For further information go to www.socgen.com/csr

2007 NRE APPENDIX – ENVIRONMENTAL SECTION

Article 2 of Decree No. 2002-221 of February 20, 2002 enacting article L. 225-102-1 of the French Commercial Code.

Water consumption

1,564,159m³ for 84,281 people (the 2007 reporting scope covered 112,577 people in 50 countries). Several entities (representing around 28,296 people) were not, however, able to determine their water consumption because it is materially impossible to measure their individual consumption. This is notably the case when buildings are jointly owned and occupied and the cost of water consumption is included in the charges linked to the management of the building.

Average consumption worldwide remained virtually unchanged on 2006.

As a result of efforts made by building managers at the Group's central premises, water consumption in France only amounted to 12.2m³/person (34% less than the Group average). Flow reducers have been installed on all sanitary systems throughout the premises, and performance-based maintenance contracts have led to a reduction in the consumption of running water.

Furthermore, the optimization and removal of the cooling towers for the IT rooms in certain entities in France has resulted in a drop in water consumption. Several entities (Axus Finland, Banco SG Brasil, Sogessur, Général Bank of Greece, SG Serbia, etc.) have also implemented technical solutions to reduce the flow of water used in their systems.

	2007	2006	2005	2004	2003
Water in m³	1,564,159	1,407,887	783,735	628,315	547,710
Water per person in m³	18.6	18.8	15.2	16.0	18.6
Reporting scope (no. of people)	84,281	74,699	51,582	39,285	29,416

Energy consumption

Electricity consumption	523,810 MWh for 112,732 people in 47 countries, i.e. data for a scope representing over 84% of the Group's headcount.
Gas consumption	118,066 MWh for 112,732 people in 47 countries.
Fuel, steam consumption	122,614 MWh for 112,732 people in 47 countries.
Air conditioning	65% of buildings are air conditioned (73% of branches in France, 96% of central buildings and 55% of subsidiaries which submitted data). Nearly all air conditioning systems in France are dry refrigeration or adiabatic systems. Cooling towers are progressively being removed. Two new central premises opened in 2005 were equipped with new, more efficient air conditioning systems to replace the old equipment: 50,600 m² in 2005).

Measures taken to improve energy efficiency	All central buildings and network branches in France have automatic regulation systems (notably climate control). The Tours Societe Generale (Paris, La Défense) have automatic systems for greater energy efficiency: climate control, automatic closing of blinds, switching-off of lights at set times, etc. The same system was installed at the Hong Kong offices in 2004 and at Tower Hill (SG London) in 2007. BRD and SG Serbia have both implemented a Building Management System for their administrative head offices. All French branches are equipped with a system for switching off the lighting and putting the workstations into standby mode outside working hours. The lighting of elements on the front of the buildings (signs, etc.) is also controlled by automatic timers, which leave only a minimum amount of equipment powered up at each outlet after a specified time, set in accordance with the environment (usually 10.00 pm). During branch renovations, priority is given to installing reversible air-conditioning systems in order to save energy. Systems for recovering the heat given off by some of our refrigeration installations have been installed: – the use of recovered heat covers 95% of the energy required to heat the Tours Societe Generale a La Défense. The current annual gain is estimated at 5,856 MWh, i.e. approximately EUR 400,000; – since 1995, the Group's IT center near Paris has been fitted with a system for recovering waste heat generated by the computers. This system enables the center to cover 95% of its heating requirements. Several subsidiaries are progressively implementing good environmental practices as part of local action plans; – in 2007, the use of low energy light bulbs was standardized in several entities: BRD, SG Express Bank, SG Marocaine des Banques, Factoring KB, SG Calédonienne de Banque; – the optimization of air conditioning systems which are automatically switched off outside of working hours (SG de Banques en Côte d'Ivoire, SG de Banques au Cameroun, SG Private Banking Suisse, SGB Benin, SG Calédonienne de Banque, SG Madrid, SG Bombay, ECS Italia, SG Frankfurt); – SG de Banque en Côte d'Ivoire set up energy committees in order to manage consumption in each of its buildings.
Use of renewable energy sources	As of 2003, part of the Tours Societe Generale (Paris, La Défense) energy requirements were met using renewable energy. Since 2005, all the Tours' energy consumption was certified as coming from renewable sources. The Group has signed a green power contract for the provision of 55,000 MWh of energy from renewable sources (i.e. 22% of its electricity consumption in France in 2007), and the Renewable Energy Certificate System (RECS) issued the Company with the corresponding "Green" certification. Since October 2006, all of SG Zurich's electricity is Naturmade certified which guarantees that it comes from 100% renewable sources.

	2007	2006	2005	2004	2003
Electricity in MWh	523,810	441, 660	388,737	302,989	282,651
Gas in MWh	118,066	95,351	86,054	82,924	89,240
Fuel and other energy fluid consumption (steam, ice water) in MW	122,614 *	98,676 *	98,941	66,057	30,545
Total energy consumption	**764,490**	**635,687**	**573,732**	**451,970**	**402,436**
Energy per person in MWh	6.8	6.5	6.8	7.3	7.2
Reporting scope (no. of people)	112,732	98,200	83,931	61,669	55,727
Scope in terms of surface (m^2)	3,360,719	2,879,285	2,305,000	1,836,000	1,789,000
Energy per m^2 in kWh	227	221	260	226	225

** Including the energy consumed in the production of ice water since 2006.*

Consumption of raw materials

Paper consumption	Societe Generale has been a founding shareholder in EcoFolio since December 2006. EcoFolio is a French environmental body whose main aim is to enable companies to respect new French legislation governing issuers of printing for business purposes. For 2007, the Group declared 277 tons of paper in compliance with the new ecotax. Since October 2006, the French retail banking network has been offering customers electronic statements. At the end of 2007, this option had been adopted by 418,000 customers (a three-fold increase on the end of 2006). Office paper consumption: – office paper consumption within Societe Generale Group amounted to 7,621 tons in 2007 (scope of 124,438 persons, i.e. 61.2 kg per individual); – the consumption of recycled office paper increased and represented 15% of the Group's total office paper consumption at the end of 2007. At the start of 2007, Societe Generale set up a "responsible paper" steering committee to encourage all Group entities to exchange best practices to reduce and improve their paper consumption (e.g. through the use of recycled paper). Under the slogan of *"Let's consume less, let's consume better"* the project has already enjoyed a great deal of success; – recycled paper consumption has increased from 17% in October 2006 to 20% in December 2006 within the Group's entities in France; – all new printers within the Group's central buildings allow for double-sided printing and are configured to do so by default. Double-sided printing is standard in SG Amsterdam, SG London, SGBT Luxembourg, SG Private Banking Suisse, SG Serbia, SKB Banka, Splitska Banka and SGB Benin; – the central printing services department (France) has broadened its range of recycled paper services; – a number of local initiatives have been set in place such as the switch from paper to electronic format and the regular follow-up of consumption (in France, Italy, Luxembourg, Czech Republic, England, Netherlands, Ivory Coast, Cameroon).

Waste

Waste production stood at 2,666 tons in 2007 for the central buildings in Paris (134 kg per person). Waste is broken down into 16 categories, which are each treated accordingly.
Agreements with service providers have been in place since 1994 for the collection, sorting and recycling of all waste.
Directives on the systematic recycling of fluorescent tubes were issued in 2004.
Employees are also making efforts to separate waste:
- 17,500 new divided recycling trash cans were installed in 2006;
- For several years, systems have been in place for collecting used batteries and toner cartridges.

Environmental management system

Steps taken to obtain environmental assessment or certification	Certification by the statutory auditors that the sustainable development information published in the Corporate and Social Responsibility Report is consistent with our actual structure and processes (document hereinafter). In 2005, the implementation of a CSR reporting tool enabled the monitoring of environmental indicators to be improved. In 2007, its scope was extended to cover 88% of the Group's headcount at the end of the year, i.e. 118,183 occupants (a 17% increase on 2006). 740 contributors present in more than 337 entities (subsidiaries, representative offices, central buildings, regional offices), all occupying 6,011 buildings in 61 countries participated in the annual CSR indicator collection campaign. The reporting process for this information was reviewed by the statutory auditors.
Measures taken to limit the impact of the Company's activities in line with the relevant legal and statutory provisions.	The departments in charge of managing Group buildings are responsible for applying the necessary legal and regulatory provisions in those areas that come under their responsibility.
Expenditure to prevent the Company's activities causing any environmental damage.	Spending not itemized in the entities' operating budgets.
Existence of internal environmental management departments within the Company	Societe Generale has adopted a decentralized organization in this area. There is a department in charge of managing the central buildings and dedicated departments in each French or foreign branch and subsidiary. The environment forms an integral part of their mission brief. The creation of a Group property committee in 2003 is helping to improve the pooling of these initiatives.

Staff training and information	A brochure on sustainable development was distributed to 80,000 employees in France and abroad in 2006 as well as handed out at seminars and conferences on sustainable development. An intranet site (in French and English) enables employees to find out about sustainable development issues in general and within the banking sector in particular, and about the initiatives taken by Societe Generale in this respect. An area dedicated to raising employee awareness about sustainable development has been set up on the ground floor of the Tours Societe Generale (Paris, La Défense), and conferences on various sustainable development issues are organized for employees on a regular basis. Regular displays indicating best practices in terms of environmentally friendly behaviour are organized within our buildings. Training workshops are offered to employees at the Quality, Innovation and Sustainable Development Department meetings held every six months.

Transport

Travel to and from work	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. As a result, public transport is used for 90% of travel to and from work. Since October 2007, Societe Generale offers its employees in the Paris region a car-sharing service. To date, some 5,000 members of staff have subscribed to this service via the dedicated website www.roulons-ensemble.com. 2007 also saw Societe Generale Securities Services and the subsidiary in charge of the administrative management of the Group's company savings plan based in Nantes (France) set up a company travel plan - the first of its scale within the Group in that it caters to 1,300 employees. Nantes Métropole and the ADEME assist the Nantes site with its logistics and finances.
Business travel	A new internal directive was issued in 2005 encouraging staff to limit business trips and to travel by train rather than airplane whenever distances permit, due to the environmental impact of air travel. The use of audio and videoconferencing is also encouraged to limit the need for business travel. An initiative carried out in 2006 provided recommendations in order to continue and encourage their use. Since April 2006, Societe Generale, in partnership with its subsidiary ALD automotive, has been testing three electric vehicles under real conditions.

Business travel (km)	2007	2006
Airplane	288,002,046	203,418,054
Train	33,393,554	34,050,783
Car	133,532,618	178,840,945
Total distance	**454,928,219**	**416,309,782**
Scope (per number of occupants)	118,069	90,800

Other issues

Ground use conditions	Not meaningful in the Company's activity.
Air, water and ground pollution	Societe Generale's CO_2 emissions for 2007 are estimated at 265,732 tons for approximately 85% of occupants (i.e. 2.32 tons of CO_2 per person) and include direct and indirect energy emissions, transport and paper consumption, etc. Estimations are made by applying the GHG protocol calculation method on all data declared in the central reporting tool. A plan to reduce CO_2 emissions per occupant by 11% (in relation to the end of 2007) between 2008 and 2012 has been approved by Societe Generale's Executive Board. This active drive to reduce CO_2 emissions is to be achieved by reducing the Group's energy, transport and paper consumption.

	2007	2006
CO_2 emissions (T)	265,732	223,948
CO_2/occupant emissions (T)	2.32	2.34
Scope (per number of occupants)	114,540	95,700

	Steps are being taken to replace R22 refrigeration systems with R134a systems in order to stop any gas leakages which destroy the ozone layer and to limit our greenhouse gas emissions. These steps will continue to be implemented in the Group's central buildings (Tigery, Cap 18, Polaris) in 2008.
Sound and olfactory pollution	Not meaningful in the Company's activity.
Measures taken to limit any harm to the ecological balance, natural environment, and protected animal and plant species.	Asbestos: Societe Generale commissioned a certified body to carry out tests on the Group's potential damage to the ecological balance, and on the presence of asbestos in its buildings in accordance with Decree 96-97 of February 7, 1996 and Decree 97-855 of September 12, 1997 on the protection of the public against health risks associated with exposure to asbestos in buildings. These controls were performed on the buildings concerned in 1997 and 1998, and were followed up by steps to remove asbestos and protect the public where necessary. those buildings qualifying as IGH (high-rise buildings) and ERP (public buildings) in accordance with the Decree of 2000 were checked by the independent control body, Véritas. No specific work is required in this area.

For further information, please consult the CSR website at www.socgen.com/csr

8 COMPLIANCE AND THE PREVENTION OF MONEY LAUNDERING

COMPLIANCE AND THE PREVENTION OF MONEY LAUNDERING

The role of compliance

Compliance has always been one of Societe Generale Group's core values. It is not just the responsibility of the Group's dedicated compliance officers, but concerns all its staff, in all areas of activity.

First set up in 1997 with the exclusive task of monitoring market activities, the Compliance Department has since extended its scope of intervention to cover risks to the Company's image and reputation in all banking activities.

In order to counter these threats, the Group has developed a strict body of compliance doctrines and rules of good conduct that meet the highest professional standards. These rules go beyond applicable legal and regulatory stipulations, particularly in countries that fail to meet Societe Generale's own ethical standards.

In the banking sector, compliance practices are based on the following core principles:

- refusing to work with customers or counterparties that are not well known to the company;
- knowing how to assess the economic legitimacy of a transaction;
- being able of justify an adopted position under any circumstances.

In line with these principles, the Group:

- does not to enter into relations with individuals or businesses whose activities fall outside of the law or are contrary to the principles of responsible banking;
- refuses to conduct transactions for clients or counterparties if it is unable to determine the economic legitimacy of these transactions, or where the lack of transparency suggests they may be contrary to accounting and compliance principles;
- provides information that is accurate, clear and not misleading on the products and services it proposes and verifies that said products and services are suited to customer needs;
- has established a "right to alert" which can be exercised by any 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.

The tasks of the Compliance Department

- To define, in accordance with the regulators' requests and legal or regulatory requirements, policies, principles and procedures for the compliance function and the prevention of money laundering and the financing of terrorism, and ensure that they are implemented.
- To ensure that financial market regulations are respected and prevent and manage any potential conflicts of interest with respect to customers.
- To submit the ethical rules to be respected by all Group staff to the Compliance Committee.
- To train and advise staff and increase their awareness of compliance issues.
- To coordinate relations between Group entities and French and foreign regulators.

The fight against corruption

Societe Generale has very strict rules on the prevention of corruption which are included in the code of conduct and comply fully with French legislation. Information concerning obligatory measures and controls is disseminated throughout the Group in the form of directives that are updated on a regular basis. Since 2001, the Group has transposed French provisions into a single directive provided to all staff members. This directive deals with the fight against corruption carried out by public officers on a European and international scale.

IT applications dedicated to Compliance

Various IT applications have been developed with the aim of ensuring compliance with current regulations (*e.g.* the fight against terrorism and money laundering) and the detection of abuses wherever possible. Examples of such applications include:

- tools used to filter customer files and international transactions in order to detect those persons with a suspected involvement in terrorist activities;
- behavioral analysis tools to facilitate the detection of suspicious transactions in the bank's retail and private banking activities;
- an alert management and check surveillance tool;
- a tool for managing lists of insiders;

- a tool for helping to detect market abuses (price manipulation and insider trading), which will be deployed and expanded to include operations outside France.

2007 Highlights

Reinforcement of the compliance structure

Societe Generale further reinforced the Group's resources for prevention and compliance risk management in 2007.

Central Compliance Department numbers in Paris increased to 45 in 2007. While money laundering and compliance issues are the responsibility of all employees, the Group also employs 570 full-time employees to monitor the potential risks therein.

Furthermore, seminars on compliance and ethics were organised on an international scale for the key compliance managers, with a view to optimising the sharing of experiences and expertise.

Additional resources for the prevention of money laundering

In light of the increasingly stringent regulatory requirements being imposed, and the accompanying increase in the workload of the anti-money laundering cell, Societe Generale Group has also continued its efforts to reinforce the resources dedicated to the prevention of money laundering and against the financing of terrorism by:

- developing new tools to improve the processing of cases;
- setting up investment banking correspondents within the different business lines;
- drawing up a new anti-money laundering directive for the international network;
- finally, improving the quality of the warnings issued by behavioral analysis tools.

Continued efforts to train staff

Over the whole Group worldwide, staff training represented a total of 257,000 hours in 2007.

New online training products were also designed on the topic of compliance and client relations, conflicts of interest and information management, and on the application for managing the list of insiders.

The Group also held a seminar attended by 250 anti-money laundering correspondents in its network in 2007 in order to further deploy training across the retail banking network in France.

Implementation of obligations resulting from the transposition of the European Markets in Financial Instruments Directive (hereafter "MiFID")

The Group's various entities affected by MiFID worked diligently all throughout 2007 on the obligations resulting from the transposition of the directive. MiFID led to changes in many areas: the structure of the financial markets, the organisational rules applicable to Investment Service Providers (hereafter ISPs) and the rules of good conduct that ISPs must follow in their client relations.

The principle changes to the rules of good conduct were as follows:

- ISPs are required to assess their existing and potential clients to determine the appropriateness and adequacy of the financial products and services offered, which obligates them to collect a certain amount of information prior to the provision of investment services. ISPs are now required to place their clients in different categories and to notify them of their designated category;
- ISPs must comply with the obligation of "best execution", which requires them to take a series of criteria into consideration with the aim of obtaining the best possible result in executing orders for their clients. An order execution policy was defined for the relevant Societe Generale Group entities and these entities are required to bring this policy to the attention of their clients and to keep it up to date.

In accordance with the regulations resulting from MiFID, Societe Generale adopted a system whereby the Group applies its own standards guaranteeing an appropriate level of protection for each client category (higher protection for non-professional clients, less extensive protection for professional clients).

More specifically, as regards the retail banking activity, the commissions charged on savings products (excluding passbook accounts) were eliminated to comply with the policy on the management of conflicts of interest and to better guarantee that clients receive investment advice tailored to their requirements, in accordance with regulations.

To ensure that all relevant Societe Generale staff members are thoroughly familiar with the new rules to be applied, special training courses were offered on the new obligations set forth by MiFID.

2008

Following the uncovering of an exceptional fraud, the decision was made to reinforce training dedicated to fraudulent risk.

COMPLIANCE

Subsequent to the amendment of regulation No. 97-02 of the French Banking and Financial Regulation Committee (CRBF) by decree in March 2005, the Group's compliance structures were modified in January 2006, with a distinction made between permanent and periodic control structures. Coordination between the two is entrusted to a Chief Executive Officer assisted by the Internal Control Coordination Committee (CCCI) which meets every quarter.

Independent compliance structures have also been set up within the Group's different businesses around the world in order to identify and prevent any risks of non-compliance.

The Group's Corporate Secretary is Group Head of Compliance (RCOG). He supervises all compliance structures and procedures with the help of a Group Compliance Committee (CCG) which he chairs and which meets every month. Each branch, business line or major subsidiary has the same type of pyramid structure which is managed by clearly designated individual heads of compliance (RCOs). The RCOs of the various branches report to the Group Head of Compliance and are part of the CCG alongside the heads of the Group's functional divisions.

The RCOs contribute to the identification and prevention of compliance risks, the validation of new products, the analysis and reporting of anomalies and the implementation of corrective measures, staff training and the promotion of compliance values throughout the Group.

9 RISK MANAGEMENT

The main risks incurred on banking activities are the following:

- **credit risk** (including country risk): risk of loss arising from the inability of the bank's customers, sovereign issuers or other counterparties to meet their financial commitments;
- **market risk**: risk of loss resulting from changes in market prices and interest rates, from the correlations between these elements and from their volatility;
- **operational risks** (including legal, compliance, accounting, environmental and reputational risks): risk of loss or fraud or of producing inaccurate financial and accounting data due to inadequacies or failures in procedures and internal systems, human error or external events;
- **structural risk**: risk of loss or of residual depreciation in the bank's balance sheet arising from variations in interest or exchange rates;
- **liquidity risk**: risk of the Group not being able to meet its commitments at their maturities.

Societe Generale dedicates significant resources to constantly adapting its risk management to its increasingly varied activities. These modifications were implemented in compliance with the two fundamental principles of banking risk management, as stipulated in regulations 1997-02, 2001-01 and 2004-02 of the *Comité de la Réglementation Bancaire et Financière* (French Banking and Financial Regulation Committee):

- risk assessment departments are completely independent from the operating divisions;
- a consistent approach to risk assessment and monitoring is applied throughout the Group.

The Group's risk function comprises 2,700 staff dedicated to risk management activities.

The Risk Division at Societe Generale Head office employs 700 staff members, while a further 2,000 are employed throughout the Group to monitor risk exposure within the French network branches and subsidiaries.

The Risk Division is completely independent from the Group's operating entities and reports directly to the General Management. Its role is to contribute to the development and profitability of the Group by ensuring that the risk management framework in place is both sound and effective. It employs various teams specializing in the operational management of credit and market risk as well as risk modeling teams, IT project managers, industry experts and economic research teams.

This Division:

- defines and validates the methods used to analyze, assess, approve and monitor credit risks, country risks, market risks and operational risks;
- conducts a critical review of sales strategies for high-risk areas and permanently seeks to improve the forecasting and management of all such risks;
- contributes to the independent assessment by validating credit risk transactions and by taking position on obligors proposed by sales managers;
- identifies all Group risks and monitors the adequacy and consistency of risk management information systems.

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

Structural interest rate, exchange rate and liquidity risks, as well as the Group's long-term refinancing, capital requirements and capital structure are managed by the Group Finance Department.

A systematic review of the bank's key risk management issues is carried out during the monthly meetings of the Risk Committee (CORISQ), which comprises members of the Executive Committee, the heads of the business lines and the Risk Division managers.

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

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

CREDIT RISKS

Risk approval

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

The risk approval process is based on five core principles:

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

The Risk Division has a specialized department for financial institutions, which aims to heighten the Group's expertise in this client segment by centralizing the teams in charge of analyzing the quality of the Group's counterparties and approving the exposure limits allocated to all entities and business lines.

The Risk Committee regularly carries out a cross-business assessment of existing or potential concentrations within the Group's portfolio. The management of the Group's concentration risks is based on procedures that include a system for analyzing exposure by risk category, correlation studies and stress-test models that estimate the potential losses on different segments of the portfolio in the event of a crisis.

The Risk Division submits recommendations to the Risk Committee on the concentration limits it deems appropriate, at any given moment, for particular countries, geographic regions, sectors, products or customer types, in order to reduce cross-business risks with strong correlations.

The definition of country risk limits is intended to assign an appropriate exposure limit to each emerging market, on the basis of the risk incurred and the expected return on transactions in each country. The allocation of limits is subject to final approval by Group's General Management and is based on a process that involves those business divisions exposed to risk and the Risk Division.

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

Risk management and audit

All Group operating units, including the trading rooms, are equipped with information systems enabling them to check, on a daily basis, that the exposure limits set for each counterparty have not been exceeded.

In addition to this day-to-day management of risks, a second level of control is performed by the head office operating divisions, using the Group-wide risk information system developed in recent years. This system centralizes nearly all commitments borne by the operating entities in a single database, consolidates exposure by counterparty and reconciles this exposure with the corresponding authorizations. It also provides source data for the portfolio analyses (by country, industry, type of counterparty, etc.) which are fundamental to an active risk management strategy.

Changes in the quality of outstanding commitments are reviewed at regular intervals and at least once a quarter, as part of the "watch list" and provisioning procedures. These reviews are based on contradictory analyses performed by the business divisions and the risk function. Furthermore, the Risk Division also carries out file reviews or risk audits in the Group's business divisions. In addition, the Group's General Inspection Department performs regular risk audits and reports its findings to the Group General Management.

The Audit Committee attached to the Group's Board of Directors is periodically informed of major changes in risk management methods and procedures, as well as in provisioning requirements. The Committee is presented with an overview of Group risks at least twice a year. It examines the risk audit, drawn up under amended article 43 of regulation 1997-02 of the French Banking and Financial Regulation Committee, before it is submitted to the Board of Directors.

Risk measurement and internal ratings

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

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

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

- the internal ratings models used by both the sales function, which proposes the ratings, and the risk function, which validates them. These models are used to quantify the following risks:
  - counterparty risk (expressed as a probability of default by the borrower within one year);
  - transaction risk (expressed as the amount that will be lost should a borrower default);
- a body of procedures which covers banking principles and the rules for using the models (scope, frequency of rating revision, procedure for approving ratings, etc.);
- the human judgment of those involved in the ratings process who apply the models in compliance with the relevant banking principles and bring their expertise in drawing up the final ratings.

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

Credit approval

Societe Generale Group systematically performs a quantitative analysis of the counterparty and transaction risks in all credit applications and these two parameters, along with all of the other elements of a credit application, are factored in by those approving the loan.

The instructions governing loan applications have therefore been revised, with counterparty ratings now taken into consideration when determining the loan approval limits that apply to operational staff and the risk function.

Portfolio analysis

The portfolio analyses and studies carried out by the risk function have been based, for several years now, on common rating scales (with respect to transaction, counterparty, country sector, business line on to the portfolio as a whole) that apply throughout the Group.

Quantifying these risks allows for regular stress tests to establish the bank's policy priorities in the event of a downturn in the economic and financial climate (proactive management of the portfolio, assessment of provisioning needs, etc.).

Drawing on the excellent coverage of rating and data systems, the overall portfolio reviews represent the best way to establish the Group's risk profile.

The results of these analyses are submitted to the Risk Committee on a regular basis, enabling it to substantially improve on the management (follow-up, control) of the risks the bank is exposed to.

Rating models for Group credit risk

2007 was a particularly important year for the Group's IRBA validation (the most advanced method under the Bale II reform for calculating capital requirements for credit risk).

To this end, the rating models applied to the main credit portfolios have been thoroughly audited and revised to be operational and to satisfy the «use test criteria» and the technical conditions required by the regulations.

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

The systems for measuring Probability of default and Loss Given Default are now in the optimization phase for all of the credit portfolios under the IRBA scope.

Group rating system governance

The rating system will play a key role in the calculation of regulatory capital requirements. Societe Generale Group established Group rating system governance principles in 2007, with the aim of reinforcing the steps required to validate and manage the performance of its rating system.

In conjunction with the audit teams, the credit risk model control function carried out a comprehensive review of the main Probability of Default and Loss Given Default models developed by the modeling entities (whether integrated within the Risk Division or the Business Divisions).

Reports based on these reviews were submitted to the Group Risk Committee, thus providing a means of monitoring the coverage and performance of the rating system for the main portfolios (Corporates, Financial Institutions, SMEs and Retail Banking).

The governing bodies for all the operational aspects therein are the Validation Committees (combining both the Business Divisions and the Risk Division) charged with the permanent supervision of the models and the rating system.

Validation of the rating system – Pillar 1

By mid-2007, the efforts made by the Group, since 2003, to implement the Basel II reform led to the filing of a request with the French Banking Commission for the use of the IRBA method for most of the Group's credit portfolio. Following the results of an audit by the Banking Commission's General Inspection Department in late 2007, the Banking Commission approved this request.

Basel II guidance project – Pillar 2

In order to lay the groundwork for the changes resulting from the Basel II reform in capital management and risk measurement, a series of projects has been launched in conjunction with the Group Finance Department. These projects are part of Pillar 2 of the reform, aimed at better establishing the sensitivity of regulatory capital to the conditions of the economic cycle. In addition, a global stress test project incorporating the Group's entire risk profile was initiated as a means of measuring, within a coherent framework, the consequences of economic crises on capital ratios and identifying methods for managing financial equilibrium.

Replacement risk

Societe Generale has devoted substantial resources to the development and implementation of effective tools for measuring and monitoring counterparty risk on market transactions. This risk, known as replacement risk, corresponds to the mark-to-market value of transactions with counterparties, and represents the current cost of replacing transactions with a positive value to the Group should the counterparty default.

In order to quantify its replacement risk exposure, the bank models the future mark-to-market value of transactions with counterparties, taking into account any netting and correlation effects.

This is achieved using Monte Carlo simulations which calculate the future behavior of several thousand risk factors affecting the mark-to-market valuations of different market products.

The simulations are obtained from statistical models constructed by the Risk Division on the basis of a historical analysis of market risk factors. The price of each transaction is then recalculated for each scenario obtained using the simulation method.

Societe Generale uses two indicators to characterize the subsequent given distribution:

- one indicator that reflects the average risk incurred (the current average risk). This indicator is particularly suited to an analysis of the risk exposure on a portfolio of clients or on a particular sector;
- an extreme risk indicator, corresponding to the largest loss that would be incurred in 99% of cases. This indicator, referred to as the Credit VaR (or CVaR), is used to define the replacement risk limits for individual counterparties.

Societe Generale has also developed a series of stress tests used to calculate the instantaneous exposure linked to changes in the mark-to-market value of transactions with all of its counterparties in the event of an extreme shock to one or more market parameters.

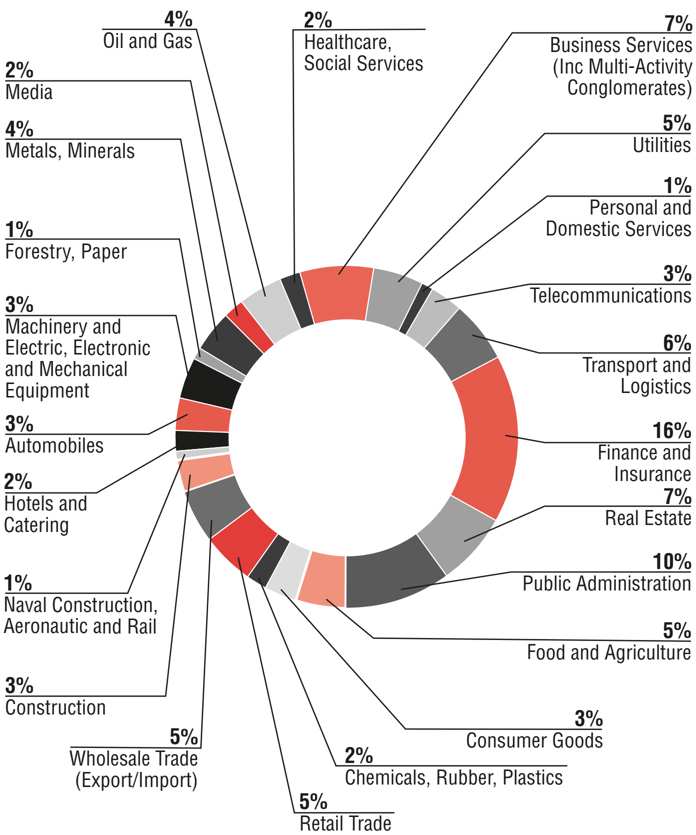
Credit portfolio analysis

Outstanding on individual and business customers

At December 31, 2007, on- and off-balance sheet loans (gross of provisions and excluding securities purchased under resale agreements) granted by Societe Generale Group to its non-banking clients totaled EUR 461 billion (including EUR 326 billion in outstanding balance sheet loans).

The Group's commitments on its ten largest corporate counterparties accounted for 5% of this portfolio.

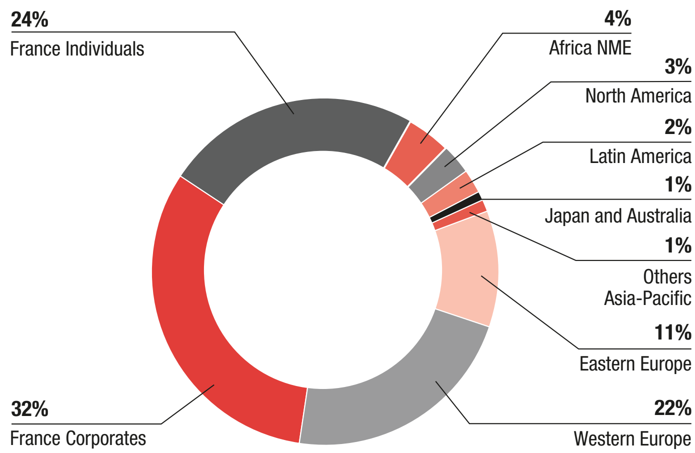
BREAKDOWN OF SOCIETE GENERALE COMMERCIAL OUTSTANDING BY INDUSTRY AT DECEMBER 31, 2007 (EUR 356 billion, EXCLUDING INDIVIDUALS)



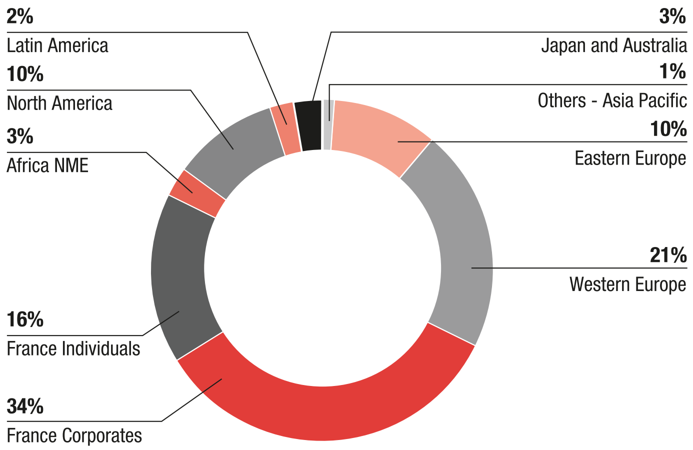
The Group's loan portfolio is highly diversified in terms of sectors, and generally matches the structure of global GDP. Only one sector accounts for more than 10% of total Group outstanding (finance excluding banks), and is characterized by a moderate cost of risk.

BREAKDOWN OF SOCIETE GENERALE OUTSTANDING LOANS TO NON-BANKING CUSTOMERS BY GEOGRAPHIC REGION AT DECEMBER 31, 2007 (INCLUDING INDIVIDUALS)

BALANCE SHEET COMMITMENTS (EUR 326 billion):

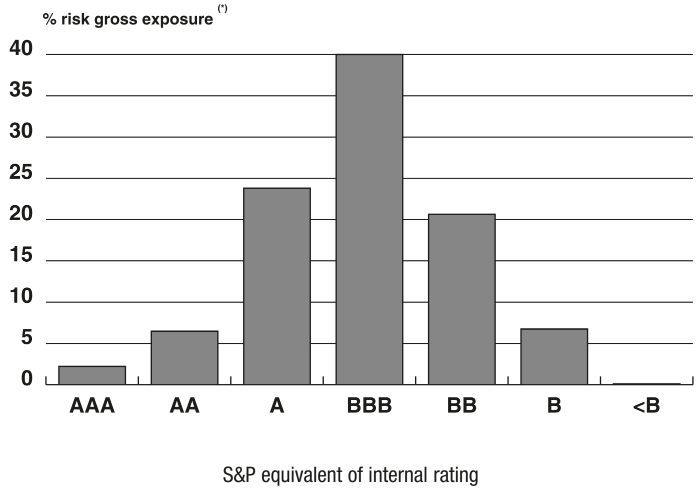


ON- AND OFF-BALANCE SHEET COMMITMENTS (EUR 461 billion):



At December 31, 2007, 84% of Societe Generale Group's on- and off-balance sheet outstanding loans were concentrated in the major industrialized countries. Half of the global amount of loans was to French customers (34% to corporates and 16% to individual customers).

BREAKDOWN OF RISK BY RATING FOR SG CIB CORPORATE CLIENTS AT DECEMBER 31, 2007



* *Borrower, issuer and replacement risk on rated counterparties; excluding equity investments, securitization and doubtful loans.*

The above chart shows SG CIB's performing commitments to corporate customers, broken down by their internal risk ratings which, for ease of reference, are presented as their S&P equivalents.

The scope includes all SG CIB performing clients except for Central Banks, Financial Institutions and Sovereigns.

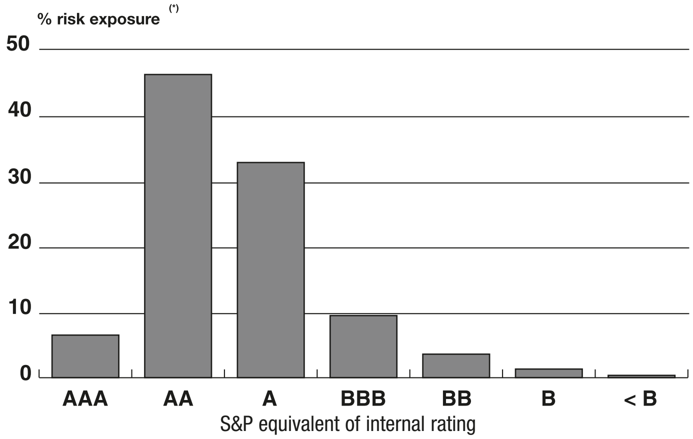
The gross amount of commitments gives the total counterparty risk (borrower, issuer, replacement) incurred on these client groups. At year-end 2007, it stood at EUR 154 billion, excluding equity investments (EUR 0.5 million) and securitization.

At December 31, 2007, most of the portfolio (73%) was investment grade.

Transactions with non-investment grade counterparties are often mitigated by guarantees and collaterals in order to reduce the risk incurred.

Commitments on banking counterparties

BREAKDOWN OF RISK* BY INTERNAL RATING FOR GROUP BANKING CLIENTS AT DECEMBER 31, 2007



* *Gross borrower and issuer risk and replacement risk (expressed in CvaR) totaling EUR 76.5 billion at December 31, 2007, excluding doubtful loans.*

The breakdown of commitments on banking counterparties by rating reveals that the loan portfolio is largely composed (95%) of institutions rated as investment grade.

This breakdown is based on an internal counterparty rating system, presented as their S&P equivalent.

Outstanding on emerging markets

The Group's outstanding on corporate and individual customers in emerging markets is subject to limits validated on an annual basis by the General Management. These commitments account for 7% of the credit portfolio, net of guarantees.

At December 31, 2007, more than 60% of the Group's unprovisioned outstanding loans were to customers of the Retail Banking division (which has good risk diversification), with the remainder relating to its Corporate and Investment Banking arm.

RETAIL BANKING

In Retail Banking, the Group net outstanding totaled EUR 17.1 billion at December 31, 2007, up from EUR 12.2 billion at December 31, 2006 on a like-for-like basis (excluding Romania and Bulgaria, which joined the EU on January 1, 2007 and which accounted for EUR 6.6 billion at December 31, 2006). Furthermore, commitments in the amount of EUR 1.5 billion are covered by specific provisions. This portfolio covers 17 countries in four regions (Eastern Europe, the Mediterranean Basin, French-speaking Africa and South America). The majority of the corresponding commitments are denominated in their local currency and refinanced locally.

CHANGE IN NON-BANKING EXPOSURE ON EMERGING MARKETS [1] (IN BILLIONS OF EUROS, EXCLUDING ROMANIA AND BULGARIA AND INCLUDING NEW ACQUISITIONS) RETAIL BANKING

	Dec. 31, 2007	Dec. 31, 2006
Individual customers	6.7	4.5
Business customers	10.4	7.7
Total	**17.1**	**12.2**

CORPORATE AND INVESTMENT BANKING

In Corporate and Investment Banking, the residual part of the Group's outstanding, not covered by specific provisions or guarantees (ECA, cash collateral), stood at EUR 11.5 billion at December 31, 2007 (73% of which were loans to counterparties in investment grade countries) versus a figure of EUR 10.3 billion in 2006.

CHANGE IN NON-BANKING EXPOSURE ON EMERGING MARKETS [2] EXCLUDING ROMANIA AND BULGARIA (IN BILLIONS OF EUROS) CORPORATE AND INVESTMENT BANKING

	Dec. 31, 2007	Dec. 31, 2006
Reduced country risk [3]	2.3	2.5
Standard country risk [4]	2.3	2.2
Strong country risk [4]	6.9	5.6
Total	**11.5**	**10.3**

Furthermore, outstanding loans covered by specific provisions amounted to EUR 0.1 billion.

Outstanding loans to counterparties in Russia

The Group's operations in Russia include retail banking, via its universal banking activities, as well as specialized financing and corporate and investment banking. Outstanding loans to counterparties in Russia stood at EUR 8.2 billion at December 31, 2007 versus EUR 3.9 billion at end-2006. Furthermore, the Group announced its decision in December to exercise its option on 30% of the capital in Rosbank, in which it had acquired a 20% stake in 2006.

Provisions, provisioning policy and hedging of credit risk

Management of the credit portfolio

ORGANIZATION

Seven years ago, the Group's Corporate and Investment Banking Division set up a special department to manage its credit portfolio, known as CPMC, or Credit Portfolio Management Corporate. Working in close cooperation with the Risk Division and business lines, this unit aims to reduce excessive portfolio concentrations and react quickly to any deterioration in the credit quality of a particular counterparty.

Concentrations are measured using an internal model and individual concentration limits are defined for larger exposures.

Exceeded concentration limits are managed by reducing exposure, hedging positions using credit derivatives and/or selling assets.

CREDIT DERIVATIVES

The Group uses credit derivatives in the management of its corporate loan portfolio, essentially to reduce single name, sector and geographic concentrations, and to implement a proactive risk and capital management policy.

The Group's overconcentration management policy has led it to take major individual hedging positions: for example, the ten most-hedged names account for EUR 6.4 billion in protection (i.e. 27% of the total amount of individual protections), of which EUR 0.8 billion for the most-hedged name.

The notional value of credit derivatives purchased for this purpose is booked in the off-balance sheet commitments under guarantee commitments received (positions are almost exclusively long positions).

In 2007, total credit derivatives under management increased by EUR 24.1 billion, reaching a total of EUR 50.5 billion at end-December: EUR 24.0 billion in the form of Credit Default Swaps (CDS) and EUR 26.5 billion in the form of synthetic Collateralized Debt Obligations (CDOs). The increase in size of the portfolio is due to new CDS and structured transactions covering pools of exposures.

In 2007, there was no sale of protections.

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

(1) On- and off-balance sheet net of specific provisions.
(2) On- and off-balance sheet net of specific provisions and guarantees (ECA, Cash collateral).
(3) Transactions where the structure reduces the country risk, without eliminating it (export prefinancing with offshore payment, political risk insurance, participation in financing extended by international financial institutions).
(4) Short-term transactions or transactions partially covered (contribution to financing by international financial institutions, covered by non G10 ECA).

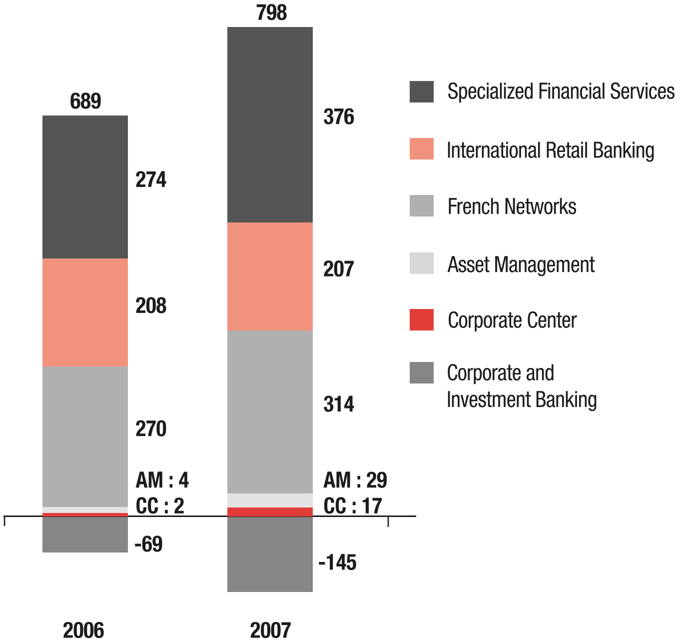
Provisions for credit risks at December 31, 2007

The Group's total provisions for the cost of risk (excluding provisions for legal disputes) amounted to EUR 798 million in 2007, compared with EUR 689 million at December 31, 2006.

The annual cost of risk remains low and stable at 25 bp of risk-weighted assets, despite the current financial situation on the markets. This is largely due to the fact that the impacts of the US residential mortgage crisis primarily materialized as a decline in net banking income.

Our credit portfolio suffered no setbacks in spite of the correction on the credit market. The portfolio of consumer loans in emerging countries continued to grow in 2007.

CHANGE IN GROUP PROVISIONING IN 2007 (EXCLUDING PROVISIONS FOR LEGAL DISPUTES)



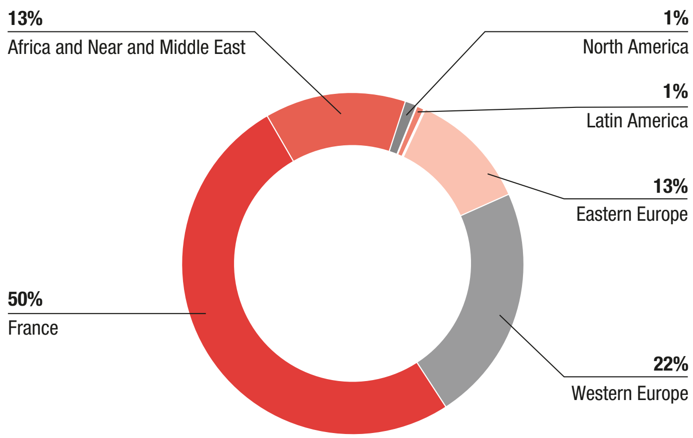
The main changes in the cost of risk compared to the 2006 fiscal year were as follows:

- stable in the French Networks at 28 bp (vs. 27 bp in 2006);
- low cost of risk in International Retail Banking: 44 bp in 2007 vs. 55 bp in 2006, below the 60-80 bp range expected in such a business given its current mix;
- cost of risk at 89 bp for Financial Services vs. 73 bp in 2006, resulting from the integration of acquisitions and from changes in the business mix, with the growing presence of consumer credit, especially in emerging countries;
- lower cost of risk in Corporate and Investment Banking due to significant write-backs in 2007.

Specific provisions for credit risks

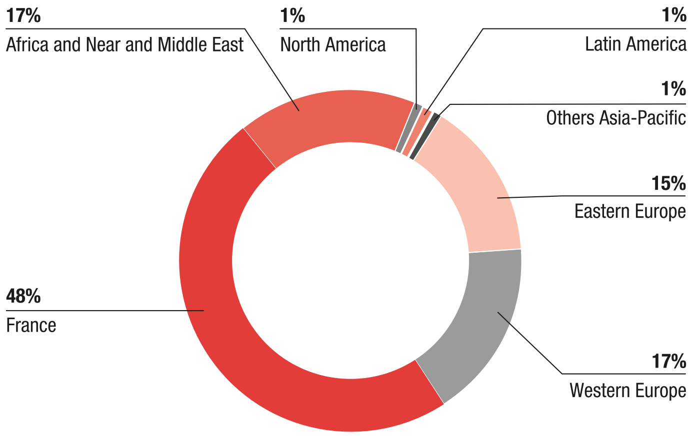
Provisions for credit risk are primarily booked for doubtful and disputed loans. At December 31, 2007, these amounted to EUR 11.4 billion.

BREAKDOWN OF DOUBTFUL AND DISPUTED LOANS BY GEOGRAPHIC REGION AT DECEMBER 31, 2007



Total doubtful and disputed loans: EUR 11.4 billion.

BREAKDOWN OF THE STOCK OF PROVISIONS BY GEOGRAPHIC REGION AT DECEMBER 31, 2007



Total stock of provisions: EUR 6.8 billion, excluding portfolio-based provisions.

These loans were provisioned for an amount of EUR 6.8 billion at December 31, 2007, giving a coverage ratio of 59%.

Portfolio-based provisions

At December 31, 2007, the Group's total portfolio-based provisions amounted to EUR 909 million against EUR 1,033 million at December 31, 2006.

Portfolio-based provisions are collective provisions booked:

- for groups of receivables which are homogenous in terms of sensitivity to risk factors (lists of counterparties in financial difficulty, identified as sensitive);
- for portfolio segments which have suffered an impairment in value following a deterioration of their risk profile (country or sector risk).

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

Portfolio-based provisions are reviewed quarterly by the Risk Division.

HEDGE FUNDS

Growth in assets managed by hedge funds continued in 2007 despite the market turbulence linked to the US residential mortgage crisis. Indeed, Societe Generale expanded its relations with this segment, without the difficulties encountered by certain funds causing any credit problems for the Group's activities. Hedge funds are still major players in the financial markets and therefore an important client segment for our business lines. The Group also sells hedge funds to its clients as investment vehicles.

Hedge funds generate specific risks due to the lack of regulations governing their activities and the strong correlation between credit and market risk. As a result, Societe Generale has adopted a specific risk management system based on the following four components:

- stress tests to measure market risk and the risk associated with financing transactions guaranteed with shares in hedge funds;
- due diligence and monitoring of hedge fund performances following the procedures and methods validated by the Risk Division;
- a ratings model based on data collected during due diligence procedures and reviewed annually;
- the centralization of all risk exposure on hedge funds with the Risk Division which monitors counterparty and market risk on a daily basis.

All activities with hedge funds, throughout the Group, are governed by a set of global limits set by the Chairman, notably including:

- a Credit VaR limit which controls the maximum replacement risk;
- a stress test limit governing market risk and risks related to financing transactions guaranteed by shares in hedge funds.

MARKET RISKS

Organization

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

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

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

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

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

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

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

Methods of measuring market risk and defining exposure limits

Societe Generale Group's market risk assessment is based on three main indicators, which are used to define exposure limits:

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

The 99% Value at Risk (VaR) method

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

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

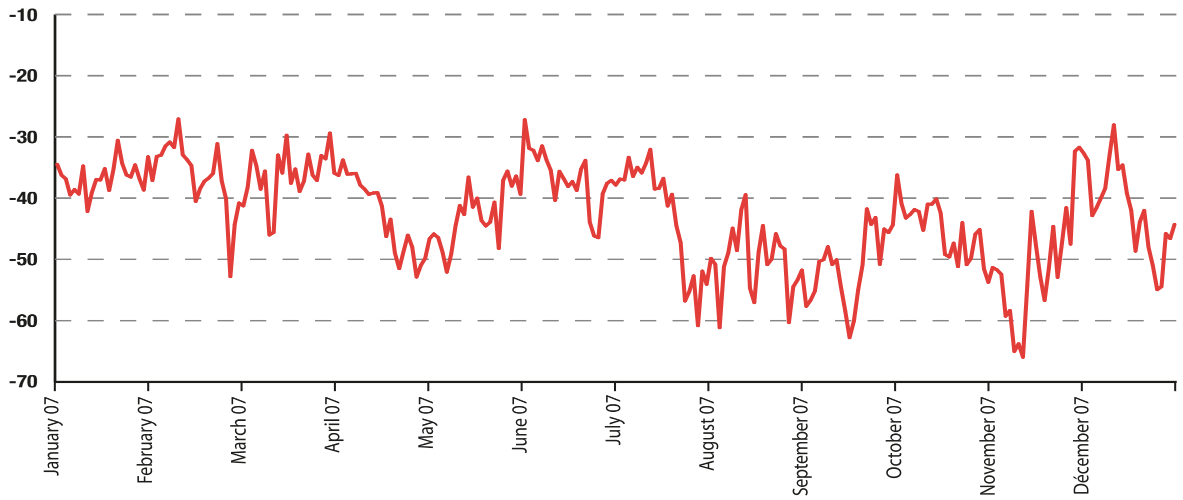
- the creation of a database tracing the risk factors which are representative of Societe Generale's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). On the whole, VaR is calculated using a database of several thousand risk factors;
-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

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

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

Value at Risk in the Group's trading activities, across the full scope of activities monitored, evolved as follows in 2007:

TRADING VAR (TRADING PORTFOLIOS)
CHANGES IN THE TRADING VAR DURING 2007 (1-DAY, 99%) IN MILLIONS OF EUROS



BREAKDOWN OF TRADING VAR BY TYPE OF RISK – CHANGE BETWEEN 2006 AND 2007 IN MILLIONS OF EUROS

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

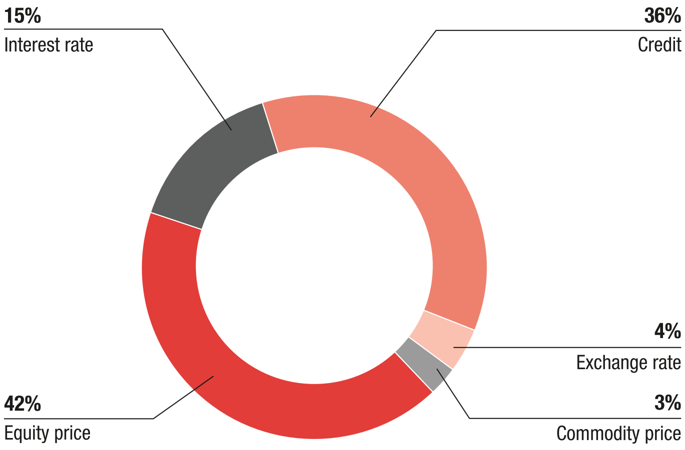
** Compensation is not material since the potential minimum and maximum losses do not occur on the same date.*

The figures for 2007 do not include the positions related to unauthorized and concealed activities (cf. chapter 10 –Consolidated Financial Statements- Note 40).

Average VaR came out at EUR 43 million in 2007 versus an average of EUR 25 million for 2006.

This EUR 18 million increase can be primarily attributed to a rise of EUR 16 million in "credit" VaR, directly related to the very volatile scenarios observed in 2007, and by a rise of EUR 15 million in "equity" VaR, derived mainly from the aforementioned refinement of the VaR calculation method. Both increases were partially offset by a clear improvement (EUR 14 million) in compensation between the different types of risks.

BREAKDOWN OF TRADING VAR BY TYPE OF RISK – 2007

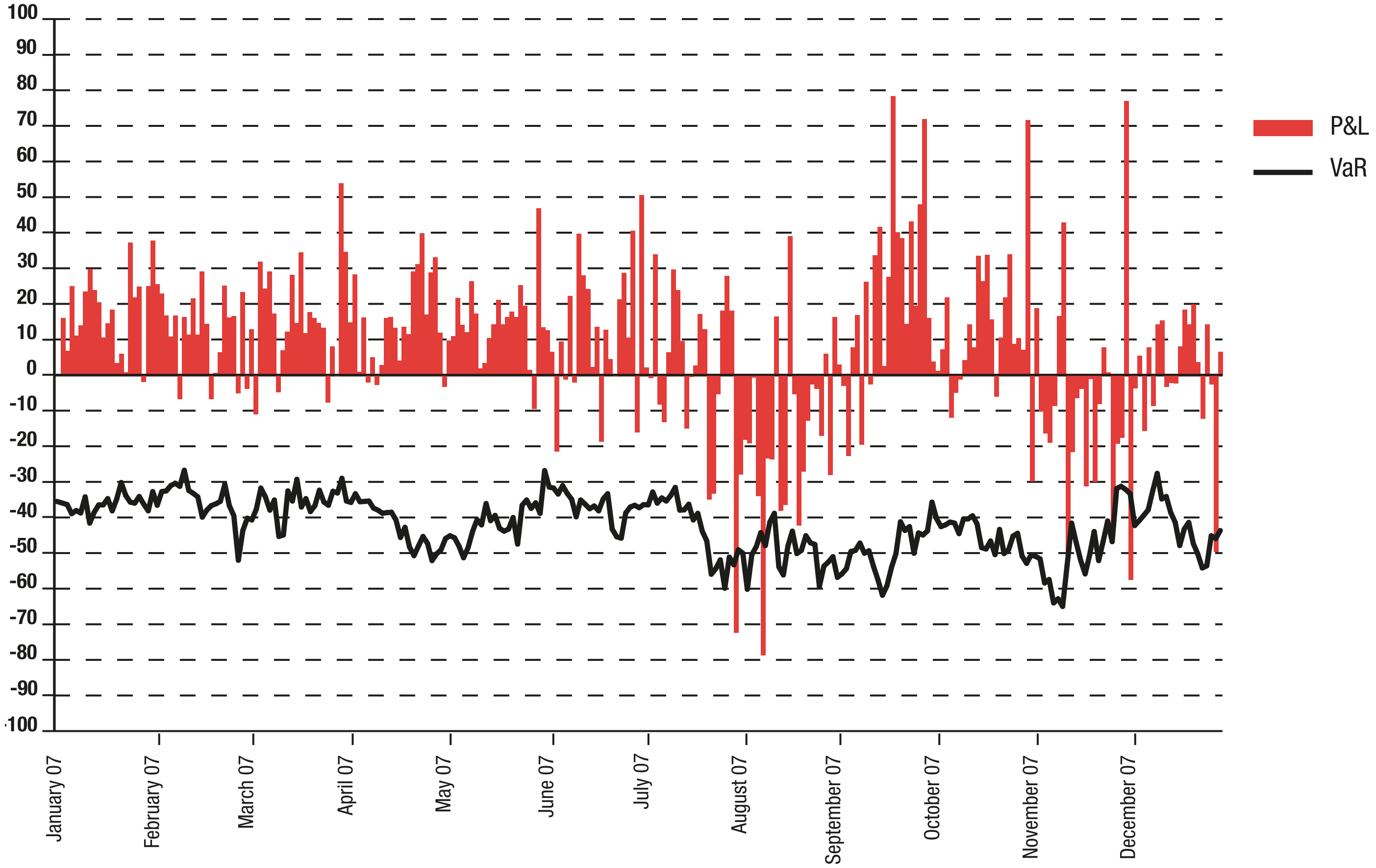


Limitations of the VaR assessment

VaR assessment is based on a model and a certain number of assumptions and approximations. Its main limitations are as follows:

- the use of "1-day" shocks assumes that all positions can be unwound or hedged within one day, which is not the case for some products and in some crisis situations;
- the use of the 99% confidence interval does not take into account any losses arising beyond this interval; the VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptionally large fluctuations;
- VaR is calculated using closing prices, so intra-day fluctuations are not taken into account;
- there are a number of approximations in the VaR calculation. For example, benchmark indexes are used instead of certain risk factors and, in the case of some activities, not all of the relevant risk factors are taken into account which can be due to difficulties in obtaining daily data.

VAR BACK-TESTING USING THE REGULATORY SCOPE DURING 2007 – VAR (1-DAY, 99%) IN MILLIONS OF EUROS



The Group counters these limitations by:

- systematically assessing the relevance of the model by back-testing to verify that the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval. The chart above shows the back-testing of the VaR for the regulatory scope. In 2007, the total daily loss exceeded the VaR on four occasions which is slightly above the 99% confidence interval used (2 to 3 occasions per year);
- supplementing the VaR system with stress-test measurements.

The Stress Test model

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

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

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

The list of scenarios used was reviewed in 2007. No scenarios were withdrawn or added as a result of this review.

HISTORICAL STRESS TESTS

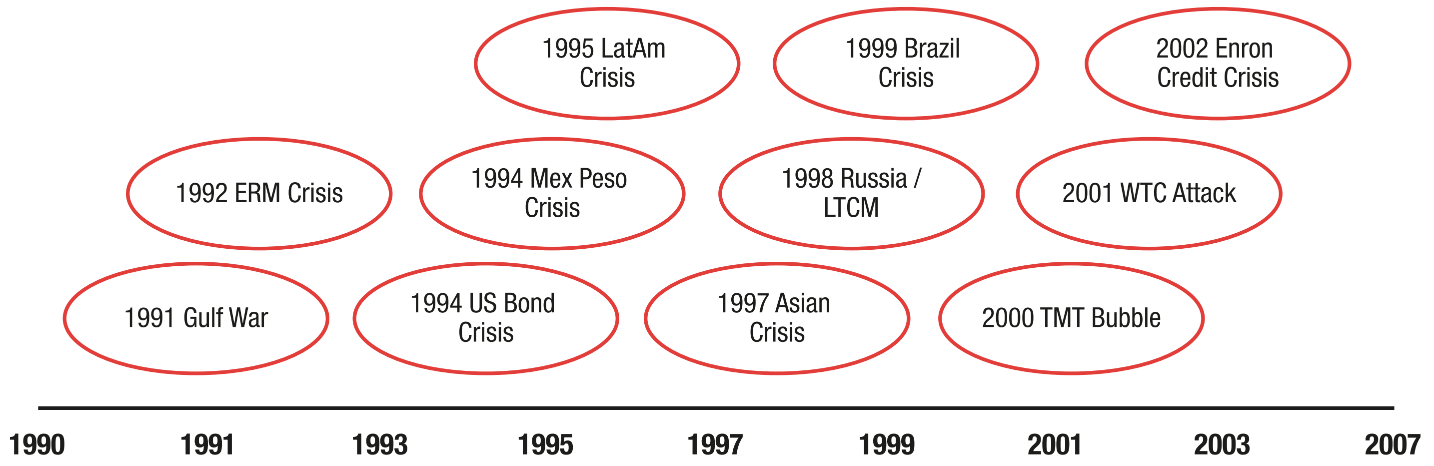
This method consists of an analysis of the major economic crises that have affected the financial markets since 1990. The changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises are analyzed in order to define scenarios for potential variations in these risk factors which, when applied to the bank's trading positions, could generate significant losses. Using this methodology, Societe Generale has established 18 historical scenarios.

HYPOTHETICAL STRESS TESTS

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

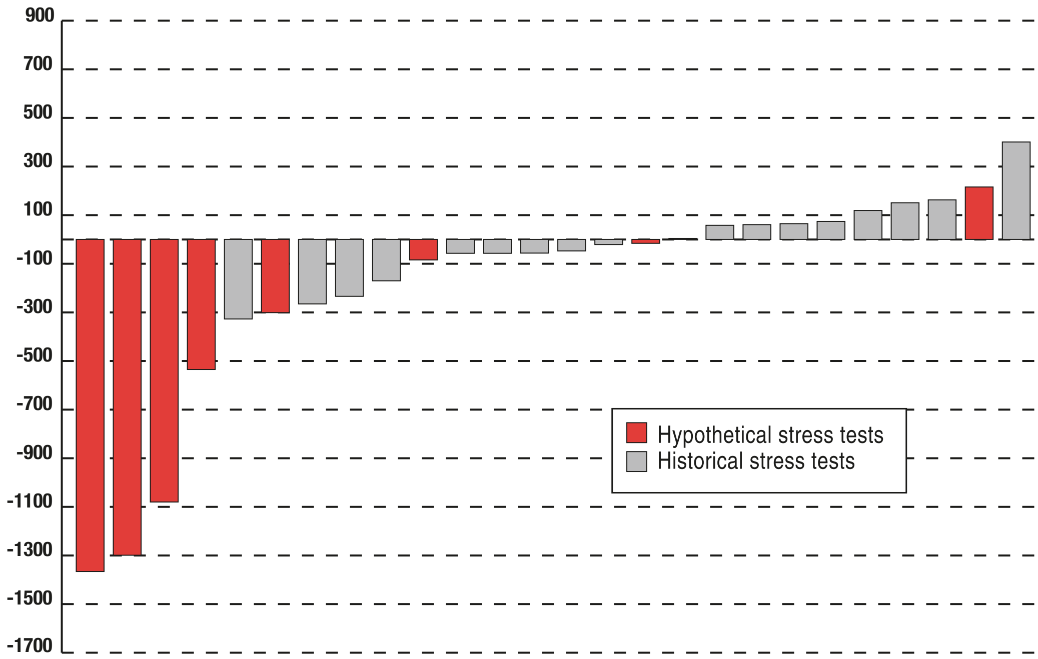
Results at December 31, 2007

Societe Generale applied each of these scenarios to its trading positions at December 31, 2007 and obtained the results indicated in the chart below:



The highest potential loss (around EUR 1,300 million) corresponds to very severe or extreme shocks to the prices of all asset classes held by the bank (*e.g.* fall of between 15% and 30% in the global stock market indexes, etc.). Moreover, the probability of such stress scenarios, which involve simultaneous shocks to the prices of all financial assets over a period of a few days, is several times lower than that of a decennial shock.

STRESS TESTS AT DECEMBER 31, 2007



US RESIDENTIAL MORTGAGE MARKET

The second half of 2007 was affected by a crisis involving all financial instruments related to the residential mortgage market in the United States.

Relatively unaffected through its direct exposure to this sector (limited direct exposure to US originators of commercial real estate loans, no direct origination activity for individual real estate loans in the United States), following the gradual deterioration in the market environment, the Societe Generale Group was impacted mainly on:

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

RMBS trading positions

The subprime RMBS portfolio, directly valued using observable market parameters, was widely hedged through the acquisition of protection on ABX indexes, or sold. On December 31, 2007, exposure to RMBS, totaled EUR 184 million after write-downs (EUR 49 million of nominal exposure, sensitivity hedged and EUR 135 million covered by monoline insurance). The RMBS trading portfolio has generated in 2007 a loss of EUR -325 million recorded in *Net banking income.*

Positions on US residential mortgage-backed super senior CDO tranches

At December 31, 2007, the total amount of write-downs came out at EUR -1,250 million, recorded in the income statement under net banking income.

CUMULATIVE LOSSES ON CDO SUBPRIME ASSETS AND SENSITIVITY ANALYSIS

	2005	2006	2007		Impact on NBI
Assumptions on cumulative losses for Q3 07	9.1%	14.6%	14.5%	→	EUR -167 m for 9M 2007
Assumptions on cumulative losses for Q4 07	9.0%	23.0%	25.0%	→	EUR -1,250 m for FY 2007

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

(1) Impact at average Q4 07 exchange rate.

Assumptions on total losses for the US residential mortgage sector: about USD 350 billion.

The CDO tranches were valued with a model used to value underlyings on the basis of default parameters, loss given default, early repayment rates and default horizon. The results obtained using the model were supplemented with an approach designed to reflect the illiquidity of the tranches in question. The valuations obtained were in line with the valuation levels of the ABX indexes at December 31, 2007, where the comparison of underlyings is relevant. More specific and detailed information on the valuation of these instruments can be found in Note 3 to the financial statements.

DEPRECIATION RATE IN SUBPRIME RMBS IN THE SUPER SENIOR CDO TRANCHES

		Depreciation rate based on credit stress test	Depreciation rate based on ABX indexes
2005 vintage		- 25%	NA
2006 & 2007 vintages	A and above	- 62%	- 57%
	BBB and below	- 100%	- 82%

The CDO tranches of CDOs were also fully depreciated.

EXPOSURE TO US RESIDENTIAL MORTGAGE RISK

	CDO: super senior AAA tranches		
	Portfolio No. 1	Portfolio No. 2	Portfolio No. 3
Gross exposure at Dec. 31, 2007 (in millions of euros)	1,401	1,736	1,717
Attachment point	31%	15%	32,%
Underlying	mezzanine	high grade	mezzanine
% of underlying subprime assets	84%	53%	73%
o/w originated in 2005 (and earlier)	53%	20%	62%
in 2006	31%	20%	6%
in 2007	1%	12%	5%
Write-downs recorded in 2007 (in millions of euros) (1)	(458)	(629)	(164)
% total CDO write-downs (2)	32%	36%	9%
Net exposure at Dec. 31, 2007 (in millions of euros) (3)	955	1,116	1,554

(1) Write-down at average quarterly exchange rates.
(2) Net of hedging by subordination.
(3) Exposure at Dec. 31, 2007 exchange rate.

Sensitivity:

An assumption of a 10% overall increase in cumulative losses (in particular 9.0% to 9.9% for loans originated in 2005, 23,0% to 23.5% for loans originated in 2006 and 25.0% to 27.5% for loans originated in 2007) would lead to an estimated additional write-down of EUR –431 million.

Exposure to counterparty risk on US monoline insurers

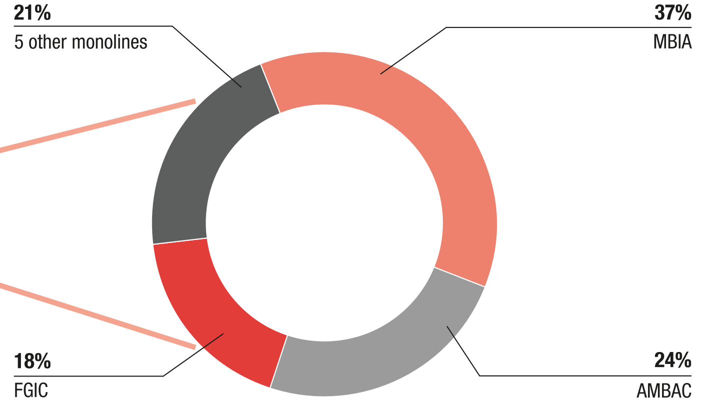
The exposures mentioned in this section refer to financial assets listed at fair value through profit and loss. The fair value of the Group's exposures to monolines insurers that have granted credit enhancements on assets including US residential mortgage underlyings reflect the deterioration in the estimated counterparty risk on these credit enhancers.

These factors led the Group to record write-downs of EUR -900 million in 2007 in profit and loss under net banking income. The amount of these write-downs was based on an analysis of each insured asset (with the assumption of an immediate default of all monolines having insured these assets), in accordance with our risk valuation models used for underlying assets of unhedged CDO portfolios including US residential mortgage underlyings, and was established on the basis of the Management's best estimate.

More specific and detailed information on this exposure can be found in Note 3 to the financial statements.

EXPOSURE TO MONOLINE COUNTERPARTY RISK AT DECEMBER 31, 2007
(SCENARIO OF THE IMMEDIATE DEFAULT OF ALL SOCIETE GENERALE MONOLINE COUNTERPARTIES)

	In EUR Bn
Gross counterparty exposure (1 & 2)	1.9
CDS purchased from banking counterparties	-0.6
Net counterparty exposure	1.3
Write-downs	-0.9
Net residual exposure	0.4



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

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

The Group also hedged its entire exposure to ACA for a total of EUR -47 million.

Participation in a SIV (Structured Investment Vehicle)

Societe Generale Group operates on the SIV market as a sponsor of a single conduit, PACE (Premier Asset Collateralized Entity).

On December 10, 2007, Societe Generale Group decided to refinance this structured investment vehicle.

This had a 0.05% impact on the Group's Tier one ratio and led to a EUR 1.6 billion increase in the financial assets in the portfolio.

The decision to consolidate PACE at December 31, 2007 led to the recording of EUR -49 million under net banking income (and EUR -12 million under net allocation to provisions).

The total impact on the Group's income was therefore EUR -2.6 billion as a result of the US subprime mortgage crisis, including:

- EUR -1,250 million on the portfolio of unhedged CDOs;
- EUR -947 million on counterparty risks relating to monoline insurers;
- EUR -325 million on the RMBS trading portfolio.

Asset Management

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

STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

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

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

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

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

Interest rate and exchange rate risks on proprietary transactions must also be hedged as far as possible.

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

Organization of the management of structural interest rate and exchange rate risks

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

The Group Finance Committee, chaired by the General Management and attended by members of the Executive Committee and Finance Department:

- validates the basic principles for the organization and management of the Group's structural risks;
- sets the limits for each operating entity;
- examines the reports on these risks provided by the ALM Department;
- validates the transformation policy of the French Networks;
- validates the hedging programs implemented by Societe Generale Metropole.

The ALM Department, which is part of the Group Finance Department:

- defines the standards for the management of structural risks (organization, monitoring methods);
- validates the models used by the entities;
- informs the entities of their respective limits;
- centralizes, consolidates and reports on structural risk exposure, and carries out second level controls (independently of the operating divisions supervising the entities).

The operating entities are responsible for controlling structural risks

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

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

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

Structural interest rate risks

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

Objective of the Group

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

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

Measurement and monitoring of structural interest rate risks

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

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

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

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

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

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

- within the domestic Retail Banking division, outstanding customer deposits, generally considered to be fixed-rate funds, exceed fixed-rate loans for maturities over 5 years. Indeed, thanks to macrohedging essentially using fixed-rate swaps or caps, the French Networks' sensitivity to interest rate risk (on the basis of the adopted scenarios) has been kept to a minimum. At end-December 2007, the sensitivity of the French Networks (Societe Generale and Crédit du Nord) based on their assets and liabilities denominated in euros stood at less than EUR 160 million;
- transactions with large companies are match-funded (on an individual basis), and therefore present no interest rate risk;
- transactions with clients of the Specialized Financial Services subsidiaries are generally macro-hedged and therefore present only a small residual risk;
- client transactions at Group subsidiaries and branches located in countries with weak currencies can generate limited structural interest rate risk. Indeed, due to the lack of long-term fixed-rate loans, investment possibilities and hedging instruments such as swaps in these countries, the entities in question may have difficulty investing their excess deposits over a sufficiently long horizon;
- proprietary transactions are generally well hedged. Residual positions are limited and arise primarily from shareholders'equity that has not yet been fully reinvested with the desired maturities.

Structural exchange rate risks

Structural exchange rate risks essentially arise from:

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

Objective of the Group

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

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

Measurement and monitoring of structural exchange rate risks

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

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

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

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

LIQUIDITY RISK

General description

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

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

Organization of the management of liquidity risk

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

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

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

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

Objective of the Group

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

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

- as far as possible, central management of liquidity (mainly in Paris, New York, London, etc.);
- diversification of sources of funding, in terms of both geographic regions and sectors of activity;
- limitation of the number of issuers within the Group (Societe Generale, Societe Generale Acceptance NV, Societe Generale North America, etc.);
- management of short-term liquidity in accordance with the regulatory framework and based on assessments of crisis scenarios.

Measurement and monitoring of liquidity risk

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

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

Risk analysis is conducted using reports submitted by the different entities, listing their respective on and off-balance sheet items according to currency of denomination and residual maturity. The principle here is to list asset and liability due dates by maturity. Maturities on outstanding positions are determined on the basis of the contractual terms governing transactions, models of historical client behavior patterns (special savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and sight deposits).

In 2007, the Group continued to maintain a surplus of long-term liquidity. Indeed, through its retail banking activities, Societe Generale has a large and diversified deposit base which serves as a permanent resource in financing its domestic activities and credit transactions with its Financial Services clients abroad.

Following the liquidity crisis which impacted all financial instruments linked to the US residential mortgage market, the Group reduced its short-term refinancing positions while simultaneously raising the available stock of assets eligible for refinancing by the central banks.

In addition, Societe Generale Group implemented a program of medium to long-term senior debt and subordinated notes in 2007. The program was carried out as planned,by increasing recourse to private placements and secured issues.

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

OPERATIONAL RISKS

A fraud which was exceptional in both its size and its nature took place at Societe Generale over the course to 2007 and early 2008. This fraud occurred in spite of the improvement of the operational risk control system made in view of the Basel II reforms.

General description

By operational risk, the Group refers to the risk of losses resulting from a weakness or anomaly which can be attributed to procedures, personnel, internal systems or external events, including events with a low probability of occurrence but a high level of risk. Under this definition, operational risk also includes legal risk but excludes strategic and reputational risks. The Group monitors eight major categories of operational risk: commercial disputes, disputes with the authorities, errors in pricing or risk evaluation, execution errors, fraud and other criminal activity, rogue trading, loss of operating environment/capability and systems interruptions.

Operational risk is inherent to each of the Group's businesses and service activities. The supervision of operational risk is direct responsability of all those occupying managerial positions at all levels. It is managed through a system of prevention, control and coverage that comprises detailed procedures, permanent supervision and insurance policies, alongside work carried out by the internal audit departments and the General Inspection Department.

The system developed by the Group over the past few years is based on a consistent body of procedures combined with a series of measurement, management and reporting tools. It complies with the Basel Committee's 2003 publication "Sound Practices for the Management and Supervision of Operational Risk" and meets the new regulatory requirements concerning the solvency ratio to be implemented on January 1, 2008.

In 2007, the French Banking Commission performed a review of the Operational Risk management system established by Societe Generale which resulted in the Group's authorization to use the Advanced Measurement Approach provided for under the Basel II agreements for the calculation of regulatory capital requirements for operational risk.

Governance

The main duties of the Operational Risk function are to define and implement a strategy for operational risk control, establish methods of measurement and analysis and encourage the application of best practices in this area. It also coordinates the implementation of the Group's crisis management and business continuity mechanisms.

The design of these tools and procedures and overall implementation of the system is the responsibility of the Risk Division's Operational Risk Department. Their practical implementation comes under the authority of the business divisions and functions, whose Operational Risk managers are functionally attached to the Operational Risk Department and have risk correspondents in the business lines and entities.

Operational Risk Committees have been set up at Group, business division, function and subsidiary levels.

The audit and the General Inspection teams verify the integrity and robustness of the system and may use elements of the system in the execution of their assignments.

Management of operational risks

Internal losses linked to operational risks

Since 2003, the Group has kept a record of internal losses arising from the materialization of operational risk amounting to more than 10,000 EUR per event (EUR 25,000 for Corporate and Investment Banking) covering almost all of the Group's entities in both France and abroad. This common database is used to analyze losses (by event category activity, geographic area, etc.) and monitor their evolution as well as the proposed corrective action plans. The overall cost of operational risk, excluding the exceptional loss covered on the next page, came out at EUR 225 million over the 2004-2007 period.

The four largest categories of losses were frauds, disputes with the authorities (tax disputes, in particular), commercial disputes and execution errors.

Evaluation of the risk control environment and risk profile

A specific methodology for evaluating the control environment has been formally defined. This process is designed to alert the operating divisions as soon as possible if they are vulnerable to risks so that they can react and reduce potential losses and/or the severity of such losses. Under this methodology, the risks inherent to each activity are defined on a risk map, and the quality and efficiency of the corresponding control procedure is verified on a regular basis in order to identify the residual risks.

There are several different types of risk:

- common risks for which the bank has adopted an "expected loss" approach and has established for many years the necessary preventive and protective resources deemed effective in such cases;
- risks whose probability of occurrence is considered low, but which have a high loss potential that makes them particularly threatening. The Group's organization in this area is more recent and there is still progress to be made;
- new risks, linked to changes in the socio-political context and the growing complexity of technology and regulations, which must be taken into account.

The latter category of risk requires particular attention, and the following points shall serve to guide future assessment of the Group's evolving Operational Risk profile:

- increasing complexity of products and sophistication of modern technologies;
- interdependence of information processing and communication networks;
- rise in the occurrence of risks capable of causing so-called "major" shocks (health risks such as the avian flu pandemic, terrorist attacks, etc.);
- the increased litigiousness of society and stricter regulation of the banking industry;
- the magnifying effect that media coverage can have on the reputational risk institutions are exposed to.

The implementation of the Advanced Measurement Approach (AMA), including risk mapping and controls, collection of internal loss data and analyses of unfavorable scenarios have helped define and deploy effective Operational Risk management tools. There is still work to be done, however, to better integrate them into the management and measurement of entity performances, with the aim of better defining and thus further improving the Group's risk profile.

The Group also worked in 2007 on reinforcing its crisis management system. This included an in-depth analysis of the intrinsic resilience of its activities in addition to the existing business continuity plans.

Exceptional loss on a fraudulent and concealed position

In January 2008, the Group uncovered an exceptional fraud in both its scale and nature: a trader, in charge of arbitrage activities on financial instruments involving European stock market indexes, took fraudulent directional positions throughout 2007 and in early 2008 that greatly exceeded the individual limits that had been allocated to him. Certain unusual transactions had also been carried out in 2005 and 2006, albeit on a "sporadic" or "marginal" basis (Lagarde report). They are currently being investigated through the audits presently in progress and legal proceedings. This trader, whose unexpected activity consisted in the concurrent management of two portfolios similar in size and composition, using one to hedge the other, conducted hedges using fictitious transactions, thus concealing his losses and gains. He was able to conceal his positions through a series of fictitious transactions of various sorts, sometimes by using his colleagues' access rights to information systems. In order to prevent the immediate identification of these fictitious transactions, the trader used his years of experience acquired in departments for the processing and control of market transactions to circumvent the controls enabling the Bank to verify the details and therefore the real existence of the transactions initiated by its traders.

On January 18, 2008, an alert on the positions taken triggered an internal investigation. On January 20, 2008, once the scale of the exposure had been identified, Societe Generale's Chairman notified the Board of Directors' Accounts Committee as well as the Bank of France and *the Autorité des Marchés Financiers* (French Securities Regulator). The positions were unwound between January 21 and 23, respecting the integrity of the markets and the interests of shareholders. The unwinding of transactions on the EUROSTOXX, DAX and FTSE involved volumes that represented a maximum of 8.1% of the daily trading volumes in these markets. Given the size of these positions and the particularly unfavorable market conditions at the time, this fraud has ultimately had a net negative impact of EUR 4.9 billion on the Group's 2007 operating income.

MEASURES TAKEN – IMPACT ON THE CONTROL ENVIRONMENT

During a hearing before the Senate's Finance Commission on January 30, 2008, the Governor of the Bank of France stated that "the initial information available suggested that Societe Generale's system of internal control had not functioned as it should have and that those that had functioned had not always been appropriately monitored".

According to Mrs. Lagarde's February 4, 2008 Report to the Prime Minister on recent events at Societe Generale, the eight areas below are likely to have been particularly exposed:

- monitoring of traders' nominal outstandings (as opposed to the monitoring of net positions which, by definition, only reveals a limited market risk): the absence of this monitoring rendered possible the build up in a little over two weeks of a position of EUR 50 billion in January 2008;
- monitoring of cash flows, margin calls and payments, guarantee deposits, results achieved;
- extensive analysis and follow up of requests for information that the Eurex clearing house submitted to the Bank in November 2007;
- monitoring of transaction cancellations and changes originating from a single trader;
- confirmation of transactions with all the counterparties;
- compliance with the Chinese Wall between the front and back offices and cross-functional organization of the middle and back offices;
- IT systems' security and protection of access codes;
- monitoring of unusual behavior (e.g. failure to take any holiday).

Societe Generale has not commented on the points above but has observed that the risk measurement and management systems are not called into question in this report. Societe Generale has indicated that all of the points mentioned are being analyzed as part of the audits in progress.

This trader's positions have been reviewed and a detailed analysis of all positions within his department has been made, which has identified no similar situation. The employee, who has acknowledged these facts, has been relieved of his duties and a dismissal procedure has been initiated. In addition, the trader's direct line managers have been suspended, pending the results of the current audits and investigations, which will enable Societe Generale to determine whether the trader acted alone or in concert with others, within or outside the Group. It would appear that an employee of a brokerage company, a subsidiary of Societe Generale Group, who was used to carry out the trader's transactions and to offset his positions, had been informed by the trader some time ago of the large positions he had taken and of the requests for information by Eurex.

Additional specific control procedures have been defined in order to prevent any further use of the techniques devised by this trader to circumvent the control procedures. Some measures are being implemented immediately. Other, more structural, measures will be implemented in the short-term. These changes, together with their timetable, have been communicated to supervisors.

An action plan has been launched to prevent any similar situation. The plan is as follows:

- the measures that have already been implemented concern the scope of the fraud. They included a review of the trader's transactions and any other transactions exhibiting similar characteristics;

- a program to improve IT security is underway (frequent changing of passwords, access checking). In the coming months, a biometric identity control system will be introduced;
- the management of alert indicators has been reformed (control and limits of gross nominal amounts, supervision of cancellations, transactions with deferred start, ongoing confirmation with internal counterparties, control of cash flows, more rigorous monitoring of holidays and unusual behavior, alert distribution list);
- plans already underway to reorganize relations between the middle and front offices will continue. The middle office's organizational structure will be reformed and a department responsible for transaction security, and independent of the front and back office chains, will be set up. This will include a team responsible for seeking out fraudulent transactions, notably those related to malicious behavior. Lastly, fraud risk training and control resources will be stepped up.

These developments are in keeping with those already under way. The resources of SG CIB's back and middle offices have increased from 55% of the workforce in 2002 to 62% today.

The action plan described above has been prepared on the basis of internal audits carried out during the period immediately after the discovery of the fraud. The internal audit is still ongoing.

Moreover, other audits and investigations, notably by the Banking Commission, are in progress, which will enable Societe Generale to reinforce and improve its internal control systems and procedures if weaknesses are uncovered.

ESTABLISHMENT OF A SPECIAL COMMITTEE

On January 30, 2008, the Board of Directors set up a Special Committee of independent directors responsible primarily for ensuring:

- that the causes and amounts of the trading losses announced by the bank have been completely identified;
- that measures have been, or are, put in place to prevent the reoccurrence of incidents of the same nature;
- that the bank's public disclosure faithfully reflects the findings of the investigations;
- that the situation is managed in the best interests of the company, its shareholders, clients and employees.

This Committee is assisted in its task by Price Waterhouse Coopers.

The Chairman of the Special Committee provided an update on the situation at the Board of Directors' meeting on February 20, 2008, based on the state of progress of the ongoing investigations (see post-closing events in Chapter 4, Group management report).

LEGAL RISKS

Risks and Litigation

- Risks arising out of material litigation matters initiated, or likely to be initiated, against the Group are subject to a quarterly review. To this end, the managers of the branches and of the consolidated companies, in France and abroad, draw up a report every quarter setting forth these litigations and assessing the potential loss if any. These reports are forwarded to the Parisian Headquarters where they are reviewed by a committee headed by the Corporate Secretary and composed of members of the Financial, Legal and Risk Departments. This committee gives grounded advice on the basis of which the General management decides the reserves' amount or its reversal.
- Like many financial institutions, Societe Generale is subject to numerous litigation, including securities class actions lawsuits in the U.S., and to regulatory investigations. The consequences, as assessed on December 31, 2007, of those that are liable to have or have recently had a material impact on the financial condition of the Group, its results or its business have been provisioned in the Group's financial statements. Details are set below concerning the major cases. Other litigation matters have no material effect on the Group's financial condition or it is still too early to determine at this stage whether they may have such an impact or not.

- SG Cowen, a former U.S. subsidiary of Societe Generale, is one of several defendants named in a lawsuit arising out of the accounting fraud that caused the collapse of Lernout & Hauspie Speech Products, N.V. ("L&H"), a former client of SG Cowen.

  In that lawsuit which is pending in federal court in New Jersey, short-sellers of L&H stock allege that SG Cowen participated in a scheme to artificially inflate L&H's stock price through allegedly false and misleading research reports published by SG Cowen, in violation of federal securities laws and state laws. The Court did not grant SG Cowen's motion to dismiss the complaint. SG Cowen subsequently filed an answer denying liability and discovery is ongoing. Societe Generale has agreed to indemnify SG Cowen for this matter. A provision has been made.

- After conducting investigations on tax frauds allegedly committed by buyers of certain types of companies in Belgium since 1997, the Belgian State and the liquidator of some of these companies have brought actions against the various participants in these transactions in an attempt to recuperate the eluded tax or to seek damages. Societe Generale and one of its affiliate were implicated because of the role played as counsel in several transactions by an ex-employee of the bank, now deceased, who concealed from Societe Generale that he continued to play this role in spite of the prohibition notified to him by his supervisor several years ago, after the risks of such transactions had been identified. Societe Generale fully cooperated with the Belgian State's investigations. These investigations having given rise to the opening of criminal proceedings, Societe Generale and its affiliate have also filed a complaint to shed light on the circumstances of this case. A provision has been made.

- In October 2005, the official receivers in charge of the restructuring plans of Moulinex and Brandt, companies that have been put into bankruptcy in 2001, have initiated a lawsuit against banks members 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. Societe Generale and Crédit du Nord only held a share of the syndicated loans. They intend to vigorously oppose the claims since after trying to support Moulinex and Brandt on the ground of serious and credible recovery plans, the banks have been the first victims of Moulinex and Brandt collapse. All reasonably anticipated expenses relating to the management of these proceedings have been taken into account.

- By her order of July 20, 2006, a French investigating Magistrate indicted Societe Generale (corporate entity), its chairman and three other employees and sent them before the Paris criminal court for trial for "aggravated money laundering" in the so-called "Sentier" case. Charges against four other employees of the Bank under investigation have been withdrawn. This decision goes against the State prosecutor's formal written demand for dismissal of the suit ; he had asked for Societe Generale and all its executives or employees to be cleared on the grounds that there were insufficient charges against them following an investigation that had lasted over six years. Three other banks and more than 130 individuals, including executives and top management of these banks, have also been referred to the court to be judged. The hearings will take place from February 2008 until August 2008.

  Societe Generale's behaviour cannot be assimilated to a "deliberate" omission constitutive of money-laundering according to the judge : it has always been similar to other French banks' practices with respect to the control of cheques and Societe Generale did not have sufficiently precise knowledge of the nature and identity of these networks nor of the origin of the funds to identify money-laundering networks or the indicted launderers and to take more effective measures than it did.

  The question of the duties of banks with respect to verifying cheques concerns all banking institutions in France, as well as the regulatory authorities. At the request of the French Banking Federation, a new regulation issued by the *Comité de la Réglementation Bancaire et Financière (Banking and Financial Regulatory Committee)* came into force on April 26th, 2002 that imposed vigilance obligations in terms of cheques in order to fight against money-laundering.

  No civil action for damages has been brought against Societe Generale.

- On November 23, 2006, Manulife Securities International Ltd. served an action against Societe Generale (Canada), Societe Generale, Lyxor Asset Management and Societe Generale Securities Inc. for payment of damages (CAD 1.630 billion) in the Superior Court of Justice of Ontario (Canada). It seeks compensation from these Societe Generale Group entities in connection with Notes issued by Societe Generale (Canada), guaranteed by Societe Generale and purchased by trusts, managed by the Portus entities, units of which were sold to private investors. It is alleged that these trusts had never been created, which allowed individuals associated with the Portus entities to partially misappropriate some of the investors' funds. It is further alleged that the Societe Generale Group entities breached duties purportedly owed to the investors in the Portus trusts or facilitated breaches by others. The Portus entities have since been put into bankruptcy. The plaintiff seeks, within the framework of a "class action", to have the Societe Generale Group entities declared responsible for these misappropriations and any other investor losses. The Societe Generale Group entities have fulfilled, and will continue to fulfill their commitments related to the Notes, and intend to vigorously oppose the action.

- Societe Generale, along with numerous other banks, insurance carriers and brokers is subject to investigations in the United States by the Internal Revenue Service, the Securities and Exchange Commission and the Antitrust Division of the Department of Justice for alleged non compliance with various laws and/or regulations relating to their conduct in the provision to governmental issuers of tax exempt municipal bonds of Guaranteed Investment Contracts (GICs). Societe Generale is cooperating fully with the investigating authorities.
- Lyxor Asset Management S.A. ("Lyxor"), a subsidiary of the Group, has been named as a defendant in a lawsuit filed in the Grand Court of Cayman Islands on July 25, 2007 and served on Lyxor in October 2007. The plaintiff was the only purchaser of approximately USD 550 million of certain structured Cayman Island unit trusts managed by Lyxor, which offered partial principal protection if held to maturity in 2015 (the "Protected Funds"). The Protected Funds are linked to the performance of other underlying funds also managed by Lyxor. The plaintiff alleges, among other things, that Lyxor has understated the unit net asset value ("NAV") of the Protected Funds by more than USD 110 million by incorrectly characterizing certain derivatives transactions of the Protected Funds as liabilities. The plaintiff seeks various declarations and orders by the Court concerning the valuation of the Protected Funds unit NAVs and their redemption, as well as additional unspecified damages to which it believes it is entitled. In December 2007, the court denied plaintiff's motion for summary judgment. Lyxor believes the plaintiff's claims lack merit and intends to vigorously defend this action.
- In January 2008, Societe Generale became aware of a fraud committed by one of its traders. This trader has taken, fraudulently and outside his functions, huge positions that were fictitiously hedged on the futures markets on equity indices. Societe Generale was obliged to unwind without delay these positions in particularly unfavorable market conditions. Societe Generale has filed a criminal claim. Criminal investigations are being conducted and the trader has been put under investigation for forgery, use of forgery, fraudulent access to IT system and breach of trust. Societe Generale has subsequently filed a civil claim in connection with the criminal case.

