D. Gilbert Pla, con N.I.E. nºX0783247-M, en calidad de apoderado general de SOCIETE GENERALE, ante la Comisión Nacional del Mercado de Valores,

CERTIFICA

Que el contenido del Documento de Registro de Société Générale redactado según el Anexo XI del Reglamento CE/809/2004 e inscrito en la Comisión Nacional del Mercado de Valores con fecha de hoy (el "Documento de Registro de Société Générale"), coincide exactamente con el que se adjunta al presente certificado.

AUTORIZA

La difusión del contenido del Documento de Registro de Société Générale a través de la página web de la Comisión Nacional del Mercado de Valores.

Y para que conste a los efectos oportunos, se expide el presente certificado en Madrid, a 23 de abril de 2009.

SOCIETE GENERALE

D. Gilbert Pla

Grupo Société Générale

Folleto de Registro en España

Anexo XI del Reglamento (CE) Nº 809/2004 de la Comisión de 29 de abril de 2004

INDICE

Anexo XI del Reglamento (CE) Nº 809/2004 de la Comisión de 29 de abril de 2004

1. Personas responsables
Persons responsible for the Registration Document

1.1. Personas responsables
Persons responsible for the Registration Document

En nombre de Société Générale y en virtud del poder vigente, autorizado ante Notario de Paris, Don Nicolás Thibierge, el día 15 de febrero de 2007, y solemnizado ante el Notario de Madrid, Don Cruz Gonzalo López-Muller Gómez, el día 9 de marzo de 2007, bajo el número 601 de su protocolo, asume la responsabilidad por el contenido del presente Documento de Registro:

Don Gilbert Pla, Director y apoderado general.

1.2. Declaración de los responsables
Declaration of the persons responsible for the Registration Document

El responsable del Documento de Registro declara, tras comportarse con una diligencia razonable para garantizar que así es, que la información contenida en el presente Documento de Registro es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido.

Don Gilbert Pla declara que, a su entender, las informaciones contenidas en este Folleto Informativo son conformes a la realidad y no se omite ningún hecho que por su naturaleza pudiera alterar su alcance.

Lista de referencias cruzadas del Documento de Registro del Grupo Société Générale del año 2009 (versión en inglés) registrado en Francia ante la Autorité des Marchés Financiers (AMF).

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11.4.1	El último año de información financiera no puede preceder en más de 18 meses a la fecha del documento de registro	The last year of audited financial information may not be older than 18 months from the date of the registration document.	
11.5.	Información Intermedia y demás información financiera	*Interim financial information*	El emisor presenta cuentas trimestrales y semestrales a lo largo del ejercicio. Esta información se registra en la AMF (*Autorité des Marchés Financiers*, Francia) a través de un documento denominado Actualización al Documento de Registro. Estos documentos estarán disponibles en *ir.socgen.com*. A la fecha del presente Documento de Registro no se encuentra disponible el informe trimestral relativo a las cuentas del emisor a 30 de marzo de 2009. *The issuer publishes quarterly and half year financial information throughout the financial year. This information is registered in the AMF through a document named Update to the Registration Document. These documents will be available in ir.socgen.com.*
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Documento firmado en Madrid, a 14 de abril de 2009.

SOCIETE GENERALE

D. Gilbert Pla

Apoderado general

Documento de Registro del Grupo Société Générale del año 2009 (versión en inglés)
2009 Registration Document

2009 REGISTRATION DOCUMENT

SOCIETE GENERALE

REGISTRATION DOCUMENT **2009**

SOCIETE GENERALE

AMF

This original document was filed with the AMF (French Securities Regulator) on March 4, 2009, 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 document contains corrections detailed in the amendment filed with the AMF at April 8, 2009.

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.

It once more became a private banking group following it privatization 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. In 2001, the Group absorbed Sogénal.

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 Societe Generale acquired a majority stake in Rosbank, which is the largest privately-owned retail banking network in Russia.

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 163,082 staff from 122 different nationalities. The Group is organized around five core businesses: French Networks, International Retail Banking, Financial Services, Global Investment Management & Services and Corporate & Investment Banking.

On February 28, 2009, Societe Generale's long-term rating was Aa2 at Moody's, AA- at Fitch and AA- at Standard & Poor's.

2 GROUP STRATEGY AND BUSINESSES THE GROUP'S CORE BUSINESSES

A PROFITABLE AND BALANCED GROWTH STRATEGY

Despite the economic turmoil during 2008, **our universal banking model proved to be sound,** ensuring the resilience of the Group's performance.

2008 was a year of unprecedented events that completely transformed the banking sector and led to coordinated action by the governments of Europe. The markets were also exceptionally volatile. The rise in financing costs and the closing of some markets revealed how strategic access to liquidity had become, increasing the importance of collecting deposits and raising questions about models relying solely on market financing. Balance sheet management has become more vital than ever for financial institutions, with a need for tighter control of leverage (reduction of the leverage ratio) and increased capital requirements for banks, imposed by regulators and by the markets.

In such severe crisis conditions, the Group has successfully capitalized on the sound base formed by its activities in France and on its growth drivers to achieve **resilient revenues**. Despite the impact of the crisis on the performance of Corporate and Investment Banking and Asset Management, the Group still made substantial profits, with net income of EUR 2.0 billion in 2008. The Group also enjoys a healthy capitalization level. At December 31, the Tier One ratio (Basel II) reached 8.8%, excluding the floor effect (definition in Chapter 9, within the "Regulatory Ratio" section). This would rise to 9.3% after taking into account the second phase of the French plan to reinforce the banks' capital.

Taken together, these figures reflect the soundness of the Group's business portfolio and the quality of its franchise in France and abroad. The Group intends to pursue this **profitable and balanced growth strategy** and continue supporting its clients worldwide, with the following goals:

- pursuing the realignment of its portfolio towards high-potential business lines and markets, giving priority to deposit-rich retail and private banking activities;
- increasing revenue synergies between business lines;
- stepping up operational efficiency improvement initiatives by implementing an Operational Efficiency Plan;
- continuing the process of deleveraging, reducing exposures at risk and improving operational security;
- maintaining a high level of capitalization as a cushion in case there is a sudden dramatic decline in the economic environment.

Although the **French Networks'** activities were initially penalized in 2008 by the negative consequences of the fraud uncovered at the start of the year and by the deterioration of market conditions, the number of account openings gradually resumed a steady pace, proving the strength of the franchise. In 2009, the growth of the French Networks will leverage on the targeting of the most promising customer segments (mass affluent set up), the strengthening of online distribution channels (overhauling of the website), the development of the commercial segment and the participation in their financing projects. Targeted branch openings are also planned. After making large investments in recent years, the Group now expects to realise productivity gains leveraging on the many planned retirements.

International Retail Banking will concentrate on consolidation of the network, after experiencing high growth in 2008 (increasing of the Group's stake in Rosbank to 57.6% and opening of 248 branches, at constant structure, in 2008). The Group will therefore take further steps to integrate Rosbank and continue to expand, on a targeted basis, in the Mediterranean Basin and Central and Eastern Europe, adapting its pace of expansion to economic conditions as part of a cautious risk management policy. Societe Generale's international operations should also benefit from the development of synergies within foreign networks and with the rest of the Group, particularly through system and process standardization.

Specialized Financing will pursue their balanced revenue growth strategy but will have to face a far more difficult environment, with the rise in financing costs and the expected increase in the cost of risk. For consumer credit, the growth drivers in emerging countries will continue their development. In France, the partnership currently being created with La Banque Postale will leverage on access to La Poste's 14,000 points of sale and will become operational in early 2010. Business Finance and Services will pursue their development in promising countries and markets, drawing on their leading positions in Europe. The insurance business line will maintain its strategy of internationalizing and diversifying its product range (healthcare and dependence insurance).

In the **Global Investment Management and Services** business lines, the contemplated merger of the asset management operations of Crédit Agricole S.A. and Societe Generale would create a European leader in asset management, benefiting from synergies linked to the mutualization of production resources and leveraging on the two Groups' global distribution networks. The reorganization of the asset management division should also include a merger between SGAM-AI and Lyxor, that will create a reference player on the alternative investment management market. Private Banking, which is holding up well in the current environment, should continue to develop in Europe and Asia. Securities services will grow further, thanks to recent acquisitions in Italy and Germany and in synergy with the

Group's International Retail Banking activities in Central and Eastern Europe. Boursorama's international development will be pursued (Germany and Spain) while the constitution of Newedge, in partnership with Calyon, has created a leading player on the listed derivatives brokerage market; integration should be completed in 2009.

Corporate and Investment Banking saw its environment considerably deteriorate in 2008 with the worsening of the financial crisis and very high market volatility. The overall resilience of SG Corporate & Investment Banking's business lines demonstrates the quality of the franchise, which should benefit from a better competitive environment in 2009, due to the exit of a number of players and the repricing effect. The roll-out of the optimization plan initiated by Corporate and Investment Banking will continue, with three priorities: (i) developing a client-focused approach through increased coverage of target clients and synergies between activities; (ii) improving efficiency and operational security and exploring the possible merger of market activities; (iii) continuing the reduction of exposures at risk.

Overall, while anticipating a challenging economic environment for 2009, the Group is well placed to withstand the crisis and to continue developing its universal bank strategy in France and abroad. The Group will continue to leverage on its Retail Banking platform and on its diversified portfolio of businesses, while focusing on improving risk management and operational efficiency. Furthermore, Societe Generale intends to pursue its mission of financing the French economy and to continue supporting its clients' development, while maintaining a high solvency ratio.

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 and Corporate and Investment Banking.

French Networks

Societe Generale's French Networks operate through a partnership of two networks, Societe Generale and Crédit du Nord, which have a large presence in urban areas concentrating a high proportion of the nation's wealth. These areas are covered through a tightly knit organization of 3,000 permanent branches.

Drawing on their highly efficient, multi-channel platforms (Branches, Telephone and Internet), the Networks' 40,000 employees offer a complete range of products and services to a broad customer base:

- the networks assist 9.6 million individual customers at key stages in their lives and offer them a comprehensive range of products and services meeting all their savings, financing (consumer credit and personal or real estate loans), insurance and advisory needs.
- more than 2,400 specialized customer relationship managers provide solutions meeting the financing requirements of the everyday or special transactions of Professionals and Businesses.

Societe Generale Network

In a mature and competitive market, the Societe Generale network is continuing to increase its franchises, by leveraging its strengths:

- the dynamic sales approach and professionalism of the customer service teams. The constant striving for customer satisfaction has produced an individual customer loyalty rate of nearly 90% (2008 survey).
- Closeness to customers, ensured through a network of nearly 2,300 branches, including around thirty opened in 2008. This has been supplemented by highly efficient, multi-channel platforms covering the full range of communication means (voice servers, multimedia advisers, Internet via Logitel Net and mobile phone). The platforms' quality receives regular awards. For instance, AFAQ AFNOR awarded Societe Generale the "Customer Relations Center" NF Service certification for the 3rd year running. This is in recognition of the high quality customer relationship management of its 4 multimedia Customer Relations Centers.
- A strong focus on innovation, which is regularly applauded by customers and the specialist press: Societe Generale is the first French bank to offer an online banking service via iPhone and a secure web mail service. With Logitel Net, individual and professional customers are offered a new, comprehensive and secure messaging service ensuring completely confidential communication with their branch. These constant enhancements are appreciated both by customers and the specialist press. The magazine *Le Revenu*, for example, gave Societe Generale top ranking in the "Innovations" and "Account access" categories in its 2008 awards for the best traditional French banks.

As well as having a very large individual customer base, the Societe Generale network is also renforcing its range for wealth management clients. A joint venture has therefore been created with SG Private Banking, the Societe Generale Group's Private Banking arm. As a result, three new dedicated branches have been opened in Bordeaux, Lyon and Marseille, for easier access to the services of wealth management advisers and legal and tax experts. Three additional branches should be opened in 2009 (Lille, Strasbourg and Rennes).

The Societe Generale network has long enjoyed a strong position on the corporate clients market. Having become a reference player on the large corporate market (turnover of more than EUR 75 million), with a loan market share of 8.3%, Societe Generale has gradually extended its expertise and its offering to SMEs, and to associations and local authorities. Assisted by its recognized position and the quality of its products and services, it is continuing to expand its franchise by capitalizing on its main competitive advantages:

- Access to the expertise of the Group's Corporate and Investment Banking business lines, through the 4 joint ventures created with Societe Generale Corporate & Investment Banking. These joint ventures help to implement cross-business synergies creating high added value solutions for transactions affecting the capital structure, fixed income, currency and commodity market hedging transactions, investment optimization and cash management.
- Recognized cash flow management expertise so that business customers (i.e. SMEs and Large Corporates) can be offered payment means and reporting tools appropriate to their organization and their needs. The cash management teams manage financial flows and monitor cash positions, offering tailored solutions. The project managers within the network's "international trade center of expertise", specializing in the securing of international business

contracts, also offer businesses solutions catering closely to their needs, by assisting them in every step of their international operations (both import and export).

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 160 years of expertise as local customer-based banks focused on professionalism and innovation. Through its 9,200 employees, the Crédit du Nord Group offers customers all the advantages of a human-scale regional bank, backed by a nationwide group that uses cutting-edge technologies, developed itself or shared with Societe Generale, to bring 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.

2008 saw the continued expansion of the Group, with the opening of around 20 branches, taking the total to nearly 800. These investments, combined with the strengthening of the Group's service offering and innovative capacity, enabled it to increase its customer base in each of its three market segments: individuals, professionals and business customers The excellent customer relationships that the network's banks develop, based on advising customers after carefully identifying their wishes, are reflected in the results of the competitive surveys carried out by the CSA. In 2008, the Crédit du Nord Group was therefore the No. 1 French bank in terms of customer satisfaction for Individual and Professional customers, and No. 3 for Business customers, for the 4th year running. It also led the field when it came to the overall satisfaction of businesses in the international trade segment, according to many criteria such as closeness, response time, operating department efficiency, assistance in the development of international operations, the ability to anticipate needs and offer appropriate solutions for international projects and the effectiveness with which these projects are completed.

International Retail Banking

International Retail Banking is one of the Group's growth drivers. For around ten years, since the dedicated division was created, the strategy has been focused on both targeted acquisitions and organic investments in regions with high potential. The Group has deployed its universal banking model, while incorporating local market characteristics, to successfully expand its presence and build up positions of strength, particularly in Central and Eastern Europe, the Mediterranean Basin and Sub-Saharan Africa. The healthy results achieved demonstrate the soundness of International Retail Banking's positioning in terms of retail banking activities and the wisdom of the strategic decisions taken.

The development of International Retail Banking has been assisted by the acquisitions made in high-potential countries: BRD in Romania (1999), Komerčni Banka in the Czech Republic (2001), MIBank in Egypt (2005), Splitska Banka in Croatia (2006), Mobiasbanca in Moldavia and Banka Popullore in Albania in 2007. In 2008, Societe Generale pursued its growth strategy on markets that offer significant medium and long-term development opportunities. For instance, the Group acquired control of Rosbank, in which it now holds a 57.6% stake, marking a new stage in its development on the Russian market. It also extended its geographic coverage to Asia, with the acquisition of a 20% stake in Vietnamese private commercial bank SeABank. In addition, the Group obtained a license (China Incorporated) to become a local operator on the Chinese retail banking market and opened its first branch in Beijing.

At the same time, International Retail Banking is pursuing a policy of extensive growth focused on assisting customers on these markets, implementing revenue and cost synergies with other Group business lines and other subsidiaries, expanding the franchises and rolling out new commercial products and services.

At December 31, 2008, International Retail Banking consisted of 40 entities with more than 3,700 branches and nearly 63,000 employees serving 12.1 million individual customers and 807,000 businesses. Customer deposits amounted to EUR 61.3 billion, including EUR 28.5 billion deposited by individual customers and EUR 32.8 billion by business customers, whereas loans totaled EUR 62.8 billion, 2/3rd of which relate to business customers. Organic investments continued over the year, but slowed compared with previous years (+248 new branches in 2008, versus +379 in 2007) given the changes in the economic environment. The slowdown was particularly marked in Romania, which, with the opening of 124 new branches in 2008, compared with 206 in 2007, reached its target level of 930 branches. To support this growth, International Retail Banking recorded 3,300 new employees within a year at constant structure.

In Central and Eastern Europe, International Retail Banking has operations in 16 countries with an organization composed of more than 2,800 branches and an impressive portfolio of nearly 9.4 million individual customers and 606,000 businesses. In Romania, BRD is ranked No. 2 with a deposit market share of 17.4% and a loan market share of 16.1% and is the country's leading retail banking network. In the Czech Republic, Komerčni Banka has the 3rd largest balance sheet for a retail bank with deposit market shares of 18.9% and loan market shares of 17.7%. With its acquisition of a majority stake in Rosbank, the Group now owns the largest private banking network in Russia and thus adding to its operating structure, especially in terms of individual loan products.

In the Mediterranean Basin, where International Retail Banking now has 6 subsidiaries, the Group also has a significant presence in Egypt with the NSGB (2nd largest private bank) and in Morocco with SGMA (4th largest private bank). Thanks to the network's density (556 branches) and the proactive sales approach of its employees, the franchises are being regularly expanded: more than 118,000 individual customers have been added in one year, to reach a total number of clients of 1.5 million at end-2008.

With 290 branches at end-2008, the Group's subsidiaries in Africa and the Middle East manage EUR 6.1 billion of deposits and EUR 6.1 billion of loans relating to nearly 1.1 million customers. In Africa, the Group operates in 11 countries, characterized by their rapid demographic development and their extensive natural resources. The main subsidiaries in the region are SGBCI in the Ivory Coast, which has the country's largest loan market share, SGBC in the Cameroon, which is the bank with the second largest balance sheet total and SGBS in Senegal, which is the leading bank for individual customer business.

Financial Services

Financial Services include Specialized Financing (consumer credit, equipment finance, operational vehicle leasing and fleet management and IT asset leasing and management) and insurance (life and non-life). With operations in 48 countries at end-2008, the division holds leadership positions at European level in several business lines. For example, Financial Services is No. 1 for IT asset leasing and management (ECS), No. 2 for operational vehicle leasing and fleet management (ALD Automotive) and one of the vendor and equipment finance market leaders (SG Equipment Finance). In the consumer credit business, the Group has a sound customer base in France, Italy and Germany, where it has solid positions.

VENDOR AND EQUIPMENT FINANCE

The activities operated by SG Equipment Finance, through an asset based finance approach, are structured around three main sectors: hi-tech products, transport and industrial equipment. At end-2008, its financing outstandings (excluding factoring) equaled EUR 18.7 billion. SG Equipment Finance experienced steady growth in Germany, France, Scandinavia and Central and Eastern Europe, where its positions are strong. It has also continued its geographic expansion by launching operations in Brazil and Croatia, after the launches in China, the Ukraine, Russia and the United States in recent years.

OPERATIONAL VEHICLE LEASING AND FLEET MANAGEMENT

In recent years, ALD Automotive has actively pursued a strategy of globalization relying on targeted acquisitions, new partnerships and organic growth. It has expanded its organization with new subsidiaries (i) in 2005, in India, Egypt, the Ukraine, Romania and Brazil, (ii) in 2006, in China, Lithuania and Greece, and (iii) in 2007, in Algeria, Malaysia, Serbia, Mexico and the United States. At end-2008, the Group's operational vehicle leasing and fleet management activities covered 39 countries, with a fleet of nearly 787,000 vehicles, including 594,000 under operational leasing contracts. The quality of its full service rental services, its employees' expertise and the density of its network make ALD Automotive a major player and an international reference. At end-2008 it was ranked No. 2 in Europe and No. 3 worldwide.

IT ASSET LEASING AND MANAGEMENT

As the leading European provider of IT asset leasing and management services, ECS provides for the IT outsourcing needs of every type of business, from SMEs to large international groups, through optimized solutions and services such as security and maintenance. At end-2008, ECS operated in 16 countries, serving more than 8,000 clients.

CONSUMER CREDIT

Thanks to its targeted and dynamic policy of geographic expansion, at end-2008 Societe Generale Consumer Finance led an organization consisting of 32 subsidiaries in 27 countries. Societe Generale Consumer Finance offers individual customers a complete financing range structured around traditional vendor finance, revolving credit and leasing products. This range is distributed either through commercial or financial partner networks, or directly to individual customers (point of sale distribution networks or call centers) depending on the country and environment. For several years, Societe Generale Consumer Finance has been pursuing a targeted development strategy adapted to each of its markets. In emerging countries, for instance, it is continuing to expand its franchises, while closely monitoring risks, particularly in Poland, Russia, Brazil and the Czech Republic. On the more mature markets, where Societe Generale Consumer Finance already has a solid client base (France, Italy and Germany), it is improving its operating efficiency and developing its critical mass by looking for banking or sales partners. This strategy is illustrated by the exclusive negotiations started in 2008 with La Banque Postale to create a joint venture specialized in consumer credit.

At end-2008, Societe Generale Consumer Finance managed total loans of EUR 21.3 billion.

INSURANCE

Societe Generale Group's life insurance business offers a wide range of life insurance and personal protection products for its individual and corporate customers, pension commitment cover and employee cover for its business clients.

These products are distributed in France in Societe Generale network branches and, via its subsidiary "Oradéa vie", by external partners (brokers and wealth management advisors). Financing solutions for corporate liabilities are often put together jointly by Sogécap and Corporate and Investment Banking.

In 2008, although the financial market was strongly impacted by the financial crisis, Sogécap, the Group's life insurance company, maintained its solid market position: it was the 6th largest French life insurer and the 4th largest bancassureur in terms of turnover. For many years the subsidiary has also been rewarded by the financial press for the performance of its policies and the quality of its services. In 2008, it received 23 awards, including the "label of excellence" from *Dossiers de l'Epargne* (notably for Sequoia, Erable Evolutions and Andante Multisupports).

Finally, in the personal protection business line, borrower's insurance for personal real estate loans was internalized within the Group in 2008. It has been decided that borrower's insurance for consumer credit will be internalized in 2009.

The Group is represented in 15 countries, under the Societe Generale Insurance brand name, and operates in four areas: borrower's insurance, individual and collective protection insurance, life insurance and pension policies. In an environment of financial crisis, the gross insurance inflows in 2008 amounted to EUR 7.8 billion. At December 31, 2008, Sogécap's life insurance outstandings (mathematical reserves) totaled EUR 62 billion.

As regards general insurance, Sogessur is the main partner of the French Networks. It designs and develops auto, home, accident and legal protection insurance for individual clients. Its activity is growing at a steady rate. At end-2008, it had 680,000 clients and managed more than 1,100,000 policies.

Global Investment Management and Services

Global Investment Management and Services (GIMS) includes Asset Management with Societe Generale Asset Management, Private Banking with SG Private Banking, the Securities business with Societe Generale Securities Services, derivative brokerage with Newedge and online banking with Boursorama.

At end-2008, the division's assets under management amounted to EUR 336.1 billion. This figure does not include the assets managed by Lyxor Asset Management, a consolidated subsidiary of the Equities business line of Corporate and Investment Banking, nor does it include the assets of clients managed directly by the French Networks. Assets under custody are growing steadily and stabilized at EUR 2,560 billion at end-2008, confirming the Group's position as the No. 3 custodian in Europe.

Asset Management

Societe Generale Asset Management (SGAM) operates in the world's principal investment pools:

- in Europe, with a large sales coverage and entities in 9 countries;
- in the United States, under the brand name TCW, which manages nearly 30% of the assets handled by the Group;
- in Asia, where an extended organization and partnerships with local leaders provide access to more than 500 million potential clients.

Thanks to cross-selling and continuous quality and innovation initiatives, SGAM offers prime access to different asset classes to all client types (institutionals, distributors, businesses and individuals). SGAM is rated M2 by Fitch Ratings and, since 2000, has kept the best rating given to an asset management company for its organization as a whole.

To adapt the business line's range and organization to the new economic and financial environment, in 2008 the Group implemented a three-part plan:

- the development of cost and revenue synergies with the other business lines, notably through the launch of the merger of SGAM AI and Lyxor Asset Management's hedge fund, structured management and index-linked fund activities;
- focusing of activity on target clients;
- simplification of the product range and continued innovation.

The merging of Societe Generale and Crédit Agricole SA's asset management activities is also underway. The new entity, which should be created in H2 2009, would combine 100% of CAAM's operations, to which Societe Generale would add its European and Asian asset management activities and 20% of TCW. This new entity would be 70%-owned by Crédit Agricole and 30%-owned by Societe Generale.

Private Banking

With more than 2,900 employees in 22 countries across the globe, SG Private Banking is one of the world's private banking market leaders. The business line offers business people and individuals with a net financial worth of over EUR 1 million, international financial and investment engineering solutions (e.g. tax, trust advice, and so on), global expertise in structured products, hedge funds, mutual funds and private equity funds, real estate investment solutions and access to capital markets. The SG Private Banking range also includes wealth management services for very wealthy individuals and families (family offices) all over the world, particularly through the partnership signed in 2008 with Rockefeller & Co.

The teams knowhow and expertise are regularly rewarded: in 2008, SG Private Banking was voted "Best Private Bank in Europe for its structured product range" by *Euromoney* magazine and "Best Private Bank for its innovative product and service range" by the magazine *Private Banker International.*

In 2008, SG Private Banking expanded its wealth management organization in France and abroad. To this end it opened regional centers in Bordeaux, Marseille and Lyon, where it will rely on the expertise and sound knowledge of the local economic fabric of its Retail Banking network customer advisors to extend the scope of its activities. This development is a natural result of the policy adopted internationally with the creation of several centers in Belgium and Switzerland, the opening of new offices in the United Kingdom and a greater presence in Japan, India and the Middle East. SG Private Banking has also continued to develop with the acquisition of Canadian Wealth Management and ABN Amro's wealth management operations in Gibraltar.

Securities Services

Societe Generale Securities Services (SGSS) is an international business offering a comprehensive and innovative range of securities services (clearing, lending and borrowing, custody and depository services), transfer agency, fund management, performance and risk measurement, OTC and issuer and subcontractor services.

SGSS is characterized by its high quality and innovative range of products and services, available from platforms across Europe, providing clients with optimum security portfolio monitoring through a single supplier.

In 2008, the biggest portfolio migration ever seen in Europe was concluded, with the consolidation of fund management, custody, OTC pricing, liquidity management and Pioneer Investment fund transfer agency activities. This represented 136 funds covering 626 equity classes and totaling more than EUR 75 billion of assets under administration.

SGSS also finalized the acquisition of the former Capitalia Group's securities activities from UniCredit, amounting to EUR 102 billion assets under custody and EUR 27 billion assets under administration in Italy and Luxembourg.

SGSS is using its solid position in Europe as a springboard for its international development: in 2008 it opened an office in Hong Kong that will also serve as the base for a large range of services offered in Asia. SGSS has also created a joint venture in India with the State Bank of India whose competitive advantage is the quality of its top-end service range for foreign institutional investors, financial intermediaries and asset management companies.

Thanks to the Group's international Retail Banking network, SGSS has been able to introduce its brand name in nine new countries and now provides custody services in Bulgaria, Croatia, the Czech Republic, Egypt, Morocco, Romania, Russia, Serbia and Slovenia.

SGSS has also finalized a partnership with Euroclear Bank, which, through an integrated clearing and settlement solution, enables clients to benefit from the operational and financial advantages of the MiFID on the European capital markets.

SGSS has received many awards from *Global Custodian* magazine for the quality of its product and service offering, its responsiveness and its efficiency in several countries, particularly Greece, Italy and Spain.

It has also been awarded prizes for "European Innovators", "Best customer service" and "Added value custody services" by *Money Markets* (*Innovators Custody Awards 2008*).

With EUR 2,560 billion assets under custody at end-December 2008, SGSS is the No. 7 custodian worldwide and the European No. 3. It offers its depository services to 3,239 UCITS and provides valuations for 5,034 UCITS amounting to EUR 423 billion assets under administration.

Derivative brokerage

2008 saw the launch of Newedge, formed from the merging of the brokerage arms of Fimat and Calyon Financial (subsidiary of Crédit Agricole). Newedge offers comprehensive clearing and execution services for futures on financial and commodities products as well as for OTC rate products, currency products, equities and commodities.

In 2008, Newedge recorded 1.58 million executed transactions and 1.73 million cleared contracts. It was ranked the No. 2 *Futures Commission Merchant* in the United States at end-2008.

Online Banking

Boursorama is now a major online savings player for the Societe Generale Group in Europe, with nearly 5.7 million orders executed at end-2008, nearly 80,000 online bank accounts and total outstandings of EUR 2.7 billion. It operates in 4 countries, including France, where it is the leading online provider of financial information through its portal www.boursorama.com and one of the foremost online banks through its portal www.boursorama-banque.com. It is also a leading online broker in the United Kingdom and Spain, operating under the brand names "Self Trade" and "Self Trade Bank" respectively. In Germany, the Group refocused its activities on its core business with the sale of some peripheral operations in 2008, notably those of On Vista AG and the asset manager Veritas. It also launched its new website www.onvista-bank.de.

Corporate and Investment Banking

With nearly 12,000 employees in 44 countries, SG CIB (Societe Generale's Corporate and Investment Banking arm) operates on the main financial markets in the regions where the Group has subsidiaries, with extensive European coverage and operations in the Americas and the Asia-Pacific region. It offers its clients bespoke financial solutions combining expertise, innovation, advice and high execution quality in three areas of specialization: **Euro capital markets, derivatives and structured finance**:

- SG CIB offers its **issuer** clients (businesses, financial institutions and public sector players) equity and debt products that meet their fund-raising, hedging and financing (traditional or structured) needs.
- SG CIB offers **investors** (financial institutions, businesses and individuals) its financial engineering expertise (origination, syndication, structuring and trading) and its distribution capacities. It also provides investment advice and opportunities for all product types (equities and fixed income).

  Working with its "**Cross Asset Research**" teams, SG CIB has also developed an innovative approach that takes into account increasing market convergence and gives investors a view spanning the various asset classes – equities, credit, equity derivatives, as well as fixed income, currencies and commodities – providing them with investment ideas and trading opportunities.

SG CIB's general internal organization, set up in 2007, is structured around three areas: **Financing and Advisory / Fixed Income, Currencies and Commodities / Equities**.

Furthermore, the uncovering of the fraud committed by a trader involved in market activities at end-January 2008 has led SG CIB to implement two series of measures designed to improve its control procedures.

The first remediation measures immediately after the fraud was uncovered consisted of defining and implementing a plan to enhance operational controls in all SG CIB's businesses and subsidiaries. This action plan was closely monitored by the Special Committee appointed by the Board of Directors, assisted by an independent firm, whose reports, published in May, gave a positive opinion of the plan's overall design. The progress of this action plan's implementation is now being monitored by the Board of Directors' Audit Committee, once more assisted by the same independent firm. By the end of 2008, all the measures had been put in place, in line with the planned timetable, scope and methods. The roll-out of the plan should be completed in early 2009.

A second, more long-term, program, for the introduction of more structural or cultural changes, is also being implemented. This "transformation" plan, aspects of which are already in place, is based on 4 objectives:

- reorganization of transaction processing by creating a "Product Control" function (to reinforce result production and analysis processes and improve transaction processing),
- development of permanent supervision by creating a department dedicated to transaction security (improvement of controls and of the quality of the main processing and control processes; enhancing of fraud-prevention capacity through a more consolidated, cross-business view of risks),
- improving of IT security, particularly by enhancing system access management,
- culture and responsibility: raising of teams' awareness of the risk of fraud, developing of the operating risk management culture and increasing of the entire value chain's sense of responsibility, from the launching of transactions to their processing, booking, settlement and controlling.

Equities

SG CIB's "Equities" division covers all equity cash, equity derivatives and equity research activities. Thanks to its front office teams, SG CIB is a leading player on the primary and secondary markets. Its international investor clients, including financial institutions, asset managers and businesses, put their faith in the division's recognized knowhow due to the quality of the information it provides, the extent of its investment service and product range and its execution capacity. The division's operations are growing particularly strongly in the flow products segment, but also include structured products, volatility trading and arbitrage, whose limits have been significantly lowered given the worsening of market conditions over the year 2008.

Equity Derivatives, which is part of the "Equities" division, is one of the areas in which SG CIB particularly excels. Its expertise in this field has been recognized worldwide for several years now by its clients and peers.

Despite the considerable deterioration of market conditions and the consequent slowdown of the division's activity in 2008, SG CIB was named "Best Equity Derivatives Provider in Europe, Asia and the Americas" by *Global Finance* and holds first place in the *Risk Inter-Dealer Rankings 2008* in the 4 equity derivative categories (ranking by clients for derivatives).

Sales activities include flow activities, and particularly ETFs (*Exchange Traded Funds*), warrants (at end-December 2008, SG CIB was the world's No. 2 warrants provider with a market share of 13.7% and Europe's No. 2 ETF provider with a market share of 25.5%) and structured products marketed to distribution networks, private banks, asset managers and institutional investors.

Lyxor AM, which also distributes structured funds and has developed an alternative investment business offering access to many funds across the globe, is the target of a planned merger with SGAM AI. In 2009, this operation, begun in H2 2008, should lead to the combining of these two businesses within a joint venture between SG CIB and Global Investment Management and Services.

SG CIB also stands out for its ability to adapt to changes in investors' needs. The work of the "**Cross Asset Research**" teams, which facilitates the interpretation of markets and strategic trends, is therefore vital and has received many awards.

For instance, SG CIB was named "Best pan-European Equity Research Team" and No. 1 "French Equity Research Team" by the *2008 Thomson Extel Europe Survey*.

The team of analysts responsible for "Equity Derivatives Research" also came out on top in the *2008 Extel Survey*, which ranked it No. 1 for "Flow Research" and "Exotic Research".

Fixed Income, Currencies and Commodities

The organization of the "Fixed Income, Currencies and Commodities" division, created in 2007, was adapted in early 2008 to bring it more into line with the current market environment. The division is now organized around 5 global activities:

- Flow products;
- Structured products;
- Capital market finance;
- Commodities;
- Treasury.

Given current market conditions, activity levels varied greatly depending on the product: unlike flow activities, which grew strongly, structured product activity considerably slowed, particularly in the structured credit product segment (securitization, exotic credit derivatives, etc.).

Thanks to this new organization, SG CIB is able to more effectively meet its investor clients' needs (institutionals, businesses, financial institutions and public sector players), putting its structuring and repackaging capacities to work to offer high added value solutions, including an improved risk management approach, covering a comprehensive range of products.

Derivatives, which are common to the five business lines of the "Fixed Income, Currencies and Commodities" division, is an area in which SG CIB particularly excels, with a worldwide recognition. The "Fixed Income Derivatives" teams, based in London, Paris, Madrid and Milan, as well as the United States and the Asia-Pacific region, offer expertise in a wide range of derivatives (interest rates, currencies, credit and inflation) and provide tailored solutions catering to the requirements of Societe Generale's clients in terms of asset and liability management, risk management and revenue optimization.

In 2008, SG CIB was ranked No. 2 for euro interest rate caps/floors and No. 3 for exotic fixed income products by *Risk Interdealer's Rankings*.

SG CIB was also ranked No. 1 by institutional investors for its market recommendations for "Fixed Income" products, No. 2 for its "Investment Grade" credit research and No. 3 for its fixed income strategy in the *2008 Euromoney survey (May 2008)*.