  The French "Commission Bancaire" has launched an investigation. The French Financial Markets Authority (AMF) has initiated an investigation into SG stock market and financial report. A shareholder has served an action in the "Tribunal de grande instance" of Paris against Societe Generale for allegedly deflating the value of its stock by its alleged misconduct. In the United State, Societe Generale has received a subpoena from the United States Attorney's Office for the Eastern District of New York in Brooklyn seeking documents relating to the trading activities of the aforementioned trader. Societe Generale has also received a related inquiry from the staff of the United States Securities and Exchange Commission, and has been informed that the Commodities Futures Trading Commission is also involved in the parallel inquiry. Societe Generale is cooperating fully with the U.S. authorities.

  The proceedings and the investigations mentioned above are the only ones Societe Generale is aware of. At this stage, it is difficult to predict the outcomes and consequences, if any, of these proceedings and investigations or of the proceedings and investigations which may be separately underway.

ENVIRONMENTAL RISKS

See pages 117 to 126.

INSURANCE FOR OPERATIONAL RISKS

Description of insurance policies

General policy

Societe Generale's strategy is to insure its domestic and international activities globally, using policies that offer the broadest and most comprehensive coverage for the type of risks to which the Group is exposed. Additional insurance policies may be taken out locally, to provide either first-level guarantees that may be below the global guarantee thresholds, or special guarantees applicable to specific activities.

As for all large companies, the overall market insurance offering is restricted to the main insurance programs.

In the case of traditional guarantees, the Group was able to renew the majority of the policies bought on the market.

While the market remains limited with regard to other risks, notably those linked to financial activities, the Group worked in 2007 to increase its level of cover and extend the guarantees offered under its existing policies.

The Group also reinsures some of its policies with its own in-house reinsurance company in order to reduce the deductible it is required to pay in the event of a claim, which in many cases is particularly high. This approach contributes to the improvement of the Group's knowledge and management of its risks.

Lastly, each time that insurance services are outsourced, the Group is very attentive to the technical quality and rating of its insurers.

Description of cover

General risks

1. Buildings and their contents, including IT equipment, are insured at their replacement value. In 2006, a guarantee was implemented covering acts of terrorism abroad.

   In France, the budget amounted to EUR 2.34 million.

2. Liability other than professional liability (i.e. relating to operations, chief executive officers, vehicles, etc.) is covered by insurance policies around the world. The amounts insured vary from country to country, but correspond to operating requirements. In France, the budget amounted to EUR 2.59 million.

Risks arising from activity

Insurance is only one of the financing methods that can be used to offset the consequences of the risks inherent to the Group's activity, and as such it complements the Group's risk management policy.

1. HOUSING LOANS

Housing loans granted by the bank are accompanied by life insurance policies covering the borrower.

2. THEFT/FRAUD

These risks are included in a "global banking policy" that insures all the bank's activities around the world. Fraud is covered in the cases of actions committed with the intent to:

- make a personal illicit gain; or
- cause injury to the Bank.

3. PROFESSIONAL LIABILITY

The consequences of any lawsuits are insured under a global policy.

4. OPERATING LOSSES

The consequences of an accidental interruption in activity are insured under a global policy. This policy complements 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.

OTHER RISKS

The Group is aware of no other risk to be mentioned in this respect.

REGULATORY RATIOS

International solvency ratio

(B.I.S. ratio)

The international solvency ratio requires financial institutions handling a significant volume of international business to maintain a minimum level of equity in reserve on a permanent basis, in order to cover their credit exposure and capital market risks.

Until December 31, 1997, the B.I.S. ratio was essentially limited to counterparty risks. Since January 1998, it has been extended to cover market risks (interest rate, exchange rate, equity price and commodity price risks).

The regulatory framework for monitoring market risk exposure allows banks to calculate their regulatory capital requirements using internal models, provided that these models meet certain criteria and reflect an adequate risk management strategy, and that the model itself has been approved by the banks' supervisory authorities. Societe Generale's internal VaR model has been approved by the French Banking Commission (see section on "Methods of measuring Market Risk and defining exposure Limits, page 141).

Since December 31, 1998, the market risks for the majority of transactions have been calculated using this internal model, while the standard method is used for all other operations.

The Group's B.I.S. ratio stood at 8.87% at December 31, 2007, excluding Tier-3 capital, compared with 11.11% at end-December 2006.

RISK-BASED CAPITAL, RISK-WEIGHTED ASSETS AND SOLVENCY RATIOS

(In millions of euros)	Dec. 31, 2007	Dec. 31, 2006
Risk-based capital		
Group shareholders' equity	27,241	29,054
Dividends	(473)	(2,323)
Minority interests after appropriation of net income	2,331	2,039
Preferred shares	1,439	2,080
Prudential deductions (1)	(8,922)	(8,523)
Total Tier-1 capital	21,616	22,327
Total Tier-2 capital	12,936	11,987
Other deductions (2)	(5,608)	(2,602)
Total risk-based capital	28,944	31,712
Risk-weighted assets	326,468	285,525
International solvency ratio (B.I.S. ratio) (%)	8.87	11.11
Tier-1 ratio (in%)	6.62	7.82

(1) Essentially goodwill and intangible assets and IFRS prudential deductions.

(2) Holdings in non-consolidated financial companies or those accounted for under the equity method.

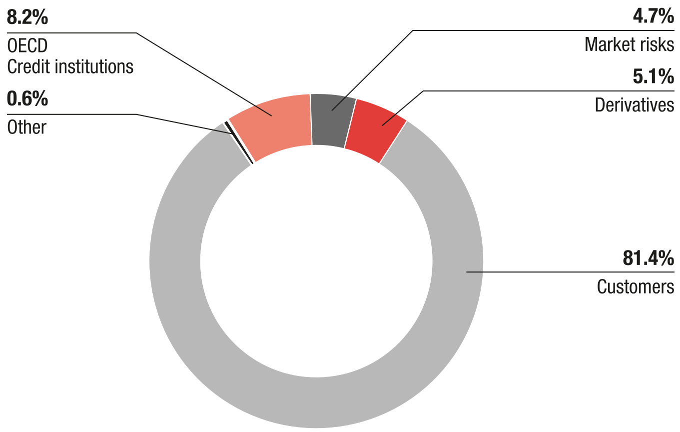
Group shareholders'equity at end-December 2007 totaled EUR 27.2 billion (compared with EUR 29.1 billion at end-December 2006). After taking into account minority interests and preferred shares, total Tier one capital stood at EUR 21.6 billion, giving a Tier one ratio of 6.62% at December 31, 2007 (compared with 7.82% at December 31, 2006).

Risk-weighted assets came out at EUR 326.5 billion, up 14.4% on 2006. By type of activity, this figure breaks down as follows:

- counterparty risks (EUR 311.1 billion) accounted for 95.3% of risk-weighted assets at December 31, 2007 (vs. 96.3% at December 31, 2006);
- market risks (EUR 15.4 billion) accounted for 4.7% of risk-weighted assets at December 31, 2007 (vs. 3.7% at December 31, 2006).

Credit risk on derivatives essentially relates to instruments with maturities under five years (a detailed analysis of these instruments is included in Note 29 to the consolidated financial statements on page 232).

BREAKDOWN OF RISK-WEIGHTED ASSETS BY TYPE OF RISK AT DECEMBER 31, 2007



Total counterparty risk exposure: EUR 311.1 billion (95.3%), of which:

Plain vanilla on- and off-balance sheet items: EUR 294.6 billion (90.2%)
Derivative products: EUR 16.5 billion (5.1%)

Total capital market risk exposure: EUR 15.4 billion (4.7%)

Capital adequacy ratio

(CAD ratio)

This ratio replaced the European solvency ratio in 1998, and sets out the minimum capital required to cover counterparty and market risks.

At December 31, 2007, these risks were 118.1% covered by Group equity, excluding any Tier-3 capital (compared with 141.9% at December 31, 2006).

As with the international solvency ratio, the Group's equity requirements principally arise from "plain vanilla" banking activities.

Moreover, as Societe Generale Group has been classified as a financial conglomerate it is subject to additional supervision by the French Banking Commission.

Ratio of large exposures

The ratio of large exposures is calculated on a quarterly basis but is complied with on an ongoing basis by Societe Generale Group:

- the total risk incurred by Societe Generale in respect of any debtor taken individually does not exceed 25% of consolidated net equity;
- the total risk incurred by Societe Generale in respect of all debtors which, taken individually, represent risks of over 10% of consolidated net equity, does not exceed eight times consolidated net equity.

Liquidity ratio

Societe Generale's one-month liquidity ratio, which is used to monitor short-term liquidity, averaged 127% over 2007. At the end of each month in 2007, it was above the minimum regulatory requirement of 100%.

10 FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS

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

LIABILITIES

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

CONSOLIDATED INCOME STATEMENT

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

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

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

CHANGES IN SHAREHOLDERS' EQUITY

(In millions of euros)	Capital and associated reserves			Consolidated reserves	Unrealized or deferred capital gains or losses								
	Common stock	Equity instruments and associated reserves	Elimination of treasury stock	Retained earnings	Translation reserves	Change in fair value of assets available-for-sale	Change in fair value of hedging derivatives	Tax impact	Shareholders' equity, Group share	Minority interests [5]	Unrealized or deferred capital gains or losses, minority interests	Shareholders' equity, minority interests	Total consolidated shareholders' equity
Shareholders' equity at December 31, 2005	**543**	**5,244**	**(1,435)**	**16,544**	**429**	**1,916**	**67**	**(265)**	**23,043**	**3,911**	**246**	**4,157**	**27,200**
Increase in common stock	34	2,791							2,825				2,825
Elimination of treasury stock			(425)	217					(208)				(208)
Issuance of equity instruments				22					22				22
Equity component of share-based payment plans		119							119				119
2006 Dividends paid				(1,966)					(1,966)	(415)		(415)	(2,381)
Effect of acquisitions and disposals on minority interests				(44)					(44)	106		106	62
Sub-total of changes linked to relations with shareholders	***34***	***2,910***	***(425)***	***(1,771)***		***-***	***-***	***-***	***748***	***(309)***	***-***	***(309)***	***439***
Change in value of financial instruments and fixed assets having an impact on equity						830	(39)	(14)	777		53	53	830
Change in value of financial instruments and fixed assets recognized in income						(392)	-	37	(355)		(7)	(7)	(362)
2006 Net income for the period				5,221					5,221	564		564	5,785
Sub-total	***-***	***-***	***-***	***5,221***		***438***	***(39)***	***23***	***5,643***	***564***	***46***	***610***	***6,253***
Change in equity of associates and joint ventures accounted for by the equity method						1			1				1
Translation differences and other changes					(381)				(381)		(80)	(80)	(461)
Sub-total	***-***	***-***	***-***	***0***	***(381)***	***1***	***-***	***-***	***(380)***	***-***	***(80)***	***(80)***	***(460)***
Shareholders' equity at December 31, 2006	**577**	**8,154**	**(1,860)**	**19,994**	**48**	**2,355**	**28**	**(242)**	**29,054**	**4,166**	**212**	**4,378**	**33,432**
Increase in common stock [1]	6	530							536				536
Elimination of treasury stock [2]			(1,604)	46					(1,558)				(1,558)
Issuance of equity instruments [3]		2,081		44					2,125				2,125
Equity component of share-based payment plans [4]		213							213				213
2007 Dividends paid				(2,397)					(2,397)	(299)		(299)	(2,696)
Effect of acquisitions and disposals on minority interests [6] [7]				(127)					(127)	(599)		(599)	(726)
Sub-total of changes linked to relations with shareholders	***6***	***2,824***	***(1,604)***	***(2,434)***		***-***	***-***	***-***	***(1,208)***	***(898)***	***-***	***(898)***	***(2,106)***
Change in value of financial instruments and fixed assets having an impact on equity						(214)	73		(141)		(15)	(15)	(156)
Change in value of financial instruments and fixed assets recognized in income						(941)	-		(941)		(12)	(12)	(953)
Tax impact on change in value of financial instruments and fixed assets having an impact on equity or recognized in income								90	90				90
2007 Net income for the period				947					947	657		657	1,604
Sub-total	***-***	***-***	***-***	***947***		***(1,155)***	***73***	***90***	***(45)***	***657***	***(27)***	***630***	***585***
Change in equity of associates and joint ventures accounted for by the equity method									-			-	-
Translation differences and other changes [8]				(9)	(551)				(560)		(76)	(76)	(636)
Sub-total	***-***	***-***	***-***	***(9)***	***(551)***	***-***	***-***	***-***	***(560)***	***-***	***(76)***	***(76)***	***(636)***
Shareholders' equity at December 31, 2007	**583**	**10,978**	**(3,464)**	**18,498**	**(503)**	**1,200**	**101**	**(152)**	**27,241**	**3,925**	**109**	**4,034**	**31,275**

(1) At December 31, 2007, Societe Generale's fully paid-up capital amounted to EUR 583,228,241.25 and was made up of 466,582,593 shares with a nominal value of EUR 1.25.

In 2007, Societe Generale operated several capital increases for EUR 6.4 million with EUR 530 million of issuing premiums:

- *EUR 5.7 million subscribed by employees under the Employee Share Ownership Plan, with EUR 493 million of issuing premiums,*
- *EUR 0.7 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 37 million issuing premiums.*

(2) At December 31, 2007, the Group held 37,790,738 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 8.10% of the capital of Societe Generale.

The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 3,464 million, including EUR 798 million for shares held for trading purposes.

(3) (4) (5) (6) (7) et (8) : see next page

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

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

(3) Societe Generale has issued in March, 2007 a super subordinated loan amounting to GBP 350 million, in April, 2007 two undated subordinated notes amounting to USD 1,100 million and USD 200 million and in December, 2007 a super subordinated loan amounting to EUR 600 million. In view of the discretionary nature of their remuneration, all super and undated subordinated loans are classified in shareholders equity.

Movements relative to the super subordinated loans and the undated subordinated notes are detailed below:

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

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

(5) In 1997, Societe Generale issued USD 800 million of preferred shares in the United States via its subsidiary SocGen Real Estate Company llc. Those preferred shares have been reimbursed at the end of 2007.

In 2000, Societe Generale issued a further EUR 500 million via its subsidiary SG Capital Trust, and USD 425 million via SG Americas in 2001.

In 2003, Societe Generale issued a further EUR 650 million of preferred shares in the United States via SG Capital Trust III.

At December 31, 2007, preferred shares amounted to EUR 1,439 million.

(6) In compliance with the accounting principles indicated in Note 1, transactions relative to minority interests were treated for accounting purposes as equity transactions. Accordingly:

- *capital gains and losses on the disposal of fully-consolidated subsidiaries which do not lead to a loss of exclusive control are booked under shareholders' equity;*
- *additional goodwill linked to buyback commitments afforded to minority shareholders in fully-consolidated subsidiaries and minority interest buybacks following the acquisition of exclusive control is booked uner shareholders' equity.*

In the balance sheet, net income attributable to the minority interests of shareholders holding a put option on their Group shares was allocated to consolidated reserves.

Adjustment details as at December 31, 2007:

Gains on sales cancellation	0
Minority interest buybacks not subject to any put options	(2)
Transactions and variation of value on put options granted to minority shareholders	(153)
Net income attributable to the minority interests of shareholders holding a put option on their Group shares allocated to consolidated reserves.	28
Total	(127)

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

- *EUR -587 million to preferred shares reimbursement by SocGen Real Estate Company llc,*
- *EUR -83 million in changes in scope over the period (mainly the deconsolidation of SocGen Real Estate Company llc for an amount of EUR -46 million),*
- *EUR -28 million in the reclassification of net income attributable to the minority interests of shareholders with a put option on their Group shares from minority interest reserves to consolidated reserves,*
- *EUR +100 million in capital increase by General Bank of Greece.*

(8) The variation in Group translation differences for 2007 amounted to EUR -551 million.

This variation was mainly due to the increase of the euro against the US dollar (EUR -393 million), Pound sterling (EUR -113 million), the Leu (EUR -30 million), the Egyptian pound (EUR -29 million), the Japanese yen (EUR -20 million), and the increase of the Czech Krone against the euro (EUR 35 million).

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

CASH FLOW STATEMENT

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

(1) The provision for loss on unauthorized and concealed trading activities amounting to EUR 6,382 million, realized between January 21 and 23, is excluded from 2007 cash flow variation.

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

(3) o/w EUR 83 million cash related to entities acquired in 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Note 1

Significant Accounting Principles

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

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

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

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

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

The consolidated financial statements are presented in euros.

IFRS AND IFRIC INTERPRETATIONS APPLIED BY THE GROUP AS OF JANUARY 1, 2007

- **IFRS 7 "Financial Instruments: Disclosures"**

The European Union adopted IFRS 7 on January 11, 2006. Applicable as of January 1, 2007, this standard relates exclusively to the disclosure of financial information and in no way affects the valuation and recognition of financial instruments. It incorporates, and therefore supersedes, IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" and IAS 32 "Financial Instruments: Presentation" on the information to be provided on financial instruments, and requires the disclosure of additional quantitative and qualitative data, notably on credit risk. The application of this standard by the Group as of January 1, 2007 had consequently no effect on its net income or shareholders' equity.

- **Information on capital**

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

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

- **IFRIC 10 "Interim financial Reporting and Impairment"**

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

- **IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions"**

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

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

USE OF ESTIMATES

Some of the figures booked in these consolidated financial statements are based on estimates and assumptions made by the Management. This applies in particular to the fair value assessment of financial instruments and the valuation of goodwill, intangible assets, impairments of assets and provisions. The main estimates are indicated in the Note 3 to the financial statements disclosing notably a description of the methods used for the fair value of financial instruments based on assumptions that are not supported by prices from observable current market transactions. Actual future results may differ from these estimates.

1. Consolidation principles

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

CONSOLIDATION METHODS

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

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

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

The following consolidation methods are used:

- **Full consolidation**

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

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

- **Proportionate consolidation**

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

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

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

Equity method

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

SPECIFIC TREATMENT FOR SPECIAL PURPOSE VEHICLES (SPV)

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

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

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

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

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

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

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

TREATMENT OF ACQUISITIONS AND GOODWILL

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

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

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

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

In case of increase in Group stakes in entities over which it already exercises sole control: the difference between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired is henceforth booked under the Group’s *consolidated reserves.* Also, any reduction in the Group’s stake in an entity over which it keeps sole control is treated as an equity transaction in the accounts.

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

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

COMMITMENTS TO BUY OUT MINORITY SHAREHOLDERS IN FULLY CONSOLIDATED SUBSIDIARIES

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

The commitments are booked in the accounts as follows:

- in accordance with IAS 32, the Group booked a liability for put options granted to minority shareholders of the subsidiaries over which it exercises sole control. This liability is initially recognized at the present value of the estimated exercise price of the put options under *"Other liabilities"*;
- the obligation to recognize a liability even though the put options have not been exercised means that, in order to be consistent, the Group has followed the same accounting treatment as that applied to transactions on minority interests. As a result, the counterpart of this liability is a write-down in value of the minority interests underlying the options with any balance deducted from the Group's *consolidated reserves*;
- subsequent variations in this liability linked to changes in the exercise price of the options and the carrying value of minority interests are booked in full in the Group's *consolidated reserves*;
- if the stake is bought, the liability is settled by the cash payment linked to the acquisition of minority interests in the subsidiary in question. However if, when the commitment reaches its term, the purchase has not occurred, the liability is written off against the minority interests and the Group's *consolidated reserves*;
- whilst the options have not been exercised, the results linked to minority interests with a put option are recorded under *Minority interests* on the Group's *consolidated income statement*.

SEGMENT REPORTING

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

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

The Group is organized into five core business lines:

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

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

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

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

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

2. Accounting policies and valuation methods

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

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

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

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

DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

FINANCIAL ASSETS AND LIABILITIES

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

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

• Loans and receivables

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

• Financial assets and liabilities at fair value through profit and loss

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

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

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

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

  The Group also books at fair value through profit or loss the financial assets held to guarantee unit-linked policies of its life insurance subsidiaries to ensure their financial treatment matches that of the corresponding insurance liabilities. Under IFRS 4, insurance liabilities have to be recognized according to local accounting principles. The revaluations of underwriting reserves on unit-linked policies, which are directly linked to revaluations of the financial assets underlying these policies, are therefore recognized in the income statement. The fair value option thus allows the Group to record changes in the fair value of the financial assets through the income statement so that they match fluctuations in value of the insurance liabilities associated with these unit-linked policies;
- second so that the Group can book certain compound financial instruments at fair value thereby avoiding the need to separate out embedded derivatives that would otherwise have to be booked separately. This approach is notably used for valuation of the convertible bonds held by the Group.

• Held-to-maturity financial assets

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

• Available-for-sale financial assets

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

DEBT

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

- **Amounts due to banks, customer deposits**

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

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

- **Securitized debt payables**

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

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

SUBORDINATED DEBT

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

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

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

Derivatives are divided into two categories:

- **Trading financial derivatives**

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

- **Derivative hedging instruments**

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

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

Fair value hedge

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

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

Cash flow hedge

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

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

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

Hedging of a net investment in a foreign operation

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

Macro-fair value hedge

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

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

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

Embedded derivatives

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

IMPAIRMENT OF FINANCIAL ASSETS

• Financial assets valued at amortized cost

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

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

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

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

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

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

• Available-for-sale financial assets

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

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

For unlisted equity instruments, a qualitative analysis of their prolonged impairment is carried out using the valuation methods described in Note 3.

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

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

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

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

LEASE FINANCING AND SIMILAR AGREEMENTS

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

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

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

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

TANGIBLE AND INTANGIBLE FIXED ASSETS

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

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

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

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

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

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

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

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

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

PROVISIONS

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

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

COMMITMENTS UNDER "CONTRATS ÉPARGNE LOGEMENT" (MORTGAGE SAVINGS AGREEMENTS)

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

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

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

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

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

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

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

LOAN COMMITMENTS

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

FINANCIAL GUARANTEES ISSUED

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

LIABILITIES/SHAREHOLDERS' EQUITY DISTINCTION

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

- **Perpetual subordinated notes (TSDI)**

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

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

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

- **Preferred shares**

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

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

In the fourth quarter of 2001, Societe Generale issued USD 425 million in preferred shares through a wholly-owned US subsidiary, with a step-up clause that comes into effect after 10 years. These shares entitle holders to a non-cumulative dividend, payable quarterly, at a fixed rate of 6.302% of nominal value on USD 335 million of the issue, and at a variable rate of Libor +0.92% on the other USD 90 million.

In the fourth quarter of 2003, Societe Generale issued EUR 650 million of preferred shares through a wholly-owned US subsidiary (paying a non-cumulative dividend of 5.419% annually) with a step-up clause that comes into effect after 10 years.

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

- **Deeply subordinated notes**

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

On April 5, 2007, the Group issued USD 200 million of deeply subordinated notes, paying 3-month USD Libor + 0.75% annually and then, from April 5, 2017, 3-month USD Libor +1.75% annually.

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

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

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

TREASURY SHARES

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

Financial derivatives that have Societe Generale shares as their underlying instrument as well as shares in subsidiaries over which the Group exercises sole control and whose settlement 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 recognized as equity. Premiums paid or received on these financial derivatives classified as own equity instruments are booked directly to equity. Changes in the fair value of these derivatives are not recorded.

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

INTEREST INCOME AND EXPENSES

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

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

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

NET FEES FOR SERVICES

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

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

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

PERSONNEL EXPENSES

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

EMPLOYEE BENEFITS

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

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

• Post-employment benefits

Pension plans may be defined contribution or defined benefit.

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

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

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

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

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

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

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

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

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

• Long-term benefits

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

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

Share-based payments include:

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

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

• Global Employee Share Ownership Plan

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

• Other share based payments

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

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

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

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

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

COST OF RISK

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

INCOME TAX

• Current taxes

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

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

• Deferred tax

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

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

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

INSURANCE ACTIVITIES

• Financial assets and liabilities

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

• Underwriting reserves of insurance companies

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

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

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

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

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

Under IFRS 4 a liability adequacy test is carried out semi-annually.

3. Presentation of financial statements

CNC RECOMMENDED FORMAT FOR BANKS' SUMMARY FINANCIAL STATEMENTS

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

In order to provide more relevant information for understanding the financial performance of the Group in 2007, the total net loss related to the unwinding of the directional positions pursuant to the unauthorized and concealed activities uncovered on January 19 and 20 is presented under a separate caption of the consolidated income statement entitled "*Net loss on unauthorized and concealed trading activities*".

RULE ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

CASH AND CASH EQUIVALENTS

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

EARNINGS PER SHARE

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

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

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

ACCOUNTING STANDARDS OR AMENDMENTS ADOPTED BY THE EUROPEAN UNION

• IFRS 8 "Operating Segment"

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

INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION ON DECEMBER 31, 2007

• Revising IAS 1 "Presentation of financial statements"

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

• Amendment to IAS 23 "Borrowing costs"

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

• IFRIC 12 "Service concession arrangements"

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

• IFRIC 13 "Customer loyalty programmes"

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

• IFRIC 14 "The limit on a defined benefit asset, minimum funding requirements and their interaction"

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

Note 2

Changes in consolidation scope and business combinations

1. Consolidation scope

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

- ***739*** fully consolidated companies;
- ***79*** proportionately consolidated companies;
- ***36*** companies accounted for by the equity method.

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

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

- In the first half of 2007:
  - Bank Republic, which is 60%-owned by the Group, was fully consolidated. Societe Generale made a commitment to acquire 30% of the remaining shares through sales of put options. In accordance with IAS 32, the Group booked this options commitment as a liability,
  - SG Banque Burkina, which is 42.28%-owned by the Group, was fully consolidated considering the exclusive control by the Group,
  - The stake in TCW was increased to 98.40%, *i.e.* a 3.34% increase compared to December 31, 2006. As a reminder, the remaining shares held by employees include deferred call and put options exercisable in 2007 and 2008. The exercise prices are dependent on future performance,
  - The holding SGCF Hellas Finance (wholly-owned by SG Consumer Finance) has fully consolidated SFS HF Lease & Trade (ex.Chrofin) and SFS HF Consumer (ex. Cofidis Hellas);
- During the second half of 2007:
  - Banco Pecunia, which is 70%-owned by the Group, was fully consolidated through the holding GALO SA,
  - Fimat Japan acquired Himawari CX Inc's wholesale commodities business, a Japanese commodity futures commission merchant,
  - At the end of September 2007, the Group acquired a further 50% of Locatrent, bringing its stake to 100%. At the end of December, Locatrent and Axus Italiana have merged,
  - The Group consolidated ALD USA (ex. Ultea), using the equity method,
  - SG Group increased its stake in the capital of Fortune Fund Management to 49%. Fortune Fund Management is now proportionately consolidated,
  - Buchanan Street Advisors, 49.89%-owned by the Group, was fully consolidated,
  - Banka Popullore, which is 75%-owned by the Group, was fully consolidated,
  - Banco Cacique SA was fully consolidated by the holding Trancoso Participaçoes Ltda (wholly-owned by Banco SG Brasil),
  - PACE, (Premier Asset Collateralised Entity), *Structured Investment Vehicle*, was fully consolidated (100%) further to its refinancing,
  - On Vista AG, which is 46.01%-owned by the Group, was fully consolidated,
  - Societe Generale took, through EuroVL, 100% stake in the capital of Pioneer Investments Funds Services, which was fully consolidated,

- The Group's stake in Compagnie Financière de Bourbon was increased from 49% to 100% at the end of December 2007. Compagnie Financière de Bourbon is now fully consolidated,
- Societe Generale, through SG Hambros, acquired the London-based private banking business ABN AMRO Bank N.V.;
- Following the acquisition of 20% less one share in Rosbank, Societe Generale has exercised its call option on Rosbank. Societe Generale has increased its stake to 50%+1 share as at February 13, 2008 and has taken control of Rosbank. At December 31, 2007, Rosbank is consolidated using the equity method, and will be fully consolidated as of March 31, 2008. This business combination is fully detailed in § 2,
- Seven SGAM funds were fully consolidated as they were refinanced by the Group.

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

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

2. Business combinations

• Control of Rosbank

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

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

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

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

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

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

Assets	*(In millions of euros)*
Current assets	1,206
Customer loans	4,971
Due from banks	658
Property, plant and equipment	278
Other	56
Total Assets	**7,169**

Liabilities	*(In millions of euros)*
Customer deposits	4,575
Due to banks	519
Debt securities issued	901
Other	175
Subordinated debt	86
Equity	913
Total Liabilities	**7,169**

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

Note 3

Fair Value of Financial Instruments

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

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

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

1. Valuation methods

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

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

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

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

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

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

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

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

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

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

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

• Shares and other variable income securities

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

- share of adjusted net asset value held;

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

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

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

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

Other debt

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

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

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

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

• Loans, receivables and lease financing agreements

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

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

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

• Financial guarantees issued

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

• Customer deposits

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

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

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

2.1. RMBS *(RESIDENTIAL MORTGAGE BACKED SECURITIES)*

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

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

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

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

2.2. CDO *(COLLATERALIZED DEBT OBLIGATIONS)* TRANCHES OF RMBS

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

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

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

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

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

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

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

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

CUMULATIVE LOSSES ON CDO SUBPRIME ASSETS AND SENSITIVITY ANALYSIS

	2005	2006	2007	Impact on NBI
Assumptions on cumulative losses for Q3 07	9.1%	14.6%	14.5%	EUR -167 m for 9M 2007
Assumptions on cumulative losses for Q4 07	9.0%	23.0%	25.0%	EUR -1,250 m for FY 2007

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

(1) Impact at average Q4 07 exchange rate.

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

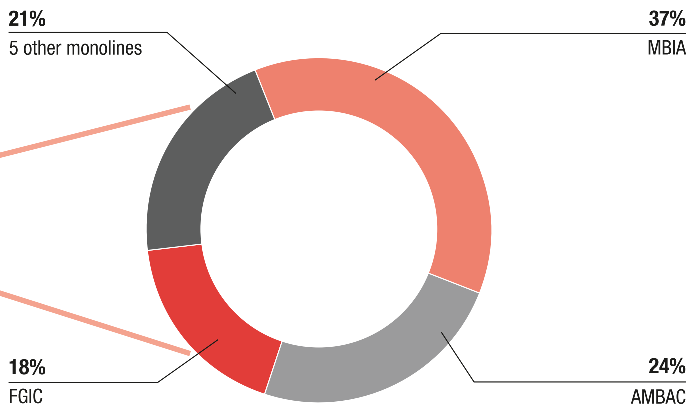
2.3. COUNTERPARTY RISK EXPOSURE TO US MONOLINE INSURERS

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

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

COUNTERPARTY RISK EXPOSURE TO "MONOLINES" (DEFAULT SCENARIO FOR ALL SOCIETE GENERALE GROUP COUNTERPARTY MONOLINE INSURERS)

	In EUR Bn
Gross counterparty exposure [1 & 2]	1.9
CDS purchased from banking counterparties	-0.6
Net counterparty exposure	1.3
Write-downs	-0.9
Net residual exposure	0.4



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

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

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

3. Sensitivity of fair value

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

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

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

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

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

Note 4

Risk management linked to financial instruments

This note describes the main risks linked to financial instruments and the way they are managed by the Group according to the IFRS 7 requirements.

The main risks incurred on banking activities are the following:

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

1. Organization, procedures and methods

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

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

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

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

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

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

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

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

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

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

2. Credit risks

2.1. RISK-TAKING: GENERAL PRINCIPLES

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

The risk approval process is based on five core principles:

- all transactions giving rise to a counterparty risk (debtor risk, non-settlement or non-delivery risk, issuer risk) must be authorized in advance;

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

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

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

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

2.2. RISK MEASUREMENT AND INTERNAL RATINGS

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

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

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

- the internal rating models used by both the sales function which proposes the ratings and the risk function which validates them. These models are used to quantify the following risks:
  - counterparty risk (expressed as a probability of default by the borrower within one year).
  - transaction risk (expressed as the amount that will be lost should a borrower default);
- a body of procedures which regroups banking principles and the rules for using the models (scope, frequency of rating revision, procedure for approving ratings, etc.);
- the human judgment of those involved in the ratings process who apply the models in compliance with the relevant banking principles and whose expertise is invaluable in drawing up the final ratings.

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

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

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

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

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

2.3. CREDIT RISK EXPOSURE

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

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

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

2.4. HEDGING CREDIT RISK

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

- **Guarantees and collaterals**

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

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

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

- **Credit derivatives**

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

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

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

All new transactions were protection purchases, with no sale of protection in 2007.

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

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

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

• Master netting agreements

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

• Impairment

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

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

2.5. CREDIT PORTFOLIO ANALYSIS

• 2.5.1. Breakdown of on-balance sheet credit portfolio.

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

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

** Including Lease financing and similar agreements.*

Performing loans including past due amounts account for 1.4% of unimpaired on-balance sheet assets and include loans that are past due for technical reasons.

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

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

** Including lease financing and similar agreements.*

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

At December 31, 2007, data gathering had benefited from the gradual improvement during the year of the central information system supplying relating to work on Basel II. In addition, the gathering scope at December 31, 2007 covers the entire Group. The unimpaired outstandings with past due amounts relating to entities not included in the scope at December 31, 2006 stood at EUR 0.6 billion at December 31, 2007.

2.5.2. Information on risk concentration

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

Individual concentration is a parameter managed when granting the loan. The counterparties representing the highest exposures for the bank are regularly reviewed by the General Management .

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

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

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

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

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

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

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

2.5.3. Impairment analysis

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

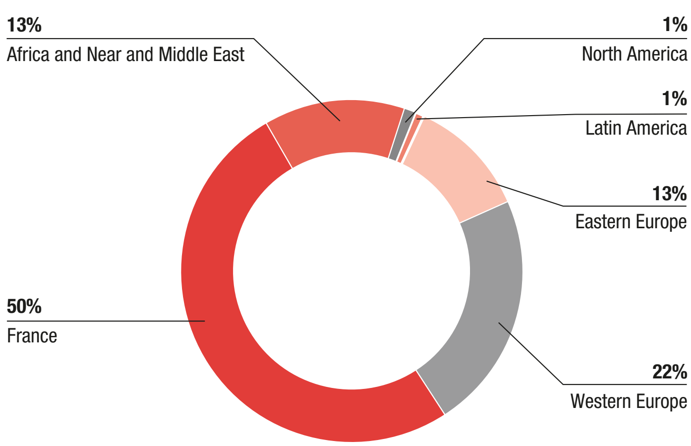
A counterparty is deemed to be in default when any of the following takes place:

- a significant deterioration of the financial situation of the borrower resulting in a high probability of said counterparty not being able to honor his overall commitments, thus generating a risk of loss for the bank; and/or
- one or several past due of more than 90 days are recorded and/or an out of court settlement procedure has been initiated, (with the exception of certain asset categories, such as housing loans and loans to local authorities); and/or
- a legal proceeding such as a bankruptcy, legal settlement or compulsory liquidation is in progress.

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

At December 31, 2007, impaired outstanding assets broke down as follows:

IMPAIRED LOANS



Impairement on assets breaks down as follows:

(In millions of euros)	Amount at Dec. 31, 2006	Net allocations to provisions for impairment	Reversals used	Currency and scope effects	Amount at Dec. 31, 2007
Specific impairments (Bank loan + Customer loan + lease financing)	6,477	886	(789)	(2)	6,576
Impairments on groups of similar assets	1,025	(110)		(14)	901
Others*	870	98	(30)		938
Total	**8,372**	**874**	**(819)**	**(12)**	**8,415**

(*) Includes impairments on the available-for-sale assets described in Note 8.

• 2.5.4. Breakdown of unimpaired past due loans

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

	Dec. 31, 2007		
Gross outstanding (In billions of euros)	Customers	Banks	% of Gross outstanding loans
Past due amounts less than 90 days old	4.64	0.01	91%
Included less than 29 days old	*3.23*	*0.01*	*63%*
Past due amounts between 90 and 179 days old	0.23	NM	5%
Past due amounts over 180 days old	0.22	NM	4%
Total	**5.09**	**0.01**	**100%**

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

The amounts presented in the table above include past due loans for technical reasons, with past due loans mainly belonging to the category “less than 29 days old”. Loans past due for technical reasons are loans that are classified as past due due to a delay between the value date and the payment value date.

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

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

• 2.5.5. Renegotiated outstanding loans

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

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

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

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

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

Renegotiated outstanding loans during the year 2007 amounted to EUR 46 million (EUR 83 million in 2006).

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

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

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

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

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

3. Market risks

3.1.MARKET RISK MANAGEMENT STRUCTURE

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

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

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

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

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

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

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

3.2. METHODS OF MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

Societe Generale Group's market risk assessment and the sensitivity analysis of this risk is based on three main indicators, which are used to define exposure limits:

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

BREAKDOWN OF TRADING VAR BY TYPE OF RISK – CHANGE BETWEEN 2006 AND 2007

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

The figures for 2007 do not take into account the unauthorized and concealed trading activities (cf. Note 40).

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

• Method used to calculate VaR

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

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

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

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

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

• Limitations of the VaR assessment

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

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

The Group controls the limitations therein by:

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

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

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

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

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

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

• Historic stress tests

This method consists in an analysis of the major economic crises that have affected the financial markets since 1990: the changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises are analyzed in order to define scenarios for potential variations in these risk factors which, when applied to the bank's trading positions, could generate significant losses. Using this methodology, Societe Generale has established 18 historic scenarios.

• Hypothetical stress tests

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

4. Structural interest rate and exchange rate risks

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

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

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

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

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

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

- The Group's Finance Committee, chaired by the General Management and composed of members of the Executive Committee and Finance Department:
  - validates the basic principles for the organization and management of the Group's structural risks;
  - validates the limits for each entity based on recommendations by the Group's Asset and Liability Management Department;
  - examines the reports on these risks provided by the ALM Department;
  - validates the asset and liability management policy of the French Networks;
  - validates the hedging programs implemented by Societe Generale Metropole (excluding the French networks).
- The Group ALM Department, which comes under the authority of the Group Finance Department:
  - defines the standards for the management of structural risks (organization, monitoring methods);
  - centralizes, consolidates and reports on structural risk exposure, and carries out second level controls (independently of the operating divisions supervising the entities);
  - validates the models used by the entities.
- The operating entities are responsible for controlling structural risks.

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

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

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

4.2. STRUCTURAL INTEREST RATE RISK

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

• Objective of the Group

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

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

• Measurement and monitoring of structural interest rate risks

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

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

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

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

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

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

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

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

4.3. STRUCTURAL EXCHANGE RATE RISK

Structural exchange rate risks essentially arise from:

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

• Objective of the Group

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

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

• Measurement and monitoring of structural exchange rate risks

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

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

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

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

4.4. HEDGING INTEREST RATE AND EXCHANGE RATE RISK

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

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

• Fair value hedging

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

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

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

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

- **Cash flow hedging**

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

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

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

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

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

At December 31, 2006 Remaining term *(In millions of euros)*	**Up to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Floating cash flow hedged	183	205	692	274	**1,354**
Highly probable forecast transactions	240	312	28	3	**583**
Total	**423**	**517**	**720**	**277**	**1,937**

At December 31, 2007 Remaining term *(In millions of euros)*	**Up to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Floating cash flow hedged	162	148	666	633	**1,609**
Highly probable forecast transactions	160	233	155	13	**561**
Total	**322**	**381**	**821**	**646**	**2,170**

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

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

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

5. Liquidity Risk

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

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

ORGANIZATION OF LIQUIDITY RISK MANAGEMENT

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

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

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

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

OBJECTIVE OF THE GROUP

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

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

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

MEASUREMENT AND MONITORING OF LIQUIDITY RISK

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

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

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

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

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

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

6. Capital management and compliance with regulatory ratios

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 capitalization objective, 1) to ensure internal growth, 2) to ensure external growth and 3) to maintain a clear and consistent policy with respect to its shareholders (principally on matters of dividend pay-outs and share buybacks).

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

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

• Compliance with ratios

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

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

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

In 2007, Societe Generale complied with prudential solvency ratios mentioned herebefore without taking into account the potential impact of the transactions linked to unauthorized and concealed trading activities .

• Basel II reform

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

6.2. QUANTITATIVE DATA

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

Societe Generale's prudential capital	12.31.2007	12.31.2006
Group shareholders' equity	27,241	29,054
Estimated and forecast dividends	(473)	(2,323)
Minority interests including preferred shares	4,034	4,378
Estimated and forecast minority interest dividends	(264)	(259)
Prudential adjustments	(8,922)	(8,523)
Total Tier-1 capital	**21,616**	**22,327**
Total Tier- 2 capital	**12,936**	**11,987**
Deductions	**(5,608)**	**(2,602)**
Total risk based capital	**28,944**	**31,712**

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

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

7. US residential mortgage exposure

The second half of 2007 was affected by a crisis involving all financial instruments related to the residential mortgage market in the United States.

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

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

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

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

- EUR 1,250 million on the portfolio of unhedged CDOs (Collateralised Debt Obligations);
- EUR 947 million on counterparty risks relating to monoline insurers;
- EUR 325 million on the RMBS (Residential Mortgage Backed Securities) trading portfolio.

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

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

Note 5

Cash, Due from Central Banks

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

Note 6

Financial assets and liabilities at fair value through profit and loss

ASSETS

(In millions of euros)	December 31, 2007 Valuation established using prices published in an active market	Valuation technique based on observable market date	Valuation not based on market data [2]	Total	December 31, 2006 Total
Trading portfolio					
Treasury notes and similar securities	37,903	1,551	-	39,454	38,422
Bonds and other debt securities	45,446	65,389	1,860	112,695	88,807
Shares and other equity securities [1]	93,830	1,071	3	94,904	96,104
Other financial assets	9,971	48,930	-	58,901	81,823
Sub-total trading assets	**187,150**	**116,941**	**1,863**	**305,954**	**305,156**
o/w securities on loan				*14,811*	*14,386*
Financial assets measured using fair value option through P&L					
Treasury notes and similar securities	52	659	-	711	1,843
Bonds and other debt securities	8,941	278	3	9,222	9,853
Shares and other equity securities [1]	19,173	1,957	-	21,130	19,910
Other financial assets	45	2,549	733	3,327	2,416
Sub-total of financial assets measured using fair value option through P&L	**28,211**	**5,443**	**736**	**34,390**	**34,022**
o/w securities on loan	-	-	-	-	-
Sub-total of separate assets relating to employee benefits	**-**	**-**	**-**	**-**	**-**
Interest rate instruments	**589**	**61,066**	**668**	**62,323**	**54,223**
Firm instruments					
Swaps				49,782	45,128
FRA (Forward and Rate Agreements)				229	120
Options					
Options on organized markets				360	158
OTC options				8,112	5,792
Caps, floors, collars				3,840	3,025
Foreign exchange instruments	**55**	**16,031**	**28**	**16,114**	**10,867**
Firm instruments				*14,448*	*9,363*
Options				*1,666*	*1,504*
Equity and index instruments	**749**	**31,390**	**961**	**33,100**	**26,904**
Firm instruments				*2,970*	*1,031*
Options				*30,130*	*25,873*
Commodity instruments	**2,761**	**14,254**	**546**	**17,561**	**15,259**
Firm instruments-Futures				*11,829*	*10,196*
Options				*5,732*	*5,063*
Credit derivatives		**18,400**	**1,210**	**19,610**	**5,829**
Other forward financial instruments	**131**	**118**	**658**	**907**	**947**
On organized markets				*323*	*366*
OTC				*584*	*581*
Sub-total trading derivatives	**4,285**	**141,259**	**4,071**	**149,615**	**114,029**
Financial assets measured using fair value option through P&L	**219,646**	**263,643**	**6,670**	**489,959**	**453,207**
Total financial instruments measured at fair value through P&L as at December 31, 2006	**242,783**	**207,541**	**2,883**	**453,207**	

(1) Including UCITS.

(2) The P&L impact of the change in fair value determined using valuation not based on market data is disclosed in Note 34.

LIABILITIES

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

(2) The P&L impact of the change in fair value determined using valuation not based on market data is disclosed in Note 34.

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

(4) Mainly indexed EMTNs.

Financial Liabilities measured using fair value option through P&L

(In millions of euros)	December 31, 2007 Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity
Total of financial liabilities measured using fair value option through P&L (3) (4)	**20,655**	**21,374**	**(719)**
Total of financial liabilities measured using fair value option through P&L at 12.31.2006 (4)	**16,840**	**17,103**	**(263)**

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

(4) Mainly indexed EMTNs.

Note 7

Hedging derivatives

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

Note 8

Available-for-sale financial assets

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

(1) Including UCITS.

Changes in available-for-sale financial assets

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

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

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

Note 9

Non-current assets and liabilities held for sale

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

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

Note 10

Due from banks

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

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

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

Note 11

Customer loans

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

(1) Breakdown of other customer loans by customer type:

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

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

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

Note 12

Lease financing and similar agreements

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

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

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

Note 13

Held-to-maturity financial assets

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

Note 14

Tax assets and liabilities

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

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

(1) Includes EUR 2,197 millions linked to the consideration of a deferred tax asset on unauthorized and concealed trading activities of EUR 6, 382 million (see Note 40).

(2) Includes EUR 507 millions linked to the consideration of an income on unauthorized and concealed trading activities of EUR 1,471 million (see Note 40).

Note 15

Other assets

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

Note 16

Tangible and intangible fixed assets

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

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

Leasing activities

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

Note 17

Goodwill affected by business unit

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

Cash-generating units (CGU) are the most accurate measurement units used by management to measure return on investment in a particular activity. The Group divides its activities into 12 Cash-generating units, which is consistent with the management of the Group by core business lines. The recoverable value of a Cash-generating unit is calculated by the most appropriate method, notably by discounting cash flows by Cash-generating unit rather than by individual legal entity.

The discount rates used are derived from recent analyses of the Group's business lines and cash flows are projected over the same horizon as the budgets and strategic plans approved by the management.

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

As at December 31, 2007, the Group retained the following Cash-generating units (CGU):

CGU	Business unit
International Retail Banking - European Union and Pre-European Union	International Retail Banking
Other International Retail Banking	International Retail Banking
Crédit du Nord	French Networks
Societe Generale Network	French Networks
Insurance Financial Services	Financial Services
Individual Financial Services	Financial Services
Company Financial Services	Financial Services
Car renting Financial Services	Financial Services
Corporate and Investment Banking	Corporate and Investment Banking
SGSS and Online Savings	SGSS and Online Savings
Asset management	Asset management
Private banking	Private Banking

Breakdown of main sources of goodwill by CGU

(In millions of euros)

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

** Goodwill booked in NSGB since the merger.*

Note 18

Due to banks

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

(1) Entities acquired in 2007 had a EUR 881 million impact on amounts due to banks.

Note 19

Customer deposits

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

(1) Entities acquired since December 31, 2007 accounted for EUR 638 million in customer deposits.

Note 20

Securitized debt payables

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

Note 21

Other liabilities

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

Note 22

PEL/CEL mortgage saving accounts

Outstanding deposits in PEL/CEL accounts

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

Outstanding housing loans granted with respect to PEL/CEL accounts

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

Provisions for commitments linked to PEL/CEL accounts

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

The "Plans d'Épargne Logement" (PEL or housing savings plans) entail two types of commitment that have the negative effect of generating a PEL/CEL provision for the Group: a commitment to lend at an interest rate fixed on the plan opening date and a commitment to remunerate the savings at an interest rate also fixed on the plan opening date. The current level of interest rates is relatively high compared to the interest rates paid on "Epargne Logement" deposits of Societe Generale Group. Consequently, it is mainly the commitment to lend at the interest rate fixed on the plan opening date based on recent generations of "PEL" plans which triggers the PEL/CEL provision.

As interest rates rose during 2007, the proportion of the provision linked to the commitment to remunerate the deposits at a fixed interest rate decreased during 2007 while the provision for the risks attached to the commitment to lend at a fixed interest rate has risen. Provisioning for PEL/CEL savings amounted to 0.54% of total outstandings at December 31, 2007.

Methods used to establish the parameters for valuing provisions

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

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

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

Note 23

Provisions and depreciation

Assets depreciations

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

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

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

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

Provisions

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

The change in provisions can be analysed as follows:

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

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

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

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

Note 24

Employee benefits

1. Post-employment defined contribution plans

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

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

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

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

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

(In millions of euros)	December 31, 2007				December 31, 2006			
	Post employment benefits				Post employment benefits			
	Pension plans	Others	Other long term benefits	Total	Pension plans	Others	Other long term benefits	Total
Reminder of gross liabilities	2,377	55	272	**2,704**	2,448	215	351	**3,014**
Reminder of assets	(1,979)	-	(74)	**(2,053)**	(1,985)	-	(78)	**(2,063)**
Deficit in the plan	**398**	**55**	**198**	**651**	**463**	**215**	**273**	**951**
Breakdown of the deficit in the plan								
Present value of defined benefit obligations	2,069	-	80	**2,149**	2,236	-	78	**2,314**
Fair value of plan assets	(2,071)	-	(74)	**(2,145)**	(2,075)	-	(78)	**(2,153)**
Actuarial deficit (net balance) (A)	(2)	-	6	**4**	161	-	-	**161**
Present value of unfunded obligations (B)	276	55	192	**523**	276	216	273	**765**
Other items recognized in balance sheet (C)								
Unrecognized items								
Unrecognized Past Service Cost	48	-	-	**48**	58	-	-	**58**
Unrecognized Net Actuarial (Gain)/Loss	(80)	-	-	**(80)**	6	1	-	**7**
Separate assets	(1)	-	-	**(1)**	(1)	-	-	**(1)**
Plan assets impacted by change in Asset Celling	(91)	-	-	**(91)**	(89)	-	-	**(89)**
Total unrecognized items (D)	(124)	-	-	**(124)**	(26)	1	-	**(25)**
Deficit in the plan (Net balance) (A) + (B) + (C) - (D)	**398**	**55**	**198**	**651**	**463**	**215**	**273**	**951**

Notes:

1. *For pensions and other post-employment plans, actuarial gains and losses, which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortized on the estimated average remaining working life of the employees participating in the plan in accordance with the option of IAS 19 (corridor).*
2. *Pension plans include pension benefit as annuities and end of career payments. Pension benefit annuities are paid additionally to pensions state plans.*
   The Group grants 130 pension plans located in 39 countries. 10 pension plans located in France, the UK, Germany, the US and Switzerland represent 80% of gross liabilities of these pension plans.
   Other post employment benefit plans are healthcare plans. These 10 plans are located in 7 countries among which France represents 50% of gross liabilities.
   Other long-term employee benefits include deferred bonuses, flexible working provisions (French acronym: compte épargne temps) and long-service awards. 80 benefits are located in 22 countries. 75% of gross liabilities of these benefits are located in France.
3. *The present values of defined benefit obligations have been valued by independant qualified actuaries.*
4. *Information regarding plan assets:*
   The breakdown of the fair value of plan assets is as follows: 34% bonds, 54% equities, 6% monetary instruments and 6% others.
   For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 154 million, including EUR 91 million unrecognized.
5. *Employer contributions to be paid to post-employment benefit plans for 2008 are estimated at EUR 55 million.*
6. *Generally, expected return rates of plan assets are calculated by weighting expected anticipated returns on each category of assets with their respected weights in the asset's fair value.*
7. *In France, the Social Security funding act for 2007 forbade the retirement at the employer's volition before 65 after 2014. Its impact on the retirement indemnity schemes is valued at December 31, 2006 and treated as a past service cost. Consequently, the 2007 expense of the retirement indemnity schemes is restated.*
   The residual impact of the Social Security funding act for 2008 is mainly due to a new social tax that amounts to 25% in 2008 and 50% after 2009 and applied to the indemnities paid when an employee retires at the employer's volition. This impact is valued at December 31, 2007, treated as actuarial gains and losses and does not modify the 2007 expense of the retirement indemnity schemes.

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

	Post employment benefits							
	Pension plans		Others		Other long term benefits		Total	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Plan assets	52	175	-	-	3	5	**55**	**180**

2.2. AMOUNTS RECOGNIZED IN THE INCOME STATEMENT

	Post employment benefits							
	Pension plans		Others		Other long term benefits		Total	
(In millions of euros)	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Current Service Cost including Social Charges	77	70	6	8	36	50	119	128
Employee contributions	(3)	(3)	-	-	-	-	(3)	(3)
Interest Cost	116	106	2	6	5	5	123	117
Expected Return on Plan Assets	(120)	(107)	-	-	(4)	(3)	(124)	(110)
Expected Return on Separate Assets	-	-	-	-	-	-	-	-
Amortisation of Past Service Cost	5	5	-	-	-	-	5	5
Amortisation of Losses (Gains)	1	5	-	2	3	(7)	4	-
Settlement, Curtailment	5	-	-	60	-	(1)	5	59
Change in asset ceiling	(5)	6	-	-	-	-	(5)	6
Transfert from non recognized assets	-	-	-	-	-	-	-	-
Total Charges	**76**	**82**	**8**	**76**	**40**	**44**	**124**	**202**

• 2.3.a. Movements in the present value of defined benefit obligations

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

• 2.3.b. Movements in fair value of plan assets

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

2.4. MAIN ASSUMPTIONS

	December 31, 2007	December 31, 2006
Discount rate		
Europe	5.16%	4.50%
Americas	6.27%	5.20%
Asia-Oceania-Africa	4.90%	4.30%
Expected return on plan assets (separate and plan assets)		
Europe	5.31%	5.87%
Americas	6.50%	6.50%
Asia-Oceania-Africa	4.06%	2.50%
Future salary increase net of inflation		
Europe	1.58%	1.00%
Americas	2.00%	2.00%
Asia-Oceania-Africa	2.05%	1.80%
Healthcare cost increase rate		
Europe	5.59%	4.63%
Americas	NA	NA
Asia-Oceania-Africa	4.15%	3.50%
Average and remaining lifetime of employees (in years)		
Europe	13.6	11.5
Americas	7.5	9.5
Asia-Oceania-Africa	13.5	11

Notes:

1. *The range in discount rate is due to various post-employment benefit plans durations and to different levels of interest rates used in the same geographic area like Europe and Asia.*
2. *The range of expected return on plan assets is due to current plan assets allocation.*
3. *Average and remaining lifetime of employees is calculated taking into account turnover assumptions.*

2.5. SENSITIVITIES ANALYSIS OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS COMPARED TO MAIN ASSUMPTIONS RANGES

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

2.6. EXPERIENCE ADJUSTMENTS ON POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(In millions of euros)	December 31, 2007	December 31, 2006
Defined Benefit Obligations	2,344	2,512
Fair value of plan assets	2,071	2,075
Deficit/(surplus)	273	437
Adjustments of Plan Liabilities due to experience (negative: gain)	49	(11)
Adjustments of Plan Assets due to experience (negative: gain)	68	(67)

Note 25

Subordinated debt

(In millions of euros)

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

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

Note 26

Societe Generale ordinary shares, treasury shares, shares held by employees

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

(1) Does not include Societe Generale shares held for trading.

Note 27

Commitments

Commitments granted and received

COMMITMENTS GRANTED

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

COMMITMENTS RECEIVED

(In millions of euros)	December 31, 2007	December 31, 2006
Loan commitments		
From banks	24,254	17,526
Guarantee commitments		
From banks	53,677	58,352
Other commitments (3)	60,133	49,854
Securities commitments		
Securities to be received	42,400	32,783

(1) As at December 31, 2007, credit lines and guarantee commitments granted to securization vehicles and other special purpose vehicles amounted to EUR 27.7 billion and EUR 0.6 billion respectively.

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

(3) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 34.1 billion as at December 31, 2007 and EUR 28.3 billion as at December 31, 2006. The remaining balance mainly corresponds to securities and assets assigned as guarantee.

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

Forward financial instrument commitments (notional amounts)

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

Credit risk equivalent

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

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

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

Securitization transactions

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

As at December 31, 2007, there were 6 non-consolidated vehicles (Barton, Antalis, Asset One, Homes, ACE Australia, ACE Canada) structured by the Group on behalf of customers or investors. Total assets held by these vehicles and financed through the issuance of commercial papers amounted to EUR 19,260 million at this date (EUR 19,815 million as at December 31, 2006).

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

The default risk on the assets held by these vehicles is borne by the transferors of the underlying receivables or by third parties. Societe Generale Group provides an additional guarantee as a credit enhancement through the issuance of letters of credit in the amount of EUR 600 million (EUR 731 million as at December 31, 2006). Furthermore, the Group has granted these vehicles short-term loan facilities in the amount of EUR 27,738 million at this date (EUR 29,237 million as at December 31, 2006).

Note 28

Assets pledged as security

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

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

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

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

Note 29

Breakdown of assets and liabilities by term to maturity

Maturities of financial assets and liabilities

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

(1) As a rule, derivatives are classified as having a maturity of less than three months.

Notional maturities of commitments on financial derivatives (2)

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

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

Note 30

Foreign exchange transactions

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

Note 31

Insurance Activities

Underwriting reserves of insurance companies

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

Statement of changes in underwriting reserves of insurance companies

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

Net investments of insurance companies

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

Technical income from insurance companies

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

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

Net fee income (2)

(In millions of euros)	December 31, 2007	December 31, 2006
Fees received		
– Acquisition fees	197	200
– Management fees	467	491
– Others	151	48
Fees paid		
– Acquisition fees	(182)	(172)
– Management fees	(240)	(198)
– Others	(10)	(9)
Total fees	**383**	**360**

(2) Fees are presented in this table before elimination of intercompany transactions.

Management of insurance risks

There are two main types of insurance risk:

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

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

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

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

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

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

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

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

Note 32

Interest income and expense

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

(1) ***Breakdown of "Other customer loans"*** *(In millions of euros)*

– Short-term loans	5,772	3,873
– Export loans	396	255
– Equipment loans	2,334	1,840
– Housing loans	3,398	2,753
– Other customer loans	2,609	2,098
Total	**14,509**	**10,819**

(2) These expenses include the refinancing cost of financial instruments measured at fair value through P&L, which is classified in net gain or loss (Note 34). 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 the activities on financial instruments measured at fair value through P&L must be assessed as a whole.

Note 33

Fee income and expense

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

These commission income and expense include:

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

Note 34

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

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

(1) 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 the activities on financial instruments measured at fair value through P&L must be assessed as a whole. It should be noted that the income shown here does not include the refinancing cost of these financial instruments, which is shown among interest expense and interest income.

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

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

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

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

Note 35

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

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

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

Note 36

Income and expenses from other activities

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

Note 37

Personnel expenses

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

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

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

Note 38

Share-based payment plans

Expenses recorded in the income statement

	December 31, 2007			December 31, 2006		
(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	-	73.8	**73.8**	-	31.9	**31.9**
Net expenses from stock option plans	105.2	119.2	**224.4**	147.9	91.9	**239.8**

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

Main characteristics of Societe Generale stock-option plans and free Shares Plans

EQUITY-SETTLED STOCK-OPTION PLANS FOR GROUP EMPLOYEES FOR THE YEAR ENDED DECEMBER 31, 2007 ARE BRIEFLY DESCRIBED BELOW

- Stock-options

Issuer	Societe Generale	Societe Generale	Societe Generale	Societe Generale	Societe Generale	Societe Generale for TCW	Societe Generale	Societe Generale for TCW
Year of attribution	**2002**	**2003**	**2004**	**2005**	**2006**	**2006**	**2007**	**2007**
Type of plan	**stock option**	**stock option**	**stock option**	**stock option**	**stock option**	**stock option**	**stock option**	**stock option**
Shareholders agreement	05.13.1997	04.23.2002	04.23.2002	04.29.2004	04.29.2004	04.29.2004	05.30.2006	05.30.2006
Board of Directors decision	01.16.2002	04.22.2003	01.14.2004	01.13.2005	01.18.2006	04.25.2006	01.19.2007	09.18.2007
Number of stock-options granted (1)	3,553,549	3,910,662	3,814,026	4,067,716	1,548,218	138,503	1,260,956	121,037
Contractual life of the options granted	7 years	7 years	7 years	7 years	7 years	7 years	7 years	7 years
Settlement	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares
Vesting period	01.16.02 - 01.16.05	04.22.03 - 04.22.06	01.14.04 - 01.14.07	01.13.2005 - 01.13.2008	01.18.2006 - 01.18.2009	04.25.2006 - 04.25.2009	01.19.2007 - 01.19.2010	09.18.2007 - 09.18.2010
Performance conditions	no	no	no	no	no	no	no except for directors (3)	no
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	maintained	maintained	maintained	maintained	maintained	maintained	maintained	maintained
Death	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period
Share price at grant date (in EUR) (average of 20 days prior to grant date) (1)	62.08	51.65	69.53	74.50	104.85	121.52	130.3	117.41
Discount	0%	0%	0%	0%	0%	0%	0%	0%
Exercise price (in EUR) (1)	62.08	51.65	69.53	74.50	104.85	121.52	130.3	117.41
Options authorized but not attributed	-	-	-	-	-	-	-	-
Options exercised at December 31, 2007	2,537,445	2,313,272	668,150	4,000	2,174	-	-	-
Options forfeited at December 31, 2007	283,693	186,374	99,078	130,137	40,156	6,033	13,934	235
Options outstanding at December 31, 2007	732,411	1,411,016	3,046,798	3,933,579	1,505,888	132,470	1,247,022	120,802
Number of shares reserved at December 31, 2007	732,411	1,411,016	3,046,798	(2)	(2)	132,470	1,247,022	120,802
Share price of shares reserved (in EUR)	63.18	51.03	50.35	(2)	(2)	124.1	126.69	119.55
Total value of shares reserved (in EUR million)	46	72	153	(2)	(2)	16	158	14
First authorized date for selling the shares	01.16.2006	04.22.2007	01.14.2008	01.13.2009	01.18.2010	04.25.2009	01.19.2011	09.18.2010
Delay for selling after vesting period	1 year	1 year	1 year	1 year	1 year	-	1 year	-
Fair value *(% of the share price at grant date)*	28%	25%	21%	17%	16%	17%	18%	17%
Valuation method used to determine the fair value	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo

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

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

(3) There are conditions of performance for chief executive officiers which are described in the coporate governance section.

- **Free Shares**

Issuer	Societe Generale	Societe Generale
Year of grant	**2006**	**2007**
Type of plan	**free shares**	**free shares**
Shareholders agreement	05.09.2005	05.30.2006
Board of Directors decision	01.18.2006	01.19.2007
Number of free shares granted	726,666	824,406
Settlement	Societe Generale shares	Societe Generale shares
Vesting period	01.18.2006 - 03.31.2008 01.18.2006 - 03.31.2009	01.19.2007 - 03.31.2009 01.19.2007 - 03.31.2010
Performance conditions	conditions on ROE for certain recipients	conditions on ROE for certain recipients
Resignation from the Group	forfeited	forfeited
Redundancy	forfeited	forfeited
Retirement	maintained	maintained
Death	maintained for 6 months	maintained for 6 months
Share price at grant date	103.6	131.4
Shares exercised at December 31, 2007	240	470
Shares forfeited at December 31, 2007	33,432	16,376
Shares outstanding at December 31, 2007	692,994	807,560
Number of shares reserved at December 31, 2007	692,994	807,560
Share price of shares reserved (in EUR)	90.62	126.69
Total value of shares reserved (in EUR million)	63	102
First authorized date for selling the shares	03.31.2010 03.31.2011	03.31.2011 03.31.2012
Delay for selling after vesting period	2 years	2 years
Fair value (% of the share price at grant date)	vesting period 2 years: 86% vesting period 3 years: 81%	vesting period 2 years: 86% vesting period 3 years: 81%
Valuation method used to determine the fair value	Arbitrage	Arbitrage

STATISTICS CONCERNING SOCIETE GENERALE STOCK-OPTION PLANS

Main figures concerning Societe Generale stock-option plans, for the year ended December 31, 2007:

	Options granted in 2002	Options granted in 2003	Options granted in 2004	Options granted in 2005	Options granted in 2006	TCW Options granted in 2006	Options granted in 2007	TCW Options granted in 2007	Weighted average remaining contractual life	Weighted average fair value at grant date (EUR)	Weighted average share price at exercise date (EUR)	Range of exercise prices (EUR)
Options outstanding on 01.01.2007	1,183,753	2,665,453	3,720,156	3,971,183	1,524,007	137,823	-	-				
Options granted in 2007	-	-	-	-	-	-	1,260,956	121,037				
Options forfeited in 2007	119	228	7,208	37,604	18,119	5,353	13,934	235				
Options exercised in 2007	451,223	1,254,209	666,150	-	-	-	-	-			139.95	51.65 130.30
Options expired in 2007	-	-	-	-	-	-	-	-				
Outstanding options on 12.31.2007	732,411	1,411,016	3,046,798	3,933,579	1,505,888	132,470	1,247,022	120,802	45 months	15.62		
Exercisable options on 12.31.2007	732,411	1,411,016	3,046,798	-	-	-	-	-				

Notes

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

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

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

Other stock-option plans - TCW company

STOCK OPTION PLANS FOR TCW GROUP EMPLOYEES FOR THE YEAR-ENDED DECEMBER 31, 2007 ARE BRIEFLY DESCRIBED BELOW

Issuer	**TCW**	**TCW**	**TCW**	**TCW**	**TCW**	**TCW**
Year of attribution	**2001**	**2002**	**2003**	**2005**	**2006**	**2007**
Type of plan	**stock option**	**stock option**	**stock option**	**stock option**	**stock option**	**stock option**
Shareholders agreement	07.07.2001	07.07.2001	07.07.2001	07.01.2005	09.01.2006	09.30.2007
Board of Directors decision	07.07.2001	01.01.2002 - 07.16.2002	02.19.2003 - 03.31.2003 - 06.27.2003	07.01.2005	09.01.2006	09.30.2007
Number of stock-options granted	1,343,320	1,417,980	1,268,350	2,753,708	2,385,515	2,468,849
Contractual life of the options granted	10 years	10 years	10 years	7 years	7 years	7 years
Settlement	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares
Vesting period	07.07.2001 - 07.07.2003	01.01.2002 - 07.15.2008	02.19.2003 - 06.26.2009	07.01.2005 - 06.30.2010	09.01.2006 - 08.31.2011	09.30.2007 - 09.29.2012
Performance conditions	no	no	no	no	no	no
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Death	partially maintained and accelerated vesting	partially maintained and accelerated vesting	partially maintained and accelerated vesting	partially maintained and accelerated vesting	partially maintained and accelerated vesting	partially maintained and accelerated vesting
Share price at grant date (in EUR)	22.23	18.14	15.50	41.35	36.95	33.32
Discount (in EUR)	3.29	2.69	2.30	13.48	5.64	5.12
Exercise price (in EUR)	18.93	15.45	13.21	27.87	31.31	28.20
Options authorized but not attributed	-	-	-	-	-	-
Options exercised at December 31, 2007	1,343,320	1,119,452	477,488	323,333	2,824	-
Options forfeited at December 31, 2007	-	59,728	552,142	242,065	146,384	9,070
Options outstanding at December 31, 2007	-	238,800	238,720	2,188,311	2,236,307	2,459,779
First authorized date for selling the shares	08.07.2003	02.01.2003	03.18.2005	08.01.2007	11.01.2008	11.01.2009
Delay for selling after vesting period	no delay	no delay	no delay	no delay	no delay	no delay
Fair value (% of the share price at grant date)	42%	56%	51%	66%	41%	38%
Valuation method used to determine the fair value	black & scholes	black & scholes	black & scholes	black & scholes	black & scholes	black & scholes

STATISTICS CONCERNING TCW STOCK-OPTION PLANS

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

	Total no. of options	Options granted in 2001	Options granted in 2002	Options granted in 2003	Options granted in 2005	Options granted in 2006	Options granted in 2007	Weighted average remaining contractual life	Weighted average fair value at grant date (EUR)	Weighted average share price at exercise date (EUR)	Range of exercise prices (EUR)
Options outstanding on 01.01.2007	5,904,552	29,864	492,532	358,080	2,655,035	2,369,041	-				
Options granted in 2007	2,468,849	-	-	-	-	-	2,468,849				
Options forfeited in 2007	282,372	-	-	-	143,392	129,910	9,070				
Options exercised in 2007	729,113	29,864	253,732	119,360	323,333	2,824	-			125.62	32.09-34.52
Options expired in 2007	-	-	-	-	-	-	-				
Options outstanding on 12.31.2007	7,361,917	-	238,800	238,720	2,188,311	2,236,307	2,459,779	52 months	13.48		
Exercisable options in 2007	197,393	-	-	-	197,393	-	-				

Notes

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

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

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

Information on other plans

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

ALLOCATION OF SOCIETE GENERALE SHARES WITH A DISCOUNT

• Global employee share-Ownership plan

As part of the Group employee shareholding policy, Societe Generale offered on the April 26, 2007 to employees of the Group to subscribe to a reserved increase capital at a share price of EUR 108.90, with a discount of 20% on the average of the 20 Societe Genetale share prices before this date.

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

This notional 5-year holding period cost is valued as the net cost of the SG shares cash purchase financed by a non allocated and non-revolving five-year credit facility and by a forward sale of these same shares with a five-year maturity.

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

- Societe Generale cash share price: EUR 151.29;
- risk-free interest rate: 4.39%;
- interest rate of a non-allocated five-year credit facility applicable to market players benefiting from the non-transferable securities: 7.57%.

This notional 5-year holding period cost is valued at 17.4% of the reference price before discount.

STOCK-OPTION PLANS GRANTED BY UNLISTED COMPANIES

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

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

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

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

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

BOURSORAMA STOCK-OPTION PLAN AND FREE SHARES PLANS

The 2007 expense of the 2004 plan is EUR 0.48 million. In 2007, 45,000 options were forfeited.

The 2007 expense of the 2006 stock-option and free shares plans is EUR 1.7 million. In 2007, 24,996 options and 22,000 free shares were forfeited.

OTHER COMPENSATION INDEXED ON SOCIETE GENERALE SHARES

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

Note 39

Cost of Risk

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

Note 40

Net loss on unauthorized and concealed trading activities

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

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

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

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

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

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

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

- Net gains on financial instruments at fair value through profit and loss and entered on unauthorized and concealed trading activities create current tax expense of EUR 507 million.
- Allowance expense on provision for the total cost of the unauthorized and concealed trading activities create deferred income tax of EUR 2,197 million (recorded in deferred tax assets in the balance sheet).

Note 41

Income tax

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

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

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

Note 42

Earnings per share

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

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

For information, below are the net earnings per share without the net loss on unauthorized and concealed trading activities:

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

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

(1) The variation reflects interest after tax paid to holders of deeply subordinated notes and undated subordinated notes.

(2) Excluding treasury shares.

Note 43

Transactions with related parties

Definition

In accordance with the definitions provided under IAS 24, the Group's related parties include the following: the directors, the Chairman and Chief Executive Officer and the two Chief Executive Officers, their respective spouses and any children residing in the family home, and the following subsidiaries: subsidiaries which are controlled exclusively or jointly by the Group, companies over which Societe Generale exercises significant influence.

REMUNERATION OF THE GROUP'S MANAGERS

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

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

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

RELATED PARTY TRANSACTIONS

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

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

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

Principal subsidiaries and affiliates (1)

OUTSTANDING ASSETS WITH RELATED PARTIES

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

OUTSTANDING LIABILITIES WITH RELATED PARTIES

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

NET BANKING INCOME FROM RELATED PARTIES

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

COMMITMENTS TO RELATED PARTIES

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

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

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

Note 44

Companies included in the consolidation scope

	COUNTRY	METHOD *	Group ownership interest December 2007	Group ownership interest December 2006	Group voting interest December 2007	Group voting interest December 2006
FRANCE						
BANKS						
Banque de Polynésie [(1)]	France	Full	72.10	72.10	72.10	72.10
Barep [(9)]	France	Full	-	100.00	-	100.00
BFCOI	France	Full	50.00	50.00	50.00	50.00
Calif	France	Full	100.00	100.00	100.00	100.00
Crédit du Nord [(1)]	France	Full	80.00	80.00	80.00	80.00
Génébanque	France	Full	100.00	100.00	100.00	100.00
Groupama Banques	France	Equity	20.00	20.00	20.00	20.00
SG Calédonienne de Banque [(1)]	France	Full	90.10	90.10	90.10	90.10
SG de Banque aux Antilles	France	Full	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
Barep Court Terme [(2) (11)]	France	Full	-	-	-	-
Barep Assets Management	France	Full	100.00	100.00	100.00	100.00
Barep Opportunités Stratégie [(2) (11)]	France	Full	-	-	-	-
Barep Performance Plus [(2) (11)]	France	Full	-	-	-	-
Euro VL [(1)]	France	Full	98.25	100.00	98.25	100.00
FCP Morgan Stanley Aktien [(4)]	France	Full	-	100.00	-	98.30
IEC	France	Full	100.00	100.00	100.00	100.00
Interga SAS	France	Full	100.00	100.00	100.00	100.00
JS Credit Fund	France	Full	100.00	100.00	100.00	100.00
Lyxor Asset Management	France	Full	100.00	100.00	100.00	100.00
Lyxor International Asset Management	France	Full	100.00	100.00	100.00	100.00
Primafair SAS	France	Full	100.00	100.00	100.00	100.00
SAS Orbeo	France	Prop	50.00	50.00	50.00	50.00
SGAM Index	France	Full	100.00	100.00	100.00	100.00
SG Asset Management [(1)]	France	Full	100.00	100.00	100.00	100.00
SG Energie Usa Corp	France	Full	100.00	100.00	100.00	100.00
SG European Mortgage Investments [(2)]	France	Full	100.00	-	100.00	-
SGAM AI	France	Full	100.00	100.00	100.00	100.00
SGAM AI Crédit Plus [(2)]	France	Full	100.00	-	100.00	-
SGAM AI Crédit Plus Opportunités [(2)]	France	Full	100.00	-	100.00	-
SGAM AI Euro Garanti 3 M [(2) (11)]	France	Full	-	-	-	-
SGAM AI Euro Garanti 12 M [(2) (11)]	France	Full	-	-	-	-
SGAM Banque [(1)]	France	Full	100.00	100.00	100.00	100.00

** Full: full consolidation – Prop: proportionate consolidation – Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			December 2007	December 2006	December 2007	December 2006
SGAM RTO	France	Full	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
Airbail	France	Full	100.00	100.00	100.00	100.00
ALD France (1)	France	Full	100.00	100.00	100.00	100.00
Bull Finance	France	Full	51.35	51.35	51.35	51.35
Cafirec	France	Full	100.00	100.00	100.00	100.00
C.G.I. (1)	France	Full	99.88	99.89	98.88	99.89
Dalarec	France	Full	100.00	100.00	100.00	100.00
Disponis	France	Full	99.94	99.94	100.00	100.00
Evalparts	France	Full	100.00	100.00	100.00	100.00
FCC Ouranos (2)	France	Full	100.00	-	100.00	-
FCC Ouréa (2)	France	Full	100.00	-	100.00	-
Fenwick Lease	France	Full	100.00	100.00	100.00	100.00
Fontanor (1)	France	Full	100.00	100.00	100.00	100.00
Franfinance SA (1)	France	Full	99.99	99.99	99.99	99.99
Franfinance Location	France	Full	99.99	99.99	100.00	100.00
French Supermarkets 1	France	Full	100.00	100.00	100.00	100.00
Génécal	France	Full	100.00	100.00	100.00	100.00
Génécomi	France	Full	53.84	60.65	53.84	60.65
Ipersoc SAS	France	Full	100.00	100.00	100.00	100.00
Linden SAS	France	Full	100.00	100.00	100.00	100.00
Orpavimob SA	France	Full	100.00	100.00	100.00	100.00
Promopart	France	Full	100.00	100.00	100.00	100.00
Rusfinance SAS (1)	France	Full	100.00	100.00	100.00	100.00
Sagem Lease	France	Full	100.00	100.00	100.00	100.00
SAS IPF (3)	France	Full	-	100.00	-	100.00
SCP Clémence (8)	France	Full	-	100.00	-	100.00
SCP Salomé (8)	France	Full	-	100.00	-	100.00
SG Équipement Finance SA	France	Full	100.00	100.00	100.00	100.00
SG Services	France	Full	100.00	100.00	100.00	100.00
SNC Athena Investissements	France	Full	100.00	100.00	100.00	100.00
SNC Cofininvest	France	Full	100.00	100.00	100.00	100.00
SNC Distinvest	France	Full	100.00	100.00	100.00	100.00
SNC Financières Valmy Investissements	France	Full	100.00	100.00	100.00	100.00
SNC Fininva	France	Full	100.00	100.00	100.00	100.00
SNC Finovadis	France	Full	100.00	100.00	100.00	100.00
SNC Paris Strasbourg	France	Full	100.00	100.00	100.00	100.00
SNC Sirius (3)	France	Full	-	100.00	-	100.00

** Full: full consolidation – Prop: proportionate consolidation – Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			December 2007	December 2006	December 2007	December 2006
Sofom	France	Full	100.00	100.00	100.00	100.00
Sofrafi	France	Full	100.00	100.00	100.00	100.00
Sogéfimur	France	Full	100.00	100.00	100.00	100.00
Sogéfinancement	France	Full	100.00	100.00	100.00	100.00
Sogéfinerg	France	Full	100.00	100.00	100.00	100.00
Sogéga PME	France	Full	100.00	100.00	100.00	100.00
Sogelease France	France	Full	100.00	100.00	100.00	100.00
Solocvi	France	Full	100.00	100.00	100.00	100.00
Valmyfin	France	Full	100.00	100.00	100.00	100.00
Varoner 2	France	Full	100.00	100.00	100.00	100.00
PORTFOLIO MANAGEMENT						
Aurelec (6)	France	Full	-	100.00	-	100.00
FCC Albatros	France	Full	100.00	100.00	51.00	51.00
FCP Lyxor Obligatium (1) (11)	France	Full	-	-	-	-
Fimat Americas SAS	France	Full	100.00	100.00	100.00	100.00
Finareg	France	Full	100.00	100.00	100.00	100.00
Finecorp (6)	France	Full	-	100.00	-	100.00
Fonvalor2 (6)	France	Full	-	100.00	-	100.00
Geforpat (6)	France	Full	-	100.00	-	100.00
Géné Act 1	France	Full	100.00	100.00	100.00	100.00
Généfinance	France	Full	100.00	100.00	100.00	100.00
Généval (1)	France	Full	100.00	100.00	100.00	100.00
Geninfo	France	Full	100.00	100.00	100.00	100.00
Lyxor Quantic Optimizer (7)	France	Full	-	100.00	-	100.00
Libécap	France	Full	100.00	100.00	100.00	100.00
Megaval	France	Full	100.00	100.00	100.00	100.00
Mountain Peak (4)	France	Full	-	100.00	-	100.00
Salvépar	France	Full	51.42	51.42	51.42	51.42
SCI Foncière Défense	France	Full	99.99	99.99	100.00	100.00
SG Capital Developpement	France	Full	100.00	100.00	100.00	100.00
SG Consumer Finance (1)	France	Full	100.00	100.00	100.00	100.00
SG Financial Services Holding	France	Full	100.00	100.00	100.00	100.00
SGSS Holding	France	Full	100.00	100.00	100.00	100.00
Sivalparts (6)	France	Full	-	100.00	-	100.00
Sogéfim	France	Full	100.00	100.00	100.00	100.00
Sogénal Participation	France	Full	100.00	100.00	100.00	100.00
SG de Participations	France	Full	100.00	100.00	100.00	100.00
Sogéparticipations (ex-Sogenal) (1)	France	Full	100.00	100.00	100.00	100.00

** Full: full consolidation – Prop: proportionate consolidation – Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			December 2007	December 2006	December 2007	December 2006
Sogéplus	France	Full	100.00	100.00	100.00	100.00
Societe Generale Capital Partenaire	France	Full	100.00	100.00	100.00	100.00
Sté Rue Édouard-VII	France	Full	99.91	99.91	99.91	99.91
The Emerald Fund Limited	France	Full	100.00	100.00	100.00	100.00
Vouric	France	Full	100.00	100.00	100.00	100.00
BROKERS						
Boursorama (1)	France	Full	55.93	56.57	55.93	56.57
Clickoptions	France	Full	100.00	100.00	100.00	100.00
Fimat Banque	France	Full	100.00	100.00	100.00	100.00
Fimat SNC Paris	France	Full	100.00	100.00	100.00	100.00
Gaselys	France	Prop	49.00	49.00	49.00	49.00
SG Energie	France	Full	100.00	100.00	100.00	100.00
SG Euro CT	France	Full	100.00	100.00	100.00	100.00
SG Option Europe	France	Full	100.00	100.00	100.00	100.00
SG Securities Paris	France	Full	100.00	100.00	100.00	100.00
REAL ESTATE AND REAL ESTATE FINANCING						
Galybet	France	Full	100.00	100.00	100.00	100.00
Généfim (1)	France	Full	100.00	100.00	100.00	100.00
Généfimmo (1)	France	Full	100.00	100.00	100.00	100.00
Orient Properties	France	Full	100.00	100.00	100.00	100.00
Sogébail	France	Full	100.00	100.00	100.00	100.00
Sogéprom (1)	France	Full	100.00	100.00	100.00	100.00
Sophia-bail	France	Full	51.00	51.00	51.00	51.00
SERVICES						
CGA	France	Full	100.00	100.00	100.00	100.00
ECS (1)	France	Full	100.00	100.00	100.00	100.00
Parel	France	Full	100.00	100.00	100.00	100.00
Socogéfi	France	Full	100.00	100.00	100.00	100.00
GROUP REAL ESTATE MANAGEMENT COMPANIES						
CFM (1)	France	Full	100.00	100.00	100.00	100.00
Eléaparts	France	Full	100.00	100.00	100.00	100.00
Génégis 1	France	Full	100.00	100.00	100.00	100.00
Génégis 2	France	Full	100.00	100.00	100.00	100.00
Génévalmy	France	Full	100.00	100.00	100.00	100.00
SAS SOCADQUATORZE (2)	France	Full	100.00	-	100.00	-
SAS SOCADSEIZE (2)	France	Full	100.00	-	100.00	-
SC Alicante 2000	France	Full	100.00	100.00	100.00	100.00
SC Chassagne 2000	France	Full	100.00	100.00	100.00	100.00

** Full: full consolidation – Prop: proportionate consolidation – Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest December 2007	Group ownership interest December 2006	Group voting interest December 2007	Group voting interest December 2006
SCI Opéra 72	France	Full	99.99	99.99	100.00	100.00
SI 29 Haussmann	France	Full	100.00	100.00	100.00	100.00
Société Immobilière de Strasbourg	France	Full	100.00	100.00	100.00	100.00
Sogé Colline Sud	France	Full	100.00	100.00	100.00	100.00
Sogé Perival 1	France	Full	100.00	100.00	100.00	100.00
Sogé Perival 2	France	Full	100.00	100.00	100.00	100.00
Sogé Perival 3	France	Full	100.00	100.00	100.00	100.00
Sogé Perival 4	France	Full	100.00	100.00	100.00	100.00
Sogéfontenay	France	Full	100.00	100.00	100.00	100.00
Soginfo [(1)]	France	Full	100.00	100.00	100.00	100.00
S.T.I.P	France	Full	99.99	99.99	100.00	100.00
Valminvest	France	Full	100.00	100.00	100.00	100.00
INSURANCE						
Génécar	France	Full	100.00	100.00	100.00	100.00
Oradéa Vie	France	Full	100.00	100.00	100.00	100.00
Sogécap [(1)]	France	Full	100.00	100.00	100.00	100.00
Sogessur	France	Full	65.00	65.00	65.00	65.00
EUROPE						
BANKS						
Banca Romana Pentru Devzvoltare [(1)]	Romania	Full	58.32	58.32	58.32	58.32
Banka Popullore [(2)]	Albania	Full	75.00	-	75.00	-
Bank Republic [(1)] [(2)]	Georgia	Full	60.00	-	60.00	-
General Bank of Greece [(1)]	Geece	Full	52.32	52.32	52.32	52.32
Komercni Banka [(1)]	Czech Republic	Full	60.35	60.35	60.35	60.35
SG Bank Nederland NV	Netherlands	Full	100.00	100.00	100.00	100.00
SG Express Bank [(1)]	Bulgaria	Full	97.95	97.95	97.95	97.95
SG Hambros Bank Ltd. [(1)]	Great Britain	Full	100.00	100.00	100.00	100.00
SG Private Banking (Suisse) [(1)]	Switzerland	Full	77.62	77.62	77.62	77.62
Societe Generale SRBIJA	Serbia	Full	100.00	100.00	100.00	100.00
SG Vostok [(1)]	Russia	Full	100.00	100.00	100.00	100.00
SGBT Luxembourg [(1)]	Luxembourg	Full	100.00	100.00	100.00	100.00
SG Private Banking (Monaco)	Monaco	Full	100.00	100.00	100.00	100.00
SKB Banka [(1)]	Slovenia	Full	99.68	99.58	99.68	99.58
Societe Generale Cyprus Ltd.	Cyprus	Full	51.00	51.00	51.00	51.00
Sogéparticipations Belgique [(1)]	Belgium	Full	100.00	100.00	100.00	100.00
Splitska Banka	Croatia	Full	99.76	99.76	99.76	99.76
2S Banca	Italy	Full	100.00	100.00	100.00	100.00
Rosbank	Russia	Equity	20.00	20.00	20.00	20.00
FINANCIAL COMPANIES						

** Full: full consolidation – Prop: proportionate consolidation – Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			December 2007	December 2006	December 2007	December 2006
Amber	Great Britain	Full	100.00	100.00	100.00	100.00
BRD Finance Credite Consum SRL	Romania	Full	79.58	79.58	100.00	100.00
Brigantia BV (1)	Great Britain	Full	100.00	100.00	80.00	80.00
Claris 4 (11)	Jersey	Full	-	-	-	-
Co-Invest LBO Master Fund LLP (2)	Great Britain	Full	100.00	-	51.00	-
Euro-VL Luxembourg	Luxembourg	Full	99.21	100.00	100.00	100.00
Halysa SA	Luxembourg	Full	100.00	100.00	100.00	100.00
Iris II (2) (11)	Ireland	Full	-	-	-	-
IVEFI	Luxembourg	Full	100.00	100.00	100.00	100.00
Lightning Finance Company Ltd. (3)	Ireland	Full	-	51.00	-	51.00
LFL Asset Finance Ltd.	Ireland	Full	51.00	51.00	51.00	51.00
Lyxor Master Fund	Jersey	Full	100.00	100.00	100.00	100.00
Orion Shared Liquidity Assets Fund BV	Netherlands	Full	100.00	100.00	95.00	95.00
Parsifal Ltd. (11)	Jersey	Full	-	-	-	-
Red & Black Consummer 2006-1 plc. (11)	Ireland	Full	-	-	-	-
SGA Societe Generale Acceptance NV	Netherlands Antilles	Full	100.00	100.00	100.00	100.00
SG Asset Management Group Ltd. (1)	Great Britain	Full	100.00	100.00	100.00	100.00
SGAM Iberia	Spain	Full	100.00	100.00	100.00	100.00
SGAM Irlande (2)	Ireland	Full	100.00	-	100.00	-
SGAP Luxembourg (2)	Luxembourg	Full	100.00	-	100.00	-
SGBF	Belgium	Full	100.00	100.00	100.00	100.00
SGCF Holding Hellas SA (1) (2)	Geece	Full	100.00	-	100.00	-
SG Effekten	Germany	Full	100.00	100.00	100.00	100.00
SG Finance Ireland (1)	Ireland	Full	100.00	100.00	100.00	100.00
SG Immobel (1) (2)	Belgium	Full	100.00	-	100.00	-
SG Investment UK Ltd. (1)	Great Britain	Full	100.00	100.00	100.00	100.00
SG Russel	Ireland	Prop	50.00	50.00	50.00	50.00
SG Securities London Ltd.	Great Britain	Full	100.00	100.00	100.00	100.00
SG Wertpapierhandelsgesellschaft Mbh	Germany	Full	100.00	100.00	100.00	100.00
Société Européenne de Financement et d'Investissement (2)	Luxembourg	Full	100.00	-	100.00	-
Verifonds	Germany	Full	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
ALD Belgium (1)	Belgium	Full	100.00	100.00	100.00	100.00
ALD Denmark (1)	Denmark	Full	100.00	100.00	100.00	100.00
ALD Finland (1)	Finland	Full	100.00	100.00	100.00	100.00
Axus Italiana SRL	Italy	Full	100.00	100.00	100.00	100.00
ALD Nederland	Netherlands	Full	100.00	100.00	100.00	100.00
ALD Norway (1)	Norway	Full	100.00	100.00	100.00	100.00

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	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			December 2007	December 2006	December 2007	December 2006
ALD Sweden (1)	Sweden	Full	100.00	100.00	100.00	100.00
Adria Leasing Spa	Italy	Full	100.00	100.00	100.00	100.00
ALD Germany (1)	Germany	Full	100.00	100.00	100.00	100.00
ALD UK (1)	Great Britain	Full	100.00	100.00	100.00	100.00
ALD Czech Republic	Czech Republic	Full	100.00	100.00	100.00	100.00
ALD International SAS & Co (1)	Germany	Full	100.00	100.00	100.00	100.00
ALD International SA	Germany	Full	100.00	100.00	100.00	100.00
ALD Lease Finanz Gmbh (1)	Germany	Full	100.00	100.00	100.00	100.00
ALD Portugal	Portugal	Full	100.00	100.00	100.00	100.00
ALD Spain (1)	Spain	Full	100.00	100.00	100.00	100.00
Delta Credit Mortgage Finance BV (1)	Netherlands	Full	100.00	100.00	100.00	100.00
Eiffel (2)	Great Britain	Full	100.00	-	100.00	-
Essox s.r.o	Czech Republic	Full	79.81	79.81	100.00	100.00
Eurobank	Poland	Full	99.36	99.26	99.36	99.26
Fiditalia Spa	Italy	Full	100.00	100.00	100.00	100.00
Fraer Leasing Spa	Italy	Full	67.75	67.75	67.75	67.75
SGEF Czech Republic	Czech Republic	Full	100.00	100.00	100.00	100.00
Franfinance Leasing Italia Spa	Italy	Full	100.00	100.00	100.00	100.00
SGEF Polska	Poland	Full	100.00	100.00	100.00	100.00
Gefa Bank	Germany	Full	100.00	100.00	100.00	100.00
Gefa Leasing GmbH	Germany	Full	100.00	100.00	100.00	100.00
Hanseatic Bank	Germany	Full	75.00	75.00	75.00	75.00
LocatRent Spa (10)	Italy	Prop	-	50.00	-	50.00
Montalis Investment BV	Netherlands	Full	100.00	100.00	100.00	100.00
Promopart Snc	Luxembourg	Full	100.00	100.00	100.00	100.00
SGBT Finance Ireland Limited	Ireland	Full	100.00	100.00	100.00	100.00
SG Capital Europe Fund III (7)	Great Britain	Full	-	46.94	-	46.94
SGEF Benelux	Netherlands	Full	100.00	100.00	100.00	100.00
SGEF International GmbH (1)	Germany	Full	100.00	100.00	100.00	100.00
SGEF Schwitzerland	Switzerland	Full	100.00	100.00	100.00	100.00
SGEF SA & CO KG	Germany	Full	100.00	100.00	100.00	100.00
SG Factoring Spa	Italy	Full	100.00	100.00	100.00	100.00
SG Finans (1)	Norway	Full	100.00	100.00	100.00	100.00
SG Holding de Valores y Participationes	Spain	Full	100.00	100.00	100.00	100.00
SG Leasing XII (1) (2)	Great Britain	Full	100.00	-	100.00	-
Societe Generale Italia holding Spa	Italy	Full	100.00	100.00	100.00	100.00
Sogega Pme Snc	Luxembourg	Full	100.00	100.00	100.00	100.00
Sogelease BV Nederland (1)	Netherlands	Full	100.00	100.00	100.00	100.00

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	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			December 2007	December 2006	December 2007	December 2006
BROKERS						
Cube Financial	Great Britain	Full	100.00	100.00	100.00	100.00
Gaselys UK Ltd. (2)	Great Britain	Full	100.00	-	100.00	-
Squaregain	Great Britain	Full	100.00	100.00	100.00	100.00
Succursale Fimat Francfort	Germany	Full	100.00	100.00	100.00	100.00
Succursale Fimat Londres	Great Britain	Full	100.00	100.00	100.00	100.00
Succursale Fimat Madrid	Spain	Full	100.00	100.00	100.00	100.00
INSURANCE						
Généras	Luxembourg	Full	100.00	100.00	100.00	100.00
Inora Life	Ireland	Full	100.00	100.00	100.00	100.00
Komercni Pojistovna	Czech Republic	Full	80.57	80.57	100.00	100.00
Sogelife	Luxembourg	Full	100.00	100.00	100.00	100.00
AFRICA AND THE MIDDLE-EAST						
BANKS						
BFV - SG (Madagascar)	Madagascar	Full	70.00	70.00	70.00	70.00
SG Banque Burkina (2)	Burkina Faso	Full	42.28	-	43.87	-
SGB Guinée Équatoriale	Equatorial Guinea	Full	52.44	52.44	57.24	57.24
National SG Bank SAE	Egypt	Full	77.17	77.17	77.17	77.17
SG Algérie	Algeria	Full	100.00	100.00	100.00	100.00
SGB Cameroun	Cameroon	Full	58.08	58.08	58.08	58.08
SG Banques en Côte d'Ivoire (1)	Ivory Coast	Full	68.20	68.20	68.20	68.20
SG Banque en Guinée	Guinea	Full	52.94	52.94	52.94	52.94
SG Banque au Liban (1)	Lebanon	Equity	19.00	19.00	19.00	19.00
SG Banques au Sénégal	Senegal	Full	58.78	57.72	59.28	57.72
SG Marocaine de Banques (1)	Morocco	Full	53.02	53.02	53.02	53.02
SSB Bank Ghana	Ghana	Full	51.00	51.00	51.00	51.00
Union Internationale de Banque	Tunisia	Full	52.34	52.34	52.34	52.34
SPECIALIST FINANCING						
ALD Marocco	Morocco	Full	42.95	42.95	50.00	50.00
Eqdom	Morocco	Full	45.16	44.84	54.21	53.61
Sogelease Egypt	Egypt	Full	70.87	70.87	80.00	80.00
Sogelease Maroc	Morocco	Full	71.81	71.81	100.00	100.00
INSURANCE						
La Marocaine Vie	Morocco	Full	73.75	73.75	87.07	87.07
THE AMERICAS						
BANKS						
Banco SG Brasil (ex-Banco Societe Generale Brasil SA) (1)	Brazil	Full	100.00	100.00	100.00	100.00
Galo SA (1) (2) (12)	Brazil	Full	70.00	-	70.00	-

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	COUNTRY	METHOD *	Group ownership interest December 2007	Group ownership interest December 2006	Group voting interest December 2007	Group voting interest December 2006
SG Canada [(1)]	Canada	Full	100.00	100.00	100.00	100.00
Trancoso Participaçoes Ltda. [(1) (2) (13)]	Brazil	Full	100.00	-	100.00	-
SPECIALIST FINANCING						
Andromede Fund	Cayman Islands	Full	100.00	100.00	100.00	100.00
GIC LTO [(2)]	United States	Full	100.00	-	100.00	-
Lyxor Ivory Fund [(2)]	Cayman Islands	Full	100.00	-	100.00	-
Raeburn Overseas Partners Ltd.	United States	Full	100.00	100.00	100.00	100.00
Ruby Fund Limited [(2)]	Cayman Islands	Full	100.00	-	100.00	-
SG Americas Inc. [(1)]	United States	Full	100.00	100.00	100.00	100.00
SG Capital Trust [(1)]	United States	Full	100.00	100.00	100.00	100.00
SG Warrants Ltd.	United States	Full	100.00	100.00	100.00	100.00
SocGen Real Estate Company LLC	United States	Full	100.00	100.00	100.00	100.00
TCW Group [(1)]	United States	Full	98.40	95.06	99.40	98.15
TOBP [(11)]	United States	Full	-	-	-	-
TOPAZ Fund	Cayman Islands	Full	100.00	100.00	100.00	100.00
Turquoise	Cayman Islands	Full	100.00	100.00	100.00	100.00
BROKERS						
Fimat Alternative Strategies Inc.	United States	Full	100.00	100.00	100.00	100.00
Fimat Canada Inc.	Canada	Full	100.00	100.00	100.00	100.00
Fimat Futures USA LLC	United States	Full	100.00	100.00	100.00	100.00
Fimat Preferred LLC [(4)]	United States	Full	-	100.00	-	100.00
SERVICES						
Fimat Facilities Management	United States	Full	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
Cousto Investments LP	United States	Full	100.00	100.00	55.00	55.00
PACE [(2) (11)]	United States	Full	-	-	-	-
Makatea JV Inc	United States	Full	100.00	100.00	66.67	66.67
Mehetia Inc. [(7)]	United States	Full	-	100.00	-	51.00
Rexus LLC	United States	Full	100.00	100.00	70.83	70.83
SG Astro Finance LP	United States	Full	100.00	100.00	100.00	100.00
SG Astro Finance Trust	United States	Full	100.00	100.00	100.00	100.00
SG Constellation Canada Ltd.	Canada	Full	100.00	100.00	100.00	100.00
SG Equity Finance LLC	United States	Full	100.00	100.00	100.00	100.00
SG Finance Inc.	United States	Full	100.00	100.00	100.00	100.00
SG Preferred Capital III LLC [(1)]	United States	Full	100.00	100.00	100.00	100.00
Sorbier Investment Corp.	United States	Full	100.00	100.00	65.00	60.00
PORTOFOLIO MANAGEMENT						
SG Commodities Product	United States	Full	100.00	100.00	100.00	100.00

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	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			December 2007	December 2006	December 2007	December 2006
SG Investissement Management Holding Corp. (1)	United States	Full	100.00	100.00	100.00	100.00
SG Tandem (5)	United States	Full	-	100.00	-	100.00
ASIA AND OCEANIA						
BANKS						
SG Australia Holdings (1)	Australia	Full	100.00	100.00	100.00	100.00
SG Private Banking (Japan) Limited	Japan	Full	100.00	100.00	100.00	100.00
SG Securities North Pacific	Japan	Full	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
Fortune Fund Management Co (FFMC) (2)	China	Prop	49.00	-	49.00	-
IBK SGAM	South Korea	Prop	50.00	50.00	50.00	50.00
SG Asset Management Singapore Ltd.	Singapore	Full	100.00	100.00	100.00	100.00
SGAM Japan	Japan	Full	100.00	100.00	100.00	100.00
SG Asia (Hong Kong) Ltd.	Hong Kong	Full	100.00	100.00	100.00	100.00
PORTFOLIO MANAGEMENT						
SGAM North Pacific	Japan	Full	100.00	100.00	100.00	100.00
BROKERS						
Fimat Singapour	Singapore	Full	100.00	100.00	100.00	100.00
Fimat HK	Hong Kong	Full	100.00	100.00	100.00	100.00
Fimat Japan (2)	Japan	Full	100.00	-	100.00	-
Fimat International Banque Hong Kong	Hong Kong	Full	100.00	100.00	100.00	100.00
Fimat Taiwan	Taiwan	Full	100.00	100.00	100.00	100.00
SG Securities Asia Int. Holdings (1)	Singapore	Full	100.00	100.00	100.00	100.00
Succursale Fimat Sydney	Australia	Full	100.00	100.00	100.00	100.00

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

Note 45

Sector information by business line

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

(1) Including depreciation and amortization.