The **Commodities** business is another area of expertise for SG CIB. Its commodity trading department offers hedging solutions for optimum management of exposure to commodity prices, in almost 90 countries. With nearly 20 years of experience, Societe Generale is highly active in a wide range of markets, including energy (oil, natural gas, coal, Liquid Natural Gas, etc.) and metals (base and precious). Thanks to its subsidiaries Gaselys and Orbéo, SG CIB is a key player on the carbon emissions and European natural gas and electricity markets.

SG CIB was voted "Best Global Commodities House 2008" by *Euromoney (July 2008)* and retained its title of "Best Commodity Derivatives House, Asia" for the 2nd year running (*Asset Asian Awards, June 2008)*.

Financing and Advisory

The **Financing and Advisory** division offers issuers (businesses, financial institutions and public sector players) integrated, global, bespoke solutions. It covers the following activities:

- Merger and acquisitions advisory;
- Access to the primary debt and equity markets, now combined within the same department;
- Structured finance activities (export, real estate, infrastructure, asset, commodity and energy financing);
- Complementary syndication and interest and exchange rate hedging activities for issuers;
- Acquisition and LBO financing.

The division also includes coverage teams, responsible for offering clients all the bank's products and services.

The euro capital markets and structured finance are two particular areas of excellence for which SG CIB receives regular recognition from its peers:

In the euro capital markets, SG CIB was named "Euro Bond House of the Year for Euro-denominated bond issues for financial institutions" by the magazine *IFR,* which also ranked it No. 2 for "Euro-denominated floating rate note issues", and gave it 5th place overall for "all Euro-denominated bond issues". It was also moved up to 2nd place for "bond issues in France" by *Thomson Financial*.

In 2008, SG CIB confirmed its leading position on the structured finance market when it was awarded, for the 7th year running, "Best Global Export Finance Arranger" by *Trade Finance Magazine* and "Best Global Export Finance Bank 2008" by *Global Trade Review Magazine*. It also distinguished itself in the commodities financing category by receiving the award for "Best Commodities House" (*Euromoney, Awards of excellence*) and "Best Metal Finance Bank 2008" (*Trade Finance Magazine*). In addition, it was named "Best House in Western, Central and Eastern Europe and Africa" for project and asset financing in 2008 (*Euromoney, Awards of excellence*).

3 FACTS AND FIGURES

2008 KEY FIGURES

	2008	2007	2006	2005(1)	2004(1)
Results *(in millions of euros)*					
Net banking income	21,866	21,923	22,417	19,166	16,390
Operating income excluding net loss on unauthorized and concealed trading activities	3,683	6,713	8,035	6,562	4,760
Operating income including net loss on unauthorized and concealed trading activities		1,802			
Net income before minority interests	2,773	1,604	5,785	4,916	3,623
Net income	2,010	947	5,221	4,402	3,281
French Networks(3)	1,296	*1,375*	*1,344*	*1,059*	*942*
International Retail Banking	*609*	*686*	*471*	*386*	*258*
Financial Services(3)	*469*	*600*	*521*	*453*	*376*
Global Investment Management and Services	*104*	*652*	*577*	*460*	*385*
Corporate and Investment Banking	*(235)*	*(2,221)*	*2,340*	*1,841*	*1,453*
Corporate Center and other	*(233)*	*(145)*	*(32)*	*203*	*(133)*
Activity *(in billions of euros)*					
Total assets and liabilities	1,130.0	1,071.8	956.8	835.1	601.3
Customer loans	354.6	305.2	263.5	227.2	208.2
Customer deposits	282.5	270.7	267.4	222.5	213.4
Assets under management	336	435	422	386	315
Equity *(in billions of euros)*					
Group shareholders'equity	36.1	27.2	29.1	23	18.4
Total consolidated equity	40.9	31.3	33.4	27.2	20.5
Average headcount(2)	160,430	130,100	115,134	100,186	93,359

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

2005-2008: IFRS (including IAS 32-39 and IFRS 4).

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

(2) Including temporary staff.

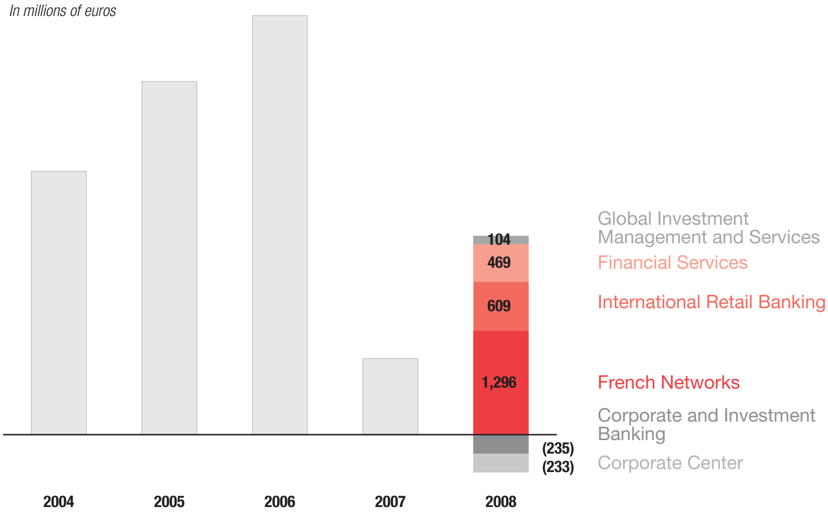
(3) 2005-2007 figures restated following the transfer of Cash Management to the French Networks as from May 2007 (previously included in Financial Services).

EUR 21.9 billion
Net banking income

EUR 2.0 billion
Net income

NET INCOME

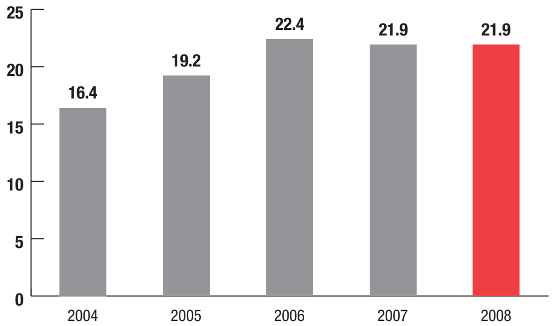
In millions of euros



3,281	4,402	5,221	947	2,010	Group

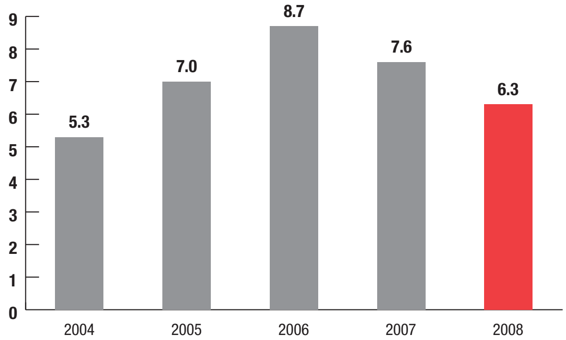
NET BANKING INCOME

In billions of euros



GROSS OPERATING INCOME

In billions of euros



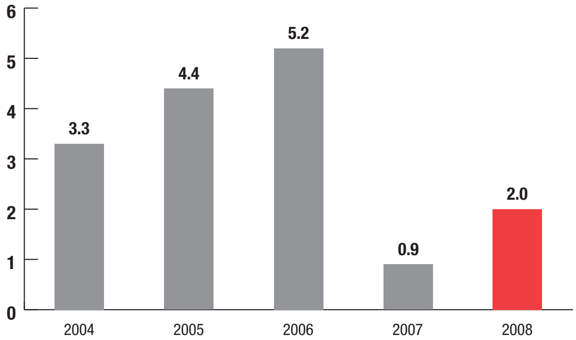
Solid performance in Retail Banking, Financial Services, Private Banking and Securities services

2nd highest commercial performance in Corporate and Investment Banking history

Lower risk exposure

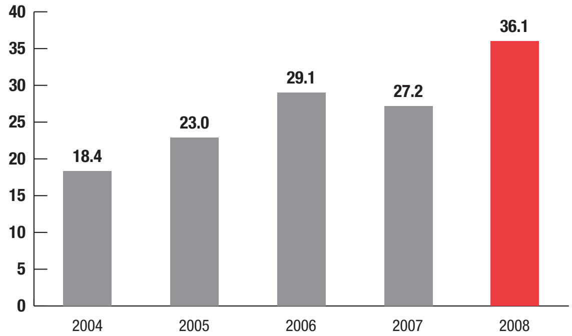
NET INCOME

In billions of euros



SHAREHOLDERS' EQUITY

In billions of euros



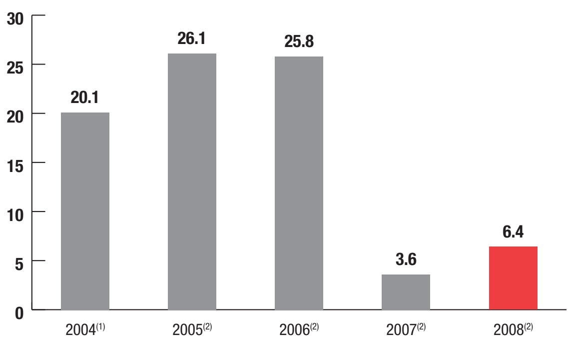
2004: IFRS (excluding IAS 32-39 and IFRS 4) and after reclassification of Sogécap's capitalization reserve.

2005-2008: IFRS (including IAS 32-39 and IFRS 4)

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

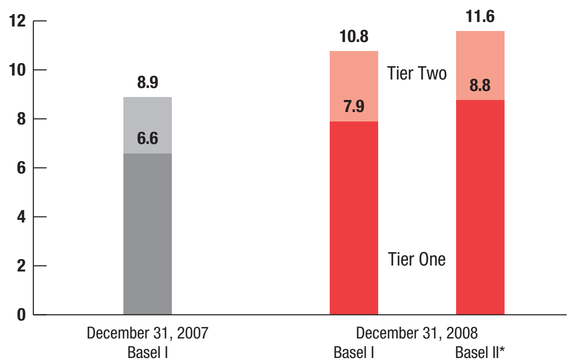
ROE AFTER TAX

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.

** Does not reflect additional minimum capital requirements (in 2008, the Basel II requirement cannot be lower than 90% of CAD requirements).*

THE SOCIETE GENERALE SHARE

Stock market performance

Societe Generale's share price fell by 61.1% in 2008, closing at EUR 36.00. In comparison, the CAC 40 index lost 42.7% and the DJ Euro Stoxx Bank index dropped by 63.7%.

At December 31, 2008, Societe Generale Group's market capitalization stood at EUR 20.9 billion, ranking it thirteenth among CAC 40 stocks (tenth largest stock in terms of free float) and sixth among euro zone banks (seventh at December 31, 2007).

The market for the Group's shares remained highly liquid in 2008, with an average daily trading volume on the CAC 40 of EUR 391.5m, representing a daily capital rotation ratio of 1.18% (versus 0.72% in 2007). 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 are also traded in the United States under an American Depository Receipt (ADR) program. Societe Generale's shares were removed from the Tokyo Stock Exchange, at the Company's request, on December 19, 2008.

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 cumulative and annualized average total return on investment for Societe Generale shareholders over different time periods ending December 31, 2008.

Duration of shareholding	Date	Cumulative total return*	Annualized average total return*
Since privatization	Jul. 8,1987	474%	8.5%
15 years	Dec. 31, 1992	137%	5.9%
10 years	Dec. 31, 1998	67%	5.3%
5 years	Dec. 31, 2003	-34%	-7.9%
4 years	Dec. 31, 2004	-41%	-12.3%
3 years	Dec 31, 2005	-59%	-25.9%
2 years	Dec. 31, 2006	-69%	-43.9%
1 year	Dec. 31, 2007	-61%	-60.5%

Source: Datastream.

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

Dividend history

	2008	2007	2006	2005	2004	2003
Net dividend (in EUR)	1.20[(2)]	0.90	5.20	4.50	3.30	2.50
Net dividend (in EUR)*	1.20[(2)]	0.84	4.87	4.18	3.07	2.32[(1)]
Payout ratio (%)[(3)]	35.5	45.8	42.2	41.8	41.1	41.2
Net yield (%)[(4)]	3.3	0.9	4.0	4.3	4.4	3.6

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

** In accordance with standard IAS 33, per share data relating to periods preceding the capital increases that occurred in Q4 2006 and Q1 2008 have been adjusted for the ratios published by Euronext.*

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

(2) Amount and option of payment in new shares will be submitted to the General Meeting.

(3) Net dividend/earnings per share.

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

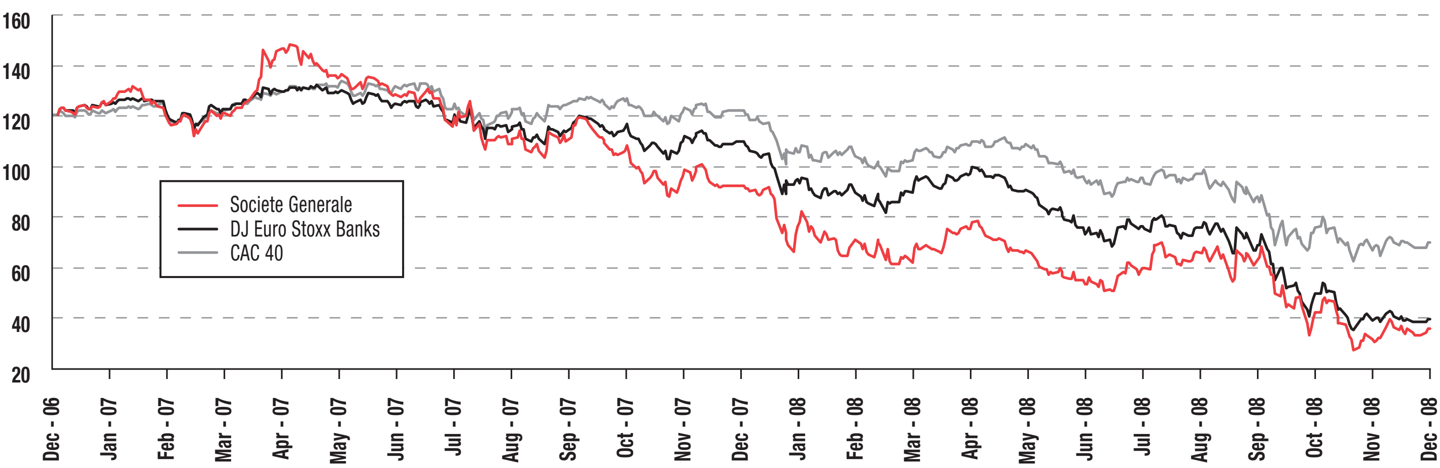
Stock market data	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2003
Common stock (number of outstanding shares)	580,727,244	466,582,593	461,424,562	434,288,181	445,153,159	438,434,749
Market capitalization (in EUR billions)	20.9	46.2	59.3	45.1	33.1	30.7
Earnings per share (in EUR)*	3.38	1.84**	11.54	10.02	7.47	5.65
Book value per share at year-end (in EUR)*	52.3	52.8	59.6	49.6	41.9	38.1
Share price* (EUR) high	91.8	148.3	126.5	98.5	70.2	65.1
low	27.5	87.9	94.4	69.5	60.4	39.9
closing	36.0	92.6	120.4	96.6	69.2	65.1

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

** In accordance with standard IAS 33, per share data relating to periods preceding the capital increases that occurred in Q4 2006 and Q1 2008 have been adjusted for the ratios published by Euronext.*

*** Amount restated in relation to published financial statements.*

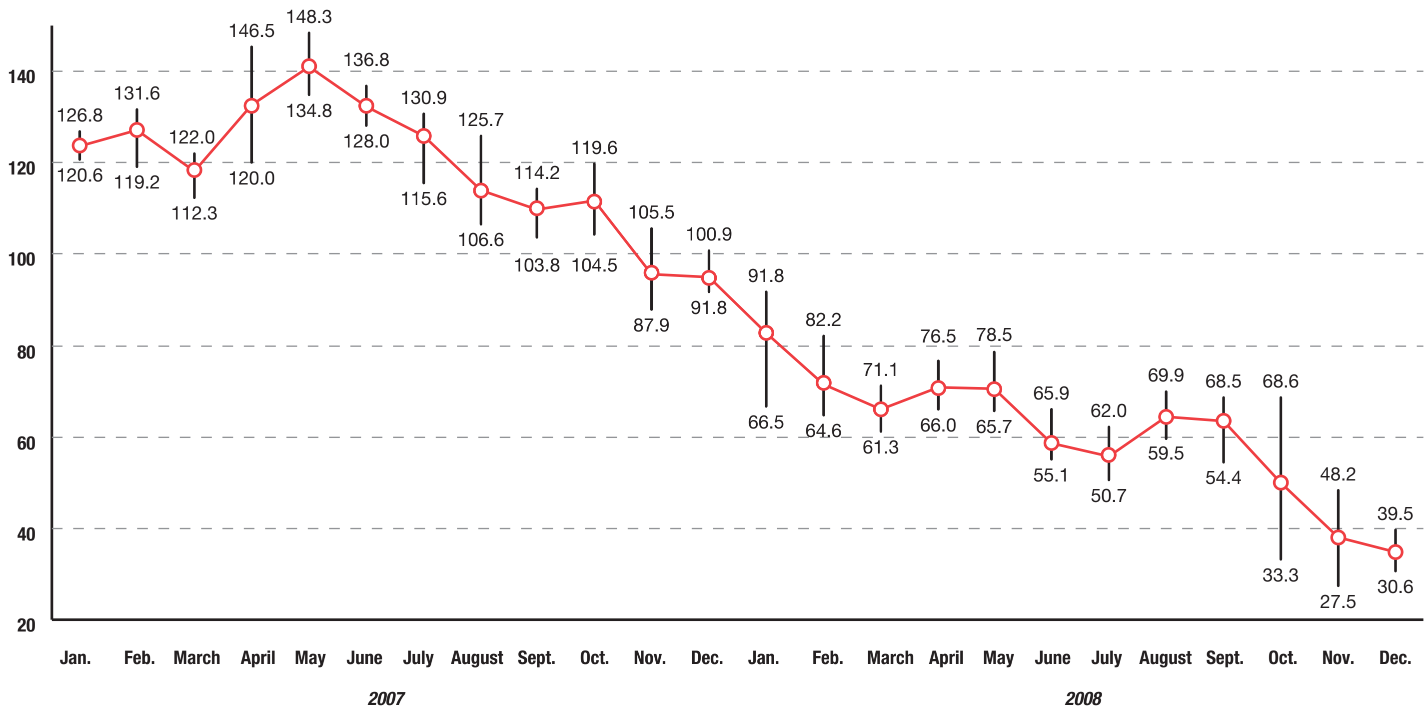
SHARE PERFORMANCE*



Source: Datastream

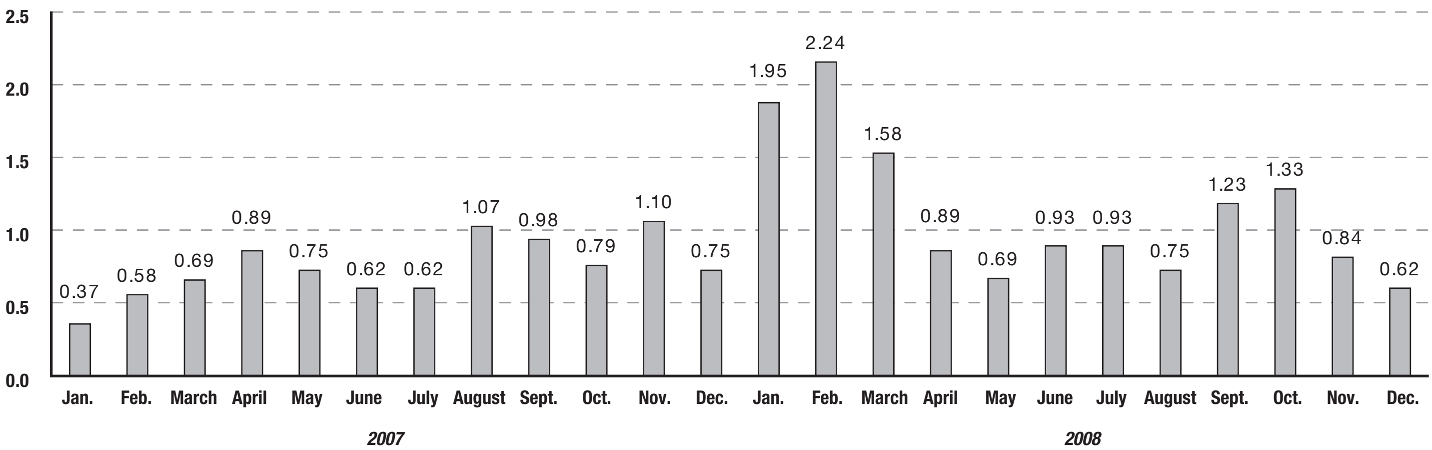
** Historical series adjusted for the impact of the capital increase carried out in Q4 2006 and Q1 2008.*

MONTHLY CHANGE IN SHARE PRICE*



Source: Datastream

TRADING VOLUMES (AVERAGE DAILY TRADED VOLUME AS % OF CAPITAL)



Source: Datastream

** Historical series adjusted for the impact of the capital increase carried out in Q4 2006 and Q1 2008.*

Share capital

At December 31, 2008, the Group's common stock comprised 580,727,244 million shares with a nominal value of EUR 1.25.

The increase by 114,144,651 shares in 2008 includes:

- The issue of 116,654,168 shares through the capital increase with preferential subscription rights performed in March 2008;
- The issue of 7,456,403 million shares subscribed by the Group's employees in June under the Global Employee Share Ownership Plan;
- The exercising of share subscription options, issued by the Company, on 34,080 shares;
- The cancellation of 10,000,000 shares, which took place in November 2008.

Special report on share buybacks

Since it launched its share buyback program in September 1999, Societe Generale has bought back 106.3 million of its own shares, for a total net amount of EUR 8.4 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, and 10.0 million shares in 2008 totaling EUR 1,217 million.

Overall, Societe Generale bought back 998,966 shares in 2008 worth EUR 65,236,168.25 and sold or transferred 1,320,186 shares with a total disposal value of EUR 60,899,946.27.

- 442,102 shares were used for the payment of acquisitions in 2008.
- 556,864 shares were allocated to cover share purchases and subscription options granted to employees and for the attribution of free shares.

- During the capital increase with preferential subscription rights in Q1 2008, Societe Generale sold 21,300,315 rights attached to treasury shares worth EUR 100,902,569.89.
- In October 2008, Societe Generale acquired 1,319,975 call options for its own account, for premium of EUR 10,698,265.38, to cover the call stock options allocated to its employees. Following this operation the total number of options that the Company held on its own shares was 7,176,329 with an average exercise price of EUR 86.01.
- The expenses incurred on the above transactions amounted to EUR 27,656.31.

From January 1, 2008 to December 31, 2008

	Purchases			Disposals / Exercise of stock options				
	Number		Purchase price	Number		Purchase price		Sale price
Cancellation	0	-	0.00					
Acquisitions	442,102	69.53	30,738,699.68	442,102	69.53	30,738,699.68	66.50	29,399,783.00
Attribution to employees	556,864	61.95	34,497,468.57	878,084	71.19	62,511,642.65	35.87	31,500,163.27
TOTAL	**998,966**	**65.30**	**65,236,168.25**	**1,320,186**	**70.63**	**93,250,342.33**	**46.13**	**60,899,946.27**

Since the start of 2009, Societe Generale has purchased 2,005,916 of its own shares for a purchase price of EUR 54,682,692.36. These shares were immediately earmarked for allocation to employees.

Share buybacks and treasury shares

At December 31, 2008, the Societe Generale Group held 11,003,586 shares under its share buyback program, representing 1.89% of its capital, and 8,987,016 treasury shares, representing 1.55% of its capital. In total, the Group holds 19,990,602 of its own shares either directly or indirectly (excluding shares held under trading operations), with a net book value of EUR 1,023,037,518.54 and a nominal value of EUR 24,988,252.50. Of this total, 9,743,005 shares, with a market value of EUR 734,599,316.99, have been allocated to cover stock options granted to employees.

VALUE OF TREASURY SHARES AND BUYBACKS AT DECEMBER 31, 2008

Percentage of capital held directly or indirectly	**3.44%***
Number of shares cancelled over the last 24 months	10,000,000
Number of shares held directly	11,003,586
Net book value of shares held directly	EUR 883,570,518.54
Market value of shares held directly	EUR 396,129,096.00

** 4.68% including stock set aside for the coverage of 2005, 2006 and 2007 stock option plans.*

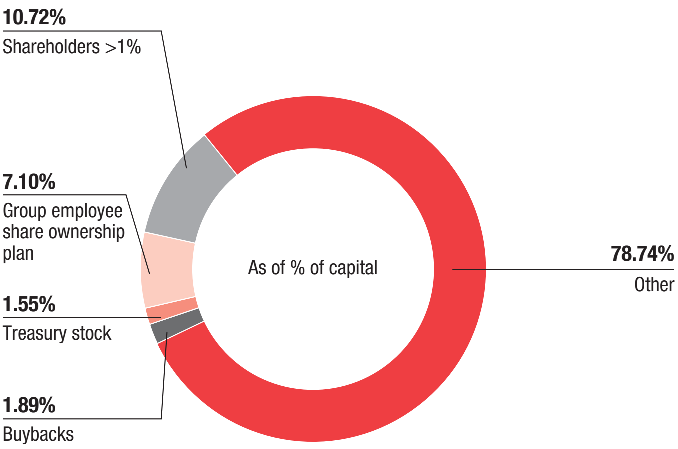
At December 31, 2008	Number of shares (in thousands)	Nominal value (in EUR)	Book value (in EUR)
Societe Generale	11,003,586	13,754,483	883,570,519
Subsidiaries	8,987,016	11,233,770	139,467,000
Finareg	*4,944,720*	*6,180,900*	*84,410,000*
Gene-act1	*2,210,112*	*2,762,640*	*20,408,000*
Vouric	*1,832,184*	*2,290,230*	*34,649,000*
Total	**19,990,602**	**24,988,253**	**1,023,037,519**

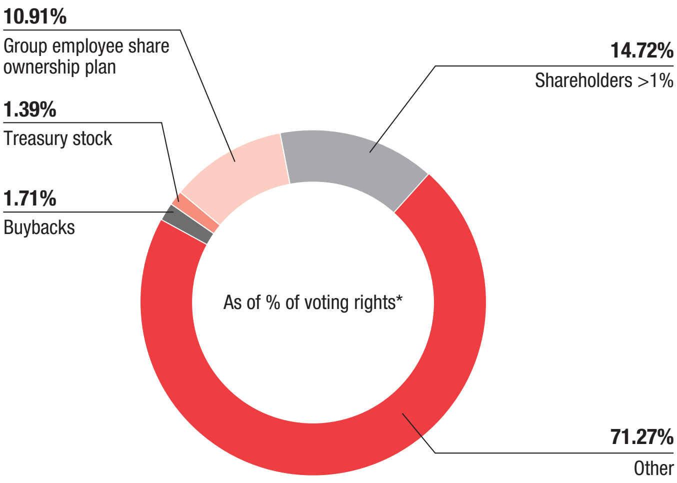
Breakdown of capital and voting rights(1) over 3 years

	At December 31, 2008			At December 31, 2007			At December 31, 2006		
	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	41,219,452	7.10%	10.91%	33,458,863	7.17%	11.56%	32,424,638	7.03%	11.44%
Groupama	23,831,529	4.10%	5.79%	16,336,391	3.50%	5.48%	13,724,235	2.97%	5.06%
CDC	14,253,665	2.45%	3.09%	10,778,058	2.31%	3.10%	9,360,014	2.03%	2.86%
Meiji Yasuda Life Insurance Cy	11,069,312	1.91%	3.43%	11,069,312	2.37%	4.16%	11,069,312	2.40%	4.21%
CNP	6,805,811	1.17%	1.29%	5,188,089	1.11%	1.25%	5,213,047	1.13%	1.27%
Fondazione CRT	6,343,567	1.09%	1.12%	4,365,236	0.94%	1.64%	4,874,295	1.06%	1.85%
Dexia	(2)	(2)	(2)	(2)	(2)	(2)	5,235,000	1.13%	0.99%
Free float	457,213,306	78.74%	71.27%	355,074,822	76.10%	67.11%	356,584,190	77.28%	67.95%
Buybacks	11,003,586	1.89%	1.71%	21,324,806	4.57%	4.01%	13,952,815	3.02%	2.66%
Treasury stock	8,987,016	1.55%	1.39%	8,987,016	1.93%	1.69%	8,987,016	1.95%	1.71%
Total		**100.00%**	**100.00%**		**100.00%**	**100.00%**		**100.00%**	**100.00%**
Number of outstanding shares		580,727,244	644,824,914		466,582,593	531,812,177		461,424,562	526,251,548

(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, 2008

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	52.5%
Groupama Banque	20.0%
SG Services	100%
Transactis	50.0%
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*	58.5%
SG Express Bank *Bulgaria*	97.9%
Komerční Banka A.S. (KB) *Czech Republic*	60.4%
General Bank of Greece *Grèce*	52.3%
Banque SG Vostok *Russia*	100%
SG Cyprus Ltd	51.0%
Ohridska Banka ad Ohrid *Macedonia*	59.2%
SG Banka SRBIJA *Serbia*	100%
Podgoricka Banka *Montenegro*	86.8%
Delta Credit *Russia*	100%
Rosbank *Russia*	57.6%
SG-Splitska Banka *Croatia*	100%
Bank Republic *Georgia*	60.0%
Mobiasbanca *Moldavia*	87.9%
Banka Popullore *Albania*	75.0%
Komerční Banka Bratislava *Slovakia*	60.4%

Financial Services

ALD International Group	100%
GEFA Group *Germany*	100%
Fiditalia Spa Group *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	56.9%
SG de Banques en Côte d'Ivoire	68.2%
Union Internationale de Banque *Tunisia*	52.3%
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	52.9%
SG de Banques au Bénin	73.9%
SG - SSB Limited *Ghana*	51.0%
Societe Generale Mauritanie	51.0%
BFV SG *Madagascar*	70.0%
SG de Banques au Sénégal	59.3%
SG Algérie	100%
SG de Banques au Burkina	46.1%
SG de Banque en Guinée Equatoriale	57.2%
SG Tchadienne de Banque	55.2%

Financial Services

Eqdom *Morocco*	54.7%
La Marocaine Vie	87.1%

AMERICAS

Financial Services

Banco Cacique S.A. *Brazil*	100%
Banco Pecunia *Brazil*	70.0%

ASIA - AUSTRALIA

International Retail Banking

South East Asia Commercial Bank *Vietnam*	20.0%

** 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 geographic region where they carry out their principal activities.*

Societe Generale Group

- **Global Investment Management and Services**
  - **Asset Management**
  - **Private Banking**
  - **Securities Services, Brokers and Online Savings**
- **Corporate and Investment Banking**

	Asset Management	Private Banking	Securities Services, Brokers and Online Savings	Corporate and Investment Banking
FRANCE	**SG Asset Management Group (SGAM)** 100%	**Societe Generale***	**Societe Generale*** **Newedge Group** 50.0% **Parel** 100% **Boursorama Group** 55.8% **Euro VL** 98.2%	**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% **Societe Generale SCF** 100%
EUROPE	**SGAM Group Ltd.** *United Kingdom* 100% **SG Russell Asset Management** *Ireland* 50.0% **SGAM Irlande** 100% **IKS** *Czech Republic* 100%	**Societe Generale Bank & Trust Luxembourg**[2] 100% **SG Private Banking Suisse SA**[1] 100% **SG Private Banking (Belgique)** 100% **SG Hambros Bank Limited** *United Kingdom* 100% **SG Private Banking (Monaco)**[1] 100%	**SGSS Spa** *Italy* 100% **Societe Generale Securities Services UK Ltd** *United Kingdom* 100% **SGSS KAG** *Germany* 100% **EFS** *Luxembourg* 99.2% **Newedge Group** **Branches in:** **Frankfurt** *Germany* **Madrid** *Spain* **London** *United Kingdom* **Societe Generale*** **Branch in:** **Dublin** *Ireland*	**SG Bank Nederland N.V.** *Netherlands* 100% **SG Investments (UK) Ltd** *United Kingdom* 100% **SG Immobel** *Belgium* 100% **Branches in:** **Milan** *Italy* **Frankfurt** *Germany* **Madrid** *Spain* **London** *United Kingdom*
NORTH AMERICA	**TCW Group Inc.** *United States* 100% **SG Investment Management Corp** *United States* 100%		**Newedge USA, LLC** 50.0% **Newedge Canada Inc.** 50.0% **Newedge Group, Dubai Branch**	**SG Americas Inc.** *United States* 100% **SG Americas Securities, LLC** *United States* 100% **SG Canada** 100% **Banco SG Brazil SA** **Societe Generale*** **Branches in:** 100% **New York** *United States* **Montreal** *Canada*
ASIA - AUSTRALIA	**SGAM Japon** 100% **SGAM Singapore** 100% **IBK-SGAM** *Korea* 50.0% **Fortune SGAM** *China* 49.0%	**SG Private Banking (Japan) Ltd** 100% **SG Wealth Management Services Private Ltd** *India* 100%	**Newedge Broker Ltd** 50.0% **Newedge Broker Ltd, Taïwan Branch** **Newedge Japan Inc** 50.0% **Newedge Financial Singapore Pte Ltd** 50.0% **Newedge Australia Pty Ltd** 50.0% **Newedge Financial Hong-Kong Ltd** 50.0% **Newedge Financial Hong-Kong Ltd (Seoul Branch)** **Newedge Group, 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% **SG Australia Ltd** 100% **Lyxor Asset Management Japan Co Ltd** 100% **Societe Generale (China) Ltd** 100% **Societe Generale* Branches in:** **Singapore**, **New Dehli** *India* **Tokyo** *Japan*, **Seoul** *South Korea* **Hong Kong**, **Taipei** *Taiwan* **Mumbai** *India*, **Sydney** *Australia*

GROUP ACTIVITY AND RESULTS

The financial information presented for the financial year ended December 31, 2008 and comparative information in respect of the 2007 financial year have been prepared by applying accounting principles and methods in accordance with IFRS, as adopted in the European Union and applicable at these dates.

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

(b): All non-recurring items (affecting NBI, cost of risk and net income from other assets) are presented in the Management Report

Societe Generale demonstrated a sound ability to expand in Retail Banking (both in France and internationally) during 2008. Financial Services' commercial performance was satisfactory despite the effect of the economic slowdown. The Private Banking, custody, futures brokerage and online banking activities produced good performances in 2008, in an environment of lower rates and strong volatility. Asset Management was impacted in 2008 by the overall decline in assets under management and the write-downs affecting some asset classes. Meanwhile, Corporate and Investment Banking performances (excluding non-recurring items related to the crisis) testify to the quality of the customer franchise and its clients' renewed trust.

Societe Generale also started to adjust its operating framework in businesses affected by the crisis. Accordingly, the Group has launched plans to combine its asset management activities with those of Crédit Agricole and merge SGAM AI and Lyxor Asset Management. The planned realignment of Corporate and Investment Banking should help further expand the Group's client-driven activities and enhance its efficiency and risk management.