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

(1) Including depreciation and amortization.

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

(1) Including depreciation and amortization.

(2) Breakdown of net banking income by business for Corporate and Investment Banking:

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

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

(In millions of euros)	French Networks December 31, 2007	French Networks December 31, 2006	International Retail Banking December 31, 2007	International Retail Banking December 31, 2006	Financial services December 31, 2007	Financial services December 31, 2006	Corporate and Investment Banking December 31, 2007	Corporate and Investment Banking December 31, 2006
Sector assets	160,987	144,556	64,156	53,606	115,949	108,445	614,278	560,935
Sector liabilities (3)	118,063	112,469	58,007	49,335	76,941	74,055	650,144	581,325

	Global Investment Management and Services											
	Asset Management		Private Banking		SGSS and Online Savings		Division Total		Corporate Center		Societe Generale Group	
(In millions of euros)	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Sector assets	30,403	21,708	18,943	18,908	45,249	32,237	94,595	72,853	21,797	16,446	1,071,762	956,841
Sector liabilities (3)	21,332	12,675	27,899	23,764	68,805	53,029	118,036	89,468	19,296	16,757	1,040,487	923,409

(3) Sector liabilities correspond to total liabilities except equity.

Sector information by geographic region

GEOGRAPHIC BREAKDOWN OF NET BANKING INCOME

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

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

GEOGRAPHIC BREAKDOWN OF BALANCE SHEET ITEMS

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

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

(1) Sector liabilities correspond to total liabilities except equity.

Note 46

Post-closing events

Creation of Newedge, a 50/50 brokerage joint-venture between Societe Generale and Calyon

On January 2, 2008, Societe Generale and Calyon completed the merger of the brokerage activities of their respective subsidaries Fimat and Calyon Financial.

Newedge, the new company created by the merger, ranks among the top 5 global players in clearing and execution of listed derivative products on all of the top 10 exchanges.

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

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

Launch of partnership between La Banque Postale and Societe Generale in electronic payment systems

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

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

EUR 5.5 billion capital increase

On February 10, 2008, Societe Generale Group announced the launch of a EUR 5.5 billion capital increase with preferential subscription rights. Its main objective is to strenghten the company's equity and give Societe Generale the means to continue its sustained and balanced growth.

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

Rosbank takeover

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

This business combination is disclosed in Note 2.

Asset management

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

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2007

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors'assessment of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.

This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Société Générale for the year ended December 31, 2007.

These consolidated financial statements have been approved by the Board of Directors on February 20, 2008. Our role is to express an opinion on these financial statements based on our audit.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group in accordance with IFRS as adopted by the European Union.

Without qualifying the opinion expressed above, we draw your attention to:

- notes 1 and 40 to the consolidated financial statements that describe the accounting and tax treatments of the net loss on unauthorized and concealed trading activities and the reasons which led the Group to make use of the exception provided for under IAS 1 in order to present fairly its financial position as at December 31, 2007;
- note 40 to the consolidated financial statements that indicates that, on the date the accompanying financial statements are authorized for issue, Corporate and Investment Banking operations are currently the subject of various internal and external investigations as a result of which new facts, unknown to date, may emerge.

II – JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

BACKGROUND OF THE FINANCIAL STATEMENTS CLOSING PROCESS

Following the uncovering of unauthorized and concealed activities described in note 40, we have reconsidered and extended our audit procedures to be in a position to issue an opinion on the consolidated financial statements taken as a whole, keeping in mind that the purpose of these procedures is not to issue an opinion on the effectiveness of internal control over financial reporting. Accordingly, we have:

- extended the scope and nature of the audit procedures performed on Corporate and Investment Banking trading activities;

- considered the General Inspection's intermediary conclusions and work performed following its assignment of January 24, 2008 which was primarily intended to check that all unauthorized positions and related losses have been comprehensively identified and which conclusions have been endorsed by the Special Committee after receiving the comments of its advisor;
- reviewed the documentation supporting the amount of the recorded loss.

ACCOUNTING POLICIES

Note 1 to the financial statements describes the reasons that led the Group to depart from the application of IAS 10 and IAS 37 on the basis of the exception provided under IAS 1 for purpose of providing with a fair presentation of its financial position as at December 31, 2007 by recording a provision for the loss resulting from the unwinding on January 23, 2008 of the unauthorized and concealed activities. As part of our assessment of accounting principles applied, we have assessed the basis for applying these provisions of IAS 1 as well as whether appropriate disclosure is included in the notes.

ACCOUNTING ESTIMATES

- As detailed in note 1 to the financial statements, the Group uses internal models to measure financial instruments that are not listed on liquid markets. Our procedures consisted in reviewing the control procedures related to the designed models, to assess the data and assumptions used as well as the inclusion of the risks and results related to these instruments.
- In the specific context of the current credit crisis, the Group discusses in note 3 its direct and indirect exposure to the US residential real estate market, the procedures implemented to assess this exposure as well as the process for measuring related financial instruments. We have reviewed the control procedures implemented to identify and measure such exposure, as well as whether appropriate disclosure is included in the notes with respect thereto.
- As mentioned in note 3, the Group assessed the impact relating to changes in its own credit risk on the measurement of certain financial liabilities measured at fair value through profit and loss. We have reviewed that appropriate data have been used for that purpose.
- For purpose of preparing the financial statements, the Group records impairments 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 assessment of the fair value of financial instruments accounted for at amortized cost, of goodwill and pension plans and other post-employment benefits. We have reviewed these processes, the underlying assumptions and valuation parameters and assessed whether these accounting estimates rely on documented procedures consistent with the accounting policies disclosed in note 1.

These assessments were performed as part of our audit approach for purpose of expressing the audit opinion on the consolidated financial statements taken as a whole that is stated above in the first part of this report.

III – SPECIFIC VERIFICATION

In accordance with professional standards applicable in France, we have also verified the information given in the Group management report. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Paris – La Défense and Neuilly-sur-Seine, February 29, 2008

The Statutory Auditors

French original signed by

ERNST & YOUNG AUDIT	**DELOITTE & ASSOCIÉS**
Philippe PEUCH-LESTRADE	José-Luis GARCIA

PARENT COMPANY FINANCIAL STATEMENTS

Societe Generale management report

SUMMARY BALANCE SHEET OF SOCIETE GENERALE

ASSETS

(In billions of euros at December 31)	2007	2006	Change
Interbank and money market assets	137.5	114.2	23.3
Customer loans	225.5	186.9	38.6
Securities	411.0	392.8	18.2
– of which securities purchased under resale agreements	*72.2*	*104.4*	*(32.2)*
Other assets	247.7	173.3	74.4
– of which option premiums	*179.7*	*133.7*	*46.0*
Long-term tangible and intangible assets	1.5	1.2	0.3
Total assets	**1,023.2**	**868.4**	**154.8**

LIABILITIES AND SHAREHOLDERS' EQUITY

(In billions of euros at December 31)	2007	2006	Change
Interbank and money market liabilities (1)	367.3	316.5	50.8
Customer deposits	229.2	187.2	42.0
Bonds and subordinated debt (2)	20.6	16.7	3.9
Securities	120.0	144.4	(24.4)
– of which securities sold under repurchase agreements	*72.0*	*64.2*	*7.8*
Other liabilities and provisions	266.6	181.3	85.3
– of which option premiums	*185.9*	*136.9*	*49.0*
Shareholders' equity	19.5	22.3	(2.8)
Total liabilities	**1,023.2**	**868.4**	**154.8**

(1) Including negotiable debt instruments.

(2) Including undated subordinated capital notes.

At December 31, 2007, Societe Generale Parent Company's total assets and liabilities amounted to EUR 1,023.2 billion, up 17.82% on December 31, 2006, a figure that is roughly equivalent to the improvement observed at December 31, 2006. The development of Societe Generale activities are reflected in the key figures on the balance sheet:

- the increase in outstanding customer loans (20.7%), which came out at EUR 225.5 billion at December 31, 2007, was derived mainly from the rise in short-term loans (EUR +14.3 billion), mortgage loans (EUR +6.2 billion) and equipment loans (EUR +3.4 billion);

- securities carried on the asset side of the balance sheet, excluding securities purchased under resale agreements, amounted to EUR 338.8 billion at December 31, 2007, up 17.5% on year-end 2006. This increase was notably due to a rise in the value of the trading portfolio (EUR +34.9 billion);
- premiums on the purchase of options increased by EUR 46 billion on December 31, 2006 following a sharp increase in volumes. A similar trend was seen in premiums on sales of options, on the liabilities side of the balance sheet;
- outstanding customer deposits stood at EUR 229.2 billion at December 31, 2007, an increase of EUR 42 billion (+22.4%) compared to December 31, 2006, primarily resulting from the increase in term deposits from financial customers (EUR +46.6 billion);
- securities carried on the liabilities side of the balance sheet, excluding securities sold under repurchase agreements, fell by EUR 32.2 billion compared to 2006. This decrease principally stemmed from short sales of securities (EUR -36.3 billion) and from borrowed securities (EUR +4 billion).

Societe Generale's funding strategy reflects the need to finance a growing balance sheet (17.82% since December 2006), and is based on two fundamental principles: diversification of the sources of funding, and matching of assets and liabilities according to maturity and currency in order to minimize exchange rate and transformation risk.

Societe Generale's funding comes from three main sources:

- stable resources, comprising shareholder's equity and subordinated debt, the fund for general banking risks and other reserves, provisions and adjustment accounts. These resources account for 28.4% of Societe Generale's balance sheet funding;
- customer resources, in the form of deposits (EUR 229.2 billion) and repurchase agreements (EUR 28.2 billion) which total EUR 257.5 billion, or 25.6% of balance sheet funding;
- resources collected from the financial markets, through the issue of securities (EUR 137.1 billion), interbank and central bank deposits (EUR 234.8 billion) or repurchase agreements (EUR 91.7 billion). These resources account for 46.0% of total balance sheet funding, *i.e.* EUR 415.7 billion.

Societe Generale intends to maintain this strategy to ensure balanced growth in its assets and liabilities.

SUMMARY INCOME STATEMENT OF SOCIETE GENERALE

	2007						2006		
(In millions of euros at December 31)	France	07/06 (%)	International	07/06 (%)	Societe Generale	07/06 (%)	France	International	Societe Generale
Net banking income	**9, 062**	***4.8***	**(292)**	***(111.8)***	**8,770**	***(21.2)***	**8,646**	**2,480**	**11,126**
Operating expenses	(5,539)	*(4.0)*	(1,224)	*(4.5)*	(6,763)	*(4.1)*	(5,773)	(1,281)	(7,054)
Gross operating income	**3,523**	***22.6***	**(1,516)**	***(226.5)***	**2,007**	***(50.7)***	**2,873**	**1,199**	**4,072**
Cost of risk	(96)	*(1,300.0)*	(40)	*(229.8)*	(136)	*(450.4)*	8	31	39
Operating income	**3,427**	***18.9***	**(1,556)**	***(226.5)***	**1,871**	***(54.5)***	**2,881**	**1,230**	**4,111**
Net income from long-term investments	229	*(44.3)*	(183)	*NS*	46	*(88.9)*	411	3	414
Operating income before tax	**3,656**	***11.0***	**(1,739)**	***(241.1)***	**1,917**	***(57.6)***	**3,292**	**1,233**	**4,525**
Exceptional items	(4,801)	*NS*	-	*NS*	(4,801)	*NS*	-	-	-
Income tax	1,473	*(918.3)*	459	*(251.9)*	1,932	*(500.7)*	(180)	(302)	(482)
Net allocation to regulatory provisions	(9)	*(10.0)*	-	*NS*	(9)	*(10.0)*	(10)	-	(10)
Net income	**319**	***(89.7)***	**(1,280)**	***(237.5)***	**(961)**	***(123.8)***	**3,102**	**931**	**4,033**

Societe Generale net income for the 2007 financial year came out at EUR -961 million, down 123.8% on 2006. The breakdown of results for Societe Generale in France and abroad is given in the above table.

The principal changes in the income statement were as follows:

- Societe Generale was directly impacted by the effects of the US subprime mortgage crisis, leading to gross operating income down from 2006 to EUR 2,007 million:

- net banking income amounted to EUR 8,770 million, down sharply on 2006, due to the consequences of this crisis on the Corporate and Investment Banking arm. The solid commercial performance generated by this activity was thus erased by trading activities, owing to write down and losses:

— EUR -1,250 million on unhedged super senior CDO tranches;

— EUR -947 million on counterparty risk exposure to US monolines;

— EUR -325 million on the RMBS trading portfolio.

Retail Banking in France remained on a steady growth trend, in terms of both individual customers and business customers. Customer acquisition (+126,000 sight accounts in 2007) went hand in hand with the overall increase in customer savings. At the same time, outstanding loans to business customers remained on an uptrend in 2007.

- management fees totalled EUR 6,763 million, down from 2006, mainly due to the change in variable costs recorded by Corporate and Investment Banking, a direct reflection of the situation in 2007. Retail Banking in France expanded in 2008 with the opening of over 50 new branches;

- net income from long-term investments came out at EUR 46 million in 2007. This breaks down into EUR +131 million in income from the disposal of subsidiary shares (of which a net capital gain of EUR +93 million from the exchange of Euronext shares for NYSE shares and the subsequent sale of the new entity's shares) and EUR -89 million stemming from the write-back of provisions for other shares in consolidated subsidiaries;

- exceptional items include the loss before income taxes of the unwinding of the directional positions on unauthorized and concealed trading activities discovered on January 19 and 20, 2008;

- the EUR 9 million allocation to provisions for banking risks corresponds to an allocation to an investment provision, in accordance with article 237 bis AII of the French Tax Code. A provision of EUR 10 million had been booked at December 31, 2006.

FIVE-YEAR FINANCIAL SUMMARY OF SOCIETE GENERALE

	2007	2006	2005	2004	2003
Financial position at year-end					
Capital stock (in EUR) [(1)]	583	577	543	556	548
Number of outstanding shares [(2)]	466,582,593	461,424,562	434,288,181	445,153,159	438,434,749
Results of operations (in millions of euros)					
Gross banking and other income [(3)]	43,940	36,358	26,697	22,403	18,943
Income before tax, depreciation, amortization, provisions, employee profit sharing and general reserve for banking risks	(2,248)	4,648	3,641	3,296	2,667
Employee profit sharing	29	26	20	-	15
Income tax	(1,932)	482	247	(14)	(97)
Net income	(961)	4,033	3,069	2,303	1,384
Total dividends paid	420 [(**)]	2,399	1,954 [(*)]	1,469	1,096
Earnings per share (in euros)					
Income after tax but before depreciation, amortization and provisions	(0.74)	8.97	7.77	7.44	6.27
Net income	(2.06)	8.74	7.07	5.17	3.16
Dividend paid per share	0.90	5.20	4.50	3.30	2.50
Personnel					
Number of employees	44,768	41,736	40,303	39,648	39,102
Total payroll (in millions of euros)	2,647	2,897	2,621	2,476	2,436
Employee benefits (Social Security and other) (in millions of euros)	1,343	1,269	1,339	1,123	1,055

(*) After impact of the cancellation of 18,100,000 shares decided by the Board of Directors at its meeting of February 9, and November 16, 2005.

(**) The dividend proposed as regards the financial year 2007 will be deducted from the special reserves of long-term capital gains.

(1) In 2007, Societe Generale operated several capital increases for EUR 6.4 million with EUR 530.3 million issuing premiums:

– EUR 5.7 million suscribed by employees under the Employee Share Ownership Plan, with EUR 493 million of issuing premiums;

– EUR 0.7 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 37 million issuing premiums.

(2) At December 31, 2007, Societe Generale's common stock comprised 466,582,593 shares with a nominal value of EUR 1.25 per share.

(3) Gross banking and other income is made up of interest income, dividend income, fee income, income from financial transactions and other operating income.

Societe Generale Financial Statements

PARENT COMPANY BALANCE SHEET

ASSETS

	December 31	
(In millions of euros)	2007	2006
Cash, due from central banks and post office accounts	2,911	2,527
Due from banks (Note 2)	176,416	174,440
Customer loans (Note 3)	255,657	228,160
Lease financing and similar agreements	300	325
Treasury notes and similar securities (Note 4)	36,757	41,189
Bonds and other debt securities (Note 4)	197,699	131,149
Shares and other equity securities (Note 4)	67,634	80,986
Affiliates and other long term securities (Note 5)	2,438	1,357
Investments in subsidiaries (Note 6)	31,983	32,650
Tangible and intangible fixed assets (Note 7)	1,550	1,193
Treasury stock (Note 8)	2,177	1,137
Accruals, other accounts receivable and other assets (Note 9)	247,707	173,335
Total	**1,023,229**	**868,448**

OFF-BALANCE SHEET ITEMS

	December 31	
(In millions of euros)	2007	2006
Loan commitments granted (Note 18)	150,751	151,366
Guarantee commitments granted (Note 18)	251,688	190,715
Commitments made on securities	26,357	15,812
Foreign exchange transactions (Note 31)	519,177	456,027
Forward financial instrument commitments (Note 19)	17,210,879	13,257,300

(The accompanying notes are an integral part of the Parent Company financial statements.)

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31	
(In millions of euros)	**2007**	**2006**
Due to central banks and post office accounts	2,400	2,282
Due to banks (Note 10)	276,247	256,471
Customer deposits (Note 11)	257,521	217,337
Liabilities in the form of securities issued (Note 12)	137,081	94,639
Accruals, other accounts payable and other liabilities (Note 13)	276,730	244,751
Provisions (Note 14)	37,835	16,796
Long-term subordinated debt and notes (Note 16)	15,869	13,902
Shareholders' equity		
Common stock (Note 17)	583	577
Additional paid-in capital (Note 17)	8,507	7,977
Retained earnings (Note 17)	11,417	9,683
Net income (Note 17)	(961)	4,033
Sub-total	**19,546**	**22,270**
Total	**1,023,229**	**868,448**

OFF-BALANCE SHEET ITEMS

	December 31	
(In millions of euros)	**2007**	**2006**
Loan commitments received (Note 18)	22,582	14,024
Guarantee commitments received (Note 18)	87,703	67,675
Commitments received on securities	27,018	18,459
Foreign exchange transactions (Note 31)	518,396	455,657

(The accompanying notes are an integral part of the Parent Company financial statements.)

INCOME STATEMENT

(In millions of euros)	December 31 2007	2006
Interest and similar income	*37,762*	*29,509*
Interest and similar expenses	*(36,779)*	*(28,439)*
Net interest income (Note 20)	983	1,070
Net income from lease financing and similar agreements	62	23
Dividend income (Note 21)	3,303	2,105
Commissions (income)	*4,216*	*3,776*
Commissions (expenses)	*(1,573)*	*(1,328)*
Net fee income (Note 22)	2,643	2,448
Net income from the trading portfolio (Note 23)	1,689	5,294
Net income from short-term investment securities (Note 23)	(31)	44
Income from other activities	*280*	*271*
Expenses from other activities	*(159)*	*(129)*
Net gains or losses on other activities	121	142
Net banking income	**8,770**	**11,126**
Personnel expenses (Note 24)	(3,808)	(4,383)
Other operating expenses	(2,651)	(2,384)
Depreciation and amortization	(304)	(287)
Total operating expenses	**(6,763)**	**(7,054)**
Gross operating income	**2,007**	**4,072**
Cost of risk (Note 26)	(136)	39
Operating income	**1,871**	**4,111**
Net income from long-term investments (Note 27)	46	414
Operating income before tax	**1,917**	**4,525**
Exceptional items (Note 28)	(4,801)	-
Income tax (Note 29)	1,932	(482)
Net allocation to regulatory provisions	(9)	(10)
Net income	**(961)**	**4,033**

(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.

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

For the information of its shareholders and the public, Societe Generale considered that the application of effective accounting principles was improper to achieve a fair presentation of its financial position on December 31, 2007, and it was more appropriate to record all the financial consequences of the unwinding of these unauthorized activities in the income statement for the 2007 financial year. To this end and in accordance with article L. 123-14 of Commercial Code, Societe Generale decided to depart from the provisions of CRC regulation 2000-06 related to liabilities by booking as an exceptional expense in the income for the 2007 financial year a provision for the total cost of the unauthorized and concealed activities. This treatment has been submitted to the banking supervisory body (*Secrétariat Général de la Commission Bancaire*) and to the market authority (*Autorité des Marchés Financiers*) to confirm its acceptability regarding the regulatory framework. The consequences of the accounting treatment so applied are disclosed in Note 28.

CHANGES IN ACCOUNTING POLICIES AND ACCOUNT COMPARABILITY

As of January 1, 2006, Societe Generale applied the following French National Accounting Standards Board (CNC) recommendations:

- recommendation 2006-10 dated June 30, 2006 relative to the booking of assets given as guarantees as part of financial guarantee contracts with a re-use right. The application of this recommendation by Societe Generale had no impact on earnings or shareholders' equity;
- recommendation 2006-16 dated December 21, 2006 relative to doubtful overdrafts and which amends article 3 bis of CRC regulation 2002-03 dated December 12, 2002 on the accounting treatment of credit risk, itself amended by CRC regulation 2005-03 dated November 3, 2005. The application of this recommendation by Societe Generale does not amend existing accounting treatments and therefore has no impact on earnings or shareholders' equity.

Accounting policies and valuation methods

In accordance with the accounting principles applicable to French banks, the majority of transactions are recorded using valuation methods that take into account the purpose for which they were made.

In financial intermediation transactions, assets and liabilities are generally carried at historical cost and depreciations are booked where counterparty risk arises. Revenues and expenses arising from these transactions are recorded over the life of the transaction in accordance with the time period concept. Transactions on forward financial instruments carried out for hedging purposes or to manage the bank's overall interest rate risk are accounted for using the same principles.

Trading transactions are generally marked to market at year-end, except for loans, borrowings and short-term investment securities which are recorded at nominal value (see below). When instruments are traded on illiquid markets, the market value used is reduced for reasons of prudence. Moreover, a reserve is booked to cover valuations established on the basis of in-house models (Reserve Policy*)*, which is determined according to the complexity of the model used and the life of the financial instrument.

TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

The on- and off-balance sheet items of branches reporting in foreign currencies are translated at the official exchange rate prevailing at year-end. Income statement items of these branches are translated at the average month-end exchange rates. Gains and losses arising from the translation of reserves, retained earnings and net income are included in shareholders' equity under *Translation differences.* Gains and losses from transactions used to hedge translations of net income in foreign currencies of branches are also included in shareholders' equity under the same heading.

Gains and losses arising from the translation of the capital contribution of foreign branches are included under *Other accounts payable* or *Other accounts receivable.*

In accordance with CNC Recommendation 98-01, translation differences relating to branches in the euro zone are retained in shareholders' equity and are only booked to the income statement when these entities are sold.

AMOUNTS DUE FROM BANKS, CUSTOMER LOANS, GUARANTEES AND ENDORSEMENTS

Amounts due from banks and customer loans are classified according to their initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits in the case of banks; and commercial loans, overdrafts and other loans to customers. They also include securities purchased from banks and customers under resale agreements, and loans secured by notes and securities.

Only amounts due and customer loans which meet the following criteria are offset on the balance sheet: those with the same counterparty, maturity, currency and accounting entity, and those for which an agreement exists with the counterparty allowing the company to combine the accounts and exercise the right of offset.

Interest accrued on these receivables is recorded as *Related receivables* and booked to the income statement.

Guarantees and endorsements booked off-balance sheet represent transactions which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

Under CRC regulation 2002-03, if a commitment carries an incurred credit risk which makes it probable that Societe Generale will not recover all or part of the amounts due under the counterparty's commitment in accordance with the original terms of the contract, despite the existence of a guarantee, the corresponding outstanding loan is classified as a doubtful loan. Moreover, any loan will be classified as doubtful if one or more repayments are more than three months overdue (six months for mortgage loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed, if it can be assumed that there is an identified risk, or if legal proceedings have been started.

If a loan to a given borrower is classified as doubtful, all outstanding loans or commitments to that borrower are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Depreciations for unrealized losses and for doubtful loans are booked in the amount of the probable loss. As of January 1, 2005, depreciations for unrealized losses are equal to the difference between the carrying amount of the asset and the present value of estimated future recoverable cash flows, taking into account any guarantees, discounted at the financial assets' original effective interest rate. Furthermore, this depreciation may not be less than the full amount of the accrued interest on the doubtful loan. Depreciations, write-backs of depreciations, losses on bad debts and recovery of impaired debts are booked under *Cost of risk,* along with write-backs of depreciations linked to the passage of time.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, a depreciation is recognized without waiting for the risk to individually affect one or more receivables. The amount of depreciation is notably determined on the basis of historical 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.

Doubtful loans can be reclassified as performing loans when the credit risk has been definitively eliminated and regular repayments have resumed according to the original terms of the contract. Similarly, doubtful loans which have been restructured can be reclassified as performing loans. When a loan is restructured, a discount is applied to any differences between the cash flows expected to be received under the initial terms of the contract and the present value of the future flows of capital and interest expected to be received under the new terms, discounted at the original effective interest rate.

The amount deducted is booked under *Cost of risk.* If the restructured loan is subsequently reclassified as a performing loan, it is reincorporated into net interest income over the remaining term of the loan.

When a borrower's solvency is such that after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, the loan is identified as a non-performing loan. A loan is classified as non-performing once the bank asks for an early termination, when the contract is terminated and in any case one year after it was classified as doubtful, except where the original terms of the contract have been respected or where the loan is covered by guarantees which ensure its recovery. Loans which have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

SECURITIES PORTFOLIO

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank securities), shares and other equity securities;
- the purpose for which they were acquired: trading, short-term and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments.

Purchases and sales of securities are recorded in the balance sheet at the date of settlement-delivery.

According to CRB regulation 90-01 amended by CRC regulation 2005-01 on the accounting treatment of securities transactions, the classification and valuation rules applied are the followings:

• Trading securities

Trading securities are securities acquired or incurred principally for the purpose of selling or repurchasing them in the near-term, or held for the purpose of market-making activities. These securities are traded in active markets, and the available market price reflects frequent buying and selling under normal conditions of competition. Trading securities also include securities linked to a sale commitment in the context of an arbitrage operation done on an organized or assimilated market and securities purchased or sold in the specialized 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. They are marked to market at the end of the financial period. Net unrealized gains or losses, together with net gains or losses on disposals, are recognized 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*.

• 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 realizable value. For listed securities, realizable value is defined as the most recent market price. Unrealized capital gains are not recognized in the accounts but a depreciation of portfolio securities is booked to cover unrealized capital losses, without the said depreciation being offset against any unrealized 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 amortized 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 realizable value or, in the case of listed securities, to their most recent market price. Unrealized capital gains are not recognized in the accounts but a depreciation of portfolio securities is booked to cover unrealized capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of depreciations for losses on short-term investment securities together with gains and losses on sales of these securities are recorded under *Net income from financial transactions* in the income statement.

• Long-term investment securities

Long-term investment securities are acquired debt securities or reclassified short-term investment securities which Societe Generale intends to hold until maturity, where it has the financial capacity to do so and is not subject to any legal or other form of constraint that might undermine its ability to do so.

These instruments may be designated as hedged items in hedging transactions using forward financial instruments used to hedge the interest rate risk on identifiable items or groups of similar items.

Long-term investments are booked according to the same principles as short-term investment securities, except that no depreciation is made for unrealized losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of depreciations for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under *Net income from long-term investments.*

Investments in consolidated subsidiaries and affiliates, and other long-term 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 booked in the income statement under *Dividend Income.*

At year-end, investments in consolidated subsidiaries and affiliates are valued at their value in use, namely the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. Unrealized capital gains are not recognized in the accounts but a depreciation on portfolio securities is booked to cover unrealized capital losses. Allocations to and reversals of depreciations as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from long-term investments.*

TANGIBLE AND INTANGIBLE FIXED ASSETS

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

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

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

Where one or several components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life, through the income statement under *Depreciation and amortization.*

Societe Generale has applied this approach to its operating property, breaking down its assets into the following minimum components with their corresponding depreciation periods:

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

Depreciation periods for fixed assets other than buildings depend on their useful life, usually estimated in the following ranges:

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

AMOUNTS DUE TO BANKS, CUSTOMER DEPOSITS

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

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

SECURITIZED DEBT PAYABLES

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

Interest accrued is recorded as *Related payables* and as an expense in the income statement. Bond issuance and redemption premiums are amortized using the straight-line or actuarial method over the life of the related borrowings. The resulting expense is recorded in the income statement under *Net income from bonds and other debt securities.*

Bond issuance costs accrued over the period are booked as expenses for the period, under *Net income from bonds and other debt securities* in the income statement.

SUBORDINATED DEBT

This item includes all dated or undated borrowings, whether or not in the form of securitized debt, which in the case of liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Interest accrued and payable in respect of long-term subordinated debt, if any, is booked as *Related payables* and as an expense in the income statement.

PROVISIONS

Provisions include:

- provisions for country risks considered as a reserve, which are made up on a lump-sum basis based on estimates by Societe Generale of its risks on the related countries and on debtors located in these countries at the balance sheet date, using criteria such as estimates of the country’s economic, financial and socio-political situation, or the discount rate on the secondary market;
- provisions for commitments;
- provisions for contingencies and disputes.

A description of contingencies and disputes is provided in the Risk Management report.

Provisions for contingencies and disputes are defined as liabilities with no precisely defined amount or due date. They are only booked if the company has an obligation to a third party that will probably or necessarily lead to a transfer of funds to the third party, without compensation for at least an equivalent amount being expected from this third party.

CRB regulation 99-06 defines the funds necessary for the deposit guarantee fund. These resources comprise certificates of association acquired by each entity, together with annual subscription fees. CRB regulation 99-08 sets the total amount of these subscription fees which were payable over the period 1999 through 2002 in order to endow the fund. Half of the said fees were paid in the form of guarantee deposits. Certificates of association and guarantee deposits are booked on the balance sheet under *Other sundry debtors.* A provision was booked at the end of 1999 under *Exceptional items* for all subscription fees to be paid by Societe Generale over the 2000-2002 period for the initial endowment of the guarantee fund. Subsequent fees were booked under *Other operating expenses*.

A provision is booked to cover share subscription or purchase options allocated to employees at year-end, for an amount determined on the basis of the value of the Societe Generale share, and charged to *Personnel expenses*.

COMMITMENTS UNDER "CONTRATS ÉPARGNE-LOGEMENT" (MORTGAGE SAVINGS AGREEMENTS)

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

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

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

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

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

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

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

TREASURY SHARES

In accordance with Recommendation No. 2000-05 of the French National Accounting Standards Board relating to the recognition in the accounts of treasury shares held by companies governed by the French Banking and Financial Regulation Committee, Societe Generale shares acquired for allocation to employees are booked as *Short-term investment securities – Treasury shares* on the assets side of the balance sheet.

Societe Generale shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are booked under *Trading securities*.

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

Gains and losses arising from ordinary activities in foreign currencies are booked to the income statement. In accordance with CRB regulation 89-01, outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealized gains and losses are recognized 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 amortized 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 (CB). 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 recognized in the income statement in the same manner as revenues and expenses on the hedged item. Income and expenses on interest rate instruments are booked as net interest income in the same interest income or expense account as the items hedged. Income and expenses on other instruments such as equity instruments, stock market indexes or currencies are booked as *Net income from financial transactions,* under *Net income from forward financial instruments.*

Income and expenses on forward financial instruments used to hedge or manage an overall interest rate risk are recognized 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 organized or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets, together with debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks. These transactions are measured at their market value at the balance sheet date. If there is no liquid market for the instruments, this value is generally determined on the basis of in-house models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a prudential valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated according to the size of the position and intended to cover the risk that Societe Generale will be unable to liquidate the investment in one go due to the size of the holding;
- an adjustment for the reduced liquidity of instruments and modeling risks in the case of complex products as well as transactions on less liquid markets (less liquid since they have been developed recently or are more specialized).

Furthermore, for over-the-counter transactions on forward interest rate instruments, the market value takes into account counterparty risks and the discounted value of future management costs.

The corresponding gains or losses are directly booked as income for the period, regardless of whether they are realized or unrealized. They are recognized 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. Unrealized losses are provisioned at year-end and the corresponding amount is booked under *Net income from financial transactions.*

PERSONNEL EXPENSES

The *Personnel expenses* account includes all expenses related to personnel, notably the cost of the legal employee profit-sharing and incentive plans for the year, as well as the cost of internal restructuring operations.

EMPLOYEE BENEFITS

Societe Generale in France, and its branches in foreign countries, may award their employees:

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

- **Post-employment benefits**

Pension plans may be defined contribution or defined benefit.

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

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

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

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

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

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

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

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

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

• Long-term benefits

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

• Termination benefits

Societe Generale signed a CATS agreement for its staff (*Cessation anticipée d'Activité des Travailleurs Salariés,* or early retirement agreement), which is applicable from January 1, 2002 to March 31, 2006. The company booked a provision for this agreement based on the amounts it has agreed to pay for staff departures.

COST OF RISK

The item *Net cost of risk* is limited to net allocations to depreciations for counterparty risks, country risks and disputes. Net allocations to provisions are classified by type of risk in the corresponding accounts in the income statement.

NET INCOME FROM LONG-TERM INVESTMENTS

This item covers capital gains or losses realized on disposals, as well as the net allocation to depreciations for investments in consolidated subsidiaries and affiliates, long-term investment securities and offices and other premises. Income from real-estate holdings excluding offices is booked under *Net Banking Income.*

INCOME TAX

• Current taxes

In the 1989 financial year, Societe Generale opted to apply a tax consolidation regime. At December 31, 2007, 288 subsidiaries had signed a tax consolidation agreement with the company, under which they are required to book in their accounts the tax expense they would have paid if they had not been consolidated with Societe Generale for tax purposes. In 2007, the difference booked by Societe Generale between the corporation tax levied on the tax group and the tax expense it would have paid in the absence of this tax consolidation regime amounted to EUR 98 million.

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

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

• Deferred tax

Societe Generale has opted to apply the option allowing it to book deferred taxes in its parent company accounts.

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

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

Deferred taxes are determined separately for each taxable entity and are not discounted to present value when the corresponding effect is not significant or when a precise timetable has not been drawn up.

EXCEPTIONAL ITEMS

This caption includes income earned and expenses incurred by Societe Generale that are considered to be exceptional in view of either the amount or the manner in which they were generated. In most cases, the said income or expenses are the result of events that fall outside Societe Generale's activity.

For the 2007 financial year, this caption includes the loss before income taxes of unwinding of the directional positions on unauthorized and concealed trading activities discovered on January 19 and 20, 2008.

Note 2

Due from banks

	December 31	
(In millions of euros)	2007	2006
Deposits and loans		
Demand		
Current accounts	33,731	28,105
Overnight deposits and loans	2,987	6,534
Loans secured by notes-overnight	-	-
Term		
Term deposits and loans	94,005	72,137
Subordinated and participating loans	3,115	3,361
Loans secured by notes and securities	55	142
Related receivables	566	456
Gross amount	**134,459**	**110,735**
Depreciations	(33)	(41)
Net amount	**134,426**	**110,694**
Securities purchased under resale agreements	41,990	63,746
Total (1) (2)	**176,416**	**174,440**

(1) At December 31, 2007 doubtful loans amounted to EUR 41 million (of which EUR 33 million were non-performing loans) against EUR 43 million (of which EUR 41 million were non-perforning loans) at December 31, 2006.

(2) Including amounts receivable from subsidiaries EUR 106,661 million at December 31, 2007 (EUR 93,988 million at December 31, 2006).

Note 3

Customer loans

(In millions of euros)	December 31 2007	2006
Discount of trade notes [1]	3,666	3,983
Other loans:		
Short-term loans	59,413	45,120
Export loans	5,279	4,039
Equipment loans	36,429	33,082
Mortgage loans	55,081	48,871
Other loans	52,814	42,683
Sub-total [1] [2] [3]	**209,016**	**173,795**
Overdrafts	12,864	9,566
Related receivables	1,504	1,246
Gross amount	**227,050**	**188,590**
Depreciations	(1,875)	(2,052)
Net amount	**225,175**	**186,538**
Loans secured by notes and securities	199	1,001
Securities purchased under resale agreements	30,283	40,621
Total [4]	**255,657**	**228,160**

(1) Including amounts eligible for refinancing with Bank of France: EUR 15,762 million at December 31, 2007 (EUR 3,531 million at December 31, 2006).

(2) Of which participating loans: EUR 3,258 million at December 31, 2007 (EUR 2,668 million at December 31, 2006).

(3) At December 31, 2007 doubtful loans amounted to EUR 3,511 million (of which EUR 2,531 million were non-performing loans) against EUR 3,345 million (of which EUR 2,112 million were non-performing loans) at December 31, 2006.

(4) Of which amounts receivable from subsidiaries: EUR 47,425 million at December 31, 2007 (EUR 40,551 million at December 31, 2006).

Note 4

Treasury notes, bonds and other debt securities, shares and other equity securities

(In millions of euros)	December 31, 2007				December 31, 2006			
	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	34,612	67,233	170,678	272,523	36,320	80,655	120,648	237,623
Short-term investment securities:								
Gross book value	1,917	267	26,497	28,681	4,532	282	10,016	14,830
Depreciations	(17)	(2)	(13)	(32)	(55)	(2)	(11)	(68)
Net book value	1,900	265	26,484	28,649	4,477	280	10,005	14,762
Long-term investment securities:								
Gross book value	233	-	144	377	235	-	145	380
Depreciations	-	-	-	-	-	-	-	-
Net book value	233	-	144	377	235	-	145	380
Related receivables	12	136	393	541	157	51	351	559
Total	**36,757**	**67,634**	**197,699**	**302,090**	**41,189**	**80,986**	**131,149**	**253,324**

Additional information on securities

(In millions of euros)	December 31, 2007	December 31, 2006
Estimated market value of short-term investment securities:		
Unrealised capital gains (*)	101	615
Estimated value of long-term investment securites	7	11
Premiums and discounts relating to short-term and long-term investment securities	51	83
Investments in mutual funds:		
– French mutual funds	7,724	10,057
– Foreign mutual funds	15,583	10,002
Of which mutual funds which reinvest all their income	12	12
Listed securities (**)	264,054	219,663
Subordinated securities	224	352
Securities lent	8,275	11,825

(*) 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 247,867 million at December 31, 2007 against EUR 206,280 million at December 31, 2006.

Note 5

Affiliates and other long-term securities

	December 31	
(In millions of euros)	**2007**	**2006**
Banks	426	332
Others	2,061	1,090
Gross book value (1)	**2,487**	**1,422**
Depreciations	(49)	(65)
Net book value	**2,438**	**1,357**

(1) Of which investments in listed companies (book value over EUR 2 million): EUR 132 million at December 31, 2007 (EUR 92 million at December 31, 2006).

Note 6

Investments in subsidiaries

	December 31	
(In millions of euros)	**2007**	**2006**
Banks	16,768	17,157
Others	15,676	15,857
Gross book value (1)	**32,444**	**33,014**
Depreciation	(461)	(364)
Net book value	**31,983**	**32,650**

(1) The main changes for 2007 concern the acquisition of Sorbier Invest Corp and capital increases of SG Immobel, Linden.

Note 7

Tangible and intangible fixed assets

(In millions of euros)	Gross book value December 31, 2006	Acquisitions	Disposals	Scope variation and other movements [1]	Gross book value December 31, 2007	Accumulated depreciation and amortization Dec. 31, 2007	Net book value December 31, 2007
OPERATING ASSETS							
Intangible assets							
Start-up costs	-	-	-	-	-	-	-
Software, EDP development costs	1,262	50	(1)	65	1,376	(1,118)	258
Other	298	351	-	(50)	599	(16)	583
Sub-total	**1,560**	**401**	**(1)**	**15**	**1,975**	**(1,134)**	**841**
Tangible assets							
Land and buildings	261	34	(1)	-	294	(88)	206
Other	1,786	213	(40)	(76)	1,883	(1,390)	493
Sub-total	**2,047**	**247**	**(41)**	**(76)**	**2,177**	**(1,478)**	**699**
NON-OPERATING ASSETS							
Tangible assets							
Land and buildings	20	-	-	(1)	19	(12)	7
Other	10	-	-	(1)	9	(6)	3
Sub-total	**30**	**-**	**-**	**(2)**	**28**	**(18)**	**10**
Total	**3,637**	**648**	**(42)**	**(63)**	**4,180**	**(2,630)**	**1,550**

(1) Including the write-off of fully depreciated fixed assets purchased more than ten years ago.

Note 8

Treasury stock

	December 31, 2007			December 31, 2006		
(In millions of euros)	Quantity	Book value	Market value	Quantity	Book value	Market value
Trading securities	-	-	-	7,339	1	1
Short-term investment securities	5,804,724	582	590	822,595	77	105
Long-term equity investments	15,520,082	1,595	1,535	13,130,220	1,059	1,689
- including securities purchased with the view to cancellation	*10,000,000*	*1,306*	*989*	*4,912,551*	*628*	*632*
Total	**21,324,806**	**2,177**	**2,125**	**13,960,154**	**1,137**	**1,795**

Nominal value: EUR 1.25.

Market value per share: EUR 98.93 at December 31, 2007.

Note 9

Accruals, other accounts receivable and other assets

(In millions of euros)	December 31 2007	2006
Other assets		
Miscellaneous receivables	23,047	14,631
Premiums on options purchased	179,668	133,688
Settlement accounts on securities transactions	1,904	1,102
Other	183	149
Sub-total	**204,802**	**149,570**
Accruals and similar		
Prepaid expenses	618	956
Accrued income	2,687	2,544
Other [(1)]	39,621	20,284
Sub-total	**42,926**	**23,784**
Gross amount	**247,728**	**173,354**
Depreciations	(21)	(19)
Net amount	**247,707**	**173,335**

(1) Including derivative instruments valuation.

Note 10

Due to banks

(In millions of euros)	December 31 2007	2006
Demand deposits		
Demand deposits and current accounts	29,711	37,632
Borrowings secured by notes - overnight	254	101
Sub-total	**29,965**	**37,733**
Term deposits		
Term deposits and borrowings	192,582	183,518
Borrowings secured by notes and securities	8,647	104
Sub-total	**201,229**	**183,622**
Related payables	1,212	910
Total deposits	**232,406**	**222,265**
Securities sold under repurchase agreements	43,841	34,206
Total [(1)]	**276,247**	**256,471**

(1) Including amounts due to subsidiaries: EUR 134,466 million at December 31, 2007 (EUR 128,253 million at December 31, 2006).

Note 11

Customer deposits

(In millions of euros)	December 31 2007	2006
Regulated savings accounts		
Demand	23,137	21,769
Term	13,022	14,897
Sub-total	**36,159**	**36,666**
Other demand deposits		
Businesses and sole proprietors	25,577	23,967
Individual customers	19,420	18,695
Financial customers	17,526	24,647
Others	4,523	5,894
Sub-total	**67,046**	**73,203**
Other term deposits		
Businesses and sole proprietors	35,382	37,927
Individual customers	2,890	1,199
Financial customers	75,284	28,686
Others	11,285	8,615
Sub-total	**124,841**	**76,427**
Related payables	1,191	948
Total customer deposits	**229,237**	**187,244**
Borrowings secured by notes and securities	104	101
Securities sold to customers under repurchase agreements	28,180	29,992
Total (1)	**257,521**	**217,337**

(1) Including deposits of subsidiaries: EUR 97,348 million at December 31, 2007 (EUR 43,469 million at December 31, 2006).

Note 12

Securitized debt payables

(In millions of euros)	December 31 2007	2006
Term savings certificates	15	20
Bond borrowings	1,311	1,646
Related payables	6	7
Sub-total	**1,332**	**1,673**
Interbank certificates and negotiable debt instruments	133,584	91,199
Related payables	2,165	1,767
Total	**137,081**	**94,639**

Note 13

Accruals, other accounts payable and other liabilities

	December 31	
(In millions of euros)	**2007**	**2006**
Transactions on securities		
Amounts payable for securities borrowed	21,157	17,143
Other amounts due for securities	26,829	63,097
Sub-total	**47,986**	**80,240**
Other liabilities		
Miscellaneous payables	20,529	8,385
Premiums on options sold	185,890	136,868
Settlement accounts on securities transactions	3,099	2,238
Other securities transactions	116	578
Related payables	324	111
Sub-total	**209,958**	**148,180**
Accruals and similar		
Accrued expenses	3,081	3,750
Deferred taxes	(3,362)	(641)
Deferred income	1,928	1,375
Other (1)	17,139	11,847
Sub-total	**18,786**	**16,331**
Total	**276,730**	**244,751**
Deferred taxes related to		
Losses of lease finance partnerships	115	124
Gain on sales of assets to companies included in the tax consolidation	256	264
Other (principally relating to other reserves)	(3,733)	(1,029)
Total	**(3,362)**	**(641)**

(1) Including derivative instruments valuation.

Note 14

Provisions and depreciations

(In millions of euros)	December 31 2007	2006
Assets' depreciations:		
Banks	33	41
Customer loans	1,875	2,052
Lease financing agreements	1	-
Other	21	19
Sub-total	**1,930**	**2,112**
Provisions:		
Prudential general country risk reserve (1)	534	524
Commitments made to banks	-	8
Commitments made to customers	50	68
Sectoral provisions and other	574	677
Provisions for other risks and commitments	36,677	15,519
Sub-total	**37,835**	**16,796**
Total provisions and depreciations (excluding securities) (2)	**39,765**	**18,908**
Provisions on securities	542	497
Total provisions and depreciations	**40,307**	**19,405**

(1) Societe Generale has maintained the country risk reserve in its parent company accounts. This provision is calculated using those methods defined by the French Authorities which are not currently under review.

(2) The change in provisions and depreciations breaks down as follows:

(In millions of euros)	2006	Net allowances: Net cost of risk	Net allowances: Other income statement	Used provisions	Change in scope and exchange rates	2007
Prudential country risk reserve	524	30	-	-	(20)	534
Assets' depreciations	2,112	95	-	(254)	(23)	1,930
Provisions (3)	16,272	(110)	21,812	(181)	(492)	37,301
Total	**18,908**	**15**	**21,812**	**(435)**	**(535)**	**39,765**

(3) Analysis of provisions:

(In millions of euros)	2006	Net allowances: Net cost of risk	Net allowances: Other income statement	Used provisions	Change in scope and exchange rates	2007
Provisions for off-balance sheet commitments to banks	8	(8)	-	-	-	-
Provisions for off-balance sheet commitments to customers	68	(19)	-	-	1	50
Sectoral provisions and other	677	(91)	-	-	(12)	574
Provisions for employee benefits	1,311	-	29	(170)	(37)	1,133
Provisions for tax adjustments	17	-	18	-	(6)	29
Provisions for restructuring costs and litigations expenses	111	-	111	-	-	222
Provisions for forward financial instruments	13,714	-	15,428	-	(429)	28,713
Other provisions	366	8	(46)	(11)	(9)	308
Provision for loss on unauthorized and concealed trading activities	-	-	6,272	-	-	6,272
Total	**16,272**	**(110)**	**21,812**	**(181)**	**(492)**	**37,301**

Note 15

Mortgage savings agreements (PEL/CEL)

1. Outstanding deposits in mortgage savings agreements (PEL/CEL)

	December 31	
(In millions of euros)	2007	2006
Mortgage savings plans (PEL)		
– less than 4 years old	1,422	1,005
– between 4 and 10 years old	5,155	6,275
– more than 10 years old	5,024	6,085
Sub-total	**11,601**	**13,365**
Mortgage savings accounts (CEL)	1,995	2,025
Total	**13,596**	**15,390**

2. Outstanding housing loans granted with respect to mortgage savings agreements (PEL/CEL)

	December 31	
(In millions of euros)	2007	2006
less than 4 years old	184	177
between 4 and 10 years old	158	208
more than 10 years old	62	74
Total	**404**	**459**

3. Provisions for commitments linked to mortgage savings agreements (PEL/CEL)

(In millions of euros)	2006	Allocations	Reversals	2007
Mortgage savings plans (PEL)				
– less than 4 years old	6	20	-	26
– between 4 and 10 years old	-	2	-	2
– more than 10 years old	81	-	71	10
Sub-total	**87**	**22**	**71**	**38**
Mortgage savings accounts (CEL)	30	4	1	33
Total	**117**	**26**	**72**	**71**

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

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

As interest rates rose during 2007, the proportion of the provision linked to the commitment to remunerate the deposits at a fixed interest rate decreased during 2007 while the provision for the risks attached to the commitment to lend at a fixed interest rate has risen. Provisioning for PEL/CEL savings amounted to 0.52% of total outstandings at December 31, 2007.

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 best estimate, at the date of valuation, of the future value of these elements for the period concerned, in line with the retail banking division’s policy of interest rate risk management.

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

Note 16

Subordinated debt

(In millions of euros) Issuance date	Currency	Amount issued (in million)	Maturity date	December 31 2007	2006
Undated subordinated capital notes					
July 1, 1985	EUR	348	Undated	70	70
November 24, 1986	USD	500	Undated	168	188
June 30, 1994	JPY	15,000	Undated	91	96
December 30, 1996	JPY	10,000	Undated	61	64
April 30, 1997	USD	400	Undated	-	303
June 30, 1997	EUR	229	Undated	-	229
February 1, 2000	EUR	500	Undated	500	500
November 10, 2003	EUR	215	Undated	215	215
November 10, 2003	EUR	45	Undated	45	45
January 26, 2005	EUR	1,000	Undated	1,000	1,000
March 27, 2007	GBP	350	Undated	477	-
April 5, 2007	USD	1,100	Undated	747	-
April 5, 2007	USD	200	Undated	136	-
December 19, 2007	EUR	600	Undated	600	-
Sub-total [(1)]				**4,110**	**2,710**
Subordinated long-term debt and notes					
January 10, 1997	EUR	91	January 31, 2009	91	91
March 12, 1997	EUR	382	March 12, 2007	-	382
May 5, 1997	EUR	165	May 26, 2007	-	165
July 23, 1997	EUR	122	July 23, 2009	122	122
March 9, 1988	EUR	122	March 9, 2008	122	122
April 30, 1998	DKK	400	April 30, 2008	54	54
May 28, 1998	EUR	229	May 28, 2010	229	229
June 29, 1998	EUR	146	June 29, 2010	146	146
December 9, 1998	EUR	122	December 9, 2010	122	122
June 3, 1999	EUR	55	June 3, 2009	55	55
June 29, 1999	EUR	30	June 30, 2014	30	30
July 19, 1999	EUR	120	July 19, 2011	120	120
October 21, 1999	EUR	120	October 21, 2011	120	120
April 13, 2000	EUR	120	April 13, 2012	120	120
April 27, 2000	EUR	500	April 27, 2015	500	500
June 23, 2000	EUR	125	April 27, 2015	125	125

(In millions of euros)

Issuance date	Currency	Amount issued (in million)	Maturity date	December 31 2007	December 31 2006
July 10, 2000	EUR	100	July 10, 2012	100	100
July 21, 2000	EUR	78	July 31, 2030	47	52
November 3, 2000	EUR	100	November 5, 2012	100	100
April 18, 2001	EUR	120	April 25, 2013	120	120
April 24, 2001	EUR	40	April 24, 2011	40	40
June 29, 2001	EUR	120	June 29, 2013	120	120
October 10, 2001	EUR	120	October 10, 2013	120	120
November 27, 2001	USD	90	November 27, 2021	61	68
November 27, 2001	USD	335	November 27, 2021	228	254
December 21, 2001	EUR	300	December 21, 2016	300	300
February 13, 2002	EUR	600	February 13, 2012	600	600
July 3, 2002	EUR	180	July 3, 2014	180	180
October 16, 2002	EUR	170	October 16, 2014	170	170
December 18, 2002	EUR	650	December 18, 2014	650	650
January 21, 2003	GBP	450	January 30, 2018	614	670
April 28, 2003	EUR	100	April 28, 2015	100	100
June 2, 2003	EUR	110	December 21, 2016	110	110
October 13, 2003	EUR	120	October 13, 2015	120	120
November 10, 2003	EUR	390	November 10, 2023	390	390
December 29, 2003	GBP	150	January 30, 2018	205	223
January 7, 2004	USD	75	January 7, 2014	51	57
February 4, 2004	EUR	120	February 4, 2016	120	120
February 18, 2004	USD	75	March 18, 2014	51	57
March 12, 2004	EUR	300	March 12, 2019	300	300
March 15, 2004	EUR	700	March 15, 2016	700	700
May 6, 2004	EUR	118	May 6, 2016	118	118
October 29, 2004	EUR	100	October 29, 2016	100	100
February 3, 2005	EUR	120	February 3, 2017	120	120
May 13, 2005	EUR	100	May 13, 2017	100	100
June 30, 2005	CZK	2,590	June 30, 2015	97	94
August 1, 2005	EUR	100	December 31, 2015	50	50
August 16, 2005	EUR	226	August 18, 2025	226	226
September 30, 2005	USD	75	September 30, 2015	51	57
April 4, 2006	EUR	50	April 4, 2016	50	50
April 20, 2006	USD	1,000	April 20, 2016	679	759
May 15, 2006	EUR	135	May 15, 2018	135	135
August 16, 2006	USD	400	August 16, 2016	272	304
October 20, 2006	USD	523	October 20, 2011	355	397
October 26, 2006	EUR	120	October 26, 2018	120	120

(In millions of euros) Issuance date	Currency	Amount issued (in million)	Maturity date	December 31 2007	2006
February 9, 2007	EUR	124	February 11, 2019	124	-
June 7, 2007	EUR	1,000	June 7, 2017	1,000	-
July 16, 2007	EUR	135	July 16, 2019	135	-
October 30, 2007	EUR	134	October 30, 2019	134	-
Sub-total (1)				**11,417**	**10,854**
Related payables				**342**	**338**
Total (2)				**15,869**	**13,902**

(1) The Board of Directors may decide to defer payouts on undated subordinated notes (TSDI) in full or in part where 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. The bank exercised this option in 2006 on securities issued in 1996 and did it in 2007 on securities issued in 1997 for a nominal amount of EUR 532 million. Furthermore, since 1995, Societe Generale has carried out the partial repurchase of undated subordinated notes issued in 1985 and 1986.

(2) The bank's global subordinated debt expense amounted to EUR 785 million in 2007 (compared with EUR 749 million in 2006).

Note 17

Changes in shareholders' equity

(In millions of euros)	Capital Stock	Additional paid-in-capital	Reserves, unappropriated retained earnings	Shareholders' equity
At December 31, 2005	**543**	**5,169**	**11,580**	**17,292**
Increase in capital stock (1)	34	2,808	-	**2,842**
Net income for the period	-	-	4,033	**4,033**
Dividends paid (2)	-	-	(1,907)	**(1,907)**
Others movements (3)	-	-	10	**10**
At December 31, 2006	**577**	**7,977**	**13,716**	**22,270**
Increase in capital stock (4)	6	530	-	**536**
Net income for the period	-	-	(961)	**(961)**
Dividends paid (5)	-	-	(2,308)	**(2,308)**
Others movements (6)	-	-	9	**9**
At December 31, 2007	**583**	**8,507**	**10,456**	**19,546**

(1) In 2006, Societe Generale operated several capital increases for EUR 34 million with EUR 2,808 million issuing premiums:

– EUR 5 million subscribed by employees under the Employee Share Ownership Plan, with EUR 391 million of issuing premiums;

– EUR 2 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 73 million issuing premiums;

– EUR 27 million for the capital increase using preferred subscription rights, with EUR 2,344 million issuing premiums.

(2) After elimination of treasury stock dividend: EUR 47 million.

(3) Including a provision for investments booked for EUR 10 million at December 31, 2006.

(4) At December 31, 2007, Societe Generale's fully paid-up capital amounted to EUR 583,228,241.25 and was made up of 466,582,593 shares with a nominal value of EUR 1.25.

In 2007, Societe Generale operated several capital increases for EUR 6 million with EUR 530 million issuing premiums:

– EUR 5.7 million subscribed by employees under the Employee Share Ownership Plan, with EUR 493 million of issuing premiums;

– EUR 0.7 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 37 million issuing premiums.

(5) After elimination of treasury stock dividend: EUR 91 million.

(6) Including a provision for investments booked for EUR 9 million at December 31, 2007.

Note 18

Commitments

(In millions of euros)	December 31 2007	2006
Commitments granted [1]		
Loan commitments		
- To banks	29,554	23,310
- To customers	121,197	128,056
Total	**150,751**	**151,366**
Guarantee commitments		
- On behalf of banks	185,210	104,644
- On behalf of customers	66,478	86,071
Total	**251,688**	**190,715**
Commitments received [2]		
Loan commitments received from banks	22,582	14,024
Guarantee commitments received from banks	87,703	67,675
Total	**110,285**	**81,699**

(1) Of which commitments granted to subsidiaries: EUR 27,700 million at December 31, 2007 (EUR 18,428 million at December 31, 2006).

(2) Of which commitments received from subsidiaries: EUR 4,870 million at December 31, 2007 (EUR 2,555 million at December 31, 2006).

Note 19

Forward financial instruments commitments

(In millions of euros)	Fair value Trading transactions	Hedging transactions	Total at December 31 2007	Total at December 31 2006
Firm transactions				
Transactions on organized markets				
- Interest rate futures	683,071	-	683,071	924,827
- Foreign exchange futures	19,984	-	19,984	14,384
- Other forward contracts	2,319,387	-	2,319,387	1,161,365
OTC agreements				
- Interest rate swaps	6,498,324	35,221	6,533,545	5,767,793
- Currency financing swaps	283,797	3,628	287,425	206,916
- Forward Rate Agreements (FRA)	523,563	-	523,563	468,970
- Other	271,974	-	271,974	162,812
Optional transactions				
- Interest rate options	3,535,894	560	3,536,454	2,427,389
- Foreign exchange options	355,154	-	355,154	224,982
- Options on stock exchange indexes and equities	2,437,059	13,250	2,450,309	1,690,869
- Other options	230,014	-	230,014	206,993
Total	**17,158,221**	**52,659**	**17,210,879**	**13,257,300**

Fair-value of the transactions qualified as hedging

(In millions of euros)	December 31, 2007
Firm transactions	
Transactions on organized markets	
- Interest rate futures	-
- Foreign exchange futures	-
- Other forward contracts	-
OTC agreements	
- Interest rate swaps	264
- Currency financing swaps	24
- Forward Rate Agreements (FRA)	-
- Other	-
Optional transactions	
- Interest rate options	-
- Foreign exchange options	-
- Options on stock exchange indexes and equities	43
- Other options	-
Total	**331**

Note 20

Interest and related income and expenses

(In millions of euros)	December 31 2007	2006
Interest and related income:		
Interest income from transactions with banks:		
Transactions with central banks, post office accounts and banks	5,900	4,314
Net premiums and discounts	35	242
Securities sold under repurchase agreements and borrowings secured by notes and securities	6,651	4,636
Sub-total	**12,586**	**9,192**
Interest income from transactions with customers:		
Trade notes	275	188
Other customer loans:		
- Short-term loans	2,515	1,890
- Export loans	282	207
- Equipment loans	1,522	1,294
- Mortgage loans	2,258	1,941
- Other loans	3,337	2,807
Sub-total	**9,914**	**8,139**
Overdrafts	632	504
Net premiums and discounts	-	(1)
Securities sold under repurchase agreements and borrowings secured by notes and securities	3,436	2,644
Sub-total	**14,257**	**11,474**
Bonds and other debt securities	***9,559***	***7,841***
Other interest and related income	***1,360***	***1,002***
Sub-total	**37,762**	**29,509**
Interest and related expenses:		
Interest expense from transactions with banks:		
Transactions with central banks, post office accounts and banks	(9,081)	(6,763)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(7,144)	(5,060)
Sub-total	**(16,225)**	**(11,823)**
Interest expense from transactions with customers:		
Special savings accounts	(949)	(810)
Other deposits	(5,797)	(4,390)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(3,620)	(3,094)
Sub-total	**(10,366)**	**(8,294)**
Bonds and other debt securities	***(8,728)***	***(7,335)***
Other interest and related expenses	***(1,460)***	***(987)***
Sub-total	**(36,779)**	**(28,439)**
Net total	**983**	**1,070**

Note 21

Dividend income

(In millions of euros)	December 31 2007	2006
Dividends from shares and other equity securities	14	15
Dividends from investments in non-consolidated subsidiaries and affiliates, and other long-term securities	3,289	2,090
Total (1)	**3,303**	**2,105**

(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)	December 31 2007	2006
Fee income from:		
Transactions with banks	91	107
Transactions with customers	1,069	966
Securities transactions	820	844
Primary market transactions	96	153
Foreign exchange transactions and forward financial instruments	309	38
Loan and guarantee commitments	384	389
Services and other	1,447	1,279
Sub-total	**4,216**	**3,776**
Fee expense on:		
Transactions with banks	(142)	(141)
Transactions with customers	-	-
Securities transactions	(462)	(349)
Foreign exchange transactions and forward financial instruments	(490)	(319)
Loan and guarantee commitments	(286)	(280)
Other	(193)	(239)
Sub-total	**(1,573)**	**(1,328)**
Net total	**2,643**	**2,448**

Note 23

Net income from financial transactions

(In millions of euros)	December 31 2007	2006
Net income from the trading portfolio:		
Net income from operations on trading securities	4,715	11,690
Net income from forward financial instruments	(3,358)	(6,934)
Net income from foreign exchange transactions	332	538
Sub-total	**1,689**	**5,294**
Net income from short-term investment securities:		
Gains on sale	138	77
Losses on sale	(120)	(31)
Allocation to depreciations	(93)	(24)
Reversal of depreciations	44	22
Sub-total	**(31)**	**44**
Net total	**1,658**	**5,338**

Note 24

Personnel expenses

(In millions of euros)	December 31 2007	2007
Employee compensation	2,494	2,869
Social security benefits and payroll taxes	1,100	1,313
Employer contribution, profit sharing and incentives (1)	214	201
Total	**3,808**	**4,383**
Average staff	**44,768**	**41,736**
In France	38,654	36,783
Outside France	6,114	4,953

(1) Analysis of personnel expenses for the last five years:

(In millions of euros)	2007	2006	2005	2004	2003
Societe Generale					
Profit sharing	29	26	20	-	15 (*)
Incentives	102	99	80	50	49
Employer contribution	79	73	78	72	72
Sub-total	**210**	**198**	**178**	**122**	**136**
Subsidiaries	**4**	**3**	**5**	**3**	**4**
TOTAL	**214**	**201**	**183**	**125**	**140**

(*) Provision for profit sharing relative to tax adjustments.

Remuneration of members of the Board of Directors and chief executive officers

Total attendance fees paid in February 2008 to the company's directors for the 2007 financial year amounted to EUR 0.69 million.

The remuneration paid in 2007 to the chief executive officers amounted to EUR 6.47 million (including EUR 3.97 million in the form of performance-linked bonuses for the 2006 financial year).

Note 25

Employee benefits

A. Post-employment 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.

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

Contributions to those schemes amount to EUR 380 million in 2007.

B. Post-employment defined benefit plans and other long term benefits

B1. RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	December 31, 2007				December 31, 2006			
	Post employment benefits				Post employment benefits			
(In millions of euros)	Pension plans	Others	Other long term benefits	Total	Pension plans	Others	Other long term benefits	Total
Reminder of gross liabilities	1,831	1	903	**2,735**	1,901	171	834	**2,906**
Reminder of assets	(1,697)	-	(74)	**(1,771)**	(1,703)	-	(78)	**(1,781)**
Deficit in the plan	**134**	**1**	**829**	**964**	**198**	**171**	**756**	**1,125**
Breakdown of the deficit in the plan								
Present value of defined benefit obligations	1,707	-	80	**1,787**	1,880	-	78	**1,958**
Fair value of plan assets	(1,788)	-	(74)	(1,862)	(1,791)	-	(78)	(1,869)
Actuarial deficit (net balance) (A)	**(81)**	**-**	**6**	**(75)**	**89**	**-**	**-**	**88**
Present value of unfunded obligations (B)	79	1	823	**903**	75	171	756	**1,002**
Other items recognized in balance sheet (C)	-	-	-	**-**	-	-	-	**-**
Unrecognized items								
Unrecognized Past Service Cost	47	-	-	**47**	58	-	-	**58**
Unrecognized Net Actuarial (Gain)/Loss	(92)	-	-	**(92)**	(4)	-	-	**(4)**
Separate assets	-	-	-	**-**	-	-	-	**-**
Plan assets impacted by change in Asset Celling	(91)	-	-	**(91)**	(89)	-	-	**(89)**
Total unrecognized items (D)	**(136)**	**-**	**-**	(136)	**(34)**	**-**	**-**	(34)
Deficit in the plan (Net balance) (A) + (B) + (C) - (D)	**134**	**1**	**829**	**964**	**198**	**171**	**756**	**1,125**

Notes:

1. For pensions and other post-employment plans, actuarial gains and losses, which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortized on the estimated average remaining working life of the employees participating in the plan in accordance with Recommendation 2003-R.01 of the French National Accounting Standards Board (CNC), dated April 1, 2003, on the accounting treatment and valuation of retirement and similar benefits.

2. Pension plans include pension benefit as annuities and end of career payments. Pension benefit annuities are paid additionally to pensions state plans. Societe Generale grants 27 pension plans located in 16 countries. 10 pension plans located in France, the UK, Germany, the US and Netherlands represent 98% of gross liabilities of these pension plans.

Other post employment benefit plans are healthcare plans.

Other long-term employee benefits include deferred bonuses, flexible working provisions (French acronym: compte épargne temps) and long-service awards. 6 benefits are located in 5 countries.

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

4. Information regarding plan assets:

– the breakdown of the fair value of plan assets is as follows: 33% bonds, 56% equities, 6% monetary instruments and 5% others;

– for pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 151 million, including EUR 91 million unrecognized.

5. Employer contributions to be paid to post-employment benefit plans for 2008 are estimated at EUR 42 million.

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

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

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

	Post employment benefits							
	Pension plans		Others		Other long term benefits		Total	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Plan assets	52	163	-	-	3	5	55	168

B2. AMOUNTS RECOGNIZED IN THE INCOME STATEMENT

	Post employment benefits							
	Pension plans		Others		Other long term benefits		Total	
(In millions of euros)	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Current Service Cost including Social Charges	42	42	-	2	229	252	**271**	**295**
Employee contributions	-	-	-	-	-	-	**-**	**-**
Interest Cost	92	84	-	4	3	3	**95**	**91**
Expected Return on Plan Assets	(106)	(93)	-	-	(4)	(3)	**(110)**	**(96)**
Expected Return on Separate Assets	-	-	-	-	-	-	**-**	**-**
Amortisation of Past Service Cost	5	5	-	-	-	-	**5**	**5**
Amortisation of Losses (Gains)	1	3	-	-	6	(4)	**7**	**(1)**
Settlement, Curtailment	7	-	-	61	-	-	**7**	**61**
Change in asset ceiling	(5)	6	-	-	-	-	**(5)**	**6**
Transfer from non recognized assets	-	-	-	-	-	-	**-**	**-**
Total Charges	**36**	**47**	**-**	**68**	**234**	**247**	**270**	**362**

B3. MOVEMENTS IN NET LIABILITIES OF POST-EMPLOYMENT BENEFIT PLANS BOOKED IN THE BALANCE SHEET

• B3a. Movements in the present value of defined benefit obligations

	Post employment benefits		
(In millions of euros)	**Pension plans**	**Others**	**Total**
At December 31, 2005	**1,913**	**113**	**2,026**
Current Service Cost including Social Charges	42	2	44
Interest Cost	84	4	88
Employee contributions	-	-	-
Actuarial (gains)/losses	(14)	(2)	(16)
Foreign currency exchange adjustment	2	-	2
Benefit payments	(78)	(6)	(84)
Past Service Cost	9	-	9
Acquisition of subsidiaries	-	-	-
Transfers and others	(1)	60	59
At December 31, 2006	**1,955**	**171**	**2,126**
Current Service Cost including Social Charges	42	-	42
Interest Cost	92	-	92
Employee contributions	-	-	-
Actuarial (gains)/losses	(145)	-	(145)
Foreign currency exchange adjustment	(65)	-	(65)
Benefit payments	(84)	-	(84)
Past Service Cost	(7)	-	(7)
Acquisition of subsidiaries	-	-	-
Transfers and others	(2)	(170)	(172)
At December 31, 2007	**1,786**	**1**	**1,787**

• B3b. Changes in fair value of plan assets

(In millions of euros)	Post employment benefits Pension plans	Post employment benefits Others	Total
At December 31, 2005	**1,661**	**-**	**1,661**
Expected Return on Plan Assets	93	-	93
Expected Return on Separate Assets	-	-	-
Actuarial gains/(losses)	70	-	70
Foreign currency exchange adjustment	4	-	4
Employee contributions	-	-	-
Employer Contributions to plan assets	114	-	114
Benefit payments	(72)	-	(72)
Acquisition of subsidiaries	-	-	-
Transfers and others	(79)	-	(79)
At December 31, 2006	**1,791**	**-**	**1,791**
Expected Return on Plan Assets	106	-	106
Expected Return on Separate Assets	-	-	-
Actuarial gains/(losses)	(53)	-	(53)
Foreign currency exchange adjustment	(52)	-	(52)
Employee contributions	-	-	-
Employer Contributions to plan assets	83	-	83
Benefit payments	(78)	-	(78)
Acquisition of subsidiaries	-	-	-
Transfers and others	(9)	-	(9)
At December 31, 2007	**1,788**	**-**	**1,788**

B4. MAIN ACTUARIAL ASSUMPTIONS

	December 31, 2007	December 31, 2006
Discount rate		
– Europe	5.26%	4.60%
– Americas	6.27%	5.70%
– Asia-Oceania	5.33%	3.00%
Expected return on plan assets (separate and plan assets)		
– Europe	5.65%	6.20%
– Americas	6.50%	6.50%
– Asia-Oceania	3.50%	2.00%
Future salary increase		
– Europe	1.10%	1.70%
– Americas	2.00%	2.00%
– Asia-Oceania	1.86%	2.50%
Healthcare cost increase rate		
– Europe	NA	4.55%
– Americas	NA	NA
– Asia-Oceania	NA	NA
Average remaining lifetime of employees *(in years)*		
– Europe	9.2	11.8
– Americas	7.4	9.7
– Asia-Oceania	15.7	9.7

Notes:

1. *The range in discount rate is due to various post-employment benefit plans durations and to different levels of interest rates used in the same geographic area like Europe and Asia.*
2. *The range of expected return on plan assets rate is due to actual plan assets allocation.*
3. *Average remaining lifetime of employees is calculated taking into account turnover assumptions.*

B5. ANALYSIS OF SENSITIVITY OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS TO CHANGES IN MAIN ASSUMPTIONS

	2007			2006		
(Measured element percentage)	Pension plans	Post employment healthcare plans	Other plans	Pension plans	Post employment healthcare plans	Other plans
Variation from +1% in discount rate						
– Impact on Defined Benefit Obligations at December 31	(13%)	NA	(8%)	(15%)	(15%)	(6%)
– Impact on total Expenses	(26%)	NA	(79%)	(25%)	(5%)	(30%)
Variation from +1% in Expected return on plan assets						
– Impact on Plan Assets at December 31	1%	NA	1%	1%	1%	1%
– Impact on total Expenses	(12%)	NA	(3%)	(35%)	NA	(4%)
Variation from +1% in Future salary increases						
– Impact on Defined Benefit Obligations at December 31	6%	NA	5%	4%	-	4%
– Impact on total Expenses	10%	NA	63%	15%	NA	31%
Variation from +1% in Healthcare cost increase rate						
– Impact on Defined Benefit Obligations at December 31	NA	NA	NA	-	18%	-
– Impact on total Expenses	NA	NA	NA	-	29%	-

B6. EXPERIENCE ADJUSTMENTS ON POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(In millions of euros)	December 31, 2007	December 31, 2006
Defined Benefit Obligations	1,786	1,955
Fair value of plan assets	1,788	1,791
Deficit/(surplus)	(2)	164
Adjustments of Plan Assets due to experience (negative: gain)	38	(7)
Adjustments of Plan Liabilities due to experience (negative: gain)	53	(69)

Note 26

Cost of risk

(In millions of euros)	December 31 2007	2006
Net allocation to depreciations and provisions for identified risks		
Identified risks [(1)]	23	(12)
Losses not covered by depreciations and amounts recovered on write-offs	(121)	(11)
Other risks and commitments	(8)	33
Sub-total	**(106)**	**10**
Net allocation to general country risk reserves [(1)]	(30)	29
Net allocation to depreciations and provisions for receivables and commitments	**(136)**	**39**
(1) Including gain (loss) on revaluation of currency hedge of provisions:		
- Provisions for identified risks	*(27)*	*(41)*
- Net allocation to general country risk reserves	*(20)*	*(17)*

Note 27

Net income from long-term investments

(In millions of euros)	December 31 2007	2006
Long-term investment securities:		
Net capital gains (or losses) on sale	-	-
Net allocation to depreciations	-	-
Sub-total	**-**	**-**
Investments in subsidiaries and affiliates:		
Gains on sale [(1)]	199	33
Losses on sale [(1)]	(67)	(124)
Allocation to depreciations	(204)	(77)
Reversal of depreciations	115	579
Subsidies granted to affiliates (subsidiaries)	-	-
Sub-total	**43**	**411**
Operating fixed assets:		
Gains on sale	4	4
Losses on sale	(1)	(1)
Sub-total	**3**	**3**
Net total	**46**	**414**

(1) The net capital gain from the exchange of EURONEXT for NYSE shares and subsequent sale of shares in the new merged company was EUR 93 million.

Note 28

Exceptional items

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

The application of effective accounting principles for the accounting treatment of transactions relating to these unauthorized activities and their unwinding would have led to recognizing a pre-tax gain of EUR 1,471 million in income for the 2007 financial year and only presenting the pre-tax loss of EUR 6,272 million ultimately incurred in January 2008 in the notes to the 2007 financial statements.

For the information of its shareholders and the public, Societe Generale considered that the application of effective accounting principles was improper to achieve a fair presentation of its financial position on December 31, 2007, and it was more appropriate to record all the financial consequences of the unwinding of these unauthorized activities under *Exceptional items* for the 2007 financial year.

To this end and in accordance with article L. 123-14 of Commercial Code, Societe Generale decided to depart from the provisions of CRC regulation 2000-06 related to liabilities by booking as an exceptional expense in the income for the 2007 financial year a provision for the total cost of the unauthorized and concealed activities.

After recognition of this allowance expense on provision for the total cost of the unauthorized and concealed trading activities of EUR 6,272 million, exceptional items for the 2007 financial year are EUR -4,801 million.

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

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

- net gains on financial instruments at fair value through profit and loss and entered on unauthorized and concealed trading activities create current tax expense of EUR 507 million;
- on December 31, 2007, allowance expense on provision for the total cost of the unauthorized and concealed trading activities create deferred income tax of EUR 2,159 million.

Note 29

Income tax

	December 31	
(In millions of euros)	**2007**	**2006**
Current taxes	(825)	(604)
Deferred taxes	2,757	122
Total (1)	**1,932**	**(482)**

(1) 2007 current income tax includes a gain of EUR 97.6 million (2006 gain of EUR 60.0 million) as a consequence of the tax consolidation.

Note 30

Breakdown of assets and liabilities by term to maturity

(In millions of euros)	At December 31, 2007					
	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	258,972	31,239	28,670	14,070	(156,535)	176,416
Customer loans	84,710	24,913	75,493	70,541	-	255,657
Bonds and other debt securities						
Trading securities	9,299	134,280	841	26,775	(517)	170,678
Short-term investment securities	5,577	17,205	212	3,882	-	26,876
Long-term investment securities	4	-	4	136	-	144
Total	**358,562**	**207,637**	**105,220**	**115,404**	**(157,052)**	**629,771**
LIABILITIES						
Due to banks	314,942	32,625	49,712	35,897	(156,929)	276,247
Customer deposits	169,526	43,949	29,302	14,744	-	257,521
Liabilities in the form of securities issued	89,062	22,254	22,368	3,597	(200)	137,081
Total	**573,530**	**98,828**	**101,382**	**54,238**	**(157,129)**	**670,849**

Note 31

Transactions in foreign currencies

(In millions of euros)	December 31, 2007				December 31, 2006			
	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	627,283	617,049	114,524	128,091	523,134	502,199	81,724	113,840
USD	215,041	237,137	224,798	202,967	199,813	231,961	214,234	174,035
GBP	78,228	79,919	41,411	38,170	50,075	52,990	39,223	35,856
JPY	24,345	26,062	30,179	30,477	32,356	29,592	25,148	28,102
Other currencies	78,332	63,062	108,265	118,691	63,070	51,706	95,698	103,824
Total	**1,023,229**	**1,023,229**	**519,177**	**518,396**	**868,448**	**868,448**	**456,027**	**455,657**

Note 32

Geographic breakdown of net banking income (1)

(In millions of euros)	France 2007	France 2006	Europe 2007	Europe 2006	Americas 2007	Americas 2006
Net interest and similar income	3,291	1,888	127	105	800	1,123
Net fee income	2,029	2,100	241	208	347	96
Net income from financial transactions	3,780	4,641	435	1,089	(2,636)	(571)
Other net operating income	(39)	17	153	126	6	-
Net banking income	**9,061**	**8,646**	**956**	**1,528**	**(1,483)**	**648**

(In millions of euros)	Asia 2007	Asia 2006	Africa 2007	Africa 2006	Oceania 2007	Oceania 2006
Net interest and similar income	59	(15)	(2)	(2)	73	99
Net fee income	19	27	3	2	4	15
Net income from financial transactions	41	158	9	7	29	14
Other net operating income	2	(1)	-	-	-	-
Net banking income	**121**	**169**	**10**	**7**	**106**	**128**

(In millions of euros)	Total 2007	Total 2006
Net interest and similar income	4,348	3,198
Net fee income	2,643	2,448
Net income from financial transactions	1,658	5,338
Other net operating income	121	142
Net banking income	**8,770**	**11,126**

(1) Geographic regions in which companies recording income is located.