ANALYSIS OF CONSOLIDATED INCOME STATEMENT

Responding to the extreme financial tensions which followed the collapse of Lehman Brothers, the sharp decline in industrial activity in Q4 2008 and the deteriorating outlook for 2009, governments and central banks have put in place various support schemes and on an exceptional scale. All these measures are designed to:

- support economic growth through a rapid reduction in interest rates;
- ease financial institutions' access to liquidity and lower interbank rates;
- facilitate financial institutions' medium-term refinancing, through various national schemes (government bank loan guarantee, setting up of the SFEF (Company for the Financing of the French Economy));
- boost banks' financial strength and solvency ratios (capital injections according to different national methods);
- support economic growth through fiscal stimulus plans.

These major initiatives, which are likely to be supplemented in countries beset by more vulnerable banking systems, have started to pay off in terms of stabilizing the financial sector and reducing interest rates. That said, they failed to prevent the global economy from going into recession in Q4 2008. Although economic activity is continuing to shrink at the beginning of 2009, and macroeconomic forecasts for the year have been substantially downgraded, the measures implemented by governments and central banks should make it possible to mitigate the implications of this crisis of an exceptional magnitude.

(in millions of euros)	2008	2007	Change	
Net banking income	21,866	21,923	-0.3%	-3.9%*
Operating expenses	(15,528)	(14,305)	+8.5%	+6.2%*
Gross operating income	**6,338**	**7,618**	**-16.8%**	**-21.9%***
Net allocation to provisions	(2,655)	(905)	x2.9	x2.8*
Operating income excluding net loss on unauthorised and concealed market activities	**3,683**	**6,713**	**-45.1%**	**-47.2%***
Net loss on unauthorised and concealed market activities	0	(4,911)	NM	NM
Operating income including net loss on unauthorised and concealed market activities	**3,683**	**1,802**	**x2.0**	**NM***
Net income from companies accounted for by the equity method	(8)	44	NM	
Net income from other assets	633	40	NM	
Impairment losses on goodwill	(300)	0	NM	
Income tax	(1,235)	(282)	x4.4	
Net income before minority interests	2,773	1,604	+72.9%	
Minority interests	*763*	*657*	*+16.1%*	
Net income	**2,010**	**947**	**x2.1**	**x2.5***
Cost/income ratio	71.0%	65.3%		
Average allocated capital	28,428	23,683	+20.0%	
ROE after tax	**6.4%**	**3.6%**		
Tier One ratio (Basel I)	**7.9%**	**6.6%**		
Tier One ratio (Basel II)**	**8.8%**			

*** Without taking into account the additional capital requirements linked to the floor (in 2008, the Basel II requirement cannot be less than 90% of the CAD requirement).*

In order to make information on the Group's financial performance more pertinent in 2007 for the purposes of comprehension, the global loss related to the closure of the directional positions linked to 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 was down -3.9%* in 2008 vs. 2007 (stable in absolute terms), at nearly EUR 21.9 billion.

Revenues for Retail Banking inside and outside France were higher in 2008 (+2.7% excluding the effect of the PEL/CEL provision for the French Networks and +21.1%* for International Retail Banking vs. 2007). Despite the effects of the economic slowdown and a currency loss in the Ukraine, Financial Services continued to grow with revenues up +7.1%*. Private Banking was stable over the period (+2.0%* vs. 2007). The Securities Services, Brokers and Online Savings business was adversely affected by plummeting stock market indexes and rates, with revenues down -10.7%*[1]. Corporate and Investment Banking's client-driven activities produced a good performance in 2008 with revenues of more than EUR 4.8 billion[(b)] (-8.1%[(b)] vs. 2007). Trading revenues (excluding non-recurring items), which were particularly hard hit by a very challenging Q4, remained positive in 2008. Overall, the division generated revenues of EUR 4.0 billion in 2008, or EUR 5.5 billion excluding non-recurring items.

Societe Generale has applied the amendment to IAS 39 as from October 1, 2008. Accordingly, it has reclassified EUR 28.6 billion of eligible assets mainly to the loans and receivables category. Without this reclassification, the revaluation of these assets would have generated a negative net banking income effect of EUR 1.5 billion.

(1) It should be noted that any interpretation of the changes in the results of Securities Services, Brokers and Online Savings is affected by the change in structure related to the consolidation of Newedge. Societe Generale has consolidated 50% of Newedge on a proportional basis since Q1 08. This therefore constitutes a smaller entity than the 100% of Fimat consolidated until end-2007.

Operating expenses

The rise in operating expenses (+6.2%* vs. 2007) reflects (i) ongoing investments associated with the Group's organic growth in businesses and regions with potential, and (ii) enhancements to its risk control infrastructure (mainly within Corporate and Investment Banking).

As a result, Societe Generale's C/I ratio was 71.0% in 2008.

Operating income

The businesses contributed EUR 6,776 million to the Group's gross operating income in 2008. Societe Generale recorded total gross operating income of EUR 6,338 million over the year (-21.9%* vs. 2007).

The higher cost of risk reflects the deterioration in the economic climate throughout the year and especially in Q4. For full year 2008 and on the basis of Basel I risk-weighted assets, the cost of risk amounted to 66 basis points (EUR 2,655 million).

- The 2008 cost of risk for the French Networks (36 basis points) was sharply higher, with a more pronounced effect in Q4 attributable primarily to business customers.
- The 2008 cost of risk in International Retail Banking amounted to 73 basis points. It rose due mainly to additional provision allocations and Rosbank's adjustment to Group provisioning standards.
- The cost of risk for Financial Services stood at 123 basis points in 2008, reflecting structure effects and the growth of outstandings in emerging countries.
- The 2008 cost of risk for Corporate and Investment Banking stood at 84 basis points. The increase can be attributed to the rise in the number of defaults, especially in the financial institutions and construction sectors.

The Group's 2008 operating income totaled EUR 3,683 million, down -47.2%* vs. 2007 (-45.1% in absolute terms).

Net income

As a precaution, Societe Generale has decided to recognize a EUR 300 million goodwill impairment in its 2008 accounts in respect of its Russian operations.

After tax (the Group's effective tax rate was 28.6% in 2008) and minority interests, Group net income totaled EUR 2,010 million in 2008 (vs. EUR 947 million in 2007). The Group's ROE after tax was 6.4% in 2008. Excluding the effects of non-recurring items presented in the Management report, 2008 Group net income would be EUR 3.3 billion and the corresponding ROE around 10.8%.

Earnings per share for 2008 amount to EUR 3.38.

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 Crédit du Nord networks in France and cash management activities;
- **International Retail Banking**;
- The **Specialized Financing** 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 includes the activities of Newedge, the Group's brokerage arm specializing in listed derivative markets, together with the securities and employee savings business;
- **Corporate and Investment Banking** centered on 3 businesses:
  - "**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.

These operating divisions are complemented by the **Corporate Center**, 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.

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 Center, 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 is to allocate to the business lines regulatory capital corresponding to 6% of these business lines' risk-weighted assets. This includes a prudential margin compared to minimum regulatory requirements. This prudential margin has been set by the Group according to its appraisal of the risk for its business portfolio.

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 Center 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 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).

(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.

According to Basel II, the capital is allocated to the core businesses using the same principles as above, but also takes into account the additional deductions from regulatory capital generated by these businesses (securitization first losses, stakes in banks of more than 10%, and so on).

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 Center.

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

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 almost entirely redistributed between the core businesses. The Corporate Center only books costs relating to its activity, along with certain technical adjustments.

Cost of risk

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

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

Net income from other assets

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

Impairment losses on goodwill

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

Income tax

The Group's tax position is managed centrally, with a view to 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.

SUMMARY OF RESULTS AND PROFITABILITY BY CORE BUSINESS

Income statement by core business

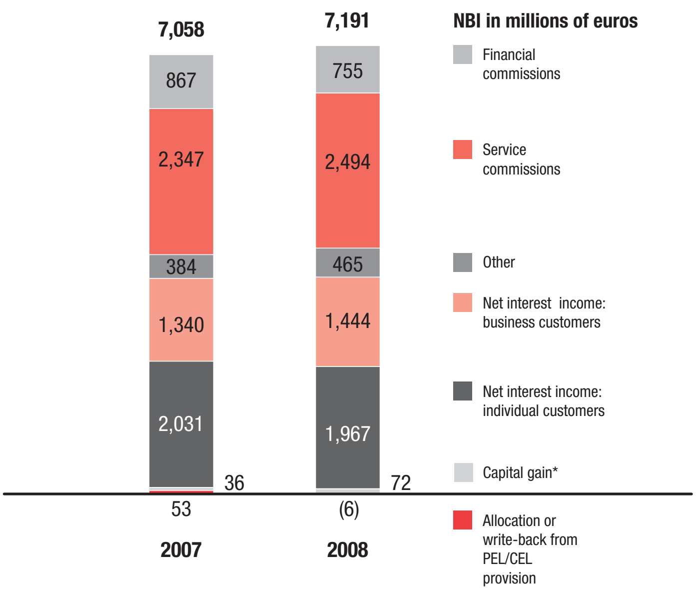
(in millions of euros)	French Networks		International Retail Banking		Financial Services		Global Investment Management & Services		Corporate & Investment Banking		Corporate Center		Group	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net banking income	7,191	7,058	4,976	3,444	3,115	2,838	2,810	3,741	4,017	4,522	(243)	320	21,866	21,923
Operating expenses	(4,678)	(4,566)	(2,752)	(1,986)	(1,795)	(1,526)	(2,630)	(2,708)	(3,478)	(3,425)	(195)	(94)	(15,528)	(14,305)
Gross operating income	**2,513**	**2,492**	**2,224**	**1,458**	**1,320**	**1,312**	**180**	**1,033**	**539**	**1,097**	**(438)**	**226**	**6,338**	**7,618**
Net allocation to provisions	(480)	(329)	(500)	(204)	(587)	(374)	(53)	(41)	(1,024)	56	(11)	(13)	(2,655)	(905)
Operating income excluding net loss on unauthorised and concealed market activities	**2,033**	**2,163**	**1,724**	**1,254**	**733**	**938**	**127**	**992**	**(485)**	**1,153**	**(449)**	**213**	**3,683**	**6,713**
Net loss on unauthorised and concealed market activities	0	0	0	0	0	0	0	0	0	(4,911)	0	0	0	(4,911)
Operating income including net loss on unauthorised and concealed market activities	**2,033**	**2,163**	**1,724**	**1,254**	**733**	**938**	**127**	**992**	**(485)**	**(3,758)**	**(449)**	**213**	**3,683**	**1,802**
Net income from companies accounted for by the equity method	2	2	8	36	(21)	(7)	0	0	6	19	(3)	(6)	(8)	44
Net income from other assets	2	4	14	28	(1)	1	0	(6)	9	26	609	(13)	633	40
Impairment losses on goodwill	0	0	(300)	0	0	0	0	0	0	0	0	0	(300)	0
Income tax	(692)	(736)	(365)	(320)	(224)	(315)	(10)	(295)	243	1,501	(187)	(117)	(1,235)	(282)
Net income before minority interests	1,345	1,433	1,081	998	487	617	117	691	(227)	(2,212)	(30)	77	2,773	1,604
Minority interests	49	58	472	312	18	17	13	39	8	9	203	222	763	657
Net income	**1,296**	**1,375**	**609**	**686**	**469**	**600**	**104**	**652**	**(235)**	**(2,221)**	**(233)**	**(145)**	**2,010**	**947**
Cost/income ratio	65.1%	64.7%	55.3%	57.7%	57.6%	53.8%	93.6%	72.4%	86.6%	75.7%	NM	NM	71.0%	65.3%
Average allocated capital	7,079	6,227	2,614	1,860	4,232	3,726	1,416	1,382	6,386	5,684	6,701*	4,804*	28,428	23,683
ROE after tax	**18.3%**	**22.1%**	**23.3%**	**36.9%**	**11.1%**	**16.1%**	**7.3%**	**47.2%**	**NM**	**NM**	**NM**	**NM**	**6.4%**	**3.6%**

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

French Networks

(in millions of euros)	2008	2007	Change
Net banking income	7,191	7,058	+1.9%
Operating expenses	(4,678)	(4,566)	+2.5%
Gross operating income	**2,513**	**2,492**	**+0.8%**
Net allocation to provisions	(480)	(329)	+45.9%
Operating income	**2,033**	**2,163**	**-6.0%**
Net income from companies accounted for by the equity method	2	2	NM
Net income from other assets	2	4	-50.0%
Income tax	(692)	(736)	-6.0%
Net income before minority interests	1,345	1,433	-6.1%
Minority interests	*49*	*58*	*-15.5%*
Net income	**1,296**	**1,375**	**-5.7%**
Cost/income ratio	65.1%	64.7%	
Average allocated capital	7,079	6,227	+13.7%
ROE after tax	**18.3%**	**22.1%**	

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



* *Capital gains in respect of Euronext in 2007 and VISA in 2008*

In 2008, the French Networks were confronted with both the repercussions on its reputation of an exceptional fraud uncovered at the beginning of the year and a particularly poor environment. Although the negative image effect caused by the fraud was rapidly offset by the commercial dynamism of Societe Generale's sales teams, the crisis, which initially affected the entire financial sector, gradually spread to the real economy, causing general concern among the French public. The result was both a "flight to quality" in terms of savings, and a "wait-and-see" attitude in terms of investments and consumption.

In this turmoil, the French Networks turned in solid commercial and financial performances, providing further evidence of their ability to bounce back and the strength of their customer franchises.

The number of personal current accounts for **individual customers** rose by +88,700 units year-on-year, taking the total to more than 6.3 million at end-December 2008.

On the savings front, passbook accounts – especially Sustainable Development Passbook Accounts (*Livrets de Développement Durable*) – and term deposit accounts were helped by customers' preference for risk-free liquid investments and the high short-term interest rates. These accounts grew by respectively +4.3% and +64.7% vs. 2007. The "Livret A" launch campaign unveiled in Q4 was also a real commercial success, with the opening of more than 1 million accounts and net inflows of EUR 2.5 billion at end-January 2009. Conversely, home ownership savings plans continued to record sustained outflows (-11.5% vs. 2007), adversely affected by the less attractive remuneration. Overall, individuals' balance sheet deposits were +1.8% higher year-on-year.

Meanwhile, life insurance inflows were substantially lower (-20.1%) compared to 2007, adversely affected by the inversion of the yield curve and plummeting stock markets. They dragged down financial savings whose outstandings fell -2.5% year-on-year.

The French Networks also continued to help customers with the financing of their projects. Despite the drop in loan applications observed at year-end, reflecting the indecision of households in an uncertain environment, outstanding loans to individuals were generally up +8.8% year-on-year, and up +10.2% for housing loans.

The **business customer** market was also strong. Outstanding balance sheet deposits rose +18.4% vs. 2007 due to the combined effect of healthy sight deposit performance (+2.3% year-on-year) and a jump in term deposits (+97.7% vs. 2007). At the same time, the French Networks actively contributed to the financing of the economy, with a +17.0% increase in outstanding loans to business customers, including +13.1% for operating loans and +18.1% for investment loans.

Generally, financial results mirrored commercial performances. Net banking income was up +2.2% year-on-year, excluding the EUR 6 million PEL/CEL provision allocation (vs. a EUR 53 million write-back in 2007) and non-recurring items (capital gains in respect of Euronext in 2007 and VISA in 2008).

The net interest margin was +3.2%[(b)] higher than in 2007, due to a combination of improved margins on outstanding loans and growth in outstanding deposits, offsetting the increase in interest rates for regulated savings.

Commission income rose +1.1% in 2008, on the back of service commissions (+6.3% year-on-year) driven by the expansion of customer franchises and synergies between the Societe Generale network, Private Banking, and Corporate and Investment Banking. That said, financial commissions were lower (-12.9% vs. 2007), reflecting the impact of the financial markets' crisis on inflows and asset volumes.

Operating expenses rose +2.5% year-on-year.

The cost to income ratio (excluding the effect of the PEL/CEL provision) declined slightly to 65.0% (vs. 65.2% a year earlier).

There was a significant increase in the net cost of risk for the year (36 basis points in 2008), due to the effect on business customers (particularly in some sectors of activity, such as auto parts suppliers) of the deteriorating economic climate.

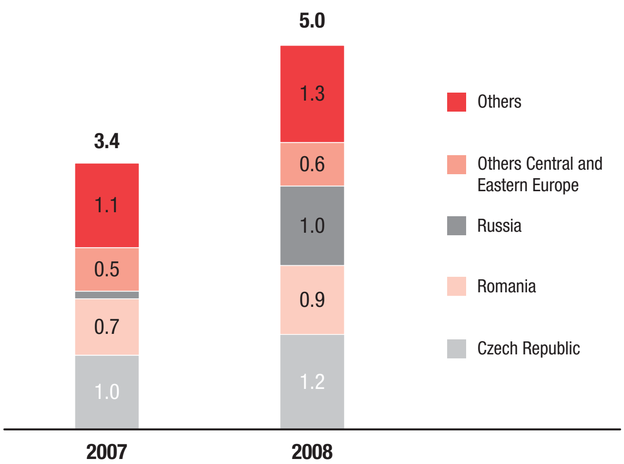
The French Networks' contribution to Group net income totaled EUR 1,296 million, down -5.7% vs. end-2007.

International Retail Banking

(in millions of euros)	2008	2007	Change	
Net banking income	4,976	3,444	+44.5%	+21.1%*
Operating expenses	(2,752)	(1,986)	+38.6%	+12.2%*
Gross operating income	**2,224**	**1,458**	**+52.5%**	**+33.2%***
Net allocation to provisions	(500)	(204)	x2.5	+60.9%*
Operating income	**1,724**	**1,254**	**+37.5%**	**+28.7%***
Net income from companies accounted for by the equity method	8	36	NM	
Net income from other assets	14	28	-50.0%	
Goodwill impairments	(300)	0	NM	
Income tax	(365)	(320)	+14.1%	
Net income before minority interests	1,081	998	+8.3%	
Minority interests	*472*	*312*	*+51.3%*	
Net income	**609**	**686**	**-11.2%**	**+33.6%***
Cost/income ratio	55.3%	57.7%		
Average allocated capital	2,614	1,860	+40.5%	
ROE after tax	**23.3%**	**36.9%**		

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

BREAKDOWN OF NBI BY REGION (IN BILLIONS OF EUROS)



International Retail Banking enjoyed consistent, sustained growth in its performances during 2008.

Customer franchises continued to expand in 2008, with the division winning 625,800 new individual customers in the space of a year and at constant structure, thereby taking the portfolio to 12.1 million individual customers and approximately 807,000 business customers at end-2008.

Volume growth remained strong: +6.6% year-on-year for outstanding deposits (including +8.1% for business customers and +5.0% for individual customers) and +25.7% for outstanding loans (including +25.9% for business customers and +25.2% for individual customers).

International Retail Banking opened 248 branches in 2008 vs. 379 in 2007, reflecting the adjustment of its expansion policy to take account of the changing economic environment. The slowdown relates primarily to Romania which, with 124 new branches in 2008 vs. 206 in 2007 and 274 in 2006, has reached the target of 930 branches (vs. 806 at end-2007). Branch openings in 2008 were aimed, firstly at developing recent acquisitions in Central and Eastern Europe, and secondly at optimizing the branch network in regions with strong potential (57 branch openings in the Mediterranean Basin). In the case of Russia, the Group's long-term aim is to continue with the expansion of the platform once macroeconomic conditions have stabilized.

International Retail Banking had a total of 3,709 branches and 63,000 employees at end-2008.

International Retail Banking revenues totaled EUR 4,976 million in 2008, up +21.1%* vs. 2007 (+44.5% in absolute terms). They represent 23% of Group revenues. Operating expenses rose +12.2%*. If branch network development costs are stripped out, the increase is limited to +7.7%.

Gross operating income totaled EUR 2,224 million, up +33.2%* (+52.5% in absolute terms). As a result, there was a 2.4 point improvement (55.3%) in the C/I ratio vs. end-2007.

The net cost of risk amounted to 73 basis points in 2008 vs. 44 basis points in 2007, due to deteriorating risks in a crisis environment. The cost of risk stood at 56 basis points excluding Rosbank. International Retail Banking is continuing with its selective credit policy in certain customer segments and accelerating the rolling out of the Group's risk tools in all its subsidiaries (in particular the development and back-testing of rating models).

As a precaution, the Group has decided to recognize a EUR 300 million goodwill impairment relating to its Russian operations. The economic crisis in Russia will probably cause the Group to postpone the implementation of its business plan. This cautious approach does not undermine banking activity's strong potential in Russia.

International Retail Banking's contribution to Group net income totaled EUR 609 million. Excluding the effect of non-recurring items (including this goodwill impairment), the figure would be EUR 898 million, an increase of +30.9% in absolute terms.

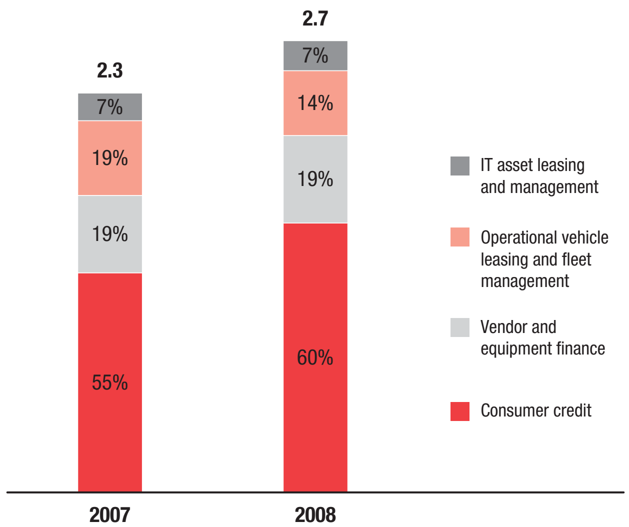
Excluding the effect of non-recurring items, ROE after tax stood at 34.4% (vs. 36.9% in 2007).

Financial Services

(in millions of euros)	2008	2007	Change	
Net banking income	3,115	2,838	+9.8%	+7.1%*
Operating expenses	(1,795)	(1,526)	+17.6%	+9.3%*
Gross operating income	**1,320**	**1,312**	**+0.6%**	**+4.6%***
Net allocation to provisions	(587)	(374)	+57.0%	+38.5%*
Operating income	**733**	**938**	**-21.9%**	**-8.3%***
Net income from companies accounted for by the equity method	(21)	(7)	NM	
Net income from other assets	(1)	1	NM	
Income tax	(224)	(315)	-28.9%	
Net income before minority interests	487	617	-21.1%	
Minority interests	*18*	*17*	*+5.9%*	
Net income	**469**	**600**	**-21.8%**	**-8.9%***
Cost/income ratio	57.6%	53.8%		
Average allocated capital	4,232	3,726	+13.6%	
ROE after tax	**11.1%**	**16.1%**		

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

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



* *Excluding life and non-life insurance*

The **Financial Services** division comprises

(i) **Specialized Financing** (consumer credit, equipment finance, operational vehicle leasing and fleet management, IT leasing and management),

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

Consumer credit continued to enjoy strong commercial growth in 2008, with EUR 13.6 billion of new business during the year, an increase of +16.2%* vs. 2007. This trend reflects the differing situations in the countries where the Group operates.

Mature markets (France, Italy, Germany) experienced more moderate growth, albeit steady throughout the year (+1.5%* of new business in 2008). The Group boasts solid positions in these countries and favors the formation of banking and commercial partnerships. This strategy is illustrated in the plans to set up a joint venture with La Banque Postale. The new entity, which will be 35%-owned by the Group, is expected to start up operations in Q1 2010.

The contribution of other countries, and especially Russia, Poland and Brazil, is significant: their share of new business amounted to 33.5% in 2008. Russia and Poland enjoyed robust growth in new business throughout the year (+68.1%*). However, growth declined -11.3%* in Q4 08 vs. Q3 08, with the Group adapting its commercial policy to funding constraints and increased risks. In particular, the Group decided to shun new business opportunities in the Ukraine where, in Q4 08, it was hit by the combination of a currency loss and characteristics specific to the Group's consumer credit business in that country. A review was carried out in the Group's other operations and confirmed the exceptional nature of the Ukrainian situation in terms of these types of risk.

As for **Equipment Finance**, SG Equipment Finance – one of the European leaders in equipment finance – generated EUR 9.3 billion of new financing in 2008 (excluding factoring), an increase of +7.2%* vs. end-2007. It enjoyed sustained business in Germany (+5.8%*), its prime market, Scandinavia (+3.6%*) and France (+7.5%*), as well as in the Czech Republic (+17.9%*). Outstanding loans (excluding factoring) totaled EUR 18.7 billion at end-2008, representing an increase of +11.9%* vs. 2007. In light of the depressed economic environment, SG Equipment Finance has adopted a more selective approach to clients in order to maintain the profitability of its activities. ROE stood at 11.4% in 2008, vs. 12.1% in 2007.

In **operational vehicle leasing and fleet management**, ALD Automotive has confirmed its ranking as the European No. 2 with a fleet under management of nearly 787,000 vehicles at end-2008 (+8.0%* vs. end-2007). This growth is driven by both France and Germany, its two key markets, with respectively +5.4%* and +9.1%* vs. end-2007, but also by countries with strong potential such as India, Brazil and Poland (+61.2%* for these three countries). The market downturn was strongly felt in the second-hand vehicles market, with substantially lower volumes and prices. To remedy this situation, the business line has focused on the development of alternative resale channels and, at the same time, reduced its entities' breakeven point.

Specialized Financing revenues were up +9.9%* (+12.9% in absolute terms) at EUR 2,645 million in 2008. In spite of a +9.5%* increase in operating expenses (+18.6% in absolute terms), gross operating income amounted to EUR 1,031 million, up +10.5%* (+5.0% in absolute terms).

Life insurance experienced a difficult year, impacted by the financial crisis and savers' shunning of long-term products. Gross new inflow totaled EUR 7.8 billion in 2008, down -12.3%* vs. 2007 (same as for the bancassurance market in France). The proportion of with-profits policies rose (84% in 2008 vs. 70% in 2007) at the expense of unit-linked policies.

The **Insurance** business generated net banking income of EUR 470 million in 2008, down -5.8%* (-5.1% in absolute terms).

The cost of risk was 38.5%* higher than in 2007 (+57.0% in absolute terms) at EUR 587 million, or 123 basis points vs. 89 basis points in 2007. The increase was mainly in consumer credit, essentially in Central and Eastern Europe.

Financial Services' operating income totaled EUR 733 million in 2008, down -8.3%* (-21.9% in absolute terms). The contribution to Group net income was 8.9%* lower (-21.8% in absolute terms) at EUR 469 million.

ROE after tax stood at 11.1% in 2008 vs. 16.1% in 2007.

Global Investment Management and Services

(in millions of euros)	2008	2007	Change	
Net banking income	2,810	3,741	-24.9%	-26.7%**
Operating expenses	(2,630)	(2,708)	-2.9%	+2.9%**
Gross operating income	**180**	**1,033**	**-82.6%**	**-92.2%****
Net allocation to provisions	(53)	(41)	+29.3%	+79.2%**
Operating income	**127**	**992**	**-87.2%**	**-96.9%****
Net income from other assets	0	(6)	NM	
Goodwill impairments	(10)	(295)	-96.6%	
Net income before minority interests	117	691	-83.1%	
Minority interests	*13*	*39*	*-66.7%*	
Net income	**104**	**652**	**-84.0%**	**-93.3%****
Cost/income ratio	93.6%	72.4%		
Average allocated capital	1,416	1,382	+2.5%	

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

** *Excluding Fimat and Newedge*

Global Investment Management and Services consists of three major activities:

(i) asset management (Societe Generale Asset Management),

(ii) private banking (SG Private Banking),

(iii) Societe Generale Securities Services (SG SS), brokers (Newedge), and online savings (Boursorama).

2008 was a generally unfavorable year for **Global Investment Management and Services**, which was hit by the combined effects of the stock market downturn and the liquidity crisis. As a result, the performances of the different businesses are mixed.

Asset Management continued to be impacted by the crisis and outflows observed in several asset classes. Its results include the losses resulting from the liquidity support measures taken by SGAM in Q1 08 in respect of some dynamic money market funds and in the interests of its clients, and valuation adjustments on some assets in Q4 08. Against this backdrop of a worsening crisis, major initiatives were taken to optimize the operations and improve their performance. As a result, a preliminary agreement was concluded between the Group and Crédit Agricole SA to merge their asset management activities. The new entity, which is expected to come into operation in H2 2009, will encompass all CAAM's activities, with Societe Generale contributing its European and Asian asset management activities and 20% of TCW. It will be 70%-owned by Crédit Agricole and 30%-owned by Societe Generale and will be No. 4 in Europe. At end-September 2008, it represented EUR 638 billion of assets under management, excluding TCW. A planned merger between SGAM AI and Lyxor Asset Management is also under review, while the disposal of the UK asset management subsidiary was announced in December 2008.

The very poor stock market environment had an adverse effect on Securities Services, Brokers and Online Savings activities during 2008. Their revenues and contribution to Group net income were therefore lower than in 2007.

Thanks to its sustained commercial momentum, Private Banking produced satisfactory performances despite a challenging environment. It enhanced its operating infrastructure in 2008 by continuing to expand its network in France and through new subsidiaries in Canada, the United Kingdom and the United States.

The division's assets under management totaled EUR 336.1 billion at end-2008, a decline for the year of -22.7%, due to both outflows and the marked downturn in the markets.

Overall, Global Investment Management and Services generated revenues of EUR 2,810 million in 2008, down -26.7%* (-24.9% in absolute terms). Operating expenses rose +2.9%* (-2.9% in absolute terms), while gross operating income was sharply lower (-92.2%* and -82.6% in absolute terms) at EUR 180 million. The contribution to Group net income amounted to EUR 104 million, or -93.3%* (-84.0% in absolute terms).

Asset management

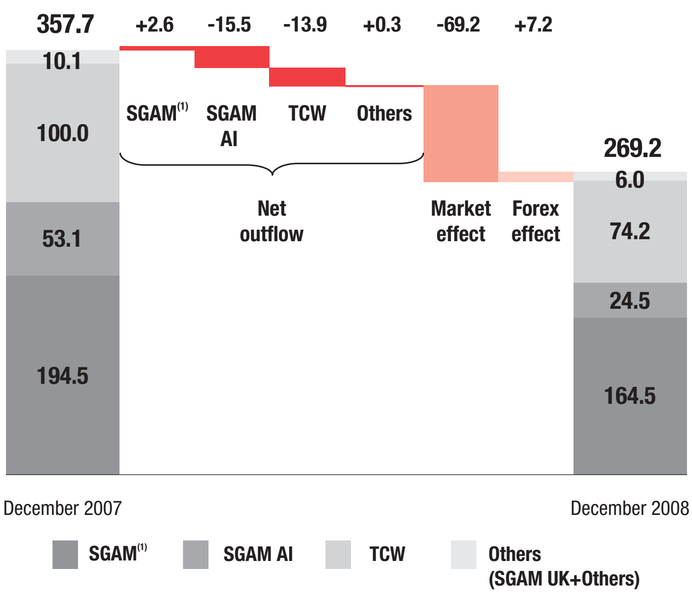
(in millions of euros)	2008	2007	Change	
Net banking income	409	1,119	-63.4%	-63.1%*
Operating expenses	(792)	(841)	-5.8%	-3.2%*
Gross operating income	**(383)**	**278**	**NM**	**NM**
Net allocation to provisions	(8)	(4)	NM	NM
Operating income	**(391)**	**274**	**NM**	**NM**
Net income from other assets	0	(6)	NM	
Goodwill impairments	128	(91)	NM	
Net income before minority interests	(263)	177	NM	
Minority interests	*(5)*	*8*	*NM*	
Net income	**(258)**	**169**	**NM**	**NM**
Cost/income ratio	n/s	75.2%		
Average allocated capital	315	371	-15.1%	

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

Asset Management recorded a EUR -26.5 billion net outflow in 2008 for SGAM AI (EUR -15.5 billion) and TCW (EUR -13.9 billion), whereas SGAM and SGAM UK attracted net inflows of respectively EUR +2.6 billion and EUR +0.3 billion.

The outflows affected dynamic money market funds (EUR -9.3 billion), CDOs (EUR -8.2 billion), equities and diversified assets (EUR -11.8 billion), as well as alternative investment products (EUR -4.1 billion). Meanwhile, traditional money market funds and bond products enjoyed net inflows of respectively EUR 5.9 billion and EUR 1.0 billion in 2008.

ASSETS UNDER MANAGEMENT (IN BILLIONS OF EUROS)



(1) *Including structure effect of merger with CAAM. At end-2008, 65% fixed income business and 32% equities and diversified*

With a severely adverse "market" effect of EUR -69.2 billion and a positive "currency" effect of EUR +7.2 billion, assets under management totaled EUR 269.2 billion at end-2008, broken down as follows:

(i) EUR 164.5 billion of assets managed by SGAM including EUR 107.1 billion (65.1%) in fixed income products and EUR 52.8 billion (32.1%) in equities and diversified assets. These assets will be contributed under the merger with CAAM;

(ii) EUR 74.2 billion of assets managed by TCW;

(iii) EUR 24.5 billion of assets managed by SGAM AI whose merger with Lyxor Asset Management is currently under review. Assets managed by Lyxor Asset Management totaled EUR 60.6 billion at end-2008;

(iv) EUR 5.8 billion of assets managed by SGAM UK (disposal currently under way).

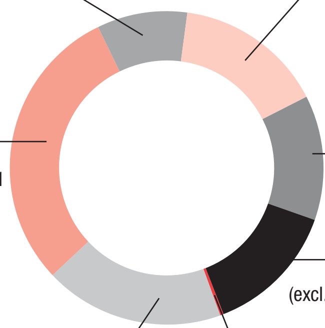
The Group decided to maintain the liquidity of certain UCITS that it markets, based on the equality of unit holders. In total, this policy impacted SGAM's net banking income in the amount of EUR -290 million. The Asset Management business line has also suffered as a result of the financial crisis due to the reduction of assets under management, their restructuring and the booking of impairments and losses. These totaled EUR -139 million, of which EUR -95 million for the restructuring and reduction of alternative investment funds and EUR -28 million for equity holdings. The negative change in the market also produced seed money impairments of EUR -108 million.

In total, SGAM's net banking income equaled EUR 409 million at end-2008, i.e. a -63%* fall (-63.4% in absolute terms).

Operating expenses were 3.2%* lower (-5.8% in absolute terms), primarily reflecting the adjustment of performance-linked pay to the business line's overall performance.

Gross operating income and the contribution to Group net income amounted to respectively EUR -383 million and EUR -258 million for 2008.