Activities of subsidiaries and affiliates

(In thousands of euros or local currencies)

Company/Head Office	Activity / Division		Registered capital (local currency)	Shareholders' equity other than capital (local currency)[1]	Share of capital held (%)	Book value of shares held Gross (EUR)	Book value of shares held Net (EUR)
I - INFORMATION ON INVESTMENTS WITH A BOOK VALUE IN EXCESS OF 1% OF SOCIETE GENERALE'S CAPITAL							
A) Subsidiaries (more than 50% owned by Societe Generale)							
SG Immobel 5, place du Champs de Mars – 1050 Brussels – Belgium	**Real estate** Corporate and Investment Banking	EUR	2,000,062	(1,733)	100,00	2,000,061	2,000,061
Généval 29, boulevard Haussmann, 75009 Paris - France	**Portfolio management** Corporate Center	EUR	538,630	650,119	100,00	1,910,368	1,910,368
SG Asset Management 17, cours Valmy, 92800 Puteaux - France	**Asset Management** Global Investment Management and Services	EUR	306,775	1,494,446	100,00	1,810,815	1,810,815
Généfinance 29, boulevard Haussmann, 75009 Paris - France	**Portfolio management** Corporate Center	EUR	1,600,000	283,381	100,00	1,736,024	1,736,024
SG Americas Inc. 1221 avenue of the Americas – New-York 10020 – USA	**Investment Banking** Corporate and Investment Banking	USD	0	2,475,063	100,00	1,662,247	1,662,247
Ipersoc 17, cours Valmy, 92800 Puteaux - France	**Portfolio management** Corporate and Investment Banking	EUR	48	1,863,362	100,00	1,493,219	1,493,219
SG Financial Services Holding (formerly Généfitec) 29, boulevard Haussmann, 75009 Paris - France	**Portfolio management** Corporate Center	EUR	844,083	227,655	100,00	1,333,563	1,333,563
Linden 17, cours Valmy, 92800 Puteaux - France	**Portfolio management** Corporate and Investment Banking	EUR	101	980,531	100,00	1,001,040	1,001,040
Ald International SA 15, allée de l'Europe, 92110 Clichy sur Seine - France	**Car rental and financing** Financial Services	EUR	550,038	(6,749)	100,00	804,000	804,000
Généfimmo 29, boulevard Haussmann, 75009 Paris - France	**Real estate and real estate financing** Corporate and Investment Banking	EUR	392,340	15,078	100,00	651,732	651,732

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency) (1) (2)	Net income (loss) for the last fiscal year (local currency) (1)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
0	0	46,802	42,002	0	
0	0	131,189	576,989	1,006,565	
883,564	0	599,170	145,157	119,196	
4,689,632	0	449,070	240,766	298,000	
0	30,908	878,433	207,486	0	capital = USD 1 EUR 1 = USD 1.4721
149,748	0	88,721	69,257	87,504	
2,949,082	0	369,542	272,705	272,899	
0	1,001,000	70,853	58,904	52,000	of which 2007 interim dividend of 26,000
73,000	100	(17,959)	(15,245)	0	
32,452	0	56,365	31,380	81,555	

(In thousands of euros or local currencies) Company/Head Office	Activity / Division		Registered capital (local currency)	Shareholders' equity other than capital (local currency)[1]	Share of capital held (%)	Book value of shares held Gross (EUR)	Book value of shares held Net (EUR)
Orpavimob SA 17, cours Valmy, 92800 Puteaux - France	**Real estate and real estate financing** Corporate and Investment Banking	EUR	492,253	36,229	100,00	492,253	492,253
SG Hambros Ltd. Exchange House – Primrose st. – London EC2A 2HT – United Kingdom	**Asset Management** Asset Management	GBP	282,185	27,872	100,00	397,827	397,827
Banco SG Brazil Rua Verbo Divino 1207, Châcara Santo Antonio, São Paulo, CEP 04719-002, Brazil	**Investment Banking** Corporate and Investment Banking	BRL	1,156,096	15,826	100,00	432,156	390,293
Soginfo 29, boulevard Haussmann, 75009 Paris - France	**Office space** Retail Banking and affiliated companies	EUR	232,303	34,692	100,00	265,797	265,797
SG Consumer Finance 59, Avenue de Chatou, 92853 Rueil-Malmaison - France	**Portfolio management** Financial Services	EUR	260,037	700	100,00	260,037	260,037
Valminvest 29, boulevard Haussmann, 75009 Paris - France	**Office space** Corporate Center	EUR	248,877	(20,099)	100,00	249,427	249,427
Fimat Banque SA 50, boulevard Haussman, 75009 Paris - France	**Brokerage and derivatives** Securities	EUR	216,261	65,534	100,00	230,070	230,070
SG Securities North Pacific Ark Mori Building – 13-32 Akasaka 1 – Chome, Minato+Ku – 107-6015 Tokyo – Japan	**Brokerage of marketable securities** Corporate and Investment Banking	JPY	14,203	17,513	100,00	215,445	215,445
Génégis I 29, boulevard Haussmann, 75009 Paris - France	**Office space** Corporate Center	EUR	192,900	3,952	100,00	196,061	196,061
Societe Generale Canada Montréal, Québec H3B 3A7 – Canada	**Investment Banking** Corporate and Investment Banking	CAD	250,772	134,270	100,00	172,403	172,403
SG Yugoslav Bank AD STR Vladimira Popovica 3 Belgrade – Yugoslavia	**International Retail Banking** Retail Banking and affiliated companies	RSD	12,814,823	2,146,044	100,00	160,081	160,081
Delta Crédit Mortgage Finance Netherland BV 1012 KK Amsterdam, Rokin 55 – Netherlands	**Real estate loans** Retail Banking and affiliated companies	EUR	34	108,952	100,00	110,082	110,082
SG Securities Asia Intl Hold Ltd. 41/F Edinburgh Tower – 15 Queen's Road Central, Hong Kong	**Investment Banking** Corporate and Investment Banking	USD	109,990	75,162	100,00	104,187	104,187

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency) (1) (2)	Net income (loss) for the last fiscal year (local currency) (1)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
0	673,160	29,341	15,728	4,004	
0	182,381	102,956	24,678	5,882	EUR 1 = GBP 0.73335
0	0	181,134	95,526	0	EUR 1 = BRL 2.63789
120,000	2,000	22,796	14,873	12,486	
339,940	0	14,027	(4,464)	0	
0	0	8,877	4,549	0	
144,210	0	18,221	14,843	0	
0	0	33,713	9,864	17,473	EUR 1 = JPY 164.93
0	21,054	180,945	4,257	1,800	
7,500	0	50,352	30,728	0	EUR 1 = CAD 1.4449
79,600	162,961	4,611,189	1,532,417	0	EUR 1 = RSD 84.96
0	0	42,679	16,114	0	
0	11,761	355,951	187,785	26,629	EUR 1 = USD 1.4721

(In thousands of euros or local currencies)

Company/Head Office	Activity / Division		Registered capital (local currency)	Shareholders' equity other than capital (local currency)[1]	Share of capital held (%)	Book value of shares held Gross (EUR)	Net (EUR)
Société Immobilière 29 Haussmann 29, boulevard Haussman, 75009 Paris - France	**Office space** Corporate Center	EUR	90,030	1,231	100,00	89,992	89,992
Compagnie Foncière de la Méditerranée 29, boulevard Haussmann, 75009 Paris - France	**Office space** Corporate Center	EUR	76,627	2,786	100,00	155,837	85,198
Fontanor 17, cours Valmy, 92800 Puteaux - France	**Portfolio management** Corporate and Investment Banking	EUR	40	86,313	100,00	78,900	78,900
Sgss Holding 17, cours Valmy, 92800 Puteaux - France	**Portfolio management** Securities	EUR	52,287	(91)	100,00	52,287	52,287
Societe Generale Finance (Ireland) Ltd. 31/32 Morisson Chambers, Nassau street, Dublin 2 – Ireland	**Portfolio management** Corporate and Investment Banking	EUR	50,741	(180)	100,00	50,900	50,900
SG SCF 17, cours Valmy, 92800 Puteaux - France	**Mortgages** Corporate and Investment Banking	EUR	50,000	(2)	100,00	50,000	50,000
Eléaparts 29, boulevard Haussmann, 75009 Paris - France	**Office space** Retail Banking and affiliated companies	EUR	42,040	6,127	100,00	48,070	48,070
Socad 16 17, cours Valmy, 92800 Puteaux - France	**Real estate** Corporate Center	EUR	45,037	(2)	100,00	45,037	45,037
SG Énergie 17, cours Valmy, 92800 Puteaux - France	**Portfolio management** Corporate and Investment Banking	EUR	34,000	18,997	100,00	35,785	35,785
Socad 14 17, cours Valmy, 92800 Puteaux - France	**Real estate** Corporate Center	EUR	35,037	(2)	100,00	35,037	35,037
SG Algérie 75, chemin Cheikh Bachir Ibrahimi, El-Biar, 16010 Algiers – Algeria	**International Retail Banking** Retail Banking and affiliated companies	DZD	2,500,000	2,548,106	100,00	34,986	34,986
SG Asia Ltd. 42/F Edinburgh Tower – 15 Queen's Road Central, Hong Kong	**Merchant banking** Corporate and Investment Banking	HKD	400,000	348,976	100,00	34,843	34,843
SG Wertpapierhandelsgesellschaft mbH Mainze Landstrasse 36 – D60325 Frankfurt-am-Main – Germany	**Equity trading** Corporate and Investment Banking	EUR	55	49,330	100,00	31,590	31,590

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency) (1) (2)	Net income (loss) for the last fiscal year (local currency) (1)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
0	0	8,946	3,558	2,626	
11	0	1,689	2,822	5,158	
0	0	2,735	1,814	47,269	
0	0	44	17	0	
0	0	1,475	1,103	22,350	
49,900	0	163	107	0	
10,000	0	1,922	2,241	683	
0	0	0	(8)	0	
4,076	0	19,449	26,818	0	
0	0	76	43	0	
0	0	5,424,436	1,683,021	0	EUR 1 = DZD 98.9187
0	0	313,093	48,225	4,097	EUR 1 = HKD 11.48
0	0	4,592	1,796	0	

(In thousands of euros or local currencies)

Company/Head Office	Activity / Division		Registered capital (local currency)	Shareholders' equity other than capital (local currency)[1]	Share of capital held (%)	Book value of shares held Gross (EUR)	Book value of shares held Net (EUR)
Inserviss Group Kr. Barona 130 LV1012, Riga – Latvia	**Consumer credit** Financial Services	LVL	60	20	100,00	22,824	22,824
Societe Generale Australia Holding Ltd. 350, George Street – Sydney NSW 3000 – Australia	**Portfolio management** Corporate and Investment Banking	AUD	21,500	186,835	100,00	22,789	22,789
Géninfo Les Miroirs, Bt. C, 18, avenue d'Alsace, 92400 Courbevoie - France	**Portfolio management** Corporate Center	EUR	18,524	30,883	100,00	20,477	20,477
Inora Life Ltd. ((formerly Lyxor Life Ltd.) 6, Exchange Place, International Financial Services Center, Dublin 1 – Ireland	**Life insurance** Corporate and Investment Banking	EUR	15,000	(1,152)	100,00	15,000	15,000
Sogé Colline Sud 29, boulevard Haussmann, 75009 Paris - France	**Office space** Corporate and Investment Banking	EUR	14,250	2,467	100,00	14,483	14,483
Societe Generale Bank Nederland N.V. Rembrandt Tower Amstelplein 1 1096 HA Amsterdam – Netherlands	**Investment Banking** Corporate and Investment Banking	EUR	7,714	201	100,00	8,042	8,042
Soge Périval IV 29, boulevard Haussmann, 75009 Paris - France	**Office space** Corporate Center	EUR	6,405	2,585	100,00	6,704	6,704
Société de la rue Édouard-VII 29, boulevard Haussmann, 75009 Paris - France	**Office space** Corporate Center	EUR	11,396	782	99,90	59,617	12,457
Splitska Banka Rudera Boskovica 16 21000 Split – Croatia	**International Retail Banking** Retail Banking and affiliated companies	HRK	491,426	1,811,441	99,76	1,057,266	1,057,266
SG Vostok 5, Nikitsky Pereulok, 103009 Moscow – Russia	**International Retail Banking** Retail Banking and affiliated companies	RUB	3,418,000	1,645,393	99,35	141,490	141,490
SCS European Mortgage Investments 17, cours Valmy, 92800 Puteaux - France	**Portfolio management** Corporate and Investment Banking	EUR	625,037	0	99,00	625,000	625,000
Sogéfontenay 17, cours Valmy, 92800 Puteaux - France	**Office space** Corporate Center	EUR	4,200	370	99,00	9,055	9,055
Societe Generale Investments (UK) Ltd. SG House, 41 Tower Hill, EC3N 4SG London – United Kingdom	**Investment Banking** Corporate and Investment Banking	GBP	157,883	47,950	98,96	219,791	219,791

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency) (1) (2)	Net income (loss) for the last fiscal year (local currency) (1)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
96,927	0	12,146	1,940	0	EUR 1 = LVL 0.6964
0	0	50,086	29,022	0	EUR 1 = AUD 1.6757
0	0	1,937	1,872	2,315	
0	0	6,115	(528)	0	
0	0	2,860	18,074	0	
61,293	8,491	3,362	2,465	1,544	
476	0	1,882	926	0	
0	0	0	100	384	difference = 16,509
0	169,635	1,150,240	425,603	0	EUR 1 = HRK 7.3308
0	386,936	4,813,973	724,750	0	EUR 1 = RUB 35.986
0	0	0	7,686	0	
0	0	2,151	595	0	
0	652,275	21,335	41,603	0	EUR 1 = GBP 0.73335

(In thousands of euros or local currencies)

Company/Head Office	Activity / Division		Registered capital (local currency)	Shareholders' equity other than capital (local currency)[1]	Share of capital held (%)	Book value of shares held Gross (EUR)	Book value of shares held Net (EUR)
SG Expressbank 92, Bld Vl Varnentchik, 9000 Varna – Bulgaria	**International Retail Banking** Retail Banking and affiliated companies	BGN	28,508	145,356	97,95	34,256	34,256
SKB Banka Adjovscina,4 – 1513 Ljubljana – Slovenia	**International Retail Banking** Retail Banking and affiliated companies	EUR	52,784	148,291	97,54	220,071	220,071
Mobiasbanca Bd. Stefan cel Mare 81A, MD–2012 mun.–Chisinau – Republic of Moldavia	**International Retail Banking** Retail Banking and affiliated companies	MDL	71,158	196,622	95,35	24,960	24,960
SG Equity Finance LLC 1221, avenue of the Americas, New York, NY 10020 – USA	**Corporate Banking** Corporate and Investment Banking	USD	2,000,000	8,643	95,00	1,290,673	1,290,673
Soge Périval I 29, boulevard Haussmann, 75009 Paris - France	**Office space** Corporate Center	EUR	7,701	2,874	94,98	7,313	7,313
Soge Périval II 29, boulevard Haussmann, 75009 Paris - France	**Office space** Corporate Center	EUR	7,816	2,930	94,75	7,402	7,402
Soge Périval III 29, boulevard Haussmann, 75009 Paris - France	**Office space** Corporate Center	EUR	7,473	2,819	94,83	7,095	7,095
Podgoricka Banka 8 a Novaka Miloseva Street, 81000 Podgorica – Serbia and Montenegro	**International Retail Banking** Retail Banking and affiliated companies	EUR	14,634	359	86,75	19,119	19,119
Brigantia Investments Kamer van Koophandel – Deruyterkade 5 PO Box 2852 – Amsterdam – Netherlands	**Portfolio management** Corporate and Investment Banking	EUR	684,000	(6,638)	80,00	959,365	959,365
SG Financial Inc. Corporation Trust Center, 1209 Orange street, Wilmington – New Castel – Delaware – USA	**Investment Banking** Corporate and Investment Banking	USD	230,000	37,267	80,00	152,164	152,164
Crédit du Nord 28, place Rihour, 59800 Lille - France	**French Networks** Retail Banking and affiliated companies	EUR	740,263	456,581	79,99	584,255	584,255
National Societe Generale Bank 5, rue Champollion – Cairo – Egypt	**International Retail Banking** Retail Banking and affiliated companies	EGP	2,754,009	1,470,064	77,17	262,299	262,299
Banka Popullore BLV Deshmoret e Kombit Twin Tower –Tirana – Albania	**International Retail Banking** Retail Banking and affiliated companies	ALL	2,933,000	200,517	75,00	42,366	42,366

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency) (1) (2)	Net income (loss) for the last fiscal year (local currency) (1)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
0	129,997	101,140	34,193	0	EUR 1 = BGN 1.9558
0	0	88,405	22,917	0	
0	0	258,736	91,534	0	EUR 1 = MDL 16.5421
0	0	(97)	(130)	68,035	EUR 1 = USD 1.4721
476	0	2,058	1,006	0	
476	0	2,061	980	0	
476	0	2,050	1,004	0	
29,000	25,151	10,382	1,064	0	
0	0	45,618	31,501	41,240	
0	0	11,978	3,478	70,704	EUR 1 = USD 1.4721
545,471	1,088	1,062,358	336,109	140,639	
0	0	1,839,506	1,237,050	0	EUR 1 = EGP 8.16235
0	0	631,838	43,333	0	EUR 1 = ALL 120.891

(In thousands of euros or local currencies)

Company/Head Office	Activity / Division		Registered capital (local currency)	Shareholders' equity other than capital (local currency)[1]	Share of capital held (%)	Book value of shares held Gross (EUR)	Book value of shares held Net (EUR)
Banque de Polynésie Bd Pomare, BP 530, Papeete, Tahiti – French Polynesia	**International Retail Banking** Retail Banking and affiliated companies	XPF	1,380,000	6,589,409	72,10	12,397	12,397
Ballane 15, rue du Louvre, 75001 Paris - France	**Portfolio management** Corporate and Investment Banking	EUR	1,582,917	42,110	71,79	1,187,728	1,187,728
AIG Sorbier 50, Danbury Road, Wiltom – USA	**Portfolio management** Corporate and Investment Banking	USD	3,400,000	20,100	70,00	1,223,422	1,223,422
BFV - SG 14, Lalana Jeneraly Rabehevitra, BP 196, Antananarivo 101 – Madagascar	**International Retail Banking** Retail Banking and affiliated companies	MGA	14,000,000	31,395,743	70,00	7,614	7,614
Societe Generale de Banques en Côte d'Ivoire 5 & 7, avenue J. Anoma, 01 BP 1355, Abidjan 01 – Ivory Coast	**International Retail Banking** Retail Banking and affiliated companies	XAF	15,555,555	46,484,608	66,79	26,454	26,454
Makatéa Inc. 1221, avenue of the Americas, New York, NY 10020 – USA	**Portfolio management** Corporate and Investment Banking	USD	3,842,000	7,330	66,67	1,698,254	1,698,254
Sogessur 2, rue Jacques-Daguerre, 92565 Rueil-Malmaison - France	**Insurance** Financial Services	EUR	25,500	(4,071)	65,00	74,940	19,932
Komercni Banka Centrala Na Prokope 33 – Postovni Prihradka 839 – 114 07 Praha 1 – Czech Republic	**International Retail Banking** Retail Banking and affiliated companies	CZK	19,004,926	20,153,797	60,35	1,319,541	1,319,541
Bank Républic 2 Gr, Abashidze St.–Tbilissi – Georgia	**International Retail Banking** Retail Banking and affiliated companies	GEL	38,500	39,706	60,00	35,514	35,514
Sogéparts 29, boulevard Haussmann, 75009 Paris - France	**Portfolio management** Corporate Center	EUR	17,600	4,639	60,00	11,253	11,253
Ohridska Banka Makedonski Prosvetiteli 19 6000 – Macdonia	**International Retail Banking** Retail Banking and affiliated companies	MKD	1,006,019	171,932	58,82	25,197	25,197
Banque Roumaine de Développement A, Doamnei street, 70016 Bucarest 3, Romania	**International Retail Banking** Retail Banking and affiliated companies	RON	696,902	1,360,409	58,32	213,337	213,337
Societe Generale de Banques au Cameroun Rue Joss – Douala – Cameroon	**International Retail Banking** Retail Banking and affiliated companies	XAF	6,250,000	27,772,557	58,08	16,940	16,940

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency) (1) (2)	Net income (loss) for the last fiscal year (local currency) (1)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
0	131,182	7,927,358	1,829,162	8,788	EUR 1 = XPF 119.33174
0	0	(88,295)	(88,329)	24,271	
0	0	135,469	87,756	58,363	of which 2007 interim dividend of 58,363 EUR 1 = USD 1.4721
0	23,292	66,403,503	22,113,351	1,677	EUR 1 = MGA 2 620.43
0	102,529	39,573,354	13,834,556	6,871	difference = 5,166 EUR 1 = XAF 655.957
0	0	233,874	152,018	108,457	of which 2007 interim dividend of 108,457 EUR 1 = USD 1.4721
0	321	152,319	5,314	0	
0	952,278	28,048,116	11,056,168	119,918	EUR 1 = CZK 26.628
0	0	38,290	7,561	0	EUR 1 = GEL 2.39053
		2,183	1,951	277	
0	0	473,711	111,422	0	EUR 1 = MKD 61.5223
0	0	2,393,632	1,032,008	45,609	EUR 1 = RON 3.6077
0	34,409	30,172,825	7,480,572	5,268	difference = 1,675 EUR 1 = XAF 655.957

(In thousands of euros or local currencies) Company/Head Office	Activity / Division		Registered capital (local currency)	Shareholders' equity other than capital (local currency)(1)	Share of capital held (%)	Book value of shares held Gross (EUR)	Book value of shares held Net (EUR)
Societe Generale de Banques au Sénégal 19, avenue Léopold Sédar Senghor, Dakar – Senegal	**International Retail Banking** Retail Banking and affiliated companies	XAF	4,527,600	37,891,131	57,72	5,855	5,855
Généfim 29, boulevard Haussmann, 75009 Paris - France	**Real estate lease finance** Corporate and Investment Banking	EUR	72,779	29,130	57,62	89,846	89,846
Boursorama (formerly Fimatex) 11, rue de Prony, 75848 Paris - France	**Online brokerage** Securities	EUR	34,751	259,638	56,86	300,705	300,705
Societe Generale Marocaine de Banques 55, boulevard Abdelmoumen, Casablanca – Morocco	**International Retail Banking** Retail Banking and affiliated companies	MAD	1,560,000	1,700,698	53,02	78,859	78,859
Union Internationale de Banque 65, avenue Habib Bourguiba, 1000A Tunis – Tunisia	**International Retail Banking** Retail Banking and affiliated companies	TND	106,000	(43,590)	52,34	87,283	87,283
Général Bank of Greece 109, Messogion Avenue, 11510 Athens – Greece	**International Retail Banking** Retail Banking and affiliated companies	EUR	118,704	229,701	52,32	294,372	294,372
SG Mauritanie Ilot A, n° 652 – Nouakchott – Mauritania	**International Retail Banking** Retail Banking and affiliated companies	MRO	4,000,000	0	51,00	8,787	8,787
B) Affiliates (10% to 50% owned by Societe Generale)							
Fiditalia SPA Via G. Ciardi, 9 – 20148 – Milan – Italy	**Consumer credit** Financial Services	EUR	130,000	414,799	48,68	224,318	224,318
Societe Generale Calédonienne de Banque 56, rue de la Victoire, Nouméa, New Caledonia	**International Retail Banking** Retail Banking and affiliated companies	XPF	1,068,375	7,335,164	20,60	16,268	16,268
Rosbank 11 , Masha Porvvaeva Str PO Box 208, Moscow – Russia	**International Retail Banking** Retail Banking and affiliated companies	RUB	8,876,500	25,029,084	20,00	536,788	536,788
Crédit Logement 50, boulevard Sébastopol, 75003 Paris - France	**Credit institution** Corporate Center	EUR	1,253,975	1,267,000	13,50	171,037	171,037

(1) For foreign subsidiaries and affiliates, shareholders' equity booked in the Group consolidated accounts.
(2) For banking and finance subsidiaries, revenues refer to net banking income.

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency) [(1)] [(2)]	Net income (loss) for the last fiscal year (local currency) [(1)]	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
0	21,938	39,593,540	12,664,850	3,585	difference = 1,447 EUR 1 = XAF 655.957
826,502	0	87,695	77,979	15,831	
295,000	560,000	175,424	62,378	0	
0	330,104	2,429,324	634,895	9,889	difference = 1,142 EUR 1 = MAD 11.1424
0	0	97,461	(64,326)	0	EUR 1 = TND 1.79847
0	32,590	169,523	(43,583)	0	
0	0	1,520,265	(447,837)	0	EUR 1 = MRO 377.04
0	0	302,298	34,022	17,718	
44,025	93,892	8,739,985	3,586,545	4,112	EUR 1 = XPF 119.33174
129,217	0	27,968,411	5,824,865	0	EUR 1 = RUB 35.986
428,356	0	434,000	110,000	8,462	Provisional financial statements as at Dec. 31 2007

(In thousands of euros)	Book value of shares held		Unreimbursed loans and advances	Guarantees given by the Company	Dividends received during the year	Remarks	
	Gross	Net					
II - Information concerning other subsidiaries and affiliates							
A) Subsidiaries not included in paragraph 1							
1°) French subsidiaries	41,768	20,593	1,749,618	191,822	130,559	Revaluation difference:	2,158
2°) Foreign subsidiaries	67,362	29,927	0	33,302	70,452	Revaluation difference:	0
B) Affiliates not included in paragraph 1							
1°) French companies	4,155	3,770	1,347	0	510	Revaluation difference:	0
2°) Foreign companies	29,851	10,450	0	1,242	1,249	Revaluation difference:	0

MAIN CHANGES IN THE INVESTMENT PORTFOLIO IN 2007

In 2007, the following transactions affected Societe Generale's investment portfolio:

OUTSIDE FRANCE	IN FRANCE
Creation of Lyxor AM Japan	**Creation of** SCS European Mortgage Investments
Acquisition of interest in Mobiasbanca – SG Mauritania – Ohridska Banka – Banka Popullore	**Acquisition of interest in** Ballane
Acquisition SG Immobel	**Acquisition**
Increase of interest in AIG Sorbier	**Increase of interest in**
Subscription to capital increase National Societe Generale Bank – Rosbank – Sgss Holding – Banco SG Brazil – SG Yugoslav Bank AD – Delta Crédit MF Netherland BV - Bank Républic – Général Bank of Greece	**Subscription to capital increase** Fimat Banque SA – Orpavimob – SG Énergie – SOCAD 16 – SOCAD 14 – SG SCF
Disposal of total interest in NYSE-Euronext	**Disposal of total interest in** Union Méditerranéenne – Cofiroute
Reduction of interest in Bank of East Asia	**Reduction of interest in**

In accordance with article L. 233.6 of the French Commercial Code, the following table summarizes the significant changes in Societe Generale's investment portfolio in 2006.

Increase				Decrease			
		(% of capital)				(% of capital)	
Declaration threshold	Company	Dec. 31, 2006	Previously	Declaration threshold	Company	Dec. 31, 2006	Previously
5%				5%	Bank of East Asia	0.2%	0.6%
					NYSE-Euronext	0%	1%
					Cofiroute	0%	0.8%
10%				10%	Union Méditerranéenne	0%	11.6%
20%			0%	20%			
33%				33%			
50%	Lyxor AM Japan	100%	0%	50%			
	SG Immobel	100%	0%				
	AIG Sorbier	70%	60%				
	Mobiasbanca	95.4%	0%				
	SG Mauritania	51%	0%				
	Ohridska Banka	58.8%	0%				
	Banka Popullore	75%	0%				
	Ballane	71.8%	0%				
	SCS European Mortgage Investments	50%	0%				

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Year ended December 31, 2007

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors'assessment of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the annual financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual financial statements. The report also includes information relating to the specific verification of information in the management report.

This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2007, on:

- the audit of the accompanying annual financial statements of Société Générale;
- the justification of our assessments;
- the specific verifications and disclosures required by law.

These annual 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 ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position and assets and liabilities of the Company at December 31, 2007 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

Without qualifying the opinion expressed above, we draw your attention to:

- Notes 1 and 28 to the annual financial statements that describe the accounting and tax treatments of the net loss on unauthorized and concealed trading activities and the reasons which led the Company to make use of the exception provided for under article L. 123-14 of the French Commercial Code *(Code de Commerce)* in order to present fairly its financial position as at December 31, 2007;
- Note 28 to the annual financial statements that indicates that, on the date the accompanying financial statements are authorized for issue, Corporate and Investment Banking operations are currently the subject of various internal and external investigations as a result of which new facts, unknown to date, may emerge.

II – JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

BACKGROUND OF THE FINANCIAL STATEMENTS CLOSING PROCESS

Following the uncovering of unauthorized and concealed activities described in note 28, we have reconsidered and extended our audit procedures to be in a position to issue an opinion on the annual financial statements taken as a whole, keeping in mind that the purpose of these procedures is not to issue an opinion on the effectiveness of internal control over financial reporting. Accordingly, we have:

- extended the scope and nature of the audit procedures performed on Corporate and Investment Banking trading activities;
- considered the General Inspection's intermediary conclusions and work performed following its assignment of January 24, 2008 which was primarily intended to check that all unauthorized positions and related losses have been comprehensively identified and which conclusions have been endorsed by the Special Committee after receiving the comments of its advisor;
- reviewed the documentation supporting the amount of the recorded loss.

ACCOUNTING POLICIES

Notes 1 and 28 to the financial statements describe the reasons that led the Company to depart from the provisions of Regulation no. 2000-06 of the French Accounting Regulation Committee (CRC) related to liabilities on the basis of the exception provided under article L. 123-14 of the French Commercial Code *(Code de Commerce)* for purpose of providing with a fair presentation of its financial position as at December 31, 2007 by recording a provision against an exceptional expense for the loss resulting from the unwinding on January 23, 2008 of the unauthorized and concealed activities. As part of our assessment of accounting principles applied, we have assessed the basis for applying these provisions as well as whether appropriate disclosure is included in the notes.

ACCOUNTING ESTIMATES

- As detailed in Note 1 to the financial statements, your Company uses internal models to measure financial instruments that are not listed on liquid markets. Our procedures consisted in reviewing the control procedures related to the models dedicated, to assess the data and assumptions used as well as the inclusion of the risks related to these instruments.
- In the specific context of the current credit crisis, we have reviewed the control procedures implemented to identify direct and indirect exposure to the US residential real estate market, the procedures implemented to assess this exposure, as well as the process for measuring related financial instruments.
- For purpose of preparing the financial statements, the Company records impairments 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 assessment of the value of the investments in subsidiaries and its securities portfolio as well as the valuation of pension plans and other post-employment benefits. We have reviewed these processes, the underlying assumptions and valuation parameters and assessed whether these accounting estimates rely on documented procedures consistent with the accounting policies disclosed in note 1.

These assessments were performed as part of our audit approach for the annual financial statements taken as a whole and therefore contributed to the expression of our audit opinion in the first part of this report.

III - SPECIFIC VERIFICATIONS AND DISCLOSURES

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

We have no matters to report regarding:

- the fair presentation and the conformity with the financial statements of the information given in the Board of Directors' Report and in the documents addressed to the shareholders with respect to the financial position and the financial statements;
- the fair presentation of the information presented in the Board of Director's report relating to remunerations and benefits in kind granted to senior officiers together with commitments granted in consideration of the taking of, the suspension or the change of functions or subsequently thereto.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders and holders of the voting rights has been properly disclosed in the Board of Directors' Report.

Paris – La Défense and Neuilly-sur-Seine, February 29, 2008

The Statutory Auditors

French original signed by

ERNST & YOUNG AUDIT	DELOITTE & ASSOCIÉS
Philippe PEUCH-LESTRADE	José-Luis GARCIA

INFORMATION ON COMMON STOCK

Changes in common stock

Operations	Date of record or completion	Change in number of shares	Total number of shares after operations	Common stock (in EUR)	Change in common stock resulting from operation (%)
Exercise of stock options (1st half 2004)		836,443			
Increase through 2004 Company Savings Plan	July 16, 2004	5,222,573	444,493,765	555,617,206.25	1.38
Exercise of stock options (2nd half 2004)	Jan. 13, 2005	659,394	445,153,159	556,441,448.75	0.15
Cancellation of shares	Feb. 9, 2005	11,000,000	434,153,159	542,691,448.75	(2.47)
Exercise of stock options (1st half 2005)		808,946			
Increase through 2005 Company Savings Plan	July 21, 2005	5,663,174	440,625,279	550,781,598.75	1.49
Cancellation of shares	Nov. 22, 2005	7,100,000	433,525,279	541,906,598.75	(1.61)
Exercise of stock options (2nd half of 2005)	Dec. 31, 2005 recorded on Jan. 11, 2006	762,902	434,288,181	542,860,226.25	0.18
Exercise of stock options (1st half 2006) and increase through 2006 Company Savings Plan	July 10, 2006	412,720 4,044,422	438,745,123	548,431,403.75	1.03
Exercise of stock options from July 1 to September 25, 2006	Sept. 26, 2006	232,449	438,977,572	548,721,965.00	0.05
Exercise of stock options from September 26 to October 6, 2006	Oct. 10, 2006	97,396	439,074,968	548,843,710.00	0.02
Capital increase with pre-emptive subscription rights decided on September 27, 2006	Oct. 26, 2006 recorded on Nov. 2, 2006	21,953,748	461,028,716	576,285,895.00	5.00
Exercise of stock options from October 27 to December 31, 2006	Dec. 31, 2006 recorded on Jan. 11, 2007	395,846	461,424,562	576,780,702.50	0.08
Exercise of stock options (1st half 2007) and increase through 2007 Company Savings Plan	July 11, 2007	261,414 4,578,835	466,264,811	582,831,013.75	1.05
Exercise of stock options (2nd half of 2007)	Dec. 31, 2007 recorded on Jan. 11, 2008	317,782	466,582,593	583,228,241.25	0.07
Exercise of stock options from January 1 to 11, 2008	recorded on Feb. 5, 2008	34,080	466,616,673	583,270,841.25	0.01

Amount of common stock

At December 31, 2007, Societe Generale's paid-up common stock (as recorded on January 11, 2008) amounted to EUR 583,228,241.25 and comprised 466,582,593 shares with a nominal value of EUR 1.25 per share, all eligible for dividends paid out of income earned from January 1, 2007.

As a result of the exercise of stock options between January 1 and January 11, 2008, the common stock increased by a nominal amount of EUR 42,600 and on February 5, 2008, the date on which it was recorded by the Chairman, it stood at EUR 583,270,841.25 and comprised 466,616,673 shares with a nominal value of EUR 1.25 per share, fully paid-up.

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

On February 8, 2008, the Board of Directors decided on a capital increase via the issuance of new cash shares with preferential subscription rights using the powers delegated to it by the Extraordinary General Meeting of May 30, 2006. The nominal amount of the rights issue is EUR 145,817,710 with 116,654,168 shares issued. They will be eligible for dividends paid out of income earned from January 1, 2008. The subscription period runs from February 21 to 29 inclusive.

Breakdown of capital and voting rights

Double voting rights

(extract of article 14 of the by-laws)

As of January 1, 1993, 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 two years. 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, on the occasion of an increase in capital stock by incorporation of reserves, unappropriated retained earnings, net income or additional paid-in capital.

(legal provisions)

These double voting rights are rendered null and void ipso jure 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 parent do not result in the loss of rights and do not affect the minimum two-year holding period.

Limitation of voting rights

(extract of article 14 of the by-laws)

The number of votes at General meetings that may be used by a single shareholder, either in person or by proxy, may not exceed 15% of total voting rights at the date of the meeting. This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for which they act as proxy complies with the rule stipulated above. For the purposes of applying these limits, 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 person – more than 50.01% of the Company's voting rights following a public offer.

Declaration of shareholdings exceeding statutory limits

(extract of article 6 of the by-laws)

Any shareholder acting on his own or jointly, who comes to hold directly or indirectly at least 1.5% of the capital or voting rights, must inform the Company within fifteen days of the time at which he exceeds this threshold, and must also indicate in his declaration the number of securities he holds which may give rise to his holding capital stock in the future. 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 0.5%.

Failure to comply with this requirement will be penalized 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 being 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 paragraph two above.

Authorization to carry out stock market dealings in own shares

The Joint General meeting of May 14, 2007 authorized the company to buy or sell its own shares on the stock market with a view to cancelling bought-back shares, granting or honoring stock options or otherwise allocating free shares to employees and chief executive officers of the Group, honoring commitments linked to convertible debt securities, holding and subsequently using the shares in exchange or as payment for acquisitions and continuing the liquidity contract set up in 2004. The next General meeting of shareholders will be asked to renew this authorization.

Identification of holders of bearer shares

(article 6 of the by-laws)

The Company may, at any time, in accordance with current laws and regulations, request that the organization in charge of clearing transactions in its shares provide information regarding those shares and other securities that confer on their owners an immediate or deferred voting right at shareholders' meetings and the holders of such shares and securities.

Information on the portion of capital held by employees under the Company and Group Savings Plans

In accordance with article L. 225-102 of the French Commercial Code, it is hereby declared that, at December 31, 2007, employees of Societe Generale and Crédit du Nord and their subsidiaries held a total of 33,458,863 of Societe Generale shares, representing 7.17% of its common stock, through the mutual fund created under the Societe Generale Company and Group Savings plans.

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, with this right not applying 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 Council in Decision No. 201C1417 dated November 30, 2001. This agreement was still in place at December 31, 2007. However, at this date, Santander Central Hispano no longer held any shares in Societe Generale.

LIST OF AUTHORIZATIONS OUTSTANDING IN 2006-2007 AND AT THE START OF 2008 AND THEIR USE

Type of Authorization	Purpose of the authorization given to the Board of Directors	Period of validity	Limit	Use over 2006	Use over 2007	Use in 2008 (up to 02.20.2008)
Share Buybacks	Authorization to buy and sell Societe Generale shares	**Granted by**: AGM of May 30 2006, under its 14th resolution **For a period of**: 18 months **Early termination**: May 14 2007	10% of the capital at the date of the purchase	Repurchase of 1.94% of capital at December 31, 2006	Repurchase of 1.88% of capital at December 31, 2006	None
	Authorization to buy and sell Societe Generale shares	**Granted by**: AGM of May 14, 2006, under its 10th resolution **For a period of**: 18 months **Start date**: May 15, 2007 **Maturity**: November 14, 2008	10% of the capital at the date of the purchase	Previous resolution	Repurchase of 1.26% of capital at December 31, 2007	Repurchase of 0.02% of capital at December 31, 2007
Capital increases governed by common law	Authorization to increase capital stock with pre-emptive subscription rights through the issue of ordinary shares or securities granting holders entitlement to capital stock	**Granted by**: AGM of May 30, 2006, under its 15th resolution **For a period of**: 26 months **Maturity**: July 30, 2008	Nominal EUR 220 million for shares *i.e. 40.5% of capital on the date the authorization is granted* Nominal EUR 6 billion for securities with an equity component *Note: These limits are included in those set under resolutions 16 to 18 of the AGM of May 30, 2006.*	Nominal EUR 27,442,185 *i.e.* 5% of capital on the day of the operation (10.26.2006)	None	Nominal EUR 145,817,710 *i.e.* 25% of capital February 5, 2008
	Authorization to increase capital stock through the incorporation of reserves, retained earnings, or additional pay-in capital	**Granted by**: AGM of May 30, 2006, under its 15th resolution **For a period of**: 26 months **Maturity**: July 30, 2008	Nominal EUR 550 million *i.e. 101.3% of capital on the date the authorization is granted*	None	None	None
	Authorization to increase capital stock through the issue of shares with no pre-emptive subscription rights securities granting holders entitlement to capital stock	**Granted by**: AGM of May 30, 2006, under its 16th resolution **For a period of**: 26 months **Maturity**: July 30, 2008	Nominal EUR 110 million for shares *i.e. 20.3% of capital on the date authorization is granted* Nominal EUR 6 billion for securities with an equity component *Note: These limits are included in those set under resolution 15 of the AGM of May 30, 2006*	None	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 within the framework of resolutions 15 and 16	**Granted by**: AGM of May 30, 2006, under its 17th resolution **For a period of**: 26 months **Maturity**: July 30, 2008	15% of the initial issue *Note: Such operations are carried out at the same price and within the same limits as those set out in resolutions 15 and 16 of the AGM of May 30, 2006*	None	None	None
Remuneration of share contributions	Authorization to increase capital in order to pay for share contributions	**Granted by**: AGM of May 30, 2006, under its 18th resolution **For a period of**: 26 months **Maturity**: July 30, 2008	10% of capital *Note: These limits are included in those set under resolutions 15 and 16 of the AGM of May 30, 2006*	None	None	None

Type of Authorization	Purpose of the authorization given to the Board of Directors	Period of validity	Limit	Use over 2006	Use over 2007	Use in 2008 (up to 02.20.2008)
Transactions for employees	Authorization to increase capital stock through the issue of shares or other securities with an equity component reserved for employees subscribing to a Societe Generale Company or Group savings plan	**Granted by**: AGM of May 30, 2006, under its 19th resolution **For a period of**: 26 months **Maturity**: July 30, 2008	Nominal EUR 16.3 million *i.e. 3% of capital on the date the authorization is granted*	Previous resolution	EUR 5,723,543.75 i.e. 0.9% of capital at the date of purchase	Operation approved in principle by the Board on February 20, 2008
	Authorization to grant share subscription or purchase options to employees and chief executive officers of the company	**Granted by**: AGM of May 30, 2006, under its 20th resolution **For a period of**: 26 months **Maturity**: July 30, 2008	4% of capital on the date the authorization is granted *Note: These limits include the free allocation of shares (resolution 21 of the AGM of May 30, 2006)*	Previous resolution	1,381,993 purchase options *i.e.* 0.30% of capital at December 31, 2006	See “Corporate Governance” in the registration document
	Authorization to issue shares free of charge to employees and chief executive officers of the company	**Granted by**: AGM of May 30, 2006, under its 21st resolution **For a period of**: 26 months **Maturity**: July 30, 2008	2% of capital on the date the authorization is granted *Note: These limits are included in the one which applies to the allocation of options (resolution 20 of the AGM of May 30, 2006)*	Previous resolution	824,406 shares issued *i.e.* 0.18% of capital at December 31, 2006	See “Corporate Governance” in the registration document
Share cancellations	Authorization to cancel shares as part of a share buyback program	**Granted by**: AGM of May 30, 2006, under its 22nd resolution **For a period of**: 26 months **Maturity**: July 30, 2008	10% of the total number of shares per 24-month period	None	None	None

Meeting of the Board of Directors of February 8, 2008

CAPITAL INCREASE BY THE GROUP BY THE ISSUE OF NEW CASH SHARES WITH PREFERENTIAL SUBSCRIPTION RIGHTS USING THE POWERS DELEGATED BY THE EXTRAORDINARY GENERAL MEETING OF MAY 30, 2006.

The Board, acting in virtue of the powers delegated to it under its fifteenth resolution by the Combined General Shareholders Meeting of May 30, 2006, unanimously decided:

1. to carry out a capital increase with preferential subscription rights of a nominal amount of EUR 145,817,710 via the issuance of 116,654,168 shares which will be eligible for dividends paid out of income earned from January 1, 2008;
2. that the subscription price will be equal to EUR 47.50 per share, payable in full in cash at subscription, with a nominal value of EUR 1.25 and an “issue premium” of EUR 46.25. The amount of the issue premium will be placed in an issue premium reserve account and the costs related to the capital increase shall be deducted.

SUPPLEMENTARY REPORT OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER PERTAINING TO THE CAPITAL INCREASE WITH PREFERENTIAL SUBSCRIPTION RIGHTS

Dear Sir, Dear Madam, Dear shareholder,

In accordance with article R. 225-116 of the French Business Code, I am writing to inform you of the use made of the powers you delegated to your Board of Directors at the Extraordinary General Meeting of May 30, 2006 under its fifteenth resolution to carry out an increase in the capital stock with preferential subscription rights.

In order to provide Societe Generale Group with the resources necessary to pursue its activity and development and to keep the solvency ratio within a sufficient range against the backdrop of particularly difficult market conditions, the Board of Directors decided on February 8, 2008, to carry out a capital increase by the issuance of new shares, with preferential subscription rights for existing shareholders.

As a result, the Board has this day decided:

- to carry out a capital increase with preferential subscription rights of a nominal amount of EUR 145,817,710 via the issuance of 116,654,168 shares which will be eligible for dividends paid out of income earned from January 1, 2008;

- that the subscription price will be equal to EUR 47.50 per share, payable in full in cash at subscription, with a nominal value of EUR 1.25 and an "issue premium" of EUR 46.25. The amount of the issue premium will be placed in a issue premium reserve account and the costs related to the capital increase shall be deducted;
- that the rights issue will be subject to a firm underwriting (*garantie de bonne fin*) as per article L. 225-145 of the French Commercial Code; consequently, said capital increase will be considered as realized as of the signature of the firm underwriting;
- that the subscription period of the shares will run from February 21 to February 29 inclusive;
- that each existing shareholder will receive a preferential subscription right for each share owned at the end of trading on February 20, 2008;
- that the subscription to the new shares will be reserved by preference for holders of existing shares and for the transferees of preferential subscription rights, who will be able to exercise their preferential subscription right on an irreducible basis, under the conditions fixed by the law, and subscribe to one new share for every four existing shares, excluding odd lots;
- that, in addition, shareholders will also have the right to subscribe on a reducible basis;
- that in the event that the shares subscribed to on an irreducible basis, and if needs be, on a reducible basis, do not account for all the new shares issued, then the members of the bank syndicate guaranteeing the rights issue will ensure their subscription or will subscribe to the shares themselves;
- that preferential subscription rights attached to treasury stock held by the Group will be sold in the market;
- to suspend the exercise of share purchase and subscription options issued by the Group from February 27 to March 13, 2008 inclusive.

A – The impact of the rights issue on shareholders

1. The impact of the rights' issue on the capital stake of a shareholder with a 1% share of the common stock of the Societe Generale Group prior to issuance and who did not subscribe to the present rights issue (calculation based on the total number of shares comprising the common stock at February 5, 2008) is as follows:

	Shareholder stake *(as a %)*
Before issue of new shares	1.00
After issue of 116,654,168 new shares from the present capital increase	0.80

2. The impact of the rights issue on the consolidated net assets per share of the holder of one Societe Generale share on December 31, 2007 as it appears in the estimated financial statements at December 31, 2007 (unaudited data) and of the number of shares comprising the common stock at December 31, 2007 is as follows:

	Net assets per share *(in euros)*
Before issue of new shares	58.38
After issue of 116,654,168 new shares from the present capital increase	56.04

B – Theoretical impact of the rights issue on the current market price

The theoretical impact of the rights issue based on the average of the twenty trading sessions prior to the rights issue is as follows:

	Impact of the market price *(in euros)*
Before issue of new shares	77.72
After issue of 116,654,168 new shares from the present capital increase.	71.68

11 LEGAL INFORMATION

ADDITIONAL INFORMATION

General information

Name

Societe Generale

Registered Office

29, boulevard Haussmann, 75009 Paris

Administrative office

17, cours Valmy, 92972 Paris – La Défense

Telephone number: 33 (0)1 42 14 20 00

Website: www.socgen.com

Legal form

Societe Generale is a limited liability corporation *(Société Anonyme)* established under French law and having the status of a bank.

Governing law

Under the legislative and regulatory provisions relating to credit institutions, notably the articles of the French Monetary and Financial Code that apply to them, the Company is subject to the commercial laws, in particular articles L. 210-1 and following of the French Commercial Code.

Societe Generale is a credit institution authorized to act as a bank. As such, it can carry out all banking transactions. It can also carry out all banking-related transactions, including in particular investment or related services as listed by articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code. In its capacity as an investment services provider, Societe Generale is subject to regulations applicable to the same. It must notably comply with a number of prudential rules and is subject to the controls carried out by the French Banking Commission (*Commission Bancaire*). Its management and all employees are bound by rules governing professional secrecy, violation of which is punishable by law. Societe Generale also acts as an insurance broker.

Date of formation and duration

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

Corporate purpose

(article 3 of the by-laws)

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 banking-related transactions, including in particular investment services or related services as listed in 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 *Comité de la règlementation bancaire et financière* (French 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 or agricultural personality or realty 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 000130809

APE code (business activity code): 651C

Company reports and documents

All Societe Generale reports and documents, including in particular its by-laws, financial statements and the reports submitted to shareholders' Meetings by the Board of Directors and the Statutory Auditors, may be consulted at the Company's administrative offices at Tour 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, Sarazin, Sagaut et Chaput" in Paris, France.

Fiscal year

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

Allocation and distribution of income

(article 18 of the by-laws)

Net income for the year is determined in accordance with current applicable laws and regulations.

At least 5% of net income for the year, less any previous losses, must be set aside by law to form a legal reserve until the said reserve reaches one-tenth of total capital stock.

Net income available after this transfer, increased by any net income brought forward, constitutes income available for distribution to be carried forward or allocated to ordinary, extraordinary or special reserves in those amounts which the General Meeting may deem useful, upon the recommendation of the Board of Directors. The remaining balance is then paid out to shareholders in proportion to their shareholding.

The General Meeting called to approve the financial statements for the year may, in respect of all or part of final or interim dividends proposed for distribution, offer each shareholder the option to receive payment of the final or interim dividend in cash or in shares, under the conditions laid down by current regulations. Shareholders who exercise this option must do so for all of the final or interim dividends attributable to their shareholding.

Except in cases of a reduction in capital stock, no distribution to shareholders may take place if shareholders' equity is, or will be as a result of such distribution, less than an amount equal to the sum of capital stock and those reserves that cannot be distributed by law or under the Company's by-laws.

Convocation, admission and organisation of Meetings

(extract of article 14 of the by-laws)

The General Meeting is called and deliberates as provided for by the legal and regulatory provisions in force.

It meets at the Company's head office or in any other place in mainland France indicated in the convocation notice.

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. In line with the legal and regulatory provisions in force, they may personally attend the Meetings, send their votes by mail or appoint a proxy.

Said proxy 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 Meeting is held, unless a shorter period is specified in the Meeting notice or required by the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, where stipulated in the Meeting notice and subject to the conditions provided therein.

The Meeting may be publicly broadcast by means of electronic communication subject to the approval and under the terms set by the Board of Directors. Notification thereof will be given in the Meeting notice and/or convocation.

As of January 1, 1993, 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 two years. 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, on the occasion of an increase in capital stock by incorporation of reserves, unappropriated retained earnings, net income or additional paid-in capital.

The number of votes at General Meetings held by one shareholder, either individually or by a proxy, may not exceed 15% of the 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 whom they act as proxy complies with the rule stipulated above.

For the purposes of applying these limits, 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 person – more than 50.01% of the Company's voting rights following a public share exchange offer.

In all General Meetings of Shareholders, voting rights attached to shares which entail a usufructuary right, are exercised by the usufructuary.

Documents

Societe Generale's articles of association 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 head offices.

BY-LAWS

Type of company – Name – Registered Office – Purpose

Article 1

The Company, named Societe Generale, is a public limited company incorporated by deed approved by the Decree of May 4, 1864, and is approved as a bank.

The duration of Societe Generale, previously fixed at 50 years with effect from January 1, 1899, was then extended by 99 years with effect from January 1, 1949.

Under the legislative and regulatory provisions relating to credit institutions, notably the articles of the 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 the current articles of association.

Article 2

Societe Generale's registered office is at 29, boulevard Haussmann, Paris (9th district).

In accordance with current legislative and regulatory provisions, it can 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 and abroad:

- all banking transactions;
- all transactions relating to banking operations, including in particular investment services or allied services as listed in 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 or agricultural, movable or immovable property transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

Capital – Shares

Article 4

The share capital amounts to EUR 583,270,841.25. It is divided into 466,616,673 shares each having a nominal value of EUR 1.25 and fully paid up.

The capital may be increased, reduced or divided into shares of different nominal value on the decision of the competent meeting or meetings of shareholders.

Article 5

Each share gives right, in the ownership of the Company's assets and in the liquidating surplus, to a percentage equal to that fraction of the share capital that it represents.

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 account of capital reimbursement for certain if them only, either during the life of the Company or during its liquidation, shall be divided between all the shares making up the capital during such reimbursement(s) so that, while allowing for the nominal and non-amortized 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

Shares may, in accordance with the holder's wishes, be registered or bearer shares. Such shares shall be freely negotiable unless otherwise stipulated by law.

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 securities he holds which may give rise to his holding capital stock in the future. 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 penalized 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 paragraph 2 above.

The Company can at any time, in accordance with current legislative and regulatory provisions, request that the organization responsible for securities clearing provide information relating to the shares giving the right to vote in its General Meetings, either immediately or over the long term, as well as to holders of the said shares.

The rights of shareholders shall comply with applicable legislative and regulatory provisions.

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 Shareholders' Ordinary General Meeting

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 that term of office remaining to be served by his predecessor.

Each Director must hold at least six hundred shares.

2. Directors elected by Employees

The status and methods of electing these Directors are laid down by articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as by these articles of association.

There are two Directors, one to represent the executives and one to represent all other Company employees.

In any event, their number may not exceed one-third of the Directors appointed by the General Meeting.

Their term of office is three years.

Regardless of the appointment procedure, the duties of a Director shall cease at the end of the Ordinary General Meeting called to approve the financial statements of the previous fiscal year and held during the year in which his term of office expires.

Directors may be re-elected, as long as they meet the legal provisions, particularly with regard to age.

II – METHODS OF ELECTING DIRECTORS ELECTED BY EMPLOYEES

For each seat to be filled, the voting procedure is that set forth by law.

The first Directors elected by employees will begin their term of office during the Board of Directors' Meeting held after publication of the full results of the first elections.

Subsequent Directors shall take up office upon expiry of the out-going Directors' terms of office.

If, in 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 organized 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 out-going 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 one hundred employees presenting the candidates.

Polling takes place the same day, in 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 access to a polling station, or who cannot vote in another office.

Each polling station consists of three elective members, with 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 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 centralized 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 articles of association, are decreed by the General Management after consulting with the representative trade unions.

These methods may include electronic voting. In the event of the use of electronic voting, the specifications for the practical organization of the election described herein may be waived as necessary.

III – NON-VOTING DIRECTORS (*Censeurs*)

On the proposal of the Chairman, the Board of Directors may appoint one or two Non-Voting Directors (*censeurs*).

Censeurs 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 put an end to it at any time.

They may be selected from among the shareholders or non-shareholders, and receive an annual remuneration determined by the Board of Directors.

Article 8

The Board of Directors determines the Company's strategy and ensures its implementation. Subject to the powers expressly attributed to the General Meeting and within the scope provided for in the corporate purpose, it considers all matters that affect the Company's operations and settles by its decisions matters whic 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 all documents and 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 a Director.

No person aged 70 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 organizes and manages the work of the Board of Directors and reports on its activities to the General Meeting. He ensures 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 convocation. The Board examines the questions placed on the agenda.

It will 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 one third of its members, or by the Chief Executive Officer or a Deputy Chief Executive Officer provided they are members of the Board.

Apart from where specifically provided for, Directors are called to meetings by letter or by any other means. In any event, all Board may always deliberate validly ifall 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.

All Directors may give their 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.

The presence of at least half of the members of the Board is necessary in order to approve any motions put forward.

The Chief Executive Officer attends meetings of the Board.

One or more 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 any other persons outside the Company with specific expertise in 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 the casting vote.

A member of management staff named by the Chairman serves as Secretary of the Board.

Minutes are prepared and copies or extracts certified and issued 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 and 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 Boards of Directors. He shall represent the company *vis-à-vis* third parties.

The Board of Directors sets the Chief Executive Officer's remuneration and term of office, which may not exceed that of the dissociation of the functions of Chairman and Chief Executive Officer nor, where applicable, the term of his Directorship.

No person aged 70 or more may be appointed Chief Executive Officer. If the Chief Executive Officer in office reaches the age of 70, his duties shall cease 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 Co-Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to Co-Chief Executive Officers. The Board of Directors sets their remuneration. With respect to third parties, Co-Chief Executive Officers have the same powers as the Chief Executive Officer.

Shareholders' Meeting

Article 14

The General Meeting is called and deliberates as provided for by the legal and regulatory provisions in force.

It meets at the Company's head office or in any other place in mainland France indicated in the convocation notice.

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 Meetings, send their votes by mail or appoint a proxy.

The intermediary registered on behalf of shareholders may participate in the General Meetings, as provided for by the legal and regulatory provisions in force.

In order for the ballots to be counted, they must be received by the Company at least two days before the General Meeting is held, unless otherwise specified in the Meeting notice 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 Meeting notice and subject to the conditions provided therein.

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

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

The number of votes at General Meetings to be used by one shareholder, either personally or by a proxy, may not exceed 15% of total voting rights at the date of the Meeting.

This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for which they act as proxy complies with the rule stipulated in the previous paragraph.

For the purposes of applying this limit, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in articles L. 233-7 and following of the French Commercial Code.

This limit ceases to apply when a shareholder acquires - either directly or indirectly or jointly with another shareholder - more than 50.01% of the Company's voting rights following a public offering.

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

Special Meetings

Article 15

When different categories of shares exist, special meetings must be convened for the holders of shares in such categories to discuss and vote under the conditions provided for by the regulations in force.

They meet at the head offices or in any other place within metropolitan France indicated ont the convocation notice.

They are chaired in the same manner as the General Meetings and the right to vote at these meetings is exercised under the same terms.

Auditors

Article 16

The Statutory Auditors are appointed and carry out of their duties according to the applicable statutory and regulatory provisions.

Annual Accounts

Article 17

The fiscal year is the calendar year.

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 of the year are determined in accordance with applicable regulatory and statutory provisions.

A deduction is made from the profits of the year reduced by any previous losses, of at least 5% to constitute the reserve fund prescribed by law until the said fund reaches 10% of the capital.

Net income available after this deduction, increased by net income brought forward, if any, constitutes income 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 distributed to shareholders in proportion to their share holding.

The General Meeting approving the annual accounts may, with regard to the whole or part of the dividend or interim dividend, grant each shareholder the option to chose between payment of the dividend or interim dividend in cash or in shares in accordance with the conditions fixed by the laws in force. The shareholder will have to exercise his option on the whole dividend or interim dividend attached to his shares.

Other than cases of reduction of capital, no distribution may be made to shareholders if the capital of the Company is or may subsequently become less than the sum of capital and reserves that the law or the articles of association do not allow to be distributed.

Dissolution

Article 19

In the event Societe Generale is wound up and unless otherwise provided for by law, the General Meeting determines the method of liquidation, appoints the liquidators at the proposal of the Board of Directors and continues to exercise its assigned powers during said liquidation and until its completion thereof.

The net assets remaining after repayment of the nominal value of the shares are distributed among the shareholders, in proportion to their share of the capital.

INTERNAL RULES OF THE BOARD OF DIRECTORS(*)

(Updated on February 13, 2007)

Changes made by the Board of Directors' meeting of February 13, 2007 appear in bold italic script.

Preamble

The Board of Directors of Societe Generale functions in accordance with the corporate governance principles set out in the 1995, 1999 and 2002 AFEP-MEDEF reports on corporate governance. The Board's organization and operating procedures are defined in these Internal Rules.

Copies of these reports are included in the Company's annual report.

Article 1: Powers

The Board shall deliberate on any issues that fall within its legal or regulatory remit.

Moreover, the Board:

a) shall approve the Group's strategy and review it at least once a year;

b) shall approve 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.

   Except where precluded by justified reasons of urgency, 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;

(*) 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.

- 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 not possible 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 Directors before taking a decision.

  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.

  The Board shall receive copies of all press releases relating to acquisitions or disposals prior to their release to the press, save where justified by reasons of urgency;

c) shall deliberate on modifications to the Group's management structures prior to their implementation and shall be informed of the principal changes to its organization;

d) shall deliberate on the Company's exposure to all types of risk at least once a year;

e) shall approve the report of the Board and the Board committees to be included in the Company's annual report;

f) shall approve the presentation of the Directors for the annual report, including the list of independent Directors and the criteria used for their selection, based on the proposals put forward by the Nomination Committee;

g) shall set the compensation of the Chairman and the Company's Chief Executive Officers based on the proposals of the Compensation Committee;

h) shall approve the management report, as well as those sections of the annual report dealing with corporate governance and presenting the Company's policy governing stock remuneration and purchase and subscription options.

Article 2: Meetings

The Board shall meet at least five times a year. At least once a year, an evaluation of the Board's performance shall be included as an item on its agenda.

The Directors participating in the Board meeting via videoconference or any other telecommunications equipment which allows for their identification and active participation, shall be considered present for the calculation of quorum and majority. The nature and conditions governing videoconference and telecommunications equipment is determined by state decree.

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, telex, telegram, fax or electronic mail, or be given verbally.

Article 3: Information of the Board of Directors

Each Director shall receive all information necessary for him to complete his mission and may request that all documents he deems useful be provided to him.

Prior to the Board meetings, each Director shall be sent a file containing agenda items requiring special analysis and prior reflection, whenever confidentiality rules allow.

Moreover, between meetings, the Directors shall receive any pertinent information, including any critical reviews, about significant events or transactions for the company. In particular, they shall receive copies of all press releases issued by the Company.

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

Article 4: 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 organized and proposed by the Company, which shall bear its cost.

Article 5: The Board's Committees

For certain fields, the Board's resolutions are prepared by specialized Committees composed of Directors appointed by the Board, who examine the issues within their competencies and submit their recommendations and proposals to the Board.

The Committees may, in the course of their respective duties and after informing the Chairman, hear reports from the Group's management executives and request that external technical studies be conducted, at the expense of the Company. They subsequently report on the information obtained and the opinions collected.

There are three permanent Committees:

- the Audit Committee;
- the Compensation Committee;
- the Nomination Committee.

The Board may create one or more *ad hoc* committees.

The Committees shall be chaired by a Director appointed by the Board of Directors based on a proposal made by the Nomination Committee.

The secretarial functions for each committee shall be provided by a person appointed by the Chairman of the committee.

Article 6: The Compensation Committee

The Compensation Committee:

a) proposes to the Board the criteria for determining the compensation of the Company's Chief Executive Officers (*mandataires sociaux*), as well as the amount of this compensation, including benefits in kind, welfare or retirement benefits, and any compensation received from Group companies. The Committee ensures that these criteria are correctly applied, in particular as regards the calculation of the variable component;

b) prepares the annual performance appraisal of the Chairman and the Company's Chief Executive Officers and convenes the independent Directors to deliberate on the same;

c) submits a proposal to the Board of Directors for the stock options policy and formulates an opinion on the list of beneficiaries;

d) prepares the decisions of the Board relating to the employee savings plan;

e) is informed of the Group's compensation policy, in particular with respect to senior managers;

f) gives the Board of Directors its opinion on the section of the annual report dealing with these issues;

g) produces an annual activity report which is submitted for the approval of the Board and is to be included in the Company's annual report.

It is made up of at least three Directors, who may not be senior officers of the Company or members of the Audit Committee. Moreover, they may not be linked to the Company or any of its subsidiaries by an employment contract. At least two-thirds of its members shall be independent as per the definition given in the Company's corporate governance rules.

The Company's Chief Executive Officers may be present during meetings on issues that do not concern them.

Article 7: The Nomination 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.

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 performance of the Board of Directors, which shall be carried out at least once every three years.

It submits a proposal to the Board of Directors for the presentation of the Board of Directors to be included in the annual report and notably the list of independent Directors.

It makes proposals to the Board regarding its composition, after carrying out any necessary inquiries.

It produces an annual activity report which is submitted for the approval of the Board and is intended for inclusion in the Company's annual report.

The Nomination Committee is informed prior to the appointment of any Group Executive Committee members and any corporate department heads who do not sit on this Committee. It is informed of the list of replacements for these senior managers.

It is composed of the members of the Compensation Committee and the Chairman of the Board. Its Chairman is also the Chairman of the Compensation Committee.

Article 8: The Audit Committee

This Committee's mission is:

- to examine the draft financial statements to be submitted to the Board, with a view to verifying the process by which they were drawn up and to ensuring the pertinence and permanence of the accounting principles and methods applied;
- to examine the choice of account consolidation principles;
- to examine the consolidation scope of Group companies and corresponding grounds;
- to examine the consistency of the internal mechanisms implemented to control procedures, risks and ethical compliance;
- to manage the procedure for selecting the Statutory Auditors and provide the Board with an opinion on the appointment or renewal of the Statutory Auditors, as well as on their remuneration;
- to verify the independence of the Statutory Auditors, in particular by analyzing the breakdown of fees paid by the Group to the Statutory Auditors, as well as to the network to which they belong, and by approving prior to commencement all assignments that do not fall within the strict framework of statutory audit work but which are a consequence or corollary of the same, with all other assignments being prohibited;
- to examine the work program of the Statutory Auditors;

- to examine the Group's internal audit schedule and the annual report on internal control drawn up in accordance with banking regulations, and to formulate an opinion on the organization and functioning of the internal audit departments;
- to examine the follow-up letters sent by the French Banking Commission and comment on the draft responses to these letters;
- to examine the policy for risk management and monitoring off-balance sheet commitments, notably in accordance with the procedures drafted by the Finance Department, Risk Division and Statutory Auditors.

To this end, it may, as it sees fit, consult with the Chairman and the Company's Chief Executive Officers, the Statutory Auditors and the executive staff in charge of preparing the accounts, internal control, risk management and ethical compliance. The Statutory Auditors may attend Audit Committee meetings unless the Committee decides otherwise.

The Chairman of the Committee reports the Committee's work to the Board.

The Committee produces an annual activity report which is submitted for the approval of the Board and is intended for inclusion in the Company's annual report.

The Audit Committee is made up of at least three Directors appointed by the Board, who may not be senior officers of the Company or members of the Compensation Committee, and who may not be linked to the Company or one of its subsidiaries by an employment contract. At least two-thirds of its members shall be independent as per the definition given in the Company's corporate governance rules.

Article 9: Conflicts of interest

Any Director faced with a conflict of interest or even a potential conflict of interest, especially when it concerns his responsibilities within another company, should inform the Board and abstain from voting on the corresponding resolution.

The Chairman may also request that he not participate in any related discussions and refrain from voting.

Article 10: Directors' fees

The total amount of attendance fees is set at the General Meetings. Exceptional circumstances excluded, the Board of Directors reviews this amount each year and submits it to the General Meeting for approval.

One third of the total fees is split equally between the Directors, with the members of the Audit Committee each receiving three parts and the **Chairmen of the Audit, Nomination and Compensation Committees** each receiving an additional share. For Directors whose term in office did not cover the whole year, their portion is calculated pro-rata to the duration of their mandate over the period.

The remaining ***two thirds*** of the attendance fees ***are*** shared between the Directors according to the number of Board, Committee ***or work meetings*** which they have attended during the year.

The compensation paid to the Non-Voting Directors for their participation in Board meetings is equal to the attendance fees paid to Directors who are not members of a Committee, according to the terms defined above.

This article shall take effect ***as of*** the distribution of attendance fees due in respect of ***2007***.

Article 11: Reimbursement of expenses

Directors' and Non-Voting Directors'(Censeurs) travel, accommodation, meals and mission-related expenses linked to Board, Committee, Shareholder or any other meetings associated with the duties of the Board or Committees are paid for by the Company or reimbursed by Societe Generale, upon submission of receipts.

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 12: Professional secrecy

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 August 1, 2007)

Changes made by the Board of Directors' meeting of August 1, 2007 appear in bold italic script.

Article 1: Representation

The Board of Directors represents all shareholders and acts in the best interests of the Company. Each Director represents all Company shareholders, regardless of the manner in which he was appointed.

Article 2: Mission

Each Director undertakes to improve his knowledge of the Company and its sector of activity on an ongoing basis. He assumes an obligation of vigilance, circumspection and confidentiality.

Each Director undertakes to preserve the objectivity of his views, decisions and actions under all circumstances.

They also undertake not to seek, nor to accept, any benefits liable to compromise said objectivity.

Article 3: Knowledge of rights and obligations

When a new Director or Non-Voting Director is appointed, the Corporate Secretary provides him with a file containing the Company's by-laws, the provisions enacted by the Board governing its functioning, and a presentation of the legal principles as regards the responsibilities of Directors.

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

Article 4: Insider trading rules

Each Director or Non-Voting Director shall refrain from carrying out transactions on the shares of companies where (and insofar as) he has access in his capacity as Board member to privileged information not yet publicly disclosed.

Article 5: Transactions on Societe Generale's shares (1)

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

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

- shall conserve the acquired stocks for at least two months as of their date of purchase;
- shall abstain from using financial instruments likely to allow them to carry out speculative transactions. This specifically applies to put and call transactions, except when they correspond to hedging.

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

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

Article 6: Transparency

Directors of Societe Generale shall register all new Societe Generale securities acquired on or after June 1, 2002. It is recommended that they register any Societe Generale securities held previously.

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

The following transactions are not to be declared:

- *acquisitions or disposals by means of donations, inter-vivus gifts and legacies;*
- *transactions carried out by a portfolio manager as part of discretionary portfolio management services where the principal takes no part in the management of this portfolio;*

(*) 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; 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)).

- *transactions carried out by legal entities acting as Directors on behalf of a third party.*

The AMF is notified of each transaction by the parties concerned within five trading days following its completion. The AMF posts each declaration on its website.

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

The Annual General Meeting of Shareholders is informed of transactions carried out during the fiscal year.

Article 7: Conflicts of interest

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

Article 8: Regular attendance

Each Director or Non-Voting Director shall dedicate the time needed to fulfil his duties. In the event a Director or Non-Voting Director accepts a new Directorship or changes his professional responsibilities, he shall inform the Chairman of the Nomination Committee.

The annual report shall indicate the rate of attendance at Board meetings and Committee meetings.

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

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH THIRD PARTIES

Societe Generale, S.A.
Year ended December 31, 2007

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors'assessment of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the annual financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual financial statements. The report also includes information relating to the specific verification of information in the management report.

This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France

Special report of the Statutory Auditors on related party agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report on the agreements and commitments with certain related parties.

In accordance with Article L. 225-40 of the French Commercial Code *(Code de Commerce)*, we have been advised of the agreements and commitments which were authorized by your Board of Directors.

We are not required to ascertain whether any other agreements and commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of agreements and commitments indicated to us. It is not our role to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of 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.

We conducted our work in accordance with the professional standards applicable in France. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

With Rosbank

Director involved: Mr. Philippe Citerne

Nature and purpose: Set-up of a subordinated loan for an amount of 3,900,000,000 roubles with a 7 years maturity and a 8% fixed rate, and purchase, as of September 20, 2007, of a subordinated loan for 750,000,000 roubles granted by Génébanque to Rosbank on May 18, 2007.

Terms and conditions: As of December 31, 2007, the interest income recorded for these loans amounted to 95,571,964 roubles and 16,927,970 roubles respectively. The respective outstanding balances amounted to 3,917,076,074 roubles and 751,969,066 roubles.

In addition, in accordance with the French Commercial Code *(Code de Commerce)*, we have been advised that the following agreements and commitments entered into and approved in previous years have had continuing effect during the year.

1. **With Groupama S.A.**

Director involved: Mr. Jean Azéma

Nature and purpose: SG Financial Services Holding has provided a guarantee on behalf of Societe Generale Group, with the exception of Crédit du Nord, whereby Societe Generale Group:

- shall not undertake, in metropolitan France, to acquire a strategic holding in a retail bank via a partnership with an insurance company;

- shall continue to provide services at market terms to Groupama Banque for a period of at least one year in the event the Group should cease to be a shareholder of Groupama Banque.

2. **With Messrs. Didier Alix, Daniel Bouton and Philippe Citerne**

Nature and purpose: As Chief Executive Officers, Messrs. Didier Alix, Daniel Bouton and Philippe Citerne are under the supplementary pension plan for senior executives set up on January 1, 1986. This plan 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 age of 60. The base remuneration is the basic salary increased by a variable part expressed as 5% of the basic fixed salary. The cost for your Company is equal to the difference between the total pension as defined above and all other retirement pensions or similar pensions received in consideration of salaried activities. This pension is maintained for 60% of its value to the surviving spouse.

Paris-La Défense and Neuilly-sur-Seine, February 29, 2008

The Statutory Auditors, French original signed by

Ernst & Young Audit	**Deloitte & Associés**
Philippe PEUCH-LESTRADE	José-Luis GARCIA

12 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr Daniel Bouton

Chairman of the Board of Directors and Chief Executive Officer of Societe Generale.

STATEMENT OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

I declare, after taking all reasonable measures for this purpose and to the best of my knowledge, that the information contained in this registration document is in accordance with the facts and that it makes no omission likely to affect its import.

I certify, to the best of my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the management report presents a fair review of the development and performance of the business and financial position of the Company and all the undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

I have received a completion letter from the Auditors stating that they have audited the information contained in this registration document about the 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 266 to 267 and 330 to 331 herein and those enclosed by reference for financial years 2005 and 2006, found on pages 215 to 216 of 2006 Registration Document and on pages 246 to 247 and 301 to 302 of 2007 registration document. The Statutory Auditors' reports on the 2007 parent company financial and consolidated financial statements, on 2006 parent company financial statements and on 2005 consolidated financial statements contain remarks.

The Chairman and Chief Executive Officer
Daniel Bouton

PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Statutory Auditors

Name: Cabinet Ernst & Young Audit
represented by Mr Philippe Peuch-Lestrade

Address: Faubourg de l'Arche – 11, allée de l'Arche
92037 Paris, La Défense

Date of first appointment: April 18, 2000

Term of mandate: six fiscal years

End of current mandate: at the close of the Ordinary General Meeting which will approve the financial statements for the year ended December 31, 2011.

Name: Société Deloitte et Associés
represented by Mr José-Luis Garcia

Address: 185, avenue Charles-De-Gaulle – BP 136
92524 Neuilly-sur-Seine cedex

Date of first appointment: April 18, 2003

Term of mandate: six fiscal years

End of current mandate: at the close of the Ordinary General Meeting which will approve the financial statements for the year ended December 31, 2011.

Substitute Statutory Auditors

Name: Mr Robert Gabriel Galet

Address: Faubourg de l'Arche – 11, allée de l'Arche
92037 Paris, La Défense

Date of appointment: May 30, 2006

Term of mandate: six fiscal years

Name: Mr Alain Pons

Address: 185, avenue Charles-De-Gaulle – BP 136
92524 Neuilly-sur-Seine cedex

Date of nomination: April 18, 2003

Term of mandate: six fiscal years

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In accordance with the requirements of Article 28 of EC regulation 809/2004 dated April 29, 2004, the following elements are enclosed by reference:

- the parent company accounts and the consolidated accounts for the year ended December 31, 2006, the related Statutory Auditors' report and the Group management report presented respectively on pages 251 to 300 and 152 to 245, pages 301 to 302 and 246 to 247 and pages 24 to 55 of the registration document D.07-0146 submitted to the AMF on March 6, 2007;
- the consolidated accounts for the year ended December 31, 2005, the related Statutory Auditors' report and the Group management report presented respectively on pages 128 to 214, pages 215 and 216 and pages 18 to 46 of the registration document D.06-0117 submitted to the AMF on March 9, 2006.

The chapters of the registration documents D.07-0146 and D.06-0117 not mentioned above do not apply to investors or are covered in another part of the present document.

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V. EXCERPTS FROM THE "DOCUMENT DE RÉFÉRENCE 2007" OF SOCIÉTÉ GÉNÉRALE

The following pages contain an extract from the English translation of the "Document de Référence 2007" of Société Générale, which constitutes a registration document pursuant to Article 5 (3) of Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003 (Prospectus Directive), as it was filed in the French language with the French Securities Regulator AMF (*Autorité des Marchés Financiers*) on March 6, 2007 in accordance with Art. 212-13 of the General Regulation of the AMF. Accordingly, the page numbers mentioned in the "Table of Contents" on page IV of this Registration Document refer to the newly inserted page numbers in the center/bottom of the following pages.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS

(in millions of euros)		IFRS (1) December 31, 2006	IFRS (1) December 31, 2005*	IFRS (1) January 1, 2005*	IFRS excl. IAS 32-39 & IFRS 4 (1)	December 31, 2004*
Cash, due from central banks	Note 5	9,358	6,186	5,204	Cash, due from central banks	5,206
Financial assets measured at fair value through profit and loss	Note 6	453,207	400,438	278,361	Securities portfolio	217,285
Hedging derivatives	Note 7	3,668	3,742	2,817		
Available-for-sale financial assets	Note 8	78,754	73,028	67,202		
Non current assets held for sale		34	38	-		
Due from banks	Note 9	68,157	53,451	53,337	Due from banks	66,117
Customers loans	Note 10	263,547	227,195	198,891	Customer loans	208,184
Lease financing and similar agreements	Note 11	25,027	22,363	20,633	Lease financing and similar agreements	20,589
Revaluation differences on portfolios hedged against interest rate risk		(20)	187	318		
Held-to-maturity financial assets	Note 12	1,459	1,940	2,230		
Tax assets	Note 13	1,503	1,601	1,396	Tax assets	1,374
Other assets	Note 14	34,514	31,054	30,804	Other assets	70,809
Investments in subsidiaries and affiliates accounted for by the equity method		646	191	278	Investments in subsidiaries and affiliates accounted for by the equity method	348
Tangible and intangible fixed assets	Note 15	12,072	10,459	8,970	Tangible and intangible fixed assets	9,110
Goodwill	Note 16	4,915	3,261	2,286	Goodwill	2,286
Total		**956,841**	**835,134**	**672,727**	**Total**	**601,308**

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

(1) The Group decided to take advantage of the option available under IFRS 1 not to adjust the opening balance sheet at January 1, 2004 in accordance with IAS 32, IAS 39 and IFRS 4 as adopted by the European Union and to apply these three standards for the first time at January 1, 2005. As a result, for comparative 2004 data, financial instruments and transactions covered by IAS 32, IAS 39 and IFRS 4 are recognized and presented under the French accounting principles applied by the Group, in accordance with CRC Regulations 1999-07 and 2000-04.

LIABILITIES

(in millions of euros)		IFRS [1] December 31, 2006	December 31, 2005*	January 1, 2005*	IFRS excl. IAS 32-39 & IFRS 4 [1]	December 31, 2004
Due to central banks		4,183	2,777	1,504	Due to central banks	1,505
Financial liabilities measured at fair value through profit and loss	Note 6	298,693	275,027	208,242		
Hedging derivatives	Note 7	2,826	2,153	3,416		
Due to banks	Note 17	129,835	113,207	79,759	Due to banks	92,380
Customer deposits	Note 18	267,397	222,544	192,863	Customer deposits	213,433
Securitized debt payables	Note 19	100,372	84,325	68,830	Securitized debt payables	97,730
Revaluation differences on portfolios hedged against interest rate risk		143	797	713		
Tax liabilities	Note 13	1,959	1,677	1,086	Tax liabilities	2,331
Other liabilities	Note 20	39,326	33,028	30,184	Other liabilities	109,563
Underwriting reserves of insurance companies	Note 30	64,583	57,279	48,805	Underwriting reserves of insurance companies	47,065
Provisions	Note 22	2,579	3,037	2,941	Provisions	2,854
Subordinated debt	Note 24	11,513	12,083	12,136	Subordinated debt	11,930
					Preferred shares	2,049
Total liabilities		**923,409**	**807,934**	**650,479**	**Total liabilities**	**580,840**
SHAREHOLDERS' EQUITY					**SHAREHOLDERS' EQUITY**	
Shareholders' equity, Group share					**Shareholders' equity, Group share**	
Common stock		577	543	556	Common stock	556
Equity instruments and associated reserves		6,294	3,809	2,928	Equity instruments and associated reserves	2,713
Retained earnings		14,773	12,142	10,476	Retained earnings	11,934
Net income		5,221	4,402	3,281	Net income	3,281
Sub-total		**26,865**	**20,896**	**17,241**	**Sub-total**	**18,484**
Unrealized or deferred capital gains or losses		2,189	2,147	1,154	Unrealized or deferred capital gains or losses	(107)
Sub-total equity, Group share		**29,054**	**23,043**	**18,395**	**Sub-total equity, Group share**	**18,377**
Minority interests		**4,378**	**4,157**	**3,853**	**Minority interests**	**2,091**
Total equity		**33,432**	**27,200**	**22,248**	**Total equity**	**20,468**
Total		**956,841**	**835,134**	**672,727**	**Total**	**601,308**

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

(1) The Group decided to take advantage of the option available under IFRS 1 not to adjust the opening balance sheet at January 1, 2004 in accordance with IAS 32, IAS 39 and IFRS 4 as adopted by the European Union and to apply these three standards for the first time at January 1, 2005. As a result, for comparative 2004 data, financial instruments and transactions covered by IAS 32, IAS 39 and IFRS 4 are recognized and presented under the French accounting principles applied by the Group, in accordance with CRC Regulations 1999-07 and 2000-04.

CONSOLIDATED INCOME STATEMENT

(in millions of euros)		IFRS December 31, 2006	IFRS December 31, 2005*	IFRS excl. IAS 32-39 & IFRS 4 December 31, 2004*
Interest and similar income	Note 31	30,056	21,101	21,835
Interest and similar expenses	Note 31	(26,944)	(16,656)	(15,704)
Dividend income		293	256	396
Dividends paid on preferred shares		-	-	(144)
Commissions (income)	Note 32	9,242	8,004	7,106
Commissions (expenses)	Note 32	(2,389)	(1,922)	(1,831)
Net gains or losses on financial transactions		10,984	7,498	4,222
o/w net gains or losses on financial instruments at fair value through profit and loss	*Note 33*	*10,360*	*7,026*	-
o/w net gains or losses on avalaible-for-sale financial assets	*Note 34*	*624*	*472*	-
Income from other activities	Note 35	16,763	14,788	14,499
Expenses from other activities	Note 35	(15,588)	(13,903)	(13,989)
Net banking income		**22,417**	**19,166**	**16,390**
Personnel expenses	Note 36	(8,350)	(7,469)	(6,743)
Other operating expenses		(4,635)	(3,990)	(3,651)
Amortization, depreciation and impairment of tangible and intangible fixed assets		(718)	(697)	(668)
Gross operating income		**8,714**	**7,010**	**5,328**
Cost of risk	Note 38	(679)	(448)	(568)
Operating income		**8,035**	**6,562**	**4,760**
Net income from companies accounted for by the equity method		18	19	40
Net income/expense from other assets		43	148	195
Impairment losses on goodwill		(18)	(23)	4
Earnings before tax		**8,078**	**6,706**	**4,999**
Income tax	Note 39	(2,293)	(1,790)	(1,376)
Consolidated net income		**5,785**	**4,916**	**3,623**
Minority interests		564	514	342
Net income, Group share		**5,221**	**4,402**	**3,281**
Earnings per share	**Note 40**	**12.33**	**10.70**	**7.98**
Diluted earnings per share	**Note 40**	**12.16**	**10.61**	**7.91**

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

CHANGES IN SHAREHOLDERS' EQUITY

	Capital and associated reserves			Consolidated reserves		Unrealized or deferred capital gains or losses							
(in millions of euros)	Common stock	Equity instruments and associated reserves	Elimination of treasury stock	Retained earnings	Translation reserves	Change in fair value of assets available-for-sale	Change in fair value of hedging derivatives	Tax impact	Shareholders' equity, Group share	Minority interests[5]	Unrealized or deferred capital gains or losses, minority interests	Shareholders' equity, minority interests	Total consolidated shareholders' equity
Shareholders'equity at December 31, 2004 (excluding IAS 32, 39 and IFRS 4)	**556**	**4,591**	**(1,878)**	**15,215**	**(107)**				**18,377**	**2,076**	**15**	**2,091**	**20,468**
Impact of adopted IAS 32&39 and IFRS 4 standards		450	(235)	(1,458)		1,374	112	(225)	18	1,737	25	1,762	1,780
Shareholders' equity at January 1st 2005 (including IAS 32, 39 and IFRS 4)	**556**	**5,041**	**(2,113)**	**13,757**	**(107)**	**1,374**	**112**	**(225)**	**18,395**	**3,813**	**40**	**3,853**	**22,248**
Increase in common stock	(13)	(886)							(889)				(899)
Elimination of treasury stock			678	2					680				680
Issuance of preferred shares[3]		1,000		14					1,014				1014
Equity component of share-based payment plans		89							89				89
2005 Dividends paid				(1,359)					(1,359)	(284)		(248)	(1,643)
Effect of acquisitions and disposals on minority interests[6]				(266)					(266)	(133)		(133)	(399)
Sub-total of changes linked to relations with shareholders	**(13)**	**203**	**678**	**(1,609)**		**-**	**-**	**-**	**(741)**	**(417)**	**-**	**(417)**	**(1,158)**
Change in value of fixed assets having an impact on equity						700	(45)	(47)	608		17	17	625
Change in value of fixed assets recognized in income statement						(158)	0	7	(151)		(9)	(9)	(160)
2005 Net income[7]				4,402					4,402	514		514	4,916
Sub-total	**-**	**-**	**-**	**4,402**		**542**	**(45)**	**(40)**	**4,859**	**514**	**8**	**522**	**5,381**
Translation differences and other changes[9]				(6)	536				530	1	198	199	729
Sub-total	**-**	**-**	**-**	**(6)**	**536**	**-**	**-**	**-**	**530**	**1**	**198**	**199**	**729**
Shareholders' equity at December 31st 2005 (including IAS 32, 39 and IFRS 4)	**543**	**5,244**	**(1,435)**	**16,544**	**429**	**1,916**	**67**	**(265)**	**23,043**	**3,911**	**246**	**4,157**	**27,200**
Increase in common stock[1]	34	2,791							2,825				2,825
Elimination of treasury stock[2]			(425)	217					(208)				(208)
Issuance of equity instruments[3]				22					22				22
Equity component of share-based payment plans[4]		119							119				119
2006 Dividends paid				(1,966)					(1,966)	(415)		(415)	(2,381)
Effect of acquisitions and disposals on minority interests[6][8]				(44)					(44)	106		106	62
Sub-total of changes linked to relations with shareholders	**34**	**2,910**	**(425)**	**(1,771)**		**-**	**-**	**-**	**748**	**(309)**	**-**	**(309)**	**439**
Change in value of financial instruments and fixed assets having an impact on equity						830	(39)	(14)	777		53	53	830
Change in value of financial instruments and fixed assets recognized in income						(392)	-	37	(355)		(7)	(7)	(362)
2006 Net income for the period[7]				5,221					5,221	564		564	5,785
Sub-total	**-**	**-**	**-**	**5,221**		**438**	**(39)**	**23**	**5,643**	**564**	**46**	**610**	**6,253**
Change in equity of associates and joint ventures accounted for by the equity method						1			1				1
Translation differences and other changes[9]					(381)				(381)		(80)	(80)	(461)
Sub-total	**-**	**-**	**-**	**0**	**(381)**	**1**	**-**	**-**	**(380)**	**-**	**(80)**	**(80)**	**(460)**
Shareholders' equity at December 31, 2005 (including IAS 32, 39 and IFRS 4)	**577**	**8,154**	**(1,860)**	**19,994**	**48**	**2,355**	**28**	**(242)**	**29,054**	**4,166**	**212**	**4,378**	**33,432**

(3) (4) (5) (6) (7) (8) and (9) See next page.

(1) At December 31, 2006, Société Générale's fully paid-up capital amounted to EUR 576,780,702.50 and was made up of 461,424,562 shares with a nominal value of EUR 1.25.
In 2006, Société Générale operated several capital increases for 34 MEUR with EUR 2,791 million of issuing premiums:
- *EUR 5 million subscribed by employees under the Employee Share Ownership Plan, with EUR 391 million of issuing premiums;*
- *EUR 2 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 73 million issuing premiums;*
- *EUR 27 million for the capital increase using preferred subscription rights, with EUR 2,344 million issuing premiums. The EUR 17 million expenses linked to the capital increase were deducted from the amount of the issuing premium.*

(2) At December 31, 2006, the Group held 26,661,684 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 5.78% of the capital of Société Générale.
The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 1,860 million, including EUR 349 million for shares held for trading purposes.

The change in treasury stock over 2006 breaks down as follows:

(In millions of euros at December 2005)	Transaction-related activities	Buybacks and active management of Shareholders' equity	Total
Purchases net of disposals	(141)	(285)	**(425)**
	(141)	**(285)**	**(425)**
Capital gains net of tax on treasury shares and treasury share derivatives, booked under shareholders' equity	32	164	**196**
Related dividends, removed from consolidated results	(19)	40	**21**
	13	**204**	**217**

(3) Movements relative to the indefinite subordinated loans and the four undated subordinated notes which were adjusted retroactively under shareholders' equity in 2006 (see § 6) are detailed below:

(in millions of euros)	Super Subordinated Notes	Undated Subordinated Notes	Total
Tax savings on the remuneration to be paid to shareholders and booked under reserves,	15	7	**22**
Remuneration paid booked under dividends (2006 Dividends paid line)	42	17	**59**

(4) Share-based payments settled in equity instruments in 2006 amounted to EUR 119 million, including EUR 32 million for the stock option plans, EUR 21 million for the free shares attribution plan and EUR 66 million for Global Employee Share Ownership Plan.

(5) As of January 1, 2005, due to the adoption of IAS 32&39 and in view of the discretionary nature of their remuneration, preferred shares were reclassified as Minority Interests, in the amount of EUR 2,049 million.
In 1997, Société Générale issued USD 800 million of preferred shares in the United States via its subsidiary SocGen Real Estate Company llc.
In 2000, Société Générale issued a further EUR 500 million via its subsidiary SG Capital Trust, and USD 425 million via SG Americas in 2001.
In 2003, Société Générale issued a further EUR 650 million of preferred shares in the United States via SG Capital Trust III.
At December 31, 2006, preferred shares amounted to EUR 2,080 million.

(3)(6) The impacts at December 31, 2004, January 1, 2005 and December 31, 2005 of the reclassification of certain undated subordinated notes from debt to shareholders' equity and the change in accounting methods governing the buyback of minority interests outlined in note 1 are summarized below.

(in millions of euros)	Capital, reserve, income (o/w minority interest)
Shareholders' equity under IFRS (excluding IAS 32&39 and IFRS 4) as at December 31, 2004 as published at December 31, 2005	**20,515**
Adjustment of minority interest buybacks	(47)
Shareholders' equity under IFRS (excluding IAS 32&39 and IFRS 4) adjusted at December 31, 2004	**20,468**

(in millions of euros)	Capital, reserve, income (o/w minority interest)
Shareholders' equity under IFRS (including IAS 32&39 and IFRS 4) as at January 1, 2005 as published at December 31, 2005.	**22,383**
Adjustment of four undated subordinated notes	450
Adjustment of minority interest buybacks	(585)
Shareholders' equity under IFRS (including IAS 32&39 and IFRS 4) adjusted at January 1, 2005	**22,248**

(in millions of euros)	Capital, reserve, income (o/w minority interest)
Shareholders' equity under IFRS (excluding IAS 32&39 and IFRS 4) as at December 31, 2005 as published at December 31, 2005	**27,720**
Adjustment of four undated subordinated notes	450
Exchange rate effect on undated subordinated notes denominated in USD and JPY	28
Adjustment of minority interest buybacks	(908) [(a)]
Exchange rate effect on minority interest buybacks	(90)
Shareholders' equity under IFRS (including IAS 32&39 and IFRS 4) adjusted at December 31, 2005	**27,200**

The Group reclassified four undated subordinated notes as equity instruments, their interest payments being subject to discretionary clauses.
This reclassification was applied retroactively to consolidated shareholders' equity at January 1, 2005.
In compliance with the accounting principles indicated in note 1, transactions relative to minority interests were treated for accounting purposes as equity transactions. Accordingly:
- capital gains and losses on the disposal of fully-consolidated subsidiaries which do not lead to a loss of exclusive control are booked under shareholders' equity;
- additional goodwill linked to buyback commitments afforded to minority shareholders in fully-consolidated subsidiaries and minority interest buybacks following the acquisition of exclusive control is booked under shareholders' equity.

(a) Adjustments details

Adjustment at January 1, 2005	(585)
Gains on sales cancellation	(7)
Minority interests buybacks not subject to any put options	(60)
Transactions on put options granted to minority shareholders	(256)
Adjustment at December 31, 2005	(908)

(7) In application of the principles described above, 2005 net income was restated as follows:

	Group Shares	Minority interests	Total
Income statement at December 31, 2005 as published in the 2006 registration document	4,446	479	**4,925**
Adjustments	(44)	35[(b)]	**(9)**
Adjusted 2005 Income Statement	4,402	514	**4,916**

(b) In the balance sheet, net income attributable to the minority interests of shareholders holding a put option on their Group shares was allocated to consolidated reserves.
At December 31, 2006, net income for the period attributable to the minority interests of shareholders holding a put option on their Group shares was allocated to consolidated reserves in the amount of EUR 30 million.

(8) Movements booked in the amount of EUR 106 million under minority interest reserves correspond to:
- *EUR 98 million in capital increases by Boursorama, NSGB, LFL Asset Finance and SG Cyprus;*
- *EUR 38 million in changes in scope over the period (mainly TCW Funds in the amount of EUR 51 million, the acquisition of the stake in SG Capital Europe Fund III in the amount of EUR 22 million; and the consolidation using the equity method of SG de Banque de Liban following the disposal of 31% of its stake for EUR -29 million);*
- *EUR -30 million in the reclassification of net income attributable to the minority interests of shareholders with a put option on their Group shares from consolidated reserves to minority interest reserves.*

(9) Translation adjustments previously disclosed in consolidated reserves are now booked in unrealized or deffered capital gains or losses.
The variation in Group translation differences for 2006 amounted to EUR -381 million.
This variation was mainly due to the depreciation against the euro of the US dollar (EUR -281 million), the Japanese Yen (EUR -49 million), the Canadian dollar (EUR -30 million), the Egyptian pound (EUR -23 million).
The variation in translation differences attributable to Minority Interests amounted to EUR -80 million. This was mainly due to the revaluation of the US dollar against Euro linked to the issue of USD-denominated preferred shares (EUR 108 million).

CASH FLOW STATEMENT

(in millions of euros)	IFRS December 31, 2006	IFRS December 31, 2005*	IFRS ex. IAS 32-39 & IFRS 4 December 31, 2004*
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES			
Net income (I)	**5,785**	**4,916**	**3,623**
Amortization expense on tangible fixed assets and intangible assets	2,138	1,806	1,760
Depreciation and net allocation to provisions (mainly underwriting reserves of insurance companies)	7,885	7,263	4,662
Net income/loss from companies accounted for by the equity method	(18)	(19)	(40)
Deferred taxes	194	227	34
Net income from the sale of long term available-for-sale assets and subsidiaries	(494)	(524)	282
Change in deferred income	274	(230)	(130)
Change in prepaid expenses	(361)	(103)	(22)
Change in accrued income	(668)	(285)	(135)
Change in accrued expenses	509	795	211
Other changes	2,986	1,179	(182)
Non-monetary items included in net income and others adjustments (not including income on financial instruments measured at fair value through P&L) (II)	**12,445**	**10,109**	**6,440**
Income on financial instruments measured at fair value through P&L[1] (III)	**(10,360)**	**(7,026)**	**(3,687)**
Interbank transactions	1,844	34,784	2,528
Customers transactions	8,555	1,041	479
Transactions related to other financial assets and liabilities	(10,267)	(42,042)	(10,359)
Transactions related to other non financial assets and liabilities	(165)	1,047	1,837
Net increase/decrease in cash related to operating assets and liabilities (IV)	**(33)**	**(5,170)**	**(5,515)**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III) + (IV)	**7,837**	**2,829**	**861**
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES			
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	(1,284)	2,023	2,017
Tangible and intangible fixed assets	(3,511)	(3,161)	(1,245)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**(4,795)**	**(1,138)**	**772**
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES			
Cash flow from/to shareholders	236	(865)	(1,574)
Other net cash flows arising from financing activities	(170)	(7)	881
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**66**	**(872)**	**(693)**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**3,108**	**819**	**940**
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at start of the year			
Net balance of cash accounts and accounts with central banks	3,409	3,700	3,928
Net balance of accounts, demand deposits and loans with banks	2,347	1,237	70
Cash and cash equivalents at end of the year[2]			
Net balance of cash accounts and accounts with central banks	5,175	3,409	3,701
Net balance of accounts, demand deposits and loans with banks	3,689	2,347	1,237
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS	**3,108**	**819**	**940**

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

(1) Income on financial instruments measured at fair value through P&L includes realized and unrealized income.