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY PRODUCT (IN BILLIONS OF EUROS) – CHANGE AS % VS. 2007

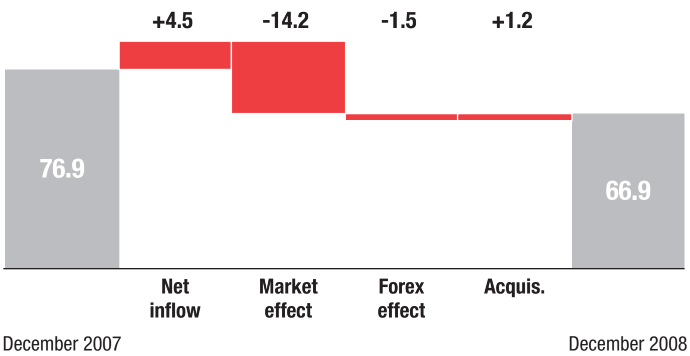


Private banking

(in millions of euros)	2008	2007	Change	
Net banking income	839	823	+1.9%	+2.0%*
Operating expenses	(539)	(531)	+1.5%	+1.9%*
Gross operating income	**300**	**292**	**+2.7%**	**+2.0%***
Net allocation to provisions	(32)	(1)	NM	NM*
Operating income	**268**	**291**	**-7.9%**	**-8.2%***
Net income from other assets	0	0	NM	
Goodwill impairments	(55)	(63)	-12.7%	
Net income before minority interests	213	228	-6.6%	
Minority interests	*0*	*13*	*NM*	
Net income	**213**	**215**	**-0.9%**	**-1.4%***
Cost/income ratio	64.2%	64.5%		
Average allocated capital	511	427	+19.7%	

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

ASSETS UNDER MANAGEMENT (IN BILLIONS OF EUROS)



The quality of its product offering and operations, its recognized expertise and the commercial dynamism of its sales teams helped SG Private Banking achieve satisfactory performances in 2008, despite an unfavorable environment.

SG Private Banking attracted net inflow of EUR 4.5 billion in 2008, or +6% of assets on an annual basis. Given the negative market and currency impact (respectively EUR -14.2 billion and EUR -1.5 billion) and structure effects (EUR +1.2 billion), assets under management totaled EUR 66.9 billion at end-2008, down -13.0% vs. end-2007.

The business line generated revenues of EUR 839 million in 2008, up +2.0%* (+1.9% in absolute terms). Operating expenses were 1.9%* higher in 2008 (+1.5% in absolute terms) due to ongoing organic growth and commercial investments. Gross operating income amounted to EUR 300 million, up +2.0%* (+2.7% in absolute terms).

After taking into account a net allocation to provisions of EUR 32 million in 2008, including a non-recurring loss related to Washington Mutual exposure, the contribution to Group net income totaled EUR 213 million, stable vs. 2007 (-0.9% in absolute terms).

Securities services (SGSS), Brokers (Newedge) and Online Savings (Boursorama)

(in millions of euros)	2008	2007	Change	
Net banking income	1,562	1,799	-13.2%	-10.7%***
Operating expenses	(1,299)	(1,336)	-2.8%	+11.4%***
Gross operating income	**263**	**463**	**-43.2%**	**-53.4%*** **
Net allocation to provisions	(13)	(36)	-63.9%	-78.9%***
Operating income	**250**	**427**	**-41.5%**	**-51.9%*** **
Net income from other assets	0	0	NM	
Goodwill impairments	(83)	(141)	-41.1%	
Net income before minority interests	167	286	-41.6%	
Minority interests	*18*	*18*	*+0.0%*	
Net income	**149**	**268**	**-44.4%**	**-56.3%*** **
Cost/income ratio	83.2%	74.3%		
Average allocated capital	590	584	+1.0%	

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

**** Excluding Fimat and Newedge*

Securities Services' assets under custody and assets under administration declined by respectively -0.9% and -4.7% vs. end-2007 on the back of the downturn in the markets, in particular stock market indexes.

Capitalizing on the strong volatility, Newedge has enjoyed record business in the months since September. The subsidiary recorded 1,579 million trades executed and 1,733 million contracts cleared in 2008. Newedge consolidated its leading position (No. 2) at end-December 2008, based on US deposits.

Boursorama saw a decline in both its brokerage and savings activities compared with 2007. The number of orders executed was -7.9% lower than at end-2007, while outstanding online savings fell -14.5% at constant structure to EUR 2.7 billion at end-2008. Online banking is continuing to expand with 21,240 bank accounts opened in 2008, taking the total to 78,900 at end-2008 vs. 63,800 at end-2007.

Net banking income for SGSS, Brokers and Online Savings totaled EUR 1,562 million, down -10.7%* vs. end-2007 (-13.2% in absolute terms). Operating expenses increased +11.4%* but were down -2.8% in absolute terms. As a result, the division's 2008 gross operating income was 53.4%* lower than in 2007, while the contribution to Group net income fell -56.3%*.

Corporate and Investment Banking

(in millions of euros)	2008	2007	Change	
Net banking income	4,017	4,522	-11.2%	-12.3%*
o.w. Financing & Advisory	*3,633*	*1,859*	*+95.4%*	*x2.0**
o.w. Fixed Income, Currencies & Commodities	*(953)*	*(885)*	*-7.7%*	*-37.3%**
o.w. Equities	*1,337*	*3,548*	*-62.3%*	*-61.6%**
Operating expenses	(3,478)	(3,425)	+1.5%	+5.3%*
Gross operating income	**539**	**1,097**	**-50.9%**	**-57.8%***
Net allocation to provisions	(1,024)	56	NM	NM*
Operating income excluding net loss on unauthorised and concealed market activities	**(485)**	**1,153**	**NM**	**NM***
Net loss on unauthorised and concealed market activities	0	(4,911)	NM	NM*
Operating income including net loss on unauthorised and concealed market activities	**(485)**	**(3,758)**	**+87.1%**	**NM***
Net income from companies accounted for by the equity method	6	19	-68.4%	
Net income from other assets	9	26	-65.4%	
Impairment losses on goodwill	0	0	NM	
Income tax	243	1,501	+83.8%	
Net income before minority interests	(227)	(2,212)	+89.7%	
Minority interests	*8*	*9*	*-11.1%*	
Net income	**(235)**	**(2,221)**	**+89.4%**	**+88.8%***
Cost/income ratio	86.6%	75.7%		
Average allocated capital	6,386	5,684	+12.4%	
ROE after tax	**NM**	**NM**		

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

There was a sharp deterioration in the **Corporate and Investment Banking** environment in 2008. The collapse of Lehman Brothers in mid-September caused a dislocation in all markets – plummeting equity markets, accompanied by strong volatility and a sudden and general widening of credit market spreads – with the peak reached in Q4 2008.

The division's 2008 revenues include EUR -1.5 billion of non-recurring items[b] related to this very challenging environment, of which:

- EUR -494 million as a result of the collapse of financial institutions;
- EUR -2,260 million of valuation write-downs on assets at risk;
- EUR -1,199 million of valuation write-downs on monoline and CDPC exposures;
- EUR +339 million on the revaluation of financial liabilities;
- EUR +2,112 million corresponding to the Mark-to-Market of corporate credit portfolio hedges.

In order to facilitate the assessment of underlying performances for the division's businesses, comments on the trend in revenues included in net banking income are based on data excluding non-recurring items. However, comments relating to operating income and the contribution to Group net income take into account these items.

The Group has also decided to avail itself of the option under the amendment to IAS 39, as from October 1, 2008. This involves reclassifying financial assets at fair value through profit and loss and assets available for sale under the Loans & Receivables category (EUR 23.5 billion of assets reclassified). The effect of this reclassification on the division's net banking income at December 31, 2008 is to neutralize the negative fair value revaluation of EUR 1.4 billion.

The division's revenues excluding non-recurring items totaled EUR 5,519[(b)] million vs. EUR 6,870[(b)] million in 2007, down -19.7%[(b)] year-on-year. Client-driven activities recorded a very good performance in 2008 (second record performance). Trading activities also generated good revenue levels, until Q3.

Revenues for the **Equities** business were down -57.1%[(b)] vs. 2007 at EUR 1,446 million having been adversely affected by a very difficult Q4. The sharp deterioration in market conditions (shift in market parameters – dividends, volatility and correlation – to levels never seen before) is the main cause of the losses related to hedges on client transactions and losses on volatility trading activities. That said, client-driven activities posted a satisfactory performance: although structured products suffered from being shunned by investors, flow products were highly resilient. Lyxor reported net inflows of EUR 3.4 billion over the year, driven by index-linked management products. At end-2008, Lyxor's assets under management amounted to EUR 60.6 billion. SG CIB thus affirmed its leading position: global No. 2 in warrants (13.7% market share at end-December 2008) and No. 2 in Europe for ETFs (25.5% market share at end-December 2008). SG CIB retained its global leadership position in equity derivatives in 2008 with the award of "Best Equity derivative provider in Europe, Asia and North America" by *Global Finance*, and maintained its ranking of global No. 1 by *RISK Interdealer Rankings 2008*.

Fixed Income, Currencies & Commodities enjoyed an excellent performance, with revenues up +36.3%[(b)] vs. 2007, at EUR 2,507 million, and benefiting from widening bid/ask spreads and the withdrawal of some players from the market. As a result, it generated record sales revenues (+33% vs. 2007), driven by flow products (+65% vs. 2007) and commodities (+47% vs. 2007). Recent rankings reflect this robust performance: No. 1 in the Euromoney Debt Trading Poll, No. 3 Top dealer overall – commodities *(Energy/RISK)*, No. 2 in euro interest rate caps/floors, No. 5 in euro inflation swaps *(RISK Interdealer Rankings 2008)*. SG CIB was also voted "Best Global Commodities House" by *Euromoney 2008*. Furthermore, trading profits were up +46.9%[(b)] vs. 2007.

Financing & Advisory produced strong overall results in 2008, with revenues totaling EUR 1,566 million, down -5.7%[(b)] vs. 2007, in a market with plummeting volumes. In addition to the excellent performances of infrastructure and natural resources financing, cross-selling activities were able to leverage strong market volatility by offering the Group's clients tailored risk hedging solutions. However, leverage and property financing activities were affected throughout the year by adverse market conditions. SG CIB played a key role in a number of major transactions such as the financing of the Anheuser-Busch Inbev acquisition (USD 45 billion) and EDF's purchase of British Energy (GBP 11 billion) or the implementation of several infrastructure and natural resources financing agreements ("Liefkenshoek" rail link in Belgium, refinancing of FGPC – Santa Rita project in the Philippines). SG CIB was also involved in several major euro bond issues and was ranked 5th in 2008 for this activity (No. 5 in Euro Bonds). Finally, the business line was a Joint Bookrunner for the Vattenfall (5th largest European electricity supplier) and GDF-Suez bond issues, and for the SFEF's first two issues.

Corporate and Investment Banking's operating expenses were 5.3%* higher (+1.5% in absolute terms) than in 2007, with a C/I ratio of 86.6% (63.0%[(b)] excluding non-recurring items). Resulting from an enhanced risk control infrastructure, higher operating expenses were partially offset by (i) the sharp decline in performance-linked pay, (ii) adjustments to the bonus allocation policy, and (iii) adjustments in front office headcount.

The division recorded a net allocation to provisions of EUR 1,024 million in 2008, related primarily to a number of counterparties defaulting during the year, particularly in the construction and commercial property sectors, and among financial institutions.

Corporate and Investment Banking generated total operating income of EUR -485 million in 2008. It made a negative contribution to Group net income of EUR -235 million for full year 2008.

With its ambition of ranking among the sector leaders in Europe, Corporate and Investment Banking, a business at the heart of the Group's strategy, has embarked on a plan to optimize its business model in order to adapt to the new environment. The plan is a continuation of the strategy based on its three areas of excellence (euro capital markets, derivatives, and structured finance), which retain their full potential to meet client needs, as reflected in the division's satisfactory performances at the start of 2009. Indeed, there has been a relative lull in market conditions compared with the exceptionally adverse environment in Q4 08, both in equity markets and fixed income and credit markets. Client-driven activities have benefited from a sharp upturn in bond issues and in some financing activities in which Corporate and Investment Banking has successfully positioned itself.

Corporate and Investment Banking's optimization plan is aimed at boosting the proportion of client-driven revenues and improving the division's commercial and operating efficiency by focusing on three priorities:

1. Developing a client-focused approach: through increased coverage of target clients, synergies between activities (cross-selling, integrated client solutions), and advisory activities (M&A, debt, capital and assets/liabilities management).
2. Enhancing efficiency: by optimizing the allocation and management of scarce resources (capital, balance sheet, liquidity), strictly controlling costs, and further industrializing the production chains.
3. Improving the risk profile: by strengthening cross-functional management of market risks and continuing with the transformation of the operating model.

A plan to realign the organizational structure of some of the division's businesses is under review. Its main purpose is the merger of capital market activities (Equities, Fixed Income, Currencies & Commodities) in order to enhance the synergies in client-driven activities and in risk and resources management. If necessary, this plan will be submitted to staff representation bodies for consultation.

Corporate Center

(in millions of euros)	2008	2007
Net banking income	(243)	320
Operating expenses	(195)	(94)
Gross operating income	**(438)**	**226**
Net allocation to provisions	(11)	(13)
Operating income	**(449)**	**213**
Net income from companies accounted for by the equity method	(3)	(6)
Net income from other assets	609	(13)
Goodwill impairments	0	0
Income tax	(187)	(117)
Net income before minority interests	(30)	77
Minority interests	*203*	*222*
Net income	**(233)**	**(145)**

The Corporate Center recorded gross operating income of EUR -438 million in 2008 vs. EUR +226 million in 2007. This result was due primarily to the decline in equity portfolio income, which amounted to EUR +70 million vs. EUR +502 million in 2007. 2008 equity portfolio income includes, in particular, a permanent impairment (EUR -249 million), as well as the proceeds of the disposal of the stake in Bank Muscat (EUR +262 million). Moreover, following the merger of Fimat during the creation of the new entity Newedge, a EUR +602 million pre-tax capital gain was recorded in net income from other assets. At December 31, 2008, the IFRS net book value of the industrial equity portfolio, excluding unrealized capital gains, amounted to EUR 736 million, representing a market value of EUR 765 million.

Methodology

1. **The Group's consolidated financial statements at December 31, 2008 were approved by the Board of Directors on February 17, 2009**

   The financial information presented for the period ended December 31, 2008 and comparative information regarding the 2007 financial year have been prepared using the accounting principles and methods in accordance with IFRS as adopted in the European Union and applicable at these dates. The Basel II data used in this press release have not been audited by the Statutory Auditors.

2. **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 translation differences, (ii) provision for dividend, (iii) deeply subordinated notes, (iv) perpetual subordinated notes reclassified as shareholders' equity, and deducting (v) interest to be paid to holders of deeply subordinated notes and of the restated, perpetual 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, perpetual subordinated notes (i.e. EUR 184 million in 2008 vs. EUR 83 million in 2007).

3. **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 156 million in 2008 and EUR 55 million in 2007) and, as of 2006, the interest, net of tax, to be paid to holders of perpetual subordinated notes reclassified from debt to shareholders' equity (EUR 28 million in 2008 and 2007) and (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.

4. **Net assets** are comprised of Group shareholders' equity, excluding (i) deeply subordinated notes (EUR 6.0 billion) and perpetual subordinated notes previously recognized as debt (EUR 0.8 billion) and (ii) interest to be paid to holders of deeply subordinated notes and perpetual 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, 2008, excluding treasury shares but including (a) trading shares held by the Group and (b) shares held under the liquidity contract.

Impact of non-recurring items on pre-tax income

	in millions of euros	2007	2008
Non-recurring items in NBI	**French Networks**	**36**	**72**
	Euronext and Visa capital gain	36	72
	International Retail Banking	**-**	**16**
	Asiban capital gain	-	75
	Impairment of AFS securities	-	(59)
	Global Investment Management and Services	**(67)**	**(335)**
	Asset Management	**(232)**	**(335)**
	Liquidity support provided to certain funds	(232)	(290)
	Impact of Lehman	-	(12)
	Impact of Madoff		(5)
	Impairment of AFS securities	-	(28)
	Private Banking	**1**	**-**
	Euronext capital gain	1	-
	SGSS, Brokers and Online Savings	**164**	**-**
	Euronext SGSS capital gain	159	-
	Euronext Fimat capital gain	5	-
	Corporate and Investment Banking	**(2,348)**	**(1,502)**
	Equities	**178**	**(109)**
	Euronext capital gain	34	-
	Revaluation of financial liabilities + Own shares	144	56
	Impact of Lehman	-	(159)
	Impact of Icelandic banks	-	(6)
	Fixed Income, Currencies and Commodities	**(2,724)**	**(3,460)**
	Revaluation of financial liabilities	89	283
	Losses and writedowns linked to exotic credit derivatives	(209)	(792)
	Writedown of unhedged CDOs	(1,249)	(119)
	Writedown of monolines	(947)	(1,082)
	Writedown of RMBSs	(325)	(65)
	Writedown of European ABS portfolio sold by SGAM	(116)	(1,210)
	CDPC reserves	-	(117)
	Writedown / Reversal of SIV PACE	(49)	(30)
	Ice capital gain	82	-
	Impact of Lehman	-	(246)
	Impact of Icelandic banks	-	(82)
	Financing and Advisory	**198**	**2,067**
	CDS MtM	266	2,112
	Writedown / Reversal of NIG transactions under syndication	(68)	(44)
	Impact of Lehman	-	(39)
	Impact of Icelandic banks		38
	Corporate Center	**-**	**63**
	Revaluation of Crédit du Nord's financial liabilities	-	28
	Muscat capital gain	-	262
	Impairment of equity portfolio	-	(227)
	Total impact on GROUP NBI	**(2,379)**	**(1,686)**
Net allocation to provisions	**Private Banking**	**-**	**(10)**
	Allocation to Washington Mutual	-	(10)
	Corporate and Investment Banking	**-**	**(375)**
	Allocations to a few accounts	-	(375)
Goodwill impairment	**International Retail Banking**	**0**	**(300)**
	Goodwill impairment	-	(300)
Net losses	**Corporate and Investment Banking**	**(4,911)**	**0**
	Net losses from unauthorised, concealed market activities	(4,911)	-
Net gain on other assets	**Corporate Center**	**-**	**602**
	Capital gain on Fimat	-	602
Total impact on GROUP		**(7,290)**	**(1,769)**

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 line with its objectives and with its target rating.

The Tier One ratio at the end of 2008 was 7.9% due to respective changes in available capital and its use over the year.

Capital base

At December 31 2008, Group shareholders' equity amounted to EUR 36.1 billion[1] and earnings per share to EUR 52.32, including EUR -1.9 of unrealized capital gains.

Under its share buyback policy, Societe Generale repurchased 1.0 million shares in 2008. If shares held for trading are excluded, the Group therefore held 20 million treasury shares (or 3.44% of the capital) at the end of 2008. The Group also bought 1.3 million call options in 2008, to cover the stock option plan allocated in January 2007. As a result of this operation, Societe Generale held 7.2 million call options on its own account to cover employee stock option plans. For the record, the Board of Directors, at its meeting of November 2, 2008, and with the authorization of the *Comité des établissements de crédit et des entreprises d'investissement* (CECEI) dated September 24, 2008, canceled 10 million shares (1.7% of the capital) of an acquisition value of EUR 1,218 million. This had no effect on the book and regulatory capital.

The Basel II risk-weighted assets at the end of 2008 totaled EUR 345.5 billion, resulting in a year-end Tier One ratio (excluding floor effect) of 8.8% (of which 6.7% Core Tier One). If the additional floor capital requirements are taken into account, the Tier One ratio becomes 8.4%. This ratio is calculated based on a dividend of EUR 1.2 per share (equal to a payout ratio of 36%), as will be put before the Board of Directors at the General Meeting. The Board of Directors will also suggest offering shareholders who so wish the option of dividend payment in newly issued shares.

Societe Generale Group is rated AA- with a negative outlook by Standard & Poor's and Fitch, and Aa2 with a stable outlook by Moody's.

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

Organization under Basel II

The work carried out by the Group since 2003 was presented to the French Banking Commission in 2007. The Commission approved the use of the AIRB *(Advanced Internal Rating Based)* approach to monitor the large majority of the loan portfolio and the AM *(Advanced Measurement*) approach to calculate the capital requirements for operational risk.

Since January 2008, Societe Generale has therefore been applying the advanced approaches (AIRB and AMA) to calculate its minimum capital requirements and the scope of the advanced methods' application is being extended within the Group.

Alongside the Pillar I works, and to prepare for the changes in the management of capital and the measurement of risk introduced 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 Basel II requirements into account in the management of the Group's capital.

For instance, 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, besides the economic capital measures, the Group has improved its stress test procedure (formerly specific stress tests for each type of risk) with global stress tests incorporating the Group's full risk profile, measuring the consequences of macro-economic crisis scenarios on the Group's loss profile. These are included and identified in the different components for the management of financial equilibrium and the Tier One ratio. The tests are regularly conducted and take place at least once a year as part of the budget process. The results are presented to the Risk Committee and the Finance Committee.

As well as determining the capital required to cover the extreme loss scenarios simulated through these global stress tests, analyses are regularly performed aimed at measuring and managing the capital requirements linked to the pro-cyclicity introduced by the Basel II standards, which are more sensitive to credit cycles.

(1) The amount notably includes (i) EUR 6 billion of deeply subordinated notes, EUR 0.8 billion of perpetual subordinated notes and (ii) net unrealized capital gains of EUR -1.0 billion.

This work has naturally led to procedures for the management of capital in a Basel II environment. These procedures and their results, and their inclusion in the Group's operational management, were reviewed from September to December 2008 by a team from the CEBS (Committee of European Banking Supervisors). Along with the French regulator, this team included regulators from Greece, Luxembourg, Romania, the Czech Republic, Slovakia and Slovenia.

Generation and use of capital in 2008

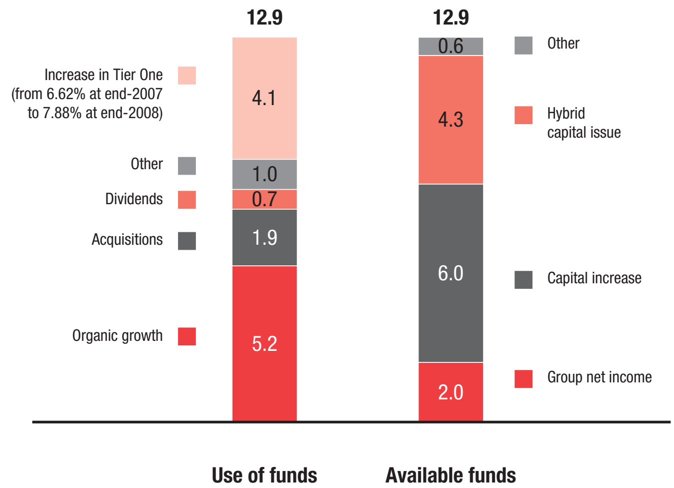
The main changes in shareholders' equity over 2008 were as follows:

Available funds:

- attributable net income of EUR 2.0 billion;
- additional paid-in capital from capital increases in the amount of EUR 6.0 billion (of which EUR 0.4 billion reserved for employees);
- additional paid-in capital from the issuance of equity instruments (deeply subordinated notes) of EUR 4.3 billion (of which EUR 1.7 billion under the French government's support package and EUR 700m of Tier Two to Tier One reclassifications);
- various items, including changes in reserves, in the amount of EUR 0.6 billion.

Use of funds:

- financing of organic growth: EUR 5.2 billion in 2008, at constant exchange rates, reflecting growth in all the Group's businesses;
- financing of acquisitions: EUR 1.9 billion in 2008;
- the dividend for 2008, which is subject to the approval of the General Meeting (payout ratio of 36%).



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 accordance with Societe Generale Group's innovation strategy, numerous new products were launched in 2008, the most significant of which are listed below:

Business division	New product or service	
2008		
French Networks	Cartes Collections	Societe Generale launched eight ranges of collection cards. In addition to the normal services that come with a traditional card, they also allow customers to choose an original design which expresses their personality and their tastes. Three collections also offer original services:
		"Affinity" cards: Every time one of the 14 cards in this collection is used for a payment, 5 eurocentimes are paid to one of a selection of 7 possible charities.
		"Cartes pour elles". A new generation of bank cards specifically deigned for women and offering original services: insurance covering theft of a handbag, and a 24/24 domestic assistance service for up to EUR 300 per year covering the call-out and labor of a specialist in solving household problems.
		The "So Music" card: Societe Generale and Universal Music France were at the centre of a world exclusive with the first co-branded card combing a banking offer and music-based extra-bank services. So Music offers unlimited legal downloads.
	Cycléa CGA Confidencia	This "silent" factoring service, for businesses with turnover exceeding EUR 3 million, allows suppliers to transfer their customer receivables to Societe Generale Group's factoring subsidiary, CGA, without the clients being informed of the transfer.
International Retail Banking	Geniki Bank - Banka Popullore (Greece/ Albania) passbook	This is a joint passbook launched in a partnership between our Greek (Geniki) and Albanian (Banka Popullore) subsidiaries for Albanian non-residents living in Greece, with EUR 1 charged for money transfers.
	A broadband Internet offer in Lebanon (SGBL)	Societe Generale au Liban, in collaboration with one of the leading broadband Internet providers in Lebanon, Wise, is offering special deals on ADSL targeted at young people. The offer consists of a reduced monthly subscription and free invoicing to the bank.
	T-Mobile/KB co-branded card in the Czech Republic	Komerčni Banka and telephone operator T-Mobile launched a unique product in the Czech credit card market. The T-mobile Bonus card is designed for customers with a T-mobile contract in association with the T-Mobile-Bonus loyalty program. Benefits for holders include a free overdraft for a maximum of 76 days.
	"Utre", a life-insurance/education product from SGEB (Bulgaria)	SGEB launched a product never seen before on the Bulgarian market. Named "Utre", it allows clients to build up savings for their children's education. In the event of invalidity or death, Sogelife undertakes to carry on making monthly payments until the policy expires.
	"Black Card" - Romania	The first Black bank card, issued by BRD. The card is aimed at top-end clients and offers services available all over the world: travel, purchases, all types of bookings, VIP treatment in luxury boutiques, and more.
Financial Services	SG Gestion privée Vie évolution	Sogecap launched the "SG Gestion privée Vie évolution" contract, a new life insurance contract giving access to the full diversity of the financial markets and management techniques, as well as to the expertise of SG Private Banking Funds Research specialists for the selection of the best investment supports.
Asset Management	Darwin Diversifieds	Societe Generale launched a new range of 5 multi-management funds, called Darwin Diversifieds. They offer a novel and reactive management technique that adapts to market fluctuations in the euro zone. They aim to capture capital gains in equity bull markets and amortize the impact of bear markets.
	SGAM ETF-T-Rex	SGAM AI released "SGMA ETF T-Rex", which is the first ETF able to compete with hedge fund yields. SGAM ETF T-Rex provides investors with a financial product whose yield and risk are close to those offered by the hedge fund universe. There is no minimum subscription amount and the fund offers completely transparent real time trading.
Private Banking	New partnership	A partnership was announced between SG Private Banking and Rockefeller Financial Services & Co., one of the leading wealth managers for family offices and UHNWI. The two players will pool their expertise in order to offer respective services for very wealthy individuals and families around the world.

Securities Services	A new clearing service	SGSS launched a new service designed to meet specific clearing requirements for foreign players involved in distance intervention on the Athens stock exchange and covering after market transactions, financing, liquidity management and other value-added services.
	"Global Performance Benchmarking Programme"	SGSS launched the "Global Performance Benchmarking Program", an innovative, comprehensive and detailed reporting tool benchmarking the performance of its stock and bond lending service for its investor clients. This offer also includes information bulletins about the security lending market, reporting on the performance achieved and email access for communication with SGSS' securities lending and cash reinvestment trading desks.
Corporate and Investment Banking	SGI Global Carbon	Launch of SGI-Global Carbon, a new equity index based on companies offering the lowest carbon intensity, providing a unique reference index enabling investors to choose companies with low carbon intensity in industrial sectors for their equity allocation.
	Speedway	A new offer for investors providing them with a full capital guarantee and exposure on promising but highly volatile assets such as emerging market equity derivatives, or niche topics (environment, renewable energies, infrastructure, etc.) – with attractive maturities (from 3 years).
	SGI Bond Optimised Sharpe Strategy (BOSS)	A range of innovative indices designed to replicate the development of an optimized international bond strategy. The range used a quantitative trading model developed by teams at Societe Generale specialized in rate derivative products. The aim of the model is to generate, under the constraint of risk limits, overperformance against traditional bond strategies.
	The Absolute Return	Based on equity markets long term rising trend, the Absolute strategy allows investors to take advantage of short and mid-term volatility. The advantage for the client is double: not only does he benefit from market movements, in any direction, but he also has an optimal hedging strategy in case of declining markets.
	GMxB Solutions	SG CIB designed new solutions to help insurance companies hedge the risks associated with Guaranteed Minimum Benefits contracts (x may represent a wide array of different guarantees). They simultaneously provide the benefits of reinsurance with a capital markets hedge, and help insurers ease capital requirements while reducing accounting volatility normally associated with certain of these contracts.
	Lyxor Hedge Funds	Lyxor launched a new range of 16 investable indices aimed at offering investors direct access to the hedge funds universe. The 'Lyxor Hedge Indices' are investable and weighted according to assets under management in Lyxor funds. They are spread over the main, hedge fund strategies and benefit from a level of transparency, risk and weekly liquidity.
	Lyxor ETF Pan Africa	Lyxor AM launched Lyxor ETF Pan Africa on Euronext Paris. This is the first tracker covering Africa to be offered in Europe. The fund tracks the changes in the SGI Pan Africa index and is designed to reflect the performance of the main listed businesses in Africa, or businesses that mainly operate on the African continent. The index consists of the 10 largest eligible caps for each region covered (North Africa, Sub-Saharan Africa and South Africa). It is calculated in real time by Standard & Poors.
	Lyxor-ETF MSCI Asia APEX 50	Lyxor AM listed the tracker Lyxor-ETF MSCI Asia APEX 50 for the first time in Europe and Asia. This new fund offers the chance to invest in Asia, excluding Japan, through the MSCI Asia APEX 50 index. This is a market capitalization-weighted index that tracks the performance of the region's 50 most liquid securities. Lyxor-ETF MSCI Asia APEX 50 is simultaneously listed on 4 stock exchanges: NYSE-euronext Paris, Deutsche Börse, Borsa Italiana and SGX (Singapore exchange).

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 2008.

Business division	Description of the investment
2008	
International Retail Banking	Acquisition of a majority stake in Rosbank, Russia's leading privately-owned banking network. Societe Generale has a 57.6% stake in Rosbank following the exercise of its purchase option on 30% of the capital in February 2008 and the launch of a takeover bid for 7.6% of the capital in May.
	Acquisition of a 20% stake in the Vietnamese bank South East Asia Bank (SeABank).
Financial Services	Acquisition of Ikar Bank, a Ukrainian consumer credit specialist.
	Acquisition by SG Equipment Finance of 100% of PEMA GmbH, a German company offering truck and trailer full service rental.
	Acquisition by SG Consumer Finance of 100% of General Financing, an Italian consumer credit specialist.
Asset Management	Acquisition of an additional 1.6% stake in the capital of TCW.
Private Banking	Acquisition of 100% of Canadian Wealth Management.
	Acquisition by SG Hambros of 100% of the wealth management activities of ABN AMRO Bank N.V. in Gibraltar.
	Acquisition of a minority stake in Rockefeller Financial Services in the USA.
Securities Services, Brokers and Online savings	Acquisition of 100% of Capitalia's securities services activity in Italy.
	Creation of Newedge, a world leader in brokerage services. Newedge is owned 50/50 by Societe Generale and Calyon, and was created by the merger of Fimat and Calyon Financial.
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% stake in LocatRent, an Italian company specialized in multi-brand operational vehicle leasing and fleet management.
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 Komerčni 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.
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.

Business division	Description of the divestment
2008	
International Retail Banking	Disposal of Societe Generale Group's entire stake (7.8%) in the capital of BankMuscat (Sultanate of Oman).

RECENT DEVELOPMENTS AND FUTURE PROSPECTS

2008 will remain a year marked by intense economic and financial shakeups. Although the crisis was initially limited to the US real estate sector, where it resulted from the bursting of the property bubble in the United States, it gradually spread to Europe and the entire economy. This caused prices to fall in all asset classes (equities, bonds, commodities and real estate in Europe). This situation, and the failure of major financial institutions like Lehman Brothers, undermined the entire financial system. The result was a widespread loss of confidence followed by increasingly scarce and expensive liquidity, which gradually affected business activity and the labor market. The growth forecasts were regularly revised downwards and the central scenario for 2009 remains a worldwide recession. At this stage, there are major uncertainties about the changes expected from H2 2009 onwards. Predictions range from a noticeable recovery to a severe and lasting depression. Additionally, although the emerging markets should continue to grow, the crisis has shown that the economic and financial cycles of developed countries and the rest of the world are closely linked. The extent of the adjustment in emerging countries will depend on factors specific to each of the economies concerned, such as the size of the domestic market, dependency on international demand, the share of the budget accounted for by international financing, the available energy resources and the size of the countries' currency reserves.

The crisis has profoundly destabilized the banking sector. The current restructuring of the banking landscape, whereby a number of institutions have been bought out or nationalized, is creating new opportunities for Societe Generale. However, this is an environment governed by increased constraints in terms of liquidity, capitalization level and balance sheet size. Against this backdrop of scarcer and more expensive resources, the Group has successfully created partnerships that will enable it to even more efficiently meet the needs of its individual and institutional clients:

- in Private Banking, with its stake in Rockefeller Financial Services, to serve the financial needs of ultra high net worth individuals;
- in Consumer Credit, through the creation of a joint venture with La Banque Postale;
- in Asset Management, in early 2009, with the signing of a preliminary agreement between Societe Generale and Crédit Agricole S.A. The aim of this agreement is to create a joint entity with EUR 638 billion of assets under management at September 30, 2008. This ranks the new structure 4th in Europe and 9th globally.

In 2009, the Group will continue the initiatives that it began in 2007/2008 with the launching of an operating efficiency improvement program. This plan aims to reinforce the industrialization of the Group's processes, develop mutualization initiatives in France and abroad and optimize the cost of Group resources. This program should improve operating income by at least EUR 1 billion by 2010.

At December 31, 2008, Societe Generale reported a Basel II Tier One ratio of 8.8% (excluding floor effect). The ratio would rise to 9.3% (excluding floor effect) after taking into account the second tranche of the French plan to reinforce the banks' capital. Indeed, the Group intends to pursue its mission of financing the French economy in 2009 by using the second tranche of EUR 1.7 billion made available by the French Government. Societe Generale will decide before this summer the type of instrument submitted to Government subscription. By the summer Societe Generale will have decided on the type of instrument that it will issue to the government.

POST-CLOSING EVENTS

The main post-closing events are described in the chapter Financial Information.

Cf. Chapter 10 of the Registration Document (Note 47 to the consolidated financial statements, “Post-closing events”).

IMPLEMENTATION OF THE BASEL II REFORM

Publication of Societe Generale's Pillar III report

From January 1, 2009, Societe Generale will publish its "Solvency and risk management report", in accordance with the banking supervision regulations laid down by the Basel Committee in 1988 (the Basel II regulations).

The publication of this report is the third pillar of Basel II. This promotes market discipline by establishing a set of quantitative and qualitative disclosure obligations. These allow market players to more effectively assess equity levels, risk exposure and risk management procedures, and therefore the capital adequacy of the establishments concerned, as determined by the Basel II Pillar I rules.

In H1 2009, Societe Generale will publish its first Pillar III report on its institutional website, where it will be available to the public.

ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

in billions of euros	12.31.2008	12.31.2007	Change as %
Cash, due from central banks	**13.8**	11.3	23%
Financial assets at fair value through profit or loss	**488.4**	490.0	0%
Hedging derivatives	**6.2**	3.7	68%
Available-for-sale financial assets	**81.7**	87.8	-7%
Due from banks	**71.2**	73.1	-3%
Customer loans	**354.6**	305.2	16%
Lease financing and similar agreements	**28.5**	27.0	5%
Revaluation differences on portfolios hedged against interest rate risk	**2.3**	(0.2)	NM
Held-to-maturity financial assets	**2.2**	1.6	34%
Tax assets and other assets	**56.2**	39.0	44%
Non-current assets held for sale	**0.0**	14.2	NM
Deferred profit-sharing	**3.0**	0.0	NM
Tangible, intangible assets and other	**21.9**	19.1	14%
Total	**1,130.0**	**1,071.8**	**5%**

LIABILITIES

in billions of euros	12.31.2008	12.31.2007	Change as %
Due to central banks	**6.5**	3.0	NM
Financial liabilities at fair value through profit or loss	**412.4**	340.7	21%
Hedging derivatives	**9.3**	3.9	NM
Due to banks	**115.3**	131.9	-13%
Customer deposits	**282.5**	270.7	4%
Securitized debt payables	**120.4**	138.1	-13%
Revaluation differences on portfolios hedged against interest rate risk	**0.6**	(0.3)	NM
Tax liabilities and other liabilities	**58.8**	48.4	22%
Liabilities directly associated with non-current assets classified as held for sale	**0.0**	15.1	NM
Underwriting reserves of insurance companies	**67.1**	68.9	-3%
Provisions	**2.3**	8.7	-74%
Subordinated debt	**13.9**	11.5	21%
Shareholders' equity	**36.1**	27.2	32%
Minority interests	**4.8**	4.0	19%
Total	**1,130.0**	**1,071.8**	**5%**

Main changes in the consolidated balance sheet

At December 31, 2008, the Group's consolidated balance sheet totaled EUR 1,130 billion, up EUR 58.2 billion (+5.4%) vs. the figure at December 31, 2007 (EUR 1,071.8 billion). Changes in the dollar, sterling, yen and Romanian leu exchange rate impacted the balance sheet by EUR +16.3 billion, EUR -7.9 billion, EUR +8.7 billion and EUR –1 billion.

The main changes in scope impacting the consolidated balance sheet and occurring during the 2008 financial year consist of:

- The full consolidation of Rosbank since January 1, 2008, resulting from the Group's exercising of its purchase option relating to 30% plus 2 shares dating from December 20, 2007. At February 13, 2008 it held 50% plus one share. After acquiring this majority stake, the Group launched a buyout offer to the minority shareholders, in line with Russian legislations. Since the offer closed on May 12, 2008, Societe Generale has held a 57.6% stake.
- The merger of the brokerage operations of Fimat and Calyon Financial, to form Newedge, which is consolidated through the proportional integration method.
- Within the sub-division SGAM, a fund was fully consolidated, its liquidity being guaranteed by the Group. Five funds that were consolidated at December 31, 2007 left the consolidation scope as their liquidity is now guaranteed independently.
- The Group consolidated PEMA GmbH, which it fully owns.

On October 1, 2008 the Group reclassified some of its non-derivative financial assets out of the "financial assets at fair value through profit and loss" and "available-for-sale financial assets" categories. These reclassifications were decided on and then performed in accordance with the conditions set by the IAS 39 "Financial instruments: recognition and measurements" and IFRS 7 "Financial instruments: disclosures" standards adopted by the European Union on October 15, 2008. The Group identified within its held-for-trading and available-for-sale portfolios certain financial assets which, at October 1, 2008, were no longer tradable on an active market. On this date, the Group therefore decided to reclassify such assets in the "Loans and receivables" category, providing that it was able and willing to hold them for the foreseeable future or until maturity. The reclassified financial assets were booked under their new accounting category at their fair value through profit and loss on the transfer date.

The financial assets at fair value through profit and loss and the available-for-sale financial assets reclassified on October 1, 2008 amounted to EUR 24,264 million and EUR 4,344 million respectively.

Main changes in the consolidated balance sheet

Financial assets at fair value through profit and loss (EUR 488.4 billion at December 31, 2008) fell by EUR –1.5 billion (-0.3%) compared with December 31, 2007, including a EUR +9.9 billion dollar effect and a EUR +0.7 billion structure effect. This fall is primarily due to the following changes: the rise in trading derivatives by EUR +162.1 billion, including EUR +70.6 billion for interest rate instruments, EUR +50.3 billion for credit derivatives, EUR +22.9 billion for currency instruments, EUR +12.1 billion for index and equity instruments and EUR +6.5 billion for commodity instruments. The trading portfolio decreased by EUR –155.8 billion, including EUR -67.2 billion for the bond portfolio (EUR -24.3 billion in book value at October 1, 2008 linked to the reclassification of the financial assets under the amendment above), EUR –52.6 billion for the equity portfolio, EUR –28.1 billion for other financial assets (including EUR –25.1 billion for securities purchased under resale agreements) and EUR -7.9 billion for the portfolio of public bills. The portfolio of financial assets measured using the fair value option decreased by EUR –7.9 billion, including EUR –6 billion for equities and other capital instruments.

Financial liabilities at fair value through profit and loss (EUR 412.4 billion at December 31, 2008) increased by EUR 71.7 billion (+21%) compared with December 31, 2007, including a EUR +5 billion dollar effect. This increase is due to the growth in trading derivatives, which were up EUR +142.9 billion, including EUR +63.4 billion for interest rate instruments, EUR +41.5 billion for credit derivatives, EUR +21.4 billion for currency instruments, EUR +8.2 billion for equity and index instruments and EUR +5.6 billion for commodity instruments. Trading liabilities fell by EUR –61.3 billion, including EUR -16.3 billion for securities issued, EUR -23.5 billion for debts on borrowed securities, EUR –6.4 billion for securities sold short and EUR -15.1 billion for other financial liabilities (including EUR -14.3 billion for securities purchased under resale agreements). Financial liabilities measured using the fair value option fell by EUR -9.9 billion.

Non-current assets and liabilities intended for sale amounted to EUR -14.2 billion and EUR -15 billion respectively and can be attributed mainly to the booking under these items, on December 31, 2007, of 50% of Fimat's operations.

Available-for-sale financial assets (EUR 81.7 billion at December 31, 2008) fell by EUR –6.1 billion (-6.9%) compared with December 31, 2007, including a dollar effect of EUR +0.9 billion and a structure effect of EUR –3.1 billion. This change is due to the decrease in bonds and other debt instruments by EUR –8.2 billion (of which EUR -3.4 billion in book value at October 1, 2008 linked to the reclassification of the financial assets under the amendment above) and the increase in public bills by EUR +2.9 billion.

Amounts due from banks, including rediscounted securities purchased under resale agreements, totaled EUR 71.2 billion at December 31, 2008, down EUR –1.9 billion (-2.6%) compared with December 31, 2007, including a dollar effect of EUR +1.8 billion and a structure effect of EUR +1.5 billion. This change is notably due to the fall in ordinary sight accounts by EUR –4.4 billion and the rise in loans and term accounts by EUR +1.4 billion (of which EUR +6.3 billion in book value at October 1, 2008 linked to the reclassification of the financial assets under the amendment above) and of securities purchased under resale agreements by EUR +0.7 billion.

Amounts due to banks, including rediscounted securities purchased under resale agreements, totaled EUR 115.3 billion at December 31, 2008, down EUR –16.6 billion (-12.6%) compared with December 31, 2007, including a dollar effect of EUR +3.5 billion and a EUR +1.5 billion structure effect. This change is notably due to the large decrease in sight deposits by EUR –10.5 billion, the fall in term deposits by EUR –4.3 billion and the decrease in securities purchased under resale agreements by EUR –1.9 billion.

Customer loans, including rediscounted securities purchased under resale agreements, amounted to EUR 354.6 billion at December 31, 2008, up EUR +49.4 billion (+16.2%) compared with December 31, 2007, including a EUR +2.5 billion dollar effect and a EUR +8.4 billion structure effect.

This increase mainly reflects the following:

- reclassification of financial assets in “loans to financial clients” under the amendment above: EUR +21.3 billion in book value at October 1, 2008;
- growth in short-term credit facilities (EUR +16.1 billion);
- increased housing loan issuance (EUR +8.3 billion);
- rise in equipment loans (EUR +7.6 billion);
- rise in other loans (EUR +6.7 billion);
- fall in securities purchased under resale agreements (EUR – 9.5 billion).

Amounts due to customers, including rediscounted securities purchased under resale agreements, totaled EUR 282.5 billion at December 31, 2008, up EUR +11.9 billion (+4.4%) compared with December 31, 2007, including a EUR +3.2 billion dollar effect and a EUR +7.8 billion structure effect. This change is notably due to the increase in **other sight deposits** of EUR +11.5 billion and the EUR +8.7 billion rise in **term deposits**. Securities purchased under resale agreements declined, however, by EUR –9.5 billion.

Debts represented by a security equaled EUR 120.4 billion at December 31, 2008, falling by EUR –17.7 billion (-12.8%) compared with December 31, 2007, including a EUR +4 billion dollar effect and a EUR +1.5 billion structure effect. Most of the change (EUR –17.7 billion) relates to interbank market securities and negotiable debt securities, which totaled EUR 112.4 billon.

Group **shareholders’ equity** stood at EUR 36.1 billion at December 31, 2008 vs. EUR 27.2 billion at December 31, 2007, mainly reflecting the following:

- net income for the 2008 financial year: EUR +2 billion;
- capital increases and decreases over the year: EUR +4.6 billion;
- change in treasury stock: EUR +2 billion;
- equity instrument issues: EUR +3.7 billion;
- change in value of financial instruments affecting the shareholders’ equity, net of the tax impact: EUR –2.2 billion;
- the dividend payment in respect of the 2007 financial year: EUR –0.6 billion.

After taking into account minority interests (EUR 4.8 billion), total shareholders’ equity amounted to EUR 40.9 billion at December 31, 2008.

2008 saw the transition from Cooke (or Basel I) standards to the new Basel II regulations, transposed by the decree of February 20, 2007 on capital requirements applicable to credit establishments and investment firms.

- At December 31, 2008, the Group’s total shareholders’ equity, according to Basel I, contributed to an international solvency ratio of 10.78%. The Tier One capital ratio represented 7.88%, with total weighted commitments of EUR 402,403 million.
- At December 31, 2008, the Group’s total shareholders’ equity contributed to a Basel II solvency ratio of 11.64%**. The Tier One capital ratio represented 8.78%**, with total weighted commitments of EUR 345,518 million.

*** After the floor effect, the Basel II solvency ratio amounts to 11.19% and the Tier One ratio to 8.43%.*

Group debt policy

Societe Generale Group's debt policy reflects its refinancing and debt renewal requirements and is based on two major objectives. Firstly, the Group actively seeks to diversify its sources of refinancing in order to guarantee its stability: at December 31, 2008, customer deposits accounted for 25.4% of the Group's liabilities, while debt instruments, interbank deposits and funds generated through the refinancing of security portfolios amounted to EUR 362.5 billion (i.e. 32% of the Group's liabilities). The balance of the refinancing requirements was met through a combination of shareholders' equity, other financial accounts and provisions and derivatives. Secondly, the Group manages the maturity composition of its debt with a view to minimizing its mismatch risk.

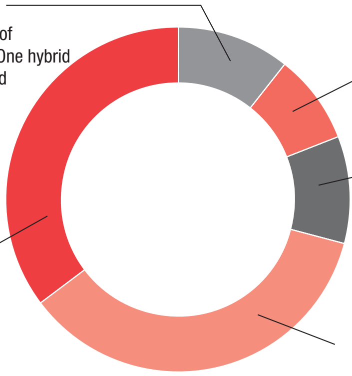
Furthermore, since the start of the financial crisis, Societe Generale has taken a series of measures to enhance its liquidity monitoring:

- strict management of long term liquidity position

The long-term financing plan is designed to maintain a surplus liquidity gap over the medium to long term. Through the issuance policy the financing plan is implemented based on a regular rather than an opportunistic approach.

In 2008, the Group was able to refinance the renewal of its debt reaching maturity in the course of the year and the growth of its activities through a widely diversified and active issuing program. This program includes standard or structured private placements and both subordinated and senior benchmarks. The Group also managed its refinancing through increased deposit inflows, particularly from French Networks customers.

The 2008 financing program was completed, totalling EUR 36.8 billion, of which EUR 30.0 billion in senior debt (including EUR 11.0 billion of unsecured benchmark issues, EUR 13.0 billion of structured private placements, EUR 2.1 billion of vanilla private placements, EUR 3.9 billion of secured financing (CRH, SFEF and SGSCF)) and EUR 6.8 billion of subordinated issues, including EUR 1.7 billion of non innovative Tier One hybrid securities subscribed by the SPPE.



- enhanced short-term liquidity management

Corporate and Investment Banking's Treasury, which is responsible for managing the Group's cash position by delegation, manages the short term liquidity gap. This gap is calculated through several stress scenarios, calibrated in accordance with the pools of the assets available for the central banks' refinancing operations.

A weekly liquidity committee has been created, chaired by the CFO and including the Chief Risk Officer, the CEO and treasurer of Corporate and Investment Banking and the head of Capital and Balance Sheet Management.

- active management of eligible assets

The Group has continued to take steps to optimize the management of its assets eligible for secured refinancing (refinancing operations of central banks, covered bond issuers, SFEF, etc.). This includes expanding the inventory of assets and improving the information systems to allow optimum allocation of these assets.

In 2009, the Group intends to continue with a planned and diversified refinancing policy, relying on the unsecured unguaranteed senior debt market, the covered bond market, the funds raised by SFEF and plain vanilla or structured private placements.

PROPERTY AND EQUIPMENT

The gross book value of Societe Generale Group's tangible fixed assets amounted to EUR 20.7 billion at December 31, 2008. This figure essentially comprises land and buildings (EUR 4.1 billion), assets rented out by specialized financing companies (EUR 11.3 billion) and other tangible assets (EUR 4.9 billion)

The gross book value of the Group's investment property amounted to EUR 595 million at December 31, 2008.

The net book value of tangible fixed assets and investment property amounted to EUR 13.6 billion, representing just 1.20% of the consolidated balance sheet at December 31, 2008. Due to the nature of the Group's activities, the weighting of property and equipment in overall assets is low.

Moreover, the new Granite Tower, which is the 1st high-rise building in France to be certified as "High Environmental Quality" and was voted new building of the year 2008, was delivered at the end of October as scheduled. Occupants from Paris, or sites with more expensive leases that are coming to an end, are currently moving into the building. This process will be completed by mid-March.

Work on the Immeuble Marchés building began in July 2008, as planned, for delivery in H1 2012.

5 CORPORATE GOVERNANCE

BOARD OF DIRECTORS AT JANUARY 1, 2009

Daniel BOUTON

Date of birth: April 10, 1950

CHAIRMAN OF SOCIETE GENERALE

Member of the Nomination Committee

Holds 120,768 shares

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

Other mandates held in French listed companies: Director: Total S.A., Véolia 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 from November 1997 to May 12, 2008.

Jean AZÉMA

Date of birth: February 23, 1953

CHIEF EXECUTIVE OFFICER OF GROUPAMA GROUP

Independent Director

Holds 752 shares

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

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

Other mandates held in foreign listed companies belonging to the Director's group: Director: Médiobanca.

Mandates held in unlisted companies: Chief Executive Officer: Groupama Holding, Groupama Holding 2. Chairman Groupama International (until December 31, 2008), 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 750 shares

Year of first appointment: 2004 – Year in which current mandate will expire: 2012

Other mandates held in French listed companies: Member of the Supervisory Board: Publicis. Non-Voting Director: Paris-Orléans.

Mandates held in foreign listed companies belonging to the Director's group: Director: Banque Privée Edmond de Rothschild SA, Geneva.

Mandates held in French unlisted companies belonging to the Director's group: Chairman of the Management Board: Compagnie Financière Edmond de Rothschild Banque SA and Compagnie Financière Saint-Honoré. Chairman of the Supervisory Board: Edmond de Rothschild Multi Management (SAS), Edmond de Rothschild Corporate Finance (SAS). Member of the Supervisory Board: Assurances et Conseils Saint-Honoré until October 31, 2008, SIACI until October 31, 2008, SIACI Saint Honoré since November 1, 2008, Newstone Courtage and Edmond de Rothschild Private Equity Partners (SAS). Chairman of the Board of Directors: ERS: Permanent representative of Compagnie Financière Saint-Honoré: Cogifrance. Permanent representative of La Compagnie Financière Edmond de Rothschild Banque: Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision.

Mandates held in foreign unlisted companies belonging to the Director's group: Chairman of the Board of Directors: Edmond de Rothschild SGR Spa (Italy), Edmond de Rothschild SIM Spa (Italy). Director: Edmond de Rothschild Ltd. (London). Chairman of the Board of Directors: ERS, LCF Holding Benjamin et Edmond de Rothschild (SA) Geneva, La Compagnie Benjamin de Rothschild SA (Geneva) until May 6, 2008.

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

Mandates held in foreign unlisted companies not belonging to the Director's group: Director: Cdb Web Tech (Italy).

Biography: After a career at the French Treasury from 1973 to 1982, he was appointed project director and then Co-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.

Robert DAY

Date of birth: December 11, 1943

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

Holds 300,000 shares

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

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

Mandates held in foreign unlisted companies belonging to the Director's group: Chairman: TCW Group Inc.

Mandates held in foreign unlisted companies not belonging to the Director's group: Chairman: Oakmont Corporation, Foley Timber Cy Inc.

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

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. Chairman of the Nomination Committee and the Compensation Committee.

Holds 752 shares

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

Other mandates held in French listed companies: Director: Alstom, Carrefour, Saint-Gobain. Member of the Supervisory Board: AXA.

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

Mandates held in French unlisted companies: Member of the Supervisory Board: ONF-Participations.

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 the Rhône-Poulenc Group, Schneider Group, Péchiney Group and Eridania-Beghin-Say.

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 1,100 shares

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

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

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.

Nathalie RACHOU

Date of birth: April 7, 1957

FOUNDER AND CHIEF EXECUTIVE OFFICER OF TOPIARY FINANCE LTD

Independent Director, Member of the Audit Committee

Holds 600 shares

Year of first appointment: 2008 – Year in which current mandate will expire: 2012

Other mandates held in French unlisted companies: Director: Liautaud et Cie.

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

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 foreign unlisted companies: Chairman: Osculati & Partners Spa. Director: Miroglio Spa, MTS Group, Fideuram Spa, Seves Spa (from November 14, 2008 to January 7, 2009).

Biography: An Italian national. He has an in-depth knowledge of the financial sector thanks to his work as a consultant at McKinsey 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 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 French listed companies: Director: Altadis (mandate ending on February 6, 2008).

Mandates held in French unlisted companies belonging to the Director's group: Director: Ania, Martell & Co, Pernod Ricard Finance, Société Paul Ricard S.A. Permanent representative of Pernod Ricard on the Board of Directors: JFA, Pernod, Pernod Ricard Europe, Ricard.

Mandates held in foreign unlisted companies belonging to the Director's group: Director: Chivas Brothers Pernod Ricard Ltd, Irish Distillers Group Ltd, Pernod Ricard acquisitions II, Suntory Allied Limited. Permanent representative of Pernod Ricard on the Board of Directors: Havana Club Holding S.A., Member of the Board of Directors: PR Asia, PR North America.

Biography: Joined the Pernod-Ricard Group in 1967, Chairman and Chief Executive Officer from 1978 to 2008, Chairman since November 5, 2008.

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: 2012

Other mandates held in foreign 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 1,340 shares

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

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

Mandates held in foreign listed companies: Director: Unicrédito Italiano Spa.

Mandates held in French unlisted companies: Director: Aviva Participations, Grosvenor Continental Europe. Member of the Supervisory Board: Aviva France.

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

Patrick DELICOURT

Date of birth: March 2, 1954

HEAD OF EMPLOYEE RELATIONS FOR THE LORRAINE CUSTOMER SERVICE UNIT

Director elected by employees

Year of first appointment: June 1, 2008 (substituting for G. Revolte) – Year in which current mandate will expire: 2009

Biography: Societe Generale employee since 1975.

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.

Non-voting director

Kenji MATSUO

CHAIRMAN OF MEIJI YASUDA LIFE INSURANCE

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

Biography: A Japanese national, he joined Meiji Life in 1973 and was appointed Chairman of Meiji Yasuda Life 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)
Jean AZÉMA	x		Since 1998 – Insurance (Groupama)
Robert CASTAIGNE		x	Total SA 1972-2008, CFO from 1994 to 2008
Michel CICUREL	x		Since 1983 – Banking (Cie Bancaire-Cortal-Cerus-Cie Financière Edmond de Rothschild and Cie Financière Saint-Honoré)
Robert DAY	x		Since 1965 – Banking then Asset Management
Jean-Martin FOLZ		x	From 1995 to 2007 – Automobiles (PSA)
Élisabeth LULIN		x	Since 1998 – Consulting: public policy benchmarking
Nathalie RACHOU	x		Since 1999 – Asset Management
Gianemilio OSCULATI	x		Since 1987 – Banking (Banca d'America e d'Italia) and Strategic consulting (McKinsey), in 2007, 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)
Patrick DELICOURT	x		Since 1975 – Banking (Societe Generale)
Philippe PRUVOST	x		Since 1971 – Banking (Societe Generale)

Directors whose mandate expires in 2009

Jean AZEMA

Date of birth: February 23, 1953

CHIEF EXECUTIVE OFFICER OF GROUPAMA

Elisabeth LULIN

Date of birth: May 8, 1966

FOUNDER AND CHIEF EXECUTIVE OFFICER OF PARADIGMES ET CAETERA

Independent Director, Member of the Audit Committee

Patrick RICARD

Date of birth: May 12, 1945

CHAIRMAN OF PERNOD-RICARD

Member of the Nomination Committee and the Compensation Committee.

Staff-elected directors whose mandate expires in 2009; election of 2 directors in 2009*

Patrick DELICOURT

Date of birth: March 2, 1954

HEAD OF EMPLOYEE RELATIONS FOR THE LORRAINE CUSTOMER SERVICE UNIT

Director elected by employees

Year of first appointment: June 1, 2008 (substituting for G. Revolte) – Year in which current mandate will expire: 2009

Biography: Societe Generale employee since 1975.

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.

** Employee representatives will be elected from March 24 to 31, 2009 (second round).*

Director coopted since January 1, 2009

Mr Robert CASTAIGNE

Date of birth: April 27, 1946

Main duties: Company Director

Presented as an Independent Director

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

Mandates held in foreign listed companies: Director: Compagnie nationale à portefeuille.

MANDATES HELD DURING THE LAST 5 YEARS:

2008	2007	2006	2005	2004
Director: Sanofi Aventis, Vinci, Compagnie nationale à portefeuille since Apr. 17, 2008. ***Expired mandates:*** *Chairman and CEO: Total* Nucléaire et Total Chimie (until May 30, 2008). *Director*: Elf Aquitaine (until Jun. 02, 2008), Hutchinson (until Jun. 27, 2008), Total Gestion Filiales (until Jun. 6, 2008), Total Gabon (until Jun. 29, 2008), Petrofina (until Jun. 27, 2008), Omnium Insurance & Reinsurance Cy Ltd (until Jun. 19, 2008), Total Upstream UK Ltd (until Jun. 11, 2008).	*Chairman and CEO:* Total Nucléaire et Total Chimie. *Director:* Elf Aquitaine, Hutchinson, Total Gestion Filiales, Sanofi Aventis, Vinci, Petrofina, Omnium Insurance & Reinsurance Cy Ltd, Total Gabon, Total Upstream UK.	*Chairman and CEO:* Total Nucléaire et Total Chimie. *Director:* Arkéma, Elf Aquitaine, Hutchinson, Total Gestion Filiales, Sanofi Aventis, Alphega, Petrofina, Omnium Insurance & Reinsurance Cy Ltd, Total Gabon, Total Upstream UK.	*Chairman and CEO:* Total Nucléaire et Total Chimie. *Director:* Arkéma, Hutchinson, Elf Aquitaine, Total Gestion Filiales, Hutchinson, Sanofi Aventis, Alphega, Petrofina, Omnium Insurance & Reinsurance Cy Ltd, Total Gabon, Total Upstream UK.,	*Chairman and CEO:* *Total Nucléaire et Total Chimie.* *Director:* Arkéma, Elf Aquitaine, Hutchinson, Total Gestion Filiales, Sanofi Aventis, Alphega, Petrofina, Omnium Insurance & Reinsurance Cy Ltd, Total Nigeria PLC, Total Gabon.

Biography: A French national and graduate of the Ecole Centrale in Lille and the Ecole Nationale Supérieure du Pétroles et des Moteurs, with a PhD in economics, he has spent his entire career at TOTAL, first of all as an Engineer and then in various posts. From 1994 to 2008, he was CFO and a Member of the Executive Committee of TOTAL SA.

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. Conflict of interest situations 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 not agreed to any 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. Three Directors are employed by the Group:

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

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

Start	End	Name	2008	2007	2006	2005	2004
1997	2011	**Daniel BOUTON** Chairman *Professional address:* Tours SG, 75886 Paris Cedex 18.	*Director:* Total SA, Véolia Environnement.	*Director:* Total SA, Véolia Environnement.	*Director:* Total SA, Véolia Environnement.	*Director:* Schneider Electric SA, Total SA, Véolia Environnement.	*Director:* Schneider Electric SA, Total SA, Véolia Environnement.
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 SA on the Board of Directors of:* Bolloré. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2, Chairman of Groupama International (until Dec. 31, 2008). *Permanent representative of* Groupama SA in SCI Groupama les Massues.	*Director:* Médiobianca, Véolia Environnement. *Permanent representative of Groupama SA 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 SA 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 SA on the Board of Directors of:* Bolloré Investissement. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2.	*Director:* Médiobianca, Véolia Environnement. *Permanent representative of Groupama SA on the Board of Directors:* Bolloré Investissement. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2.

Note: professional addresses are only given for those still in employment

Start	End	Name	2008	2007	2006	2005	2004
2004	2012	**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. *Non-voting director:* Paris-Orléans. *Director:* Banque Privée Edmond de Rothschild SA, Geneva. *Chairman of the Management Board:* La Compagnie Financière Edmond de Rothschild Banque SA, Compagnie Financière Saint-Honoré. *Chairman of the Supervisory Board:* Edmond de Rothschild Multi Management (SAS), Edmond de Rothschild Corporate Finance (SAS). *Member of the Supervisory Board:* Assurances et Conseils Saint-Honoré until Oct. 31, 2008, SIACI until Oct. 31, 2008, SIACI Saint Honoré since Nov. 1, 2008, Newstone Courtage and Edmond de Rothschild Private Equity Partners (SAS). *Chairman of the Board of Directors:* ERS: *Permanent representative of Compagnie Financière Saint-Honoré: Cogifrance. Permanent representative of La Compagnie Financière Edmond de Rothschild Banque:* Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision. *Chairman of the Board of Directors:* Edmond de Rothschild SGR Spa (Italy) Edmond de Rothschild SIM Spa (Italy) , ERS, LCF Holding Benjamin et Edmond de Rothschild (SA) Geneva, La Compagnie Benjamin de Rothschild SA(Geneva) until May 6, 2008, *Director:* Edmond de Rothschild Ltd. (London), Bouygues Telecom, Cdb Web Tech (Italy).	*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 Telecom. *Non-voting 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 Managment 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 Telecom. *Non-voting 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 Managment 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 Telecom; *Non-voting 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.	None

Note: professional addresses are only given for those still in employment

Start	End	Name	2008	2007	2006	2005	2004
2002	2010	**Robert A. DAY** Chairman, 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 Company Inc. *Director:* Freeport McMoRan Copper and Gold Inc., McMoRan Exploration Cy.	*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.
2007	2011	**Jean-Martin FOLZ** Company Director, Chairman of the AFEP.	*Director:* Alstom, Carrefour, Saint-Gobain, Solvay (Belgium). Member of the *Supervisory Board:* Axa.	*Director:* Saint-Gobain, Alstom, Solvay (Belgium). *Member of the Supervisory Board:* Axa, Carrefour.	None	None	None
2003	2009	**Élisabeth LULIN** Founder and CEO of Paradigmes et Caetera *Professional address:* 11 rue Surcouf, 75007 Paris.	*Director:* Bongrain Group	*Director:* Bongrain Group	None	None	*Director:* Doma Viva SA.
2008	2012	**Nathalie RACHOU** Founder of Topiary Finance Ltd 11 Elvaston Place, London SW 5QG, United Kingdom	*Director:* Liautaud et Cie.	*Director:* Liautaud et Cie.	*Director:* Liautaud et Cie.	*Director:* Liautaud et Cie.	*Director:* Liautaud et Cie.
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, Fideuram Spa, Seves Spa (from Nov. 14, 2008 to Jan. 7, 2009).	Chairman: Osculati & Partners Spa. *Director:* Miroglio Spa, MTS Group.	Chairman: SAIAG-Comital Spa, Valore Spa. *Director:* Miroglio Spa.	None	None

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

Start	End	Name	2008	2007	2006	2005	2004
1994	2009	**Patrick RICARD** Chairman 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:* 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:* Havana Club Holding S.A., JFA, Pernod, Pernod Ricard Europe, Ricard. *Member of the Board of Directors:* PR Asia, PR North America.	*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 Board of Directors:* PR Asia, PR North America. *Director of* Provimi (up to Apr. 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 S.A., Chivas Brothers Pernod Ricard Ltd, Distillerie Fratelli Ramazzotti Spa, Irish Distillers Group Ltd, Pernod Ricard Swiss S.A., 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 Martel/Mumm Perrier-Jouet on the Board of Directors:* 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 (hodings) 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 S.A., JFA S.A., Pernod Ricard Europe S.A., Pernod S.A., Ricard S.A., Santa Lina S.A., Campbell Distillers Ltd, Ets Vinicoles champenois (E.V.C.) Galibert et Varon.	*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 S.A., Société Paul Ricard, Société Paul Richard Ricard & Fils, Martell & Co S. A., Altadis, Chivas Brothers Ltd, The Glenlivet Distillers Ltd, Aberlour Glenlivet Distillery Ltd, Boulevard Export Sales Inc, Peribel S.A., Distillerie Fratelli Ramazzotti Spa, Duncan Fraser and Company Ltd, Glenforres Glenlivet Distillery Ltd, House of Campbell Ltd, Irish Distillers Group Ltd, Larios Pernod Ricard S.A., Muir Mackenzie Ad Company Ltd, Pernod Ricard Swiss S.A., Polairen Trading Ltd, Sankaty Trading Ltd, Peri Mauritius Ltd, Pernod Ricard Nederland BV, Populus 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: Deputy CEO of 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.

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

Start	End	Name	2008	2007	2006	2005	2004
						Permanent representative of Santa Lina on the Board of Directors: Cie Financière des Produits Orangina (C.F.P.O.) S.A., Société Immobilière et Financière pour l'alimentation (S.I.F.A.) S.A,. *Permanent representative of International Cognac Holding on the Board of Directors:* Renault Bisquit SA.	*Permanent representative of Santa Lina on the Board of Directors:* Cie Financière des Produits Orangina (C.F.P.O.) S.A., Société Immobilière et Financière pour l'alimentation (S.I.F.A.) S.A., Société Immobilière et Financière pour l'alimentation (S.I.F.A) SA. *Permanent representative of International Cognac Holding on the Board of Directors:* Renault Bisquit SA.
2006	2012	**Luc VANDEVELDE** Company Director	*Director:* Vodafone. *CEO:* Change Capital Partners.	*Director:* Vodafone. *CEO:* Change Capital Partners.	*Director:* Vodafone, Comet BV, Citra SA.	None	None
2002	2011	**Anthony WYAND** Company Director	*Director:* Société Foncière Lyonnaise, Unicrédito Italiano Spa., Aviva Participations, Grosvenor Continental Europe. *Member of the Supervisory Board:* Aviva France.	*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-Chairman:* 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., Scottis 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, Northen Assurance Company Ltd., Norwich Union Plc, Royal St George Banque SA.

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

Start	End	Name	2008	2007	2006	2005	2004
							Director and Vice-Chairman: CGU International Insurance Plc. *Member of the Supervisory Board:* Commercial Union Polska General Insurance Compagny SA, Commercial Union Polska Life Assurance Compagny SA, Commercial Union Polska Towarzyshwo Ubezpieczen Na Zycie SA, Commercial Union Polska Towarzyshwo Ubezpieczen Ogolnych Spo Ka Akcyina.
2000	2009	**Philippe PRUVOST** Director elec ted by employees *Professional address:* Tours SG, 75886 Paris Cedex 18	None	None	None	None	None
2008	2009	**Patrick DELICOURT** Director elected by employees *Professional address:* Tours SG, 75886 Paris Cedex 18	None	None	None	None	None

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

GENERAL MANAGEMENT

Frédéric Oudéa

Date of birth: July 3, 1963

CHIEF EXECUTIVE OFFICER OF SOCIETE GENERALE

Holds 14,334 shares

Biography: Joined Societe Generale in 1995 after holding various positions within the civil service (1987-1995). Deputy Head, then Head of Corporate Banking in London (1995-1997). Head of Global Supervision and Development of the Equity Division (1998-2001). Appointed Group Co-Chief Financial Officer in 2002, then Group Chief Financial Officer in 2003. Became Co-Chief Executive Officer in March 2008 and has been Chief Executive Officer since May 13 2008.

Didier ALIX

Date of birth: August 16, 1946

CO-CHIEF EXECUTIVE OFFICER OF SOCIETE GENERALE

Holds 6,728 shares

Biography: Joined Societe Generale in 1971. Worked in the General Inspection Department from 1972 to 1979. Head of Central Risk Control (1980). Branch Manager (1981-1991). Chief Executive Officer of Franfinance (1991-1993). Co-Head, then Head, of the French network (1993-1998). Deputy Head of Individual and Business Customers (1998). Co-Chief Executive Officer since September 26, 2006.

Séverin CABANNES

Date of birth: June 21, 1958

CO-CHIEF EXECUTIVE OFFICER OF SOCIETE GENERALE

Holds 2,253 shares

Biography: Worked for Crédit National, Elf Atochem then the La Poste Group (1983-2001). Joined Societe Generale in 2001 as Group Chief Financial Officer until 2002. Since 2001 he has been a Member of Komerčni Banka's Supervisory Board. Appointed the Stéria Group's Co-Chief Executive Officer responsible for strategy and finances, then Chief Executive Officer (2002-2007). In January 2007, he became the Societe Generale Group's Head of Resources and has been Co-Chief Executive Officer since May 2008.

Philippe CITERNE

Date of birth: April 14, 1949

CO-CHIEF EXECUTIVE OFFICER OF SOCIETE GENERALE

Holds 53,197 shares

Biography: After a career at the Ministry of Finance, he joined Societe Generale in 1979. Became Head of Economic Research in 1984, Chief Financial Officer in 1986 and Head of Human relations in 1990. Appointed Co-Chief Executive Officer in 1995. Became Chief Executive Officer in November 1997. Has been Co-Chief Executive Officer since April 22, 2003.