(2) o/w EUR 194 million cash related to entities acquired in 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on February 13, 2007.

Note 1

Significant accounting principles

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, Société Générale Group ("the Group") prepared its consolidated financial statements for the year ending December 31, 2006 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date.

The standards comprise IFRS 1 to 6 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, 2006.

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").

IFRS AND IFRIC INTERPRETATIONS APPLIED BY THE GROUP AS OF JANUARY 1, 2006

Three amendments to existing standards, adopted by the European Union, became applicable as of January 1, 2006 and were applied retrospectively by the Group as of that date.

- **Financial guarantee contracts issued**

IAS 39 "Financial Instruments: recognition and measurement", and IFRS 4 "Insurance Contracts" were amended to specify the accounting treatment of financial guarantee contracts issued by companies. Under the new amendments, these contracts must be recognized as financial instruments in accordance with the provisions of IAS 39, except where they qualify as insurance contracts and the Group has declared it intends to recognize them as such. In this case, the contracts must be recognized in accordance with IFRS 4. These amendments, adopted by the European Union on January 11, 2006, had no impact on the Group's financial statements.

- **Limited revision of IAS 19 "Employee Benefits"**

On November 8, 2005, the European Union adopted a limited revision to IAS 19 "Employee Benefits" regarding actuarial gains and losses, group plans and the information to be disclosed. The revision notably introduced a new option allowing companies to book all actuarial gains and losses on defined benefit post-employment plans to shareholders' equity. As the Group has chosen not to apply this option, the application of the amendment had no impact on its financial statements.

- **Net investment in a foreign operation**

On May 8, 2006, the European Union adopted an amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates" concerning net investments in a foreign operation. The application of this amendment had no impact on the Group's financial statements.

In addition, as of January 1, 2006, the Group applied retrospectively four interpretations issued by the IFRIC and adopted by the European Union.

- **IFRIC 4 "Determining Whether an Arrangement Contains a Lease"**

The application of this interpretation, adopted by the European Union on November 8, 2005 and relating to the conditions which an arrangement must meet to qualify as a lease and therefore to be recognized in accordance with IAS 17 "Leases", had no impact on the Group's financial statements.

- **IFRIC 7 "Applying the Restatement Approach under IAS 29 - Financial Reporting in Hyperinflationary Economies"**

The early application of this interpretation, adopted by the European Union on May 8, 2006, had no impact on the Group's financial statements.

- **IFRIC 8 "Scope of IFRS 2"**

The early application of this interpretation, adopted by the European Union on September 8, 2006, had no impact on the Group's financial statements.

- **IFRIC 9 "Reassessment of Embedded Derivatives"**

The early application of this interpretation adopted by the European Union on September 8, 2006, had no impact on the Group's financial statements given the accounting treatment already adopted by the Group as of January 1, 2005 in accordance with IAS 39 "Financial instruments: recognition and measurement".

The consolidated financial statements are presented in euros.

The Société Générale Group's consolidated financial statements for the period until December 31, 2004, were prepared in accordance with the French accounting principles contained in regulations 1999-07 and 2000-04 of the French Accounting Regulation Committee, which differ in some respects from the IFRS framework as adopted by the European Union. Comparative information for 2004, originally prepared under French accounting principles, has been restated to make it compliant with IFRS except for transactions which fall under the scope of IAS 32, IAS 39 and IFRS 4. Any such transactions in the 2004 comparative periods have been recognized and presented here under French accounting principles, as permitted under IFRS 1 "First-time adoption of IFRS" which allows application of IAS 32, IAS 39 and IFRS 4 to be delayed until January 1, 2005. The effects of this change in accounting standards on the consolidated balance sheet and Group consolidated equity, as well as on the consolidated income statement, have already been presented in the Group's annual report for 2005.

The main valuation and presentation rules used in drawing up the consolidated financial statements are shown below. These accounting methods and principles were applied consistently in 2005 and 2006, except for the change in accounting policies governing the treatment of the acquisition of minority interests in subsidiaries over which the Group exercises sole control, the changes in presentation linked to the offsetting of fair value for certain derivative financial instruments as well as the restatement under equity of some perpetual subordinated debts (TSDI).

USE OF ESTIMATES

Some of the figures booked in these consolidated financial statements are based on estimates and assumptions made by the Management. This applies in particular to the fair value assessment of financial instruments and the valuation of goodwill, intangible assets, impairments of assets and provisions. The main estimates are indicated in the notes to the financial statements. Actual future results may differ from these estimates.

1. Consolidation principles

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

CONSOLIDATION METHODS

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

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

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

The following consolidation methods are used:

- **Full consolidation**

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

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

- **Proportionate consolidation**

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

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

A contractual agreement must require the consent of all controlling partners or shareholders as regards the economic activity of the said subsidiary and any strategic decisions.

- **Equity method**

Companies over which the Group exercises significant influence are accounted for under the equity method. Significant influence is the power to influence the financial and operating policies of a subsidiary without exercising control over the said subsidiary. In particular, significant influence can result from Société Générale being represented on the board of directors or supervisory board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Société Générale. The Group is assumed to exercise significant influence over the financial and operating policies of a subsidiary when it holds directly or indirectly at least 20% of the voting rights in this subsidiary.

SPECIFIC TREATMENT FOR SPECIAL PURPOSE VEHICLES

Independent legal entities ("special purpose vehicles") set up specifically to manage a transaction or group of similar transactions are consolidated whenever they are substantially controlled by the Group, even in cases where the Group holds none of the capital in the entities.

Control of a special purpose vehicle is generally considered to exist if any one of the following criteria applies:

- the SPV's activities are being conducted on behalf of the Group so that the Group obtains benefits from the SPV's operation;
- the Group has the decision-making powers to obtain the majority of the benefits of the SPV, whether or not this control has been delegated through an "autopilot" mechanism;
- the Group has the ability to obtain the majority of the benefits of the SPV;
- the Group retains the majority of the risks of the SPV.

In consolidating SPVs considered to be substantially controlled by the Group, the shares of said entities not held by the Group are recognized as debt in the balance sheet.

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

The balance sheet items of consolidated companies reporting in foreign currencies are translated at the official exchange rates prevailing at year-end. Income statement items of these companies are translated at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are included in shareholders' equity under *Unrealized or deferred capital gains or losses - Translation differences.* Gains and losses on transactions used to hedge net investments in foreign consolidated entities or their income in foreign currencies, along with gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in changes in consolidated shareholders' equity under the same heading.

In accordance with the option allowed under IFRS 1, the Group allocated all differences arising on translation of foreign entity financial statements at January 1, 2004 to consolidated reserves. As a result, if any of these entities are sold, the proceeds of the sale will only include write backs of those translation differences arising since January 1, 2004.

TREATMENT OF ACQUISITIONS AND GOODWILL

The Group uses the purchase method to record its business combinations. The acquisition cost is calculated as the total fair value, at the date of acquisition, of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired company plus all costs directly attributable to the business combination.

At the acquisition date, all assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities that are identifiable under the provisions of IFRS 3 (Business Combinations) are valued individually at their fair value regardless of their purpose. The analysis and professional appraisals required for this initial valuation must be carried out within 12 months of the date of acquisition as must any corrections to the value based on new information.

All excess of the price paid over the assessed fair value of the proportion of net assets acquired is booked on the assets side of the consolidated balance sheet under *Goodwill.* Any deficit is immediately recognized in the income statement.

Goodwill is carried in the balance sheet at its historical cost denominated in the subsidiary's reporting currency, translated into euros at the official exchange rate at the closing date for the period.

As of financial year 2006, the Group retrospectively changed its accounting treatment of increases in Group stakes in entities over which it already exercises sole control: the difference between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired is henceforth booked under the Group's *consolidated reserves.* Similarly, any reduction in the Group's stake in an entity over which it keeps sole control is treated as an equity transaction in the accounts. The impact of this retrospective change in accounting treatment with respect to previous comparable financial years is indicated in the note on changes in shareholders' equity.

Goodwill is reviewed regularly by the Group and tested for impairment of value whenever there is any indication that its value may have diminished, and at least once a year. At the acquisition date, each item of goodwill is attributed to one or more cash-generating units expected to derive benefits from the acquisition. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating units.

If the recoverable amount of the cash-generating units is less than their carrying amount, an irreversible impairment is booked to the consolidated income statement for the period under *Impairment losses on goodwill.*

COMMITMENTS TO BUY OUT MINORITY SHAREHOLDERS IN FULLY CONSOLIDATED SUBSIDIARIES

The Group has awarded minority shareholders in some fully consolidated Group subsidiaries commitments to buy out their stakes. For the Group, these buyouts commitments are put options sales. The exercise price for these options is based on a formula agreed at the time of the acquisition of the shares of the company that takes into account the future performance of the subsidiaries.

At its meeting of November 2006, the IFRIC confirmed that put options granted to the minority shareholders of a fully consolidated subsidiary enabling them to sell their shares to the parent company or forwards to acquire securities held by the shareholders of a fully consolidated subsidiary should lead to the recognition of a financial liability. However, during the meeting, the IFRIC did not rule on the counterpart of this financial liability: whilst acknowledging that it is likely that practices differ, it decided not to add the item to its working agenda on the basis that it would not be able to establish the way in which the counterpart for financial liabilities should be presented on a timely basis.

Accordingly, and given the absence of IASB standards or IFRIC interpretations on the subject, and in order to provide financial data that is in accordance with the prevailing accounting standards within its sector of activity, the Group decided, as of 2006, to retrospectively modify its accounting treatment of commitments to buy out minority shareholders in fully consolidated subsidiaries. The impact of this retrospective change in accounting treatment with respect to previous comparable financial years is indicated in the note on changes in shareholders' equity.

The commitments are booked in the accounts as follows:

- in accordance with IAS 32, the Group booked a liability for put options granted to minority shareholders of the subsidiaries over which it exercises sole control. This liability is initially recognized at the present value of the estimated exercise price of the put options under *"Other liabilities"*;
- the obligation to recognize a liability even though the put options have not been exercised means that, in order to be consistent, the Group has followed the same accounting treatment as that applied to transactions on minority interests. As a result, the counterpart of this liability is a write-down in value of the minority interests underlying the options with any balance deducted from the Group's *consolidated reserves*;
- subsequent variations in this liability linked to changes in the exercise price of the options and the carrying value of minority interests are booked in full in the Group's *consolidated reserves*;
- if the stake is bought, the liability is settled by the cash payment linked to the acquisition of minority interests in the subsidiary in question. However if, when the commitment reaches its term, the purchase has not occurred, the liability is written off against the minority interests and the Group's *consolidated reserves*;
- whilst the options have not been exercised, the results linked to minority interests with a put option are recorded under *Minority interests* on the Group's *consolidated income statement*.

The accounting principles outlined above are likely to be revised over the coming years in line with the work carried out by the IASB and IFRIC.

SEGMENT REPORTING

The Group is managed on a matrix basis that takes account of its different business lines and the geographical breakdown of its activities. Segment information is therefore presented under both criteria, broken down primarily by business line and secondly by geographical region.

The Group includes in the results of each subdivision all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Center, also includes the yield on capital allocated to it, based on the estimated rate of return on Group capital. On the other hand, the yield on the sub-division's book capital is reassigned to the Corporate Center. Transactions between subdivisions are carried out under identical terms and conditions to those applying to non-Group customers.

The Group is organized into three core business lines:

- Retail Banking and Financial Services which includes the French Networks (the domestic networks of Société Générale and Crédit du Nord), Retail Banking outside France and the Group business finance subsidiaries (vendor finance, leasing, consumer credit and life and non-life insurance);
- Global Investment Management and Services including Asset Management, Private Banking and Boursorama, and Securities Services and Online Savings, including Fimat and other securities and employee savings services;
- Corporate and Investment Banking (SGCIB) which covers, on the one hand, Corporate Banking and Fixed Income (structured finance, debt, forex and treasury activities, commodity finance and trading, commercial banking) and, on the other hand, Equity and Advisory activities.

In addition, the Corporate Center acts as the central funding department for the Group's three core businesses.

Segment income is presented taking into account internal transactions in the Group, while segment assets and liabilities are presented after elimination of internal transactions within the Group. The tax rate levied on each business line is based on the standard tax rate applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Center.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

FROM JANUARY 1, 2005

A fixed asset or group of assets and liabilities is deemed to be "held for sale" if its carrying value will primarily be recovered via a sale and not through its continuing use. For this classification to apply, the asset must be immediately available-for-sale and its sale must be highly probable. Assets and liabilities falling under this category are reclassified as *Non-current assets held for sale* and *Liabilities directly associated with non-current assets classified as held for sale,* with no netting.

Any negative differences between the fair value less cost to sell of non-current assets and groups of assets held for sale and their net carrying value is recognized as an impairment loss in profit or loss. Moreover, non-current assets classified as held for sale are no longer depreciated.

An operation is classified as discontinued at the date the Group has actually disposed of the operation, or when the operation meets the criteria to be classified as held for sale. Discontinued operations are recognized as a single item in the income statement for the period, at their net income for the period up to the date of sale, combined with any net gains or losses on their disposal or on the fair value less cost to sell of the assets and liabilities making up the discontinued operations. Similarly, cash flows generated by discontinued operations are booked as a separate item in the statement of cash flow for the period.

2. Accounting policies and valuation methods

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

FROM JANUARY 1 TO DECEMBER 31, 2004

Gains and losses arising from ordinary activities in foreign currencies are booked to the income statement. In accordance with CRB regulation 89-01, outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealized gains and losses are recognized 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 amortized to income on a straight-line basis over the remaining term to maturity of these transactions.

FROM JANUARY 1, 2005

At period-end, monetary assets and liabilities denominated in foreign currencies are converted into euros (the Group's functional currency) at the prevailing spot exchange rate. Realized or unrealized foreign exchange losses or gains are recognized in the income statement.

Forward foreign exchange transactions are recognized at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are valued using the official spot rates applying at the end of the period. Unrealized gains and losses are recognized in the income statement.

Non-monetary financial assets denominated in foreign currencies, including shares and other variable income securities that are not part of the trading portfolio, are converted into euros at the exchange rate applying at the end of the period. Currency differences arising on these financial assets are only recognized in the income statement when sold or impaired or where the currency risk is fair value hedged. In particular, non-monetary assets funded by a liability denominated in the same currency are converted at the spot rate applying at the end of the period by booking the impact of exchange rate fluctuations to income subject to a hedging relationship existing between the two financial instruments.

DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

FROM JANUARY 1 TO DECEMBER 31, 2004

- **Securities portfolio**

Shares and other variable income securities and bonds and other fixed-income securities held in trading and short-term investment portfolios are valued by comparing their cost to their realizable value. For listed securities, realizable value is defined as the most recent market price.

Securities classified as shares intended for portfolio activity are valued at their value in use determined on the basis of the issuing company's general development prospects and the remainder of the investment horizon (for listed companies, the average share price over the last three months is considered as representative of the value in use).

Investments in non-consolidated subsidiaries and affiliates are valued at their value in use, representing 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. For industrial equity, the main criterion used is the average share price over the last three months.

- **Financial derivatives**

Trading financial derivatives and some debt instruments with embedded derivatives are accounted at their market value at year-end. In the absence of a liquid market, this value is generally determined on the basis of in-house models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a prudential valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated according to the size of the position and intended to cover the risk that Group 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 (that have been developed recently or are more specialized).

Furthermore, for over-the-counter transactions in interest rate derivatives instruments, the market value takes into account counterparty risks and the discounted value of future management costs.

FROM JANUARY 1, 2005

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The first choice in determining the fair value of a financial instrument is the quoted price in an active market. If the instrument is not traded in an active market, fair value is determined using valuation techniques.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and they reflect actual and regular market transactions on an arm's length basis.

When the financial instrument is traded in several markets to which the Group has immediate access, the fair value is the price at which a transaction would occur in the most advantageous active market. Where no price is quoted for a particular instrument but its components are quoted, the fair value is the sum of the various quoted components incorporating bid or asking prices for the net position as appropriate.

If the market for a financial instrument is not active, its fair value is established using a valuation technique (in-house valuation models). Depending on the instrument under consideration, these may use data derived from recent transactions, from the fair value of substantially similar instruments, from discounted cash flow or option pricing models, or from valuation parameters. Where necessary, these valuations are adjusted to take certain factors into account, depending on the instruments in question and the associated risks, namely the bid or asking price of the net position and the modeling risk in the case of complex products.

These in-house models are regularly tested by independent specialists from the Risk Division, who check the validity of the data and parameters used.

If the valuation parameters used are observable market data, the fair value is taken as the market price, and any difference between the transaction price and the price given by the in-house valuation model, i.e. the sales margin, is immediately recognized in the income statement. However, if valuation parameters are not observable or the valuation models are not recognized by the market, the fair value of the financial instrument at the time of the transaction is deemed to be the transaction price and the sales margin is then generally recognized in the income statement over the lifetime of the instrument, except for some complex financial instruments for which it is recognized at maturity or in the event of early sale. Where substantial volumes of issued instruments are traded on a secondary market with quoted prices, the sales margin is recognized in the income statement in accordance with the method used to determine the instruments price. When valuation parameters become observable, any portion of the sales margin that has not yet been booked is recognized in the income statement at that time.

FINANCIAL ASSETS AND LIABILITIES

FROM JANUARY 1 TO DECEMBER 31, 2004

- **Loans and receivables**

Amounts due from banks and customer loans are recognized at cost. They are classified according to initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits in the case of banks; and commercial loans, current accounts and other loans in the case of customers. They also include securities purchased from banks and customers under resale agreements, and loans secured by notes and securities.

Interest accrued on these receivables is recorded with these assets as Related receivables.

Guarantees and endorsements booked off-balance sheet represent transactions which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

- **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-and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments.

Trading securities

Trading securities are securities for which a liquid market exists and that are acquired with a view to rapid resale (within a maximum period of six months). They also include liquid securities that are held for a period of over six months in the context of market-making activities or in relation to a hedging or arbitrage transaction. They are marked to market at the end of the financial period. Net unrealized gains or losses, together with net gains or losses on disposals, are recognized in the income statement under *Net income from financial transactions*.

Short-term investment securities

Short-term investment securities are all those intended to be held for more than six months, except for those classified as long-term investment securities.

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 realizable value. For listed securities, realizable value is defined as the most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, without the said provision being offset against any unrealized capital gains. Income from these securities is recorded under *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 amortized to income over the life of the relevant securities. Accrued interest receivable on bonds and other short-term investment securities is recorded in a receivables account against the account *Interest income from available-for-sale financial* assets in the income statement.

At period-end, cost is compared to realizable value or, in the case of listed securities, to their most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of provisions for losses on short-term investment fixed-income securities together with gains and losses on sales of these securities are recorded under *Net Income from financial transactions* in the consolidated income statement.

Long-term investment securities

Long-term investment securities are debt securities held by the Group, which intends to hold them on a long-term basis and for which it has the necessary means to:

- either permanently hedge its position against a possible depreciation of the securities' value due to interest rate fluctuations, using interest rate futures;
- or hold the securities on a long-term basis by obtaining funds, including available shareholders' equity, which are matched and used to finance these securities.

When the interest rate or liquidity matching no longer complies with the regulations set by the French Banking Commission, the securities are reclassified as short-term investment securities.

Long-term investments are booked according to the same principles as short-term investment securities. However, at year-end, no provision is made for unrealized 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 provisions 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 on other assets*.

Shares intended for portfolio activity

This category of securities covers investments made on a regular basis with the sole aim of realizing a capital gain in the medium term and without the intention of making a long-term investment in the development of the issuing company's business, nor of participating actively in its operational management. The profitability of these investments results mainly from the capital gains realized on disposal. This activity is carried out on a significant and ongoing basis through ad hoc subsidiaries or structures. This category notably includes shares held in the context of venture capital activities.

These securities are recognized in the balance sheet at their purchase price, less acquisition costs. At the end of the period, they are valued at their value in use based on the issuing company's general development prospects and the remaining investment horizon (for listed companies, the average share price over the last three months is considered representative of the value in use). Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, without the said provision being offset against any unrealized capital gains. Allocations to and reversals of provisions for depreciation as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from financial transactions.*

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments

This category of securities covers shares held in non-consolidated subsidiaries and affiliates, when it is deemed useful to the business of the company 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 the holding company, in instances 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 the Group.

This category also includes *Other long-term equity investments.* These are equity investments made by the Group 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 non-consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price exclusive of acquisition costs. Dividend income earned on these securities is booked in the income statement under *Dividend income.*

At year-end, investments in non-consolidated subsidiaries and affiliates are valued at their value in use, representing 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 quoted price over the last three months. For industrial equity, the main criterion used is the average quoted price over the last three months. Unrealized capital gains are not recognized in the accounts but a provision for depreciation on portfolio securities is booked to cover unrealized capital losses. Allocations to and reversals of provisions for depreciation as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from financial transactions.*

FROM JANUARY 1, 2005

Purchases and sales of non-derivative financial assets at fair value through profit or loss, financial assets held-to-maturity and available-for-sale financial assets (see below) are recognized in the balance sheet on the settlement date while derivatives are recognized on the trade date. Changes in fair value between the trade and settlement dates are booked in the income statement or to shareholders' equity depending on the relevant accounting category. Customer loans are recorded in the balance sheet on the date they are paid.

When initially recognized, financial assets and liabilities are measured at fair value including transaction costs (except for financial instruments recognized at fair value through profit or loss) and are classified under one of the following categories.

- **Loans and receivables**

Loans and receivables neither held for trading purposes nor intended for sale from the time they are originated or contributed are recognized in the balance sheet under *Due from banks* or *Customer loans* depending on the type of counterpart. Thereafter, they are valued at amortized cost using the effective interest method and an impairment loss may be recorded if appropriate.

- **Financial assets and liabilities at fair value through profit and loss**

These are financial assets and liabilities held for trading purposes. They are booked at fair value at the balance sheet date and recognized in the balance sheet under *Financial assets or liabilities at fair value through profit and loss*. Changes in fair value are recorded in the income statement for the period as *Net gains or losses on financial instruments at fair value through profit and loss*.

This category also includes non-derivative financial assets and liabilities designated by the Group upon initial recognition to be carried at fair value through profit or loss in accordance with the option available under IAS 39, specified in the amendment to the standard published in June 2005. The Group's aim in using the fair value option is:

- first to eliminate or significantly reduce discrepancies in the accounting treatment of certain financial assets and liabilities.

  The Group thus recognizes at fair value through profit or loss some structured bonds issued by Société Générale Corporate and Investment Banking. These issues are purely commercial and the associated risks are hedged on the market using financial instruments managed in trading portfolios. The use of the fair value option enables the Group to ensure consistency between the accounting treatment of these issued bonds and that of the derivatives hedging the associated market risks, which have to be carried at fair value.

  The Group also books at fair value through profit or loss the financial assets held to guarantee unit-linked policies of its life insurance subsidiaries to ensure their financial treatment matches that of the corresponding insurance liabilities. Under IFRS 4, insurance liabilities have to be recognized according to local accounting principles. The revaluations of underwriting reserves on unit-linked policies, which are directly linked to revaluations of the financial assets underlying their policies, are therefore recognized in the income statement. The fair value option thus allows the Group to record changes in the fair value of the financial assets through the income statement so that they match fluctuations in value of the insurance liabilities associated with these unit-linked policies;
- second so that the Group can book certain compound financial instruments at fair value thereby avoiding the need to separate out embedded derivatives that would otherwise have to be booked separately. This approach is notably used for valuation of the convertible bonds held by the Group.

- **Held-to-maturity financial assets**

These are non-derivative fixed income assets with a fixed maturity, which the Group has the intention and ability to hold to maturity. They are valued after acquisition at their amortized cost and may be subject to impairment as appropriate. The amortized cost includes premiums and discounts as well as transaction costs and they are recognized in the balance sheet under *Held-to-maturity financial assets*.

- **Available-for-sale financial assets**

These are non-derivative financial assets held for an indeterminate period which the Group may sell at any time. By default, these are any assets that do not fall into one of the above three categories. These financial assets are recognized in the balance sheet under *Available-for-sale financial assets* and measured at their fair value at the balance sheet date. Interest accrued or paid on fixed-income securities is recognized in the income statement using the effective interest rate method under *Interest and similar income - Transactions on financial instruments.* Changes in fair value other than income are recorded in shareholders' equity under *Unrealized or deferred gains or losses*. The Group only records these changes in fair value in the income statement when assets are sold or impaired, in which case they are reported as *Net gains or* losses *on available-for-sale financial* assets. Depreciations regarding equity securities recognized as available-for-sale financial assets are irreversible. Dividend income earned on these securities is booked in the income statement under *Dividend income*.

DEBT

Group borrowings that are not classified as financial liabilities recognized through profit or loss are initially recognized at cost, measured as the fair value of the amount borrowed net of transaction fees. These liabilities are valued at period end and at amortized cost using the effective interest rate method, and are recognized in the balance sheet under *Due to banks, Customer deposits* or *Securitized debt payables.*

- **Amounts due to banks, customer deposits**

Amounts due to banks and customer deposits are classified according to their initial duration and type: demand (demand deposits and current accounts) and time deposits and borrowings in the case of banks and regulated savings accounts and other deposits in the case of customers. They also include securities sold to banks and customers under repurchase agreements.

Interest accrued on these accounts is recorded as *Related payables* and in the income statement.

Securitized debt payables

These liabilities are classified by type of security: loan notes, interbank market certificates, negotiable debt instruments, bonds and other debt securities excluding subordinated notes which are classified under *Subordinated debt.*

Interest accrued is recorded as *Related payables* and as an expense in the income statement. Bond issuance and redemption premiums are amortized at the effective interest rate over the life of the related borrowings. The resulting charge is recognized under *Interest expenses* in the income statement.

SUBORDINATED DEBT

This item includes all dated or undated borrowings, whether or not in the form of securitized debt, which in the case of liquidation of the borrowing company may only be redeemed after all other creditors have been paid. Interest accrued and payable in respect of long-term subordinated debt, if any, is booked as *Related payables* and as an expense in the income statement.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Group derecognizes all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to the ownership of the asset.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has not retained control of the financial asset, it derecognizes it and, where necessary, books a separate asset or liability to cover any rights and obligations created or retained as a result of the asset's transfer. If the Group has retained control of the asset, it continues to recognize it in the balance sheet to the extent of its continuing involvement in that asset.

When a financial asset is derecognized in its entirety, a gain or loss on disposal is recorded in the income statement for the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealized profit or loss previously recognized directly in equity.

The Group only derecognizes all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

FROM JANUARY 1 TO DECEMBER 31, 2004

- **Hedging transactions**

Income and expenses on financial derivatives used as a hedge, and assigned from the beginning to an identifiable item or group of similar items, are recognized in the income statement in the same manner as revenues and expenses on the hedged item. Income and expenses on interest rate instruments are booked as net interest income in the same interest income or expense account as the items hedged. Income and expenses on other instruments such as equity instruments, stock market indexes or currencies are booked as *Net income from financial transactions.*

Income and expenses on financial derivatives used to hedge or manage an overall interest rate risk are recognized in the income statement over the life of the instrument, under *Net income from financial transactions.*

- **Trading transactions**

Trading transactions include instruments traded on organized 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.

The corresponding gains or losses are directly booked as income for the period, regardless of whether they are realized or unrealized, under *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. Unrealized losses are provisioned at year-end and the corresponding amount is booked under *Net income from financial transactions.*

FROM JANUARY 1, 2005

All financial derivatives are recognized at fair value in the balance sheet as financial assets or financial liabilities. Changes in the fair value of financial derivatives, except those designated as cash flow hedges (see below), are recognized in the income statement for the period.

Derivatives are divided into two categories:

- **Trading financial derivatives**

Derivative instruments are considered to be trading financial derivatives by default, unless they are designated as hedging instruments for accounting purposes. They are booked in the balance sheet under *Financial assets or liabilities at fair value through profit or loss.* Changes in fair value are recorded in the income statement under *Net gains or losses on financial instruments at fair value through profit or loss.*

- **Derivative hedging instruments**

To designate an instrument as a derivative hedging instrument, the Group must document the hedging relationship at the inception of the hedge. This documentation specifies the asset, liability, or future transaction hedged, the risk to be hedged, the type of financial derivative used and the valuation method applied to measure its effectiveness. The derivative designated as a hedging instrument must be highly effective in offsetting the variation in fair value or cash flows arising from the hedged risk, both when the hedge is first set up and throughout its life. Derivative hedging instruments are recognized in the balance sheet under *Derivative hedging instruments.*

Depending on the risk hedged, the Group designates the derivative as a fair value hedge, cash flow hedge, or currency risk hedge for a net foreign investment.

Fair value hedge

In a fair value hedge, the book value of the hedged item is adjusted for gains or losses attributable to the hedged risk which are reported under *Net gains or losses on financial instruments at fair value through profit and loss.* As the hedging is highly effective, changes in the fair value of the hedged item are faithfully reflected in the fair value of the derivative hedging instrument. As regards interest rate derivatives, accrued interest income or expenses are booked to the income statement under *Interest income and expense - Hedging derivatives* at the same time as the interest income or expense related to the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is sold, hedge accounting is prospectively discontinued. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value and the cumulative adjustments previously recognized under the hedge accounting are amortized over its remaining life. Hedge accounting is discontinued automatically if the hedged item is sold before maturity or redeemed early.

Cash flow hedge

In a cash flow hedge, the effective portion of the changes in fair value of the hedging derivative instrument is recognized in a specific equity account, while the ineffective portion is recognized in the income statement under *Net gains or losses on financial instruments at fair value through profit and loss.*

Amounts directly recognized in equity under cash flow hedge accounting are reclassified in *Interest income and expenses* in the income statement at the same time as the cash flows being hedged. Accrued interest income or expense on hedging derivatives is booked to the income statement under *Interest income and expenses - Hedging derivatives* at the same time as the interest income or expense related to the hedged item.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, hedge accounting is prospectively discontinued. Amounts previously recognized directly in equity are reclassified under *Interest income and expenses* in the income statement over the periods where the interest margin is affected by cash flows arising from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the forecast transaction hedged ceases to be highly probable, unrealized gains and losses booked to equity are immediately reclassified in the income statement.

Hedging of a net investment in a foreign operation

As with the cash flow hedge, the effective portion of the changes in the fair value of the hedging derivative designated for accounting purposes as hedging a net investment is recognized in equity under *Unrealized or deferred capital gains or losses* while the ineffective portion is recognized in the income statement.

Macro-fair value hedge

In this type of hedge, interest rate derivatives are used to globally hedge structural interest rate risks usually arising from Retail Banking activities. When accounting for these transactions, the Group applies the IAS 39 “carve-out” standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to macro-hedges used for asset-liability management including customer demand deposits in the fixed-rate positions being hedged;
- the carrying out of effectiveness tests required by IAS 39 as adopted by the European Union.

The accounting treatment for financial derivatives designated as a macro-fair value hedge is similar to that for other fair value hedging instruments. Changes in fair value of the portfolio of macro-hedged instruments are reported on a separate line in the balance sheet under *Revaluation differences on portfolios hedged against interest rate risk* through profit or loss.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument. If this hybrid instrument is not valued at fair value through profit and loss the Group separates out the embedded derivative from its host contract if, at the inception of the operation, the economic characteristics and risks of the derivative are not closely related to the economic characteristics and risk profile of the host contract and it would separately meet the definition of a derivative. Once separated out, the derivative is recognized at its fair value in the balance sheet under *Financial assets or liabilities at fair value through profit and loss* and accounted for as above.

IMPAIRMENT OF FINANCIAL ASSETS

FROM JANUARY 1 TO DECEMBER 31, 2004

According to CRC regulation 2002-03 on accounting for credit risk in companies governed by the CRBF, as soon as a commitment carries an identified credit risk which makes it probable that the Group will fail to recover all or part of the amounts owed by the counterparty under the original terms of the agreement, notwithstanding any guarantees, the outstanding loan is classified as doubtful if one or more payments are more than three months overdue (six months in the case of real estate loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed, if an identified risk can be assumed to exist, 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.

Provisions for doubtful loans are booked for doubtful loans or for risks in the amount of the probable losses, without discounting to present value. Furthermore, interest on doubtful loans is fully provisioned. Provisions, write-backs of provisions, losses on bad debts and recovery of depreciated debts are booked under *Cost of risk,* except for net provisions for interest on doubtful loans which are deducted from *Net Banking Income.*

If a loan has been restructured under off-market conditions, the difference between the new conditions and the lesser of market conditions and original ones must be booked under *Cost of risk* when the loan is restructured then reincorporated into net interest income for the remaining term of the loan.

The same criteria and depreciation methods for credit risk are applied to long-term and short-term fixed-income investment securities.

FROM JANUARY 1, 2005

- **Financial assets valued at amortized cost**

The criteria used to decide whether there is an incurred credit risk on individual financial assets are similar to those used under French accounting principles to identify doubtful receivables.

At each balance sheet date, the Group assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognized (a “loss event”) and whether that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that loans or other receivables, or financial assets classified as held-to-maturity financial assets are impaired, a depreciation is booked for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees, discounted at the financial assets’ original effective interest rate. This depreciation is booked to *Cost of risk* in the income statement and the value of the financial asset is reduced by a depreciation amount. Allocations to and reversals of depreciations are recorded under *Cost of risk.* The impaired loans or receivables are remunerated for accounting purposes by the reversal over time of the discounting to present value, which is recorded under *Interest and similar income* in the income statement.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, a depreciation is recognized without waiting for the risk to individually affect one or more receivables. The amount of depreciation is notably determined on the basis of historical loss for assets with credit risk characteristics similar to those in the portfolio, or using hypothetical extreme loss scenarios or, if necessary, *ad-hoc* studies. These factors are then adjusted to reflect any relevant current economic conditions.

Where a loan is restructured, the Group books a loss in *Cost of risk* representing the change in terms of the loan if the value of expected recoverable future cash flows, discounted at the loan's original effective interest rate, is less than the amortized cost of the loan.

- **Available-for-sale financial assets**

Where there is objective evidence of long-term impairment to a financial asset that is available-for-sale, an impairment loss is recognized through profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in the shareholders' equity account under *Unrealized or deferred capital gains or losses* and subsequent objective evidence of impairment emerges, the Group recognizes the total accumulated unrealized loss previously booked to shareholders' equity in the income statement under *Cost of risk* for debt instruments and under *Net gains or losses on available-for-sale financial assets* for equity securities.

This cumulative loss is measured as the difference between acquisition cost (net of any repayments of principal and amortization) and the current fair value, less any loss of value on the financial asset that has already been booked through profit or loss.

Impairment losses recognized through profit and loss on an equity instrument classified as available-for-sale are only reversed through profit and loss when the instrument is sold. Once a shareholders' equity instrument has been recognized as impaired, any further loss of value is booked as an additional impairment loss. For debt instruments, however, an impairment loss is reversed through profit and loss if they subsequently recover in value.

LEASE FINANCING AND SIMILAR AGREEMENTS

Leases are classified as finance leases if they substantially transfer all the risks and rewards incident to ownership of the leased asset to the lessee. Otherwise they are classified as operating leases.

Lease finance receivables are recognized in the balance sheet under *Lease financing and similar agreements* and represent the Group's net investment in the lease, calculated as the present value of the minimum payments to be received from the lessee, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease.

Interest included in the lease payments is booked under *Interest and similar income* in the income statement such that the lease generates a constant periodic rate of return on the lessor's net investment. If there has been a reduction in the estimated unguaranteed residual value used to calculate the lessor's gross investment in the finance lease, an expense is recorded to adjust the financial income already recorded.

Fixed assets arising from operating lease activities are presented in the balance sheet under *Tangible and intangible fixed assets*. In the case of buildings, they are booked under *Investment property*. Lease payments are recognized in the income statement on a straight-line basis over the life of the lease under *Income from other activities*. The accounting treatment of income invoiced for maintenance services provided in connection with leasing activities aims to show a constant margin on these products in relation to the expenses incurred, over the life of the lease.

TANGIBLE AND INTANGIBLE FIXED ASSETS

Operating and investment fixed assets are carried at their purchase price on the assets side of the balance sheet. Borrowing expenses incurred to fund a lengthy construction period for the fixed assets are included in the acquisition cost, along with all other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets.

Software developed internally is recorded on the assets side of the balance sheet in the amount of the direct cost of development. This includes external expenditure on hardware and services and personnel expenses which can be directly attributed to the production of the asset and its preparation for use.

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount.

Where one or several components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life through profit and loss under *Amortization, depreciation and impairment of tangible and intangible fixed assets*. The Group has applied this approach to its operating and investment property, breaking down its assets into at least the following components with their corresponding depreciation periods:

Infrastructure	Major structures	50 years
	Doors and windows, roofing	20 years
	Façades	30 years
Technical installations	Elevators	10 to 30 years
	Electrical installations	
	Electricity generators	
	Air conditioning, extractors	
	Technical wiring	
	Security and surveillance installations	
	Plumbing	
	Fire safety equipment	
Fixtures and fittings	Finishings, surroundings	10 years

Depreciation periods for fixed assets other than buildings depend on their useful life which are usually estimated within the following ranges:

Plant and equipment	5 years
Transport	4 years
Furniture	10-20 years
Office equipment	5-10 years
IT equipment	3-5 years
Software, developed or acquired	3-5 years
Concessions, patents, licenses, etc.	5-20 years

Fixed assets are tested for impairment whenever there is any indication that their value may have diminished and, for intangible assets, at least once a year. Evidence of a loss in value is assessed at every balance sheet date. Impairment tests are carried out on assets grouped by cash-generating unit. Where a loss is established, an impairment loss is booked to the income statement under *Amortization, depreciation and impairment of tangible and intangible fixed assets*. It may be reversed when the factors that prompted impairment have changed or no longer exist. This impairment loss will reduce the depreciable amount of the asset and so also affect its future depreciation schedule.

Realized capital gains or losses on operating fixed assets are recognized under *Net income on other assets*, while profits or losses on investment real estate are booked as Net Banking Income under *Income from other activities.*

PROVISIONS

Provisions, other than those for credit risk or employee benefits, represent liabilities whose timing or amount cannot be precisely determined. Provisions may be booked where, by virtue of a commitment to a third-party, the Group will probably or certainly incur an outflow of resources to this third-party without receiving at least equivalent value in exchange.

The expected outflows are then discounted to present value to determine the amount of the provision, where this discounting has a significant impact. Allocations to and reversals of provisions are booked through profit and loss under the items corresponding to the future expense.

COMMITMENTS UNDER *“CONTRATS ÉPARGNE-LOGEMENT”* (MORTGAGE SAVINGS AGREEMENTS)

FROM JANUARY 1, 2005

The *comptes d’épargne-logement* (CEL or mortgage savings accounts) and *plans d’épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of July 10, 1965 and combine an initial deposits phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. Under the current regulation, this last phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are booked at amortized cost.

These instruments create two types of commitments for the Group: the obligation to remunerate customer savings for an indeterminate future period at an interest rate fixed at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also fixed at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Group, a provision is booked on the liabilities side of the balance sheet. Any variations in these provisions are booked as Net Banking Income under *Net interest income*. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) which constitute a single generation.

During the savings phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of savings and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observed past behavior of customers.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of the amount of balance sheet loans at the date of calculation and the historical observed past behavior of customers.

A provision is booked if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products (with similar estimated life and date of inception).

This accounting treatment is in accordance with the provisions of the draft Recommendation published by the Conseil National de la Comptabilité (the French National Accounting Standards Board - CNC) on December 20, 2005 on the accounting treatment for "*comptes et plans d'épargne-logement*". The Recommendation No. 2006-02 published by the CNC on March 31, 2006, governing the accounting treatment for "*comptes et plans d'épargne-logement*" has confirmed the December 20, 2005 draft Recommendation.

Under French accounting principles, no provision was recognized in respect of 2004.

LOAN COMMITMENTS

The Group initially recognizes loan commitments that are not considered as financial derivatives at fair value. Thereafter, these commitments are provisioned as necessary in accordance with the accounting principles for *Provisions.*

FINANCIAL GUARANTEES ISSUED

When considered as financial instruments, financial guarantees issued by the Group are initially recognized in the balance sheet at fair value. Thereafter, they are measured at the higher of the amount of the obligation and the amount initially recognized less, when appropriate, the cumulative amortization of a guarantee commission. Where there is objective evidence of a loss of value, a provision for the financial guarantees given is booked to balance sheet liabilities.

LIABILITIES/SHAREHOLDERS' EQUITY DISTINCTION – TREASURY SHARES

FROM JANUARY 1 TO DECEMBER 31, 2004

- **Preferred shares**

In the second half of 1997, Société Générale issued USD 800 million in preferred shares through a wholly-owned US subsidiary. These non-voting securities entitle the holder to a fixed non-cumulative dividend equal to 7.64% of their nominal value, payable semi-annually by decision of the subsidiary's Board of Directors.

In the first half of 2000, Société Générale issued EUR 500 million in preferred shares through a wholly-owned US subsidiary. These securities entitle the holder to a fixed non-cumulative dividend equal to 7.875% of nominal value payable annually, with a step-up clause that comes into effect after 10 years.

In the fourth quarter of 2001, Société Générale issued USD 425 million in preferred shares through a wholly-owned US subsidiary, with a step-up clause that comes into effect after 10 years. These shares entitle holders to a non-cumulative dividend, payable quarterly, at a fixed rate of 6.302% of nominal value on USD 335 million of the issue, and at a variable rate of Libor +0.92% on the other USD 90 million.

In the fourth quarter of 2003, Société Générale issued EUR 650 million of preferred shares through a wholly-owned US subsidiary (paying a non-cumulative dividend of 5.419% annually) with a step-up clause that comes into effect after 10 years.

Preferred shares issued by the Group are recognized in the balance sheet under *Preferred shares* and their remuneration is booked as an expense under *Dividends paid on preferred* shares.

- **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, Société Générale shares acquired by the Group for allocation to employees are booked as *Short-term investment securities - Treasury shares* on the assets side of the balance sheet. Société Générale shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are booked under *Trading securities.*

Other Société Générale shares, and in particular those held by certain Group companies for purposes of control or cancellation, are deducted from the capital and reserves when determining shareholders' equity.

FROM JANUARY 1, 2005

- **Liabilitiess/shareholders' equity distinction**

Financial instruments issued by the Group are booked in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to remunerate the holders of the security in cash.

Given their terms, perpetual subordinated notes (TSDI) issued by the Group and that do not include any discretionary features governing the payment of interest, as well as shares issued by a Group subsidiary in order to fund its property leasing activities are classified as debt instruments. These perpetual subordinated notes (TSDI) are then classified under *Subordinated debt*.

Due to the discretionary nature of the decision to pay dividends to shareholders, preferred shares issued by the Group are classified as equity and recognized under *Minority interests*. Remuneration paid to preferred shareholders is recorded under minority interests in the income statement.

In January 2005, the Group issued EUR 1 billion of deeply subordinated notes, paying 4.196% annually for 10 years and, after 2015, 3-month Euribor +1.53% annually. Given the discretionary nature of the decision to pay dividends to shareholders, they have been classified as equity and recognized under *Equity instruments and associated reserves*.

- **Treasury shares**

Société Générale shares held by the Group and shares in subsidiaries over which the Group exercises sole control are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is eliminated from the consolidated income statement.

Financial derivatives that have Société Générale shares as their underlying instrument as well as shares in subsidiaries over which the Group exercises sole control and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Société Générale shares (other than derivatives) are initially recognized as equity. Premiums paid or received on these financial derivatives classified as equity instruments are booked directly to equity. Changes in the fair value of the derivatives are not recorded.

Other financial derivatives that have Société Générale shares as their underlying instrument are booked to the balance sheet at fair value in the same manner as derivatives with other underlying instruments.

INTEREST INCOME AND EXPENSES

FROM JANUARY 1 TO DECEMBER 31, 2004

Interest income and expenses are recorded in the income statement over the life of the transaction, using either the straight-line or actuarial method depending on the type of financial instrument concerned, for all financial instruments valued at cost while respecting the concept of separate time periods.

FROM JANUARY 1, 2005

Interest income and expenses are booked to the income statement for all financial instruments valued at amortized cost using the effective interest rate method.

The effective interest rate is taken to be the rate that discounts future cash inflows and outflows over the expected life of the instrument in order to establish the book value of the financial asset or liability. To calculate the effective interest rate, the Group estimates future cash flows as the product of all the contractual provisions of the financial instrument without taking account of possible future loan losses. This calculation includes commissions paid or received between the parties where these may be assimilated to interest, transaction costs and all types of premiums and discounts.

When a financial asset or group of similar financial assets has been impaired following an impairment of value, subsequent interest income is booked through profit or loss under *Interest and similar income* using the effective interest rate, which is the rate used to discount the future cash flows when measuring the loss of value. Moreover, except for those related to employee benefits, provisions booked as balance sheet liabilities generate interest expenses that are calculated using the same interest rate as is used to discount the expected outflow of resources.

NET FEES FOR SERVICES

The Group recognizes fee income and expense for services provided and received in different ways depending on the type of service.

Fees for continuous services, such as some payment services, custody fees, or telephone subscriptions are booked as income over the lifetime of the service. Fees for one-off services, such as fund movements, finder's fees received, arbitrage fees, or penalties following payment incidents are booked to income when the service is provided under *Fees paid for services provided and other.*

In syndication deals, underwriting fees and participation fees proportional to the share of the issue placed are booked to income at the end of the syndication period provided that the effective interest rate for the share of the issue retained on the Group's balance sheet is comparable to that applying to the other members of the syndicate. Arrangement fees are booked to income when the placement is legally complete. These fees are recognized in the income statement under *Fee income - Primary market transactions.*

PERSONNEL EXPENSES

The *Personnel expenses* account includes all expenses related to personnel, notably the cost of the legal employee profit-sharing and incentive plans for the year as well as the costs of the various Group pension and retirement schemes and expenses arising from the application of IFRS 2 "Share-based payments".

EMPLOYEE BENEFITS

Group companies, in France and abroad, may award their employees:

- post-employment benefits, such as pension plans or retirement bonuses;
- long-term benefits such as deferred bonuses, long service awards or the *Compte Epargne Temps* (CET) flexible working provisions;
- termination benefits.

Some retired Group workers enjoy other post-employment benefits such as medical insurance.

- **Post-employment benefits**

Pension plans may be defined contribution or defined benefit.

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are booked as an expense for the year in question.

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the medium- or long-term risk.

Provisions are booked on the liabilities side of the balance sheet under *Provisions,* to cover the whole of these retirement obligations. This is assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

When these plans are financed from external funds classed as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) or differences between actuarial assumptions and real performance (return on plan assets) are booked as actuarial gains or losses. They are amortized in the income statement according to the "corridor" method: i.e. over the expected average remaining working lives of the employees participating in the plan, as soon as they exceed the greater of:

- 10% of the present value of the defined benefit obligation (before deducting plan assets);
- 10% of the fair value of the assets at the end of the previous financial year.

Where a new or amended plan comes into force, the cost of past services is spread over the remaining period until vesting.

An annual charge is booked under *Personnel expenses* for defined benefit plans, consisting of:

- the additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- the expected return on plan assets (gross return);
- the amortization of actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

- **Long-term benefits**

These are benefits paid to employees more than 12 months after the end of the period in which they provided the related services. Long-term benefits are measured in the same way as post-employment benefits, except for the treatment of actuarial gains and losses and past service costs which are booked immediately to income.

PAYMENTS BASED ON SOCIÉTÉ GÉNÉRALE SHARES OR SHARES ISSUED BY A CONSOLIDATED ENTITY

Share-based payments include:

- payments in equity instruments of the entity;
- cash payments whose amount depends on the performance of equity instruments.

Share-based payments systematically give rise to a personnel expense booked to *Employee compensation* under the terms set out below.

- **Stock option plans**

The Group awards some of its employees stock purchase or subscription options.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, nor for the beneficiaries to exercise their options.

Group stock option plans are valued using a binomial formula when the Group has adequate statistics to take into account the behavior of the option beneficiaries. When such data are not available, the Black & Scholes model is used. Valuations are performed by independent actuaries.

For equity-settled share-based payments, the fair value of these options, measured at the assignment date, is spread over the vesting period and booked to *Additional paid-in capital* under shareholders' equity. At each accounting date, the number of options expected to be exercised is revised and the overall cost of the plan as originally determined is adjusted. Expenses booked to *Employee compensation* from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments, the fair value of the options is booked as an expense over the vesting period of the options against a corresponding liabilities entry booked in the balance sheet under *Other liabilities - Accrued social charges.* This payables item is then remeasured at fair value against income until settled.

- **Global Employee Share Ownership Plan**

Every year the Group carries out a capital increase reserved for current and former employees as part of the Global Employee Share Ownership Plan. New shares are offered at a discount with an obligatory five-year holding period. The resultant benefit to the employees is booked by the Group as an expense for the year under *Personnel expenses - Employee profit-sharing and incentives.* This benefit is measured as the difference between the fair value of each security acquired and the acquisition price paid by the employee, multiplied by the number of shares subscribed. The fair value of the acquired securities is measured taking account of the associated legal obligatory holding period using market parameters (notably the borrowing rate) applicable to market participants which benefits from these not negotiable shares to estimate the free disposal ability.

This accounting treatment is in accordance with the provisions of the CNC statement dated December 21, 2004 on the share ownership plan.

COST OF RISK

The *Cost of risk* account is limited to allocations, net of reversals, to depreciation for counterparty risks and provisions for legal disputes. Net allocations to provisions are classified by type of risk in the corresponding accounts in the income statement.

INCOME TAX

- **Current taxes**

In France, the normal corporate income tax rate is 33.33%. However, until December 31, 2006, long-term capital gains on equity investments were taxed at 8%. Additionally, a *Contribution sociale de solidarité* (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). Dividends from companies in which Société Générale's interest is at least 5% are tax exempt.

The Amended Finance Law for 2004, enacted on December 30, 2004, will progressively reduce the tax rate for gains on the disposal of equity investments to 15% or 1.66% depending on the tax qualification of the securities. In parallel to this reduction, the Law has introduced an exceptional tax on the special reserve for long-term gains recorded by French companies in their individual accounts during previous years for the share of annual net income corresponding to long-term gains on disposal of equity investments. At December 31, 2004, French tax-paying entities recorded the expenses relating to this exceptional tax under *Income tax,* for a consolidated amount of EUR 18 million.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under *Income tax* in the consolidated income statement.

- **Deferred tax**

Deferred taxes are recognized whenever the Group identifies a timing difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. The impact of changes to tax rates is booked in the income statement under *Deferred taxes* or as shareholders' equity according to the principle of symmetry used. Net deferred tax assets are not recorded unless it is probable that the subsidiary that owns the assets is likely to be able to apply them within a set time.

From 2006 onwards, the normal tax rate applicable to French companies to determine their deferred tax is 34.43%. The reduced rate is 1.72% taking into account the nature of the taxed transactions.

Deferred taxes are determined separately for each taxable entity and are not discounted to present value.

INSURANCE ACTIVITIES

FROM JANUARY 1 TO DECEMBER 31, 2004

The Group applies CRC Regulation 2000-05 on the consolidation rules applicable to companies governed by the Insurance Code. The specific accounting rules previously applied to the insurance business are therefore maintained.

The accounts of the Group's fully and proportionately consolidated insurance companies are presented in the corresponding consolidated balance sheet, off-balance sheet and income statement accounts, while still being valued according to the specific rules for insurance companies (see below), except for *Underwriting reserves for insurance companies* which is a separate account in the consolidated financial statements.

- **Investments by insurance companies**

The investments of insurance companies include investments held to guarantee unit-linked policies, as well as other investments made to back life insurance policies and other insurance policies. Investments in the form of securities issued by companies consolidated in the Parent Company accounts are eliminated.

Investments held to guarantee unit-linked policies are marked to market; the total value of these securities corresponds to the total insurance liabilities.

Real estate investments are recorded at their purchase price, less acquisition costs and taxes, and inclusive of the cost of any building or renovation work; buildings are depreciated using the straight-line method over their estimated economic life allowing for the separate accounting treatment of their different components. A provision for depreciation of value is booked in the event of a lasting and significant fall in the value of the buildings.

Bonds and other debt securities are stated at cost, exclusive of accrued interest and acquisition costs. If the redemption value of the security differs from the purchase price, the difference for each line of securities is amortized to income using an actuarial method over the term to maturity of these securities. A provision for depreciation is booked if there is a risk that the debtors will be unable to repay the principal or honor the interest payments.

Shares and other variable income securities are booked at their purchase price, exclusive of costs. A provision for impairment is booked in the event of a sustained fall in the value of the securities as determined on the basis of the estimated recoverable value.

- **Underwriting reserves of insurance companies**

Underwriting reserves correspond to the commitments of insurance companies with respect to insured persons and the beneficiaries of policies. Underwriting reserves for unit-linked policies are valued at the balance sheet date on the basis of the market value of the assets underlying these policies. Life insurance underwriting reserves mainly comprise mathematical reserves, which correspond to the difference between the current value of commitments made respectively by the insurer and insured persons, and reserves for outstanding losses.

Non-life insurance underwriting reserves comprise provisions for unearned premiums (share of premium income relating to following financial years) and for outstanding losses.

FROM JANUARY 1, 2005

- **Financial assets and liabilities**

The financial assets and liabilities of the Group's insurance companies are recognized and measured according to the rules governing financial instruments explained above.

- **Underwriting reserves of insurance companies**

In accordance with IFRS 4 on insurance contracts, life and non-life underwriting reserves continue to be measured under the same local regulations as used in 2004. Embedded derivatives that are not included in underwriting reserves are booked separately.

Under the "shadow accounting" principles defined in IFRS 4, an allocation to a provision for deferred profit-sharing is booked in respect of insurance contracts that provide discretionary profit-sharing. This provision is calculated to reflect the potential rights of policyholders to unrealized capital gains on financial instruments measured at fair value or their potential liability for unrealized losses.

Under IFRS 4 a liability adequacy test is carried out semi-annually.

3. Presentation of financial statements

CNC RECOMMENDED FORMAT FOR BANKS' SUMMARY FINANCIAL STATEMENTS

As the IFRS accounting framework does not specify a standard model, the format used for the financial statements is consistent with the format proposed by the French National Accounting Standards Board, the CNC, under Recommendation 2004 R 03 of October 27, 2004.

RULE ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

A financial asset and liability are offset and a net balance presented in the balance sheet when the Group is entitled to do so by law and intends either to settle the net amount or to realize the asset and settle the liability at the same time.

The Group recognizes in the balance sheet the net value of agreements to repurchase securities given and received where they fulfill the following conditions:

- the counterparty to the agreements is the same legal entity;
- they have the same certain maturity date from the start of the transaction;
- they are agreed in the context of a framework agreement that grants permanent entitlement, enforceable against third parties, to offset amounts for same-day settlement;
- they are settled through a clearing system that guarantees delivery of securities against payment of the corresponding cash sums.

As of 2006, the Group also recognizes in its balance sheet for their net amount the fair value of options on indexes traded on organized markets and whose underlyings are securities within a single legal entity, provided these options meet the following criteria:

- the market where they are traded requires a settlement on a net basis;
- they are managed according to the same strategy;
- they are traded on the same organized market;
- the settlement of options via the physical delivery of underlying assets is not possible on these organized markets;
- they have the same characteristics (offsetting of call options with other call options on the one hand and offsetting of put options with other put options on the other);
- they share the same underlying, currency and maturity date.

CASH AND CASH EQUIVALENTS

In the cash flow statement, *Cash and cash equivalents* includes cash accounts, demand deposits, loans and borrowings due to and from central banks and other credit establishments.

EARNINGS PER SHARE

Earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, except for treasury shares. The net profit attributable to ordinary shareholders takes account of dividend rights of preferred shareholders. Diluted earnings per share takes into account the potential dilution of shareholders' interests assuming the issue of all the additional ordinary shares envisaged under stock options plans. This dilutive effect is determined using the share buyback method.

COMPARATIVE FIGURES

Certain comparative figures have been restated to comply with the accounting presentation adopted for the 2006 financial year.

4. Accounting standards and interpretations to be applied by the Group in the future

ACCOUNTING STANDARDS OR AMENDMENTS ADOPTED BY THE EUROPEAN UNION

- **IFRS 7 "Financial Instruments: Disclosures"**

The European Union adopted IFRS 7 on January 11, 2006. Applicable as of January 1, 2007, this standard relates exclusively to the disclosure of financial information and in no way affects the valuation and recognition of financial instruments. It incorporates, and therefore supersedes, IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" and IAS 32 "Financial Instruments: Presentation" on the information to be provided on financial instruments, and requires the disclosure of additional quantitative and qualitative data, notably on credit risk. The application of this standard by the Group as of January 1, 2007 will consequently have no effect on its net income or shareholders' equity.

- **Information on capital**

In addition to IFRS 7, on January 11, 2006 the European Union also adopted an amendment to IAS 1 "Presentation of Financial Statements", applicable as of January 1, 2007, which requires the Group to disclose additional quantitative and qualitative information on its capital. As this amendment only relates to information disclosure, it will have no impact on net income or shareholders' equity when applied by the Group as of January 1, 2007.

INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION ON DECEMBER 31, 2006

- **IFRIC 10 "Interim financial reporting and impairment"**

This application of this interpretation published by the IASB on July 20, 2006, shall only be mandatory for financial years beginning after November 1, 2006. It had not been adopted by the European Union on December 31, 2006, and was not therefore applied by the Group in 2006.

This interpretation specifies that the provisions of standards IAS 36 "Impairment of assets" and IAS 39 "Financial instruments: recognition and measurement" take precedence over the provisions of standard IAS 34 "Interim financial reporting" as regards the impairment of goodwill and the impairment of equity instruments classified as available-for-sale financial assets. As the Group has not reversed any impairment on goodwill or available-for-sale equity instruments in its interim reporting in past financial years, the prospective application of this interpretation should not have any impact on its net income or shareholders' equity.

- **IFRIC 11 "IFRS 2 – Group and treasury share transactions"**

This interpretation of IFRS 2 "Share-based payment" published by the IASB on November 2, 2006, shall only be mandatory for financial years beginning after March 1, 2007. It had not been adopted by the European Union on December 31, 2006, and was not therefore applied by the Group in 2006.

This interpretation outlines the accounting treatment of share-based payments that involve two or more entities within a same group (parent company or other entity of a same group) in the individual or separate financial statements of each entity within a group that benefits from the goods or services in question. As the application of this interpretation governing the individual or separate financial statements of group entities in no way modifies the accounting treatment at a Group level, its application by the Group will have no impact on its net income or shareholders' equity.

Note 2

Changes in consolidation scope and business combinations

1. Consolidation scope

As at December 31, 2006, the Group's consolidation scope includes 813 companies:

- 699 fully consolidated companies;
- 82 proportionately consolidated companies;
- 32 companies accounted for by the equity method.

The consolidation scope only includes entities that have a significant impact on the Group's consolidated financial statements. This means companies whose balance sheet assets amount more than 0.02% of the Group's, for full or proportionate consolidation, or companies in which the Group's share of equity exceeds 0.10% if the consolidated Group's total equity.

The main changes to the consolidation scope at December 31, 2006 compared with the scope applicable for the accounts at December 31, 2005 were as follows:

- In the first half of 2006:
  - Société Générale took a 99.75% stake in the capital of HVB Splitska Banka, which was fully consolidated. This business combination is presented in paragraph 2 of this note,
  - the Group acquired 100% of CaixaBank France, which was fully consolidated. The agreement governing the acquisition of CaixaBank France by Boursorama includes a put option whereby Société Générale undertakes to repurchase all new Boursorama shares issued for the transaction. In accordance with IAS 32, the Group booked this options commitment as a liability,
  - Raeburn Overseas Partners Ltd. funds, wholly-owned by the Group, was fully consolidated,
  - the stake in TCW was increased to 95.06%, i.e. a 20.77% increase compared to December 31, 2005. As a reminder, the remaining shares held by employees include deferred call and put options exercisable in 2007 and 2008. The exercise prices are dependent on future performance,
  - the Group sold 50% of its stake in Groupama Banque, leaving it with an overall stake of 20% at end-June 2006. Groupama Banque is now consolidated using the equity method,
  - NF Fleet Finland OY, which is 80%-owned by the Group, was fully consolidated,
  - the Group's stake in SG de Banque de Liban was reduced from 50% to 19% at the end of March 2006. Since then, SG de Banque de Liban has been consolidated using the equity method,
  - SGB Guinée équatoriale, which 52.44%-owned by Société Générale, was fully consolidated,
  - Telci, which is 99.97%-owned by the Group, was incorporated into the consolidation scope;
- During the second half of 2006:
  - the Group acquired 100% of 2S Banca S.p.A. which includes UniCredito Group's securities business since September 28, 2006. This business combination is presented in paragraph 2 of this note,
  - the Group acquired a 20% stake, less one share, in Rosbank, which is now consolidated using the equity method. The total acquisition price of this 20% stake was EUR 501 million. Rosbank is a powerful player in the Russian banking sector (number 2 in Retail Banking). With 705 branches, its retail network covers more than 80% of Russia, with a high focus on fast-growing regions, such as the Urals, Siberia, the Far East and Moscow. Rosbank's contribution to income from companies accounted for by the equity method at December 31, 2006 stood at EUR 6 million (for 3 months of business). Société Générale also has a call option on 30% of Rosbank plus two shares in order to take control of the bank by the end of 2008. The exercise of this option is subject to approval by the Russian supervisory authorities,
  - the Group acquired a further 60% of Modra Pyramida, bringing its stake to 100% at December 31, 2006. Modra Pyramida was fully consolidated,
  - Cube Financial, which is wholly-owned by Société Générale, was incorporated into the consolidation scope,
  - SAS Orbéo, which is 50%-owned by Société Générale, was consolidated using the proportionate method,
  - STK Bank, which is wholly owned by Société Générale, was incorporated into the consolidation scope,
  - NF Fleet Sweden AB, which is 80%-owned by the Group, was fully consolidated,
  - Technoservice Solutions AG was incorporated into the consolidation scope. Technoservice Solutions AG, which is wholly-owned by the Group, was fully consolidated,
  - First Lease Ltd., which is wholly-owned by the Group, was incorporated into the consolidation scope,
  - ALD Automotive Turizm Ticaret A.S., 50.98%-owned by the Group, was incorporated into the consolidation scope,
  - both subsidiaries NSGB and MIBank merged at the end of November 2006. Following this operation, the stake of SG Group in the new combination decreased by 1.22% from 78.39% to 77.17%.

2. Business combinations

The following section describes the main business combinations created by the Group over the course of 2006. The goodwill values have been determined on a temporary basis and could be adjusted during the 12 months following the purchase date.

ACQUISITION OF HVB SPLITSKA BANKA

On June 30, 2006, the Société Générale Group purchased 99.75% of HVB Splitska Banka's capital from Bank Austria Creditanstalt AG. During the last quarter 2006, the Group took part in HVB Splitska Banka capital increase, increasing his stake to 99.76%.

HVB Splitska Banka is a universal bank which holds a 9% share of the Croatian market. It operates the fourth largest banking network in the country, with 112 branches and around 1,100 staff, and serves a total of 460,000 individual customers and 2,000 business customers.

At the date of the acquisition, HVB Splitska Banka's identifiable assets and liabilities essentially comprised customer loans (EUR 2,043 million) and deposits (EUR 1,434 million).

The table below shows the provisional amount of goodwill booked in the Group's consolidated financial statements at the date of the acquisition, under the Retail Banking outside France – EU and Pre-EU:

(in millions of euros)	
Acquisition price	1,007
Acquisition costs	5
Sub-total	1,012
Fair value of net assets acquired by the Group	254
Goodwill	**758**

This goodwill provision of EUR 758 million reflects HVB Splitska Banka's strong positioning in Croatia, which is part of a fast-growing region.

The acquisition will also allow Société Générale Group to develop synergies with its other core businesses, bolstering its leadership in the region where it now has close to one million customers and 238 branches across Slovenia, Serbia and Montenegro.

HVB Splitska Banka was consolidated at June 30, 2006 and consequently had an impact of EUR 21 million on consolidated net income for the period (Net Banking Income: EUR 65 million and Gross Operating Income: EUR 27 million).

The Purchase price net of the acquired cash amounts to EUR 902 million at June 30, 2006.

ACQUISITION OF 2S BANCA

On September 28, 2006, Société Générale Group acquired 100% of the capital of 2S Banca via its SG Milan branch, thereby also acquiring the securities services of Unicredit in Italy and Pioneer in Luxembourg, Hamburg and Dublin.

This transaction enabled Société Générale Securities Services (SGSS) to reinforce its European network in Italy, Luxembourg, Germany and Ireland where it provides custody, clearing, settlement and delivery, depository banking, transfer agency and fund administration services. This acquisition adds a further EUR 593 billion in assets under custody in Italy and means that SGSS now ranks as the second largest custodian in Europe, with over EUR 2,000 billion in assets under administration.

At the date of acquisition, the assets and liabilities of 2S Banca were essentially made up of current account overdrafts and deposits in the amounts of EUR 1,415 million and EUR 1,412 million respectively.

The Group booked the following amount of goodwill in its consolidated accounts at the date of the acquisition, under the "SGSS and Online Savings":

(in millions of euros)	
Acquisition price	579
Acquisition costs	9
Sub-total	588
Fair value of net assets acquired by the Group	193
Goodwill	**395**

At the date of acquisition, an intangible asset in the amount of EUR 106 million linked to a contract with Unicredit was identified. This intangible asset, which has a fixed life, is amortized using the straight-line method over the duration of the contract (10 years).

Goodwill is based on a very favorable growth outlook for business, which is partly secured by a long-term contract with Unicredit and by strong potential synergies and cost-cutting, notably following the Europe-wide roll-out of the Siti and Alfas IT platforms.

2S Banca was consolidated by the Group as of September 30, 2006 and contributed a total of EUR 7 million to the Group's full-year 2006 net income (Net Banking Income: EUR 32 million and Gross Operating Income: EUR 10 million).

The Purchase price net of the acquired cash amounts to EUR 536 million.

Note 3

Fair value of financial instruments

This section specifies the valuation methods the Group has been using since January 1, 2005 to establish the fair value of the financial instruments presented in the following notes: note 6 "Financial assets and liabilities at fair value through profit and loss", note 7 "Hedging derivatives", note 8 "Available-for-sale financial assets", note 9 "Due from banks", note 10 "Customer loans", note 11 "Lease financing and similar agreements", note 12 "Held-to-maturity financial assets", note 17 "Due to banks", note 18 "Customer deposits" and note 19 "Securitized debt payables".

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For financial instruments recognized at fair value through profit and loss, fair value is determined primarily on the basis of the prices quoted on an actively-traded market which are adjusted if no quoted prices are available on the balance sheet date. However, for many of the financial instruments held or issued by the Group no actively-traded market exists. In these cases, fair value is determined through valuation techniques (in-house valuation models) using valuation parameters that reflect market conditions on the balance sheet date and which are heavily influenced by assumptions regarding the amount and timing of estimated future cash flows, discount rates, volatility or credit risk. Before being used, the in-house valuation models and implicit valuation parameters (volatility, correlations, etc.) used to calculate fair value are validated independently by the specialists from the market risk department of the Group's Risk Division who also carry out subsequent consistency checks (back-testing). The Group's in-house valuation models are based on current valuation techniques used by market participants to value financial instruments, such as discounted future cash flows for swaps or the Black & Scholes valuation model for some options.

These in-house valuation models are mainly used to value financial derivatives traded over-the-counter or unlisted non-derivative financial instruments held for trading or carried at fair value through profit and loss under the IFRS fair value option.

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.

The methods below have been used by the Group to establish fair value both for financial instruments recognized at fair value through profit and loss and for instruments recognized at amortized cost in the balance sheet whose fair value is given in the notes for information purposes only.

For financial instruments that are not recognized at fair value in the balance sheet, the figures given in the notes should not be taken as an estimate of the amount that would be realized if all such financial instruments were to be settled immediately.

The fair values of financial instruments, if applicable, include any accrued interest.

Loans, receivables and lease financing agreements

The fair value of loans, receivables and lease financing transactions for large corporates is calculated, in the absence of an actively-traded market for these loans, by discounting future cash flows to present value based on the market rates 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, mainly comprised of individuals and small- or medium-sized companies, is determined, in the absence of an actively-traded market for these loans, by discounting the associated future cash flows to present value at the market rates in force on the balance sheet date for each type of loan and each maturity.

For all floating-rate loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity of less than one year, fair value is taken to be the same as book value.

Financial guarantees issued

Given the nature of the financial guarantees issued by Société Générale Group, fair value is taken to be the same as book value.

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 category of financial instrument and according to one of the following methods:

- share of restated net asset value held;
- valuation based on a recent transaction involving the company (third-party buying into the company's capital, appraisal by professional valuer, etc.);
- valuation based on a recent transaction in the same sector as the company (income multiple, asset multiples, etc.).

For unlisted securities in which the Group has significant holdings, valuations based on the above methods are checked against a discounted future cash flow valuation based on business plans or the valuation multiples of similar companies.

Debt (fixed-income) instruments held in portfolio, issues of structured securities measured at fair value and financial derivatives

The fair value of these financial instruments is determined based on the quoted price on the balance sheet date or prices provided by brokers on the same date, where possible. For unlisted financial instruments, fair value is determined using valuation techniques (in-house valuation models) as described in note 1 "Significant accounting principles".

Customer deposits

The fair value of retail customer deposits, mainly comprised of individuals and small- or medium-sized companies, in the absence of an actively-traded market for these liabilities, is taken to be the same as the value of future cash flows discounted to present value at the market rates prevailing on the balance sheet date.

For floating-rate deposits, demand deposits and borrowings with an initial maturity of less than one year, fair value is taken to be the same as book value.

Other debt and subordinated debt

For listed financial instruments, fair value is taken as their 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.

Note 4

Managing the risks linked to financial instruments

Risk management is an integral part of Société Générale's corporate culture. Its main purpose is to contribute to the Group's development by optimizing its overall risk-adjusted return.

This note describes the main risks linked to financial instruments and the way in which they are managed by the Group.

The main risks incurred on banking activities are the following:

- credit risks: risk of loss arising from a counterparty's inability to meet its financial commitments;
- market risks: risk of loss resulting from changes in market prices and interest rates, in the correlation between these elements and in their volatility;
- structural risks: risk of loss or of residual depreciation in the bank's balance sheet arising from variations in interest or exchange rates;
- liquidity risk: risk of the Group not being able to meet its commitments at their maturities.

Organization, procedures and methods

Risks are inherent to all banking activities and must therefore be taken into account from the inception of a transaction through to its completion. As such, responsibility for risk management lies first with the operating divisions.

In accordance with current regulations, Société Générale's Risk Division is an independent division. It reports directly to the Group's General Management and its role is to contribute to the development and profitability of the Group by ensuring that the risk management framework in place is both sound and effective.

The Risk Division ensures a consistent approach to risk assessment and management applied on a group wide basis.

The division employs risk modeling teams, information system project managers, industry experts and economic research teams, and is responsible for:

- defining and validating the methods used to analyze, assess, approve and monitor risks;
- the critical review of sales strategies for high-risk areas;
- contributing to the independent assessment of credit risks by commenting on transactions proposed by sales managers and monitoring them from start to finish;
- identifying all Group risks and monitoring the adequacy and consistency of risk management information systems.

A systematic review of the bank's key risk management issues is carried out during the monthly Risk Committee meetings, which bring together the members of the Executive Committee and Risk Division managers.

This Committee meets to review all core strategic issues: risk-taking policies, measuring methods, material and human resources, analyses of portfolios and the cost of risk, market and credit concentration limits and crisis management.

All new products and activities or products under development must be submitted to the New Product Committee of the relevant division. This New Product Committee aims to ensure that, prior to the launch of a new activity or product, all associated risks are fully understood, measured, approved and subjected to adequate procedures and controls, using the appropriate information systems and processing chains.

Credit risks

RISK-TAKING – GENERAL PRINCIPLES

Approval of a credit risk must be based on sound knowledge of the customer, the Group's risk strategy, the purpose, nature and structure of the transaction and the sources of repayment. It assumes that the return on the transaction will sufficiently reflect the risk of loss in the event of default.

The risk approval process is based on five core principles:

- all transactions giving rise to a counterparty risk (debtor risk, non-settlement or non-delivery risk, issuer risk) must be authorized in advance;
- all requests for authorizations relating to a specific client or client group must be handled centrally by a single operating division. The centralizing division is designated on a case-by-case basis in order to ensure a consistent approach to risk management and the permanent control of the Group's potential exposure to major clients;
- systematic recourse to internal risk ratings upstream of all credit decisions. These ratings are provided by the Operating divisions and validated by the risk function: they are included in all loan applications and are to be factored in for all decisions regarding the issue of a loan;
- responsibility for analyzing and approving risk is delegated to the most appropriate section of the business lines or credit risk units;
- risk assessment departments are fully independent at each decision-making level.

The Risk Division has a specialized department for financial institutions, which aims to increase the Group's expertise in this client segment by centralizing the analysis of the quality of the Group's counterparties and the approval of exposure limits allocated to all locations and business lines within two teams in Paris and New York.

The definition of country risk limits is intended to assign an appropriate exposure limit to each emerging market, on the basis of the risk incurred and the expected return on transactions in each country. The allocation of limits is subject to final approval by the Group's General Management and is based on a process that takes due account of those business lines exposed to risk and the Risk Division.

The Group also has specific procedures to manage any credit crises that may arise with respect to a counterparty, industry, country or region.

RISK MEASUREMENT AND INTERNAL RATINGS

In order to provide the credit function the necessary tools for deciding on, structuring and pricing transactions, Société Générale Group undertook to create internal models for quantitative risk measurement and risk-adjusted return on capital in the middle of the 1990s.

These models, some of which were rolled out as of 1998, have since been adapted in order to comply with new regulatory documents. Today, they cover almost all of the Group's credit portfolio (retail and corporate banking).

The Group's rating system is based on three fundamental pillars:

- the internal rating models used by both the sales function, which proposes the ratings, and the risk function which validates them. These models are used to quantify the following risks:
  - counterparty risk (expressed as a probability of default by the borrower within one year),
  - transaction risk (expressed as the amount that will be lost should a borrower default);
- a body of procedures which regroups banking principles and the rules for using the models (scope, frequency of rating revision, procedure for approving ratings, etc.);
- the human judgment of those involved in the ratings process who apply the models in compliance with the relevant banking principles and whose expertise is invaluable in drawing up the final ratings.

Since 2000, the Group has progressively developed its credit risk management policy, with ratings now forming an integral part of its day-to-day operational processes.

CREDIT RISK EXPOSURE

The table below outlines the credit risk exposure of the Group's financial assets before any bilateral netting agreements and collateral (notably any cash, financial or non-financial assets received as collateral and any guarantees received from corporates).

(in millions of euros)	January 1, 2005*	December 31, 2005*	December 31, 2006
Financial assets at fair value through profit and loss (excluding variable income securities)	221,204	313,973	337,193
Derivative hedging instruments	2,817	3,742	3,668
Available-for-sale financial assets (excluding variable income securities)	57,897	63,962	67,042
Due from banks	53,337	53,451	68,157
Customer loans	198,891	227,195	263,547
Lease financing and similar agreements	20,633	22,363	25,027
Held-to-maturity financial assets	2,230	1,940	1,459
Exposure to balance sheet commitments, net of depreciation	**557,009**	**686,626**	**766,093**
Loan commitments granted	107,231	149,350	167,299
Guarantee commitments granted	46,629	59,880	98,808
Provisions for commitments granted and endorsements	(242)	(183)	(128)
Exposure to off-balance sheet commitments, net of depreciation	**153,618**	**209,047**	**265,979**
Total net exposure	**710,627**	**895,673**	**1,032,072**

** Amounts restated with respect to the financial statements published.*

HEDGING CREDIT RISK

Minimizing risk is an integral part of the sales process, with hedges made as and when loans are issued and then in accordance with the life of a loan from the moment it is approved up until its final end payment.

- **Guarantees and collateral**

Guarantees or collateral are used by the bank to partially or fully protect against the risk of debtor insolvency (e.g. mortgage or cover through Crédit Logement for mortgage loans granted to individuals). Guarantor ratings are reviewed internally at least once a year and collateral is subject to revaluation at least once every twelve months.

- **Credit derivatives**

The Group uses credit derivatives in the management of its corporate loan portfolios (for which positions are almost exclusively buy positions). They not only serve to reduce individual, sector or geographic exposure but also allow for dynamic risk and capital management.

At December 31, 2006, the nominal value of credit derivatives stood at EUR 26.4 billion: EUR 15.6 billion in Credit Default Swaps (CDS) and EUR 10.8 billion in Collateralized Debt Obligations (CDO) with an average residual maturity of 4.5 years versus a nominal value of EUR 8.5 billion with an average residual maturity of 3.9 years on December 31, 2005.

Credit derivatives are also used in trading activities (both buy and sell positions). The nominal positions within these portfolios cannot be used to assess the level of risk, which is why they are subject to VaR measurement.

In accordance with IAS 39, all credit derivatives regardless of their purpose shall be recognized at fair value through profit and loss and cannot be booked as hedging instruments.

- **Master netting agreements**

In order to reduce its credit risk exposure, Société Générale Group has signed a number of master netting agreements with various counterparties (ISDA contracts governing financial derivatives transactions). In the majority of cases, these agreements do not result in any netting of assets or liabilities on the books, but the credit risk attached to the financial assets covered by a master netting agreement is reduced insofar as, in the event of a default, the amounts due are settled on the basis of their net value.

- **Depreciation**

Decisions to book individual provisions on certain counterparties are taken where there is objective evidence of impairment. The amount of the depreciation depends on the probability of recovering the sums due. Depreciation is then booked based on the financial position of the counterparty, its economic prospects and the guarantees called up or which may be called up.

In collaboration with the other division heads, the Risk Division draws up standard portfolio-based provisions which are reviewed each quarter. The aim of these provisions is to factor in any credit risks incurred on other similar portfolio segments before any depreciation at an individual level.

Market risks linked to trading activities

The Group's market risk management structures are continually adjusted to harmonize existing procedures and ensure that the risk management teams remain independent from the operating divisions.

Although the front-office managers naturally assume primary responsibility for managing risks exposure, its global management lies with an independent structure: the Market Risk unit of the Risk Division. This unit carries out the following functions:

- daily analysis (independently from the front office) of the exposure and risks incurred by the Group's market activities and comparison of said exposure and risks with the limits set;
- definition of the risk-measurement methods and control procedures, approval of the valuation methods used to calculate risks and results and definition of the provisions for market risks (reserves and adjustments to earnings);
- development of the databases and systems used to assess market risks;
- approval of the limit applications submitted by the operating divisions, within the global authorization limits set by the General Management, and monitoring of their use;
- centralization, consolidation and reporting of the Group's market risks.

At the proposal of this department, the Group's Risk Committee sets the levels of authorized risk by type of activity and takes the main decisions concerning Group risk management. Within each entity that incurs market risk, risk managers are designated to implement the first level of risk control. The main tasks of these managers, who are independent of the front offices, include:

- the ongoing analysis of exposure and results, in collaboration with the front offices;
- the verification of the market parameters used to calculate risks and results;
- the daily calculation of market risks, based on a formal and secure procedure;
- the daily monitoring of the limits set for each activity, and constant control that appropriate limits have been set for each activity.

In the major trading rooms in France and abroad, these specialized market risk managers report directly to the Risk Division.

METHODS OF MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

Société Générale Group's market risk assessment is based on three main indicators, which are used to define exposure limits:

- the 99% "Value at Risk" (VaR) method: compliant with the regulatory model, this composite indicator is used for the day-to-day monitoring of the market risks incurred by the bank, in particular as regards the regulatory scope of its trading activities. The method used is the "historical simulation" method, which implicitly takes into account the correlation between different markets;
- a stress-test measurement, based on a decennial shock-type indicator. Stress-test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary limits (sensitivity, nominal, concentration or holding period, etc.), which ensure coherency between the total risk limits and the operational limits used by the front office. These limits also enable the control of risks that are only partially detected by VaR or stress-test measurements.

BREAKDOWN OF TRADING VaR BY TYPE OF RISK – CHANGE BETWEEN 2005 AND 2006

(in millions of euros)	Year-end		Average		Minimum		Maximum	
1-day, 99%	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Equity price risk	(25)	(10)	(21)	(11)	(7)	(4)	(38)	(21)
Interest rate risk	(9)	(16)	(15)	(17)	(9)	(11)	(20)	(25)
Credit risk	(18)	(13)	(14)	(12)	(9)	(8)	(24)	(16)
Exchange rate risk	(3)	(1)	(2)	(1)	(1)	(1)	(5)	(4)
Commodity price risk	(2)	(2)	(2)	(2)	(1)	(1)	(5)	(5)
Compensation effect	35	23	29	24	NM*	NM*	NM*	NM*
Total	**(22)**	**(19)**	**(25)**	**(19)**	**(11)**	**(12)**	**(44)**	**(32)**

* *Compensation is not material since the potential minimum and maximum losses do not occur on the same date.*

Compensation is defined as the difference between the total VaR and the sum of the VaR by type of risk. It reflects the extent of elimination between the different type of risks (interest rate, equity, foreign exchange, commodities).

- **Method used to calculate VaR**

This method was introduced at the end of 1996 and it is constantly improved with the addition of new risk factors and the extension of the scope covered by the VaR. Today, the market risks on almost all investment banking activities are monitored using the VaR method, in particular those relating to more complex activities and products, as well as certain overseas retail banking and private banking activities.

The method used is the "historical simulation" method, which is based on the following principles:

- the creation of a database containing risk factors which are representative of Société Générale's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). The VaR is calculated using a database of several thousand risk factors;
- the definition of 250 scenarios, corresponding to one-day variations in these market parameters over a sliding one-year period;
- the application of these 250 scenarios to the market parameters of the day;
- the revaluation of daily positions, on the basis of the adjusted daily market parameters and on the basis of a revaluation taking into account the new linearity of these positions.

The 99% Value at Risk is the biggest loss that would be incurred after eliminating the top 1% of most unfavorable occurrences. Over one year, or 250 scenarios, it corresponds to the average of the second and third largest losses observed.

- **Limitations of the VaR assessment**

The VaR assessment is based on a certain number of assumptions and approximations:

- the standard VaR assumptions such as the use of "1 day" shocks, the 99% confidence interval or the fact that intra-day fluctuations are not taken into account;
- certain approximations such as the use of benchmark indexes instead of certain risk factors and the non-integration of all of the risk factors linked to a given activity which can be due to daily data not always being available.

The Group controls the limitations therein by:

- systematically assessing the relevance of the model by back-testing to verify that the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval, which has been the case at Group level since the VaR system was introduced;
- complementing the VaR system with stress-test measurements.

Moreover, work is constantly carried out on the internal model to improve its quality.

Structural interest rate and exchange rate risks

The application of regulations 1997-02, 2001-01 and 2004-02 of the French Banking and Financial Regulation Committee on internal control provided Société Générale Group with the opportunity to formally define the principles for monitoring the Group's exposure to interest rate and exchange rate risks which had been in force for several years.

Structural interest rate and exchange rate risks are incurred in commercial and proprietary activities (transactions involving shareholders' equity, investments, bond issues).

The general principle is to concentrate interest rate and exchange rate risks within capital market activities, where they are monitored and controlled using the methods described above for market risks, and to reduce structural interest rate and exchange rate risks as much as possible.

Wherever possible, commercial transactions are hedged against interest rate and exchange rate risks, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within a treasury department).

Interest rate and exchange rate risks on proprietary transactions must also be hedged as far as possible.

Consequently, structural interest rate and exchange rate risks are only borne on the residual positions remaining after this hedging.

ORGANIZATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The principles and standards for managing these risks are defined at Group level. The operating entities assume primary responsibility for the management of their risk exposure, while the Group's Asset and Liability Management Department (ALM Department) carries out a second level of control on the management of these risks performed by the entities.

- The Group's Finance Committee, chaired by the General Management and composed of members of the Executive Committee and Finance Department:
  - validates the basic principles for the organization and management of the Group's structural risks;
  - sets the limits for each operating entity;
  - examines the reports on these risks provided by the ALM Department;
  - validates the transformation policy of the French Networks;
  - validates the hedging programs implemented by Société Générale Métropole.
- The ALM Department, which is part of the Group Finance Department:
  - defines the standards for the management of structural risks (organization, monitoring methods);
  - validates the models used by the entities;
  - informs the entities of their respective limits;
  - centralizes, consolidates and reports on structural risk exposure, and carries out second level controls (independently of the operating divisions supervising the entities).
- The operating entities are responsible for controlling structural risks.

The operating entities are required to follow the standards defined at Group level for the management of risk exposure, but also develop their own models, measure their exposure and implement the required hedges.

Each entity has its own structural risk manager, attached to the entity Finance Department, who is responsible for conducting first level controls and for reporting the entity's structural risk exposure to the Group ALM Department via a shared IT system.

Retail banking entities both in France and abroad generally have an ad-hoc ALM Committee which validates the maturities of non-contractual commitments (sight deposits, etc.) and therefore determines the corresponding transformation strategy, reviews structural interest and exchange rate positions and validates the associated hedging programs in accordance with Group standards.

STRUCTURAL INTEREST RATE RISKS

Structural interest rate risk arises from residual gaps (surplus or deficit) in each entity's fixed-rate positions with future maturities.

- **Objective of the Group**

The Group's principal aim is to reduce each entity's exposure to interest rate risk as much as possible once the transformation policy has been decided.

For this, any residual structural interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. Said sensitivity defines the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficits on assets and liabilities) for a 1% parallel shift in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit for the overall Group is EUR 500 million (which equates to less than 1.7% of shareholders' equity).

- **Measurement and monitoring of structural interest rate risks**

In order to quantify its exposure to structural interest rate risks, the Group analyzes all fixed-rate assets and liabilities with future maturities to identify any gaps. These positions come from operations remunerated or charged at fixed rates and from their maturities.

Assets and liabilities are generally analyzed independently, without any a priori matching. Maturities on outstanding positions are determined on the basis of the contractual terms governing transactions, models of historical client behavior patterns (special savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and sight deposits). Options exposure is analyzed through its delta equivalent.

Once the Group has identified the gaps in its fixed rate positions (surplus or deficit), it calculates their sensitivity (as defined above) to variations in interest rates. This sensitivity is defined as the variation in the net present value of fixed-rate positions corresponding to an immediate parallel increase of 1% in the yield curve.

In addition to this analysis, analyses are also performed on scenarios of potential variations in net interest income, which factor in assumptions as to how assets and liabilities are likely to evolve in the future.

Throughout 2006, the Group's global sensitivity to interest rate risk remained below 1% of Group shareholders' equity and well within the EUR 500 million limit.

The following observations can be made with regard to the business lines' structural interest rate risk:

- within the domestic retail banking division, outstanding customer deposits, generally considered to be fixed-rate funds, exceed fixed-rate loans for maturities over 2 years. Indeed, thanks to macro-hedging essentially using interest rate swaps or caps, the French Networks' sensitivity to interest rate risk (on the basis of the adopted assumptions) has been kept to a minimum. At end-December 2006, the sensitivity of French networks (Société Générale and Crédit du Nord) based on their assets and liabilities denominated in euros stood at less than EUR 100 million;
- transactions with large corporate are match-funded (on an individual basis), and therefore present no interest rate risk;
- transactions with clients of the Specialized Financial Services subsidiaries are generally macro-hedged and therefore present only a small residual risk;
- client transactions at subsidiaries and branches located in countries with weak currencies can generate limited structural interest rate risk. Indeed, due to the lack of long-term fixed-rate loans, investment possibilities and hedging instruments such as swaps in these countries, the entities in question may have difficulty investing their excess deposits over a sufficiently long horizon;
- proprietary transactions are generally well hedged. Residual positions are limited and arise primarily from shareholders' equity that has not yet been fully reinvested with the desired maturities.

STRUCTURAL EXCHANGE RATE RISKS

Structural exchange rate risks essentially arise from:

- foreign-currency denominated capital contributions and equity investments financed through the purchase of foreign currencies;
- retained earnings in foreign subsidiaries;
- investments made for regulatory reasons by some subsidiaries in a currency other than that used for their equity funding.

- **Objective of the Group**

The Group's policy is to immunize its solvency ratio against fluctuations in strong currencies (USD, CZK, GBP, JPY, etc.). To do this, it may decide to purchase currencies to finance very long-term foreign currency-denominated investments, thus creating foreign exchange structural positions. Any valuation differences on these structural positions are subsequently booked as translation differences.

In the case of other currencies, the Group's policy is to reduce its structural foreign exchange positions as much as possible.

- **Measurement and monitoring of structural exchange rate risks**

The Group quantifies its exposure to structural exchange rate risk by analyzing all assets and liabilities denominated in foreign currencies, arising from commercial and proprietary transactions.

As commercial transactions are hedged against exchange rate risk, the Group's residual exposure results primarily from proprietary transactions.

The Group's Asset and Liability Management Department monitors structural exchange rate positions and the currency sensitivity of the solvency ratio.

In 2006, the Group successfully neutralized the sensitivity of its solvency ratio to fluctuations in strong currencies using structural positions in these currencies. Moreover, its positions in other currencies remained limited.

Hedging interest rate and exchange rate risk

In order to hedge certain market risks inherent to Société Générale'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 variations in long interest rates (essentially loans/borrowings, securities issues and fixed-rate 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 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 HEDGE

Cash flow hedges on interest rates are used to hedge against the risk that the future cash flow of a floating rate financial instrument fluctuates in line with market interest rates.

The aim of these hedges is to protect against unfavorable changes in future cash flow that are liable to impact on the income statement.

Société Générale'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 the way in which management styles evolve.

The effectiveness of the hedge is assessed using the hypothetical derivative method which consists in creating a hypothetical derivative which bears exactly the same characteristics as the instrument being hedged (in notional terms, in terms of the date on which the rates are reset, in terms of the rates themselves, etc.) but which works in the opposite way and whose fair value is nil when the hedge is set up, then comparing the expected changes in the fair value of the hypothetical derivative with those of the hedge instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge. Here, only any "over-hedging" is deemed ineffective.

The following table specifies the amount of cash flow that is subject to a cash flow hedge relationship (broken down by provisional due date) and the amount of highly probable forecast transactions hedged.

At December 31, 2006

(in millions of euros) **Remaining term**	**Up to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Floating cash flow hedged	183	205	692	274	1,354
Highly probable forecast transactions	240	312	28	3	583
Total	**423**	**517**	**720**	**277**	**1,937**

At December 31, 2005

(in millions of euros) **Remaining term**	**Up to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Floating cash flow hedged	67	29	130	336	562
Highly probable forecast transactions	134	127	24	3	288
Total	**201**	**156**	**154**	**339**	**850**

HEDGING OF A NET INVESTMENT IN A FOREIGN OPERATION

The purpose of a hedge on a net investment in a foreign operation 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.

Liquidity risk

Liquidity risk management covers all areas of Société Générale's business, from market transactions to structural transactions (commercial or proprietary transactions).

The Group manages this exposure using a specific system designed to manage liquidity risk both under normal day-to-day conditions and in the event of a potential liquidity crisis.

ORGANIZATION OF THE MANAGEMENT OF LIQUIDITY RISK

The principles and standards applicable to the management of liquidity risks are defined at Group level. The operating entities are responsible for managing their own liquidity and for respecting applicable regulatory constraints, while the ALM Department manages liquidity for the overall Group, in conjunction with the Treasury Department of the Corporate Banking Division.

- The Group's Finance Committee, chaired by the General Management and composed of members of the Executive Committee and Finance Department:
  - validates the basic principles for the organization and management of the Group's liquidity risk;
  - examines the reports on liquidity risk provided by the ALM Department;
  - reviews the liquidity crisis scenarios;
  - validates the Group's financing programs.
- The ALM Department, which is part of the Group Finance Department:
  - defines the standards for the management of liquidity risk;
  - validates the models used by the entities;
  - centralizes, consolidates and reports on liquidity risk exposure, and carries out second level controls (independently of the operating divisions supervising the entities);
  - constructs liquidity crisis scenarios;
  - defines the Group's financing programs.
- The Treasury Department of the Corporate Banking Division is responsible for managing short-term liquidity (less than one year).
- The operating entities are responsible for managing their own liquidity risk.

They apply the standards defined at Group level, develop models, measure their liquidity positions and finance their activities or reinvest surplus liquidity via the treasury departments (subject to regulatory and fiscal constraints).

The entities submit reports on their liquidity risk to the Group via a shared IT system.

OBJECTIVE OF THE GROUP

The Group's objective is to finance its activities at the best possible rates under normal conditions and to ensure it can meet its obligations in the event of a crisis.

The main principles of the Group's liquidity management are as follows:

- as far as possible, central management of liquidity (mainly in Paris, New York, London, etc.);
- diversification of sources of funding, both in terms of geographical regions and sectors of activity;
- limitation of the number of issuers within the Group (Société Générale, SG Acceptance NV, SG North America, etc.);
- management of short-term liquidity in accordance with the regulatory framework.

MEASUREMENT AND MONITORING OF IIQUIDITY RISK

The Group's liquidity management system comprises two main processes:

- assessment of the Group's financing requirements on the basis of budget forecasts in order to plan appropriate funding solutions;
- analysis of liquidity risk exposure using liquidity crisis scenarios.

The risk analysis is conducted using reports submitted by the different entities, listing their respective on and off-balance sheet items according to currency of denomination and residual maturity. The principle retained enables assets and liabilities to be categorized in terms of maturity. Maturities on outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models of historical client behavior patterns (special savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and sight deposits).

In 2006, the Group continued to maintain a surplus of long-term liquidity. Indeed, through its retail banking activities, Société Générale has a large and diversified deposits base which serves as a permanent resource in financing its domestic activities and the customer loans of its Financial Services business abroad.

In order to cover its medium-term financing needs and manage its prudential ratios, Société Générale had recourse to senior and subordinated debt issues in 2006.

The regulatory one-month liquidity coefficient is calculated on a monthly basis, and concerns Société Générale Métropole (which comprises the Head Office in mainland France and all branches). In 2006, Société Générale systematically maintained a coefficient above the required regulatory minimum.

Note 5

Cash, due from central banks

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Cash	2,111	1,654	1,373
Due from central banks	7,247	4,532	3,831
Total	**9,358**	**6,186**	**5,204**

Note 6

Financial assets and liabilities at fair value through profit and loss

	December 31, 2006		December 31, 2005		January 1, 2005	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Trading portfolio						
Treasury notes and similar securities	38,422		40,881		31,835	
Bonds and other debt securities	88,807		80,590		43,066	
Shares and other equity securities(1)	96,104		70,154		42,123	
Other financial assets	81,823		65,004		24,624	
Sub-total trading assets	**305,156**		**256,629**		**141,648**	
o/w securities on loan	14,386		13,283		6,970	
Securitized debt payables		39,902		34,482		21,596
Amounts payable on borrowed securities		20,528		16,193		8,542
Bonds and other debt instruments sold short		38,752		41,342		24,772
Shares and other equity instruments sold short		15,219		4,229		5,150
Other financial liabilities		44,498		43,967		29,766
Sub-total trading liabilities		**158,899**		**140,213**		**89,826**
Interest rate instruments						
Firm instruments						
Swaps	45,128	48,495	51,683	54,792	66,750	66,604
FRA	120	114	147	144	248	213
Options						
Options on organized markets	158	100	912	98	494	1,201
OTC options	5,792	5,679	6,091	6,605	4,305	4,049
Caps, floors, collars	3,025	3,751	3,693	3,849	3,413	3,343
Foreign exchange instruments						
Firm instruments	*9,363*	*8,381*	*10,191*	*9,600*	*5,185*	*5,145*
Options	*1,504*	*822*	*2,979*	*2,218*	*3,002*	*2,394*
Equity and index instruments						
Firm instruments	*1,031*	*787*	*511*	*594*	*57*	*74*
Options	*25,873*	*33,222*	*22,373*	*29,395*	*13,488*	*16,605*
Commodity instruments						
Firm instruments-Futures	*10,196*	*10,043*	*6,030*	*6,032*	*4,343*	*4,307*
Options	*5,063*	*4,871*	*7,302*	*7,848*	*3,046*	*3,479*
Credit derivatives	5,829	5,888	1,792	1,843	980	1,010
Other forward financial instruments						
On organized markets	366	221	357	141	120	25
OTC	581	580	1,686	524	959	489
Sub-total trading derivatives	**114,029**	**122,954**	**115,747**	**123,683**	**106,390**	**108,938**
Sub-total trading portfolio	**419,185**	**281,853**	**372,376**	**263,896**	**248,038**	**198,764**
Financial assets measured using fair value option through P&L						
Treasury notes and similar securities	1,843		1,733		1,398	
Bonds and other debt securities	9,853		8,803		12,464	
Shares and other equity securities(1)	19,910		16,311		15,034	
Other financial assets	2,416		1,215		1,423	
Sub-total of financial assets measured using fair value option through P&L	**34,022**		**28,062**		**30,319**	
Sub-total of separate assets relating to employee benefits					**4**	
Sub-total of financial liabilities measured using fair value option through P&L		**16,840**		**11,131**		**9,478**
Total financial instruments measured at fair value through P&L	**453,207**	**298,693**	**400,438**	**275,027**	**278,361**	**208,242**
o/w valued by valuation techniques based on non-observable market data	**2,883**	**33,717**	**1,082**	**32,502**	**854**	**23,118**

(1) Including UCITS

Financial liabilities measured using fair value option through P&L

(in millions of euros)	December 31, 2006			December 31, 2005			January 1, 2005		
	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity
Total of financial liabilities measured using fair value option through P&L(2)	16,840	17,103	(263)	11,131	11,249	(118)	9,478	9,507	(29)

(2) Mainly indexed EMTNs whose refund value, regarding the index, is not fundamentally different from the fair value.
The variation in fair value attributable to the Group's own credit risk is not material over the period.

At December 31, 2005, total of financial assets and liabilities at fair value through profit or loss has been reduced by EUR 11,778 million on assets and EUR 11,755 million on liabilities. This reduction can be explained for EUR 9,577 million by the compensation of fair values on some interest rate swaps, and for EUR 4,302 million by the compensation of fair values on some index options. At January 1, 2005, total of financial assets and liabilities at fair value through profit or loss has been reduced by EUR 5,145 million on assets and EUR 5,110 million on liabilities.This reduction can be explained for EUR 5,509 million by the compensation of fair values on some index options.

Note 7

Hedging derivatives

	December 31, 2006		December 31, 2005		January 1, 2005	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
FAIR VALUE HEDGE						
Interest rate instruments:						
Firm instruments						
Swaps	2,468	2,323	2,555	1,804	2,076	3,036
Forward Rate Agreements (FRA)	-	-	-	1	-	1
Options						
Options on organized markets	-	-	-	-	15	-
OTC options	158	-	268	-	238	-
Caps, floors, collars	170	-	224	-	3	-
Foreign exchange instruments						
Firm instruments						
Currency financing swaps	96	42	163	75	90	79
Forward foreign exchange contracts	92	87	37	39	-	-
Equity and index instruments						
Equity and stock index options	*71*	*1*	*60*	*1*	*39*	*38*
CASH-FLOW HEDGE						
Interest rate instruments						
Firm instruments						
Swaps	611	371	432	225	356	262
Foreign exchange instruments						
Firm instruments						
Currency financing swaps	2	-	2	-	-	-
Forward foreign exchange contracts	-	2	1	8	-	-
Total	**3,668**	**2,826**	**3,742**	**2,153**	**2,817**	**3,416**

Note 8

Available-for-sale financial assets

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Current assets			
Treasury notes and similar securities	***11,517***	***10,018***	***9,340***
Listed	10,109	9,136	8,606
Unlisted [1]	1,145	692	546
Related receivables	288	214	188
Provisions for impairment	(25)	(24)	-
Bonds and other debt securities	***55,525***	***53,944***	***48,557***
Listed	50,573	48,550	45,010
Unlisted	4,197	4,629	2,822
Related receivables	763	823	798
Provisions for impairment	(8)	(58)	(73)
Shares and other equity securities [2]	***4,578***	***4,136***	***3,529***
Listed	3,256	2,711	2,148
Unlisted	1,390	1,471	1,473
Provisions for impairment	(69)	(46)	(92)
Related receivables	1	-	-
Sub-total	**71,620**	**68,098**	**61,426**
Long-term equity investments			
Listed	3,359	3,269	4,418
Unlisted	4,291	2,449	2,514
Provisions for impairment	(520)	(792)	(1,159)
Related receivables	4	4	3
Sub-total	**7,134**	**4,930**	**5,776**
Total available-for-sale financial assets	**78,754**	**73,028**	**67,202**
o/w securities on loan	32	4	3

(1) Unlisted Treasury note and similar securities have been adjusted for EUR 531 million at December 31, 2005, and for EUR 364 million at January 1, 2005.This adjustment is derived from the reclassification of one of the Group subsidiary securities portofolio in the “Financial assets at fair value through profit or loss” category.

(2) Including UCITS.

Changes in available-for-sale financial assets

(in millions of euros)	2006	2005
Balance at January 1	**73,028**	**67,202**
Acquisitions	168,571	133,936
Disposals/redemptions	(162,442)	(131,035)
Reclassification and change in scope	2,144	(1,332)
Gains and losses on changes in fair value	(830)	827
Change in impairment	50	(9)
Impairment losses	250	413
Change in related receivables	14	52
Translation differences	(2,031)	2,974
Balance at December 31	**78,754**	**73,028**

Note 9

Due from banks

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Deposits and loans			
Demand and overnights			
Current accounts	14,690	10,926	8,756
Overnight deposits and loans and others	2,780	570	612
Loans secured by overnight notes	11	14	9
Term			
Term deposits and loans(1)	18,809	17,682	12,563
Subordinated and participating loans	650	690	713
Loans secured by notes and securities	221	178	100
Related receivables	343	355	203
Gross amount	**37,504**	**30,415**	**22,956**
Depreciation			
- depreciation for individually impaired loans	(45)	(71)	(77)
- depreciation for groups of homogenous receivables	(161)	(115)	(97)
Revaluation of hedged items	(10)	-	12
Net amount (2)	**37,288**	**30,229**	**22,794**
Securities purchased under resale agreements	30,869	23,222	30,543
Total	**68,157**	**53,451**	**53,337**
Fair value of amounts due from banks	**68,151**	**53,659**	**53,456**

(1) At December 31, 2006, the amount of receivables with incurred credit risk is EUR 46 million compared with EUR 98 million at December 31, 2005.

(2) The entities acquired in 2006 have a total impact of EUR 2,018 million on amounts due from banks.

Note 10

Customer loans

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Customer loans			
Trade notes	12,224	11,431	8,325
Other customer loans (1) (2)			
- Short-term loans	64,406	54,765	46,336
- Export loans	4,429	3,796	3,166
- Equipment loans	45,956	40,795	34,829
- Housing loans	67,363	55,315	46,122
- Other loans	41,891	41,426	35,487
Sub-total	**224,045**	**196,097**	**165,940**
Overdrafts	15,808	13,923	12,078
Related receivables	1,495	1,204	918
Gross amount	**253,572**	**222,655**	**187,261**
Depreciation			
- depreciation for individually impaired loans	(6,197)	(6,275)	(6,433)
- depreciation for groups of homogenous receivables	(864)	(824)	(871)
Revaluation of hedged items	2	141	134
Net amount (3)	**246,513**	**215,697**	**180,091**
Loans secured by notes and securities	1,124	103	59
Securities purchased under resale agreements	15,910	11,395	18,741
Total amount of customer loans	**263,547**	**227,195**	**198,891**
Fair value of customer loans	**263,548**	**228,510**	**200,980**

(1) Breakdown of other customer loans by customer type :

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Non-financial customers			
- Corporate	100,704	88,478	76,967
- Individual Customers	87,645	72,384	59,203
- Local authorities	9,240	7,706	7,577
- Self-employed professionals	8,904	7,624	7,268
- Governments and central administrations	3,029	2,591	2,013
- Others	3,985	3,861	3,632
Financial customers	10,538	13,453	9,280
Total	**224,045**	**196,097**	**165,940**

(2) At December 31, 2006, the amount of receivables with incurred credit risk is EUR 9,888 million compared with EUR 9,981 million at December 31, 2005.

(3) Entities acquired in 2006 had a EUR 5,565 million impact on net customer loans.

Note 11

Lease financing and similar agreements

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Real estate lease financing agreements	6,177	5,881	5,783
Non-real estate lease financing agreements	18,998	16,600	14,879
Related receivables	86	88	164
Gross amount [1]	**25,261**	**22,569**	**20,826**
Depreciation for individually impaired loans	(235)	(231)	(219)
Revaluation of hedged items	1	25	26
Net amount	**25,027**	**22,363**	**20,633**
Fair value of receivables on lease financing and similar agreements	**24,863**	**22,433**	**20,655**

(1) At December 31, 2006, the amount of receivables with incurred credit risk is EUR 668 million compared with EUR 537 million at December 31, 2005.

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Gross investments	**27,851**	**24,205**	**22,905**
- less than one year	6,665	5,540	5,226
- 1-5 years	15,073	13,570	12,625
- more than five years	6,113	5,095	5,054
Present value of minimum payments receivable	**24,320**	**21,713**	**20,000**
- less than one year	5,977	5,021	4,612
- 1-5 years	13,002	12,484	11,477
- more than five years	5,341	4,208	3,911
Unearned financial income	**2,590**	**1,636**	**2,079**
Unguaranteed residual values receivable by the lessor	**941**	**856**	**826**

Note 12

Held-to-maturity financial assets

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Treasury notes and similar securities	**1,404**	**1,880**	**2,162**
Listed	1,377	1,831	1,964
Unlisted	-	7	149
Related receivables	27	42	49
Bonds and other debt securities	**55**	**60**	**68**
Listed	54	59	66
Related receivables	1	1	2
Total held-to-maturity financial assets	**1,459**	**1,940**	**2,230**
Fair value of held-to-maturity financial assets	**1,476**	**1,988**	**2,290**

Note 13

Tax assets and liabilities

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Current tax assets	863	770	553
Deferred tax assets	640	831	843
- o/w on balance sheet items	726	1,050	1,000
- o/w on items credited or charged to shareholders' equity for unrealized gains or losses	(86)	(219)	(157)
Total	**1,503**	**1,601**	**1,396**

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Current tax liabilities	1,497	1,325	793
Deferred tax liabilities	462	352	293
- o/w on balance sheet items	293	298	219
- o/w on items credited or charged to shareholders' equity for unrealized gains or losses	169	54	74
Total	**1,959**	**1,677**	**1,086**

Note 14

Other assets

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Guarantee deposits paid	11,482	10,582	6,522
Settlement accounts on securities transactions	3,537	2,206	1,817
Prepaid expenses	1,136	776	684
Miscellaneous receivables	18,498	17,691	21,987
Gross amount	**34,653**	**31,255**	**31,010**
Depreciation	(139)	(201)	(206)
Net amount	**34,514**	**31,054**	**30,804**

Note 15

Tangible and intangible fixed assets

(in millions of euros)	Gross book value at December 31, 2005	Acquisitions	Disposals	Changes in consolidation scope and reclassifica-tions[(1)]	Gross value at December 31, 2006	Accumulated depreciation and amortization of assets at December 31, 2005	Allocations to amortization in 2006	Impairment of assets 2006	Write-backs from amortization in 2006	Changes in consolidation scope and reclassifica-tions[(1)]	Net book value at December 31, 2006	Net book value at December 31, 2005	Net book value at January 1, 2005
Intangible assets													
Software, EDP development costs	1,014	108	(3)	76	1,195	(766)	(128)	-	3	(7)	297	248	268
Internally generated assets	984	20	-	179	1,183	(718)	(151)	-	-	6	320	266	218
Assets under development	297	194	(6)	(257)	228						228	297	242
Others	247	21	(1)	141	408	(86)	(11)	-	1	(28)	284	161	155
Sub-total	**2,542**	**343**	**(10)**	**139**	**3,014**	**(1,570)**	**(290)**	**-**	**4**	**(29)**	**1,129**	**972**	**883**
Operating tangible assets													
Land and buildings	3,118	53	(22)	32	3,181	(882)	(83)	-	6	(4)	2,218	2,236	2,178
Assets under development	157	201	(1)	(169)	188						188	157	172
Lease assets of specialised financing companies	7,540	3,696	(2,198)	28	9,066	(1,892)	(1,399)	(3)	1,015	2	6,789	5,648	4,414
Others	3,971	344	(118)	80	4,277	(2,842)	(349)	2	94	86	1,268	1,129	1,067
Sub-total	**14,786**	**4,294**	**(2,339)**	**(29)**	**16,712**	**(5,616)**	**(1,831)**	**(1)**	**1,115**	**84**	**10,463**	**9,170**	**7,831**
Investment property													
Land and buildings	371	151	(7)	57	572	(69)	(18)	-	3	(18)	470	302	241
Assets under development	15	1	-	(6)	10						10	15	15
Sub-total	**386**	**152**	**(7)**	**51**	**582**	**(69)**	**(18)**	**-**	**3**	**(18)**	**480**	**317**	**256**
Total tangible and intangible fixed assets	**17,714**	**4,789**	**(2,356)**	**161**	**20,308**	**(7,255)**	**(2,139)**	**(1)**	**1,122**	**37**	**12,072**	**10,459**	**8,970**

(1) Including translation differences arising from the conversion of financial statements denominated in foreign currencies: gross amount: EUR (5) million, amortization: EUR (4) million.

Leasing activities

(in millions of euros)	December 31, 2006	December 31, 2005
Breakdown of minimum payments receivable		
- due in less than one year	1,146	861
- due in 1-5 years	1,683	1,299
- due in more than five years	6	8
Total minimum future payments receivable	**2,835**	**2,168**

Note 16

Goodwill affected by business unit

	RETAIL BANKING AND FINANCIAL SERVICES			CORPORATE & INVESTMENT BANKING		GLOBAL INVESTMENT MANAGEMENT & SERVICES				
(in millions of euros)	French Networks	Retail Banking outside France	Financial Services	Corporate Banking and Fixed Income	Equity and Advisory	Asset Management	Private Banking	SGSS and Online Savings	CORPORATE CENTRE	GROUP TOTAL
Gross book value at January 1, 2005	53	983	423	-	50	464	263	50	-	2,286
Acquisitions and other increases	-	365	360	5	41	-	2	46	68	887
Disposals and other decreases	-	-	(8)	-	-	-	(2)	-	-	(10)
Change	-	41	4	-	6	66	4	-	-	121
Gross value at December 31, 2005	**53**	**1,389**	**779**	**5**	**97**	**530**	**267**	**96**	**68**	**3,284**
Acquisitions and other increases	-	936	82	15	-	-	-	523	225	1,781
Disposals and other decreases	-	(3)	(1)	-	(40)	-	-	(15)	-	(59)
Change	-	4	-	-	(8)	(52)	(6)	(1)	-	(63)
Gross value at December 31, 2006	**53**	**2,326**	**860**	**20**	**49**	**478**	**261**	**603**	**293**	**4,943**
Impairment of goodwill at January 1, 2005	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	(13)	-	-	-	(10)	(23)
Impairment of goodwill at December 31, 2005	**-**	**-**	**-**	**-**	**(13)**	**-**	**-**	**-**	**(10)**	**(23)**
Impairment losses	-	-	-	-	13	-	-	-	(18)	(5)
Impairment of goodwill at December 31, 2006	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(28)**	**(28)**
Net goodwill at January 1, 2005	53	983	423	-	50	464	263	50	-	2,286
Net goodwill at December 31, 2005	53	1,389	779	5	84	530	267	96	58	3,261
Net goodwill at December 31, 2006	**53**	**2,326**	**860**	**20**	**49**	**478**	**261**	**603**	**265**	**4,915**

Cash-generating units (CGU) are the most accurate measurement units used by management to measure return on investment in a particular activity. The Group divides its activities into 14 cash-generating units, which is consistent with the management of the Group by core business lines. The recoverable value of a cash-generating unit is calculated by the most appropriate method, notably by discounting cash flows by cash-generating unit rather than by individual legal entity. The discount rates used are derived from recent analyses of the Group's business lines and cash flows are projected over the same horizon as the budgets and strategic plans approved by the management.

In compliance with IAS 36 "Impairment of assets", the Group implemented impairment tests on goodwill at December 31, 2006.

As of December 31, 2006, the Group retained the following Cash Generating Units (CGU):

CGU	BUSINESS UNIT
Retail Banking outside France - European Union and Pre-European Union	Retail Banking outside France
Other Retail Banking outside France	Retail Banking outside France
Crédit du Nord	French Networks
Société Générale network	French Networks
Insurance Financial Services	Financial Services
Individual Financial Services	Financial Services
Company Financial Services	Financial Services
Car renting Financial Services	Financial Services
Alternative Distribution Models	Financial Services
Equity and Advisory	Equity and Advisory
Corporate Banking and Fixed Income	Corporate Banking and Fixed Income
SGSS and Online Savings	SGSS and Online Savings
Asset Management	Asset Management
Private Banking	Private Banking

Breakdown of main sources of goodwill by CGU (in millions of euros)

Entities	Goodwill (net book value at Dec. 31, 2006)	Allocation (CGU)
Komercni Banka	918	Retail Banking outside France – European Union and Pre-European Union
HVB splitska Banka	747	Retail Banking outside France – European Union and Pre-European Union
TCW Group Inc	440	Asset management
2S Banka	395	SGSS and Online Savings
MIBank	371 (1)	Other Retail Banking outside France
SG Private Banking (Suisse) SA	174	Private Banking
Eurobank	170	Individual Financial Services
Gefa Bank	155	Company Financial Services
Boursorama	154	SGSS and Online Savings
Hanseatic Bank	131	Individual Financial Services

(1) Amount carried out from EUR 352 million to EUR 371 million after fair value adjustment process.

As indicated in the table of changes in shareholders' equity and in note 1, transactions which relate to minority interests are now treated for accounting purposes as shareholders' equity transactions. This change in accounting method has led to the retroactive adjustment of goodwill under shareholders' equity attributable to equity holders of the parent in the amount of EUR 585 million at January 1, 2005 and EUR 974 million at December 31, 2005.

Note 17

Due to banks

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Demand and overnight deposits			
Demand deposits and current accounts	11,001	8,579	7,519
Overnight deposits and borrowings and others	21,972	17,364	11,673
Sub-total	**32,973**	**25,943**	**19,192**
Term deposits			
Term deposits and borrowings	82,937	76,605	47,837
Borrowings secured by notes and securities	686	405	144
Sub-total	**83,623**	**77,010**	**47,981**
Related payables	751	479	319
Revaluation of hedged items	(11)	(15)	(1)
Securities sold under repurchase agreements	12,499	9,790	12,268
Total (1)	**129,835**	**113,207**	**79,759**
Fair value of amounts due to banks	**129,675**	**113,116**	**79,108**

(1) Entities acquired in 2006 had a EUR 2,716 million impact on amounts due to banks.

Note 18

Customer deposits

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Regulated savings accounts			
Demand	29,423	27,405	25,188
Term	20,128	21,186	21,471
Sub-total	**49,551**	**48,591**	**46,659**
Other demand deposits			
Businesses and sole proprietors	42,093	34,804	29,190
Individual customers	32,588	30,033	26,042
Financial customers	29,087	13,001	12,451
Others	12,218	11,901	6,875
Sub-total	**115,986**	**89,739**	**74,558**
Other term deposits			
Businesses and sole proprietors	24,753	24,064	18,536
Individual customers	17,272	14,626	12,067
Financial customers	15,872	19,451	17,279
Others	15,827	9,016	3,848
Sub-total	**73,724**	**67,157**	**51,730**
Related payables	1,144	1,040	940
Revaluation of hedged items	11	107	23
Total customer deposits (1)	**240,416**	**206,634**	**173,910**
Borrowings secured by notes and securities	196	226	1,626
Securities sold to customers under repurchase agreements	26,785	15,684	17,327
Total	**267,397**	**222,544**	**192,863**
Fair value of customer deposits	**267,411**	**222,582**	**192,911**

(1) Entities acquired since December 31, 2005 accounted for EUR 6,547 million in customer deposits.

Note 19

Securitized debt payables

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Term savings certificates	2,715	2,351	2,039
Bond borrowings	4,611	2,603	1,928
Interbank certificates and negotiable debt instruments	92,126	78,785	64,571
Related payables	966	767	509
Sub-total	**100,418**	**84,506**	**69,047**
Revaluation of hedged items	(46)	(181)	(217)
Total	**100,372**	**84,325**	**68,830**
o/w floating rate securities	14,997	20,720	16,565
Fair value of securitized debt payables	**100,341**	**83,357**	**68,643**

Note 20

Other liabilities

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Guarantee deposits received	13,389	12,279	10,233
Settlement accounts on securities transactions	3,914	3,208	1,487
Other securities transactions	36	35	96
Accrued social charges	3,071	2,448	1,836
Deferred income	1,928	1,654	1,884
Miscellaneous payables	16,988	13,404	14,648
Total	**39,326**	**33,028**	**30,184**

Note 21

PEL/CEL mortgage saving accounts

Outstanding deposits in PEL/CEL accounts

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
PEL accounts			
less than 4 years old	1,227	5,938	5,184
between 4 and 10 years old	7,024	2,084	2,183
more than 10 years old	7,025	9,666	10,877
Sub-total	**15,276**	**17,688**	**18,244**
CEL accounts	2,334	2,351	2,356
Total	**17,610**	**20,039**	**20,600**

Outstanding housing loans granted with respect to PEL/CEL accounts

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
less than 4 years old	201	292	432
between 4 and 10 years old	235	319	389
more than 10 years old	83	67	74
Total	**519**	**678**	**895**

Provisions for commitments linked to PEL/CEL accounts

(in millions of euros)	January 1, 2005	Allocations	Reversals	December 31, 2005	Allocations	Reversals	December 31, 2006
PEL accounts							
less than 4 years old	12	8	12	8	6	7	7
between 4 and 10 years old	-	-	-	-	17	17	-
more than 10 years old	261	83	74	270	-	176	94
Sub-total	**273**	**91**	**86**	**278**	**23**	**200**	**101**
CEL accounts	1	41	1	41	-	6	35
Total	**274**	**132**	**87**	**319**	**23**	**206**	**136**

The Plans d'Epargne Logement (PEL or housing savings plans) imply two types of commitment for the Group that have the negative effect of generating a PEL/CEL provision: a commitment to lend at an interest rate which is fixed at the start of the agreement and a commitment to remunerate the savings at an interest rate which is also fixed at the portfolio. As a result, it is primarily the obligation to remunerate savings at a fixed rate on older generations of PEL plans (PELs of over 10 years which have higher remuneration rates than current market rates) which triggers the PEL/CEL provision.

As interest rates rose over 2006, the obligation to remunerate savings at a fixed rate is less risky for Société Générale Group and therefore means a reduction in the provision. Provisioning for outstanding household savings amounted to 0.77% of total outstandings at December 31, 2006.

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 periods of between 10 and 15 years. The values of these parameters can be adjusted if any changes are subsequently made to regulations that might undermine the effectiveness of past data as an indicator of future customer behavior.

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these elements for the period concerned, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps vs. Euribor yield curve at the date of valuation, averaged over a 12-month period.

Note 22

Provisions and depreciation

Asset depreciations

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Banks	45	71	77
Customer loans	6,197	6,275	6,433
Lease financing and similar agreements	235	231	219
Groups of homogenous receivables	1,025	939	967
Available-for-sale assets	622	920	1,325
Others	248	303	289
Total	**8,372**	**8,739**	**9,310**

The change in assets' depreciations can be analysed as follows:

(in millions of euros)	Assets depreciations at December 31, 2005	Impairment losses	Reversals available	Net impairment losses	Reversals used	Currency and scope effects	Assets depreciations at December 31, 2006
Banks	71	1	(8)	(7)	(8)	(11)	45
Customer loans	6,275	2,018	(1,405)	613	(660)	(31)	6,197
Lease financing and similar agreements	231	114	(81)	33	(30)	1	235
Groups of homogenous receivables	939	238	(132)	106	-	(20)	1,025
Available-for-sale assets [(1)]	920	46	(389)	(343)	-	45	622
Others [(1)]	303	106	(107)	(1)	(51)	(3)	248
Total	**8,739**	**2,523**	**(2,122)**	**401**	**(749)**	**(19)**	**8,372**

(1) Including a EUR (23) million net allocation for identified risks.

Provisions

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Provisions for off-balance sheet commitments to banks	-	10	14
Provisions for off-balance sheet commitments to customers	128	173	228
Provisions for employee benefits	1,172	1,251	1,218
Provisions for tax adjustments	497	512	434
Provisions for other risks and commitments	782	1,091	1,047
Total	**2,579**	**3,037**	**2,941**

The change in provisions can be analysed as follows:

(in millions of euros)	Provisions at December 31, 2005	Allocations	Write-backs available	Net allocation	Write-backs used	Effect of discounting	Currency and scope effects	Provisions at December 31, 2006
Provisions for off-balance sheet commitments to banks	10	-	(2)	**(2)**	-	-	(8)	-
Provisions for off-balance sheet commitments to customers	173	64	(103)	**(39)**	-	-	(6)	128
Provisions for employee benefits	1,251	254	(317)	**(63)**	-	-	(16)	1,172
Provisions for tax adjustments	512	210	(66)	**144**	(29)	3	(133)	497
Provisions for other risks and commitments[(2)(3)]	1,091	110	(334)	**(224)**	(223)	2	136	782
Total	**3,037**	**638**	**(822)**	**(184)**	**(252)**	**5**	**(27)**	**2,579**

(2) including a EUR (33) million net allocation for net cost of risk.

(3) The Group's provisions for other risks and commitments include EUR 319 million of PEL/CEL provisions at December 31, 2005 and EUR 136 million at December 31, 2006 i.e. a combined net allocation of EUR (183) million over 2006 for the Société Générale France Network and for Crédit du Nord.

The consequences, as assessed on December 31, 2006, of those disputes and tax risks that are liable to have or have recently had a significant impact on the financial position of the Group, its activities or results have been provisioned in the Group's financial statements.

Note 23

Employee benefits

Post-employment defined contribution plans

Defined contribution plans limit the Group's liability to the contributions paid to the plan but do not commit the Group to a specific level of future benefits.

Main defined contribution plans provided to employees of the Group are located in France. They include State pension plans and other national retirement plans such as ARRCO and AGIRC, as well as pension schemes put in place by some entities of the Group for which the only commitment is to pay annual contributions (PERCO).

Contributions to those schemes amount to EUR 502 million in 2006.

Post-employment benefit plans (defined benefit plans) and other long term benefits

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	December 31, 2006				December 31, 2005				December 31, 2004			
	Post employment benefits		Other long term benefits		Post employment benefits		Other long term benefits		Post employment benefits		Other long term benefits	
(in millions of euros)	Pension plans	Others		Total	Pension plans	Others		Total	Pension plans	Others		Total
Reminder of gross liabilities	2,448	215	351	3,014	2,310	156	363	2,829	2,026	153	338	**2,517**
Reminder of assets	(1,985)	-	(78)	(2,063)	(1,754)	-	(49)	(1,803)	(1,537)	-	(47)	**(1,584)**
Deficit in the plan (Net balance)	463	215	273	951	556	156	314	1,026	489	153	291	**933**
Breakdown of the deficit in the plan												
Present value of defined benefit obligations	2,236	-	78	2,314	2,176	-	83	2,259	1,854	-	72	**1,926**
Fair value of plan assets	(2,075)	-	(78)	(2,153)	(1,924)	-	(49)	(1,973)	(1,757)	-	(47)	**(1,804)**
Actuarial deficit (net balance) A	161	-	-	161	252	-	34	286	97	-	25	**122**
Present value of unfunded obligations B	276	216	273	765	308	159	280	747	242	156	266	**664**
Other items recognized in balance sheet C												
Unrecognized items												
Unrecognized Past Service Cost	58	-	-	58	54	-	-	54	40	-	-	**40**
Unrecognized Net Actuarial (Gain) /Loss	6	1	-	7	120	3	-	123	30	3	-	**33**
Separate assets	(1)	-	-	(1)	(1)	-	-	(1)	(5)	-	-	**(5)**
Plan assets impacted by change in Asset Celling	(89)	-	-	(89)	(169)	-	-	(169)	(215)	-	-	**(215)**
Total unrecognized items D	(26)	1	-	(25)	4	3	-	7	(150)	3	-	(147)
Deficit in the plan (Net balance) A+B+C-D	**463**	**215**	**273**	**951**	**556**	**156**	**314**	**1,026**	**489**	**153**	**291**	**933**

Notes:
1. For pensions and other post-employment plans, actuarial gains and losses, which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortized on the estimated average remaining working life of the employees participating in the plan in accordance with option of IAS 19 (corridor).
2. Pension plans include pension benefits as annuities and end of career payments. Pension benefit annuities are paid additionally to pensions state plans.
The Group grants 125 pension plans located in 38 countries. 10 pension plans located in France, the UK, Germany, the US and Switzerland represents 85% of gross liabilities of these pension plans.
Other post employment benefit plans are healthcare plans. These 11 plans are located in 7 countries among which France represents 90% of gross liabilities.
The healthcare plan for SG Metropole has been reformed as at 1st January 2007 and the corresponding obligation has been settled through contribution (EUR 170 million) paid to the insurance organism Mutual Insurance Société Générale in charge of the administration of the scheme. As a result, the Société Générale has accounted for an extra liability amounting to EUR 61 million in 2006.
Other long-term employee benefits include deferred bonuses, flexible working provisions (French acronym: compte épargne temps) and long-service awards. 80 benefits are located in 23 countries. 75% of gross liabilities of these benefits are located in France.
3. The present values of defined benefit obligations have been valued by independent qualified actuaries.
4. Information regarding plan assets
The break down of the fair value of plan assets is as follows: 44% bonds, 40% equities, 9% monetary instruments and 7% others.
For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 111 million, including EUR 89 million unrecognized.
5. The expected employer's contributions for post-employment benefits scheme are estimated for 2007 at EUR 80 million.
6. In general manner, the expected rates of return on scheme assets are based on a weighted average of expected returns on each category of assets.

The actual return on plan and separate assets were:

(in millions of euros)	Post employment benefits						Other long term benefits			Total		
	Pension plans			Others								
	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2006	December 31, 2005	December 31, 2004
Plan assets	175	204	112	-	-	-	5	7	4	180	211	116

AMOUNTS RECOGNIZED IN THE INCOME STATEMENT

(in millions of euros)	Post employment benefits						Other long term benefits			Total		
	Pension plans			Others								
	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2006	December 31, 2005	December 31, 2004
Current Service Cost including Social Charges	70	68	51	8	6	3	50	52	77	**128**	**126**	131
Employee contributions	(3)	(2)	(2)	-	-	-	-	-	-	**(3)**	**(2)**	(2)
Interest Cost	106	102	94	6	7	7	5	6	6	**117**	**115**	107
Expected Return on Plan Assets	(107)	(102)	(80)	-	-	-	(3)	(3)	(3)	**(110)**	**(105)**	(83)
Expected Return on Separate Assets	-	-	-	-	-	-	-	-	-	**-**	-	-
Amortization of Past Service Cost	5	30	3	-	-	-	-	-	-	**5**	**30**	3
Amortization of Losses (Gains)	5	31	-	2	(1)	-	(7)	4	-	-	**34**	-
Settlement, Curtailment	-	(1)	-	60	-	-	(1)	4	-	**59**	**3**	-
Change in asset celling	6	3	-	-	-	-	-	-	-	**6**	**3**	-
Transfert from non recognized assets	-	-	-	-	-	-	-	-	4	**-**	**-**	4
Total Charges	**82**	**129**	**66**	**76**	**12**	**10**	**44**	**63**	**84**	**202**	**204**	**160**

- **Movements in the present value of defined benefits obligations**

(in millions of euros)	2006			2005			2004		
	Post employment benefits			Post employment benefits			Post employment benefits		
	Pension plans	Others	Total	Pension plans	Others	Total	Pension plans	Others	Total
Value at January 1	2,483	159	**2,642**	2,096	155	**2,251**	1,928	150	**2,078**
Current Service Cost including Social Charges	70	8	**78**	68	6	**74**	51	3	**54**
Interest Cost	106	6	**112**	102	7	**109**	94	7	**101**
Employee contributions	(3)	-	**(3)**	(2)	-	**(2)**	(2)	-	**(2)**
Actuarial (gains)/losses	(32)	(1)	**(33)**	262	-	**262**	91	3	**94**
Foreign currency exchange adjustment	(6)	(2)	**(8)**	34	1	**35**	(3)	-	**(3)**
Benefit payments	(96)	(10)	**(106)**	(105)	(10)	**(115)**	(92)	(8)	**(100)**
Past Service Cost	9	-	**9**	41	-	**41**	-	-	**-**
Acquisition of subsidiaries	(4)	(2)	**(6)**	6	-	**6**	29	-	**29**
Transferts and others	(15)	58	**43**	(19)	-	**(19)**	-	-	**-**
Value at December 31	**2,512**	**216**	**2,728**	**2,483**	**159**	**2,642**	**2,096**	**155**	**2,251**

• Movements in fair value of plan assets

	2006			2005			2004		
	Post employment benefits			Post employment benefits			Post employment benefits		
(in millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total	Pension plans	Others	Total
Value at January 1	1,924	-	**1,924**	1,757	-	**1,757**	1,665	-	**1,665**
Expected Return on Plan Assets	107	-	**107**	102	-	**102**	80	-	**80**
Expected Return on Separate Assets	-	-	**-**	-	-	**-**	-	-	**-**
Actuarial gains/(losses)	72	-	**72**	84	-	**84**	46	-	**46**
Foreign currency exchange	(2)	-	**(2)**	22	-	**22**	-	-	**-**
Employee Contributions	3	-	**3**	3	-	**3**	-	-	**-**
Employer Contributions to plan assets	132	-	**132**	41	-	**41**	40	-	**40**
Benefit payments	(78)	-	**(78)**	(71)	-	**(71)**	(74)	-	**(74)**
Acquisition of subsidiaries	-	-	**-**	2	-	**2**	-	-	**-**
Transferts and others	(83)	-	**(83)**	(16)	-	**(16)**	-	-	**-**
Value at December 31	**2,075**	**-**	**2,075**	**1,924**	**-**	**1,924**	**1,757**	**-**	**1,757**

MAIN ASSUMPTIONS

	December 31, 2006	December 31, 2005	December 31, 2004
Discount rate			
Europe	4.50%	4.00%	4.10%
Americas	5.20%	5.00%	4.90%
Asia-Oceania-Africa	4.30%	3.20%	3.60%
Expected return on plan assets (separate and plan assets)			
Europe	5.87%	6.00%	5.60%
Americas	6.50%	6.50%	6.50%
Asia-Oceania-Africa	2.50%	2.05%	1.25%
Future salary increase net of inflation			
Europe	1.00%	1.00%	1.50%
Americas	2%	2%	2%
Asia-Oceania-Africa	1.80%	1.80%	1.80%
Healthcare cost increase rate			
Europe	4.63%	4.55%	4.70%
Americas	NA	NA	NA
Asia-Oceania-Africa	3.50%	2.40%	1.70%
Average remaining lifetime of employees (in years)			
Europe	11.5	11.5	10.7
Americas	9.5	9.4	9.5
Asia-Oceania-Africa	11	13.7	12.3

Notes:
1.The range in discount rate is due to various post-employment benefit plans durations and to different levels of interest rates used in the same geographical area like Europe and Asia.

2. The range of expected return on plan assets rate is due to actual plan assets allocation.

3. Average remaining lifetime of employees is calculated taking into account turnover assumptions.

SENSITIVITIES ANALYSIS OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS COMPARED TO MAIN ASSUMPTIONS RANGES

	2006			2005			2004		
(Measured element percentage)	Pension plans	Post employment healthcare plans	Other plans	Pension plans	Post employment healthcare plans	Other plans	Pension plans	Post employment healthcare plans	Other plans
Variation from +1% in discount rate									
Impact on Defined Benefit Obligations at December 31	-14%	-14%	-6%	-14%	-15%	-6%	-11%	-15%	-3%
Impact on total Expenses	-19%	-8%	-34%	-19%	-7%	-77%	-6%	-8%	-37%
Variation from +1% in Expected return on plan assets									
Impact on Plan Assets at December 31	1%	1%	1%	1%	1%	1%	1%	1%	1%
Impact on total Expenses	-21%	NA	-3%	-14%	NA	-4%	-11%	NA	0%
Variation from +1% in Future salary increases net of inflation									
Impact on Defined Benefit Obligations at December 31	5%	NA	5%	5%	NA	6%	6%	NA	2%
Impact on total Expenses	17%	NA	39%	16%	NA	93%	14%	NA	39%
Variation from +1% in Healthcare cost increase rate									
Impact on Defined Benefit Obligations at December 31		15%			18%			13%	
Impact on total Expenses		19%			29%			16%	

EXPERIENCE ADJUSTMENTS ON POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(in millions of euros)	December 31, 2006	December 31, 2005	December 31, 2004
Defined Benefit Obligations	2,512	2,484	2,096
Fair value of plan assets	2,075	1,924	1,757
Deficit/(surplus)	437	560	339
Experience adjustments on plan liabilities (negative: gain)	(11)	23	
Experience adjustments on plan assets (negative: gain)	(67)	(84)	

Note 24

Subordinated debt

(in millions of euros)

Currency issue	2007	2008	2009	2010	2011	Other	Outstanding at December 31, 2006	Outstanding at December 31, 2005	Outstanding at January 1, 2005
Subordinated capital notes									
EUR	678	121	313	616	439	5,837	8,004	8,221	8,344
USD	304	-	-	-	-	1,631	1,935	1,657	1,642
GBP	-	-	-	-	-	893	893	1,022	993
Other currencies	-	54	-	-	-	94	148	228	157
Sub-total	**982**	**175**	**313**	**616**	**439**	**8,455**	**10,980**	**11,128**	**11,136**
Dated subordinated debt									
EUR	-	-	-	-	8	29	37	29	29
USD	-	-	-	-	-	-	-	30	56
Other currencies	-	-	-	-	-	-	-	-	2
Sub-total	**-**	**-**	**-**	**-**	**8**	**29**	**37**	**59**	**87**
Related payables	274	-	-	-	-	-	274	262	276
Total excluding revaluation of hedged items	**1,256**	**175**	**313**	**616**	**447**	**8,484**	**11,291**	**11,449**	**11,499**
Revaluation of hedged items							222	634	637
Total							**11,513**	**12,083**	**12,136**

The fair value of subordinated debt securities stood at EUR 11,751 million at December 31, 2006 (EUR 12,239 million at December 31, 2005).

As indicated in the table of changes in shareholders' equity and in note 1, subordinated debt was restated under shareholders' equity attributable to equity holders of the parent in the amount of EUR 450 million at January 1, 2005 and EUR 478 million at December 31, 2005.

In 2007, the Group decided to exercise the early redemption option on those undated subordinated notes for which this option exists. The par value of those notes that continue to be booked under subordinated debt stands at EUR 532 million.

Note 25

Société Générale ordinary shares, treasury shares, shares held by employees

Number of shares	December 31, 2006	December 31, 2005	January 1, 2005
Ordinary shares	461,424,562	434,288,181	445,153,159
Including treasury shares (without voting rights) (1)	-	26,911,655	39,337,919
Including treasury shares (with voting rights) (1)	22,939,831	-	-
Including shares held by employees	32,424,638	32,831,211	33,024,632

(1) Does not include the Société Générale shares held for trading.

Note 26

Commitments

Commitments granted and received

COMMITMENTS GRANTED

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Loan commitments			
to banks	19,279	13,493	9,074
to customers (1)			
- Issuance facilities	100	82	91
- Confirmed credit lines	146,194	134,722	97,285
- Others	1,726	1,053	781
Guarantee commitments			
on behalf of banks	31,694	4,938	1,733
on behalf of customers (1) (2)	67,114	54,942	44,896
Securities commitments			
Securities to deliver	28,663	30,151	14,617

COMMITMENTS RECEIVED

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Loan commitments			
from banks	17,526	10,643	8,574
Guarantee commitments			
from banks	58,352	59,367	35,908
other commitments (3)	49,854	44,073	39,082
Securities commitments			
Securities to be received	32,783	40,922	15,717

(1) As at December 31, 2006, credit lines and guarantee commitments granted to securization vehicles and other special purpose vehicles amounted to EUR 29.5 billion and EUR 0.7 billion respectively.

(2) Including capital and performance guarantees given to the holders of units in mutual funds managed by entities of the Group.

(3) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 28.3 billion as at December 31, 2006 and EUR 30.7 billion as at December 31, 2005. The remaining balance mainly corresponds to securities and assets assigned as guarantee.

Forward financial instrument commitments (notional amounts)

	December 31, 2006		December 31, 2005		January 1, 2005	
(in millions of euros)	Trading transactions	Hedging transactions	Trading transactions	Hedging transactions	Trading transactions	Hedging transactions
Interest rate instruments						
Firm transactions						
Swaps	5,566,581	216,633	4,130,135	118,209	3,272,860	112,948
Interest rate futures	1,454,300	20	1,132,152	175	975,692	1,076
Options	*2,397,826*	*16,357*	*1,930,518*	*912*	*1,445,148*	*5,029*
Foreign exchange instruments						
Firm transactions	*685,824*	*37,514*	*567,435*	*11,870*	*522,465*	*2,961*
Options	*205,201*	-	*378,819*	-	*351,719*	-
Equity and index instruments						
Firm transactions	*231,930*	-	*89,741*	-	*26,119*	-
Options	*646,448*	*148*	*588,982*	*173*	*330,613*	*7,741*
Commodity instruments						
Firm transactions	*155,635*	-	*152,097*	-	*112,833*	-
Options	*154,586*	-	*231,016*	-	*80,992*	-
Credit derivatives	991,383	-	348,086	-	131,547	-
Other forward financial instruments	16,826	-	13,608	-	15,398	50

Credit risk equivalent

The credit risk equivalent on these transactions, determined in accordance with the methods recommended by the Basel Committee for the calculation of the international solvency ratio, breaks down as follows:

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
OECD member governments and central banks	993	674	758
OECD member banks and local authorities	23,176	19,116	15,786
Customers	15,407	12,948	8,825
Non-OECD member banks and central banks	657	526	590
TOTAL (after netting agreements)	**40,233**	**33,264**	**25,959**

Netting agreements reduced the credit risk equivalent by EUR 102,921 million at December 31, 2006 compared with a reduction of EUR 96,977 million at December 31, 2005.

SECURITIZATION TRANSACTIONS

The Société Générale Group carries out securitization transactions on behalf of customers or investors, and as such provides credit enhancement and liquidity facilities to the securitization vehicles.

As the Group does not control these vehicles, they are not consolidated in the Group's financial statements.

As at December 31, 2006, there were 6 non-consolidated vehicles (Barton, Antalis, Asset One, Homes, ACE Australia, ACE Canada) structured by the Group on behalf of customers or investors. Total assets held by these vehicles and financed through the issuance of commercial papers amounted to EUR 19,815 million on this date.

The default risk on these assets is borne by the transferors of the underlying receivables or by third parties. The Société Générale Group provides an additional guarantee as a credit enhancement through the issuance of letters of credit in the amount of EUR 731 million. Furthermore, the Group has granted these vehicles short-term loan facilities in the amount of EUR 29,237 million at this date.

Note 27

Assets pledged as security

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Assets pledged as security			
Book value of assets pledged as security for liabilities	25,884	16,274	3,355
Book value of assets pledged as security for transactions in financial instruments	10,687	10,306	6,421
Book value of assets pledged as security for off-balance sheet commitments	385	341	253
Total	**36,956**	**26,921**	**10,029**
Assets received as security and available for the entity			
Fair value of reverse repos	**46,831**	**34,812**	**49,284**

Note 28

Breakdown of assets and liabilities by term to maturity

Maturities of financial assets and liabilities

(in millions of euros at December 31, 2006)	Less than 3 months	3 months to 1 year	1-5 years	More than 5 years	Total
ASSETS					
Cash, due from central banks	9,358	-	-	-	9,358
Financial assets at fair value through profit and loss	306,073	119,355	9,016	18,763	453,207
Hedging derivatives	3,668	-	-	-	3,668
Available-for-sale financial assets	17,862	10,421	16,799	33,672	78,754
Due from banks	48,960	6,443	10,644	2,110	68,157
Customer loans	66,868	34,712	91,396	70,571	263,547
Lease financing and similar agreements	2,424	4,732	12,038	5,833	25,027
Revaluation differences on portfolios hedged against interest rate risk	(20)	-	-	-	(20)
Held-to-maturity financial assets	68	131	584	676	1,459
Total Assets	**455,261**	**175,794**	**140,477**	**131,625**	**903,157**
LIABILITIES					
Due to central banks	4,183	-	-	-	4,183
Financial liabilities measured at fair value through profit and loss	188,733	69,211	21,217	19,532	298,693
Hedging derivatives	2,826	-	-	-	2,826
Due to banks	109,932	13,543	3,799	2,561	129,835
Customer deposits	221,402	14,387	23,058	8,550	267,397
Securitized debt payables	62,494	20,180	12,428	5,270	100,372
Revaluation differences on portfolios hedged against interest rate risk	143	-	-	-	143
Total Liabilities	**589,713**	**117,321**	**60,502**	**35,913**	**803,449**

Maturities of commitments on financial derivatives

(in millions of euros at December 31, 2006)	Less than 1 year	1-5 years	More than 5 years	Total
Interest rate instruments				
Firm instruments				
Swaps	2,259,832	2,065,471	1,457,911	**5,783,214**
Interest rate futures	1,211,855	242,432	33	**1,454,320**
Options	*981,657*	*930,952*	*501,574*	***2,414,183***
Forex instruments				
Firm instruments	*528,768*	*127,343*	*67,227*	***723,338***
Options	*184,224*	*16,349*	*4,628*	***205,201***
Equity and index instruments				
Firm instruments	*175,266*	*55,657*	*1,007*	***231,930***
Options	*343,540*	*265,875*	*37,181*	***646,596***
Commodity instruments				
Firm instruments	*111,763*	*41,051*	*2,821*	***155,635***
Options	*112,546*	*41,365*	*675*	***154,586***
Credit derivatives	47,875	599,286	344,222	**991,383**
Other forward financial instruments	16,250	558	18	**16,826**

Note 29

Foreign exchange transactions

(in millions of euros)	December 31, 2006				December 31, 2005				January 1, 2005			
	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered	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	533,154	530,927	13,151	10,223	467,709	459,823	9,831	7,950	402,206	385,497	6,168	6,686
USD	249,846	265,322	19,242	22,147	230,767	232,107	12,937	15,242	162,980	186,814	11,334	14,964
GBP	29,532	30,722	6,306	3,811	26,831	34,765	1,400	2,250	21,870	24,940	1,801	2,013
JPY	37,244	35,237	2,743	4,674	30,470	29,080	2,757	2,065	19,800	14,368	7,587	3,420
Other currencies	107,065	94,633	7,977	8,906	79,357	79,359	5,284	5,258	65,871	61,108	4,179	4,122
Total	**956,841**	**956,841**	**49,419**	**49,761**	**835,134**	**835,134**	**32,209**	**32,765**	**672,727**	**672,727**	**31,069**	**31,205**

Note 30

Insurance activities

Underwriting reserves of insurance companies

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Underwriting reserves for unit-linked policies	21,010	17,738	14,657
Life insurance underwriting reserves	43,341	39,336	34,007
- o/w provisions for deferred profit sharing	*2,170*	*3,174*	*2,251*
Non-life insurance underwriting reserves	232	205	141
Total	**64,583**	**57,279**	**48,805**
Attributable to reinsurers	295	328	232
Underwriting reserves of insurance companies net of the part attribuable to reinsurers	**64,288**	**56,951**	**48,573**

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, 2006	**17,738**	**39,336**	**205**
Allocation to insurance reserves	2,528	3,227	26
Revaluation of policies	1,025	-	-
Charges deducted from policies	(118)	-	-
Transfers and arbitrage	(202)	200	-
New customers	-	-	-
Profit-sharing	54	565	-
Others	(15)	13	1
Reserves at December 31, 2006	**21,010**	**43,341**	**232**

Net investments of insurance companies

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Financial assets measured at fair value through P&L (1)	**28,014**	**23,797**	**19,103**
Treasury notes and similar securities	332	347	341
Bonds and other debt securities	8,986	8,262	7,891
Shares and other equity securities	18,696	15,188	10,871
Available-for-sale financial assets	**39,312**	**35,757**	**31,193**
Treasury notes and similar securities	45	125	39
Bonds and other debt securities	36,085	33,005	29,033
Shares and other equity securities	3,182	2,627	2,121
Investment property	**400**	**238**	**189**
Total	**67,726**	**59,792**	**50,485**

(1) Financial assets at fair value through profit or loss are almost exclusively made up of assets measured using the fair value option through profit or loss. The financial assets held to guarantee unit-linked policies of the Group life-insurance subsidiaries are booked at fair value through profit or loss to ensure their financial treatment matches that of the corresponding insurance liabilities. The fair value option thus allows the Group to record changes in the fair value of the financial assets through the income statement so that they match fluctuations in value of the insurance liabilities associated with these unit-linked policies.

Technical income from insurance companies

(in millions of euros)	December 31, 2006	December 31, 2005	December 31, 2004 (1)
Earned premiums	10,458	8,853	7,488
Cost of benefits (including changes in reserves)	(11,146)	(10,311)	(7,785)
Net income from investments	1,497	2,192	1,083
Other net technical income (expense)	(444)	(427)	(532)
Contribution to operating income before elimination of intercompany transactions	**365**	**307**	**254**
Elimination of intercompany transactions (2)	329	175	228
Contribution to operating income after elimination of intercompany transactions	**694**	**482**	**482**

(1) IFRS excl. IAS 32&39 and IFRS 4.

(2) This essentially concerns the elimination of commissions paid by the insurance companies to the distribution networks and the elimination of financial income on investments made in other Group companies.

Net fee income (3)

(in millions of euros)	December 31, 2006	December 31, 2005	December 31, 2004 (1)
Fees received			
- acquisition fees	200	179	160
- management fees	491	440	343
- others	48	45	37
Fees paid			
- acquisition fees	(172)	(141)	(117)
- management fees	(198)	(190)	(146)
- others	(9)	(23)	(21)
Total fees	**360**	**310**	**256**

(1) IFRS excl. IAS 32&39 and IFRS 4.

(3) Fees are presented in this table before elimination of intercompany transactions.

Management of life insurance risks

In life insurance, insurers are exposed to the instabilities of the financial markets (changes in interest rates and stock market fluctuations) which can be made worse by the behavior of policyholders.

The management of the risks linked to the financial markets is just as much an integral part of the investment strategy as the search for maximum performance. The optimization of these two elements is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of contracts), as well as the amounts booked under the main items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analyzed by the life insurance business line. Société Générale's overall asset and liability management (ALM) policy is validated by the Group's General Management at the ALM Committee meetings held every six months.

Risk management and analysis is based on the following key principles:

- monitoring of long-term cash flows: matching the duration of a liability against the duration of an asset, and cash flow peaks are strictly controlled in order to minimize reinvestment risks;
- close monitoring of the equity markets and stress scenario simulations;
- hedging of exchange rate risks using financial instruments.

The management of these risks is a fundamental priority for the insurance business line. It is carried out by qualified and experienced teams with major, bespoke IT resources at their disposal. Risks undergo regular monitoring and are reported to the General Management of both the entities concerned and the business lines.

Note 31

Interest income and expense

(in millions of euros)	2006	2005	2004 (1)
Transactions with banks	**5,372**	**3,052**	**4,008**
Demand deposits and interbank loans	2,844	1,683	1,599
Securities purchased under resale agreements and loans secured by notes and securities	2,528	1,369	2,409
Transactions with customers	**13,758**	**10,945**	**12,145**
Trade notes	1,038	885	692
Other customer loans (2)	10,819	8,658	7,626
Overdrafts	862	696	626
Securities purchased under resale agreements and loans secured by notes and securities	1,039	706	1,544
Other income	-	-	1,657
Transactions in financial instruments	**9,584**	**5,916**	**3,993**
Available-for-sale financial assets	2,492	2,297	N/A
Held-to-maturity financial assets	110	185	N/A
Securities lending	244	79	N/A
Hedging derivatives	6,738	3,355	N/A
Finance leases	**1,342**	**1,188**	**1,689**
Real estate finance leases	315	281	491
Non-real estate finance leases	1,027	907	1,198
Total interest income	**30,056**	**21,101**	**21,835**
Transactions with banks	**(7,401)**	**(4,160)**	**(4,884)**
Interbank borrowings	(6,011)	(3,603)	(2,391)
Securities sold under resale agreements and borrowings secured by notes and securities	(1,390)	(557)	(2,493)
Transactions with customers	**(9,197)**	**(6,627)**	**(6,064)**
Regulated savings accounts	(1,024)	(1,308)	(1,224)
Other customer deposits	(6,825)	(4,268)	(2,433)
Securities sold under resale agreements and borrowings secured by notes and securities	(1,348)	(1,051)	(2,407)
Transactions in financial instruments	**(10,341)**	**(5,861)**	**(4,751)**
Securitized debt payables	(3,426)	(2,224)	N/A
Subordinated and convertible debt	(615)	(631)	N/A
Securities borrowing	(36)	(40)	N/A
Hedging derivatives	(6,264)	(2,966)	N/A
Other interest expense	**(5)**	**(8)**	**(5)**
Total interest expense (3)	**(26,944)**	**(16,656)**	**(15,704)**

(1) IFRS excl. IAS 32&39 and IFRS 4.

(2) Breakdown of "Other customer loans"

(in millions of euros)	2006	2005	2004
- short-term loans	3,873	2,795	2,216
- export loans	255	261	211
- equipment loans	1,840	1,623	1,622
- housing loans	2,753	2,393	2,194
- other customer loans	2,098	1,586	1,383
Total	**10,819**	**8,658**	**7,626**

(3) These expenses include the refinancing cost of financial instruments at fair value through P&L, which is classified in net income and expense from financial instruments (note 33).

Note 32

Fee income and expense

(in millions of euros)	2006	2005	2004[(1)]
Fee income from			
Transactions with banks	133	123	145
Transactions with customers	2,237	1,967	1,624
Securities transactions	816	661	585
Primary market transactions	246	205	160
Foreign exchange transactions and financial derivatives	822	604	509
Loan and guarantee commitments	505	489	459
Services	4,299	3,770	3,376
Others	184	185	248
Total fee income	**9,242**	**8,004**	**7,106**
Fee expense on			
Transactions with banks	(189)	(163)	(164)
Securities transactions	(418)	(365)	(381)
Foreign exchange transactions and financial derivatives	(618)	(468)	(383)
Loan and guarantee commitments	(202)	(182)	(341)
Others	(962)	(744)	(562)
Total fee expense	**(2,389)**	**(1,922)**	**(1,831)**

(1) FRS excl. IAS 32&39 and IFRS 4.

Note 33

Net income and expense from financial instruments at fair value through P&L

(in millions of euros)	2006	2005
Net gain/loss on non-derivative financial assets held for trading	22,056	16,861
Net gain/loss on financial assets measured using fair value option	557	(165)
Net gain/loss on non-derivative financial liabilities held for trading	(10,799)	(7,690)
Net gain/loss on financial liabilities measured using fair value option	(177)	268
Net gain/loss on derivative instruments and revaluation of hedged items	(1,878)	(2,817)
Net gain/loss on foreign exchange transactions	601	569
Total[(1)]	**10,360**	**7,026**

(1) As far as income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by the activities on financial instruments measured at fair value through P&L must be assessed as a whole. It should be noted that the income shown here does not include either the refinancing cost of these financial instruments, or coupon payments received on the fixed income trading portfolio, which are shown among interest income and expense.

Note 34

Net gains or losses on available-for-sale financial assets

(in millions of euros)	2006	2005
Current activities		
Gains on sale	150	122
Losses on sale	(22)	(41)
Impairment of equity investments	(8)	(1)
Capital gain on the disposal of available-for-sale financial assets, after payment of profit-sharing to policy holders (insurance business)	9	11
Sub-total	**129**	**91**
Long-term equity investments		
Gains on sale	532	430
Losses on sale	(17)	(4)
Impairment of equity investments	(20)	(45)
Sub-total	**495**	**381**
Total	**624**	**472**

Note 35

Income and expenses from other activities

(in millions of euros)	2006	2005	2004 (1)
Income from other activities			
Real estate development	64	58	155
Real estate leasing	90	83	118
Equipment leasing	3,576	2,909	2,842
Other activities (including income from insurance activity)	13,033	11,738	11,384
Sub-total	**16,763**	**14,788**	**14,499**
Expenses from other activities			
Real estate development	-	-	(115)
Real estate leasing	(44)	(33)	(359)
Equipment leasing	(3,072)	(2,448)	(2,762)
Other activities (including expenses from insurance activitiy)	(12,472)	(11,422)	(10,753)
Sub-total	**(15,588)**	**(13,903)**	**(13,989)**
Net total	**1,175**	**885**	**510**

(1) IFRS excl. IAS 32&39 and IFRS 4.

Note 36

Personnel expenses

(in millions of euros)	2006	2005	2004 [(1)]
Employee compensation [(2)]	(5,948)	(5,328)	(4,862)
Social security charges and payroll taxes [(2)]	(1,147)	(977)	(859)
Retirement expenses - defined contribution plans	(502)	(435)	(438)
Retirement expenses - defined benefit plans	(77)	(115)	(61)
Other social security charges and taxes	(329)	(303)	(313)
Employee profit-sharing and incentives	(347)	(311)	(210)
Total	**(8,350)**	**(7,469)**	**(6,743)**

(1) IFRS excl. IAS 32& 39 and IFRS 4.

(2) o/w variable remuneration of EUR (2,156) million as of December 31, 2006 against EUR (1,719) million as of December 31, 2005.

	2006	2005	2004
Average headcount			
- France	54,718	52,809	51,753
- Outside France	60,416	47,377	41,606
Total	**115,134**	**100,186**	**93,359**

Note 37

Share-based payment plans

Expenses recorded in the income statement

	December 31, 2006			December 31, 2005			December 31, 2004		
(in millions of euros)	Cash settled plans	Equity-settled plans	Total plans	Cash settled plans	Equity-settled plans	Total plans	Cash settled plans	Equity-settled plans	Total plans
Net expenses from stock purchase plans	-	31.9	31.9	-	21.5	21.5	-	7.3	7.3
Net expenses from stock option plans	147.9	91.9	239.8	148.4	62.4	210.8	1.6	35.4	37.0

The charge described above relates to equity-settled plans attributed after November 7, 2002 and to all cash settled plans.

Main characteristics of Société Générale stock-option plans

EQUITY-SETTLED STOCK-OPTION PLANS FOR SOCIÉTÉ GÉNÉRALE GROUP EMPLOYEES FOR THE YEAR ENDED DECEMBER 31, 2006 ARE BRIEFLY DESCRIBED BELOW:

- **Stock-options**

Issuer	Société Générale	Société Générale	Société Générale	Société Générale	Société Générale	Société Générale for TCW
Year of grant	**2002**	**2003**	**2004**	**2005**	**2006**	**2006**
Type of plan	**stock-option**	**stock-option**	**stock-option**	**stock-option**	**stock-option**	**stock-option**
Shareholders agreement	05/13/1997	04/23/2002	04/23/2002	04/29/2004	04/29/2004	04/29/2004
Board of Directors decision	01/16/2002	04/22/2003	01/14/2004	01/13/2005	01/18/2006	04/25/2006
Number of stock-options granted (1)	3,553,549	3,910,662	3,814,026	4,067,716	1,548,218	138,503
Contractual life of the options granted	7 years	7 years	7 years	7 years	7 years	7 years
Settlement	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares
Vesting period	01/16/02-01/16/05	04/22/03-04/22/06	01/14/04-01/14/07	01/13/2005-01/13/2008	01/18/2006-01/18/2009	04/25/2006-04/25/2009
Performance conditions	no	no	no	no	no	no
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	maintained	maintained	maintained	maintained	maintained	maintained
Death	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period
Share price at grant date *(in EUR)* (average of 20 days prior to grant date) (1)	62.08	51.65	69.53	74.50	104.85	121.52
Discount	0%	0%	0%	0%	0%	0%
Exercise price *(in EUR)* (1)	62.08	51.65	69.53	74.50	104.85	121.52
Options authorized but not attributed	-	-	-	-	-	-
Options exercised	2,086,222	1,059,063	2,000	4,000	2,174	-
Options forfeited at December 31, 2006	283,574	186,146	91,870	92,533	22,037	680
Options outstanding at December 31, 2006	1,183,753	2,665,453	3,720,156	3,971,183	1,524,007	137,823
Number of shares reserved at December 31, 2006	1,183,753	2,665,453	3,720,156	(2)	(2)	137,823
Share price of shares reserved *(in EUR)*	63.18	51.03	50.35	(2)	(2)	124.1
Total value of shares reserved *(in EUR Millions)*	75	136	187	(2)	(2)	17
First authorized date for selling the shares	01/16/2006	04/22/2007	01/14/2008	01/13/2009	01/18/2010	04/25/2009
Delay for selling after vesting period	1 year	1 year	1 year	1 year	1 year	-
Fair value *(% of the share price at grant date)*	28%	25%	21%	17%	16%	17%
Valuation method used to determine the fair value	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo

(1) In accordance with IAS 33 accounting standard, as a result of the detachment of Société Générale share preferential subscription rights, the historical share data has been adjusted by the coefficient given by Euronext which reflects the part attributable to the share after detachment following the capital increase which took place in the fourth quarter of 2006.

(2) 2005 and 2006 stock-option plans have been hedged using call options on Société Générale shares.

- **Free shares**

Issuer	**Société Générale**
Year of grant	**2006**
Type of plan	**free shares**
Shareholders agreement	05.09.2005
Board of Directors decision	01.18.2006
Number of free shares granted	726,666
Settlement	Société Générale shares
Vesting period	01/18/2006 - 03/31/2008 - 01/18/2006 - 03/31/2009
Performance conditions	conditions on ROE for certain recipients
Resignation from the Group	forfeited
Redundancy	forfeited
Retirement	maintained
Death	maintained for 6 months

Share price at grant date (in EUR)	103.6
Shares exercised	240
Shares forfeited at December 31, 2006	26,967
Shares outstanding at December 31, 2006	699,459
Number of shares reserved at December 31, 2006	699,459
Share price of shares reserved (in EUR)	90.62
Total value of shares reserved (in EUR million)	63
First authorized date for selling the shares	03.31.2010 03.31.2011
Delay for selling after vesting period	2 years
Fair value (% of the share price at grant date)	vesting period 2 years: 86% vesting period 3 years: 81%
Valuation method used to determine the fair value	Arbitrage

STATISTICS CONCERNING SOCIÉTÉ GÉNÉRALE STOCK-OPTION PLANS

Main figures concerning Société Générale stock-option plans, for the year ended December 31, 2006

	Options granted in 2002	**Options granted in 2003**	**Options granted in 2004**	**Options granted in 2005**	**Options granted in 2006**	**TCW Options granted in 2006**	**Weighted average remaining contractual life**	**Weighted average fair value at grant date** *(EUR)*	**Weighted average share price at exercise date** *(EUR)*	**Range of exercise prices** *(EUR)*
Options outstanding on 01/01/2006	2,804,216	3,749,031	3,724,350	4,004,949		-				
Options granted in 2006 (1)	9,572	19,083	25,726	27,716	1,548,218	138,503				
Options forfeited in 2006	4,088	45,098	27,920	57,482	22,037	680				
Options exercised in 2006	1,625,947	1,057,563	2,000	4,000	2,174	-			118.72	51.65-104.85
Options expired in 2006	-	-	-	-	-	-				
Outstanding options on 12/31/2006	1,183,753	2,665,453	3,720,156	3,971,183	1,524,007	137,823	48 months	14.47		
Exercisable options on 12/31/2006	1,183,753	2,665,453	-	-	-	-				

(1). In accordance with IAS 33 accounting standard, as a result of the detachment of Société Générale share preferential subscription rights, the historical share data has been adjusted by the coefficient given by Euronext which reflects the part attributable to the share after detachment following the capital increase which took place in the fourth quarter of 2006.

Notes:

1. The main assumptions used to value Société Générale stock-option plans are as follows:

	2002-2004	2005	2006
Risk-free interest rate	3.8%	3.3%	3.3%
Implicit share volatility	27%	21%	22%
Forfeited rights rate	0%	0%	0%
Expected dividend (yield)	4.3%	4.3%	4.2%
Expected life (after grant date)	5 years	5 years	5 years

2. The implicit volatility used is that of Société Générale 5-year share options traded OTC, which was 22% in 2006. This implicit volatility reflects the future volatility.

Other stock-option plans - TCW company

STOCK-OPTION PLANS FOR TCW GROUP EMPLOYEES FOR THE YEAR-ENDED DECEMBER 31, 2006 ARE BRIEFLY DESCRIBED BELOW:

Issuer	**TCW**	**TCW**	**TCW**	**TCW**	**TCW**
Year of grant	2001	2002	2003	2005	2006
Type of plan	stock option	stock option	stock option	stock option	stock option
Shareholders agreement	07/07/2001	07/07/2001	07/07/2001	07/01/2005	09/01/2006
Board of Directors decision	07/07/2001	01/01/2002- 07/16/2002	02/19/2003- 03/31/2003- 06/27/2003	07/01/2005	09/01/2006
Number of stock-options granted	1,343,320	1,417,980	1,268,350	2,753,708	2,385,515
Contractual life of the options granted	10 years	10 years	10 years	7 years	7 years
Settlement	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares
Vesting period	07/07/2001- 07/07/2003	01/01/2002- 07/15/2008	02/19/2003- 06/26/2009	07/01/2005- 06/30/2010	09/01/2006- 08/31/2011
Performance conditions	no	no	no	no	no
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	forfeited	forfeited	forfeited	forfeited	forfeited
Death	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting
Share price at grant date *(in EUR)*	22.23	18.14	15.50	41.35	36.95
Discount *(in EUR)*	3.29	2.69	2.30	13.48	5.64
Exercise price *(in EUR)*	18.93	15.45	13.21	27.87	31.31
Options authorized but not attributed					
Options exercised	1,313,456	865,720	358,128	-	-
Options forfeited at December 31, 2006	-	59,728	552,142	98,673	16,474
Options outstanding at December 31, 2006	29.864	492,532	358,080	2,655,035	2,369,041
First authorized date for selling the shares	08/07/2003	02/01/2003	03/18/2005	08/01/2007	11/01/2008
Delay for selling after vesting period	no delay	no delay	no delay	no delay	no delay
Fair value (% of the share price at grant date)	42%	56%	51%	66%	41%
Valuation method used to determine the fair value	black & scholes	black & scholes	black & scholes	black & scholes	black & scholes

STATISTICS CONCERNING TCW STOCK OPTION PLANS

Main figures concerning TCW stock option plans, for the year ended December 31, 2006:

	Total no. of options	Options granted in 2001	Options granted in 2002	Options granted in 2003	Options granted in 2005	Options granted in 2006	Weighted average remaining contractual life	Weighted average fair value at grant date *(EUR)*	Weighted average share price at exercise date *(EUR)*	Range of exercise prices *(EUR)*
Options outstanding on 01/01/2006	4,484,918	59,730	835,860	835,620	2,753,708	-				
Options granted in 2006	2,385,515	-	-	-	-	2,385,515				
Options forfeited in 2006	503,187	-	59,728	328,312	98,673	16,474				
Options exercised in 2006	462,694	29,866	283,600	149,228	-	-			111.25	11.09-30.51
Options expired in 2006	-	-	-	-	-	-				
Options outstanding on 12/31/2006	5,904,552	29,864	492,532	358,080	2,655,035	2,369,041	69 months	15.62		
Exercisable options on 12/31/2006	933,963	29,864	253,732	119,360	531,007	-				

Notes:

(1) The main assumptions used to value TCW stock option plans are as follows:

	Plans 2001 to 2003	Plan 2005	Plan 2006
Risk-free interest rate	4%	4%	5%
Implicit share volatility	39%	31%	28%
Forfeited rights rate	0%	5%	0%
Expected dividend (yield)	0%	0%	0%
Expected life (after grant date)	5 years	5 years	5 years

Notes:

(2) The implicit volatility has been estimated using the historical volatility of US listed companies that belong to the same segment over the past 5 years.The fair value reflects the future performances of the Company.

(3) Due to the term of this plan, which is settled in Société Générale shares, no shares have been specifically allocated.

Information on other plans

The other Share-based payment plans granted to Group employees during 2006 are as follows:

GLOBAL EMPLOYEE SHARE-OWNERSHIP PLAN

As part of the Group employee shareholding policy, Société Générale offered on the 04/25/06 to employees of the Group to subscribe to a reserved capital increase at a share price of EUR 97.96, with a discount of 20% rapported at the average of the 20 Société Générale share prices before this date.

For 4,044,222 shares subscribed, the Group recorded a EUR 31.9 million expense taking into account the qualified 5-year holding period.

The valuation model used, which complies with the recommendation of the National Accounting Council on the accounting treatment of company savings plans, compares the gain the employee would have obtained if he had been able to sell the shares immediately and the notional cost that the 5-year holding period represents to the employee.

This notional 5-year holding period cost is valuated as the net cost of the Société Générale shares cash purchase financed by a non affected and non revolving five years credit facilities and by a forward sale of these same 5 years maturity shares.

The main market parameters to valuate these 5-year holding period cost, determined at the subscription date are :

- Société Générale share price: EUR 122.2;
- risk-free interest rate: 3.93%;
- interest rate of a non-affected five years facilities credit applicable to market actors which are benefiting of non-transferable shares: 6.88%.

This notional 5-year holding period cost is valuated at 13.4% Société Générale share price at the subscription date.

STOCK-OPTION PLANS GRANTED BY UNLISTED COMPANIES

A number of Group companies have granted stock options to employees and chief executive officers. These plans are settled in cash. The contractual life of the options granted is generally 6 years and the last option will be exercised in 2008 at the latest. In these companies, no new options were granted during 2006.

When the shares are sold, they are generally bought by another subsidiary of the Group, in accordance with the global equity-control policy of the Société Générale group.

The related impact on the 2006 income statement is a net expense of EUR 1.3 million, resulting from a difference between the exercise price and the value of the shares to be delivered.

These plans were valued using a valuation method adapted to each affiliate.

BOURSORAMA STOCK OPTION PLAN

In June 2006, Boursorama set up a stock option & free shares plan, settled in Boursorama shares, for employees of companies within its consolidation scope.

Under this plan:

- 900.000 options with a life of 7 years were granted to employees with a vesting period of 3 years;
- 344.000 free shares were granted to employees with a vesting period of 2 and 3 years.

The settlement of this plan will be realized in Boursorama shares.

The stock-options were valued using the Black & Scholes method.

The valuation model used for free shares is similar to the one used by Société Générale and takes into account the performance conditions applied to Boursorama free shares granted.

The related expense for this new plan amounts to EUR 0.9 million and has been booked in the 2006 income statement.

The 2006 expense of the 2004 plan is EUR 1.0 million.

In 2006, 198,000 options related to the 2004 plan were forfeited.

OTHER COMPENSATION INDEXED ON SG SHARES

During 2006, several business lines in the Group have granted performance compensation indexed on Société Générale shares, to be settled in cash.

Note 38

Cost of risk

(in millions of euros)	2006	2005	2004 (1)
Counterparty risk			
Net allocation to impairment losses	(681)	(373)	(333)
Losses not covered	**(215)**	**(229)**	**(218)**
Losses on bad loans	(191)	(205)	(194)
Losses on other risks	(24)	(24)	(24)
Amounts recovered	**184**	**174**	**111**
Amounts recovered on provisioned loans	183	173	107
Amounts recovered on other risks	1	1	4
Other risks			
Net allocation to other provisions	33	(20)	(128)
Total	**(679)**	**(448)**	**(568)**

(1) IFRS excl. 32, 39 & IFRS 4.

Note 39

Income tax

(in millions of euros)	2006	2005	2004[(1)]
Current taxes	(2,099)	(1,563)	(1,342)
Deferred taxes	(194)	(227)	(34)
Total taxes[(2)]	**(2,293)**	**(1,790)**	**(1,376)**

(1) IFRS excl. IAS 32, 39 & IFRS 4.

(2) Reconciliation of the difference between the Group's normative tax rate and its effective tax rate:

	2006	2005	2004 [(1)]
Income before tax and net income from companies accounted for by the equity method (in millions of euros)	8,078	6,710	4,955
Normal tax rate applicable to French companies (including 3.3% tax contributions)	34.43%	34.93%	35.43%
Permanent differences	-0.94%	-1.63%	-1.20%
Differential on items taxed at reduced rate	-1.10%	-0.78%	-0.48%
Tax rate differential on profits taxed outside France	-1.31%	-3.39%	-3.37%
Impact of non-deductible losses and use of tax loss carry-forwards	-2.70%	-2.46%	-2.62%
Group effective tax rate	**28.38%**	**26.67%**	**27.76%**

Note 40

Earnings per share

(in millions of euros)	2006	2005	2004 [(1)]
Net earnings per share	5,221	4,402	3,281
Net earnings attributable to shareholders [(2)]	5,180	4,377	3,281
Weighted average number of shares outstanding [(3)]	420,156,535	408,911,309	411,038,756
Earnings per share *(in EUR)*	**12.33**	**10.70**	**7.98**

(in millions of euros)	2006	2005	2004 [(1)]
Net earnings per share	5,221	4,402	3,281
Net earnings attributable to shareholders [(2)]	5,180	4,377	3,281
Weighted average number of shares outstanding [(3)]	420,156,535	408,911,309	411,038,756
Average number of shares used to calculate dilution	5,723,992	3,637,416	3,699,956
Weighted average number of shares used to calculate diluted net earnings per share	425,880,527	412,548,725	414,738,712
Diluted earnings per share *(in EUR)*	**12.16**	**10.61**	**7.91**

(1) IFRS excl. IAS 32, 39 & IFRS 4.

(2) The variation reflects interest after tax paid to holders of deeply subordinated notes.

(3) Excluding treasury shares.

In accordance with IAS 33, the historical share data have been adjusted following the detachment of Société Générale share preferential subscription right, as a result of the capital increase which took place in the fourth quarter of 2006.

Note 41

Transactions with related parties

Senior managers

In accordance with the definitions provided under IAS 24, the Group's related parties include the following: board of directors members, the chairman and chief executive officers and the two chief executives officers, their respective spouses and any children residing in the family home, and the following subsidiaries: subsidiaries which are controlled exclusively or jointly by the Group, companies over which Société Générale exercises significant influence.

REMUNERATION OF THE GROUP'S MANAGERS

This includes amounts effectively paid by the Group to directors and chief executive officers as remuneration (including employer charges), and other benefits under IAS 24, paragraph 16, as indicated below:

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Short-term benefits	11.91	11.04	10.24
Post-employment benefits	2.86	1.84	0.02
Long-term benefits	-	-	-
Termination benefits	-	-	-
Share-based payments	2.91	2.47	1.67
Total	**17.68**	**15.35**	**11.93**

The Registration document contains a detailed description of the remuneration and benefits of the Group's senior managers.

RELATED PARTY TRANSACTIONS

The transactions with board of directors members, chief executive officers and members of their families included in this note comprise loans and guarantees outstanding at December 31, 2006, in a total amount of EUR 3.5 million. All other transactions with these individuals are insignificant.

TOTAL AMOUNTS PROVISIONED OR BOOKED BY THE SOCIÉTÉ GÉNRALE GROUP FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS

The total amount provisioned or booked by the Société Générale Group at December 31, 2006 under IFRS 2 for the payment of pensions and other benefits to Société Générale's chief executive officers and directors (Messrs. Bouton, Citerne, Alix, Viénot and the 2 staff-elected directors) was EUR 43.8 million.

Principal subsidiaries and affiliates [1]

OUTSTANDING ASSETS WITH RELATED PARTIES

(in millions of euros)	December 31, 2006	December 31, 2005 [2]	January 1, 2005 [2]
Financial assets at fair value through profit and loss	118	129	45
Other assets	11	326	237
Total outstanding assets	**129**	**455**	**282**

OUTSTANDING LIABILITIES WITH RELATED PARTIES

(in millions of euros)	December 31, 2006	December 31, 2005 [2]	January 1, 2005 [2]
Liabilities at fair value through profit and loss	71	74	17
Customer deposits	-	-	-
Other liabilities	77	153	121
Total outstanding liabilities	**148**	**227**	**138**

NET BANKING INCOME FROM RELATED PARTIES

(in millions of euros)	2006	2005 [2]
Interest and similar income	(1)	4
Commissions	(1)	(1)
Net income from financial transactions	22	82
Net income from other activities	-	-
Net banking income	**20**	**85**

COMMITMENTS TO RELATED PARTIES

(in millions of euros)	December 31, 2006	December 31, 2005 [2]	January 1, 2005 [2]
Loan commitments granted	-	-	-
Guarantee commitments granted	-	-	-
Forward financial instrument commitments	1,705	928	1,019

(1) Entities consolidated using the proportionate method.

(2) The valuation method of commitments and transactions with principal subsidiaries and affiliates has been reviewed by the Group.