POSITIONS HELD OVER THE PAST FIVE YEARS

	2008	2007	2006	2005	2004
Frédéric Oudéa Chief Executive Officer *Professional address:* Tours SG, 75886 Paris Cedex 18	*Chairman and CEO:* Genebanque until Sept. 29, 2008, Généfinance and SG FSH until Aug. 5, 2008. *Director:* Newedge Group until May 29, 2008.	*Chairman and CEO:* Genebanque, Généfinance, SG FSH. *Director:* Newedge Group.	*Chairman and CEO:* Genebanque, Généfinance, SG FSH. *Director:* Newedge Group.	*Chairman and CEO:* Genebanque, Généfinance, SG FSH. *Director:* Newedge Group.	*Chairman and CEO:* Genebanque, Généfinance, SG FSH. *Director:* Boursorama, Newedge Group.
Didier ALIX Co-Chief Executive Officer: *Professional address:* Tours SG, 75886 Paris Cedex 18	*Chairman and CEO:* Sogébail. *Chairman of the Supervisory Board:* Komerčni Banka. *Director:* Crédit du Nord, Franfinance, Yves Rocher, Banque Roumaine de Développement, National Societe Generale Bank SAE (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 CEO:* Sogébail. *Chairman of the Supervisory Board:* Komerčni 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 Banques 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 CEO:* Sogébail. *Chairman of the Supervisory Board:* Komerčni 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 and Fiditalia (until Dec. 2006), Sogessur (until Nov. 2006). *Director and Vice-Chairman:* Societe Generale de Banques en Côte d'Ivoire. *Member of the Supervisory Board:* Societe Generale Marocaine de Banques, Groupama Banque (until Oct. 2006). *Permanent representative for Salvepar on the Board of Directors:* Latécoère.	*Chairman and CEO:* Sogébail. *Chairman of the Supervisory Board:* Komerčni 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 CEO:* Sogébail. *Chairman of the Supervisory Board:* Komerčni 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
Séverin CABANNES Co-Chief Executive Officer: *Professional address:* Tours SG, 75886 Paris Cedex 18	*Director:* Crédit du Nord, Généfimmo, Rosbank, SG Global Solution. *Member of the Supervisory Board:* Komerčni Banka, Stéria Group	*Director:* Crédit du Nord, Généfimmo, SG Global Solution. *Member of the Supervisory Board:* Komerčni Banka, Stéria Group	*Member of the Supervisory Board:* Komerčni Banka	*Member of the Supervisory Board:* Komerčni Banka	*Member of the Supervisory Board:* Komerčni Banka
Philippe CITERNE Co-Chief Executive Officer: *Professional address:* Tours SG, 75886 Paris Cedex 18	*Chairman:* Rosbank, Systèmes Technologiques d'Echange et de Traitement (STET), *Director:* Accor, Généval, Sopra Group, Grosvenor Continental Europe, TCW Group, SG Hambros Bank Ltd until Nov. 6, 2008.	*Chairman:* Systèmes Technologiques d'Echange et de Traitement (STET), *Director:* Accor, Généval, Rosbank, Sopra Group, Grosvenor Continental Europe, TCW Group, SG Hambros Bank Ltd.	*Chairman:* Systèmes Technologiques d'Echange et de Traitement (STET), *Director:* Accor, Généval, Grosvenor Continental Europe, TCW Group, SG Hambros Bank Ltd. *Member of the Supervisory Board:* Sopra Group	*Chairman:* Systèmes Technologiques d'Echange et de Traitement (STET), *Director:* Accor, Généval, Grosvenor Continental Europe, TCW Group, SG Hambros Bank Ltd, Unicredito Italiano. *Member of the Supervisory Board:* Sopra Group	*Chairman:* Systèmes Technologiques d'Echange et de Traitement (STET), *Director:* Généval, Grosvenor Continental Europe, TCW Group, SG Hambros Bank Ltd, Unicredito Italiano. *Member of the Supervisory Board:* Sopra Group. *Permanent representative of Societe Generale on the Board:* Accor

EXECUTIVE COMMITTEE AT JANUARY 1, 2009

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

Frédéric OUDEA

Chief Executive Officer of Societe Generale

Didier ALIX

Co-Chief Executive Officer of Societe Generale

Séverin CABANNES

Co-Chief Executive Officer of Societe Generale

Philippe CITERNE

Co-Chief Executive Officer of Societe Generale

Jean-François GAUTIER

Head of Specialized Financial Services

Didier HAUGUEL

Group Chief Risk Officer

Hugues LE BRET

Head of Group Communication

Anne MARION-BOUCHACOURT

Head of Group HR Management

Jean-Louis MATTEI

Head of International Retail Banking

Jean-Pierre MUSTIER

Head of Global Investment Management and Services and Chairman and Chief Executive Officer of Societe Generale Asset Management

Michel PERETIE

Head of Corporate and Investment Banking

Alain Py

Chairman and Chief Executive Officer of Crédit du Nord

Jean-François SAMMARCELLI

Head of Retail Banking in France

Christian SCHRICKE

Corporate Secretary and Chief Compliance Officer and Secretary of the Board of Directors

Didier VALET

Group Chief Financial Officer

Participates in Executive Committee meetings discussing issues falling under his responsibility:

Christian POIRIER

Advisor to the Chairman and Chief Executive Officer

Appointments after January 1, 2009

Benoît OTTENWAELTER

Appointed Group Chief Risk Officer to replace Didier HAUGUEL

Françoise MERCADAL-DELASALLES

Appointed Group Head of Corporate Resources

GROUP MANAGEMENT COMMITTEE AT JANUARY 1, 2009

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.

Frédéric Oudéa, Chief Executive Officer

Didier Alix, Co-Chief Executive Officer

Séverin Cabannes, Co-Chief Executive Officer

Philippe Citerne, Co-Chief Executive Officer

Philippe Collas, Advisor to the Chief Executive Officer

Jean-François Gautier, Head of Specialized Financial Services

Didier Hauguel, Group Chief Risk Officer

Hugues Le Bret, Head of Group Communication

Anne Marion-Bouchacourt, Head of Group Human Resources

Jean-Louis Mattei, Head of International Retail Banking

Françoise Mercadal-Delesalles, Group Head of Corporate Resources

Jean-Pierre Mustier, Head of Global Investment Management and Services and Chairman and Chief Executive Officer of SGAM

Michel Péretié, Head of Corporate and Investment Banking

Christian Poirier, Advisor to the Chairman and Chief Executive Officer

Alain Py, Chairman and Chief Executive Officer of Crédit du nord

Jean-François Sammarcelli, Head of Retail Banking, Societe Generale France

Christian Schricke, Corporate Secretary and Chief Compliance Officer and Secretary of the Board of Directors

Didier Valet, Group Chief Financial Officer

Thierry Aulagnon, Co-Head of Corporates, Institutions and Advisory Services, Corporate and Investment Banking

Philippe Aymerich, Co-Chief Risk Officer

Alain Bataille, Group Country Head for the United Kingdom

Henri Bonnet, Co-Head of Specialized Financial Services

François Boucher, Head of Resources, Corporate and Investment Banking

Yannick Chagnon, Head of Domestic and International Payments

Alain Closier, Global Head of Securities Services

Bernard David, Co-Head of International Retail Banking

Michel Douzou, Co-Head of Retail Banking, Societe Generale France

Patrick Gelin, Chairman and Chief Executive Officer of BRD

Laurent Goutard, Chairman and Chief Executive Officer of Komerčni Banka

Arnaud Jacquemin, Co-Group Chief Financial Officer

Olivier Khayat, Head of Fixed Income, Currencies and Commodities, Corporate and Investment Banking

Maurice Kouby, Head of Group Information Systems

Diony Lebot, Chief Executive Officer, SG Americas

Inés Mercereau, Co-Head of Specialized Financial Services

Christophe Mianné, Co-Head of Corporate and Investment Banking and Head of Global Equities and Derivatives Solutions

Philippe Miécret, Head of Group Internal Audit Department

Benoit Ottenwaelter, Co-Head of Corporates, Institutions and Advisory Services, Corporate and Investment Banking

Jean-Luc Parer, Head of Capital Raising and Financing, Corporate and Investment Banking

Patrick Renouvin, Co-Head of International Retail Banking, in charge of Resources

Jacques Ripoll, Head of Corporate Strategy

Sylvie Rucar, Chief Operating Officer of Global Investment Management and Services

Jean-Robert Sautter, Head of Sales and Marketing, Retail Banking France

Patrick Soulard, Co-Head of Corporate and Investment Banking

Marc Stern, Chairman of SG Global Investment Management and Services America

Patrick Suet, Deputy Group Corporate Secretary

Vincent Taupin, Chairman and Chief Executive Officer of BOURSORAMA

Catherine Théry, Head of Internal Control Coordination

Daniel Truchi, Global Head of Private Banking

INFORMATION ON CORPORATE GOVERNANCE

On November 5, 2008, Societe Generale's Board of Directors confirmed that the AFEP-MEDEF Corporate Governance Code of listed companies is its reference code when producing its Corporate Governance Report. This is in line with article L. 225-37 of the French Commercial Code, in application of the law of July 3, 2008 transposing European directive 2006/46/CE of June 14, 2006. It has also followed the AFEP-MEDEF recommendations of October 6, 2008 on the compensation of executive directors of listed-companies (document available from the website Medef.fr).

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 available to shareholders in the registration document.

This chapter contains three sections and has been submitted to the relevant Committees and been approved by the Board of Directors during its meeting of February 17, 2009. 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 Corporate Governance section of the Chairman's report[1]. The third section outlines the Group's relations with its Statutory Auditors.

Chairman's report

Board of Directors

Societe Generale is a public limited company *(société anonyme)* managed by a Board of Directors. Its governance method was changed on May 13, 2008. The Board of Directors, on Daniel Bouton's proposal, decided to separate the roles of Chairman of the Board and Chief Executive Officer, in accordance with the company's by-laws. It appointed Daniel Bouton Chairman and Frédéric Oudéa Chief Executive Officer. Philippe Citerne and Didier Alix were confirmed in their functions of Co-Chief Executive Officer, and a new Co-Chief Executive Officer was appointed, namely Séverin Cabannes

The powers of the Chairman are stated in article 2 of the Board of Directors' internal rules. The Chairman convenes and chairs the Board of Directors, whose work its organizes. He also chairs General Meetings of Shareholders. Aside from these duties, he may also represent the Group in high-level dealings with large clients, major shareholders and the public authorities, both nationally and internationally.

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

Board of Directors at January 1, 2009

The Board has twelve directors appointed by the General Meeting and two directors elected by employees.

The 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 2 women and 11 men. Four directors are non-French nationals and their average age is 58. In 2008, the composition of the Board changed as follows:

- renewal of the mandates of Messrs Cicurel and Vandevelde;
- appointment of Ms Rachou;
- expiry of the mandate of Messrs Citerne and Jeancourt Galignani;
- resignation of Mr Cohen.

After these changes, the Board of Directors was composed of 13 members (11 appointed by the Board of Directors and 2 by employees). There has been a vacant seat since the resignation of Mr Cohen.

Since January 18, 2006, Mr Matsuo has represented MEIJI Yasuda as non-voting director.

In accordance with the recommendations of the AFEP-MEDEF reports, the Board of Directors, based on the report by its Nomination Committee, examined the independence of each of its members at December 31, 2008 against the criteria set out in the aforementioned reports.

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.

(1) The Corporate Governance section of this report is on page 107 and following.

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 to be an independent director, since Groupama holds substantially 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 (in 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 to be independent under the criteria given in the AFEP-MEDEF report.

Seven out of thirteen directors were therefore independent at December 31, 2008 (i.e. 54% of the Board of Directors and 64% of the 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 in a personal capacity: 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 have clearly stated the rules applicable in cases where the Board of Directors gives its prior approval to investment projects or more generally strategic transactions. 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 compensation 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 must 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 training necessary to fulfil his or her mandate.

Activity report of the Board of Directors for 2008

The Board of Directors met sixteen times in 2008, with meetings lasting an average of two hours and 50 minutes. The attendance rate of directors was 86%, compared with 88% in 2007 and 80% in 2006.

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

The Board examined the 2008 budget.

After the exceptional fraud suffered by the Company was uncovered, the Board of Directors decided to carry out a capital increase with pre-emptive subscription rights.

It decided to change the Company's governance method by separating the roles of Chairman and Chief Executive Officer. Daniel Bouton was appointed Chairman on May 13, 2008 and Frédéric Oudéa was appointed Chief Executive Officer.

The Board was kept regularly informed of the developments in the **financial and liquidity crisis** and discussed its consequences for the Group. It was notably informed of its effects on the consolidated financial statements, the assets affected by the crisis and the methods for valuing these assets, as well as the Group's liquidity position.

It reviewed the Group's global **strategy** as well as the strategies in the following areas:

- French retail banking networks;
- Asset management;
- Corporate and investment banking;
- Developments in Russia;
- Domestic and international payments.

It deliberated on a number of strategic projects, particularly the creation of a partnership with Banque Postale relating to electronic payment solutions.

The Board reviewed the Group's status with respect to **risk exposure**, and particularly the state of the risk structure; 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 use of an internal ratings approach to credit risk and the Advanced Measurement Approach to operational risk for the calculation of regulatory capital requirements.

In terms of remuneration, the Board reviewed the compensation of the chief executive officers given the change in governance method in May 2008 and the AFEP-MEDEF recommendations in November 2008 (cf. chapter on remuneration below). 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.

Like every year, the Board also 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 pre-emptive 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 the situation is managed in the best interests of the company, its shareholders, its clients, and its employees.

The Special Committee, assisted by audit firm PriceWaterhouseCoopers, held 12 meetings and presented its final report to the General Meeting of Shareholders on May 27, 2008. The Board of Directors approved the Committee's proposals regarding the plan to improve internal controls of market activities and entrusted its Audit Committee with the plan's follow-up.

Audit Committee

Societe Generale has had an Audit Committee since 1995. This Committee fulfils all the duties given to an Audit Committee by directive 2006/43/CE. On January 1, 2009 it was composed of four directors, Ms. Lulin and Messrs. Osculati, Cohen and Wyand, three of whom are independent members, and chaired by Mr. Wyand. Mr Cohen was a member until he resigned in November 2008. Ms Rachou was appointed in September 2008. All the members are specially qualified in the financial and accounting fields, risk analysis and internal control, as they hold, or have held, positions as bankers, chief financial officers or auditors. The Audit Committee plays the following roles:

- 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 for the internal control of 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 (cf. "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 2008

The Audit Committee met eighteen times in 2008. Due to the absence of Mr Cohen for health reasons, from June 2008, the attendance rate was 63% (94% in 2007).

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 Group Chief Risk Officer and the Corporate Secretary on all matters pertaining to risks. Since 2002, one of the chief executive officers has attended part of the meetings called to approve the accounts and has discussed the highlights of the quarter with the Committee. More in-depth presentations are given by other managers on certain subjects, notably the principal risks, asset and liability management, internal control and the financial aspects of planned acquisitions. Training and information sessions are organized in response to internal needs and any outside developments.

In 2008, 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 closely follow the developments in 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. On several occasions it examined the liquidity position and the capital level (Tier One), particularly under the Basel II advanced approach. It also reviewed the Group's securitization portfolio and was presented with the IT expenses and projects and the IT security structure.

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. It also reviewed the operational risk control structure. 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.

In terms of **internal control**, the Committee continued to monitor the deployment of the new Group internal control measures following the amendments to French banking regulations in this area. It was kept informed of the significant incidents observed in the area of compliance. It examined the annual report on internal control. It reviewed the schedule for the General Inspection department and audit teams and the procedures for following up audit recommendations. It reviewed the activity of the subsidiaries' Audit Committees to check the effective application of the Group's rules. Since the Special Committee created following the exceptional fraud completed its mission it has been providing closer monitoring of the "Fighting Back" plan to improve internal controls of market activities.

It was also consulted on the draft responses by the Group to the follow-up letters from the French Banking Commission. 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 2007.

The Committee reviewed several of the Group's business lines, especially in their internal control and risk aspects (Specialized Financial Services and particularly consumer credit, payments and Private Banking).

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 2008.

Compensation Committee

At December 31, 2007, the Compensation Committee was made up of four directors, Messrs. Cicurel, Folz, Ricard and Vandevelde, three of whom are independent. Since May 2008, the Committee has been chaired by Mr Folz, an independent director, who replaced Jeancourt-Galignani when his term of office ended. The Committee:

- draws up and submits to the Board the criteria for determining the remuneration of the chief executive officers, including benefits in kind, personal protection insurance and pension benefits, as well as any compensation received from Group companies; it ensures that 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 plans.

Activity report of the Compensation Committee for 2008

The Compensation Committee met eight times in 2007. The attendance rate of the members was 76% (100% in 2007).

During its meetings, the Committee did the groundwork for the Board's decisions on the remuneration of the chief executive officers. It reviewed the AFEP-MEDEF proposals on the chief executive officers' remuneration and in particular submitted proposals for changes therein to the Board of Directors to take into account the change to the Group's governance method in May 2008 and the AFEP/MEDEF recommendation in November 2008 (cf. "Remuneration of chief executive officers", page 85 of the Registration Document). It was informed of the Executive Committee members' remuneration.

The Committee prepared the appraisals of the chief executive officers and discussed them with the Group's other outside directors. It examined the targets of the chief executive officers submitted to the Board.

It also reviewed the terms of the capital increase reserved for employees. Lastly, the Committee proposed two stock option plans to the Board (cf. "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 the issues pertaining to Corporate Governance. It is responsible for evaluating the Board of Directors' performance.

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 functional division 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 2008

The Nomination Committee met eight times in 2008, with an attendance rate of 83% (95% in 2007).

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 of the Board of Directors' self-assessment of their operation.

The Committee prepared proposals for the appointment of Directors to be submitted at the 2008 General Meeting and in the medium term.

It discussed the change in the Company's governance method (separation of the roles of Chairman and Chief Executive Officer) and submitted its report to the Board.

Appraisal of the Board of Directors and chief executive officers

Each year since 2000, the Board of Directors has devoted part of a meeting to debating the scope of its operations based on the answers provided by the Directors in a questionnaire.

Every three years, a highly detailed questionnaire is handed out 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.

The Board draws conclusions from this assessment as to its composition, its operation and its expectations of the management. The implementation of these findings is reviewed during the next yearly assessment.

At the end of 2007, the Board launched a new assessment of its operations, assisted by a specialized firm. Its results should have been discussed at the end of January 2008, but this was postponed in view of the circumstances. 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.

Some of the suggestions made during this assessment have been put in place: the length of Board meetings has been extended; more time has been earmarked for debates; the committees' yearly schedule is now presented to the Board and the committees report on their work more comprehensively. Other findings were no longer relevant following the arrival of the crisis in early 2008 and the change of governance method.

The Board therefore considered it preferable, for 2008, to conduct an assessment solely of the way in which the crisis was managed and the change in the Company's governance method. This assessment was made by the Secretary of the Board based on interviews that it held with Directors, drawing on a questionnaire approved by the Nomination Committee. A report was then produced, which was debated by the Board on January 20, 2009.

Given the results of this assessment, the Board has decided to improve its analysis of risks and the list of replacements for Directors. It also decided on a range of improvements to the informing of Directors and organization of the Board's debates, in the interests of efficiency. Various changes were also made to the organization of the Statutory Auditors' work with the same aim.

Since 2003, the chief executive officers have undergone a yearly appraisal of the Group's chief executive officers at a meeting of non-staff appointed directors or Group company directors, an appraisal whose conclusions are communicated to the Chairman by the Chairman of the Nomination Committee.

General Meeting

The by-laws (cf. p 394) define the conditions for shareholders' participation in the General Meeting.

A summary of these rules can be found in chapter 11 of the Registration Document.

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 by the General Meeting of May 14, 2007.

The new rules for distributing attendance fees amongst directors are as follows for 2008:

- 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 pro-rata 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.

* *Paragraph « attendance fees paid to Company directors » added following the amendment to the registration document filed with the Autorité des Marchés Financiers on April 8, 2009.*

REMUNERATION POLICY

Group remuneration policy

The Group remuneration policy is defined by the General Management on the proposal of the Group's Human Resources Department, and is validated by the Compensation Committee.

The policy is based on principles and processes common to the whole Group.

The key principles are:

- adopting a global approach to remuneration that takes account of the objectives and context of the core businesses as well as the market context;
- recognizing individual and collective performance;
- promoting employee share ownership to strengthen the cohesion of the Group;
- fitting in with the Group's governance rules and financial principles, and local corporate, legal and fiscal legislation.

In terms of governance, authorizations are in place, requiring the approval of the General Management for certain remuneration decisions. Moreover, the Group HR Department is responsible for coordinating the process for reviewing individual situations (basic salary, performance-linked bonus, stock options and free shares), with a series of validation stages at subsidiary, core business, Group HR Department and finally General Management level. Validation covers both budgets and individual allocations, with the Group HR Department ensuring the consistency of the overall process. The legal and regulatory obligations in force in the various entities and countries are included in this process.

Remuneration principles and individual situation of chief executive officers

Remuneration principles for chief executive officers

The policy aims to seek a balance between rewarding short-term performance (performance-linked bonus) and medium-term performance (allocation of stock options) in order to encourage a continuous, lasting performance. Short-term performance is assessed both on objectivized quantitative performance (performance in relation to peers) and qualitative performance in order to take account of the achievement of objectives assigned to chief executive officers.

At the start of 2007, the Board of Directors decided, at the proposal of the Compensation Committee, to review the remuneration structure for chief executive officers and in particular the different elements used to quantify performance-linked pay, as of fiscal 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 performance-linked 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.

At the beginning of 2008, the remuneration structure for chief executive officers was as follows:

1. a basic salary which may be revised in line with market practices.
2. a performance-linked component, equivalent to a 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 criteria:

- Quantitative criteria, which since 2007, have compared the Group's performance with a sample of fourteen other major listed European banks in terms of the annual variation in earnings per share (EPS). The performance-linked component related to this quantitative analysis may vary between 0% and 140% of the basic salary. The lowest rate corresponds to a variation in EPS which is at least 15 points lower than the average, and the highest rate corresponds to a variation in EPS which is at least 25 points higher than the average, with a level of variation in EPS that is in line with the average corresponding to a rate of 50%. In the event of a particularly low, even negative, variation in EPS, the amount generated by this scale may be lowered by the Board.
- Qualitative criteria, which are based on the achievement of key objectives underpinning the success of the Company's strategy, and set ahead of the fiscal year. The performance-linked component related to these criteria may vary between 0% and 100% of the basic salary.

During 2008, the Board of Directors decided to reduce the maximum amount for performance-linked pay. In the case of the Chairman, the maximum amount for performance-linked pay is 60% of basic salary based on the achievement of objectives set by the Board and the Group's performances. For the Chief Executive Officer and Co-Chief Executive Officers, the maximum amount for performance-linked pay is 200% of the basic salary (vs. 240% in early 2008), with a maximum of 115% of the basic salary for the quantitative criteria (vs. 140% in early 2008) and 85% for qualitative criteria (vs. 100% in early 2008).

The performance-linked component paid to the chief executive officer and deputy chief executive officers is reduced by the amount of attendance fees they may receive, both from Societe Generale Group companies and companies outside the Group of which they are directors.

The Chairman and chief executive officers have their own company car, and enjoy the same benefits in terms of insurance, health cover and death/invalidity insurance as other salaried managers.

Individual remuneration of chief executive officers

SITUATION OF MR DANIEL BOUTON

As Chairman, his basic salary is set at EUR 700,000.

Following the discovery of the exceptional fraud at the beginning of 2008, Mr Bouton relinquished half his basic salary in respect of the 2008 fiscal year. The Board of Directors also decided not to pay him Societe Generale attendance fees for 2007. He received no performance-linked bonus for 2007.

As Chairman, the performance-linked bonus is equal to a percentage of basic pay, which may vary between 0% and 60% based on the achievement of objectives set by the Board and the Group's performances.

At Mr Bouton's suggestion, the Board of Directors' meeting on January 20, 2009 decided not to pay him the performance-linked component in respect of the 2008 fiscal year.

SITUATION OF MR FRÉDÉRIC OUDEA, CHIEF EXECUTIVE OFFICER

The Chief Executive Officer's basic salary is EUR 850,000.

The maximum amount for the Chief Executive Officer's performance-linked component was reduced by the Board of Directors meeting on November 5, 2008 from 240% to 200% of his basic salary, as indicated above.

At Mr Frédéric Oudéa's suggestion, the Board of Directors' meeting on January 20, 2009 decided not to pay him the performance-linked component in respect of the 2008 fiscal year.

CO-CHIEF EXECUTIVE OFFICERS

The remuneration of Mr Citerne and Mr Alix, Co-Chief Executive Officers, remains fixed at respectively EUR 750,000 and EUR 500,000, while the remuneration for Mr Cabannes, Co-Chief Executive Officer, is EUR 400,000.

Following the discovery of the exceptional fraud, Mr Citerne relinquished half his basic salary in respect of the 2008 fiscal year at the beginning of 2008. The Board of Directors' meeting on January 30, 2008 decided not to pay him any performance-linked component for the 2007 fiscal year or Societe Generale attendance fees for 2007.

Mr Alix's performance-linked pay in respect of the 2007 fiscal year and paid in 2008 was decided on by the Board of Directors meeting on April 14, 2008. It amounted to EUR 500,000, to which the Board of Directors added an exceptional bonus of EUR 100,000 for the excellent performances by Retail Banking, which he supervises.

The Board of Directors' meeting on November 5, 2008 reduced the maximum amount of the performance-linked component for Co-Chief Executive Officers to 200% of basic salary instead of 240% previously.

The performance-linked amounts shall be set by the Board in April 2009 after assessing Societe Generale's performance in relation to its peers and the appraisal of Co-Chief Executive Officers based on the qualitative objectives set by the Board.

Allocation of options to chief executive officers

In order to better involve senior managers in the company's long-term development policy, chief executive officers regularly benefit from stock option plans decided by the Board of Directors for employees. However, certain specific rules apply to them and are set out below. The general features of stock option plans are described on pages 89 to 90.

2008 Plan

Regarding the allocation of options to chief executive officers, the Board of Directors meeting on January 30, 2008 decided that, in view of the exceptional fraud discovered in January 2008, no options would be granted to Mr Bouton or Mr Citerne in 2008. Mr Oudéa, Mr Alix and Mr Cabannes received respectively 50,000, 60,000 and 16,145 options in accordance with the terms and conditions described below under the March 21, 2008 plan.

For Mr Oudéa and Mr Alix, chief executive officers at the date of the Board meeting for the allocation of the stock option plan, 60% of the options allocated under the 2008 plan are subject to a performance condition and are acquired under the following terms and conditions:

The performance condition relates to the annualized Total Shareholder Return (TSR or change in stock price and capital dividends) for the Societe Generale share over three years compared with the average annualized TSRs for a panel of 14 banks.

The "change in stock price" is defined as the change between:

1. the arithmetical mean of closing prices observed on trading days from October 1 to December 31, 2007 inclusive, and
2. the arithmetical mean of closing prices observed on trading days from October 1 to December 31, 2010 inclusive.

Using averages is a means of avoiding making the fulfilment of the performance condition dependent on a spot price.

The “average annualized TSRs for the panel of 14 banks” is the arithmetical mean of the annualized TSR of the 7th bank and the annualized TSR of the 8th bank in the panel.

The benchmark sample of banks in the panel consists of the 14 largest banks by market capitalization in the European Economic Area and Switzerland, excluding banking groups controlled by mutual or cooperative companies and those whose Group net income includes a proportion of profits from insurance activities that represents at least 35%.

The number of options acquired is calculated as follows:

- If Societe Generale’s TSR based on this calculation is 10 points lower than the average TSR, no option is acquired.
- If Societe Generale’s TSR is equal to the average TSR, 35% of options are acquired.
- If Societe Generale’s TSR is 15 points higher than the average TSR, 100% of the options are acquired.
- Between -10 points and 0 and between 0 and +15 points, there is a linear increase in the number of options acquired.

In the event of a beneficiary’s death, where the exercise of options is subject to the performance condition, this condition shall be deemed to have been fulfilled.

2009 Plan

The Board of Directors meeting on January 20, 2009 discussed the principle of allocating options to Mr Bouton, Mr Oudéa, Mr Alix and Mr Cabannes. All the options (vs. 60% previously) would be subject to the same performance condition as previous allocations (relative TSR annualized over 3 years); however, there will be a linear increase in allocations between lower and upper limits, with limits of -15 and +15 points versus the average for peers. Where the performance matches the average for the 14 peers, 50% of the stock options are acquired (vs. 61% previously).

The Board of Directors shall decide on the allocation of options and set the price for the exercise of options in March 2009.

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 a minimum number of Societe Generale shares.

In addition and in accordance with the law, chief executive officers are required to hold a proportion of the shares acquired using the options awarded under stock options plans 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 officers exceeds their annual basic salary, by double for the Co-Chief Executive Officers or by three times for the Chairman or Chief Executive Officer, the proportion of shares that must be held until the end of their mandates shall be reduced to 20% of net capital gains.

By decision of the Board of Directors meeting on January 20, 2009, chief executive officers are required to hold a minimum number of Societe Generale shares at the end of a 5-year mandate. The number is as follows:

- 30,000 shares for the Chairman and Chief Executive Officer
- 15,000 shares for deputy chief executive officers.

As long as the minimum number of shares has not been reached, the manager must keep the shares acquired from the exercising of options after deducting the cost of financing the said exercising of options and corresponding social security charges and taxes, as well as the shares acquired under free share plans.

Shares may be held directly or indirectly through the Company Savings Plan.

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

Post employment benefits

Supplementary pension plan(1)

On May 12, 2008, Mr Bouton resigned from his employment contract, which had been suspended since his initial appointment as a chief executive officer. His rights to the supplementary pension plan for the company’s senior managers, which applied to him as an employee prior to his initial appointment as a chief executive officer, were set at that date and shall be liquidated when he is eligible for a French Social Security pension. He has acquired no new right to a supplementary pension since his appointment as Chairman. At May 12, 2008, Mr Bouton had therefore acquired pension rights covered by the company equating to 58.2% of his basic salary in 2007.

Regarding benefits awarded after the end of their mandates, Mr Citerne and Mr Alix retain the benefits of the supplementary pension plan for the company’s senior managers, which applied to them as employees prior to their initial 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

(1) Related party agreements with Messrs. Bouton, Citerne and Alix approved by the General Meetings of 2006, 2007 and 2008.

remuneration in the event of liquidation at the age of 60. 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. A person's pensionable earnings include their basic salary plus a variable component 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 pensions or similar paid by the French Social Security, as well as any other retirement benefits linked to the salaried status of the beneficiaries. 60% of said pension shall be paid to any surviving spouse in the event of the death of a beneficiary.

At December 31, 2008, Mr Citerne and Mr Alix had therefore acquired pension rights covered by the Company equating to respectively 48.4% and 56.8% of their basic salary.

Supplementary pension allocation plan

Mr Oudéa and Mr Cabannes retain the benefits of the supplementary pension allocation plan for senior managers which applied to them as employees prior to their initial appointment as chief executive officers. This supplementary plan was introduced in 1991. It provides beneficiaries, upon the liquidation of their French Social Security pension, with a total pension equal to the product of the following:

- The average, over the last ten years of their career, of the proportion of basic salaries exceeding "Tranche B" of the AGIRC pension augmented by a variable component limited to 5% of basic salary.
- The rate equal to the ratio between a number of annuities corresponding to the years of professional service within Societe Generale and 60.

The AGIRC "Tranche C" pension acquired in respect of their professional service within Societe Generale is deducted from this total pension. The additional allocation paid by Societe Generale is increased for beneficiaries who have raised at least three children, and for those retiring after 60. It may not be less than a third of the full rate service value of the AGIRC "Tranche B" points acquired by the manager since his appointment in Societe Generale's "Outside Classification" category.

The rights are subject to the employee being present in the Company upon liquidation of his pension.

Severance pay

Mr Bouton, Mr Citerne, Mr Alix and Mr Cabannes 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.

In the case of Mr Oudéa, in the event that he leaves the office of Chief Executive Officer,

- he would be bound for one year by a non-compete clause in relation to a listed French bank or financial institution. In exchange, he could continue to receive his basic salary for one year;
- if his departure is not the result of failure or resignation, he would be entitled to compensation equal to the difference between two years' remuneration (basic and performance-linked) – or, in the event of departure before 2010, three years' basic salary without being able to exceed the ceiling of two years' basic and performance-linked pay – and, where necessary, any other compensation due by virtue of leaving office. This compensation would be subject to fulfilment of the performance condition of an average Group ROE after tax (assessed for the two fiscal years preceding his departure) in excess of that achieved by the lowest quartile of Societe Generale's peers (the benchmark sample consisting of the 14 largest banks by market capitalization in the European Economic Area and Switzerland at December 31 of the year preceding his departure); in the event of departure before 2010, the ROE condition is 6% after tax assessed on the last four published quarterly results.

Mr Bouton did not receive any compensation when he ended his term of office as Chairman and Chief Executive Officer and terminated his employment contract on May 12, 2008.

Although the employment contracts held by Mr Citerne, Mr Alix and Mr Cabannes 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.

AFEP/MEDEF recommendations

Societe Generale's Board of Directors has examined the recommendations made by the AFEP/MEDEF (French business confederation) regarding the remuneration of chief executive officers and has decided to apply them. As a result, the Board of Directors has taken the following decisions with regard to the Chief Executive Officer, Frédéric Oudéa:

- The Chief Executive Officer's employment contract, which is currently suspended, shall terminate in 2009 once a new social protection system (additional health cover and personal protection insurance) has been put in place;
- Since the termination of the employment contract will lead to the loss of benefits from the pension plan to which he was entitled as a salaried manager of Societe Generale, he shall receive compensation of EUR 300,000 per year. This compensation shall be paid in addition to the basic salary but shall not be taken into consideration for the calculation of the performance-linked component.

All the stock options allocated to chief executive officers under the 2009 plan shall be subject to a performance condition (vs. 60% previously).

The standardized presentation of chief executive officers' remuneration, drawn up in accordance with AFEP/MEDEF recommendations, is presented below.

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

In the case of the Chairman of Crédit du Nord, the Board of Directors of Crédit du Nord, on the proposal of the Compensation Committee, sets his basic salary and performance-linked pay, which is related 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;
- performance-linked pay, 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 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.

Executive Committee members are required to hold 5,000 Societe Generale shares. As long as the minimum number of shares has not been reached, the manager must keep the shares acquired from the exercising of options as well as the shares acquired under free share plans.

Shares may be held directly or indirectly through the Company Savings Plan.

Each year, Executive Committee members must provide the Board with the necessary information to ensure that these obligations are met in full.

Since 2009, this provision has also applied to Management Committee members, who are required to hold 2,500 Societe Generale shares.

Finally, Executive Committee members have their own company car.

In 2008, remuneration was as follows (in millions of euros):

	Basic salary	Performance-linked pay	Total remuneration
Other members of the Executive Committee at Dec. 31, 2008 [(1)]	EUR 2.92m	EUR 3.48m	EUR 6.40m

(1) These amounts include the salaries of Mrs Marion-Bouchacourt and of Messrs. Gautier, Hauguel, Le Bret, Mattei, Mustier, Péretié, Py, Sammarcelli, Schricke and Valet.