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

Note 42

Companies included in the consolidation scope

	COUNTRY	METHOD*	Group ownership interest December 2006	Group ownership interest December 2005	Group voting interest December 2006	Group voting interest December 2005
FRANCE						
BANKS						
Banque de Polynésie	France	FULL	72.10	72.10	72.10	72.10
Barep (1)	France	FULL	100.00	100.00	100.00	100.00
BFCOI	France	FULL	50.00	50.00	50.00	50.00
Calif (6)	France	FULL	100.00	100.00	100.00	100.00
Crédit du Nord (1)	France	FULL	80.00	80.00	80.00	80.00
Génébanque	France	FULL	100.00	100.00	100.00	100.00
Groupama Banques (4)	France	EQUITY	20.00	40.00	20.00	40.00
SG Calédonienne de Banque	France	FULL	90.10	90.10	90.10	90.10
SG de Banque aux Antilles	France	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
Barep Gestion	France	FULL	100.00	100.00	100.00	100.00
Euro VL (1)	France	FULL	100.00	100.00	100.00	100.00
FCP Morgan Stanley Aktien	France	FULL	100.00	100.00	98.30	99.00
IEC	France	FULL	100.00	100.00	100.00	100.00
Interga S.A.S	France	FULL	100.00	100.00	100.00	100.00
Jetstream	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
Lyxor Strategium N° 1 (5)	France	FULL	-	100.00	-	100.00
Nofirec (5)	France	FULL	-	100.00	-	100.00
Primafair SAS	France	FULL	100.00	100.00	100.00	100.00
SAS Orbeo (2)	France	PROP	50.00	-	50.00	-
SGAM Index	France	FULL	100.00	100.00	100.00	100.00
SG Asset Management	France	FULL	100.00	100.00	100.00	100.00
SG Energie Usa Corp (13)	France	FULL	100.00	-	100.00	-
SGAM AI	France	FULL	100.00	100.00	100.00	100.00
SGAM Finance (1)	France	FULL	100.00	100.00	100.00	100.00
SGAM RTO	France	FULL	100.00	100.00	100.00	100.00
SPECIALIZED FINANCING						
Airbail	France	FULL	100.00	100.00	100.00	100.00
ALD France (1)	France	FULL	100.00	100.00	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2006	December 2005	December 2006	December 2005
Bull Finance	France	FULL	51.35	51.35	51.35	51.35
Cafirec	France	FULL	100.00	100.00	100.00	100.00
C.G.I.(1)	France	FULL	99.89	99.73	99.89	99.73
Dalarec	France	FULL	100.00	100.00	100.00	100.00
Disponis	France	FULL	99.94	99.87	100.00	100.00
Evalparts	France	FULL	100.00	100.00	100.00	100.00
Fenwick Lease	France	FULL	100.00	100.00	100.00	100.00
Fontanor(1)	France	FULL	100.00	100.00	100.00	100.00
Franfinance SA(1)	France	FULL	99.99	99.99	99.99	99.99
Franfinance Location	France	FULL	99.99	99.99	100.00	100.00
French Supermarkets 1	France	FULL	100.00	100.00	100.00	100.00
Génécal	France	FULL	100.00	100.00	100.00	100.00
Génécomi	France	FULL	60.65	50.09	60.65	50.09
Ipersoc SAS	France	FULL	100.00	100.00	100.00	100.00
Linden SAS	France	FULL	100.00	100.00	100.00	100.00
Orpavimob SA	France	FULL	100.00	100.00	100.00	100.00
Promopart	France	FULL	100.00	100.00	100.00	100.00
Rusfinance SAS(1)	France	FULL	100.00	100.00	100.00	100.00
Sagem Lease	France	FULL	100.00	100.00	100.00	100.00
SAS IPF	France	FULL	100.00	100.00	100.00	100.00
SCP Clémence	France	FULL	100.00	100.00	100.00	100.00
SCP Cygne(6)	France	FULL	-	100.00	-	100.00
SCP de la Prose(5)	France	FULL	-	100.00	-	100.00
SCP Muscade(6)	France	FULL	-	100.00	-	100.00
SCP Philibert(5)	France	FULL	-	100.00	-	100.00
SCP Salomé	France	FULL	100.00	100.00	100.00	100.00
SGEF SA(2)	France	FULL	100.00	-	100.00	-
SG Services	France	FULL	100.00	100.00	100.00	100.00
SNC Athena Investissements	France	FULL	100.00	100.00	100.00	100.00
SNC Cofininvest	France	FULL	100.00	100.00	100.00	100.00
SNC Distinvest	France	FULL	100.00	100.00	100.00	100.00
SNC Financières Valmy Investissements	France	FULL	100.00	100.00	100.00	100.00
SNC Fininva	France	FULL	100.00	100.00	100.00	100.00
SNC Finovadis	France	FULL	100.00	100.00	100.00	100.00
SNC Paris Strasbourg	France	FULL	100.00	100.00	100.00	100.00
SNC Sirius	France	FULL	100.00	100.00	100.00	100.00
Sofom	France	FULL	100.00	100.00	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2006	December 2005	December 2006	December 2005
Sofrafi	France	FULL	100.00	100.00	100.00	100.00
Sogéfimur	France	FULL	100.00	100.00	100.00	100.00
Sogéfinancement	France	FULL	100.00	100.00	100.00	100.00
Sogéfinerg	France	FULL	100.00	100.00	100.00	100.00
Sogéga PME	France	FULL	100.00	100.00	100.00	100.00
Sogelease France	France	FULL	100.00	100.00	100.00	100.00
Solocvi	France	FULL	100.00	100.00	100.00	100.00
Valmyfin	France	FULL	100.00	100.00	100.00	100.00
Varoner 2	France	FULL	100.00	100.00	100.00	100.00
PORTFOLIO MANAGEMENT						
Aurelec	France	FULL	100.00	100.00	100.00	100.00
FCC Albatros(2)	France	FULL	100.00	-	51.00	-
FCP Lyxor Obligatium(1)(2)	France	FULL	100.00	-	100.00	-
Fimat Americas S.A.S.	France	FULL	100.00	100.00	100.00	100.00
Finareg	France	FULL	100.00	100.00	100.00	100.00
Finecorp	France	FULL	100.00	100.00	100.00	100.00
Fonvalor 2	France	FULL	100.00	100.00	100.00	100.00
Geforpat	France	FULL	100.00	100.00	100.00	100.00
Géné Act 1	France	FULL	100.00	100.00	100.00	100.00
Généfinance	France	FULL	100.00	100.00	100.00	100.00
Généval(1)	France	FULL	100.00	100.00	100.00	100.00
Geninfo	France	FULL	100.00	100.00	100.00	100.00
Lyxor Quantic Optimizer(2)	France	FULL	100.00	-	100.00	-
Libécap	France	FULL	100.00	100.00	100.00	100.00
Megaval	France	FULL	100.00	100.00	100.00	100.00
Mountain Peak(2)	France	FULL	100.00	-	100.00	-
Salvépar	France	FULL	51.42	51.42	51.42	51.42
SCI Foncière Défense	France	FULL	99.99	99.99	100.00	100.00
SG Capital Developpement	France	FULL	100.00	100.00	100.00	100.00
SG Consumer Finance(1)	France	FULL	100.00	100.00	100.00	100.00
SG Financial Services Holding	France	FULL	100.00	100.00	100.00	100.00
SGSS Holding(2)	France	FULL	100.00	-	100.00	-
SHTV Holding(11)	France	FULL	-	100.00	-	100.00
Sivalparts	France	FULL	100.00	100.00	100.00	100.00
Sogéfim	France	FULL	100.00	100.00	100.00	100.00
Sogénal Participations	France	FULL	100.00	100.00	100.00	100.00
Sogéparts	France	FULL	100.00	100.00	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2006	December 2005	December 2006	December 2005
Sogéparticipations (ex-Sogenal) [1]	France	FULL	100.00	100.00	100.00	100.00
Sogéplus	France	FULL	100.00	100.00	100.00	100.00
Soginnove	France	FULL	100.00	100.00	100.00	100.00
Sté Rue Edouard- VII	France	FULL	99.91	99.91	99.91	99.91
Vouric	France	FULL	100.00	100.00	100.00	100.00
BROKERS						
Boursorama[1]	France	FULL	56.57	70.71	56.57	70.71
Clickoptions	France	FULL	100.00	100.00	100.00	100.00
Fimat Banque	France	FULL	100.00	100.00	100.00	100.00
Fimat SNC Paris	France	FULL	100.00	100.00	100.00	100.00
Gaselys	France	PROP	49.00	49.00	49.00	49.00
SG Energie	France	FULL	100.00	100.00	100.00	100.00
SG Euro CT	France	FULL	100.00	100.00	100.00	100.00
SG Options Europe	France	FULL	100.00	100.00	100.00	100.00
SG Securities Paris	France	FULL	100.00	100.00	100.00	100.00
REAL ESTATE AND REAL ESTATE FINANCING						
Galybet	France	FULL	100.00	100.00	100.00	100.00
Généfim[1]	France	FULL	100.00	100.00	100.00	100.00
Généfimmo[1]	France	FULL	100.00	100.00	100.00	100.00
Orient Properties[2]	France	FULL	100.00	-	100.00	-
Sogébail	France	FULL	100.00	100.00	100.00	100.00
Sogéprom[1]	France	FULL	100.00	100.00	100.00	100.00
Sophia-bail	France	FULL	51.00	51.00	51.00	51.00
SERVICES						
CGA	France	FULL	100.00	100.00	100.00	100.00
ECS[1]	France	FULL	100.00	100.00	100.00	100.00
Parel	France	FULL	100.00	100.00	100.00	100.00
Socogéfi	France	FULL	100.00	100.00	100.00	100.00
GROUP REAL ESTATE MANAGEMENT COMPANIES						
CFM[1]	France	FULL	100.00	100.00	100.00	100.00
Eléaparts	France	FULL	100.00	100.00	100.00	100.00
Génégis 1	France	FULL	100.00	100.00	100.00	100.00
Génégis 2	France	FULL	100.00	100.00	100.00	100.00
Génévalmy	France	FULL	100.00	100.00	100.00	100.00
SC Alicante 2000	France	FULL	100.00	100.00	100.00	100.00
SC Chassagne 2000	France	FULL	100.00	100.00	100.00	100.00
SCI Opéra 72	France	FULL	99.99	99.99	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2006	December 2005	December 2006	December 2005
SI 29 Haussmann	France	FULL	100.00	100.00	100.00	100.00
Société Immobilière de Strasbourg	France	FULL	100.00	100.00	100.00	100.00
Sogé Colline Sud	France	FULL	100.00	100.00	100.00	100.00
Sogé Perival 1	France	FULL	100.00	100.00	100.00	100.00
Sogé Perival 2	France	FULL	100.00	100.00	100.00	100.00
Sogé Perival 3	France	FULL	100.00	100.00	100.00	100.00
Sogé Perival 4	France	FULL	100.00	100.00	100.00	100.00
Sogéfontenay	France	FULL	100.00	100.00	100.00	100.00
Soginfo(1)	France	FULL	100.00	100.00	100.00	100.00
STIP	France	FULL	99.99	99.99	100.00	100.00
Valminvest	France	FULL	100.00	100.00	100.00	100.00
INSURANCE						
Génécar	France	FULL	100.00	100.00	100.00	100.00
Oradéa Vie	France	FULL	100.00	100.00	100.00	100.00
Sogécap(1)	France	FULL	100.00	100.00	100.00	100.00
Sogessur	France	FULL	65.00	65.00	65.00	65.00
EUROPE						
BANKS						
Banca Romana Pentru Devzvoltare(1)	Romania	FULL	58.32	58.32	58.32	58.32
General Bank of Greece(1)	Greece	FULL	52.32	52.32	52.32	52.32
HVB Splitska Banka(2)	Croatia	FULL	99.76	-	99.76	-
Komercni Banka(1)	Czech Republic	FULL	60.35	60.35	60.35	60.35
Rosbank(2)	Russia	EQUITY	20.00	-	20.00	-
SG Bank Nederland NV	Netherland	FULL	100.00	100.00	100.00	100.00
SG Express Bank	Bulgaria	FULL	97.95	97.95	97.95	97.95
SG Hambros Bank Limited(1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Private Banking (Suisse)(1)	Switzerland	FULL	77.62	77.62	77.62	77.62
SG Yougoslav Bank AD	Serbia	FULL	100.00	100.00	100.00	100.00
SG Vostok(1)	Russia	FULL	100.00	100.00	100.00	100.00
SGBT Luxembourg(1)	Luxembourg	FULL	100.00	100.00	100.00	100.00
SGBT Monaco	Monaco	FULL	100.00	100.00	100.00	100.00
SKB Banka(1)	Slovenia	FULL	99.58	99.58	99.58	99.58
Société Générale Cyprus Ltd	Cyprus	FULL	51.00	51.00	51.00	51.00
Sogéparticipations Belgium(1)	Belgium	FULL	100.00	100.00	100.00	100.00
2S Banca(2)	Italy	FULL	100.00	-	100.00	-
FINANCIAL COMPANIES						
Amber	Great Britain	FULL	100.00	100.00	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2006	December 2005	December 2006	December 2005
BRD Finance Credite Consum SRL[2]	Romania	FULL	79.58	-	100.00	-
Brigantia BV[1][2]	Great Britain	FULL	100.00	-	80.00	-
Claris 4[2]	Jersey	FULL	100.00	-	100.00	-
Euro-VL Luxembourg	Luxembourg	FULL	100.00	100.00	100.00	100.00
Fond Telecom Italia[7]	Italy	FULL	-	100.00	-	100.00
Halysa SA[2]	Luxembourg	FULL	100.00	-	100.00	-
Horizon Equity Sarl[5]	Luxembourg	FULL	-	100.00	-	100.00
IVEFI	Luxembourg	FULL	100.00	100.00	100.00	100.00
Lightning Finance Company Ltd	Ireland	FULL	51.00	51.00	51.00	51.00
LFL Asset Finance Ltd	Ireland	FULL	51.00	51.00	51.00	51.00
Lyxor Master Funds	Jersey	FULL	100.00	100.00	100.00	100.00
Orion Liquidity Share Assets Fund BV[2]	Netherlands	FULL	100.00	-	95.00	-
Parsifal	Jersey	FULL	100.00	100.00	100.00	100.00
Red & Black Consummer 2006-1 plc[2]	Ireland	FULL	100.00	-	100.00	-
SGA Societe Generale Acceptance N.V.	Netherlands Antilles	FULL	100.00	100.00	100.00	100.00
SG Asset Management Group Ltd[1]	Great Britain	FULL	100.00	100.00	100.00	100.00
SGAM Iberia	Spain	FULL	100.00	100.00	100.00	100.00
SGBF	Belgium	FULL	100.00	100.00	100.00	100.00
SG Effekten	Germany	FULL	100.00	100.00	100.00	100.00
SG Finance Ireland[1]	Ireland	FULL	100.00	100.00	100.00	100.00
SG Investment UK Ltd[1]	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Russel Asset Management	Ireland	PROP	50.00	50.00	50.00	50.00
SG Securities London	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Wertpapierhandelsgesellschaft Mbh	Germany	FULL	100.00	100.00	100.00	100.00
Verifonds[2]	Germany	FULL	100.00	-	100.00	-
SPECIALIZED FINANCING						
ALD Belgium[1]	Belgium	FULL	100.00	100.00	100.00	100.00
ALD Danmark[1]	Danmark	FULL	100.00	100.00	100.00	100.00
ALD Finland[1]	Finland	FULL	100.00	100.00	100.00	100.00
Axus Italiana S.R.L	Italy	FULL	100.00	100.00	100.00	100.00
ALD Nederland	Netherlands	FULL	100.00	100.00	100.00	100.00
ALD Norway[1]	Norway	FULL	100.00	100.00	100.00	100.00
ALD Sweden[1]	Sweden	FULL	100.00	100.00	100.00	100.00
Adria Leasing Spa (groupe GEFA-ALD)	Italy	FULL	100.00	100.00	100.00	100.00
ALD Germany (groupe GEFA-ALD)[1]	Germany	FULL	100.00	100.00	100.00	100.00
ALD UK (groupe GEFA-ALD)[1]	Great Britain	FULL	100.00	100.00	100.00	100.00
ALD Czech Republic	Czech Republic	FULL	100.00	100.00	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2006	December 2005	December 2006	December 2005
ALD International SAS & Co[1]	Germany	FULL	100.00	100.00	100.00	100.00
ALD International S.A.	Germany	FULL	100.00	100.00	100.00	100.00
ALD Lease Finanz Gmbh[1]	Germany	FULL	100.00	100.00	100.00	100.00
ALD Portugal	Portugal	FULL	100.00	100.00	100.00	100.00
ALD Spain[1]	Spain	FULL	100.00	100.00	100.00	100.00
Delta Credit Mortgage Finance BV[1]	Netherlands	FULL	100.00	100.00	100.00	100.00
Essox	Czech Republic	FULL	79.81	79.67	100.00	99.87
Eurobank	Poland	FULL	99.26	98.98	99.26	98.98
Fiditalia Spa	Italy	FULL	100.00	100.00	100.00	100.00
Fraer Leasing Spa (groupe GEFA-ALD)	Italy	FULL	67.75	67.75	67.75	67.75
SGEF Czech Republic	Czech Republic	FULL	100.00	100.00	100.00	100.00
Franfinance Leasing Italia Spa (groupe GEFA-ALD)	Italy	FULL	100.00	100.00	100.00	100.00
SGEF Polska (groupe GEFA-ALD)	Poland	FULL	100.00	100.00	100.00	100.00
Gefa Bank (groupe GEFA-ALD)	Germany	FULL	100.00	100.00	100.00	100.00
Gefa Leasing Gmbh (groupe GEFA-ALD)	Germany	FULL	100.00	100.00	100.00	100.00
Hanseatic Bank	Germany	FULL	75.00	75.00	75.00	75.00
LocatRent S.P.A	Italy	PROP	50.00	50.00	50.00	50.00
Montalis Investment BV	Netherlands	FULL	100.00	100.00	100.00	100.00
Promopart Snc	Luxembourg	FULL	100.00	100.00	100.00	100.00
SGBT Finance Ireland Limited	Ireland	FULL	100.00	100.00	100.00	100.00
SG Capital Europe Fund III[1]	Great Britain	FULL	46.94	46.94	46.94	46.94
SGEF Benelux[2]	Netherlands	FULL	100.00	-	100.00	-
SGEF International GMBH[1]	Germany	FULL	100.00	100.00	100.00	100.00
SGEF Schwitzerland	Switzerland	FULL	100.00	100.00	100.00	100.00
SGEF SA & CO KG	Germany	FULL	100.00	100.00	100.00	100.00
SG Factoring Spa	Italy	FULL	100.00	100.00	100.00	100.00
SGEF Scandinavia[1]	Norway	FULL	100.00	100.00	100.00	100.00
SG Holding de Valores y Participationes	Spain	FULL	100.00	100.00	100.00	100.00
Société Générale Italia holding SPA[2]	Italy	FULL	100.00	-	100.00	-
Sogega Pme Snc	Luxembourg	FULL	100.00	100.00	100.00	100.00
Sogelease BV Nederland[1]	Netherlands	FULL	100.00	100.00	100.00	100.00
BROKERS						
Cube Financial[2]	Great Britain	FULL	100.00	-	100.00	-
Squaregain[9]	Great Britain	FULL	100.00	-	100.00	-
Succursale Fimat Francfort	Germany	FULL	100.00	100.00	100.00	100.00
Succursale Fimat Londres	Great Britain	FULL	100.00	100.00	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest December 2006	Group ownership interest December 2005	Group voting interest December 2006	Group voting interest December 2005
Succursale Fimat Madrid	Spain	FULL	100.00	100.00	100.00	100.00
INSURANCE						
Généras	Luxembourg	FULL	100.00	100.00	100.00	100.00
Inora Life	Ireland	FULL	100.00	100.00	100.00	100.00
Komercni Pojistovna	Czech Republic	FULL	80.57	80.57	100.00	100.00
Sogelife	Luxembourg	FULL	100.00	100.00	100.00	100.00
OTHERS						
Glassbeads SARL(3)	Luxembourg	FULL	-	36.89	-	78.60
Sovitec Group(3)	Luxembourg	FULL	-	33.20	-	90.00
AFRICA AND THE MIDDLE-EAST						
BANKS						
BFV-SG (Madagascar)	Madagascar	FULL	70.00	70.00	70.00	70.00
Guinée Equatoriale(2)	Guinea	FULL	52.44	-	57.24	-
MIBank(12)	Egypt	FULL	-	71.08	-	90.68
National SG Bank SAE	Egypt	FULL	77.17	78.38	77.17	78.38
SG Algérie	Algeria	FULL	100.00	100.00	100.00	100.00
SGB Cameroun	Cameroon	FULL	58.08	58.08	58.08	58.08
SG Banques en Côte-d'Ivoire(1)	Ivory Coast	FULL	68.20	68.20	68.20	68.20
SG Banque en Guinée	Guinea	FULL	52.94	52.94	52.94	52.94
SG Banque au Liban(1)(4)	Lebanon	EQUITY	19.00	50.00	19.00	50.00
SG Banques au Sénégal	Senegal	FULL	57.72	57.72	57.72	57.72
SG Marocaine de Banques(1)	Morocco	FULL	53.02	51.91	53.02	51.91
SSB Bank Ghana	Ghana	FULL	51.00	51.00	51.00	51.00
Union International de Banque	Tunisia	FULL	52.34	52.34	52.34	52.34
SPECIALIZED FINANCING						
ALD Marocco	Morocco	FULL	42.95	42.79	50.00	50.00
Eqdom	Morocco	FULL	44.84	44.64	53.61	53.61
Sogelease Egypt	Egypt	FULL	70.87	71.35	80.00	80.00
Sogelease Maroc	Morocco	FULL	71.81	71.15	100.00	100.00
INSURANCE						
La Marocaine Vie	Morocco	FULL	73.75	73.44	87.07	87.07
THE AMERICAS						
BANKS						
Banco Société Générale Brazil SA(1)	Brazil	FULL	100.00	100.00	100.00	100.00
SG Canada(1)	Canada	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
Andromede Fund(2)	Cayman Islands	FULL	100.00	-	100.00	-

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest December 2006	Group ownership interest December 2005	Group voting interest December 2006	Group voting interest December 2005
The Emerald Fund Limited[2]	Cayman Islands	FULL	100.00	-	100.00	-
Raeburn Overseas Partners Ltd[2]	United States	FULL	100.00	-	100.00	-
SG Americas Inc[1]	United States	FULL	100.00	100.00	100.00	100.00
SG Capital Trust[1]	United States	FULL	-	-	100.00	100.00
SGAM Inc[3]	United States	FULL	-	100.00	-	100.00
SG Warrants Limited	United States	FULL	100.00	100.00	100.00	100.00
SocGen Real Estate Company L.L.C.	United States	FULL	100.00	50.31	100.00	100.00
TCW Group[1]	United States	FULL	95.06	74.30	98.15	89.89
TOBP[8]	United States	FULL	-	-	-	-
TOPAZ Fund	Cayman Islands	FULL	100.00	100.00	100.00	100.00
Tourmaline[3]	Cayman Islands	FULL	-	100.00	-	100.00
Turquoise	Cayman Islands	FULL	100.00	100.00	100.00	100.00
BROKERS						
Fimat Alternatives Strategies Inc.	United States	FULL	100.00	100.00	100.00	100.00
Fimat Canada Inc.	Canada	FULL	100.00	100.00	100.00	100.00
Fimat Futures USA LLC	United States	FULL	100.00	100.00	100.00	100.00
Fimat Preferred LLC	United States	FULL	100.00	100.00	100.00	100.00
SERVICES						
Fimat Facilities Management	United States	FULL	100.00	100.00	100.00	100.00
SPECIALIZED FINANCING						
Cousto Investments LP	United States	FULL	100.00	100.00	55.00	55.00
Makatea JV Inc	United States	FULL	100.00	100.00	66.67	60.00
Mehetia Inc	United States	FULL	100.00	100.00	51.00	51.00
Rexus LLC	United States	FULL	100.00	100.00	70.83	70.83
SG Ariki Inc[5]	United States	FULL	-	100.00	-	100.00
SG Astro Finance LP	United States	FULL	100.00	100.00	100.00	100.00
SG Astro Finance Trust	United States	FULL	100.00	100.00	100.00	100.00
SG Constellation Canada LTD	Canada	FULL	100.00	100.00	100.00	100.00
SG Equity Finance LLC	United States	FULL	100.00	100.00	100.00	100.00
SG Finance Inc	United States	FULL	100.00	100.00	100.00	100.00
SG Preferred Capital III LLC[1]	United States	FULL	100.00	100.00	100.00	100.00
Sorbier Investment Corp	United States	FULL	100.00	100.00	60.00	60.00
PORTFOLIO MANAGEMENT						
SG Commodities Product[2]	United States	FULL	100.00	-	100.00	-

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest December 2006	Group ownership interest December 2005	Group voting interest December 2006	Group voting interest December 2005
SG Investissement Management Holding Corp[2]	United States	FULL	100.00	-	100.00	-
SG Tandem	United States	FULL	100.00	100.00	100.00	100.00
ASIA AND OCEANIA						
BANKS						
SG Australia Holdings[1]	Australia	FULL	100.00	100.00	100.00	100.00
SG Private Banking (Japan) Limited	Japan	FULL	100.00	100.00	100.00	100.00
SG Securities North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
IBK SGAM	South Korea	PROP	50.00	50.00	50.00	50.00
SG Asset Management Singapore Ltd	Singapore	FULL	100.00	100.00	100.00	100.00
SGAM Japan	Japan	FULL	100.00	100.00	100.00	100.00
Société Générale Asia Ltd (Hong-Kong)	Hong-Kong	FULL	100.00	100.00	100.00	100.00
Sogeko[10]	South Korea	PROP	-	41.35	-	42.15
PORTFOLIO MANAGEMENT						
S.G. Asset Management North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
BROKERS						
Fimat International Banque Hong Kong[2]	Hong-Kong	FULL	100.00	-	100.00	-
Fimat Asia Pte Limited	Singapore	FULL	100.00	100.00	100.00	100.00
Fimat Futures Hong-Kong	Hong-Kong	FULL	100.00	100.00	100.00	100.00
Fimat Taiwan[2]	Taiwan	FULL	100.00	-	100.00	-
SG Securities Asia Int. Holdings[1]	Singapore	FULL	100.00	100.00	100.00	100.00
Succursale Fmat Sydney	Australia	FULL	100.00	100.00	100.00	100.00

(1) Companies carrying out sub-consolidation.

(2) Consolidated for the first time in 2006.

(3) Entities now sub-consolidated.

(4) Change of method following to the partial transfers of shares to the exterior of the group.

(5) Entities deconsolidated during 2006.

(6) Dissolution by a merger of assets with Calif.

(7) Entity liquidated in 2006.

(8) Special Purpose Vehicle substantially controlled by the Group.

(9) Change of method following to the transfer by Boursorama to SGSS Holding.

(10) Entity sold in 2006.

(11) Dissolution by a merger of assets with SG Métropole.

(12) MIBank and NSGB mergered in November 2006.

(13) Company directly consolidated in 2006.

Note 43

Sector information by business line

(in millions of euros)	Retail banking and Financial Services								
	French Networks			Retail Banking outside France			Financial Services		
	2006	2005	2004 (1)	2006	2005	2004 (1)	2006	2005	2004 (1)
Net banking income	6,701	6,189	5,870	2,786	2,345	1,979	2,536	2,127	1,819
Operating expenses (2)	(4,354)	(4,212)	(4,069)	(1,644)	(1,419)	(1,223)	(1,386)	(1,202)	(1,082)
Gross operating income	**2,347**	**1,977**	**1,801**	**1,142**	**926**	**756**	**1,150**	**925**	**737**
Cost of risk	(274)	(282)	(292)	(215)	(131)	(161)	(274)	(201)	(136)
Net income from companies accounted for by the equity method	2	1	2	11	4	3	(14)	(8)	-
Net income/expense from other assets	5	2	5	7	5	15	(1)	-	(1)
Impairment of goodwill	-	-	-	-	-	-	-	-	-
Earnings before tax	**2,080**	**1,698**	**1,516**	**945**	**804**	**613**	**861**	**716**	**600**
Income tax	(707)	(594)	(529)	(242)	(224)	(190)	(303)	(252)	(216)
Net income before minority interests	**1,373**	**1,104**	**987**	**703**	**580**	**423**	**558**	**464**	**384**
Minority interests	52	45	45	232	194	165	14	11	8
Net income, Group share	**1,321**	**1,059**	**942**	**471**	**386**	**258**	**544**	**453**	**376**

(in millions of euros)	Global Investment Management and Services								
	Asset Management			Private Banking			SGSS and Online Savings		
	2006	2005	2004 (1)	2006	2005	2004 (1)	2006	2005	2004 (1)
Net banking income	1,281	1,152	1,047	658	540	463	1,256	892	755
Operating expenses(2)	(805)	(715)	(642)	(434)	(376)	(334)	(1,059)	(761)	(662)
Gross operating income	**476**	**437**	**405**	**224**	**164**	**129**	**197**	**131**	**93**
Cost of risk	1	(2)	-	(4)	(1)	(7)	(5)	(3)	-
Net income from companies accounted for by the equity method	-	-	-	-	-	-	-	-	-
Net income/expense from other assets	(1)	-	(2)	-	-	(1)	-	-	5
Impairment of goodwill	-	-	-	-	-	-	-	-	-
Earnings before tax	**476**	**435**	**403**	**220**	**163**	**121**	**192**	**128**	**98**
Income tax	(162)	(147)	(137)	(49)	(33)	(23)	(62)	(43)	(31)
Net income before minority interests	**314**	**288**	**266**	**171**	**130**	**98**	**130**	**85**	**67**
Minority interests	16	31	35	12	8	8	10	4	3
Net income, Group share	**298**	**257**	**231**	**159**	**122**	**90**	**120**	**81**	**64**

(1) IFRS excl. IAS 32, 39 & IFRS 4.

(2) Including depreciation and amortization.

	Corporate and Investment Banking											
	Corporate Banking and Fixed Income			Equity and Advisory			Corporate Centre			Société Générale Group		
(in millions of euros)	2006	2005	2004 (1)	2006	2005	2004(1)	2006	2005	2004 (1)	2006	2005	2004 (1)
Net banking income	3,649	3,143	2,698	3,349	2,554	2,029	201	224	(270)	22,417	19,166	16,390
Operating expenses (2)	(2,128)	(1,786)	(1,569)	(1,762)	(1,534)	(1,355)	(131)	(151)	(126)	(13,703)	(12,156)	(11,062)
Gross operating income	**1,521**	**1,357**	**1,129**	**1,587**	**1,020**	**674**	**70**	**73**	**(396)**	**8,714**	**7,010**	**5,328**
Cost of risk	102	132	106	(9)	13	(45)	(1)	27	(33)	(679)	(448)	(568)
Net income from companies accounted for by the equity method	20	22	27	4	-	(1)	(5)	-	9	18	19	40
Net income/expense from other assets	30	(10)	18	-	(1)	(2)	3	152	158	43	148	195
Impairment of goodwill	-	-	-	-	(13)	-	(18)	(10)	4	(18)	(23)	4
Earnings before tax	**1,673**	**1,501**	**1,280**	**1,582**	**1,019**	**626**	**49**	**242**	**(258)**	**8,078**	**6,706**	**4,999**
Income tax	(462)	(377)	(297)	(440)	(291)	(150)	134	171	197	(2,293)	(1,790)	(1,376)
Net income before minority interests	**1,211**	**1,124**	**983**	**1,142**	**728**	**476**	**183**	**413**	**(61)**	**5,785**	**4,916**	**3,623**
Minority interests	8	11	6	5	-	-	215	210	72	564	514	342
Net income, Group share	**1,203**	**1,113**	**977**	**1,137**	**728**	**476**	**(32)**	**203**	**(133)**	**5,221**	**4,402**	**3,281**

(1) IFRS excl. IAS 32, 39 & IFRS 4.

(2) Including depreciation and amortization.

	Retail banking and Financial Services											
	French Networks			Retail Banking outside France			Financial Services			Division total		
(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005
Sector assets	144,556	128,913	114,179	53,606	38,507	28,616	108,445	94,460	81,478	306,607	261,880	224,273
Sector liabilities (1)	112,469	107,979	98,195	49,335	40,535	32,136	74,055	65,530	59,958	235,859	214,044	190,289

	Corporate and Investment Banking								
	Corporate Banking and Fixed Income			Equiy and Advisory			Division total		
(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005
Sector assets	391,120	364,283	282,861	169,815	142,926	112,901	560,935	507,209	395,762
Sector liabilities (1)	446,454	407,774	311,721	134,871	111,263	98,052	581,325	519,037	409,773

	Global Investment Management and Services											
	Asset Management			Private Banking			SGSS and Online Savings			Division total		
(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005
Sector assets	21,708	15,863	14,912	18,908	15,162	12,047	32,237	18,873	12,288	72,853	49,898	39,247
Sector liabilities (1)	12,675	9,028	7,520	23,764	22,954	14,394	53,029	30,691	21,333	89,468	62,673	43,247

	Corporate Centre			Société Générale Group		
(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005
Sector assets	16,446	16,147	13,445	956,841	835,134	672,727
Sector liabilities(1)	16,757	12,180	7,170	923,409	807,934	650,479

(1) Sector liabilities correspond to total liabilities except equity.

Sector information by geographical region

Geographical breakdown of net banking income

	France			Europe			Americas		
(in millions of euros)	2006	2005	2004 (1)	2006	2005	2004 (1)	2006	2005	2004 (1)
Net interest and similar income	1,102	2,220	2,414	2,235	1,923	1,957	(260)	271	1,493
Net fee income	4,012	3,638	3,100	1,447	1,015	830	965	1,046	998
Net income/(expense) from financial transactions	6,353	4,274	3,559	1,630	1,092	314	2,174	1,380	(30)
Other net operating income	619	287	(172)	676	638	636	(124)	(44)	33
Net banking income	**12,086**	**10,419**	**8,901**	**5,988**	**4,668**	**3,737**	**2,755**	**2,653**	**2,494**

	Asia			Africa			Oceania			Total		
(in millions of euros)	2006	2005	2004 (1)	2006	2005	2004 (1)	2006	2005	2004 (1)	2006	2005	2004 (1)
Net interest and similar income	(192)	(44)	66	557	453	354	(37)	(122)	99	3,405	4,701	6,383
Net fee income	160	166	153	239	195	168	30	22	26	6,853	6,082	5,275
Net income/(expense) from financial transactions	638	498	350	32	32	33	157	222	(4)	10,984	7,498	4,222
Other net operating income	-	(2)	3	4	8	11	-	(2)	(1)	1,175	885	510
Net banking income	**606**	**618**	**572**	**832**	**688**	**566**	**150**	**120**	**120**	**22,417**	**19,166**	**16,390**

(1) IFRS excl. 32, 39 & IFRS 4

Geographical breakdown of balance sheet items

	France			Europe			Americas			Asia		
(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005
Sector assets	598 559	523 956	437 964	174 749	142 371	105 974	128 581	120 039	92 484	25 570	23 948	19 983
Sector liabilities (2)	572 717	503 223	419 998	170 391	138 841	103 616	126 684	118 296	91 394	25 272	23 576	19 818

	Africa			Oceania			Total		
(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005
Sector assets	14 450	12 346	7 897	14 932	12 474	8 425	956 841	835 134	672 727
Sector liabilities (2)	13 570	11 669	7 349	14 775	12 329	8 304	923 409	807 934	650 479

(2) Sector liabilities correspond to total liabilities except equity

Note 44

Post closing events

On January 8, 2007, the Société Générale Group announced that it had entered into exclusive negotiations with Calyon regarding a possible merger of their brokerage activities, currently carried out by Fimat and Calyon Financial respectively.

The newly formed entity would be a world leader in execution and clearing of listed derivatives and would be controlled equally by Société Générale and Calyon.

The two groups will enter into a mutual due diligence process with a view to sign a definitive agreement.

Business objectives for the newly created group would be communicated at the time of signing of the definitive agreement.

The project will be subject to a consultation of employee representatives.

This project has not had any impact on 2006 consolidated financial statements.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2006

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports. This information is presented below the 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 captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Société Générale for the year ended December 31, 2006.

These consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, and of the financial position of the Group as at December 31, 2006 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the EU.

II - JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

ACCOUNTING POLICIES

Note 1 to the financial statements explains the change in 2006 in the accounting policies governing the increase in the Group's ownership interest in an entity over which the Group already exercises sole control and the related change in the purchase of put options granted to minority shareholders in fully-consolidated subsidiaries, as well as the reclassification in shareholders' equity of some undated subordinated notes. In accordance with IAS 8, comparative information relating to the years ended December 31, 2004 and 2005, presented in the consolidated financial statements, was restated to take into account retrospectively, the application of this new accounting treatment. Consequently, comparative information differs from the consolidated financial statements published for the year ended December 31, 2005.

As part of our assessment of the accounting policies adopted by your company, we have examined the correct restatement of the 2004 and 2005 accounts and the related disclosures in the financial statements.

ACCOUNTING ESTIMATES

- As detailed in Note 1 to the financial statements, your Company records provisions to cover the credit risks inherent to its activities. As part of our assessment of the significant, accounting estimates performed by the Group in its year-end accounts closing process, we have reviewed and tested the procedures implemented by the Management for identifying and assessing these risks and determining the amount of individual and collective provisions considered necessary.

- As detailed in Note 1 to the financial statements, your Company records provisions to cover potential negative global interest rate risks on the «*épargne-logement*» contracts (mortgage savings plans and agreements). The calculation method of this provision has been determined pursuant to the Opinion No 2006-02 published by the French National Accounting Standards Board (CNC) on March 31, 2006. We have examined, on a test basis, the accuracy of the calculation method.
- As detailed in Note 1 to the financial statements, your Company uses internal models to measure financial instruments that are not listed on liquid markets. Our procedures consisted in reviewing the control procedures related to the models dedicated, to assess the data and assumptions used as well as the inclusion of the risks related to these instruments. Furthermore, we have reviewed and tested the processes implemented by Management to:
  - identify and defer on inception, the gains on financial instruments calculated in accordance with valuation techniques based on non-observable market data or measured by valuation models that are not recognized by the market;
  - subsequently record these gains in the income statement.
- In its year-end accounts closing process, significant accounting estimates are performed by Société Générale, as described in Note 1 to the financial statements, related in particular to the assessment of the fair value of financial instruments accounted for at amortized cost, of goodwill and pension plans and other post-employment benefits. We have reviewed the underlying assumptions and valuation parameters and ensured ourselves that these accounting estimates are based on documented methods in accordance with the accounting policies described in Note 1 to the financial statements.

We have assessed the reasonableness of these estimates.

These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of our audit opinion in the first part of this report.

III – SPECIFIC VERIFICATION

In accordance with professional standards applicable in France, we have also verified the information given in the Group management report. We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Paris – La Défense and Neuilly-sur-Seine, March 6, 2007

The Statutory Auditors
French original signed by

ERNST & YOUNG Audit	**DELOITTE & ASSOCIES**
Philippe PEUCH-LESTRADE	José-Luis GARCIA

PARENT COMPANY FINANCIAL STATEMENTS

Société Générale management report

SUMMARY BALANCE SHEET OF SOCIÉTÉ GÉNÉRALE

ASSETS

(in billions of euros at December 31)	2006	2005	Change
Interbank and money market assets	114.2	91.7	22.5
Customer loans	186.9	170.7	16.2
Securities	392.8	323.8	69.0
of which securities purchased under resale agreements	*104.4*	*85.7*	*18.7*
Other assets	173.3	128.3	45.0
of which option premiums	*133.7*	*95.1*	*38.6*
Tangible, intangible assets and other	1.2	1.2	0.0
Total assets	**868.4**	**715.7**	**152.7**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in billions of euros at December 31)	2006	2005	Change
Interbank and money liabilities (1)	316.5	266.3	50.2
Customer deposits	187.2	153.1	34.1
Bonds and subordinated debt (2)	16.7	16.7	0.0
Securities	144.4	126.8	17.6
of which securities sold under repurchase agreements	*64.2*	*61.4*	*2.8*
Other liabilities and provisions	181.3	135.5	45.8
of which option premiums	*136.9*	*99.0*	*37.9*
Equity	22.3	17.3	5.0
Total liabilities and shareholders' equity	**868.4**	**715.7**	**152.7**

(1) Including negotiable debt instruments.

(2) Including undated subordinated capital notes.

At December 31, 2006, Société Générale Parent Company's total assets and liabilities amounted to EUR 868.4 billion, up 21.3% on December 31, 2005. The development of its activities is reflected in the key balance sheet figures.

- The increase in customer loans (+9.5%) which amounted to EUR 186.9 billion at December 31, 2006, was essentially driven by rises in housing loans (EUR 6.9 billion), short-term credit facilities (EUR 4.2 billion) and equipment loans (EUR 3.4 billion). Loans to individual customers rose by 12.7%, due primarily to increased housing loan issuance.
- Securities carried on the asset side of the balance sheet, excluding securities purchased under resale agreements, amounted to EUR 288.4 billion at December 31, 2006, up 21.1% on year-end 2005. This increase was notably due to a rise in the value of the trading portfolio (EUR 44.4 billion).
- Premiums on the purchase of options increased by EUR 38.6 billion on December 31, 2005, following a sharp increase in volumes. The same trend was seen in premiums on sales of options.
- Customer deposits amounted to EUR 187.2 billion at December 31, 2006, up EUR 34.1 billion (+22.3%) on December 31, 2005. This growth essentially reflects increases in the sight deposits of financial institutions (EUR +14.1 billion) and business customers (EUR +3.3 billion) and in the term deposits of financial institutions (EUR +8.7 billion), business customers (EUR +4.3 billion) and local authorities (EUR +2.7 billion).
- The EUR 14.8 billion increase in securities carried on the liabilities side of the balance sheet, excluding securities sold under repurchase agreements, principally stemmed from the rise in short sales of securities (EUR 10 billion) and in borrowed securities (EUR 4.9 billion).

Société Générale's funding strategy reflects the need to finance a growing balance sheet (+21.3% since December 2005), and is based on two principles: the diversification of sources of funding and the matching of assets and liabilities according to maturity and currency in order to minimize exchange rate and transformation risk.

Société Générale Parent Company's funding comes from three main sources:

- Stable resources, comprising shareholder's equity and subordinated debt, the fund for general banking risks and other reserves and provisions. These resources account for 25% of Société Générale's balance sheet funding.
- Customer resources, in the form of deposits (EUR 187.2 billion) and repurchase agreements (EUR 29.9 billion) which total EUR 217.3 billion, or 25% of balance sheet funding.
- Resources collected from the financial markets, through the issue of securities (EUR 94.6 billion), interbank deposits (EUR 224.5 billion) or repurchase agreements with banking counterparties (EUR 114.4 billion). These resources account for 49.9% of total balance sheet funding, or EUR 433.5 billion.

Société Générale intends to maintain this strategy to ensure balanced growth in its assets and liabilities.

SUMMARY INCOME STATEMENT OF SOCIÉTÉ GÉNÉRALE

(in millions of euros at December 31)	2006 France	06/05 (%)	International	06/05 (%)	Société Générale	06/05 (%)	2005 France	International	Société Générale
Net Banking Income	**8,646**	***13.0***	**2,480**	***30.3***	**11,126**	***16.4***	**7,651**	**1,904**	**9,555**
Operating expenses	(5,773)	*7.4*	(1,281)	*18.9*	(7,054)	*9.3*	(5,375)	(1,078)	(6,453)
Gross operating income	**2,873**	***26.2***	**1,199**	***45.1***	**4,072**	***31.3***	**2,276**	**826**	**3,102**
Cost of risk	8	*(101.5)*	31	*(85.5)*	39	*(112.3)*	(531)	212	(319)
Operating income	**2,881**	***65.1***	**1,230**	***18.5***	**4,111**	***47.7***	**1,745**	**1,038**	**2,783**
Net income from long-term investments	411	*65.7*	3	*NS*	414	*66.3*	248	1	249
Operating income before tax	**3,292**	***65.2***	**1,233**	***18.6***	**4,525**	***49.3***	**1,993**	**1,039**	**3,032**
Exceptional items	-	*NS*	-	*NS*	-	*NS*	-	-	-
Income tax	(180)	*620.0*	(302)	*36.1*	(482)	*95.1*	(25)	(222)	(247)
Net reversal from general reserve for banking risks	(10)	*(103.5)*	-	*NS*	(10)	*(103.5)*	284	-	284
Net income	**3,102**	***37.8***	**931**	***14.0***	**4,033**	***31.4***	**2,252**	**817**	**3,069**

Parent company net income for the 2006 financial year stood at EUR 4,033 million, up 31.4% on 2005. The breakdown of results for Société Générale in France and abroad is given in the table above.

The principal changes in the income statement were as follows:

- gross operating income came out at EUR 4,072 million, up 31.3% on 2005:
  - net banking income amounted to EUR 11,126 million, up 16.4% on 2005, reflecting excellent performances in all the core businesses:
    - The French networks reported strong results in an environment marked by the ongoing recovery of the equity markets, rising short-term rates and a gradual pick-up in business demand for financing,
      The number of individual customer accounts, used as an indicator for the size of the customer base, rose by 2.8% year-on-year (+139,000). The total number of personal current accounts held with the Société Générale Network exceeded the 5 million mark in May 2006. Moreover, EUR 14.9 billion in new housing loans was issued over 2006, while life insurance policies taken out with the Group totaled EUR 8.4 billion; 28% of which were unit-linked policies. Within the business customer segment, average outstanding loans grew 13.9% on 2005.
    - Corporate and Investment Banking posted strong growth in revenues in 2006, with business underpinned as much by client-driven activity as by a buoyant trading market particularly in the first half of the year,
  - operating expenses came to EUR 7,054 million, up 9.3% on 2005. This increase which is proportionally much lower than growth in revenues reflects the Group's continued emphasis on tight cost control and the investment needed to underpin organic growth;
- net income from long term investments came out at EUR 414 million in 2006. It included losses of EUR -91 million on the disposal of shares in certain subsidiaries and EUR +502 million stemming from the write-back of provisions for other shares in consolidated subsidiaries;
- the allocation to the provision for legal reserves of EUR 10 million corresponds to the allocation of an investment provision in accordance with article 237 bis AII of the French General Tax Code.

Société Générale Financial statements

PARENT COMPANY BALANCE SHEET

ASSETS

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Cash, due from central banks and post office accounts	2,527	1,573	1,810
Due from banks (Note 2)	174,440	138,970	99,080
Customer loans (Note 3)	228,160	207,312	164,475
Lease financing and similar agreements	325	259	278
Treasury notes and similar securities (Note 4)	41,189	42,532	30,921
Bonds and other debt securities (Note 4)	131,149	102,029	65,121
Shares and other equity securities (Note 4)	80,986	63,841	43,870
Affiliates and other long term securities (Note 5)	1,357	804	941
Investments in subsidiaries (Note 6)	32,650	27,856	23,651
Tangible and intangible fixed assets (Note 7)	1,193	1,186	1,173
Treasury stock (Note 8)	1,137	1,073	1,831
Accruals, other accounts receivable and other assets (Note 9)	173,335	128,308	80,451
Total	**868,448**	**715,743**	**513,602**

OFF-BALANCE SHEET ITEMS

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Loan commitments granted (Note 18)	151,366	135,977	94,517
Guarantee commitments granted (Note 18)	190,715	167,319	116,884
Commitments made on securities	15,812	15,160	11,450
Foreign exchange transactions (Note 30)	456,027	371,665	349,240
Forward financial instrument commitments (Note 19)	13,257,300	9,557,040	7,023,884

(The accompanying notes are an integral part of the Parent Company financial statements.)

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Due to central banks and post office accounts	2,282	1,302	388
Due to banks (Note 10)	256,471	216,179	147,485
Customer deposits (Note 11)	217,337	192,560	150,682
Liabilities in the form of securities issued (Note 12)	94,639	73,553	63,844
Accruals, other accounts payable and other liabilities (Note 13)	244,751	191,250	116,028
Provisions (Note 14)	16,796	9,676	5,320
Long-term subordinated debt and notes (Note 16)	13,902	13,931	12,785
Fund for general banking risks (Note 17)	-	-	284
SHAREHOLDERS' EQUITY			
Common stock (Note 17)	577	543	556
Additional paid-in capital (Note 17)	7,977	5,169	6,048
Retained earnings (Note 17)	9,683	8,511	7,879
Net income (Note 17)	4,033	3,069	2,303
Sub-total	**22,270**	**17,292**	**16,786**
Total	**868,448**	**715,743**	**513,602**

OFF-BALANCE SHEET ITEMS

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Loan commitments received (Note 18)	14,024	9,034	3,819
Guarantee commitments received (Note 18)	67,675	42,470	33,826
Commitments received on securities	18,459	17,490	13,553
Foreign exchange transactions (Note 30)	455,657	370,568	350,968

(The accompanying notes are an integral part of the Parent Company financial statements.)

INCOME STATEMENT

(in millions of euros)	December 31 2006	2005	2004
Net interest income from			
Transactions with banks (Note 20)	(2,631)	(1,386)	(639) (*)
Transactions with customers (Note 20)	3,180	3,322	2,532
Bonds and other debt securities	506	35	112
Other interest and similar revenues	15	2	(224)
Net income from lease financing and similar agreements	23	19	14
Sub-total	**1,093**	**1,992**	**1,795**
Dividend income (Note 21)	2,105	1,758	1,157
Net interest and similar income	**3,198**	**3,750**	**2,952**
Net fee income (Note 22)	**2,448**	**2,426**	**2,014**
Net income from financial transactions (Note 23)	**5,338**	**3,306**	**2,797** (*)
Other net operating income	**142**	**73**	**141**
Net banking income	**11,126**	**9,555**	**7,904**
Personnel expenses (Note 24)	(4,383)	(4,181)	(3,679)
Other operating expenses	(2,384)	(1,972)	(1,898)
Depreciation and amortization	(287)	(300)	(299)
Total operating expenses	**(7,054)**	**(6,453)**	**(5,876)**
Gross operating income	**4,072**	**3,102**	**2,028**
Cost of risk (Note 26)	39	(319)	49
Operating income	**4,111**	**2,783**	**2,077**
Net income from long-term investments (Note 27)	414	249	183
Operating income before tax	**4,525**	**3,032**	**2,260**
Exceptional items	-	-	-
Income tax (loss) (Note 28)	(482)	(247)	14
Net allocation to the general reserve for banking risks and regulatory provisions	(10)	284	29
Net income	**4,033**	**3,069**	**2,303**

** Amounts restated in relation to those given in the 2004 annual repports.*
(The accompanying notes are an integral part of the Parent Company financial statements.)

FIVE-YEAR FINANCIAL SUMMARY OF SOCIÉTÉ GÉNÉRALE

	2006	2005	2004	2003	2002
Financial position at year-end					
Capital stock (in millions of euros) (1)	577	543	556	548	538
Number of outstanding shares (2)	461,424,562	434,288,181	445,153,159	438,434,749	430,170,265
Results of operations (in millions of euros)					
Gross banking and other income (3)	36,358	26,697	22,403	18,943	21,261
Earnings before tax, depreciation, amortization, provisions, employee profit sharing and general reserve for banking risks	4,648	3,641	3,296	2,667	3,298
Employee profit sharing	26	20	-	15	(1)
Income tax	482	247	(14)	(97)	(350)
Net income	4,033	3,069	2,303	1,384	1,868
Total dividends paid	2,399	1,954(*)	1,469	1,096	903
Earnings per share (in euros)					
Earnings after tax but before depreciation, amortization and provisions	8.97	7.77	7.44	6.27	8.48
Net income	8.74	7.07	5.17	3.16	4.34
Dividend paid per share	5.20	4.50	3.30	2.50	2.10
Personnel					
Number of employees	41,736	40,303	39,648	39,102	39,713
Total payroll (in millions of euros)	2,897	2,621	2,476	2,436	2,270
Employee benefits (Social Security and other) (in millions of euros)	1,269	1,339	1,123	1,055	970

(*) After impact of the cancellation of 18,100,000 shares decided by the Board of Directors at its meeting of February 9, and November 16, 2005.

(1) In 2006, Société Générale operated several capital increases for EUR 33.9 million with EUR 2,808.3 million issuing premiums:
- EUR 5.06 million suscribed by employees under the Employee Share Ownership Plan, with EUR 391.17 million of issuing premiums;
- EUR 1.42 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 73.54 million issuing premiums;
- EUR 27.44 million for the capital increase using preferred subscription rights, with EUR 2,343.56 million issuing premiums.

(2) At December 31, 2006, Société Générale's common stock comprised 461,424,562 shares with a nominal value of EUR 1.25 per share.

(3) Gross banking and other income is made up of interest income, dividend income, fee income, income from financial transactions and other operating income.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Note 1

Significant accounting principles

The parent company financial statements for Société Générale were drawn up in accordance with the provisions of regulation 91-01 of the French Banking Regulation Committee (CRB) applicable to credit establishments, and with the accounting principles generally accepted in the French banking industry. As the financial statements of foreign branches were prepared using accounting principles generally accepted in their respective countries, they were subsequently adjusted to comply with the accounting principles applicable in France. The presentation of the financial statements complies with regulation 2000–03 of the French Accounting Regulation Committee (CRC) on parent company financial statements for enterprises governed by the French Banking and Financial Regulation Committee (CRBF), amended by CRC regulation 2005-04 dated November 3, 2005.

Changes in accounting policies and account comparability

2006 financial year

As of January 1, 2006, Société Générale applied the following the French National Accounting Standards Board (CNC) recommendations:

- recommendation 2006-10 dated June 30, 2006 relative to the booking of assets given as guarantees as part of financial guarantee contracts with a re-use right. The application of this recommendation by Société Générale had no impact on earnings or shareholders' equity;
- recommendation 2006-16 dated December 21, 2006 relative to doubtful overdrafts and which amends article 3 bis of CRC regulation 2002-03 dated December 12, 2002 on the accounting treatment of credit risk, itself amended by CRC regulation 2005-03 dated November 3, 2005. The application of this recommendation by Société Générale does not amend existing accounting treatments and therefore has no impact on earnings or shareholders' equity.

2005 financial year

The main changes in accounting policies applied during the 2005 financial year are as follows:

- As of January 1, 2005, Société Générale applied Recommendation 2003-R.01 of the French National Accounting Standards Board (CNC), dated April 1, 2003, on the accounting treatment and valuation of retirement and similar benefits. This change is designed to provide more relevant financial information and also standardizes the accounting treatment used for these commitments with that used in the 2005 consolidated accounts which were prepared for the first time under IFRS. This change of accounting policy had an impact of EUR -126.8 million, net of tax, on the value of shareholders' equity in the opening balance sheet at January 1, 2005, arising from differences in valuation methods, and an impact of EUR -70.1 million, net of tax, on net income for the period due to the fiscal rules applicable to the expenses in question.
- As of January 1, 2005, Société Générale applied CRC regulation 2002-10 dated December 12, 2002 (amended by CRC regulation 2003-07 dated December 12, 2003) on the amortization and depreciation of assets, and CRC regulation 2004-06 dated December 12, 2002, on the definition, accounting treatment and valuation of assets. The impact of this change, in the amount of EUR 3.5 million net of tax, was booked to shareholders' equity in the opening balance sheet at January 1, 2005.
- As of January 1, 2005, Société Générale applied the provisions of article 13 of CRC regulation 2002-03 on the accounting treatment of credit risk in companies governed by the CRBF, which requires that expected future cash flows be discounted to present value in order to calculate depreciations for credit risk. The impact of this change, in the amount of EUR -15.7 million, net of tax, was booked to shareholders' equity in the opening balance sheet at January 1, 2005.
- Société Générale opted for the early application, as of January 1, 2005, of CRC regulation 2005-03 dated November 3, 2005, which amends CRC regulation 2002-03. The application of this new regulation had no impact on the opening shareholders' equity at January 1, 2005.
- As of January 1, 2005, Société Générale also opted for the early application of CRC regulation 2005-01 dated November 3, 2005 on the accounting treatment of securities transactions, issued in amendment to CRB regulation 90-01 dated February 23, 1990. The impact of this change, in the amount of EUR 2.5 million, was booked to shareholders' equity in the opening balance sheet at January 1, 2005.

- Subsequent to the statement issued by the CNC on December 20, 2005, Société Générale applied as of January 1, 2005, the provisions of the draft Recommendation on the accounting treatment of mortgage savings accounts and plans by establishments authorized to receive mortgage savings deposits and grant mortgage savings loans. These new stipulations provide more relevant financial information and the impact, in the amount of EUR -154.4 million net of tax, was booked under shareholders' equity in the opening balance sheet at January 1, 2005. The Recommendation No. 2006-02 published by the CNC on March 31, 2006, governing the accounting treatment for "*comptes et plans d'épargne-logement*" has confirmed the December 20, 2005 draft Recommendation.
- As of January 1, 2005, Société Générale decided to modify the accounting treatment used for certain fees (notably on bank cards) in order to improve financial information. This income is now spread out in the accounts over the duration of the service provided and is no longer booked in the income statement when it is actually received. The impact of this change of accounting policy, in the amount of EUR -21.5 million net of tax, was booked to shareholders' equity in the opening balance sheet at January 1, 2005. However, it had no significant impact on net earnings for the period.

Accounting policies and valuation methods

In accordance with the accounting principles applicable to French banks, the majority of transactions are recorded using valuation methods that take into account the purpose for which they were made.

In financial intermediation transactions, assets and liabilities are generally carried at historical cost, and depreciations are booked where counterparty risk arises. Revenues and expenses arising from these transactions are recorded over the life of the transaction in accordance with the time period concept. Transactions on forward financial instruments carried out for hedging purposes or to manage the bank's overall interest rate risk are accounted for using the same principles.

Trading transactions are generally marked to market at year-end, except for loans, borrowings and short-term investment securities which are recorded at nominal value (see below). When instruments are traded on illiquid markets, the market value used is reduced for reasons of prudence. Moreover, a reserve is booked to cover valuations established on the basis of in-house models (*Reserve Policy),* which is determined according to the complexity of the model used and the life of the financial instrument.

Translation of foreign currency financial statements

The on- and off-balance sheet items of branches reporting in foreign currencies are translated at the official exchange rate prevailing at year-end. Income statement items of these branches are translated at the average month-end exchange rates. Gains and losses arising from the translation of reserves, retained earnings and net income are included in shareholders' equity under *Translation differences.* Gains and losses from transactions used to hedge translations of net income in foreign currencies of branches are also included in shareholders' equity under the same heading.

Gains and losses arising from the translation of the capital contribution of foreign branches are included under *Other accounts payable* or *Other accounts receivable.*

In accordance with CNC Recommendation 98-01, translation differences relating to branches in the euro zone are retained in shareholders' equity and are only booked to the income statement when these entities are sold.

Amounts due from banks, customer loans, guarantees and endorsements

Amounts due from banks and customer loans are classified according to their initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits in the case of banks; and commercial loans, overdrafts and other loans to customers. They also include securities purchased from banks and customers under resale agreements, and loans secured by notes and securities.

Only amounts due and customer loans which meet the following criteria are offset on the balance sheet: those with the same counterparty, maturity, currency and accounting entity, and those for which an agreement exists with the counterparty allowing the company to combine the accounts and exercise the right of offset.

Interest accrued on these receivables is recorded as *Related receivables* and booked to the income statement.

Guarantees and endorsements booked off-balance sheet represent transactions which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

Under CRC regulation 2002-03, if a commitment carries an incurred credit risk which makes it probable that Société Générale will not recover all or part of the amounts due under the counterparty's commitment in accordance with the original terms of the contract, despite the existence of a guarantee, the corresponding outstanding loan is classified as a doubtful loan. Moreover, any loan will be classified as doubtful if one or more repayments are more than three months overdue (six months for mortgage loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed, if it can be assumed that there is an identified risk, or if legal proceedings have been started.

If a loan to a given borrower is classified as doubtful, all outstanding loans or commitments to that borrower are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Depreciations for unrealized losses and for doubtful loans are booked in the amount of the probable loss. As of January 1, 2005, depreciations for unrealized losses are equal to the difference between the carrying amount of the asset and the present value of estimated future recoverable cash flows, taking into account any guarantees, discounted at the financial assets' original effective interest rate. Furthermore, this depreciation may not be less than the full amount of the accrued interest on the doubtful loan. Depreciations, write-backs of depreciations, losses on bad debts and recovery of impaired debts are booked under *Cost of risk,* along with write-backs of depreciations linked to the passage of time.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, a depreciation is recognized without waiting for the risk to individually affect one or more receivables. The amount of depreciation is notably determined on the basis of historical 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.

Doubtful loans can be reclassified as performing loans when the credit risk has been definitively eliminated and regular repayments have resumed according to the original terms of the contract. Similarly, doubtful loans which have been restructured can be reclassified as performing loans. When a loan is restructured, a discount is applied to any differences between the cash flows expected to be received under the initial terms of the contract and the present value of the future flows of capital and interest expected to be received under the new terms, discounted at the original effective interest rate.

The amount deducted is booked under *Cost of risk.* If the restructured loan is subsequently reclassified as a performing loan, it is reincorporated into net interest income over the remaining term of the loan.

When a borrower's solvency is such that after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, the loan is identified as a non-performing loan. A loan is classified as non-performing once the bank asks for an early termination, when the contract is terminated and in any case one year after it was classified as doubtful, except where the original terms of the contract have been respected or where the loan is covered by guarantees which ensure its recovery. Loans which have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

Securities portfolio

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank securities), shares and other equity securities;
- the purpose for which they were acquired: trading, short-term and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments.

Purchases and sales of securities are recorded in the balance sheet at the date of settlement-delivery.

All securities in each category are accounted for using similar methods, 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 held in for market-making activities and securities purchased or sold in the specialized 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. They are marked to market at the end of the financial period. Net unrealized gains or losses, together with net gains or losses on disposals, are recognized 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.*

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 realizable value. For listed securities, realizable value is defined as the most recent market price. Unrealized capital gains are not recognized in the accounts but a depreciation of portfolio securities is booked to cover unrealized capital losses, without the said depreciation being offset against any unrealized 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 amortized 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 realizable value or, in the case of listed securities, to their most recent market price. Unrealized capital gains are not recognized in the accounts but a depreciation of portfolio securities is booked to cover unrealized capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of depreciations for losses on short-term investment securities together with gains and losses on sales of these securities are recorded under *Net income from financial transactions* in the income statement.

- **Long-term investment securities**

Long-term investment securities are acquired debt securities or reclassified short-term investment securities which Société Générale intends to hold until maturity, where it has the financial capacity to do so and is not subject to any legal or other form of constraint that might undermine its ability to do so.

These instruments may be designated as hedged items in hedging transactions using forward financial instruments used to hedge the interest rate risk on identifiable items or groups of similar items.

Long-term investments are booked according to the same principles as short-term investment securities, except that no depreciation is made for unrealized losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of depreciations for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under *Net income from long-term investments.*

- **Investments in consolidated subsidiaries and affiliates, and other long-term equity investments**

This category of securities covers shares held in consolidated subsidiaries and affiliates, when it is deemed useful to Société Générale'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 Société Générale 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 Société Générale.

This category also includes *Other long-term equity investments.* These are equity investments made by Société Générale with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the low proportion of attached voting rights.

Investments in consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price net of acquisition costs. Dividend income earned on these securities is booked in the income statement under *Dividend income.*

At year-end, investments in consolidated subsidiaries and affiliates are valued at their value in use, namely the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. Unrealized capital gains are not recognized in the accounts but a depreciation on portfolio securities is booked to cover unrealized capital losses. Allocations to and reversals of depreciations as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from long-term investments.*

Tangible and intangible fixed assets

Premises, equipment and other fixed assets are carried at their purchase price on the assets side of the balance sheet. Borrowing expenses incurred to fund a lengthy construction period for fixed assets are included in the acquisition cost, along with other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets.

Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development, which includes external expenditure on hardware and services and personnel expenses which can be attributed directly to its production and preparation for use.

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount.

Where one or several components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life, through the income statement under *Depreciation and amortization*. Société Générale has applied this approach to its operating property, breaking down its assets into the following minimum components with their corresponding depreciation periods:

Infrastructure	Major structures	50 years
	Doors and windows, roofing	20 years
	Façades	30 years
Technical installations	Elevators	10-30 years
	Electrical installations	
	Electricity generators	
	Air conditioning, extractors	
	Technical wiring	
	Security and surveillance installations	
	Plumbing	
	Fire safety equipment	
Fixtures and fittings	Finishings, surroundings	10 years

Depreciation periods for fixed assets other than buildings depend on their useful life, usually estimated in the following ranges:

Plant and equipment	5 years
Transport	4 years
Furniture	10-20 years
Office equipment	5-10 years
IT equipment	3-5 years
Software, developed or acquired	3-5 years
Concessions, patents, licenses, etc.	5-20 years

Amounts due to banks, customer deposits

Amounts due to banks and customer deposits are classified according to their initial duration and type: demand (demand deposits and current accounts) and time deposits and borrowings in the case of banks, and regulated savings accounts and other deposits in the case of customers. They also include securities sold to banks and customers under repurchase agreements.

Interest accrued on these deposits is recorded as *Related payables* and as an expense in the income statement.

Securitized debt payables

These liabilities are classified by type of security: loan notes, interbank market certificates, negotiable debt instruments, bonds and other debt securities, but exclude subordinated notes which are classified under *Subordinated debt.*

Interest accrued is recorded as *Related payables* and as an expense in the income statement. Bond issuance and redemption premiums are amortized using the straight-line or actuarial method over the life of the related borrowings. The resulting expense is recorded in the income statement under *Net income from bonds and other debt securities.*

Bond issuance costs accrued over the period are booked as expenses for the period, under *Net income from bonds and other debt securities* in the income statement.

Subordinated debt

This item includes all dated or undated borrowings, whether or not in the form of securitized debt, which in the case of liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Interest accrued and payable in respect of long-term subordinated debt, if any, is booked as *Related payables* and as an expense in the income statement.

Provisions

Provisions include:

- provisions for country risks considered as a reserve, which are made up on a lump-sum basis based on estimates by Société Générale of its risks on the related countries and on debtors located in these countries at the balance sheet date, using criteria such as estimates of the country's economic, financial and socio-political situation, or the discount rate on the secondary market;
- provisions for commitments;
- provisions for contingencies and disputes.

A description of contingencies and disputes is provided in the Risk Management report.

Provisions for contingencies and disputes are defined as liabilities with no precisely defined amount or due date. They are only booked if the company has an obligation to a third party that will probably or necessarily lead to a transfer of funds to the third party, without compensation for at least an equivalent amount being expected from this third party.

CRB regulation 99-06 defines the funds necessary for the deposit guarantee fund. These resources comprise certificates of association acquired by each entity, together with annual subscription fees. CRB regulation 99-08 sets the total amount of these subscription fees which were payable over the period 1999 through 2002 in order to endow the fund. Half of the said fees were paid in the form of guarantee deposits. Certificates of association and guarantee deposits are booked on the balance sheet under *Other sundry debtors.* A provision was booked at the end of 1999 under *Exceptional items* for all subscription fees to be paid by Société Générale over the 2000-2002 period for the initial endowment of the guarantee fund. Subsequent fees were booked under *Other operating expenses*.

A provision is booked to cover share subscription or purchase options allocated to employees at year-end, for an amount determined on the basis of the value of the Société Générale share, and charged to *Personnel expenses*.

Commitments under contrats épargne-logement (mortgage savings agreements)

The *comptes d'épargne-logement* (CEL or mortgage savings accounts) and *plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of July 10, 1965 and combine an initial deposits phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. Under the current regulation, this last phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are booked at amortized cost.

These instruments create two types of commitments for Société Générale: the obligation to remunerate customer savings for an indeterminate future period at an interest rate fixed at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also fixed at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the company, a provision is booked on the liabilities side of the balance sheet. Any variations in these provisions are booked as Net Banking Income under *Net interest income.* These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) which constitute a single generation.

During the savings phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of savings and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observed past behavior of customers.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of the amount of balance sheet loans at the date of calculation and the historical observed past behavior of customers.

A provision is booked if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products (with similar estimated life and date of inception).

General reserve for banking risks

In accordance with CRB regulations 90-02 and 92-05, a general reserve for banking risks was set up in 1993 via a transfer from the country risk reserves, net of related deferred taxes.

Additional allocations were made in 1996 and 2003. During the 2002, 2003 and 2004 financial years, Société Générale's subsidiary, SG Cowen, recorded charges and exceptional provisions intended to cover the various consequences of a fraud committed over a period of ten years, which affected the former retail brokerage activity of this company. In light of the nature of these charges, a reversal was made from the general reserve for banking risks in the same amount for 2002, 2003 and 2004. The full amount of the fund at the start of 2005 was written back to the income statement over the course of the financial year.

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, Société Générale shares acquired for allocation to employees are booked as *Short-term investment securities - Treasury shares* on the assets side of the balance sheet.

Société Générale shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are booked under *Trading securities.*

Transactions denominated in foreign currencies

Gains and losses arising from ordinary activities in foreign currencies are booked to the income statement. In accordance with CRB regulation 89-01, outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealized gains and losses are recognized 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 amortized 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 regulations 88-02 and 92-04 and directive 88-01 of the French Banking Commission (CB). 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 recognized in the income statement in the same manner as revenues and expenses on the hedged item. Income and expenses on interest rate instruments are booked as net interest income in the same interest income or expense account as the items hedged. Income and expenses on other instruments such as equity instruments, stock market indexes or currencies are booked as *Net income from financial transactions,* under *Net income from forward financial instruments.*

Income and expenses on forward financial instruments used to hedge or manage an overall interest rate risk are recognized 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 organized or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets, together with debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks. These transactions are measured at their market value at the balance sheet date. If there is no liquid market for the instruments, this value is generally determined on the basis of in-house models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a prudential valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated according to the size of the position and intended to cover the risk that Société Générale 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 specialized).

Furthermore, for over-the-counter transactions on forward interest rate instruments, the market value takes into account counterparty risks and the discounted value of future management costs.

The corresponding gains or losses are directly booked as income for the period, regardless of whether they are realized or unrealized. They are recognized 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. Unrealized losses are provisioned at year-end and the corresponding amount is booked under *Net income from financial transactions*.

Personnel expenses

The *Personnel expenses* account includes all expenses related to personnel, notably the cost of the legal employee profit-sharing and incentive plans for the year, as well as the cost of internal restructuring operations.

Employee benefits

Société Générale 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 bonuses, long service awards or the *Compte Epargne Temps* (CET) flexible working provisions;
- termination benefits.

Some retired workers enjoy other post-employment benefits such as medical insurance.

POST-EMPLOYMENT BENEFITS

Pension plans may be defined contribution or defined benefit.

Defined contribution plans limit Société Générale's liability to the subscriptions paid into the plan but do not commit the company to a specific level of future benefits. Contributions paid are booked as an expense for the year in question.

Defined benefit plans commit Société Générale, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the medium- or long-term risk.

Provisions are booked on the liabilities side of the balance sheet under *Provisions*, to cover the whole of these retirement obligations. This is assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

When these plans are financed from external funds classed as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) or differences between actuarial assumptions and real performance (return on plan assets) are booked as actuarial gains or losses. They are amortized in the income statement according to the "corridor" method: i.e. over the expected average remaining working lives of the employees participating in the plan, as soon as they exceed the greater of:

- 10% of the present value of the defined benefit obligation (before deducting plan assets);
- 10% of the fair value of the assets at the end of the previous financial year.

Where a new or amended plan comes into force the cost of past services is spread over the remaining period until vesting.

An annual charge is booked under *Personnel expenses* for defined benefit plans, consisting of:

- the additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- the expected return on plan assets (gross return);
- the amortization of actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

LONG-TERM BENEFITS

These are benefits paid to employees more than 12 months after the end of the period in which they provided the related services. Long-term benefits are measured in the same way as post-employment benefits, except for the treatment of actuarial gains and losses and past service costs which are booked immediately to income.

TERMINATION BENEFITS

Société Générale signed a CATS agreement for its staff (*Cessation Anticipée d'Activité des Travailleurs Salariés*, or early retirement agreement), which is applicable from January 1, 2002 to March 31, 2006. The company booked a provision for this agreement based on the amounts it has agreed to pay for staff departures.

Cost of risk

The item *Net cost of risk* is limited to net allocations to depreciations for counterparty risks, country risks and disputes. Net allocations to provisions are classified by type of risk in the corresponding accounts in the income statement.

Net income from long-term investments

This item covers capital gains or losses realized on disposals, as well as the net allocation to depreciations for investments in consolidated subsidiaries and affiliates, long-term investment securities and offices and other premises. Income from real-estate holdings excluding offices is booked under *Net Banking Income.*

Income tax

CURRENT TAXES

In the 1989 financial year, Société Générale opted to apply a tax consolidation regime. At December 31, 2006, 240 subsidiaries had signed a tax consolidation agreement with the company, under which they are required to book in their accounts the tax expense they would have paid had they not been consolidated with Société Générale for tax purposes. In 2006, the difference booked by Société Générale between the corporation tax levied on the tax group and the tax expense it would have paid in the absence of this tax consolidation regime amounted to EUR 60 million.

In France, the normal corporate income tax rate is 33.33%. However, until December 31, 2006, long-term capital gains on equity investments were taxed at 8%. Additionally, *a Contribution sociale de solidarité* (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). Dividends from companies in which Société Générale's interest is at least 5% are tax exempt.

The Amended Finance Law for 2004, enacted on December 30, 2004, will progressively reduce the tax rate for gains on the disposal of equity investments to 15% or 1.66% depending on the tax qualification of the securities. In parallel to this reduction, the Law has introduced an exceptional tax on the special reserve for long-term gains recorded by French companies in their individual accounts during previous years for the share of annual net income corresponding to long-term gains on disposal of equity investments. At December 31, 2004, in accordance with the provisions of the Amended Finance Law and Directive 2005-A dated February 2, 2005 of the CNC Emergency Committee, Société Générale deducted the expenses relating to this exceptional tax from *Retained earnings,* in the amount of EUR 5 million.

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

Société Générale has opted to apply the option allowing it to book deferred taxes in its parent company accounts.

Deferred taxes are booked when there is a timing difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. The impact of changes to tax rates is booked in the income statement under *Deferred taxes.* Net deferred tax assets are not recorded unless it is probable that the subsidiary that owns the assets is likely to be able to apply them within a set timeframe.

From 2006 onwards, the normal tax rate applicable to French companies to determine their deferred tax is 34.43%, and the reduced rate is 1.72% taking into account the nature of the taxed transactions.

Deferred taxes are determined separately for each taxable entity and are not discounted to present value when the corresponding effect is not significant or when a precise timetable has not been drawn up.

Exceptional items

This caption includes income earned and expenses incurred by Société Générale that are considered to be exceptional in view of either the amount or the manner in which they were generated. In most cases, the said income or expenses are the result of events that fall outside Société Générale's activity.

Note 2

Due from banks

(in millions of euros)	December 31 2006	2005	2004
Deposits and loans			
Demand			
Current accounts	28,105	22,872	15,091
Overnight deposits and loans	6,534	2,229	2,515
Loans secured by notes-overnight	-	1	-
Time			
Time deposits and loans	72,137	62,766	47,565
Subordinated and participating loans	3,361	1,784	1,552
Loans secured by notes and securities	142	133	70
Receivables	456	336	398
Gross amount	**110,735**	**90,121**	**67,191**
Depreciations	(41)	(65)	(78)
Net amount	**110,694**	**90,056**	**67,113**
Securities purchased under resale agreements	63,746	48,914	31,967
Total (1) (2)	**174,440**	**138,970**	**99,080**

(1) At December 31, 2006 doubtful loans amounted to EUR 43 million (of which EUR 41 million were non-performing loans) against EUR 92 million (of which EUR 91 million were non-perforning loans) at December 31, 2005.

(2) Including amounts receivable from subsidiaries EUR 93,988 million at December 31, 2006 (EUR 89,278 million at December 31, 2005).

Note 3

Customer loans

(in millions of euros)	December 31 2006	2005	2004
Discount of trade notes [1]	3,983	4,061	2,405
Other loans :			
Short-term loans	45,120	40,904	36,090
Export loans	4,039	3,462	3,154
Equipment loans	33,082	29,678	25,127
Mortgage loans	48,871	41,980	35,784
Other loans	42,683	42,519	33,505
Sub-total [1] [2] [3]	**173,795**	**158,543**	**133,660**
Overdrafts	9,566	9,276	8,116
Related receivables	1,246	947	755
Gross amount	**188,590**	**172,827**	**144,936**
Depreciations	(2,052)	(2,363)	(2,691)
Net amount	**186,538**	**170,464**	**142,245**
Loans secured by notes and securities	1,001	40	32
Securities purchased under resale agreements	40,621	36,808	22,198
Total [4]	**228,160**	**207,312**	**164,475**

(1) Including amounts eligible for refinancing with Bank of France: EUR 3,531 million at December 31, 2006 (EUR 2,620 million at December 31, 2005).

(2) Of which participating loans: EUR 2,668 million at December 31, 2006 (EUR 2,509 million at December 31, 2005).

(3) At December 31,2006 doubtful loans amounted to EUR 3,345 million (of which EUR 2,112 million were non-performing loans) against EUR 3,506 million (of which EUR 2,380 million were non-performing loans) at December 31,2005.

(4) Of which amounts receivable from subsidiaries: EUR 40,551 million at December 31, 2006 (EUR 37,659 million at December 31, 2005).

Note 4

Treasury notes, bonds and other debt securities, shares and other equity securities

(in millions of euros)	December 31, 2006				December 31, 2005				December 31, 2004			
	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	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities	Total
Trading securities	36,320	80,655	120,648	237,623	37,681	63,621	91,944	193,246	26,045	43,581	50,628	120,254
Short-term investment securities :												
Gross book value	4,532	282	10,016	14,830	4,230	215	9,794	14,239	2,112	259	7,655	10,026
Depreciations	(55)	(2)	(11)	(68)	(29)	(2)	(14)	(45)	(25)	(38)	(22)	(85)
Net book value	4,477	280	10,005	14,762	4,201	213	9,780	14,194	2,087	221	7,633	9,941
Long-term investment securities :												
Gross book value	235	-	145	380	491	-	19	510	2,682	-	6,712	9,394
Depreciations	-	-	-	-	-	-	-	-	-	-	-	-
Net book value	235	-	145	380	491	-	19	510	2,682	-	6,712	9,394
Related receivables	157	51	351	559	159	7	286	452	107	68	148	323
Total	**41,189**	**80,986**	**131,149**	**253,324**	**42,532**	**63,841**	**102,029**	**208,402**	**30,921**	**43,870**	**65,121**	**139,912**

Additional information on securities

(in millions of euros)	December 31, 2006	December 31, 2005
Estimated market value of short-term investment securities :		
Unrealised capital gains (*)	615	550
Estimated value of long-term investment securites :	11	15
Premiums and discounts relating to short-term and long-term investment securities	83	102
Securities which changed category within the year :		
- Long-term investment securities reclassified as short-term investment securities	-	9,402 (1)
- Short-term investment securities reclassified as trading securities	-	3,271 (1)
Investments in mutual funds		
- French mutual funds	10,057	9,681
- Foreign mutual funds	10,002	6,397
Of which mutual funds which reinvest all their income	12	12
Listed securities	219,663 (2)	193,886
Subordinated securities	352	493
Securities lent	11,825	13,404

(*) Not including unrealized gains or losses on forward financial instruments, if any, used to hedge short-term investment securities.

(1) As of January 1, 2005, Société Générale has applied, in early, CRC regulation 2005-01 on the accounting treatment of shares transactions.

(2) The listed trading securities amounted to EUR 206,280 million at December 31, 2006.

Note 5

Affiliates and other long term securities

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Banks	332	240	260
Others	1,090	663	800
Gross book value (1)	**1,422**	**903**	**1,060**
Depreciations	(65)	(99)	(119)
Net book value	**1,357**	**804**	**941**

(1) Of which investments in listed companies (book value over EUR 2 million): EUR 92 million at December 31, 2006 (EUR 161 million at December 31, 2005).

Note 6

Investments in subsidiaries

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Banks	17,157	13,904	12,644
Others	15,857	14,804	12,068
Gross book value (1)	**33,014**	**28,708**	**24,712**
Depreciation	(364)	(852)	(1,061)
Net book value	**32,650**	**27,856**	**23,651**

(1) The main changes for 2006 concern the acquisition of Splitska Banka and capital increases of SG Americas Inc, Makatea and Brigantia Investments.

Note 7

Tangible and intangible fixed assets

(in millions of euros)	Gross book value December 31, 2005	Acquisitions	Disposals	Scope variation and other movements	Gross book value December 31, 2006	Accumulated depreciation and amortization Dec. 31, 2006	Net book value December 31, 2006
OPERATING ASSETS							
Intangible assets							
Start-up costs	2	-	-	(2)	-	-	-
Software, EDP development costs	1,108	50	(1)	105	1,262	(1,001)	261
Other	365	68	(1)	(134)	298	(29)	269
Sub-total	**1,475**	**118**	**(2)**	**(31)**	**1,560**	**(1,030)**	**530**
Tangible assets							
Land and buildings	229	28	(4)	8	261	(83)	178
Other	1,706	176	(51)	(45)	1,786	(1,312)	474
Sub-total	**1,935**	**204**	**(55)**	**(37)**	**2,047**	**(1,395)**	**652**
NON-OPERATING ASSETS							
Tangible assets							
Land and buildings	20	-	-	-	20	(13)	7
Other	10	-	-	-	10	(6)	4
Sub-total	**30**	**-**	**-**	**-**	**30**	**(19)**	**11**
Total	**3,440**	**322**	**(57)**	**(68)**	**3,637**	**(2,444)**	**1,193**

IT investments made by SG metropole over the past three years break down as follows:

	2004	***2005***	***2006***
Amounts	*390*	*419*	*512*

At end of 2006, 66,697 workstations were installed, of which 22,882 in the domestic network.

Note 8

Treasury stock

(in millions of euros)	December 31, 2006 Quantity	Book value	Market value	December 31, 2005 Quantity	Book value	Market value	December 31, 2004 Quantity	Book value	Market value
Trading securities	7,339	1	1	63,117	7	7	13,428	1	1
Short-term investment securities	822,595	77	105	2,527,323	179	263	2,334,060	113	174
Long-term equity investments	13,130,220	1,059	1,689	15,397,316	887	1,600	28,003,415	1,717	2,085
- including securities purchased with the view to cancellation	4,912,551	628	632	-	-	-	14,593,389	986	1,086
Total	**13,960,154**	**1,137**	**1,795**	**17,987,756**	**1,073**	**1,870**	**30,350,903**	**1,831**	**2,260**

Nominal value: 1.25 euro.

Market value per share: 128.60 euros.

Note 9

Accruals, other accounts receivable and other assets

(in millions of euros)	December 31 2006	2005	2004
Other assets			
Miscellaneous receivables	14,631	13,124	10,078
Premiums on options purchased	133,688	95,098	51,689
Settlement accounts on securities transactions	1,102	1,819	2,472
Other	149	118	342
Sub-total	**149,570**	**110,159**	**64,581**
Accruals and similar			
Prepaid expenses	956	550	391
Accrued income	2,544	1,845	1,190
Other	20,284	15,840	14,364
Sub-total	**23,784**	**18,235**	**15,945**
Gross amount	**173,354**	**128,394**	**80,526**
Depreciations	(19)	(86)	(75)
Net amount	**173,335**	**128,308**	**80,451**

Note 10

Due to banks

(in millions of euros)	December 31 2006	2005	2004
Demand deposits			
Demand deposits and current accounts	37,632	28,069	21,347
Borrowings secured by notes - overnight	101	51	-
Sub-total	**37,733**	**28,120**	**21,347**
Time deposits			
Time deposits and borrowings	183,518	165,253	106,205
Borrowings secured by notes and securities	104	76	229
Sub-total	**183,622**	**165,329**	**106,434**
Related payables	910	657	482
Total deposits	**222,265**	**194,106**	**128,263**
Securities sold under repurchase agreements	34,206	22,073	19,222
Total (1)	**256,471**	**216,179**	**147,485**

(1) Including amounts due to subsidiaries: EUR 128,253 million at December 31, 2006 (EUR 104,891 million at December 31, 2005).

Note 11

Customer deposits

	December 31		
(in millions of euros)	2006	2005	2004
Regulated savings accounts			
Demand	21,769	20,338	18,918
Time	14,897	17,225	17,736
Sub-total	**36,666**	**37,563**	**36,654**
Other demand deposits			
Corporate customers and sole proprietors	23,967	20,713	17,138
Individual customers	18,695	18,214	16,464
Financial institutions	24,647	10,563	8,953
Other	5,894	6,390	4,703
Sub-total	**73,203**	**55,880**	**47,258**
Other time deposits			
Corporate customers and sole proprietors	37,927	33,687	19,448
Individual customers	1,199	1,539	1,599
Financial institutions	28,686	20,006	15,611
Other	8,615	3,686	3,066
Sub-total	**76,427**	**58,918**	**39,724**
Related payables	948	763	703
Total customer deposits	**187,244**	**153,124**	**124,339**
Borrowings secured by notes and securities	101	76	1,147
Securities sold to customers under repurchase agreements	29,992	39,360	25,196
Total (1)	**217,337**	**192,560**	**150,682**

(1) Including deposits of subsidiaries: EUR 43,469 million at December 31, 2006 (EUR 26,953 million at December 31, 2005).

Note 12

Liabilities in the form of securities issued

	December 31		
(in millions of euros)	2006	2005	2004
Term savings certificates	20	23	32
Bond borrowings	1,646	2,083	880
Related payables	7	12	7
Sub-total	**1,673**	**2,118**	**919**
Interbank certificates and negotiable debt instruments	91,199	70,248	61,909
Related payables	1,767	1,187	1,016
Total	**94,639**	**73,553**	**63,844**

Note 13

Accruals, other accounts payable and other liabilities

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Transactions on securities			
Amounts payable for securities borrowed	17,143	12,249	7,744
Other amounts due for securities	63,097	53,122	31,237
Sub-total	**80,240**	**65,371**	**38,981**
Other liabilities			
Miscellaneous payables	8,385	7,431	6,081
Premiums on options sold	136,868	99,008	53,222
Settlement accounts on securities transactions	2,238	2,761	2,346
Other securities transactions	578	103	270
Related payables	111	424	91
Sub-total	**148,180**	**109,727**	**62,010**
Accruals and similar			
Accrued expenses	3,750	3,186	2,605
Deferred taxes	(641)	(516)	(124)
Deferred income	1,375	1,370	949
Other	11,847	12,112	11,607
Sub-total	**16,331**	**16,152**	**15,037**
Total	**244,751**	**191,250**	**116,028**

Deferred taxes related to			
Losses of lease finance partnerships	124	147	160
Gain on sales of assets to companies included in the tax consolidation	264	330	335
Other (principally relating to other reserves)	(1,029)	(993)	(619)
Total	**(641)**	**(516)**	**(124)**

Note 14

Provisions and depreciations

(in millions of euros)	December 31 2006	2005	2004
Assets depreciations			
Banks	41	65	78
Customer loans	2,052	2,363	2,691
Lease financing agreements	-	-	2
Other	19	86	75
Sub-total	**2,112**	**2,514**	**2,846**
Provisions			
Prudential general country risk reserve(1)	524	569	430
Commitments made to banks	8	9	4
Commitments made to customers	68	96	122
Sectoral provisions and other	677	648	524
Provisions for other risks and commitments	15,519	8,354	4,240
Sub-total	**16,796**	**9,676**	**5,320**
Total provisions and depreciations (excluding securities)(2)	**18,908**	**12,190**	**8,166**
Provisions on securities	497	996	1,265
Total provisions and depreciations	**19,405**	**13,186**	**9,431**

(1) Société Générale has maintained the country risk reserve in its parent company accounts. This provision is calculated using those methods defined by the French authorities which are not currently under review.

(2) The change provisions and depreciations breaks down as follows:

(in millions of euros)	2005	Net allocations	Other income statement balances	Used provisions	Change in scope and exchange rates	2006
Prudential country risk reserve	569	(29)	-	-	(16)	524
Assets' depreciations	2,514	(7)	(8)	(290)	(97)	2,112
Provisions(3)	9,107	(14)	7,851	(185)	(487)	16,272
Total	**12,190**	**(50)**	**7,843**	**(475)**	**(600)**	**18,908**

(3) Analysis of provisions:

(in millions of euros)	2005	Net allocations	Other income statement balances	Used provisions	Change in scope and exchange rates	2006
Provisions for off-balance sheet commitments to banks	9	(1)	-	-	-	8
Provisions for off-balance sheet commitments to customers	96	(29)	-	-	1	68
Sectoral provisions and other	648	49	-	-	(20)	677
Provisions for employee benefits	518	-	327	-	466	1,311
Provisions for tax adjustments	180	-	1	-	(164)	17
Provisions for restructuring costs and litigations expenses	277	-	(1)	-	(165)	111
Provisions for forward financial instruments	6,541	-	7,524	(5)	(346)	13,714
Other provisions	838	(33)	-	(180)	(259)	366
Total	**9,107**	**(14)**	**7,851**	**(185)**	**(487)**	**16,272**

Note 15

PEL/CEL mortgage savings accounts

Outstanding deposits in PEL/CEL accounts

(in millions of euros)	2006	2005	2004
PEL accounts			
- less than 4 years old	1,005	5,209	4,579
- between 4 and 10 years old	6,275	1,913	2,007
- more than 10 years old	6,085	8,482	9,555
Sub-total	**13,365**	**15,604**	**16,140**
CEL accounts	2,025	2,041	2,036
Total	**15,390**	**17,645**	**18,176**

Outstanding mortgage loans granted with respect to PEL/CEL accounts

(in millions of euros)	2006	2005	2004
less than 4 years old	177	259	394
between 4 and 10 years old	208	281	333
more than 10 years old	74	61	64
Total	**459**	**600**	**792**

Provisions for commitments linked to PEL/CEL accounts

(in millions of euros)	2004	change in accounting principles	Allocations	Reversals	2005	Allocations	Reversals	2006
PEL accounts								
- less than 4 years old	-	11	6	11	6	5	5	6
- between 4 and 10 years old	-	-	-	-	-	8	8	-
- more than 10 years old	-	225	75	66	235	-	154	81
Sub-total	**-**	**236**	**81**	**77**	**241**	**13**	**167**	**87**
CEL accounts	-	1	35	-	36	-	6	30
Total	**-**	**237**	**116**	**77**	**277**	**13**	**173**	**117**

The mortgage savings plans imply two types of commitment for the Group that have the negative effect of generating a PEL/CEL provision: a commitment to lend at an interest rate which is fixed at the start of the agreement and a commitment to remunerate the savings at an interest rate which is also fixed at the start of the savings agreement. The current level of interest rates is relatively low compared to the interest rates of potential future loans of Société Générale Group's current portfolio. As a result, it is primarily the obligation to remunerate savings at a fixed rate on older generations of PEL plans (PELs of over 10 years which have higher remuneration rates than current market rates) which triggers the PEL/CEL provision.

Provisioning for outstanding household savings amounted to 0.76% of total outstandings at December 31, 2006.

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 periods of between 10 and 15 years. The values of these parameters can be adjusted if any changes are subsequently made to regulations that might undermine the effectiveness of past data as an indicator of future customer behavior.

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these elements for the period concerned, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps vs. 3-month Euribor yield curve at the date of valuation, averaged over a 12-month period.

Note 16

Subordinated debt

Issuance date	Currency	Amount issued (in millions of euros)	Maturity date	December 31 2006	2005	2004
Undated subordinated capital notes						
July 1, 1985	EUR	348	Undated	70	70	70
November 24, 1986	USD	500	Undated	188	210	182
June 30, 1994	JPY	15,000	Undated	96	108	107
July 22, 1996	GBP	100	Undated	-	146	142
October 15, 1996	USD	310	Undated	-	263	227
December 20, 1996	AUD	65	Undated	-	40	37
December 30, 1996	JPY	10,000	Undated	64	72	72
April 30, 1997	USD	400	Undated	303	339	294
June 30, 1997	EUR	229	Undated	229	229	229
February 1, 2000	EUR	500	Undated	500	500	500
November 10, 2003	EUR	215	Undated	215	215	215
November 10, 2003	EUR	45	Undated	45	45	45
January 26, 2005	EUR	1,000	Undated	1,000	1,000	-
Sub-total (1)				**2,710**	**3,237**	**2,120**
Subordinated long-term debt and notes						
June 25, 1993	USD	6	June 25, 2005	-	-	4
September 27, 1993	EUR	76	September 27, 2005	-	-	76
December 20, 1993	EUR	76	September 27, 2005	-	-	76
July 24, 1995	EUR	110	July 24, 2005	-	-	110
September 25, 1995	EUR	110	July 24, 2005	-	-	110
November 6, 1995	EUR	122	July 24, 2005	-	-	122
November 8, 1995	USD	150	November 8, 2005	-	-	110
November 8, 1995	USD	200	November 8, 2005	-	-	147
December 12, 1995	EUR	23	December 12, 2005	-	-	23

Issuance date	Currency	Amount issued (in millions of euros)	Maturity date	December 31 2006	2005	2004
December 29, 1995	EUR	50	December 29, 2005	-	-	50
March 1, 1996	CHF	70	March 1, 2006	-	45	45
April 3, 1996	EUR	183	April 3, 2006	-	183	183
June 1, 1996	USD	800	June 1, 2006	-	678	587
September 27, 1996	EUR	91	September 27, 2006	-	91	91
January 10, 1997	EUR	91	January 31, 2009	91	91	91
March 12, 1997	EUR	382	March 12, 2007	382	382	382
May 5, 1997	EUR	165	May 26, 2007	165	165	165
July 23, 1997	EUR	122	July 23, 2009	122	122	122
March 9, 1988	EUR	122	March 9, 2008	122	122	122
April 30, 1998	DKK	400	April 30, 2008	54	54	54
May 28, 1998	EUR	229	May 28, 2010	229	229	229
June 29, 1998	EUR	146	June 29, 2010	146	146	146
December 9, 1998	EUR	122	December 9, 2010	122	122	122
June 3, 1999	EUR	55	June 3, 2009	55	55	55
June 29, 1999	EUR	30	June 30, 2014	30	30	30
July 19, 1999	EUR	120	July 19, 2011	120	120	120
October 21, 1999	EUR	120	October 21, 2011	120	120	120
April 13, 2000	EUR	120	April 13, 2012	120	120	120
April 27, 2000	EUR	500	April 27, 2015	500	500	500
June 23, 2000	EUR	125	April 27, 2015	125	125	125
July 10, 2000	EUR	100	July 10, 2012	100	100	100
July 21, 2000	EUR	78	July 31, 2030	52	56	60
November 3, 2000	EUR	100	November 5, 2012	100	100	100
April 18, 2001	EUR	120	April 25, 2013	120	120	120
April 24, 2001	EUR	40	April 24, 2011	40	40	40
June 29, 2001	EUR	120	June 29, 2013	120	120	120
October 10, 2001	EUR	120	October 10, 2013	120	120	120
October 19, 2001	USD	220	October 19, 2011	-	186	161
November 14, 2001	EUR	80	November 14, 2011	-	80	80
November 27, 2001	USD	90	November 27, 2021	68	76	66
November 27, 2001	USD	335	November 27, 2021	254	284	246
December 21, 2001	EUR	300	December 21, 2016	300	300	300
February 13, 2002	EUR	600	February 13, 2012	600	600	600
July 3, 2002	EUR	180	July 3, 2014	180	180	180
October 16, 2002	EUR	170	October 16, 2014	170	170	170
December 18, 2002	EUR	650	December 18, 2014	650	650	650

Issuance date	Currency	Amount issued (in millions of euros)	Maturity date	December 31 2006	2005	2004
January 21, 2003	GBP	450	January 30, 2018	670	657	638
April 28, 2003	EUR	100	April 28, 2015	100	100	100
June 2, 2003	EUR	110	December 21, 2016	110	110	110
October 13, 2003	EUR	120	October 13, 2015	120	120	120
November 10, 2003	EUR	390	November 10, 2023	390	390	390
December 29, 2003	GBP	150	January 30, 2018	223	219	213
January 7, 2004	USD	75	January 7, 2014	57	63	55
February 4, 2004	EUR	120	February 4, 2016	120	120	120
February 18, 2004	USD	75	March 18, 2014	57	63	55
March 12, 2004	EUR	300	March 12, 2019	300	300	300
March 15, 2004	EUR	700	March 15, 2016	700	700	700
May 6, 2004	EUR	118	May 6, 2016	118	118	118
October 29, 2004	EUR	100	October 29, 2016	100	100	100
February 3, 2005	EUR	120	February 3, 2017	120	120	-
May 13, 2005	EUR	100	May 13, 2017	100	100	-
June 30, 2005	CZK	2,590	June 30, 2015	94	89	-
August 1, 2005	EUR	100	December 31, 2015	50	50	-
August 16, 2005	EUR	226	August 18, 2025	226	226	-
September 30, 2005	USD	75	September 30, 2015	57	64	-
April 4, 2006	EUR	50	April 4, 2016	50	-	-
April 20, 2006	USD	1,000	April 20, 2016	759	-	-
May 15, 2006	EUR	135	May 15, 2018	135	-	-
August 16, 2006	USD	400	August 16, 2016	304	-	-
October 20, 2006	USD	523	October 20, 2011	397	-	-
October 26, 2006	EUR	120	October 26, 2018	120	-	-
Sub-total (1)				**10,854**	**10,391**	**10,369**
Related payables				**338**	**303**	**296**
Total (2)				**13,902**	**13,931**	**12,785**

(1) The Board of Directors may decide to defer payouts on undated subordinated notes (TSDI) in full or in part where the Ordinary General Meeting called to approve the parent company financial statements has decided not to pay any dividends.
Société Générale 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 Société Générale. The bank exercised this option in 2006 on securites issued in 1996 and plans to do so again in 2007 on securities issued in 1997 for a nominal amount of EUR 532 million. Furthermore, since 1995, Société Générale has carried out the partial repurchase of undated subordinated notes issued in 1985 and 1986.

(2) The bank's global subordinated debt expense amounted to EUR 749 million in 2006 (compared with EUR 745 million in 2005).

Note 17

Changes in shareholders' equity

(in millions of euros)	Capital Stock	Additional paid-in-capital	Reserves, unappropriated retained earnings	Net worth	General reserve for banking risks	Shareholders' equity
At December 31, 2004	**556**	**6,048**	**10,182**	**16,786**	**284**	**17,070**
Increase in capital stock	(13)	(886)	-	**(899)**	-	**(899)**
Net income for the period	-	-	3,069	**3,069**	-	**3,069**
Dividends paid (1)	-	-	(1,359)	**(1,359)**	-	**(1,359)**
Others movements (2) (3)	-	7	(312)	**(305)**	**(284)**	**(589)**
At December 31, 2005	**543**	**5,169**	**11,580**	**17,292**	**-**	**17,292**
Increase in capital stock (4)	34	2,808	-	**2,842**	-	**2,842**
Net income for the period	-	-	4,033	**4,033**	-	**4,033**
Dividends paid (5)	-	-	(1,907)	**(1,907)**	-	**(1,907)**
Others movements (6)	-	-	10	**10**	-	**10**
At December 31, 2006	**577**	**7,977**	**13,716**	**22,270**	**-**	**22,270**

(1) After elimination of treasury stock dividend: EUR 110 million.

(2) Reversal in 2005 in the amount of EUR 284 million from the general reserve for banking risks.

(3) The other changes for 2005 correspond to the effects of the changes in accounting principles, booked in the opening balance sheet and shown below. See Note 1 to the parent company accounts, "Changes in accounting methods and account comparability" for a full description of these changes.

	Brut	Deferred taxes	Net
Employee benefits	(179)	52	(127)
Fixed Assets - Application of a component-based approach	5	(2)	4
Discounting to present value of provisions	(25)	10	(16)
Securities Portfolio	3	-	3
Provisions for housing savings accounts (épargne-logement)	(237)	83	(154)
Commissions	(33)	12	(22)
Total	(467)	155	(312)

(4) In 2006, Société Générale operated several capital increases for EUR 34 million with EUR 2,808 million issuing premiums:
- EUR 5 million subscribed by employees under the Employee Share Ownership Plan, with EUR 391 million issuing premiums;
- EUR 2 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 73 million issuing premiums;
- EUR 27 million for the capital increase using preferred subscription rights, with EUR 2,344 million issuing premiums.

(5) After elimination of treasury stock dividend: EUR 47 million.

(6) Including a provision for investments booked for EUR 10 million at December 31, 2006.

Note 18

Commitments

(in millions of euros)	December 31 2006	2005	2004
Commitments granted [1]			
Loan commitments			
- To banks	23,310	15,973	7,390
- To customers	128,056	120,004	87,127
Total	**151,366**	**135,977**	**94,517**
Guarantee commitments			
- On behalf of banks	104,644	78,436	52,890
- On behalf of customers	86,071	88,883	63,994
Total	**190,715**	**167,319**	**116,884**
Commitments received [2]			
Loan commitments received from banks	14,024	9,034	3,819
Guarantee commitments received from banks	67,675	42,470	33,826
Total	**81,699**	**51,504**	**37,645**

(1) Of which commitments granted to subsidiaries: EUR 18,428 million at December 31, 2006 (EUR 16,626 million at December 31, 2005).

(2) Of which commitments received from subsidiaries: EUR 2,555 million at December 31, 2006 (EUR 1,822 million at December 31, 2005).

Note 19

Forward financial instruments commitments

(in millions of euros)	Fair value Trading transactions	Hedging transactions	December 31 2006	2005	2004
Firm transactions					
Transactions on organized markets					
- Interest rate futures	924,827	-	924,827	696,325	525,607
- Foreign exchange futures	14,384	-	14,384	7,723	2,678
- Other forward contracts	1,161,365	-	1,161,365	511,826	241,737
OTC agreements					
- Interest rate swaps	5,721,709	46,084	5,767,793	4,222,435	3,356,139
- Currency financing swaps	203,389	3,527	206,916	162,231	132,717
- Forward Rate Agreements (FRA)	468,970	-	468,970	363,049	376,182
- Other	162,812	-	162,812	46,453	21,493
Optional transactions					
- Interest rate options	2,425,867	1,522	2,427,389	1,938,888	1,444,703
- Foreign exchange options	224,952	30	224,982	216,051	205,162
- Options on stock exchange indexes and equities	1,677,326	13,543	1,690,869	1,139,782	626,444
- Other options	206,432	561	206,993	252,277	91,022
Total	**13,192,033**	**65,267**	**13,257,300**	**9,557,040**	**7,023,884**

Note 20

Interest and related income and expenses

(in millions of euros)	December 31 2006	2005	2004
Interest and related income:			
Interest income from transactions with banks:			
Transactions with central banks, post office accounts and banks	4,314	3,500	2,402
Net premiums and discounts	242	73	63
Securities purchased under resale agreements and loans secured by notes and securities	4,636	2,685	1,790
Sub-total	**9,192**	**6,258**	**4,255**
Interest income from transactions with customers:			
Trade notes	188	90	61
Other customer loans:			
- Short-term loans	1,890	1,318	995
- Export loans	207	171	160
- Equipment loans	1,294	1,101	1,045
- Mortgage loans	1,941	1,741	1,656
- Other loans	2,807	1,873	1,181
Sub-total	**8,139**	**6,204**	**5,037**
Overdrafts	504	411	359
Net premiums and discounts	(1)	-	(1)
Securities purchased under resale agreements and loans secured by notes and securities	2,644	2,179	1,492
Sub-total	**11,474**	**8,884**	**6,948**
Bonds and other debt securities	***7,841***	***4,778***	***3,348***
Other interest and related income	***1,002***	***1,061***	***459***
Sub-total	**29,509**	**20,981**	**15,010**
Interest and related expenses:			
Interest expense from transactions with banks:			
Transactions with central banks, post office accounts and banks	(6,763)	(4,351)	(2,610) (*)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(5,060)	(3,293)	(2,284)
Sub-total	**(11,823)**	**(7,644)**	**(4,894)**
Interest expense from transactions with customers:			
Special savings accounts	(810)	(1,026)	(975)
Other deposits	(4,390)	(2,225)	(1,280)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(3,094)	(2,311)	(2,161)
Sub-total	**(8,294)**	**(5,562)**	**(4,416)**
Bonds and other debt securities	***(7,335)***	***(4,743)***	***(3,236)***
Other interest and related expenses	***(987)***	***(1,059)***	***(683)***
Sub-total	**(28,439)**	**(19,008)**	**(13,229)**
Net total	**1,070**	**1,973**	**1,781**

(*) Amounts restated in relation to those given in the 2004 annual report.

Note 21

Dividend income

(in millions of euros)	December 31 2006	2005	2004
Dividends from shares and other equity securities	15	17	9
Dividends from investments in non-consolidated subsidiaries and affiliates, and other long-term securities	2,090	1,741	1,148
Total (1)	**2,105**	**1,758**	**1,157**

(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)	December 31 2006	2005	2004
Fee income from			
Transactions with banks	107	93	131
Transactions with customers	966	902	814
Securities transactions	844	616	461
Primary market transactions	153	186	160
Foreign exchange transactions and forward financial instruments	38	46	27
Loan and guarantee commitments	389	393	376
Services and other	1,279	1,208	1,080
Sub-total	**3,776**	**3,444**	**3,049**
Fee expense on			
Transactions with banks	(141)	(137)	(121)
Transactions with customers	-	-	-
Securities transactions	(349)	(293)	(235)
Foreign exchange transactions and forward financial instruments	(319)	(240)	(218)
Loan and guarantee commitments	(280)	(187)	(314)
Other	(239)	(161)	(147)
Sub-total	**(1,328)**	**(1,018)**	**(1,035)**
Net total	**2,448**	**2,426**	**2,014**

Note 23

Net income from financial transactions

	December 31		
(in millions of euros)	2006	2005	2004
Net income from the trading portfolio			
Net income from operations on trading securities	11,690	9,304	2,996
Net income from forward financial instruments	(6,934)	(6,266)	(945) (*)
Net income from foreign exchange transactions	538	190	708
Sub-total	**5,294**	**3,228**	**2,759**
Net income from short-term investment securities			
Gains on sale	77	111	82
Losses on sale	(31)	(48)	(144)
Allocation to depreciations	(24)	(57)	(51)
Reversal of depreciations	22	72	151
Sub-total	**44**	**78**	**38**
Net total	**5,338**	**3,306**	**2,797**

(*) Amounts restated in relation to those given in the 2004 annual report.

Note 24

Personnel expenses

(in millions of euros)	December 31 2006	2005	2004
Employee compensation (1)	2,869	2,542	2,382
Social security benefits and payroll taxes (1)	1,313	1,456(*)	1,172
Employee profit sharing and incentives (2)	201	183	125
Total	**4,383**	**4,181**	**3,679**
Average staff	**41,736**	**40,303**	**39,648**
In France	36,783	36,050	35,591
Outside France	4,953	4,253	4,057

(*) Including EUR 107 million booked at January 1, 2005 as a result of changes in accounting methods, as described in Note 1, in the paragraph entitled "Changes in accounting methods and account comparability".

(1) Of which EUR 1,355 million for bonuses at December 31, 2006 (EUR 1,141 million at December 31, 2005 and EUR 925 million at December 31, 2004).

(2) Analysis of personnel expenses for the last five years.

(in millions of euros)	2006	2005	2004	2003	2002
Société Générale (*)					
Profit sharing	26	20	-	15 (*)	(1)
Incentives	99	80	50	49	62
Employer contribution	73	78	72	72	74
Sub-total	**198**	**178**	**122**	**136**	**135**
Subsidiaries	**3**	**5**	**3**	**4**	**3**
TOTAL	**201**	**183**	**125**	**140**	**138**

(*) Provision for profit sharing.

Remuneration of members of the board of Directors and Chief executive Officers

Total attendance fees paid in February 2007 to the Company's directors for the 2006 financial year amounted to EUR 0.75 million.

The remuneration paid in 2006 to the Chief Executive Officers amounted to EUR 5.39 million (including EUR 3.26 million in the form of performance-linked bonuses for the 2005 financial year).

Note 25

Employee Benefits

A. Defined Contribution Plans

Defined contribution plans limit the Group's liability to the contributions paid to the plan but do not commit the Group to a specific level of future benefits.

Main defined contribution plans provided to employees of the Group are located in France. They include State pension plans and other national retirement plans such as ARRCO and AGIRC, as well as pension schemes put in place by some entities of the Group for which the only commitment is to pay annual contributions (PERCO).

The amount of Defined Contributions Plans was EUR 349 million in 2006.

B. Post-employment benefit plans (defined benefit Plans) and other long term benefits

B1. RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	2006-12-31				2005-12-31			
	Post employment benefits				Post employment benefits			
(in millions of euros)	Pension plans	Others	Other long term benefits	Total	Pension plans	Others	Other long term benefits	Total
Reminder of gross liabilities	1,901	171	834	**2,906**	1,763	111	446	**2,320**
Reminder of assets	(1,703)	-	(78)	**(1,781)**	(1,492)	-	(49)	**(1,541)**
Deficit in the plan (Net balance)	**198**	**171**	**756**	**1,125**	**271**	**111**	**397**	**779**
Breakdown on the deficit in the plan								
Present value of defined benefit obligations	1,880	-	78	**1,958**	1,831	-	83	**1,914**
Fair value of plan assets	(1,791)	-	(78)	**(1,869)**	(1,661)	-	(49)	**(1,710)**
Actuarial deficit (net balance) A	**89**	**-**	**-**	**88**	**170**	**-**	**34**	**204**
Present value of unfunded obligations B	75	171	756	**1,002**	82	113	363	**557**
Other items recognized in balance sheet C	-	-	-	**-**				
Unrecognized items								
- Unrecognized Past Service Cost	58	-	-	**58**	55	-	-	**55**
- Unrecognized Net Actuarial (Gain)/Loss	(4)	-	-	**(4)**	95	2	-	**97**
- Separate assets	-	-	-	**-**	-	-	-	**-**
- Plan assets impacted by change in Asset Celling	(89)	-	-	**(89)**	(169)	-	-	**(169)**
Total unrecognized items D	**(34)**	**-**	**-**	**(34)**	**(20)**	**2**	**-**	**(18)**
Deficit in the plan (Net balance) A+B+C+D	**198**	**171**	**756**	**1,125**	**271**	**111**	**397**	**779**

1. For pensions and other post-employment plans, actuarial gains and losses , which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortized on the estimated average remaining working life of the employees participating in the plan in accordance with option of IAS 19 (corridor).

2. Pension plans include pension benefit as annuities and end of career payments. Pension benefit annuities are paid additionally to pensions state plans.
The SGPM grants 22 pension plans located in 15 countries. 10 pension plans located in France, the UK, Germany, the US and Switzerland represent 90% of gross liabilities of these pension plans.
Other post employment benefit plans are healthcare plans. There is mainly 1 plan located in France.
The healthcare plan for SG Metropole has been reformed as at January 1, 2007 and the corresponding obligation has been settled through contribution (EUR 170 million) paid to the insurance organism Mutual Insurance Société Générale in charge of the administration of the scheme. As a result, the Société Générale has accounted an extra liability amounted to EUR 61 million in 2006 (cf table B2).
Other long-term employee benefits include deferred bonuses, flexible working provisions (French acronym : compte épargne temps) and long-service awards. There are 4 benefits located in 4 countries.

3. The present values of defined benefit obligations have been valued by independant qualified actuaries.

4. Information regarding plan assets:
The break down of the fair value of plan assets is as follows: 30% bonds, 53% equities, 12% monetary instruments and 5% others.
For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 111 million, including EUR 89 million unrecognized.

5. The expected employer's contributions for post employment benefits scheme are estimed for 2007 to EUR 63 million.

6. As a general rule, the expected rates of return on scheme assets are based on a weighted average of expected returns on each category of assets.

The actual return on plan assets and separate assets were, in million of euros:

	Post employment benefits				Other long term benefits		Total	
	Pension plans		Others					
(in millions of euros)	2006-12-31	2005-12-31	2006-12-31	2005-12-31	2006-12-31	2005-12-31	2006-12-31	2005-12-31
Plan Assets	163	177	-	-	5	7	168	184
Separate Assets								

B2. AMOUNTS RECOGNIZED IN THE INCOME STATEMENT

	Post employment benefits				Other long term benefits		Total	
	Pension plans		Others					
(in millions of euros)	2006-12-31	2005-12-31	2006-12-31	2005-12-31	2006-12-31	2005-12-31	2006-12-31	2005-12-31
Current Service Cost including Social Charges	42	25	2	112	252	172	**295**	**309**
Employee contributions	-	-	-	-	-	-	**-**	**-**
Interest Cost	84	79	4	5	3	3	**91**	**87**
Expected Return on Plan Assets	(93)	(92)	-	-	(3)	(3)	**(96)**	**(95)**
Expected Return on Separate Assets	-	-	-	-	-	-	**-**	**-**
Amortisation of Past Service Cost	5	22	-	-	-	-	**5**	**22**
Amortisation of Losses (Gains)	3	32	-	-	(4)	6	**(1)**	**38**
Settlement, Curtailment	-	4	61	-	-	4	**61**	**8**
Change in asset celling	6	3	-	-	-	-	**6**	**3**
Transfert from non recognized assets	-	-	-	-	-	-	**-**	**-**
Total Charges	**47**	**73**	**68**	**117**	**247**	**182**	**362**	**372**

B3. MOVEMENTS IN NET LIABILITIES OF POST EMPLOYMENT BENEFIT PLANS BOOKED IN THE BALANCE SHEET

- B3a Movements in the present value of defined benefit obligations included in the balance sheet

	Post employment benefits		
	Pension plans	Others	Total
Amount at the begining of 2005	**1,625**	**-**	**1,625**
Current Service Cost including Social Charges	25	112	137
Interest Cost	79	5	84
Employee contributions	-	-	-
Actuarial (gains)/losses	224	2	226
Foreign currency exchange adjustment	29	-	29
Benefit payments	(64)	(6)	(71)
Past Service Cost	5	-	5
Acquisition of subsidiaries	-	-	-
Transferts and others	(11)	-	(11)
Amount at the end of 2005	**1,913**	**113**	**2,026**
Current Service Cost including Social Charges	42	2	44
Interest Cost	84	4	88
Employee contributions	-	-	-
Actuarial (gains)/losses	(14)	(2)	(16)
Foreign currency exchange adjustment	2	-	2
Benefit payments	(78)	(6)	(84)
Past Service Cost	9	-	9
Acquisition of subsidiaries	-	-	-
Transferts and others	(1)	60	59
Amount at the end of 2006	**1,955**	**171**	**2,126**

B3b Movements in Fair Value of plan assets and separate assets

(in millions of euros)	Post employment benefits		
	Pension plans	**Others**	**Total**
Amount at the begining of 2005	**1,558**	**-**	**1,558**
Expected Return on Plan Assets	92	-	92
Expected Return on Separate Assets	-	-	-
Actuarial gains/(losses)	67	-	67
Foreign currency exchange adjustment	19	-	19
Employee contributions	-	-	-
Employer Contributions to plan assets	26	-	26
Benefit payments	(62)	-	(62)
Acquisition of subsidiaries	2	-	2
Transferts and others	(42)	-	(42)
Amount at the end of 2005	**1,661**	**-**	**1,661**
Expected Return on Plan Assets	93	-	93
Expected Return on Separate Assets	-	-	-
Actuarial gains/(losses)	70	-	70
Foreign currency exchange adjustment	4	-	4
Employee contributions	-	-	-
Employer Contributions to plan assets	114	-	114
Benefit payments	(72)	-	(72)
Acquisition of subsidiaries	-	-	-
Transferts and others	(79)	-	(79)
Amount at the end of 2006	**1,791**	**-**	**1,791**

B4. MAIN ASSUMPTIONS

	2006-12-31	2005-12-31
Discount rate		
- Europe	4.60%	3.80%
- Americas	5.70%	5.40%
- Asia-Oceania-Africa	3.00%	4.80%
Expected return on plan assets (separate and plan assets)		
- Europe	6.20%	5.90%
- Americas	6.50%	6.50%
- Asia-Oceania-Africa	2%	2.90%
Future salary increase		
- Europe	1.70%	1.70%
- Americas	2%	2%
- Asia-Oceania-Africa	2.50%	2%
Healthcare cost increase rate		
- Europe	4.55%	4.55%
- Americas	NA	NA
- Asia-Oceania-Africa	NA	NA
Average and remaining lifetime of employees (in years)		
- Europe	11.80	13.6
- Americas	9.7	9.7
- Asia-Oceania-Africa	9.7	12.5

Notes

1. The range in discount rate is due to various post-employment benefit plans durations and to different levels of interest rates used in the same geographical area like Europe and Asia.

2. The range of expected return on plan assets rate is due to actual plan assets allocation.

3. Average and remaining lifetime of employees is calculated taking into account based on turnover assumptions.

B5. SENSIBILITIES ANALYSIS OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS COMPARED TO MAIN ASSUMPTIONS RANGES

	2006			2005		
Measured element percentage	Pension plans	Post employment health care plans	Other plans	Pension plans	Post employment health care plans	Other plans
Variation from +1% in discount rate						
- Impact on Defined Benefit Obligations at December 31	(15%)	(15%)	(6%)	(14%)	(15%)	(6%)
- Impact on total Expenses	(25%)	(5%)	(30%)	(20%)	(5%)	(30%)
Variation from +1% in Expected return on plan assets						
- Impact on Plan Assets at December 31	1%	1%	1%	1%	1%	1%
- Impact on total Expenses	(35%)	NA	(4%)	(20%)	NA	(11%)
Variation from +1% in Future salary increases						
- Impact on Defined Benefit Obligations at December 31	4%		4%	5%		6%
- Impact on total Expenses	15%	NA	31%	14%	NA	90%
Variation from +1% in Healthcare cost increase rate						
- Impact on Defined Benefit Obligations at December 31		18%			18%	
- Impact on total Expenses		29%			29%	

B6. EXPERIENCE ADJUSTMENTS ON POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(in millions of euros)	2006-12-31	2005-12-31
Defined Benefit Obligations	1,955	1,913
Fair value of plan assets	1,791	1,661
Deficit/(surplus)	164	252
Experience adjustments on plan liabilities (gain)	(7)	23
Experience adjustments on plan assets (gain)	(69)	(84)

Note 26

Cost of risk

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Net allocation to depreciations and provisions for identified risks			
Identified risks [(1)]	(12)	(122)	221
Losses not covered by depreciations and amounts recovered on writte-offs	(11)	(6)	(102)
Other risks and commitments	33	(70)	(48)
Sub-total	**10**	**(198)**	**71**
Net allocation to general country risk reserves [(1)]	29	(121)	(22)
Net allocation to depreciations and provisions for receivables and commitments	**39**	**(319)**	**49**
(1) Including gains on revalued provisions hedges:			
- Provisions for identified risks	*(41)*	*94*	*(25)*
- General provisions - country risks, net	*(17)*	*(18)*	*(26)*

Note 27

Net income from long-term investments

(in millions of euros)	December 31 2006	2005	2004
Long-term investment securities			
Net capital gains (or losses) on sale	-	-	1
Net allocation to depreciations	-	-	-
Sub-total	**-**	**-**	**1**
Investments in subsidiaries and affiliates			
Gains on sale	33	92	110
Losses on sale	(124)	(102)	(20)
Allocation to depreciations	(77)	(83)	(18)
Reversal of depreciations	579	340	111
Subsidies granted to affiliate (subsidiaries)	-	-	-
Sub-total	**411**	**247**	**183**
Operating fixed assets			
Gains on sale	4	4	3
Losses on sale	(1)	(2)	(4)
Sub-total	**3**	**2**	**(1)**
Net total	**414**	**249**	**183**

Note 28

Income tax

(in millions of euros)	December 31 2006	2005	2004
Current taxes	(604)	(399)	106
Deferred taxes	122	152	(92)
Total [(1)]	**(482)**	**(247)**	**14**

(1) 2006 current income tax includes a gain of EUR 60.0 million (2005 gain of EUR 67.8 million. 2004 gain of EUR 377.2 million) as a consequence of the tax consolidation.

Note 29

Breakdown of assets and liabilities by term to maturity

(in millions of euros at December 31, 2006)	Less than 3 months	3 months to one year	1 to 5 years	More than 5 years	Intercompany eliminations: SG Paris/branches	Total
ASSETS						
Due from banks	234,790	44,028	22,660	13,874	(140,912)	174,440
Customer loans	80,547	21,888	64,873	60,852	-	228,160
Bonds and other debt securities						
Trading securities	24,894	96,352	147	328	(1,073)	120,648
Short-term investment securities	2,041	1,967	472	5,876	-	10,356
Long-term investment securities	-	1	7	137	-	145
Total	**342,272**	**164,236**	**88,159**	**81,067**	**(141,985)**	**533,749**
LIABILITIES						
Due to banks	282,948	38,702	45,803	30,133	(141,115)	256,471
Customer deposits	170,805	17,273	17,583	11,676	-	217,337
Liabilities in the form of securities issued	51,798	21,569	18,881	3,178	(787)	94,639
Total	**505,551**	**77,544**	**82,267**	**44,987**	**(141,902)**	**568,447**

Note 30

Transactions in foreign currencies

	December 31, 2006				December 31, 2005				December 31, 2004			
(in millions of euros)	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	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered
EUR	523,134	502,199	81,724	113,840	422,132	407,310	72,925	88,959	327,333	308,782	63,262	85,338
USD	199,813	231,961	214,234	174,035	187,941	202,596	176,460	150,855	117,495	140,778	162,894	136,082
GBP	50,075	52,990	39,223	35,856	39,874	42,862	25,721	25,264	21,893	22,668	28,440	29,159
JPY	32,356	29,592	25,148	28,102	25,699	25,945	25,372	27,917	17,967	14,172	33,957	37,081
Other currencies	63,070	51,706	95,698	103,824	40,097	37,030	71,187	77,573	28,914	27,202	60,687	63,308
Total	**868,448**	**868,448**	**456,027**	**455,657**	**715,743**	**715,743**	**371,665**	**370,568**	**513,602**	**513,602**	**349,240**	**350,968**

Note 31

Geographical breakdown of net banking income (1)

(in millions of euros)	France 2006	France 2005	France 2004 (*)	Europe 2006	Europe 2005	Europe 2004 (*)	Americas 2006	Americas 2005	Americas 2004 (*)
Net interest and similar income	1,888	2,793	2,094	105	7	53	1,123	958	720
Net fee income	2,100	2,131	1,725	208	142	94	96	106	139
Net income from financial transactions	4,641	2,818	2,449	1,089	756	512	(571)	(511)	(286)
Other net operating income	17	(92)	(33)	126	164	174	-	1	-
Net banking income	**8,646**	**7,650**	**6,235**	**1,528**	**1,069**	**833**	**648**	**554**	**573**

(in millions of euros)	Asia 2006	Asia 2005	Asia 2004 (*)	Africa 2006	Africa 2005	Africa 2004 (*)	Oceania 2006	Oceania 2005	Oceania 2004 (*)
Net interest and similar income	(15)	(104)	5	(2)	(5)	(13)	99	101	93
Net fee income	27	35	47	2	2	2	15	10	7
Net income from financial transactions	158	251	116	7	8	17	14	(16)	(11)
Other net operating income	(1)	-	-	-	-	-	-	-	-
Net banking income	**169**	**182**	**168**	**7**	**5**	**6**	**128**	**95**	**89**

(in millions of euros)	Total 2006	Total 2005	Total 2004 (*)
Net interest and similar income	3,198	3,750	2,952
Net fee income	2,448	2,426	2,014
Net income from financial transactions	5,338	3,306	2,797
Other net operating income	142	73	141
Net banking income	**11,126**	**9,555**	**7,904**

(1) Geographical regions in which companies recording income is located.

(*) Amounts restated in relation to those given in the 2004 annual report.

Activities of subsidiaries and affiliates

(in thousands of euros or local currencies) COMPANY/HEAD OFFICE		Registered capital (local currency)	Shareholders equity other than capital (local currency) [1]	Share of capital held (%)	Book value of sharesheld	
					Gross (EUR)	Net (EUR)
I - INFORMATION ON INVESTMENTS WITH A BOOK VALUE IN EXCESS OF 1% OF SOCIETE GENERALE'S CAPITAL						
A) Subsidiaries (more than 50% owned by Société Générale)						
SG Americas Inc.						
1221 avenue of the Americas - New York 10020 - USA	USD	0	3,957,724	100.00	3,104,170	3,013,251
Généval						
29, boulevard Haussmann, 75009 Paris - France	EUR	538,630	1,378,289	100.00	1,910,368	1,910,368
Généfinance						
29, boulevard Haussmann, 75009 Paris - France	EUR	1,600,000	267,283	100.00	1,736,024	1,736,024
SG Asset Management						
17, cours Valmy, 92800 Puteaux - France	EUR	302,220	1,402,965	100.00	1,717,473	1,717,473
Ipersoc						
12, rue de la Mare à Guillaume, 94210 Fontenay/s Bois - France	EUR	48	1,858,866	100.00	1,639,618	1,639,618
SG Financial Services Holding (Ex Généfitec)						
29, boulevard Haussmann, 75009 Paris - France	EUR	844,083	266,484	100.00	1,333,563	1,333,563
Linden						
17, cours Valmy, 92800 Puteaux - France	EUR	100	983,952	100.00	1,001,040	1,001,040
Ald International SA						
15, allée de l'Europe, 92110 Clichy sur Seine - France	EUR	550,038	(3,068)	100.00	804,000	804,000
Généfimmo						
29, boulevard Haussmann, 75009 Paris - France	EUR	392,340	11,026	100.00	651,732	651,732
SG Hambros Ltd.						
Exchange House - Primrose st. - London EC2A 2HT - United Kingdom	GBP	282,185	27,249	100.00	424,516	424,516
Soginfo						
29, boulevard Haussmann, 75009 Paris - France	EUR	232,303	34,583	100.00	265,797	265,797
SG Consumer Finance						
59, Avenue de Chatou 92853 Rueil Malmaison - France	EUR	260,037	(3,309)	100.00	260,037	260,037
Valminvest						
29, boulevard Haussmann, 75009 Paris - France	EUR	248,877	(27,723)	100.00	249,427	249,427
SG Securities North Pacific						
Ark Mori Building - 13-32 Akasaka 1 - Chome, Minato + Ku - 107-6015 Tokyo - Japan	JPY	14,203,000	16,246,000	100.00	215,445	215,445
Génégis I						
29, boulevard Haussmann, 75009 Paris - France	EUR	192,900	3,968	100.00	196,055	196,055
Société Générale Canada						
Montréal Québec H3B 3A7 - Canada	CAD	250,772	102,285	100.00	172,403	172,403
Orpavimob SA						
17, cours Valmy, 92800 Puteaux - France	EUR	141,253	6,609	100.00	141,253	141,253
Fimat Banque SA						
50, boulevard Haussman, 75009 Paris - France	EUR	102,655	38,687	100.00	116,464	116,464

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the company (in EUR)	Revenue for the last fiscal year (local currency)(1)(2)	Net income (loss) for the last fiscal year (local currency)(1)	Dividends receivedby the Company during the year (in EUR)	Remarks Revaluation differences
0	0	944,088	314,389	0	Capital=USD 1 EUR 1=USD 1.317
0	0	273,832	256,266	136,004	
4,734,828	0	433,234	314,098	135,000	
932,465	0	594,220	132,189	173,400	
161,329	0	100,614	92,110	43,129	
1,528,091	0	330,727	229,642	301,458	
0	1,001,000	55,355	48,580	45,150	of which 2006 interim dividend of 22,400
29,916	0	(4,501)	(3,680)	0	
32,352	2,335	58,777	94,795	17,752	
0	215,900	87,260	23,191	10,837	EUR 1=GBP 0.6715
0	2,000	21,506	12,500	21,488	
283,251	0	8,705	(2,937)	0	
0	0	586	2,617	0	
0	0	23,150,000	4,066,000	0	EUR 1=JPY 156.93
0	14,134	156,637	2,637	1,800	
0	35,284	49,447	30,883	0	EUR 1=CAD 1.5281
0	0	6,204	34,392	0	
188,477	0	11,037	5,487	30,157	

(in thousands of euros or local currencies) COMPANY/HEAD OFFICE		Registered capital (local currency)	Shareholders equity other than capital (local currency) (1)	Share of capital held (%)	Book value of sharesheld	
					Gross (EUR)	Net (EUR)
SG Yugoslav Bank AD						
STR Vladimira Popovica 3 Belgrade - Yugoslavia	CSD	8,889,825	1,315,301	100.00	110,081	110,081
SG Securities Asia Intl Hold Ltd.						
41/F Edinburgh Tower - 15 Queen's Road Central, Hong Kong	USD	109,990	14,295	100.00	105,227	105,227
Société Immobilière 29 Haussmann						
29, boulevard Haussman, 75009 Paris - France	EUR	90,030	1,021	100.00	89,992	89,992
Compagnie Foncière de la Méditerranée						
29, boulevard Haussmann, 75009 Paris - France	EUR	76,627	2,508	100.00	155,837	85,198
Delta Crédit Mortgage Finance Netherland BV						
1012 KK Amsterdam, Rokin 55 - Netherlands	EUR	34	51,752	100.00	82,046	82,046
Société Générale Finance (Ireland) Ltd.						
31/32 Morisson Chambers, Nassau street, Dublin 2 - Ireland	EUR	77,454	20,570	100.00	80,481	80,481
Fontanor						
17, cours Valmy, 92800 Puteaux - France	EUR	40	120,837	100.00	78,900	78,900
Banco SG Brazil						
Rua Verbo Divino 1207, Châcara Santo Antonio, Sâo Paulo CEP 04719-002, Brazil	BRL	319,771	(97,596)	100.00	116,830	74,325
Eléaparts						
29, boulevard Haussmann, 75009 Paris - France	EUR	42,040	6,810	100.00	48,070	48,070
Sgss Holding						
17, cours Valmy, 92800 Puteaux - France	EUR	43,037		100.00	43,037	43,037
SG Asia Ltd.						
42/F Edinburgh Tower - 15 Queen's Road Central, Hong Kong	HKD	400,000	348,969	100.00	38,946	38,946
SG Algérie						
75, chemin Cheikh Bachir Ibrahimi, El-Biar, 16010 Algiers - Algeria	DZD	2,500,000	1,360,709	100.00	34,986	34,986
SG Wertpapierhandelsgesellschaft mbH						
Mainze Landstrasse 36 - D60325 Frankfurt am Main - Germany	EUR	55	22,732	100.00	31,590	31,590
Société Générale Australia Holding Ltd.						
350, George Street - Sydney NSW 3000 - Australia	AUD	21,500	168,496	100.00	22,789	22,789
Inserviss Group						
Kr. Barona 130 LV1012, Riga - Latvia	LVL	NC	NC	100.00	21,845	21,845
Géninfo						
Les Miroirs, Bt. C, 18, avenue d'Alsace, 92400 Courbevoie - France	EUR	18,524	31,683	100.00	20,477	20,477
SNC Sirius						
40-42, quai du point du jour, 92100 Boulogne Billancourt - France	EUR	30	(42)	100.00	19,030	19,030
Inora Life Ltd. (ex Lyxor Life Ltd.)						
6, Exchange Place, International Financial Services Center, Dublin 1 - Ireland	EUR	15,000	(2,232)	100.00	15,000	15,000
SG Energie						
17, cours Valmy, 92800 Puteaux - France	EUR	13,000	11,984	100.00	14,785	14,785
Sogé Colline Sud						
29, boulevard Haussmann, 75009 Paris - France	EUR	14,250	1,429	100.00	14,483	14,483

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the company (in EUR)	Revenue for the last fiscal year (local currency)(1)(2)	Net income (loss) for the last fiscal year (local currency)(1)	Dividends receivedby the Company during the year (in EUR)	Remarks Revaluation differences
118,074	120,756	3 427,866	827,639	0	EUR 1=CSD 78.9507
0	12,365	191,541	86,658	58,048	EUR 1=USD 1.317
0	0	7,588	3,989	0	
0	0	1,627	7,972	3,738	
0	0	22,101	7,175	0	
0	0	3,396	2,873	0	
0	0	661	12,766	0	
0	0	5,556	(26,753)	0	EUR 1=BRL 2.85498
0	0	1,819	6,818	0	
0	0	101	29	0	
0	0	289,106	42,833	4,838	EUR 1=HKD 10.2409
0	0	3,444,014	1,187,397	2,467	EUR 1=DZD 92.0477
0	0	46,057	26,598	0	
0	0	18,614	18,231	0	EUR 1=AUD 1.6109
NC	NC	NC	NC	0	EUR 1=LVL 0.6972
0	0	1,578	1,515	1,158	
0	0	0	(24)	0	
0	0	5,494	185	0	
4,556	0	13 258	11,752	0	
817	0	2,645	1,021	0	

(in thousands of euros or local currencies) COMPANY/HEAD OFFICE		Registered capital (local currency)	Shareholders equity other than capital (local currency) (1)	Share of capital held (%)	Book value of sharesheld	
					Gross (EUR)	Net (EUR)
Société Générale Bank Nederland N.V.						
Museumplein 17 1071 DJ Amsterdam - Netherlands	EUR	7,714	(29)	100.00	8,042	8,042
Soge Périval IV						
29, boulevard Haussmann, 75009 Paris - France	EUR	6,405	1,746	100.00	6,704	6,704
Société de la rue Edouard-VII						
29, boulevard Haussmann, 75009 Paris - France	EUR	11,396	769	99.90	59,615	12,456
Splitska Banka						
Rudera Boskovica 16 21000 Split - Croatia	HRK	491,426	1,718,106	99.76	1,057,266	1,057,266
SG Financial Inc.						
Corporation Trust Center, 1209 Orange street, Wilmington - New Castel - Delaware - USA	USD	2,230,000	(3,849)	99.70	1,688,686	1,688,686
SG Vostok						
5, Nikitsky Pereulok, 103009 Moscow - Russia	RUB	3,775,461	1,157,740	99.35	141,490	141,490
Sogéfontenay						
17, cours Valmy, 92800 Puteaux - France	EUR	4,200	1,625	99.00	9,055	9,055
Société Générale Investments (UK) Ltd.						
SG House, 41 Tower Hill, EC3N 4SG London - United Kingdom	GBP	157,883	18,737	98.96	233,736	233,736
SG Expressbank						
92, Bld VI Varnentchik, 9000 Varna - Bulgaria	BGN	28,508	105,139	97.95	34,256	34,256
SKB Banka						
Adjovscina, 4 - 1513 Ljubljana - Slovenia	SIT	12,649,200	32,731,929	97.43	219,593	219,593
SG Equity Finance LLC						
1221, avenue of the Americas, New York, NY 10020 - USA	USD	2,000,000	8,743	95.00	1,442,673	1,442,673
Soge Périval I						
29, boulevard Haussmann, 75009 Paris - France	EUR	7,701	1,977	94.98	7,313	7,313
Soge Périval III						
29, boulevard Haussmann, 75009 Paris - France	EUR	7,473	131	94.83	7,095	7,095
Soge Périval II						
29, boulevard Haussmann, 75009 Paris - France	EUR	7,816	2,031	94.75	7,402	7,402
Podgoricka Banka						
8 a Novaka Miloseva Street, 81000 Podgorica - Serbia and Montenegro	EUR	14,700	14,880	86.75	19,119	19,119
Crédit du Nord						
28, place Rihour, 59800 Lille - France	EUR	740,263	394,756	79.99	584,255	584,255
National Société Générale Bank						
5, rue Champollion - Cairo - Egypt	EGP	2,027,952	762,010	77.17	229,475	229,475
Banque de Polynésie						
Bd Pomare, BP 530, Papeete, Tahiti - French Polynesia	XPF	1,380,000	5,726,394	72.10	12,397	12,397
BFV - SG						
14, Lalana Jeneraly Rabehevitra, BP 196, Antananarivo 101 - Madagascar	MGA	14,000,000	20,289,700	70.00	7,614	7,614
Société Générale de Banques en Côte d'Ivoire						
5 & 7, avenue J. Anoma, 01 BP 1355, Abidjan 01 - Côte d'Ivoire	XAF	15,555,555	40,618,271	66.79	26,454	26,454
Makatéa Inc.						

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the company (in EUR)	Revenue for the last fiscal year (local currency)(1)(2)	Net income (loss) for the last fiscal year (local currency)(1)	Dividends receivedby the Company during the year (in EUR)	Remarks Revaluation differences
0	9,050	2,908	1,754	1,498	
1,552	0	1,779	899	0	
0	0	0	567	296	Difference=16,509
0	147,031	476,952	153,779	0	EUR 1=HRK 7.3504
0	0	126,659	103,872	76,986	EUR 1=USD 1.317
0	182,583	3,115,317	182,876	0	EUR 1=RUB 34.68
7,977	472	1,925	893	0	
0	0	31,887	33,227	0	EUR 1=GBP 0.6715
0	65,116	85,418	40,474	0	EUR 1=BGN 1.9558
0	0	18,871,720	3,315,322	0	EUR 1=SIT 239.64
0	0	31	(100)	74,391	EUR 1=USD 1.317
1,583	0	1,945	947	0	
1,553	0	1, 938	938	232	
1,553	0	1,949	966	291	
16,000	13,800	8,800	(328)	0	
1,250,485	0	973,749	238,017	114,732	
0	121,765	905,747	621,560	7,318	EUR 1=EGP 7.54046
118,906	115,718	7,365,175	2,559,818	5,386	EUR 1=XPF 119.33174
0	27,175	53,953,494	17,813,965	152	EUR 1=MGA 2,767.30
0	78,632	39,770,682	13,279,148	5,734	Difference=5,166 EUR 1=XAF 655.957

of which 2006 interim dividend of 58,200

(in thousands of euros or local currencies) COMPANY/HEAD OFFICE		Registered capital (local currency)	Shareholders equity other than capital (local currency) (1)	Share of capital held (%)	Book value of sharesheld	
					Gross (EUR)	Net (EUR)
1221, avenue of the Americas, New York, NY 10020 - USA	USD	3,842,000	2,931	66.67	1,898,254	1,898,254
Sogessur						
2, rue Jacques-Daguerre, 92565 Rueil-Malmaison - France	EUR	25,500	(7,741)	65.00	74,940	17,505
Komercni Banka						
Centrala Na Prokope 33 - Postovni Prihradka 839-114 07 Prague 1 - Czech Republic	CZK	19,004,926	18,990,625	60.35	1,294,259	1,294,259
AIG Sorbier						
50, Danbury Road, Wiltom - USA	USD	1,500,000	3,133	60.00	608,200	608,200
Bank République						
2 Gr, Abashidze St-Tbilisi - Georgia	GEL	22,000	35,103	60.00	31,288	31,288
Sogéparts						
29, boulevard Haussmann, 75009 Paris - France	EUR	17,600	4,639	60.00	11,253	11,253
Banque Roumaine de Développement						
A, Doamnei street, 70016 Bucharest 3, Romania	RON	696,902	915,908	58.32	217,378	217,378
Société Générale de Banques au Cameroun						
Rue Joss - Douala - Cameroon	XAF	6,250,000	26,211,981	58.08	16,940	16,940
Société Générale de Banques au Sénégal						
19, avenue Léopold Sédar Senghor, Dakar - Senegal	XAF	4,527,600	28,244,861	57.72	5,855	5,855
Généfim						
29, boulevard Haussmann, 75009 Paris - France	EUR	72,779	29,130	57.62	89,846	89,846
Boursorama (ex Fimatex)						
11, rue de Prony, 75848 Paris - France	EUR	34,563	250,475	56.57	300,705	300,705
Société Générale Marocaine de Banques						
55, boulevard Abdelmoumen, Casablanca - Morocco	MAD	1,170,000	1,693,942	53.02	78,859	78,859
Union Internationale de Banque						
65, avenue Habib Bourguiba, 1000A Tunis - Tunisia	TND	106,000	(48,500)	52.34	87,283	87,283
Général Bank of Greece						
109, Messogion Avenue, 11510 Athens - Greece	EUR	336,900	(122,382)	52.32	184,402	184,402
Méhétia Inc.						
1105, North Market Street Wilmington - De 19 890, Delaware - USA	USD	2,559,917	6,939	51.00	1,139,076	1,139,076
Socgen Real Estate Company						
1221, avenue of the Americas, New York, NY 10020 - USA	USD	800,000	812,507	50.31	615,051	615,051
B) Affiliates (10% to 50% owned by Société Générale)						
Fiditalia SPA						
Via G. Ciardi, 9 - 20148 - Milan - Italy	EUR	130,000	407,607	48.68	224,318	224,318
Société Générale Calédonienne de Banque						
56, rue de la Victoire, Nouméa, New Caledonia	XPF	1,068,375	6,947,028	20.60	16,268	16,268
Rosbank						
11, Masha Porvvaeva Str PO Box 208, Moscow - Russia	RUB	8,876,500	16,504,100	20.00	499,968	499,968
Crédit Logement						
50, boulevard Sébastopol, 75003 Paris - France	EUR	1 253 975	519 700	13.50	171,036	171,036

(1) For foreign subsidiaries and affiliates, shareholders' equity booked in the Group consolidated accounts.

(2) For banking and finance subsidiaries, revenues refer to net banking Income.

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the company (in EUR)	Revenue for the last fiscal year (local currency)(1)(2)	Net income (loss) for the last fiscal year (local currency)(1)	Dividends receivedby the Company during the year (in EUR)	Remarks Revaluation differences
0	0	123,051	79,983	58,200	EUR 1=USD 1.317
0	0	133,343	3,734	0	
0	635,900	25,146,063	9,068,961	201,033	EUR 1=CZK 27.485
0	0	74,958	48,704	37,035	of which 2006 interim dividend of 37,035 EUR 1=USD 1.317
0	0	34,260	9,406	0	EUR 1=GEL 2.28095
0	0	727	466	297	
0	0	1,688,606	700,897	32,079	EUR 1=RON 3.3835 RON
0	61,122	27,322,980	8,587,659	3,763	Difference=1,675 EUR 1=XAF 655.957
0	17,123	38,845,047	14,173,870	3,585	Difference=1,447 EUR 1=XAF 655.957
1,027,207	0	48,029	36,875	41,387	
35,000	0	151,389	11,608	0	
0	193,594	2,228,499	604,866	7,528	Difference=1,142 EUR 1=MAD 11.1424
0	0	98,948	5,637	0	EUR 1=TND 1.71272
0	91,296	168,977	(79,073)	0	
0	0	143,600	93,288	71,536	of which 2006 interim dividend of 71,536 EUR 1=USD 1.317
		76,269	14,792		EUR 1=USD 1.317
0	0	268,280	43,792	189,224	
49,895	167,483	7,547,481	2,998,382	3,291	EUR 1=XPF 119.33174
NC	NC	20,906,719	3,671,485	0	EUR 1=RUB 34.68
509,605	0	347,598	106,380	7,299	

(in thousands of euros)	Book value of sharesheld Gross	Net	Unreimbursed loans and advances	Guarantees given by the Company	Dividends received during the year	Remarks
II - Information concerning other subsidiaries and affiliates						
A) Subsidiaries not included in I:						
1) French subsidiaries	23,976	21,791	1,607,472	175,015	104,000	Revaluation difference: 2,158
2) Foreign subsidiaries	84,907	33,757	3,001	54,826	2,500	Revaluation difference: 4
B) Affiliates not included in I:						
1) French companies	18,085	4,586	1,513	0	359	Revaluation difference: 0
2) Foreign companies	30,961	11,583	0	37,717	1,080	Revaluation difference: 0

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Société Générale, S.A.
Year ended December 31, 2006

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors'assessment of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the annual financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual financial statements. The report also includes information relating to the specific verification of information in the group management report.

This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2006, on:

- the audit of the accompanying annual financial statements of Société Générale,
- the justification of our assessments,
- the specific verifications and disclosures required by law,

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these annual financial statements based on our audit.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with French professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall annual financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position and assets and liabilities of the Company at December 31, 2006 and the results of its operations for the year then ended, in accordance with the accounting rules and principles generally accepted in France.

Without qualifying our opinion, we would draw your attention to Note 1 to the financial statements, which explains the changes in accounting policies as of January 1, 2006 and the impact of these changes on shareholders'equity in the opening balance sheet, as a result of :

- Opinion No. 2006-10 dated June 30, 2006 of the French National Accounting Standards Board (CNC) relating to the accounting treatment of assets given as garantees as part of financial guarantee contracts with a re-use right,
- Opinion No. 2006-16 dated December 21, 2006 of the French National Accounting Standards Board (CNC), relating to doubtful overdrafts and which amends Article 3 bis of Regulation no. 2002-03 of the French Accounting Regulation Committee (CRC).

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

CHANGES TO ACCOUNTING POLICIES

As part of our assesment of the accounting policies followed by your Company, we ensured ourselves of the appropriateness of the changes in accounting methods mentioned above and of the related presentation.

ACCOUNTING ESTIMATES

As detailed in Note 1 to the financial statements, your Company records provisions to cover the credit risks inherent to its activities. As part of our assessment of the significant accounting estimates performed in the year-end accounts closing process, we have reviewed and tested the procedures implemented by Management for identifying and assessing these risks and determining the amount of provisions on the asset and liability sides of the balance sheet considered necessary.

- As detailed in Note 1 to the financial statements, your Company uses internal models to measure financial instruments that are not listed on liquid markets. Our procedures consisted in reviewing the control procedures related to the models dedicated, to assess the data and assumptions used as well as the inclusion of the risks related to these instruments.
- As detailed in Note 1 to the financial statements, your Company records provisions to cover potential negative global interest rate risks on the «*épargne-logement*» contracts (mortgage savings plans and agreements). The calculation method used for this provision has been determined pursuant to the Opinion No 2006-02 published by the French National Accounting Standards Board (CNC) on March, 31 2006. We have examined, on a test basis, the accuracy of the calculation method.
- As part of its year-end accounts closing process, significant accounting estimates are performed by Société Générale, as described in Note 1 to the financial statements, related in particular to the value of the investments in subsidiaries and its securities portfolio as well as the valuation of pension plans and other post-employment benefits. We have reviewed the underlying assumptions and valuation parameters and ensured that these accounting estimates are based on documented methods in accordance with the accounting policies described in Note 1 to the financial statements.

We have assessed the reasonableness of these estimates.

These assessments were performed as part of our audit approach for the annual financial statements taken as a whole and contributed to the expression of our audit opinion in the first part of this report.

III. SPECIFIC VERIFICATIONS AND DISCLOSURES

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

We have no matters to report regarding:

- the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' Report and in the documents addressed to the shareholders with respect to the financial position and the financial statements;
- the fair presentation of the information presented in the Board of Director's report relating to remunerations and benefits in kind granted to senior officiers together with commitments granted in consideration of the taking of, the suspension or the change of functions or subsequently thereto.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders and holders of the voting rights have been properly disclosed in the Board of Directors' Report.

Paris – La Défense and Neuilly-sur-Seine, March 6, 2007

The Statutory Auditors
French original signed by

ERNST & YOUNG Audit
Philippe PEUCH-LESTRADE

DELOITTE & ASSOCIES
José-Luis GARCIA

INFORMATION ON COMMON STOCK

Changes in common stock

	Date of record or completion	Change in number of shares	Total number of shares after operations	Common stock (in EUR)	Change in common stock resulting from operation (%)
Exercise of stock options (2nd half 2001)	Jan. 11, 2002	571,840	431,538,522	539,423,152.50	0.13
Cancellation of shares	Feb. 20, 2002	7,200,000	424,338,522	530,423,152.50	(1.67)
Exercise of stock options (1st half 2002)	Aug. 1, 2002	566,080	429,791,220	537,239,025.00	1.28
Increase through 2002 Company Savings Plan		4,886,618			
Exercise of stock options (2nd half 2002)	Jan. 28, 2003	379,045	430,170,265	537,712,831.25	0.09
Exercise of stock options (1st half 2003)		152,130			
Increase through 2003 Company Savings Plan	July 16, 2003	7,346,674	437,669,069	547,086,336.25	1.71
Exercise of stock options (2nd half 2003)	Jan. 26, 2004	765,680	438,434,749	548,043,436.25	0.17
Exercise of stock options (1st half 2004)		836,443			
Increase through 2004 Company Savings Plan	July 16, 2004	5,222,573	444,493,765	555,617,206.25	1.38
Exercise of stock options (2nd half 2004)	Jan. 13, 2005	659,394	445,153,159	556,441,448.75	0.15
Cancellation of shares	Feb. 9, 2005	11,000,000	434,153,159	542,691,448.75	(2.47)
Exercise of stock options (1st half 2005)		808,946			
Increase through 2005 Company Savings Plan	July 21, 2005	5,663,174	440,625,279	550,781,598.75	1.49
Cancellation of shares	Nov. 22, 2005	7,100,000	433,525,279	541,906,598.75	(1.61)
Exercise of stock options (2nd half of 2005)	Dec. 31, 2005 recorded on Jan. 11, 2006	762,902	434,288,181	542,860,226.25	0.18
Exercise of stock options (1st half 2006) and increase through 2006 Company Savings Plan	July 10, 2006	412,720 4,044,422	438,745,123	548,431,403.75	1.03
Exercise of stock options from July 1 to September 25, 2006	Sept. 26, 2006	232,449	438,977,572	548,721,965.00	0.05
Exercise of stock options from September 26 to October 6, 2006	Oct. 10, 2006	97,396	439,074,968	548,843,710.00	0.02
Capital increase with pre-emptive subscription rights decided on September 27, 2006	Oct. 26, 2006 recorded on Nov. 2, 2006	21,953,748	461,028,716	576,285,895.00	5.00
Exercise of stock options from October 26 to December 31, 2006	Dec. 31, 2006 recorded on Jan. 11, 2007	395,846	461,424,562	576,780,702.50	0.08

Amount of common stock

At December 31, 2006, Société Générale's paid-up common stock (as recorded on January 11, 2007) amounted to EUR 576,780,702.50 and comprised 461,424,562 shares with a nominal value of EUR 1.25 per share, all eligible for dividends paid out of income earned from January 1, 2006.

If all vested stock options were to be exercised, 613,276 shares would be issued, representing a maximum potential dilution of 0.13%. The Group's common stock would then amount to EUR 577,547,297.50, divided into 462,037,838 shares.

As part of the Group's capital market activities, transactions may be carried out involving indexes or underlying assets with a Société Générale share component. These transactions do not have an impact on the Group's future capital.

Breakdown of capital and voting rights

Double voting rights

(extract of article 14 of the by-laws)

As of January 1, 1993, 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 two years. 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, on the occasion of an increase in capital stock by incorporation of reserves, unappropriated retained earnings, net income or additional paid-in capital.

(legal provisions)

These double voting rights are rendered null and void ipso jure 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 parent do not result in the loss of rights and do not affect the minimum two-year holding period.

Limitation of voting rights

(extract of article 14 of the by-laws)

The number of votes at General Meetings that may be used by a single shareholder, either in person or by proxy, may not exceed 15% of total voting rights at the date of the Meeting. This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for which they act as proxy complies with the rule stipulated above. For the purposes of applying these limits, 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 person - more than 50.01% of the company's voting rights following a public offer.

Declaration of shareholdings exceeding statutory limits

(extract of article 6 of the by-laws)

Any shareholder acting on his own or jointly, who comes to hold directly or indirectly at least 1.5% of the capital or voting rights, must inform the Company within fifteen days of the time at which he exceeds this threshold, and must also indicate in his declaration the number of securities he holds which may give rise to his holding capital stock in the future. 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 0.5%.

Failure to comply with this requirement will be penalized 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 being 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 paragraph two above.

Authorization to carry out stock market dealings in own shares

The Joint General Meeting of May 30, 2006 authorized the company to buy or sell its own shares on the stock market with a view to cancelling bought-back shares, granting or honoring stock options or otherwise allocating free shares to employees and chief executive officers of the Group, honoring commitments linked to convertible debt securities, holding and subsequently using the shares in exchange or as payment for acquisitions and continuing the liquidity contract set up in 2004. The next General Meeting of shareholders will be asked to renew this authorization.

Identification of holders of bearer shares

(article 6 of the by-laws)

The company may, at any time, in accordance with current laws and regulations, request that the organization in charge of clearing transactions in its shares provide information regarding those shares and other securities that confer on their owners an immediate or deferred voting right at shareholders'meetings and the holders of such shares and securities.

Information on the portion of capital held by employees under the Company and Group Savings Plans

In accordance with article L. 225-102 of the French Commercial Code, it is hereby declared that, at December 31, 2006, employees of Société Générale and Crédit du Nord and their subsidiaries held a total of 32,424,638 of Société Générale shares, representing 7.03% of its common stock, through the mutual fund created under the Société Générale Company and Group Savings Plans.

Shareholder agreements

On July 24, 2000, Société Générale signed an agreement with Santander Central Hispano concerning the management of the two parties' cross-holdings. Under the terms of this agreement, Société Générale 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, with this right not applying 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 Council in Decision No. 201C1417 dated November 30, 2001. This agreement was still in place at December 31, 2006. However, at this date, Santander Central Hispano no longer held any shares in Société Générale.

LIST OF AUTHORIZATIONS OUTSTANDING IN 2006 AND AT THE START OF 2007 AND THEIR USE

Type of authorization	Purpose of the authorization given to the Board of Directors	Period of validity	Limit	Use over 2006	Use in 2007 (up to 13/02/2007)
Share buybacks	Authorization to buy and sell Société Générale shares	**Granted by:** AGM of May 9, 2005, under its 8th resolution **For a period of:** 18 months **Early termination:** May 29, 2006	10% of the capital at the date of the purchase	Repurchase of 0.3% of capital at December 31, 2006	None
	Authorization to buy and sell Société Générale shares	**Granted by:** AGM of May 30, 2006, under its 14th resolution **For a period of:** 18 months **Maturity:** November 30, 2007	10% of the capital at the date of the purchase	Repurchase of 1.9% of capital at December 31, 2006	Repurchase of 0.4% of capital
Capital increases governed by common law	Authorization to increase capital stock through the issue of securities with an immediate or deferred equity component	**Granted by:** AGM of April 29, 2004, under its 12th resolution **For a period of:** 26 months **Early termination:** May 29, 2006	Nominal EUR 900 million for shares *i.e. 164.2% of capital on the date the authorization is granted* EUR 6 billion for debt securities with an equity component	None	None
	Authorization to increase capital stock with pre-emptive subscription rights through the issue of ordinary shares or securities with an equity component.	**Granted by:** AGM of May 30, 2006, under its 15th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	Nominal EUR 220 million for shares *i.e. 40.5% of capital on the date the authorization is granted* Nominal EUR 6 billion for securities with an equity component *Note: These limits are included in those set under resolutions 16 to 18 of the AGM of May 30, 2006*	Nominal EUR 27,442,185 i.e. 5% of capital on the day of the operation	None
	Authorization to increase capital stock through the incorporation of reserves, retained earnings or additional paid-in capital	**Granted by:** AGM of April 29, 2004, under its 12th resolution **For a period of:** 26 months **Early termination:** May 29, 2006	Nominal EUR 1.2 billion *i.e. 218.9% of capital on the date the authorization is granted*	None	None
	Authorization to increase capital stock through the incorporation of reserves, retained earnings or additional paid-in capital	**Granted by:** AGM of May 30, 2006, under its 15th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	Nominal EUR 550 million *i.e. 101.3% of capital on the date the authorization is granted*	None	None
	Authorization to increase capital stock through the issue of securities with no pre-emptive subscription rights and with an immediate or deferred equity component	**Granted by:** AGM of April 29, 2004, under its 13th resolution **For a period of:** 26 months **Early termination:** May 29, 2006	Nominal EUR 300 million for shares *i.e. 57.4% of capital on the date the authorization is granted* EUR 6 billion for debt securities with an equity component *Note: These limits are included in the overall limit set under resolution 12 of the AGM of April 29, 2004*	None	None
	Authorization to increase capital stock through the issue of shares with no pre-emptive subscription rights or securities with an equity component.	**Granted by:** AGM of May 30, 2006, under its 16th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	Nominal EUR 110 million for shares *i.e. 20.3% of capital* Nominal EUR 6 billion for securities with an equity component *Note: These limits are included in those set under resolution 15 of the AGM of May 30, 2006*	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 within the framework of resolutions 15 and 16 of the AGM of May 30, 2006.	**Granted by:** AGM of May 30, 2006, under its 17th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	15% of the initial issue *Note: Such operations are carried out at the same price and within the same limits as those set out in resolutions 15 and 16 of the AGM of May 30, 2006*	None	None

Type of authorization	Purpose of the authorization given to the Board of Directors	Period of validity	Limit	Use over 2006	Use in 2007 (up to 13/02/2007)
Remuneration of share contributions	Authorization to increase capital in order to pay for share contributions	**Granted by:** AGM of May 9, 2005, under its 12th resolution **For a period of:** 14 months **Early termination:** May 29, 2006	10% of capital *Note: These limits are included in the overall limit set under resolution 12 of the AGM of April 29, 2004*	None	None
	Authorization to increase capital in order to pay for share contributions	**Granted by:** AGM of May 30, 2006, under its 18th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	10% of capital *Note: These limits are included in those set under resolutions 15 and 16 of the AGM of May 30, 2006*	None	None
Transactions for employees	Authorization to increase capital stock through the issue of shares or other securities with an equity component reserved for employees subscribing to a Société Générale Company or Group savings plan	**Granted by:** AGM of April 29, 2004, under its 15th resolution **For a period of:** 26 months **Early termination: May 29, 2006**, except for the operation which was approved in principle by the Board on February 15, 2006	Nominal EUR 25 million *i.e. 4.6% of capital on the date the authorization is granted*	Nominal EUR 5,055,277.50, i.e. 0.9% of capital on the day of the operation	None
	Authorization to increase capital stock through the issue of shares or other securities with an equity component reserved for employees subscribing to a Société Générale Company or Group savings plan	**Granted by:** AGM of May 30, 2006, under its 19th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	Nominal EUR 16.3 million *i.e. 3% of capital on the date the authorization is granted*	None	Operation approved in principle by the Board on February 13, 2007
	Authorization to grant share subscription or purchase options to employees and chief executive officers of the company	**Granted by:** AGM of April 29, 2004, under its 16th resolution **For a period of:** 26 months **Early termination:** May 29, 2006	5% of capital on the date the authorization is granted	1,673,513 call options i.e. 7.7% of the authorization	None
	Authorization to grant share subscription or purchase options to employees and chief executive officers of the company	**Granted by:** AGM of May 30, 2006, under its 20th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	4% of capital on the date the authorization is granted *Note: This limit includes the free allocation of shares (resolution 21 of the AGM of May 30, 2006)*	None	1,300,000 call options i.e. 7.4% of the authorization
	Authorization to issue shares free of charge to employees and chief executive officers of the company	**Granted by:** AGM of May 9, 2005, under its 11th resolution **For a period of:** 14 months **Early termination:** May 29, 2006	1% of capital on the date the authorization is granted	720,346 shares issued i.e. 16.5% of the authorization	None
	Authorization to issue existing and future shares free of charge to employees and chief executive officers of the company	**Granted by:** AGM of May 30, 2006, under its 21st resolution **For a period of:** 26 months **Maturity:** July 30, 2008	2% of capital on the date the authorization is granted *Note: These limits are included in the one which applies to the allocation of options (resolution 20 of the AGM of May 30, 2006)*	None	850,000 shares issued, i.e. 9.8% of the authorization
Share buybacks	Authorization to cancel shares as part of a share buyback program	**Granted by:** AGM of April 29, 2004, under its 17th resolution **For a period of:** 26 months **Early termination:** May 29, 2006	10% of the total number of shares per 24-month period	None	None
	Authorization to cancel shares as part of a share buyback program	**Granted by:** AGM of May 30, 2006, under its 22nd resolution **For a period of:** 26 months **Maturity:** July 30, 2008	10% of the total number of shares per 24-month period	None	None

MAIN CHANGES IN THE INVESTMENT PORTFOLIO IN 2006

In 2006, the following transactions affected Société Générale's investment portfolio:

OUTSIDE FRANCE	IN FRANCE
Creation of	**Creation of**
Acquisition of interest in ROSBANK - SPLITSKA BANKA- Industrial Bank of Korea	**Acquisition of interest in** Ecofolio
Acquisition of Bank Republic - Inserviss Group	**Acquisition of**
Increase of interest in Podgoricka Banka - Euroclear - Société Générale Marocaine de banques	**increase of interest in**
Subscription to capital increase NSGB Le Caire - SG Vostok - Société Générale Yugoslav Bank - Splitska Banka	**Subscription to capital increase** SGSS Holding - Société Générale Consumer Finance
Disposal of total interest in SOGEKO	**Disposal of total interest in** TF1
Reduction of interest in Société Générale de Banque du Liban	**Reduction of interest in**

In accordance with Article L. 233.6 of the French Commercial Code, the following table summarizes the significant changes in Société Générale's investment portfolio in 2006.

Increase				Decrease			
		% of capital				% of capital	
Declaration threshold	Company	Dec. 31, 2006	Previously	Declaration threshold	Company	Dec. 31, 2006	Previously
5%				5%			
10%				10%	SOGELIBAN	19%	50%
20%	ROSBANK	20%	0%	20%			
33%				33%			
50%	SPLITSKA BANKA	99.75%	0%	50%			
	PODGORICKA BANKA	86,8%	74,4 %				

VI. SOCIÉTÉ GÉNÉRALE PRESS RELEASE DATED 11 FEBRUARY 2008

The following pages contain a Société Générale Press Release relating to a capital increase which is dated 11 February 2008 (the press release contains unaudited financial information which in the meantime has already been audited and is inserted within the information given under IV.).

SOCIETE GENERALE

Press Release

February 11, 2008

Société Générale announces the terms and conditions of its €5.5 billion capital increase

NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY IN THE UNITED STATES, CANADA, JAPAN AND AUSTRALIA

In recent days, the Group's customers have strongly expressed their confidence in Société Générale. The Group's employees have shown their solidarity.

The Group has posted positive net income for 2007. The company's key strengths and profit-making capacities remain intact.

The main objective of the capital increase is to strengthen the company's equity. As a result, Société Générale will remain one of the most solid institutions in the profession.

The capital increase also gives Société Générale the means to continue its sustained and balanced growth.
Growth in France: the Group's capacity to lend to its individual customers, professional customers, business customers and associations is confirmed.
Growth internationally, especially in the fastest-developing countries: Russia, Brazil, India, Central and Eastern Europe and the Mediterranean Basin.

The terms and conditions of the offering (preferential subscription rights) mean that existing shareholders, who wish to do so, can participate in the bank's development and take full advantage of expected benefits.

The subscription period will start on February 21st and end on the evening of February 29th.
The issue of new shares is underwritten on an unconditional, firm basis (garantie de bonne fin).

Following the exceptional fraud uncovered in January 2008 and in view to strengthening its capital base, Société Générale Group announces today the terms of its 5.5 billion euro capital increase with preferential subscription rights which was announced on January 24th 2008. After the capital increase and the acquisition of Rosbank, Société Générale's proforma Tier 1 ratio at December 31, 2007 will reach 8.0% (Basel I).

This share capital increase will be carried out through distribution of preferential subscription rights to shareholders to enable them to participate in the offering and protect their interest more generally.

The subscription price will be €47.50 (or €1.25 par value and a €46.25 issue premium) on the basis of one (1) new share for four (4) existing shares, resulting in the issuance of 116,654,168 new shares.

Each Société Générale shareholder will receive one preferential subscription right per share held at the close of business on February 20, 2008. The subscription period for new shares will begin on February 21, 2008 and will close February 29, 2008 (inclusive). During this period, the preferential subscription rights will be listed and traded on Eurolist by NYSE Euronext Paris. Subscriptions subject to reduction on a contingent basis will be accepted.

The offering will be open to the public in France and in 8 European countries.

Settlement and delivery and listing on Eurolist by NYSE Euronext Paris of the new shares issued in the capital increase are expected to take place on March 13, 2008.

The new shares will carry rights to dividends as of January 1, 2008. They will not entitle their holders to the dividend with respect to the 2007 fiscal year that should be proposed by the board of Directors to the shareholders' meeting convened to approve the financial statements for the 2007 fiscal year. The new shares will be listed for trading on Eurolist of NYSE Euronext Paris as of March 13, 2008. They will initially be traded on a separate quotation line under the ISIN code FR0010562348 and will become fungible with the existing shares of the Company already traded on Eurolist of NYSE Euronext and trade on the same quotation line as these shares under the same ISIN code FR0000130809, after the payment of any dividend approved by the general shareholders' meeting called to approve the financial statements for the 2007 fiscal year or, if no dividend is paid, until the closing of the trading day on which the aforementioned shareholders' meeting takes place.

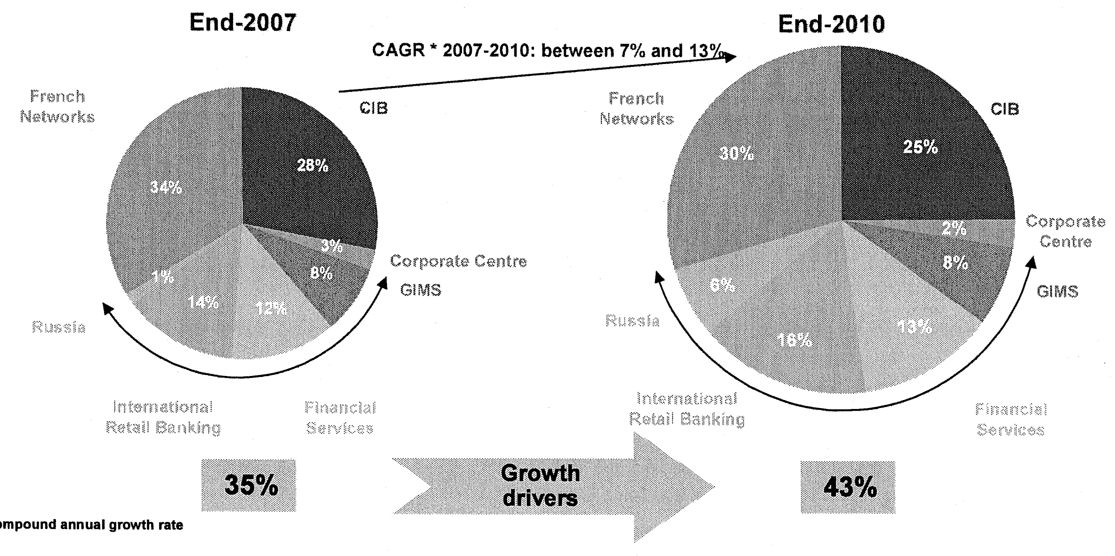
The offering is lead-managed by J.P. Morgan Securities Ltd., Morgan Stanley & Co. International plc and Société Générale Corporate & Investment Banking, as Joint Global Coordinators and Joint-Bookrunners, and Crédit Suisse and Merrill Lynch International, as Co-Bookrunners.

The issue of new shares is underwritten on an unconditional, firm basis (garantie de bonne fin) within the meaning of Article L.225-145 of the French Commercial Code (Code de commerce).

After a year marked by the financial crisis in 2007, the Group intends to further rebalance its business portfolio over the coming years through organic growth and targeted acquisitions while stepping up its development in business and markets with high potential.

At 2010 year end, the share of International Retail Banking, Financial Services, Global Investment Management and Services and Russia in total assets should reach 43%, compared to 35% at the end of 2007.

Breakdown of Group Risk-Weighted Assets (Basel I)



(*) Compound annual growth rate

This expansion strategy will be based on the capital generation potential of the Group linked to its strong positions in retail banking in France and Corporate and Investment Banking.

For the French Networks, the Group intends to use its favourable positioning in profitable regions and on high potential customer segments, as well as pursuing productivity gains. The aim, on average, is to achieve annual NBI growth that is at least equal to France's nominal GDP and a C/I ratio of below 63% by 2010.

In the case of Corporate and Investment Banking, the first half of 2008 is expected to be a transitional period, to draw lessons from recent events and strengthen our control procedures and anti-fraud measures in a market environment that will probably remain difficult. There will be a deliberate reduction in stress-test limits and volumes in arbitrage activities, with a gradual pick-up as from Q3 2008, depending on market conditions. Client-driven activity will continue to expand with active management of the portfolio. Corporate and Investment Banking has a target of average annual revenue growth of between 5% and 10% over the period 2006-2010, enabling it to achieve net banking income of around EUR 9 billion in 2010. The Cost/Income ratio should be around 62% in 2009 and 60% in 2010, while ROE after tax should be around 30% in 2009 (assuming a cost of risk of 40 bp) and higher in 2010. In 2008, after a transitional first half and in a difficult market environment, ROE after tax is expected to be around 20% (+/- 2 points of percentage).

Efforts will be increased to enhance synergies via the systematic cross-selling between production platforms and the sales and marketing forces.

Lastly, an operating efficiency programme was initiated in June 2007 and launched in December 2007. The aim of this plan is to strengthen the standardisation and security levels of processes at the Group, to develop pooling methods and to optimise the cost of Group resources. It is expected to result in at least a 1 billion euros increase in gross operating income by 2010.

Overall, and including the positive impact of these actions, the Group aims to achieve a Cost/Income ratio of between 60% and 62% and a ROE after tax of between 19% and 20% in 2009, while targeting a Tier One ratio (Basel I) of 8% at end-2008, reduced gradually to 7.5% at end-2010. The aim of a dividend payout ratio of 45% is confirmed for the period 2008-2010.

Information for the public

A prospectus approved by the *Autorité des marchés financiers* (the "AMF", the French Securities Regulator) under No. 08-028 on February 10, 2008 is available free of charge from Société Générale - Tour Société Générale, 17, cours de Valmy - 92972 Paris La Défense, through the financial intermediaries, as well as on the Internet websites of Société Générale (**www.socgen.com** or **www.ir.socgen.com**) and the AMF (**www.amf-france.org**). The prospectus consists of (i) an annual report (*Document de référence*), which was filed with the AMF on March 6, 2007 under the number D.07-0146, including an amendment filed on March 26, 2007 under the number D.07-0146-R01, the updates to the Document de référence filed with the AMF on May 25, 2007, August 31, 2007, November 13, 2007 and February [10], 2008 under numbers D-07-0146-A01, D-07-0146-A02, D-07-0146-A03 and D-07-0146-A04 respectively and (ii) a *note d'opération*.

Société Générale draws investors' attention to the risk factors section in the prospectus approved by the AMF.

This press release must not be published, distributed or disseminated in the United States (including its territories and possessions, each State of the United States and the District of Columbia), Australia, Canada, or Japan.

The distribution of this press release in certain jurisdictions may be restricted by law or regulations. Therefore, persons in such jurisdictions into which this press release is released, published or distributed must inform themselves about and observe such restrictions.

This press release is not an offer to sell or a solicitation of an order to buy or subscribe for securities in the United States or any jurisdiction where such offer would conflict with local laws and regulations. The securities mentioned in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement under the Securities Act. There will be no public offer in the United States.

This document is for distribution only to persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets

Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any rights or shares may otherwise lawfully be communicated or caused to be communicated.

PROSPECTUS SUMMARY

This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities offered hereby should be based on a thorough review of the Prospectus. Persons responsible for preparing the summary, including any translation, shall not be liable for its contents unless they are misleading, inaccurate or contradictory hereof to the other sections of the Prospectus. An investor plaintiff who brings a claim relating to the information contained in the Prospectus, pursuant to the national legislation of the Member States of the European Community or of the parties to the European Economic Area agreement, must bear the cost of translating the Prospectus prior to the commencement of such judicial proceedings.

A. INFORMATION ON THE ISSUER

Corporate name, business sector and nationality

Société Générale

Banking

Company organized under French Law

Overview of the Group's business as at December 31, 2007

The French Retail Networks provide individual customers (9 million), businesses and self-employed professionals, with a complete range of financial products and services. The Société Générale and Crédit du Nord networks, which are complementary in terms of their positioning, cover a broad geographical range (2,997 local branches).

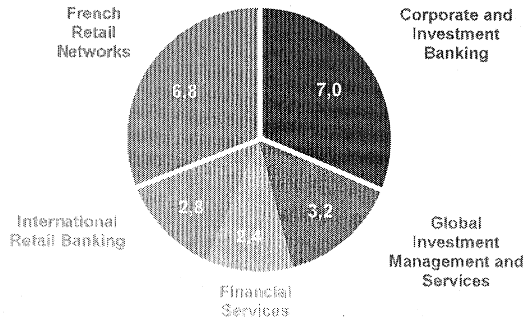
The International Retail Banking division is present in 37 locations, with significant positions in Central and Eastern Europe, the Mediterranean Basin, in Africa and Overseas (*Outre-mer*), comprised of 2,795 branches and approximately 40,000 employees servicing 8.8 million individual customers and more than 730,000 corporations.

The Financial Services division includes business finance and services, consumer credit, and insurance. This division is a leader in Europe in equipment financing (SG Equipment Finance), in IT asset leasing and management (ECS) and in operational vehicle leasing and fleet management (ALD Automotive). In consumer credit, SG consumer finance holds solid positions in France, Italy, Germany, and in emerging countries.

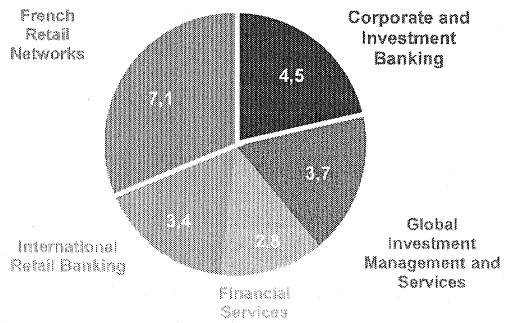
The Global Investment Management and Services division regroups Asset Management (Société Générale Asset Management), Private Banking (SG Private Banking), the Securities branch (Société Générale Securities Services), the brokerage and clearing services (Fimat -merged with Calyon Financial since January 2008 to form Newedge), and Direct Banking (Boursorama). At the end of 2007, GIMS' outstanding assets under management amounted to EUR 434.6 billion and assets under custody amounted to EUR 2,583 billion.

The Corporate and Investment Banking division (Société Générale Corporate & Investment Banking) develops high value-added integrated financial solutions using its three key areas of expertise: Euro capital markets, derivatives and structured finance. SG CIB is now structured around three areas of activity: Financing and Advisory, Fixed Income, Currencies and Commodities, and Equities.

Net banking income of the core businesses (in EUR bn)



2006*



2007**

*The cash management activity (*activité de banque de flux*), previously integrated in the Financial Services division, was integrated in 2007 in French Retail Networks. The historical data have been adjusted accordingly.

**Estimated unaudited data

Selected financial information

Financial statements as of December 31, 2006 (IFRS standards)

	2006	2005*
RESULTS (*in EUR millions*)		
Net banking income	22,417	19,166
Operating income	8,035	6,562
Net income before minority interests	5,785	4,916
Net income	5,221	4,402
Retail Banking and Financial Services	*2,336*	*1,898*
Global Investment Management and Services	*577*	*460*
Corporate and Investment Banking	*2,340*	*1,841*
Corporate Center and other	*(32)*	*203*
	2006	**2005**
ACTIVITY *(in EUR billions)*		
Total assets and liabilities	956.8	835.1*
Customer loans	263.5	227.2
Customer deposits	267.4	222.5
Equity *(in billions of euros)*		
Group shareholders' equity	29.1	23.0*
Total consolidated equity	33.4	27.2*

*Amounts adjusted with respect to the financial statements.

The estimated financial statements as of December 31, 2007 (IFRS standards) have been prepared using a process similar to that usually adopted for the drawing up of the Group's consolidated financial statements. They were examined at the Board of Directors' meeting on February 6, 2008. Following the uncovering of unauthorized and concealed activities, Corporate and Investment Banking's activities are currently the subject of various investigations both internally and externally that could reveal new facts that need to be taken into consideration.

(IFRS – unaudited data)	**2007**
RESULTS (*in millions of euros*)	
Net banking income	21,923
Operating income (not including net loss from unauthorized and concealed market activities)	6,713
Operating income (including net loss from unauthorized and concealed market activities)	1,802
Net income before minority interests	1,604
Net income	947
Net income (by business segment)	
French Retail Networks	1,375
International Retail Banking	686
Financial Services	600
Global Investment Management and Services	652
Corporate and Investment Banking	(2,221)
Corporate Center	(145)

Working Capital

The Group declares that, in its opinion, the Group's consolidated working capital is sufficient to cover its commitments for the 12-month period following the date of approval of this prospectus, i.e., as of the date that the prospectus receives approval, the Company will comply with the liquidity ratios as set by banking regulations and that after taking into account the capital increase in the Offer, the Group will comply with the applicable solvency ratio.

Shareholders' equity and consolidated debt

Société Générale complies with all of the prudential ratios which apply under applicable banking regulations: at June 30, 2007, its international solvency ratio (B.I.S. ratio) was 10.92% (11.11% at December 31, 2006) against a minimum requirement of 8%. At the same dates, the Group is as follows: at June 30, 2007, the ratio of available capital to required capital was 138.5% and at December 31, 2006 it stood at 141.9 % without having recourse to additional equity.

As at December 31, 2007, the Group's Tier One ratio was estimated at 6.6%.

Estimated debt and shareholders' equity at December 31, 2007 (unaudited data):

(in millions of euros)	December 31, 2007
FINANCIAL DEBT	**11,174**
Debt represented by securities issued by the company	11,147
Debt represented by undated residual maturity securities	27
Equity (not including income from the period)	
Capital	583
Reserves	25,065
Unrealized or deferred capital gains and losses	646
Shareholders' equity (not including income from the period)	**26,294**
Minority interests	3,377
Total consolidated equity (not including income from the period)	**29,671**
Total equity and debt	**40,845**
Net Financial Debt	
Debt represented by securities issued by the company	***11,174***
- with residual maturity of under one year	175
- with residual maturity of over one year	10, 972
- undated residual maturity	27
Bank time deposits	***53,144***
Time deposits and borrowings	75,757
Term deposits and loans	(22,613)
Cash and Cash Equivalents	***(13,635)***
Cash	(2,104)
Due from central banks	(6,194)
Bank demand deposits	(5,337)
Net Financial Debt	**50,683**

No significant change has occurred with regards to the situation of the Group's consolidated shareholders' equity (not including income from the period) as presented above since December 31, 2007.

Summary of the main risk factors applicable to the issuer and its business

Prior to making an investment decision, investors should take into account the risk factors described in Chapter 9 of the *Document de référence* and in the Updates to the *Document de référence*, and notably the following risk factors:

- credit risks (including country risk): risk of loss arising from the inability of the bank's customers, sovereign issuers or other counterparties to meet their financial commitments;
- market risk: risk of loss resulting from changes in market prices and interest rates, in correlation between these elements and their volatility;
- structural risk: risk of loss or of residual depreciation in the bank's balance sheet arising from variations in interest or exchange rates;
- liquidity risk: risk of the Group not being able to meet its commitments at their maturities;
- operational risks (including legal, compliance, accounting, environmental and reputation risks): risk of loss or fraud or of producing inaccurate financial and accounting data due to inadequacies or failures in procedures and internal systems, human error or external events;
- legal and environmental risks;
- regulatory ratios risks.

Investors should note that the list of risks presented above is not exhaustive and that risks that are unknown as of the date of the visa on this Prospectus, and that are not deemed likely to have a negative impact on the Company, its business or its financial position, may exist.

Recent developments and outlook

The Group uncovered an exceptional case of fraud within one of its brokerage sub-divisions.

The Group's estimated net income for the 2007 fiscal year is EUR 947 million, taking into account the net loss resulting from this fraud, the additional fair value write downs on its asset portfolios linked to U.S. residential mortgage as well as the fair value write downs tied to monoline counterparty risks. The Group plans to propose to the Shareholders' General meeting the payment of a dividend for the 2007 fiscal year consistent with its objective at a distribution rate of 45%.

Losses from a fraudulent and concealed position

The Group uncovered a fraud, exceptional in both its size and nature: one trader, responsible for plain vanilla futures hedging on European equity market indices, had taken massive fraudulent directional positions principally in 2007 and 2008 beyond his limited authority. Aided by his in-depth knowledge of control procedures resulting from his former employment in the middle-office, he managed to conceal these positions through an elaborate scheme of transactions.

There is no residual exposure in relation to these positions, which were discovered and investigated on January 19 and 20, 2008. It was decided to close these positions as quickly as practicable in the best interest of market integrity and the Group's shareholders. Given the combination of the size of the positions and the very unfavorable market conditions encountered, this case of fraud had a negative impact of EUR 4.9 billion that the Group has recorded in its 2007 pre-tax income.

Additional write downs of assets tied to the CDOs exposed in the U.S. residential real-estate sector, and monoline insurers

The group recorded provisions and write downs amounting to EUR -2.6 billion, tied to the crisis in the U.S. residential real-estate sector: EUR -1,250 million on the portfolio of non-hedged CDOs; EUR -947 million on counterparty risk with regards to monoline insurers; EUR -325 million on the trading portfolio of RMBSs.

B. INFORMATION ABOUT THE TRANSACTION

Reasons and use of the issuance proceeds

The EUR 5.5 billion capital increase will allow the Group to strengthen its equity and to restore a pro-forma Tier One ratio of 8.0% at December 31, 2007 after taking into account the acquisition of complementary tranches representing 37.8% of the Russian bank Rosbank.

The Group is targeting a Tier One ratio (*Bâle 1*) of 8.0% at the end of 2008.

Number of new shares to be issued	116,654,168 shares.
Subscription price of the new shares	EUR 47.50 per share.
Gross proceeds of the issuance	EUR 5,541,072,980.00
Estimated net proceeds of the issuance	EUR 5,395.94 million
Date as of which the new shares entitle their holders to dividends	January 1, 2008. The new shares will not confer the right to the dividend which may be decided by the general shareholders' meeting for the 2007 fiscal year.

Preferential subscription rights (DPS)

The subscription of new shares shall be reserved, by preference, for:

- the holders of shares making up the share capital (existing shares registered on the holder's account at the end of the trading session on February 20, 2008 and shares resulting from the exercise February 26, 2008 at the latest of call options for the 2002, 2003, 2004 and 2005 plans; or

- transferees of DPS.

Holders of DPS may subscribe:

- with an irrevocable right (*à titre irréductible*) for one new share for four existing shares owned (four DPS will allow the subscription for one share at the subscription price of EUR 47.50 per share); and

- subject to reduction (*à titre réductible*) for additional new shares over and above the number to which they are irrevocably entitled to subscribe.

Theoretical value for the DPS

EUR 5.86 (after taking into account a dividend calculated on the basis of the distribution rate of 45% applied to the estimated 2007 net income per share, i.e EUR 0,9, without prejudging the board of directors' proposition (on February 20,2008) on the dividends on February 20, 2008 to the shareholders' meeting), based on the closing price of Société Générale shares on February 8, 2008, or EUR 77.72.

Listing of new shares

On Eurolist by NYSE Euronext Paris,

- as from their planned issuance on March 13, 2008, on a secondary quotation line under the ISIN code FR0010562348 until the payment of the dividend which could be decided by the general shareholders' meeting convened to approve the financial statements for the 2007 fiscal year or, if no dividend is paid, until the closing of the trading day on which the aforementioned shareholders' meeting takes place;

- then on the same quotation line as the Company's existing shares that are already traded on the Eurolist by NYSE Euronext Paris and traded under the same ISIN code, i.e., FR0000130809.

Principal shareholders' intention to subscribe

The DPS to be allocated to the Société Générale FCPE in relation to the existing shares in the FCPE will be partially sold by the management company during the period in which the DPS are traded, so that the proceeds from the sale are totally reinvested into Company shares.

No shareholder has expressed to the Company his or her intentions with regard to his or her participation in the capital increase.

Underwriting

The issue of new shares is underwritten pursuant to a performance guarantee (*garantie de bonne fin*) within the meaning of Article L.225-145 of the French Commercial Code.

Summary of the principal risk factors related to the securities offered

The market for DPS may offer only limited liquidity and may be highly volatile.

There is no guarantee that a market will develop for the new shares when they are listed initially on the Eurolist by NYSE Euronext Paris secondary quotation, and if such a market does develop these shares may be subject to greater volatility than the Company's existing shares.

The shareholding of existing shareholders who do not exercise their DPS will be diluted.

The market price of the Company's shares may fluctuate and drop below the subscription price for the shares issued upon the exercise of DPS.

Sales of DPS on the market during the subscription period could negatively affect the price of the DPS and sales of company shares on the market during or after the issue could negatively affect the share price.

In the event that the price of the Company's shares drops substantially, the DPS may lose their value.

C. DILUTION AND DISTRIBUTION OF THE SHARE CAPITAL

Amount and distribution of the share capital and voting rights as at February 5, 2008

As of February 5, 2008, the fully paid-up share capital is EUR 583,270,841.25 and is composed of 466,616,673 shares.

Dilution

Impact of the issuance on the share of shareholders' equity

The impact of the issuance on the shareholders' equity, calculated on the basis of the group's consolidated shareholders' equity, from financial information estimated as of December 31, 2007 (unaudited data) and the number of shares making up the share capital as of December 31, 2007:

	Equity attributable to shareholders of the Company *(in euros)*	
	Undiluted basis	**Diluted basis[1]**
Before the issue of the new shares	58.38	59.49
After the issue of 116,654,168 new shares	56.04	56.93

(1) The calculations are based on the assumption that all stock options are exercised.

Impact of the issuance on the book value per share

Impact of the issuance on the Group's book value per share, the calculation being made on the basis of (i) the Group consolidated shareholders' equity estimated at December 31, 2007 (without taking into account the TSS and TSDI as well as the interests to be distributed to the bearers of such instruments, but comprising the book value of the trading shares hold by the Group and the shares of the liquidity agreement) and (ii) the number of shares in circulation at December 31, 2007:

	Book value per share *(in euros)*	
	Undiluted basis	**Diluted basis[1]**
Before the issue of the new shares arising from the capital increase	56.41	59.54
After the issue of 116,654,168 new shares arising from the capital increase	54.36	54.49

(1) The calculations are based on the assumption that all stock options are exercised as well as the acquisition of the totality of the free shares.

Impact of the issuance on existing shareholders

The impact on the capital interest of a shareholder holding 1% of the share capital prior to the issue and who does not subscribe for shares, calculated on the basis of the number of shares composing the capital as of February 5, 2008:

	Shareholders' Holding as a %
Before the issuance of the new shares	1.00%
After the issuance of 116,654,168 new shares	0.80%

D. PRACTICAL TERMS AND CONDITIONS

Indicative timetable

February 10, 2008	Visa of the AMF.
	Execution of the underwriting agreement.
February 11, 2008	Press release describing the main features of the transaction.
February 13, 2008	Publication of a Notice in the *Bulletin des annonces légales obligatoires* (the "BALO") related to the capital increase and of the notice of the suspension of the right to exercise share subscription and purchase options.
	Publication of the prospectus summary in the French press.
	NYSE Euronext notice.
February 21, 2008	Press release announcing the annual consolidated results for 2007
	Publication on Société Générale's website (www.socgen.fr or www.ir.socgen.fr) of the complete financial statements including the balance sheet, income statement, and the notes to the consolidated financial statements.
	Beginning of the subscription period — separation and start of trading of DPS on the Eurolist by NYSE Euronext Paris.
February 22, 2008	Publication of the financial notice announcing the annual consolidated results in a nationally distributed newspaper.
February 29, 2008	End of the subscription period — end of trading of DPS.
March 11, 2008	NYSE Euronext listing notice for the new shares together with the amount of the capital increase.
March 13, 2008	Issuance of the new shares — settlement — delivery.
	Listing of the new shares.
	Resumption of the right to exercise share purchase options.

The offer will be open to the public in France and in the following countries in the European Union where the prospectus will be passported and published pursuant to the Prospectus Directive: Germany, Belgium, Spain, Italy, Luxembourg, the Czech Republic, Romania and the United Kingdom.

Procedure for exercising preferential subscription rights

To exercise their preferential subscription rights, holders must make a request to their authorized financial intermediary at any time between February 21, 2008 and February 29, 2008 inclusive and pay the corresponding subscription price. DPS not exercised at the end of the subscription period, i.e., on February 29, 2008 at the close of business, shall automatically be null and void.

Financial intermediaries

Subscriptions for shares and transfers of funds by subscribers whose shares are registered in administered share register accounts or issued in bearer form or registered to their authorized financial intermediary acting in their name and on their behalf will be accepted until February 29, 2008 in France by the authorized financial intermediaries.

Subscriptions and payments by shareholders whose securities are in fully registered form will be accepted at no charge until February 29, 2008 inclusive at Société Générale, 32, rue du Champ de Tir, B.P. 81 236, 44 312 Nantes Cedex 3.

Each subscription must include payment of the subscription price.

The funds paid for subscriptions will be centralized by Société Générale, which will prepare a certificate of deposit of funds allowing the issuance of new shares.

Investor Relations

Patrick Sommelet

Investor Relations Officer

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Availability of the prospectus

Copies of the prospectus relating to the public offer in France are available at no charge from Société Générale — Tour Société Générale, 17, Cours de Valmy — 92972 Paris La Défense.

The prospectus is also available on the website of the AMF at www.amf-france.org and on the Société Générale website at www.socgen.com or ir.socgen.com.

VII. SOCIÉTÉ GÉNÉRALE PRESS RELEASE DATED 17 APRIL 2008

The following page contains a Société Générale Press Release relating to the dissociation of the functions of Chairman and Chief Executive Officer which is dated 17 April 2008.

SOCIETE GENERALE

Press Release

Paris, 17 April 2008

Dissociation of the functions of Chairman and Chief Executive Officer

Following the successful capital increase, and in view to adapt the Group's governance, the Board of Directors, on Daniel Bouton's proposal, has decided to proceed with the dissociation of the functions of Chairman and Chief Executive Officer, in accordance with the Company's by-laws, during its meeting of May 12th . The Board will appoint Daniel Bouton as Chairman and Frédéric Oudéa as Chief Executive Officer. Frédéric Oudéa has informed the Board he will propose on May 12th that Philippe Citerne and Didier Alix be confirmed in their functions as Co-Chief Executive Officers.

Philippe Citerne has proposed to the Board not to renew his Board Director mandate as initially submitted for approval by the General Meeting of Shareholders on 27 May 2008. The Board has decided to accept this proposal and to increase the proportion of independent Board members by asking shareholders to appoint a new independent Board member.

The Board of Directors of May 12th will also approve the first quarter 2008 earnings, which will reflect the sustained confidence of our clients, the Group's resilience and once again the benefits derived from a balanced portfolio of activities in a difficult environment.

Daniel Bouton, Chief Executive Officer of Société Générale since 1993 and Chairman & CEO since November 1997.
Frédéric Oudéa joined Société Générale London in 1995. He subsequently worked within the equities department in Paris and was appointed Chief Financial Officer in 2003.

Société Générale
Société Générale is one of the largest financial services groups in the euro-zone. The Group employs 151,000 people worldwide in three key businesses:
- Retail Banking & Financial Services: Société Générale serves 27 million individual customers worldwide.
- Global Investment Management & Services: Société Générale is one of the largest banks in the euro-zone in terms of assets under custody (EUR 2 583 billion, Dec. 2007) and under management (EUR 434,6 billion, Dec. 2007).
- Corporate & Investment Banking: Société Générale ranks among the leading banks worldwide in euro capital markets, derivatives and structured finance.

Société Générale is included in the five major socially-responsible investment indexes.
www.socgen.com

PRESS RELATIONS
SOCIETE GENERALE

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Frankfurt am Main, 5 May 2008

Société Générale

Paris

gez. Sebastian Bleser gez. Markus Mosch

S. Bleser