Stock options and free share plans for employees

General policy

At the proposal of the Compensation Committee, the Board of Directors decided in 2003 that each year it would examine the appropriateness of implementing a stock option or free share plan, to be approved, as appropriate, during its meeting in January. In view of the particular circumstances in January 2008 (repercussions of the exceptional fraud) and January 2009 (early communication on the 2008 full-year results), it has been decided to make an exception to this rule in 2008 and 2009.

Following the approval of the General Meeting in 2005, the Board of Directors may allocate free shares to the Group's managers and chief executive officers on top of any options to purchase or subscribe to Societe Generale shares. Furthermore, since 2005, the attribution of these financial instruments has been 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 employee. 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. The third category is aimed at executives whose work has proved extremely valuable for the company. Free shares are also awarded to GIMS and SGCIB personnel as part of the remuneration policy and policy for encouraging staff loyalty.

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 proportionately. Other non-senior managers shall be allocated free shares only. For the first time in 2009, the allocation of free shares has been extended to non-managers and employees outside France.

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.

Finally, the acquisition of stock options and free shares is subject to the beneficiary's presence within the company at the acquisition date and, for certain allocations, to the Group's performance.

2008 Plan

At the proposal of the Compensation Committee, the Board of Directors, at its meeting of March 21, 2008, approved the allocation of stock options and granted free shares to certain members of staff in application of resolution eleven of the General Meeting of May 30, 2006.

As regards the stock option plan, 2,208,920 options were allocated to 1,830 managers, chief executive officers included, representing 0.38% of the share capital. The strike price of these options was set at EUR 67.08, with 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 1,830 beneficiaries, 430 (24%) were women, with subsidiary employees accounting for almost 63% of all beneficiaries. Of the 2,208,920 stock options, 1,021,239 were allocated subject to the achievement of minimum profitability targets, namely earnings per share (EPS) for the Societe Generale Group of more than EUR 15 for the 2010 fiscal year. Senior managers non-resident in France for tax purposes only received allocations in stock options.

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). The definitive acquisition of shares is subject to the beneficiary possessing a valid employment contract at each of the stages. In accordance with French legislation, shares may not be transferred for a period of two years following their definitive acquisition. As regards free shares, 2,984,907 shares were allocated to 4,247 Group senior managers, representing 0.51% of the share capital. Of the 4,247 beneficiaries, 1,186 (28%) were women, with subsidiary employees accounting for almost 24% of all beneficiaries. The allocation of 298,983 shares was subject to the achievement of minimum profitability targets, namely earnings per share (EPS) for the Societe Generale Group of more than EUR 11 for the 2009 fiscal year in the case of the first acquisition tranche, and earnings per share (EPS) for the Societe Generale Group of more than EUR 15 for the 2010 fiscal year in the case of the second tranche. Only beneficiaries resident for tax purposes in France received free shares.

All told, free shares or options were allocated to 5,566 Group senior managers, and 2,492 (45%) of these beneficiaries received awards for the first time.

2009 Plan

At the proposal of the Compensation Committee, the Board of Directors, at its meeting of January 20, 2009, allocated free shares to certain members of staff in application of resolution sixteen of the General Meeting of May 27, 2008. The allocation has been extended to employees who are non-resident for tax purposes in France, and to non-senior managers. The Board meeting on January 20 also discussed the principles and volumes in respect of a stock options plan, as well as the conditions, notably a performance condition, applicable to certain allocations. The Board will come to a decision on the stock options plan in March 2009 in accordance with the principles decided by the Board meeting on January 20.

As regards free shares, 3,090,740 shares were allocated to 4,803 Group senior managers, representing 0.53% of the share capital. Of the 4,803 beneficiaries, 1,500 (31%) were women while 78 non-senior managers received an allocation. 627,446 of the 3,090,740 shares were allocated subject to the fulfillment of a minimum profitability condition, namely the arithmetical mean of the Group's earnings per share (EPS) over the fiscal years 2009 to 2011 is higher or equal to EUR 7.50.

There are two vesting periods according to whether the shares are allocated to beneficiaries resident for tax purposes in France or beneficiaries non-resident for tax purposes in France, this aspect being assessed at the allocation date. For beneficiaries resident for tax purposes in France, the allocation of shares shall become definitive after three years, and for beneficiaries non-resident for tax purposes, in France after four years.

The definitive acquisition of shares is subject to the beneficiary possessing a valid employment contract at each of the stages. In accordance with French legislation, the shares may not be transferred for two years following their definitive acquisition. This last measure does not apply to beneficiaries who are non-resident for tax purposes in France.

SOCIETE GENERALE STOCK OPTION PLANS at December 31, 2008

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	Options vested: Number of options	Options exercisable as of	Shares transferable as of	Expiration date of options
Ordinary options						
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 57.17	1,092	3,614,262	Jan 16, 2005	Jan 16, 2006	Jan 15, 2009
o/w Executive Committee		9	*314,103*			
Apr 22, 2003	EUR 47.57	1,235	4,028,710	Apr 22, 2006	Apr 22, 2007	Apr 21, 2010
o/w Executive Committee		9	*332,911*			
Jan 14, 2004	EUR 64.03	1,550	4,071,706	Jan 14, 2007	Jan 14, 2008	Jan 13, 2011
o/w Executive Committee		9	*472,437*			
Jan 13, 2005	EUR 68.61	1,767	4,397,150	Jan 13, 2008	Jan 13, 2009	Jan 12, 2012
o/w Executive Committee		9	*471,680*			
Jan 18, 2006	EUR 98.12	1,065	1,650,054	Jan 18, 2009	Jan 18, 2010	Jan 17, 2013
o/w Executive Committee		*9*	*465,105*			
Apr 25, 2006	EUR 113.72	143	147,525	Apr 25, 2009	Apr 25, 2010	Apr 25, 2013
o/w Executive Committee		*0*	*0*			
Jan 19, 2007	EUR 121.93	1,076	1,165,286	Jan 19, 2010	Jan 19, 2011	Jan 18, 2014
o/w Executive Committee		*11*	*351,037*			
Conditional redeemable SN options						
Jan 19, 2007	EUR 121.93	3	180,000	Jan 19, 2010	Jan 19, 2011	Jan 18, 2014
o/w Chief Executive Officers		*3*	*180,000*			
Ordinary Options						
Sept 18, 2007	EUR 109.87	159	129,375	Sept 18, 2010	Sept 18, 2011	Sept 17, 2014
o/w Executive Committee		*0*	*0*			
Mar 21, 2008	EUR 67.08	563	1,121,681	Mar 21, 2011	Mar 21, 2012	Mar 20, 2015
o/w Executive Committee		*10*	*84,000*			
Conditional EPS options						
Mar 21, 2008	EUR 67.08	1,267	1,021,239	Mar 21, 2011	Mar 21, 2012	Mar 20, 2015
o/w Executive Committee		*10*	*84,000*			
Conditional redeemable SN options						
Mar 21, 2008	EUR 67.08	2	66,000	Mar 21, 2011	Mar 21, 2012	Mar 20, 2015
o/w Chief Executive Officers		*2*	*66,000*			
Total:			**24,717,659**			
o/w Executive Committee			*3,566,120*			

N.B. In 2001 and 2008, awards were made in the form of stock subscription options. From 2002 to 2007 stock purchase options were awarded.
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.

(*) 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 2001	in 2002	in 2003	in 2004	in 2005	in 2006	in 2007	in 2008	Options cancelled	Options outstanding at end 2008	Unit value IFRS 2 (*)	Potential dilutive effect
	0	0	0	44,250	1,117,434	1,138,411	579,196	34,080	211,300	0		
	0	*0*	*0*	*0*	*261,500*	*351,077*	*32,270*	*0*				
		0	0	180	460,095	1,625,947	451,223	147,835	284,499	644,483	15.85	
		0	*0*	*0*	*28,500*	*148,214*	*34,250*	*57,500*				
			0	0	1,500	1,057,563	1,254,209	124,133	193,525	1,397,780	12.10	
			0	*0*	*0*	*24,538*	*105,096*	*36,000*				
				0	0	2,000	666,150	59,727	115,163	3,228,666	13.65	
				0	*0*	*0*	*0*	*0*				
					0	4,000	0	49,340	185,986	4,157,824	11.73	
					0	*0*	*0*	*0*				
						2,174	0	0	66,299	1,581,581	15.44	
						0	*0*	*0*				
						0	0	0	16,807	130,718	19.40	
						0	*0*	*0*				
							0	0	32,086	1,133,200	23.62	
							0	*0*				
							0	0	0	180,000	12.22	
							0	*0*				
							0	0	8,302	121,073	23.09	
							0	*0*				
								0	15,125	1,106,556	16.57	0.19%
								0				
								0	8,917	1,012,322	13.72	0.17%
								0				
								0	0	66,000	6.35	0.01%
								0				
	0	**0**	**0**	**44,430**	**1,579,029**	**3,830,095**	**2,950,778**	**415,115**	**1,138,009**	**14,760,203**		
	0	*0*	*0*	*0*	*290,000*	*523,829*	*171,616*	*93,500*				0.37%

SOCIETE GENERALE FREE SHARES
at December 31, 2008

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

Shares awarded										
Date of award	**Number of beneficiaries**	**Number of rights**	**Final acquisition as of**	**Shares transferable as of**	**in 2006**	**Shares acquired in 2007**	**in 2008**	**Shares cancelled**	**Shares outstanding at end 2008**	**Unit value IFRS 2 (*)**
Jan 18, 2006	2,058	388,112	Mar 31, 2008	Mar 31, 2010	120		332,441	55,551	0	83.12
Jan 18, 2006	2,058	386,930	Mar 31, 2009	Mar 31, 2011	120	0	69	31,046	355,695	78.30
Sub-total 2006 plan		**775,042**			240	0	332,510	86,597	355,695	
o/w Executive Committee (on the two dates)	*6*	*8,718*								
Jan 19, 2007	2,801	441,035	Mar 31, 2009	Mar 31, 2011		235	83	21,787	418,930	105.72
Jan 19, 2007	2,801	439,958	Mar 31, 2010	Mar 31, 2012		235	83	21,776	417,864	99.08
Sub-total 2007 plan		**880,993**				470	166	43,563	836,794	
o/w Executive Committee (on the two dates)	*9*	*9,808*								
Ordinary rights										
Mar 21, 2008	3,595	1,343,564	Mar 31, 2010	Mar 31, 2012			0	14,622	1,328,942	53.13
Mar 21, 2008	3,595	1,342,354	Mar 31, 2011	Mar 31, 2013			0	14,601	1,327,753	49.62
o/w Executive Committee (on the two dates)	*11*	*9,890*								
Conditional EPS rights										
Mar 21, 2008	1,954	149,697	Mar 31, 2010	Mar 31, 2012			0	1,170	148,527	51.61
Mar 21, 2008	1,954	149,292	Mar 31, 2011	Mar 31, 2013			0	1,168	148,124	41.09
o/w Executive Committee (on the two dates)	*10*	*8,647*					0	31,561	2,953,346	
Sub-total 2008 plan		**2,984,907**								
Total for both plans		**4,640,942**			**240**	**470**	**332,676**	**161,721**	**4,145,835**	
o/w Executive Committee		*37,063*								

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

Standard tables in accordance with AMF recommendations*

Table 1

SUMMARY OF REMUNERATION AND STOCK OPTIONS AND SHARES ALLOCATED TO EACH CHIEF EXECUTIVE OFFICER (3)

	2007 fiscal year	2008 fiscal year
Mr **Daniel BOUTON**, Chairman		
Remuneration *due* for the fiscal year *(detailed in table 2)*	1,250,000	449,935
Value of options allocated during the fiscal year *(detailed in table 4)*	2,689,800	0
Value of performance shares allocated during the fiscal year *(detailed in table 6)*	0	0
Total	**3,939,800**	**449,935**
Mr **Frédéric OUDÉA**, Chief Executive Officer (1)		
Remuneration *due* for the fiscal year *(detailed in table 2)*		618,681
Value of options allocated during the fiscal year *(detailed in table 4)*		521,900
Value of performance shares allocated during the fiscal year *(detailed in table 6)*		0
Total		**1,140,581**
Mr **Didier ALIX**, Co-Chief Executive Officer		
Remuneration *due* for the fiscal year *(detailed in table 2)*	1,106,216	NA
Value of options allocated during the fiscal year *(detailed in table 4)*	1,075,920	626,280
Value of performance shares allocated during the fiscal year *(detailed in table 6)*	0	0
Total	**2,182,136**	**NA**
Mr **Séverin CABANNES**, Co-Chief Executive Officer (2)		
Remuneration *due* for the fiscal year *(detailed in table 2)*		NA
Value of options allocated during the fiscal year *(detailed in table 4)*		0
Value of performance shares allocated during the fiscal year *(detailed in table 6)*		0
Total		**NA**
Mr **Philippe CITERNE**, Co-Chief Executive Officer		
Remuneration *due* for the fiscal year *(detailed in table 2)*	755,712	NA
Value of options allocated during the fiscal year *(detailed in table 4)*	0	0
Value of performance shares allocated during the fiscal year *(detailed in table 6)*	0	0
Total	**755,712**	**NA**

(1) Mr Frédéric Oudéa's mandate as Co-Chief Executive Officer commenced on March 14, 2008 and as Chief Executive Officer on May 13, 2008.

(2) Mr Séverin Cabannes' mandate as Co-Chief Executive Officer commenced on May 13, 2008.

(3) This represents the remuneration due in respect of mandates exercised during the fiscal year

(*) In accordance with standard IAS 33, following the detachment of the pre-emptive subscription right from the Societe Generale shares when the capital increases were performed in Q4 2006 and Q1 2008, the historical per share data have been adjusted for the ratio published by Euronext in order to reflect the attributable portion of the shares after detachment.

Table 2

SUMMARY OF THE REMUNERATION OF EACH CHIEF EXECUTIVE OFFICER (1)

	2007 fiscal year		2008 fiscal year	
	Amounts paid	Amounts due for the fiscal year	Amounts paid	Amounts due for the fiscal year
Mr **Daniel BOUTON**, Chairman				
– basic salary	1,250,000	1,250,000	350,000	449,935
– performance-linked pay (2)	2,003,350	0	0	0
– exceptional remuneration	0	0	0	0
– attendance fees	48,694	0	0	0
– benefits in kind (3)	0	0	0	0
Total	**3,302,044**	**1,250,000**	**350,000**	**449,935**
Mr **Frédéric OUDÉA**, Chief Executive Officer				
– basic salary			612,742	612,742
– performance-linked pay (2)			0	0
– exceptional remuneration			0	0
– attendance fees			0	0
– benefits in kind (3)			5,939	5,939
Total			**618,681**	**618,681**
Mr **Didier ALIX**, Co-Chief Executive Officer				
– basic salary	500,000	500,000	500,000	500,000
– performance-linked pay (2)	687,500	500,000	500,000	NA
– exceptional remuneration (4)	0	100,000	100,000	0
– attendance fees	0	0	0	0
– benefits in kind (3)	6,216	6,216	6,818	6,818
Total	**1,193,716**	**1,106,216**	**1,106,818**	**NA**
Mr **Séverin CABANNES**, Co-Chief Executive Officer				
– basic salary			251,505	251,505
– performance-linked pay (2)			0	NA
– exceptional remuneration (4)			0	0
– attendance fees			0	0
– benefits in kind (3)			6,534	6,534
Total			**258,039**	**NA**
Mr **Philippe CITERNE**, Co-Chief Executive Officer				
– basic salary	750,000	750,000	375,000	375,000
– performance-linked pay (2)	1,209,980	0	0	NA
– exceptional remuneration	0	0	0	0
– attendance fees	36,067	0	0	
– benefits in kind (3)	5,712	5,712	5,718	5,718
Total	**2,001,759**	**755,712**	**380,718**	**NA**

(1) The remuneration is compensation for the duties of chief executive officer. It is expressed in euros gross before tax. Mr Oudéa and Mr Cabannes were paid EUR 241,291 and EUR 412,111 respectively as employees in 2008.

(2) The criteria used to calculate this remuneration are detailed in the chapter on the remuneration of chief executive officers. The performance-linked pay of deputy chief executive officers shall be set at a Board meeting in April 2009.

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

(4) This bonus of EUR 100,000 was awarded to Mr Alix by the Board meeting on April 14, 2008 for the excellent performances by retail banking which he supervised in 2007.

Table 3

TABLE OF ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY NON-CHIEF EXECUTIVE OFFICERS

Non-chief executive officers	Amounts paid during the 2007 fiscal year	Amounts paid during the 2008 fiscal year
Jean AZEMA		
Attendance fees [(a)]	18,391	24,925
Other remuneration	0	0
Michel CICUREL		
Attendance fees	51,219	59,785
Other remuneration	0	0
Elie COHEN		
Attendance fees	82,951	77,680
Other remuneration	0	0
Robert DAY		
Attendance fees	23,442	24,925
Other remuneration		
Jean-Martin FOLZ		
Attendance fees	-	21,136
Other remuneration	0	0
Antoine JEANCOURT-GALIGNANI		
Attendance fees	63,846	67,280
Other remuneration	0	0
Elisabeth LULIN		
Attendance fees	80,426	77,680
Other remuneration	0	0
Gianemilio OSCULATI		
Attendance fees	36,700	80,585
Other remuneration	0	0
Philippe PRUVOST		
Attendance fees [(b)]	36,068	30,735
Other remuneration	0	0
Gérard RÉVOLTE		
Attendance fees [(c)]	13,917	36,545
Other remuneration	0	0
Patrick RICARD		
Attendance fees	48,694	56,880
Other remuneration	0	0
Luc VANDEVELDE		
Attendance fees	11,392	39,450
Other remuneration	0	0
Marc VIENOT		
Attendance fees	36,068	6,695
Other remuneration	0	0
Anthony WYAND		
Attendance fees	77,901	88,080
Other remuneration	0	0
Non-voting director		
Kenji MATSUO		
Attendance fees [(d)]	12,837	13,305
Other remuneration	0	0

(a) Paid to Groupama Vie.

(b) Paid to the Societe Generale SNB trade union.

(c) Paid to the Societe Generale CFDT trade union.

(d) Paid to Meiji Yasuda Life Insurance

Table 4

OPTIONS TO SUBSCRIBE TO OR PURCHASE SHARES AWARDED DURING THE FISCAL YEAR TO EACH CHIEF EXECUTIVE OFFICER BY THE ISSUER AND BY ANY GROUP COMPANY

Name of the chief executive officer	Date of plan	Nature of the options (purchase or subscription)	Value of the options using the method for the consolidated financial statements (1)	Number of options allocated during the fiscal year	Strike price	Exercise period
Daniel Bouton	Mar. 21, 2008	Subscription	16.57	0	EUR 67.08	Mar. 21, 2011-Mar. 20, 2015
Frédéric Oudéa	Mar. 21, 2008	Subscription	16.57	20,000	EUR 67.08	Mar. 21, 2011-Mar. 20, 2015
Frédéric Oudéa (2)	Mar. 21, 2008	Subscription	6.35	30,000	EUR 67.08	Mar. 21, 2011-Mar. 20, 2015
Philippe Citerne	Mar. 21, 2008	Subscription	16.57	0	EUR 67.08	Mar. 21, 2011-Mar. 20, 2015
Didier Alix	Mar. 21, 2008	Subscription	16.57	24,000	EUR 67.08	Mar. 21, 2011-Mar. 20, 2015
Didier Alix (2)	Mar. 21, 2008	Subscription	6.35	36,000	EUR 67.08	Mar. 21, 2011-Mar. 20, 2015
Séverin Cabannes	Mar. 21, 2008	Subscription	16.57	16,145	EUR 67.08	Mar. 21, 2011-Mar. 20, 2015

(1) This value corresponds to the value of the options at the time of their allocation and in accordance with IFRS 2, after taking account of any discount related to performance criteria and the probability of presence within the company at the end of the vesting period, but prior to the effect of spreading the expense over the vesting period under IFRS 2.

(2) Options allocated subject to performance conditions. See details on page 86.

Table 5

OPTIONS TO SUBSCRIBE TO OR PURCHASE SHARES EXERCISED DURING THE FISCAL YEAR

Name of the chief executive officer	Date of plan (1)	Number of options exercised during the fiscal year	Strike price
Daniel Bouton	Jan. 16, 2002	45,500	EUR 57.17
Daniel Bouton	Apr. 22, 2003	36,000	EUR 47.57
Frédéric Oudéa		No exercises in 2008	
Philippe Citerne		No exercises in 2008	
Didier Alix		No exercises in 2008	
Séverin Cabannes		No exercises in 2008	
Total		**81,500**	

(1) Date of Board meeting

Table 6

PERFORMANCE SHARES ALLOCATED TO EACH CHIEF EXECUTIVE OFFICER (1)

Performance shares allocated during the fiscal year to each chief executive officer by the issuer	Date of plan (2)	Number of shares allocated during the 2008 fiscal year	Value of shares (3)	Acquisition date	Availability date	Performance conditions
	N/A: NO FREE SHARES UNDER THE MANDATE					
Total						

(1) Performance shares are free shares allocated to chief executive officers in accordance with articles L.225-197-1 and following of the French commercial code, and are subject to the additional requirements provided for by the AFEP/MEDEF recommendations of October 2008.

(2) Date of Board meeting

(3) Value of the shares at the time of their allocation and in accordance with IFRS 2, after taking account of any discount related to performance criteria and the probability of presence within the company at the end of the vesting period, but prior to spreading the expense over the vesting period under IFRS 2.

Table 7

PERFORMANCE SHARES DEFINITIVELY ALLOCATED DURING THE FISCAL YEAR FOR EACH CHIEF EXECUTIVE OFFICER (1)

	Date of plan	Number of shares that have become available during the fiscal year
	N/A: NO FREE SHARES UNDER THE MANDATE	
Total		

(1) Performance shares are free shares allocated to chief executive officers in accordance with articles L.225-197-1 and following of the French commercial code, and are subject to the additional requirements provided for by the AFEP/MEDEF recommendations of October 2008.

Table 8

RECORD OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED INFORMATION ON SUBSCRIPTION OR PURCHASE OPTIONS*

Date of General Meeting	May 30, 2006	May 30, 2006	Apr. 29, 2004	Apr. 29, 2004	Apr. 23, 2002	Apr. 23, 2002	May 13, 1997
Date of Board meeting	Mar. 21, 2008	Jan. 19, 2007	Jan. 18, 2006	Jan. 13, 2005	Jan. 14, 2004	Apr. 22, 2003	Jan. 16, 2002
Total number of shares (1) available for subscription or purchase	2,208,920	1,345,286	1,650,054	4,397,150	4,071,706	4,030,221	3,614,262
of which the number available for subscription or purchase by chief executive officers (2)							
Chief executive officer 1: Daniel Bouton	0	160,296	129,214	131,185	131,185	114,524	95,482
Chief executive officer 2: Frédéric Oudéa	50,000	13,403	15,331	23,505	19,679	15,799	10,086
Chief executive officer 3: Philippe Citerne	0	96,178	71,068	72,153	72,153	63,730	50,339
Chief executive officer 4: Didier Alix	60,000	64,119	31,833	46,463	49,196	38,227	28,000
Chief executive officer 5: Séverin Cabannes	16,145						
Starting date for exercising options	Mar. 21, 2011	Jan. 19, 2010	Jan. 18, 2009	Jan. 13, 2008	Jan. 14, 2007	Apr. 22, 2006	Jan. 16, 2005
Expiry date	Mar. 20, 2015	Jan. 18, 2014	Jan. 17, 2013	Jan. 12, 2012	Jan. 13, 2011	Apr. 22, 2010	Jan. 15, 2009
Subscription or purchase price (3)	67.08	121.93	98.12	68.61	64.03	47.57	57.17
Exercise procedures (where the plan includes several tranches)							
Number of shares subscribed at Dec. 31, 2008	0	0	2,174	53,340	727,877	2,435,894	2,685,280
Total number of cancelled or lapsed subscription or purchase options	24,042	32,086	66,299	185,986	115,163	195,036	284,499
Subscription or purchase options outstanding at end of fiscal year	2,184,878	1,313,200	1,581,581	4,157,824	3,228,666	1,397,780	644,483

(1) The exercise of an option entitles the beneficiary to one SG share. This table takes account of adjustments following capital increases. This line does not take into account the options exercised since the attribution date.

(2) Mr Oudéa and Mr Cabannes were appointed chief executive officers in 2008.

(3) The subscription or purchase price is equal to the rounded average market price of the Societe Generale share during the twenty trading days preceding the meeting of the Board of Directors.

(*) The table only covers the plans under which the chief executive officers have been granted options.

Table 9

SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO THE TOP TEN EMPLOYEES WHO ARE NON-CHIEF EXECUTIVE OFFICERS AND OPTIONS EXERCISED BY THE LATTER

	Total number of options allocated/shares subscribed or purchased	Weighted average price
Options awarded, during the fiscal year, by the issuer and any company included in the scope for the allocation of options, to the ten employees of the issuer and any company included in this scope, whose number of options awarded is highest	723,330	22.01
Options held in respect of the issuer and the companies referred to previously and exercised during the fiscal year by the ten employees of the issuer and those companies, whose number of options purchased or subscribed is highest	107,138	56.32

Table 10

POSITION OF CHIEF EXECUTIVE OFFICERS

	Mandate dates		Employment contract (1)		Additional pension plan (2)		Compensation or benefits due or likely to be due as a result of leaving office or changing positions		Compensation relating to a non-compete clause (3)	
	start	end	yes	no	yes	no	yes	no	yes	No
Daniel Bouton Chairman	1993			X	X			X		X
Frédéric Oudéa Chief Executive Officer (4)	2008		X		X		X		X	
Didier Alix Co-Chief Executive Officer	2006		X		X			X		X
Séverin Cabannes Co-Chief Executive Officer	2008		X		X			X		X
Philippe Citerne Co-Chief Executive Officer	1997		X		X			X		X

(1) As a mandate as chief executive officer may not be held together with an employment contract, the only persons concerned by the AFEP/MEDEF recommendations are the chairman of the Board of Directors, the Chairman and Chief Executive Officer and Chief Executive Officer in companies with a Board of Directors.

(2) Details of additional pension plans can be found on pages 87 and 88. Mr Daniel Bouton has not been granted any additional rights under this plan since May 12, 2008.

(3) Details of non-compete compensation can be found on pages 87 and 88.

(4) The Chief Executive Officer's employment contract, which is currently suspended, shall terminate in 2009 once a new social protection system (additional health cover and personal protection insurance) has been put in place.

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 1 transaction on the following date:

Subscription to shares/other financial instruments
Feb. 21, 2008

Daniel BOUTON, Chairman, performed 13 transactions on the following dates:

Disposal of shares	Acquisition of shares/other financial instruments
July 3, 2008	
July 3, 2008	July 3, 2008
Aug. 6, 2008	
Aug. 6, 2008	Aug. 6, 2008
Sept. 4, 2008	Sept. 4, 2008
Sept. 4, 2008	
Oct. 2, 2008	Oct. 2, 2008
Oct. 2, 2008	
Oct. 6, 2008	

Didier ALIX, Co-Chief Executive Officer, performed 2 transactions on the following dates:

Acquisition of shares/other financial instruments	Subscription to shares/other financial instruments
Feb. 21, 2008	Feb. 22, 2008

Related parties linked to Didier ALIX, Director, performed 1 transaction on the following date:

Acquisition of shares
Feb. 26, 2008

Michel CICUREL, Director, performed 1 transaction on the following date:

Subscription to shares/other financial instruments
Mar. 12, 2008

Philippe CITERNE, Director until May 27, 2008, Co-Chief Executive Officer, performed 1 transaction on the following date:

Subscription to shares/other financial instruments
Feb. 27, 2008

Elie COHEN, Director, performed 1 transaction on the following date:

	Subscription to shares/other financial instruments
	Mar. 11, 2008

Robert A. DAY, Director, performed 10 transactions on the following dates:

	Disposal of shares	Disposal of other financial instruments
	Jan. 9, 2008	Feb. 25, 2008
	Jan. 18, 2008	Feb. 28, 2008
	June 12, 2008	Feb. 29, 2008
	June 12, 2008	
	June 13, 2008	
	June 16, 2008	
	Oct. 3, 2008	

Related parties linked to Robert A. DAY, Director, performed 24 transactions on the following dates:

	Disposal of shares	Disposal of other financial instruments
	Jan. 10, 2008	Feb. 25, 2008
	Jan. 10, 2008	Feb. 25, 2008
	Jan. 18, 2008	Feb. 25, 2008
	June 12, 2008	Feb. 25, 2008
	June 12, 2008	Feb. 25, 2008
	June 13, 2008	Feb. 25, 2008
	June 12, 2008	Feb. 28, 2008
	June 12, 2008	Feb. 28, 2008
	June 13, 2008	Feb. 28, 2008
	June 12, 2008	Feb. 29, 2008
	June 12, 2008	Feb. 29, 2008
	June 13, 2008	Feb. 29, 2008

Jean-Martin FOLZ, Director, performed 1 transaction on the following date:

	Subscription to shares/other financial instruments
	Feb. 27, 2008

Antoine JEANCOURT-GALIGNANI, Director, performed 1 transaction on the following date:

	Subscription to shares/other financial instruments
	Mar. 13, 2008

Elisabeth LULIN, Director, performed 2 transactions on the following dates:

	Disposal of other financial instruments	Subscription to shares/other financial instruments
	Feb. 29, 2008	Feb. 29, 2008

Patrick RICARD, Director, performed 1 transaction on the following date:

	Subscription to shares/other financial instruments
	Feb. 27, 2008

Luc VANDEVELDE, Director, performed 1 transaction on the following date:

	Subscription to shares/other financial instruments
	Mar. 13, 2008

Related parties linked to Anthony WYAND, Director, performed 1 transaction on the following date:

	Subscription to shares/other financial instruments
	Feb. 21, 2008

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 the 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 and July 2, 2008. 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 2008

	Ernst & Young Audit				Deloitte & Associés			
	Amount (excl. taxes)		%		Amount (excl. taxes)		%	
(In thousands of euros)	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Audit								
Statutory audit, certification, examination of parent company and consolidated accounts								
Issuer	4,700	2,459			6,222	4,244		
Fully consolidated subsidiaries	10,039	10,048			9,948	6,872		
Related assignments								
Issuer	456	636			502	655		
Fully consolidated subsidiaries	1,183	765			1,316	589		
Sub-total	16,377	13,908	99.83%	99.14%	17,989	12,360	99.59%	99.87%
Other services								
Legal, fiscal, social	24	0			33	0		
Other (specify if > 10% of audit fees)	4	121			41	16		
Sub-total	28	121	0.17%	0.86%	73	16	0.41%	0.13%
Total	**16,405**	**14,029**	**100.00%**	**100.00%**	**18,062**	**12,376**	**100.00%**	**100.00%**

REPORT OF THE CHAIRMAN ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES[1]

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 policy that plays an important role in ensuring the sustainability of activities. It forms part of a strict regulatory framework defined at a national level, and is also the focus of various projects at an international level (Basel Committee, European Union). Internal control concerns all areas of the Group. Indeed, while the primary responsibility therein lies with the operational staff, a number of support departments are also involved, notably the Risk Division, the Corporate Secretary (notably in charge of Compliance), all of the Group's finance departments together with the Internal Audit Department and the General Inspection Department.

These entities all contributed to the production of this report. The Report of the Chairman was approved by the Board of Directors after being examined by the Audit Committee.

Banking activities are exposed to many types of risks

Given the diversity and ongoing evolution of its activities, the Group is exposed to a wide range of risks. These risks can be grouped into five categories:

- **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 commitments;
- **market risk**: risk of loss resulting from changes in market prices and interest rates, in the correlation between these elements and in 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;
- **operational risks** including legal, compliance, accounting, environmental and reputational risks, 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 loss risk.

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

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, which is updated regularly. This text, which applies to all credit institutions and investment companies, defines the concept of internal control, together with a number of specific requirements relating to the 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 various directives, one of which establishes the general framework for the Group's internal control, another which constitutes the Group Audit Charter, while the others relate to the work of the Risk Division, the management of credit risks, market risks, operational risks, structural risks (interest rate, exchange rate, liquidity) and the management of compliance risks.

These directives define internal control as those resources that enable the Group's General Management to ascertain whether the transactions carried out and the organization and procedures in place within the Company are compliant with the

(1) The report entitled "Report of the Chairman on Internal Control Procedures" until 2007 is now entitled "Report of the Chairman on Internal Control and Risk Management Procedures" in light of the amendment to Article L 225-37 of the French Commercial Code. The "Corporate Governance" section of this report is on pages 79 to 104.

legal and regulatory provisions in force, professional and ethical practices, internal regulations and the policies defined by the Company's executive body. Internal control is designed to:

- 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.

The players involved in risk management and control

The risk management organization and procedures are defined at the highest management level

Group risk management is governed by two main bodies: the Board of Directors and the Risk Committee.

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

ROLE OF THE BOARD OF DIRECTORS' AUDIT COMMITTEE(1)

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.

As such, the Committee is responsible for the following:

- 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;
- 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 to these letters.

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.

The Risk Committee is chaired by the General Management and meets at least once a month with the Executive Committee. The object of these meetings is to define the framework required to manage risk, review changes in the characteristics and risks of Group portfolios and decide on any necessary strategic changes. The Group also has a Major Risks Committee, which focuses on reviewing areas of substantial risk exposure (on individual counterparties or segments of a portfolio).

Under the authority of the General Management, the Group's functional departments, which are independent from the operational departments, are dedicated to the management and permanent control of risks.

The functional departments provide the Group's Executive Committee with all the information needed to assume its role of managing the Group's strategy, under the authority of the Chief Executive Officer.

With the exception of the business lines' Finance Departments, all these departments report directly to the Group's General Management or Corporate Secretary (who in turn reports directly to the General Management), also responsible for compliance in the Group.

- **the Risk Division,** which is responsible for identifying and monitoring all risks (credit, market, operational) 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 (structural interest rate and exchange rate risks);
- **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;

(1) The Board of Directors' internal regulation was amended on February 17, 2009. The new regulation, available in the Registration Document, therefore applies from that date.

- **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 compliance 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;
- **the Group Information Systems Division,** which is responsible for information system security.

The permanent supervision of their activities by operational staff forms the cornerstone of the permanent control within Societe Generale Group.

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, in order to reinforce the consistency of this system at Group level.

The Internal Audit Department's main role is to periodically assess the efficiency of the internal control system employed by the entity to which it is attached

All Group activities and entities have an Internal Audit Department, which is authorized to inspect all aspects of their 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.

The system is made up 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,** which is hierarchically attached to the General Management.

Managing and assessing risks

The Board of Directors and Audit Committee

First and foremost, the **Board of Directors** defines the Company's strategy by assuming and controlling the risks, and ensures that it is applied. In particular, the Board of Directors ensures the adequacy of the Group's risk management infrastructures, controls the overall risk exposure of the Group's activities and approves the annual risk budgets for market and credit risks. Once a year (and more frequently if necessary), the General Management makes a presentation to the Board of Directors on the key aspects and major developments in the Group's risk management strategy.

Within the Board of Directors, the **Audit Committee** is responsible for examining the consistency of the internal framework for monitoring risks and ensuring compliance with the framework that has been established and with existing laws and regulations. The Committee, which benefits from specific presentations by the General Management, examines the control procedures for certain market risks and the structural interest rate risk. It is also consulted on the setting of risk limits. Additionally, the Committee formulates an opinion on the Group's global provisioning policy, as well as on specific provisions relating to large sums. Lastly, it examines the risk assessment and control procedures report which is submitted to the Banking Commission each year.

Managing the risks related to the growth of activities

A FORMALIZED ACQUISITION PROCESS

In light of the risks inherent in the acquisition of new entities, the Group has implemented a clear set 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 prospects are, in terms of both cost synergies and earnings growth;
- the conditions for 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 and the General Management.

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, Executive Committee, General Management). 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.

In addition, the Group Audit Committee and the Board of Directors monitor strategic acquisitions. In April 2008, a summary of the acquisitions carried out in 2007 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 NEW PRODUCT COMMITTEE

Each department is responsible for ensuring that all new products and activities or products under development are submitted to the New Product Committee. 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.

The Group Risk Division

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

Accordingly, the Risk Division is responsible for:

- identifying the financial (credit and market risks) and operational risks borne by the Group;
- defining and validating the methods and procedures for analyzing, measuring, approving and monitoring risks;
- ensuring risk information systems are adequate, managing risk portfolios and monitoring cross-disciplinary risks;
- anticipating levels of risk provisioning for the Group.

Furthermore, it also assists in the appraisal of risks incurred on transactions proposed by the Group's sales managers.

The remuneration of Risk Division staff is not based on the performances of the activities for which they provide risk management, in line with international financial community policy.

PROCEDURES FOR COUNTERPARTY RISKS:

- based on recommendations from the Risk Division, the Risk Committee sets specific concentration limits it deems appropriate for different countries, geographic 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;
- the most fragile counterparties and/or those most sensitive to the crisis were subject to upstream preventative measures and more stringent daily management (placed under watch, authorizations adjusted, ratings downgraded, regular information on the development of the situation submitted to the Group's Executive Committee).

PROCEDURES FOR MARKET RISK:

- the Board of Directors approves the main limits defined by the Risk Committee based on the Risk Division's recommendations;

In 2008, the seriousness of the financial crisis prompted the Board of Directors to review the Group's market risk policy and in particular risk limits.

- the models are being constantly improved and are regularly enhanced, notably in order to taken into account new risk factors;

OPERATIONAL RISKS

Operational risks are managed by the operational risk unit, which comprises the Operational Risk Department (attached to the Risk Division) and teams in charge of operational risk management and control within the operating and functional divisions.

The unit's role is to:

- define and implement the operational risk management strategy;
- 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 operational risk management culture;
- 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 unit, the Operational Risk Department ensures the cross-business monitoring and management of the Group's operational risks and is responsible for all reporting to the General Management, Board of Directors and the French Banking Commission. It also endeavors to improve the consistency and integrity of the system, ensuring it complies with current and future regulatory provisions.

The operating risk unit's roles and resources were increased in 2008, notably through the following measures:

- reinforcing the unit's human resources, both in qualitative and quantitative terms, targeting growth of more than 25% over two years;
- strengthening operational risk management and reporting (notably in risk mapping and action plan follow-up);
- enhancing the operational risk culture (training and employee awareness initiatives).

BUSINESS CONTINUITY AND CRISIS MANAGEMENT

The Business Continuity Plan (BCP) function is attached to the Operating Risk Department. It is committed to constantly improving the Group's business continuity plans, notably by testing them on a regular basis.

A Crisis Management function, which is separate from the BCP function, strengthens the incorporation of this specific issue within the Group and the implementation of appropriate tools and measures.

Risk quantification procedures and methodologies

Societe Generale Group dedicates significant resources to adapting its risk management and monitoring methods and bringing them up to date.

The Internal Rating Based Approach (AIRB) has been used since early 2008 to calculate regulatory capital requirements with regard to credit risk. The system for monitoring ratings models is operational, in line with Basel II requirements.

As part of the governance of Group internal models, this system provides for an annual review of all models by modeling entities, then by an independent validation entity. The conclusions from these reviews are then submitted to a Model Committee and an Expert Committee for approval, which may lead, when necessary, to models being overhauled. During 2008, this system did not undergo any major changes, but developments to certain models are scheduled for 2009.

Moreover, the development of models was continued in order to broaden the scope of assets covered by the internal ratings and advanced measurement approaches. These models were submitted to the French Banking Commission for approval, with a view to using them to calculate regulatory capital requirements.

Certain portfolios or subsidiaries (essentially subsidiaries located in emerging countries) are continuing to use the standard method for the time being. A plan for the future transfer of these entities to the AIRB has been presented to the Banking Commission and covers the period up until 2015.

In terms of operational risk, the system is in the production stage. The integration of the AMA (Advanced Measurement Approach) model into the system for collecting internal losses and scenario analyses means that the Risk Committees can be presented with regular simulations for the calculation of regulatory capital requirements so as to monitor the main changes in Group capital. The AMA operational risk model was immediately adapted in order to take into account the extreme loss generated in January 2008 following the fraud suffered by the Group when estimating risk. This adaptation was approved by the Banking Commission and the new estimate was taken into account in the first calculation of regulatory capital requirements under Basel II regulations.

As part of the Basel II project, and alongside the work on Pillar I, a work program was launched jointly by the Finance Division and the Group Risk Division in order to prepare for the changes caused by reforms to the regulations governing capital management and risk assessment: this work is part of the implementation of Pillar II. In addition to the economic capital measures, the Group reinforced its stress test system (which historically comprised specific stress tests by type of risk) with overall stress tests including the Group's entire risk profile. Moreover, analyses are also regularly carried out aimed at measuring and managing the capital requirement linked to the current cyclicity caused by the Basel II standards, which are more sensitive to credit cycles. This work is used in capital management in the Basel II environment. All methodological work done as part of the implementation of Pillar II, its results and taking the work into account in the Group's operational management, was reviewed from September to December 2008 by a Committee of European Banking Supervisors (CEBS). Lastly, in order to comply with the requirements of Pillar III, the Group published, for the first time in early 2009, additional quantitative and qualitative financial information on its credit portfolio.

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 since 2007 with methods based on maximum risk scenarios (the Credit VaR, which is a 99% fractile calculated using statistical models, and stress tests defined on the basis of hypothetical macro-economic scenarios) to further 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. Moving to the Basel II environment has not led to any major changes regarding the calculation of capital requirements with respect to market risk.

Lastly, its **information systems are regularly upgraded** to accommodate changes in the products processed and the associated risk management techniques, both at a local level (at the banking entities) and within the central Risk Division. As an example, a data warehouse dedicated to modelers was implemented, enabling recurring data preparation tasks to be automated, data management to be secured and streamlined, and ensuring that processing can always be audited.

Internal risk control

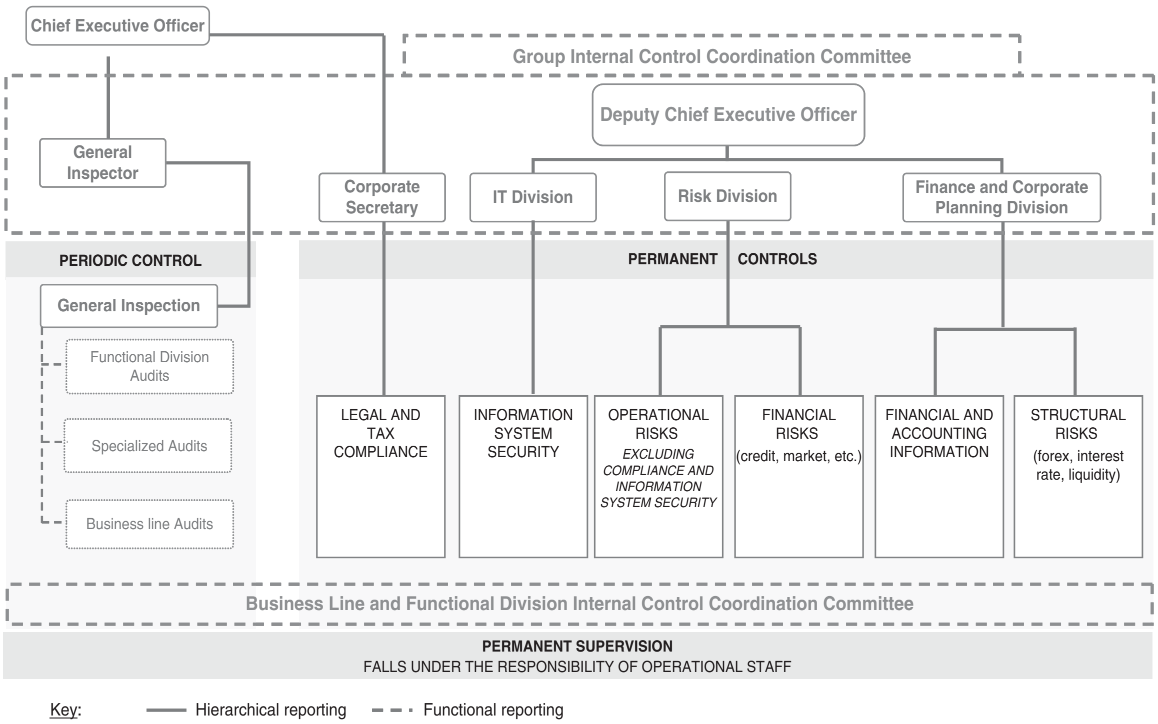
Coordinating the control system at a Group level and rolling it out to each Core Business and Functional Division

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.

A Deputy Chief Executive Officer (Philippe Citerne until September 2008 and then Séverin Cabannes) is responsible for ensuring the overall consistency and efficiency of the internal control system. He chairs the **Internal Control Coordination Committee (Group CCCI)** which meets eight times per year and is attended by the Corporate Secretary, the Head of Risk Management, the Chief Financial Officer, the Group Chief Information Officer and the Head of Group Internal Audit.

Following a decision by the Group's Executive Committee, all of the Group's business lines and functional divisions have an Internal Control Coordination Committee. Chaired by the head of the core business or functional division, these Committees bring together the competent heads of periodic and permanent control for the core business or functional division, as well as the Head of Group Internal Control Coordination and the heads of the Group-level control functions. The structure implemented at Group level to coordinate the actions of participants in internal control is rolled out to all core businesses.

The permanent and periodic control systems as well as the role of different participants are covered in other sections of this report.



Permanent control

THE FIRST LEVEL OF RESPONSIBILITY FOR PERMANENT CONTROL LIES WITH THE GROUP'S OPERATING STAFF

The permanent supervision of their activities by operational staff forms the cornerstone of the permanent control process. It is defined as all of the measures taken on a permanent basis to ensure the compliance, security and validity of transactions performed at operational level. As such, 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, operational 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.

As detailed further in the report of its Chairman on internal control and risk management procedures, Crédit du Nord completes its system with second-level permanent controls, carried out by staff with that exclusive responsibility, and which are aimed at ensuring that all regulations in effect under the permanent supervision system are applied.

AT THE SAME TIME, THE FUNCTIONAL DIVISIONS CONTRIBUTE TO THE PERMANENT CONTROL OF THE GROUP'S TRANSACTIONS

The Risk Division, with contacts in the Group's business lines and subsidiaries, is responsible for implementing the credit, market and operational risk management system and ensuring risks are monitored in a coherent fashion across the Group.

SOCIETE GENERALE GROUP'S RISK FUNCTION COMPRISES MORE THAN 3,300 STAFF DEDICATED TO RISK MANAGEMENT AND PERMANENT CONTROL ACTIVITIES:

- 800 in the Group Risk Division,
- 2,500 in the Group's different businesses and subsidiaries.

During 2008, it was decided to restructure the Risk Division in order to draw conclusions from the recent events that had affected Societe Generale and its environment (financial crisis, fraudulent transactions on market activities) and to adjust risk management based on the Group's development. The main objectives of this new structure, which has been in place since January 1, 2009, are:

- within the Risk Division, to strengthen the proactive management of all Group risks, by bringing together the portfolio risk research and analysis teams, while improving alert systems and procedures;
- to better combine the market, credit and liquidity approaches, by grouping together the management of market risks with issuer and credit risks, which are the underlying risks on securitization products;
- within the asset management arm, to strengthen the independence of the market and liquidity risk management function with regard to operational entities;
- to unite the teams responsible for real estate loan risks;
- to adapt risk monitoring to the increasing proportion of individual and business customers;
- to reinforce the prevention and monitoring of operational risks.

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

In the case of counterparty risks and in response to the crisis affecting financial institutions, the Group has implemented, as from end-2007, an enhanced supervision system for the management of its limits and exposures to bank counterparties;

IN THE CASE OF MARKET RISK:

- positions and risks taken in the course of the Group's market activities are subject to permanent and independent monitoring; these positions and risks are compared with the defined limits, including an alert system, for all activities;
- monitoring and checks on gross nominal position amounts (based on alert thresholds which apply to all instruments and desks) helps to detect any possible rogue trading;
- 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 regularly;
- precise methods for measuring risks have been defined;
- the Risk Division validates the valuation models used to calculate risks, transaction results and the amount of reserves;
- an annual report summarizing all key events in terms of market risk – and in particular the use of limits – is sent to the General Management and the business line management teams.

These procedures are regularly adapted to accommodate changes in regulations, the rapid growth of increasingly sophisticated businesses and new risk factors. Some controls are further reinforced through targeted action plans.

IN THE CASE OF OPERATIONAL RISKS:

A unified set of procedures, tools and methodologies has been implemented. This enables the Group to 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 is to identify and measure the Group's exposure to the different categories of operational risk in order to accurately map the levels of intrinsic and residual risk (i.e. having taken into account the quality of risk prevention and control systems);
- Key Risk Indicators or KRIs, which provide upstream 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 following the materialization of operational risks.

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.

An information systems security manager coordinates the risk control related to information systems at Group level

Fully conscious of the increasing exposure of its information systems to external risks as a result of the growing number of sales channels such as the Internet, Societe Generale has maintained and reinforced its different organizational, monitoring and communication initiatives relating to information systems security. **The security system is coordinated by a Group information systems security manager** and has been rolled out within the Group's different business divisions. At 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 or risks. It is governed by the "Strategic Security Initiatives" validated by the General Management and all businesses which are part of the Functional Division Supervision Committee.

The need to adapt the information system security network to the risks inherent to banking activity has been taken into account, especially within the framework of operational risk management. A four-year security action plan, covering major security initiatives, was approved in July 2008 and will be monitored on a biannual basis by the Group's Executive Committee. Moreover, 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.

Structural risk (interest rate and exchange rate) management comes under the responsibility of the Group Finance Division

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

The Group Finance 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.

Each entity is responsible for its interest rate and exchange rate risks, complying with Group standards and the limits set by the Group Finance Division. The entities' Finance Divisions are responsible for monitoring and managing this risk, preparing the necessary reports and analyzing structural risks.

The Group's Corporate Secretary is responsible for the consistency and efficiency of the Group's compliance control system.

He is assisted in this role by a Group compliance committee notably comprising the individual heads of compliance appointed within each business line, who carry out similar functions at local level via a co-ordinated network and organizational structure. Clear roles and responsibilities have also been defined for the Group's subsidiaries, branches 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 distribution 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.

Finally, 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 Internal Audit Departments cover all entities within the Group

The Internal Audit is a system designed primarily to periodically evaluate the efficiency of the internal controls employed by the entity to which it is attached. All Group activities and entities have an Internal Audit Department, which is authorized to inspect all aspects of their 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.

The system is made up 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**, which is hierarchically attached to the General Management.

KEY FIGURES(3)

The Group's Internal Audit Departments comprise some 1,300 members of staff.

The Group employs almost 1,150 auditors, 75% of whom are employed in Retail Banking, 11% in Corporate and Investment Banking, 9% in Global Investment Management and Services, with the remainder responsible for specialized audit assignments (accounting, legal, etc.).

The General Inspection Department, for its part, employs 150 members of staff including 111 inspectors and controllers.

Each Group business line has its own Internal Audit Department and Head of Audit, who reports directly to the division manager. The chief auditor has hierarchical and functional authority over all the auditors in the business line. The system also includes an Audit Department for the Functional Departments, which reports to the Group's Corporate Secretary.

Each internal audit department regularly identifies the areas of risk to which its business line is exposed. It then defines an annual schedule of audits to make sure that the exposure is covered in full. Entities within Societe Generale's Retail Banking Network, for example, are audited on average every 18 months, whilst in the Corporate and Investment Banking Division, highest-risk entities are audited around 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.

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 Functional Department 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, reports its findings, 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 General Management.

Furthermore, the General Inspection is one of the main departments responsible for ensuring that the internal control system implemented across Societe Generale and its subsidiaries is both consistent and effective.

To do this, the General Inspection Department:

- audits the various Functional Departments 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 to 5 per year) 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 Head of Audit for each business line or functional department and the specialized audit managers. He manages all audit-related activities (consistency of recommendations and methods, implementation of shared

(3) Average headcount for 2008

tools). 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 or main Group subsidiary 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 by the audit department 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 annual 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 Board of Directors' Audit Committee has the task of examining the draft accounts which are to be submitted to the Board, as well as verifying the conditions under which they were prepared and ensuring not only the relevance but also the consistency of the accounting principles and methods applied. The Statutory Auditors meet with the Audit Committee during the course of their assignment.
- The Group Finance Department gathers all accounting and management data compiled by the subsidiaries and business lines 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.).
- 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; within the Finance Division of Corporate and Investment Banking, the Product Control Department (PCG) created in November 2008 is now more specifically responsible for guaranteeing the production and independent validation of Corporate and Investment Banking's income statement and balance sheet;
- 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.

Above and beyond its role of consolidating the Group's accounting and financial information, the Group Finance Department is also entrusted with large-scale audit 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 statements, management and regulatory reports for the Group 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. The creation of the Product Control department within the Corporate and Investment Banking Finance Department in November 2008 is an integral part of this action plan and will contribute to strengthening controls, auditability and the accounting quality of the income statement and balance sheet of this core business which will be made possible by these investments.

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 justification 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 LINES

The Local and Division Finance Departments 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 lines 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 quarterly analytical report on the supervision carried out is produced and submitted by the business line's Finance Department to the Group Finance 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 reciprocal/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, goodwill, provisions and any deferred taxes consolidated in the fiscal year in question are also analyzed.

The accounting audit system

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.

CONTROL CARRIED OUT BY THE AUDIT DEPARTMENTS OF THE BUSINESS LINES AND THE ACCOUNTING AUDIT TEAM, ATTACHED HIERARCHICALLY TO THE GROUP ACCOUNTING DEPARTMENT, IN THE GROUP FINANCE 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 lines 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, made up of experienced professionals notably from audit firms, helps to tighten the security of the internal control procedures used in the production of consolidated accounting information.

CONTROL CARRIED OUT BY THE GENERAL INSPECTION DEPARTMENT

At the third level of control, the Group 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 2008, the General Inspection Department conducted audits on the Group Finance Division's Capital, Assets and Liabilities Department and the financial function of Geniki, the Group's Greek retail banking subsidiary.

Highlights and 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: one trader, responsible for arbitrage trading on European equity market indices, took fraudulent directional positions over the course of 2007 and early 2008 significantly exceeding his limited authority. The trader was able to conceal his positions through a series of fictitious transactions. The Group closed 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. The trader's positions were reviewed and a detailed analysis of all positions within his department was made, which identified no similar situation. The employee was relieved of his duties and dismissed.

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 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.

Inquiry and sanction imposed by the French Banking Commission

Having been informed of the situation by Societe Generale on January 20, 2008, the General Secretariat of the French Banking Commission initiated an inquiry. The inquiry identified shortcomings in the systems for controlling transactions and in internal procedures which prevented the trader from being detected earlier. The inquiry also revealed other weaknesses in the internal control system.

On July 3, 2008, as a result of the disciplinary procedure launched, the French Banking Commission found Societe Generale guilty of shortcomings in its control system for transactions and internal procedures (hierarchical controls, permanent controls carried out by other departments) and in other aspects of its internal control (resources, IT security, transaction limit system) and fined the Group EUR 4 million.

Crisis governance

The Board of Directors decided that, in such exceptional circumstances, it was necessary to establish specific governance procedures. In addition to its own role and that of the Audit Committee, it was important, firstly, to guarantee the independence of the inquiries into the affair and complete transparency with regard to the authorities and the markets and, secondly, to ensure independent control of the measures taken to strengthen the control system.

On January 30, 2008, the Board of Directors set up a Special Committee of independent directors responsible for ensuring that the investigation into the affair was carried out independently and in accordance with audit regulations, which was then dissolved once the investigations were completed. PricewaterhouseCoopers, which assisted the committee in its assignment, published its report on May 23, 2008, the same date as the General Inspection Department made public its conclusions on the affair. The Board of Directors approved the recommendations of the Special Committee concerning the action plan aimed at strengthening the Group's control system.

The content and schedule of this action plan were sent to supervisors within the Group. In addition, these supervisors are monitoring its progress on the basis of regular reports. Within the Group, the implementation of different aspects of the action plan is monitored by a Steering Committee chaired by a Deputy Chief Executive Officer, as well as by the Audit Committee.

Pricewaterhouse Coopers is contributing to this monitoring and the Group's internal audit bodies are carrying out different assignments within the scope of Corporate and Investment Banking's market activities, which notably aim to ensure the effective application of these strengthening measures. More specifically, in early 2009, the General Inspection Department audited the action plan with the aim of determining its relevance and exhaustive nature with regard to the weaknesses identified during the inquiry into the fraud. At the end of the project, a new audit will be carried out which, this time, will ensure that the initiatives have been fully implemented.

Measures taken

The action plan consisted of measures for immediate application and more structural measures.

- **The first aspect of this plan was *remediation***, the priority of which, during the initial days following the discovery of the fraud, was to identify all the fictitious transactions, prevent any unauthorized transactions, control any abnormal behavior identified and reinforce IT security. Secondly, new controls were rolled out or strengthened throughout the year on Corporate and Investment Banking's market activities and were operational in almost all the business line's entities at December 31, 2008. Moreover, some thirty initiatives were launched at the same time in order to reduce operational risk factors and strengthen the quality of the controls carried out. Throughout the year, Pricewaterhouse Coopers reviewed the quality and adequacy of the procedures implemented, in addition to their application.
- **Then, the *transformation* aspect**, constructed around four key points, involved more structural initiatives.
  - **In order to strengthen the procedures involved in processing transactions and producing accounting data**, two major structural developments were adopted at the end of 2008. The fist involves the Equities business line middle office, which was restructured in order to strictly separate the entities responsible for entering transactions, control and quality as well as assistance to traders (the Fixed Income, Currencies and Commodities middle offices were already structured according to these principles). The second consisted in creating an entity responsible for producing and validating income and the balance sheet. This department (*Product Control Group* or *PCG*) is independent from the front office teams and reports to the Corporate and Investment Banking Finance Department.
  - **In order to speed up investment in IT security**, a three-year plan (FOCUS 2008-2010) was launched and provided with significant resources. This covers all aspects relating to Corporate and Investment Banking's information security system.
  - **In order to improve controls on activity and strengthen the Group's ability to prevent fraud** though a more cross-business view of risks, a dedicated department which reports directly to the Chief Administrative Officer (CAO) of Corporate and Investment Banking was created in 2008 (Security and Anti-Fraud Expertise – SAFE). This structure of around forty staff monitors the implementation and maintenance of an adequate and relevant system of control procedures for the entire Corporate and Investment Banking business line.
  - **Lastly, in order to increase employee awareness of operational risk**, major initiatives were rolled out in 2008. For example, more than 7,000 employees were made more aware of the risk of rogue trading and, by the end of the first quarter of 2009, all Corporate and Investment Banking employees will have had training on fraud and operational risk and all managers will have completed training dedicated to fraud prevention on the capital markets.

REPORT OF THE STATUTORY AUDITORS

Societe Generale – Year ended December 31, 2008

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 commercial code (Code de commerce), on the report prepared by the chairman of the board of directors of Societe Generale.

To the Shareholders,

In our capacity as statutory auditors of Societe Generale and in accordance with article L. 225-235 of the French commercial code (*Code de commerce*), we hereby report on the report prepared by the chairman of your company in accordance with article L. 225-37 of the French commercial code (*Code de commerce*) for the year ended December 31, 2008.

It is the chairman's responsibility to prepare and submit for the board of directors' approval a report on internal control and risk management procedures implemented by the company and to provide other information required by article L. 225-37 of the French commercial code (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report on information contained in the chairman's report in respect of internal control procedures relating to the preparation and processing of accounting and financial information;
- confirm that the report also includes other information required by article L. 225-37 of the French commercial code (*Code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of internal control procedures relating to the preparation and processing of accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of accounting and financial information on which the information presented in the chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in internal control procedures relating to the preparation and processing of accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's 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 of directors ou supervisory board in accordance with article L. 225-37 of the French commercial code (*Code de commerce*).

Other information

We confirm that the report prepared by the chairman of the board of directors also contains other information required by article L. 225-37 of the French commercial code (*Code de commerce*).

Neuilly-sur-Seine and Paris-La Défense, March 4, 2009

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES

José-Luis Garcia

ERNST & YOUNG Audit

Philippe Peuch-Lestrade

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 163,082 staff in 82 countries at the end of 2008. 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. This year we have particularly concentrated on the integration of Rosbank and our development in Russia.

These Human Resources initiatives also aim to foster cross-business co-operation, synergies and the pooling of the various divisions' practices and expertise.

EMPLOYMENT

Total headcount

At the end of 2008, the Group employed a total of 163,082 staff, representing a 21% rise on 2007.

	2008	2007	2006	2005	2004	2003
Group headcount (at end of period, excluding temporary staff):	163,082	134,738	119,779	103,555	92,000	88,000

This increase is essentially the result of two factors:

- organic growth supported by a dynamic recruitment policy (see "Recruitment" section below);
- acquisitions: in February 2008 Societe Generale became the main shareholder of Rosbank, in Russia, and held 57.6% of its capital at the end of September 2008. The bank has 17,508 employees, 657 branches and 3,035,800 customers.

The Group is continuing to broaden its international scope, through the acquisition of Rosbank in 2008, with an increasing majority of its workforce (63% versus 55.7% in 2007) located outside mainland France and spread over 82 countries.

This year development has been particularly focused on Eastern Europe; the number of employees in this region rose by 68.7% versus 2007.

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	52,804 (45,127)	63,557	14,258	3,581	1,788	135,977	83.39%
Global Investment Management & Services	9,097 (4,868)	50	83	759	908	10,897	6.68%
Corporate and Investment Banking	8,575 (6,763)	132	24	1,977	1,903	12,611	7.73%
Functional divisions	3,586 (3,586)					3,586	2.20%
Total	**74,062 (60,344)**	**63,739**	**14,365**	**6,317**	**4,599**	**163,082**	**100.00%**
% of total	45.42% (37.00%)	39.08%	8.81%	3.87%	2.82%	100.00%	

Breakdown of staff by contact type

At end-2008, 91.09% of Group employees had permanent contracts.

Breakdown of staff by gender

Women account for 60.03% of the total payroll, compared to 57.1% in 2007.

Breakdown of staff by age bracket(2)

AGE	MEN	WOMEN	TOTAL
under 24	2,648	1,245	3,893
24 to 29	15,168	8,932	24,100
30 to 34	9,782	7,996	17,778
35 to 39	7,550	6,588	14,138
40 to 44	6,288	5,077	11,365
45 to 49	6,053	5,066	11,119
50 to 54	5,642	4,581	10,223
55 and over	7,052	8,436	15,488
Total	**60,183**	**47,919**	**108,104**

At Societe Generale France, 41,286 staff (95.92% of the total headcount) had permanent contracts in 2008. The number of fixed-term contracts amounted to 1,758, and included 1,627 young persons on work-study, vocational training contract or apprenticeship schemes. Over the course of 2008, 567 fixed-term contracts were converted into permanent contracts. 43.44% of the company's employees have executive status, and 56.56% employee status (banking technicians). The proportion of female employees on the payroll has continued to rise, and currently stands at 55.75%.

Recruitment

To support its global expansion, the Group has maintained its proactive recruitment policy, through initiatives such as:

- SOGElive (image and recruitment campaign in 2008);
- the development of partnerships with French and European universities, particularly with the 3rd edition of Citizen Act, a Corporate Social Responsibility business game;
- the launching of the Group Careers recruitment site presenting examples of employees' career paths.

Through these actions, high quality staff can be recruited to replace departing employees and refresh our skills base.

This policy is adapted to the specific characteristics of the business lines, activities and geographic locations.

Over the 2008 financial year, the Group once again stepped up its recruitment, hiring a total of 23,766 staff on permanent contracts (up +25.83% on 2007), including 61.52% women, and 12,048 staff on fixed-term contracts.

(2) Data at end-September 2008, for 66.29% of the Group's scope.

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	4,252 (3,539)	12,633	1,624	1,166	448	20,123	84.67%
Global Investment Management & Services	1,225 (565)	8	26	81	191	1,531	6.44%
Corporate and Investment Banking	1,214 (1,013)	1	5	229	300	1,749	7.36%
Functional divisions	363 (363)	0	0	0	0	363	1.53%
Total	**7,054 (5,480)**	**12,642**	**1,655**	**1,476**	**939**	**23,766**	**100.00%**
% of total	29.68% (23.06%)	53.19%	6.96%	6.21%	3.95%	100.00%	

At Societe Generale France (excluding subsidiaries), a total of 3,605 new staff were recruited on permanent contracts, including 2,118 executives, and 1,410 on fixed-term contracts (including 975 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 7,806 hires across all Group entities (of which 70.20% were permanent contracts), the Group is confirming its position as one of the leading recruiters on the French market and the leading recruiter of executives. At the same time, these recruitments are also helping to balance the age distribution of staff, notably in Retail Banking (see "Departures" section below).

Induction

The end of 2007 saw the launch of an induction process, which was rolled out in France and 56 other countries in 2008. This process now covers 201 entities accounting for 95% of the Group headcount (base: 135,000 employees in 2007 excluding Rosbank).

The program is designed to ensure each new employee's successful induction within their first few months of working for the company.

It includes:

- a welcome program for the employee's first few days, informing them about the Group, its strategy, its businesses and its values and the new recruit's entity and team;
- a dedicated intranet site providing key information and pointers to recruits to help them familiarize themselves with the company;
- an e-learning module, available in English and French, to teach new employees more about the Group and increase their banking knowledge;
- guidance from a senior member of staff during the first few months for each new member of staff;
- participation in an induction seminar within the employee's entity, country or business line. A "Group Induction Seminar" was held in Paris in June 2008, attended by 2000 new recruits, 37% of whom were from outside France.

Departures

In 2008, a total of 20,818 staff on permanent contracts left the Group (13,429 in 2007). This increase is mainly due to the acquisition of Rosbank in Russia. The main reasons for departure were, in descending order of importance: resignations (14,655), dismissals (2,744) and retirements (2,387).

The Group's overall staff turnover was 7.22%, excluding Rosbank. Individual rates vary, however, depending on the business, activity or market in question.

Over the year, the number of dismissals totaled 2,744 and included 387 economic redundancies. The latter were concentrated primarily in International Retail Banking (236), Financial Services (84) and Global Investment Management and Services (67).

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 1,934 Societe Generale and Crédit du Nord staff retired in 2008, rising from 1,820 in 2007. Moreover, retirements at Societe Generale are expected to average at around 1,700 per year from 2010 to 2012.

REMUNERATION

To keep pace with its global development, the Group makes every effort to attract, motivate and retain high quality staff, particularly by offering competitive pay packages consisting of a salary that reflects each individual's contribution to the Group's development and employee benefits.

Monetary compensation is based on standard Group-wide principles, but adapted to particular market contexts, and are designed to reward both individual and collective performance.

Employees are also offered the chance to become shareholders.

To remain competitive, the Group's various entities rely notably on salary surveys specific to the business line and local market.

Average gross annual remuneration is not calculated for the Group as a whole, as it is not a meaningful indicator given the broad diversity of activities and geographic locations.

However, at Societe Generale France, the average gross annual remuneration[(1)] was EUR 47,232 in 2008 (up +2.2% compared with 2007).

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, see note 38, page 283).

Remuneration of financial market professionals

Given the financial crisis, the analysis of the various issues raised and the solutions being sought, supervisors and regulators have issued recommendations and guidelines on the remuneration policies for financial market professionals[(2)]. Their goal is to match performance more closely with the company's long-term objectives, particularly in terms of risk.

Societe Generale has actively contributed to the thought process:

- internationally, by taking part in surveys and interviews conducted by the International Institute of Finance (IIF), the Financial Stability Forum (FSF) and the Financial Services Authority (FSA);
- in France at national level, through the think tanks set up by the Financial Services High Level Committee, formed from representatives of professional associations[(3)], the AMF, the Banking Commission and the DGTPE to draw up guidelines for the remuneration of financial market professionals.

The guidelines defined in France in fact state that the variable portion of salaries must be determined independently of the fixed portion and reflect the actual gains produced for the company. Specifically, it must include a short-term part representing a reward for the profits made over the previous year and a significant deferred part incorporating the medium and long-term impact of the operations initiated during the financial year.

Societe Generale has already undertaken to apply all these guidelines defined at national level in 2009 and will closely follow future recommendations by international supervisors and regulators.

The Group, which already applied part of these guidelines, has changed its remuneration policy to bring it into line with the recommendations for the variable portions paid in 2008.

For instance, the General Management has decided to strengthen its governance by having its policy decisions on the remuneration policy for financial market business lines (SGCIB and SGAM) validated by the Board of Directors' meeting approving the 2008 financial statements, before informing employees of the variable portions of their salaries.

(1) Fixed and variable components excluding profit-sharing and share ownership schemes.

(2) The scope includes professionals (employees and people acting on behalf of companies) participating in market or CIB activities, independently of their company's legal status: the company may be a bank, investment firm, asset management firm, any type of company with a similar activity or a capital investment firm.

(3) AFG (French Financial Management Association), AFIC (French Capital Investor Association), AMAFI (French Financial Market Association), FBF (French Banking Federation) and FFSA (French Federation of Insurance Companies).

Furthermore, for Corporate and Investment Banking employees, the General Management has decided that a very large part of their variable remuneration will be deferred and will only be confirmed after 3 years and, for part of the allocations, providing that a minimum performance level is achieved. Beneficiaries are also exposed to the Group's future results (via shares or their equivalent) and may not cover this risk. This encourages the employees concerned to consider the consequences of their professional decisions on the Group's future performance.

For the financial market business lines whose performance was inadequate, the variable parts paid for 2008 have been greatly reduced. For Corporate and Investment Banking the reductions equaled –67% compared with 2006 and –40% compared with 2007, and for the asset management subsidiary (SGAM) –62% versus 2006 and –45% versus 2007. In Corporate and Investment Banking, the variable portion represents 2 months' average fixed salary versus nearly 3 months in 2007.

PROFIT-SHARING AND THE GLOBAL EMPLOYEE SHARE OWNERSHIP PROGRAM

Societe Generale offers its staff a number of profit-sharing and share ownership schemes. Since 1987, Societe Generale has pursued a proactive employee share ownership policy, with the aim of giving a maximum number of staff a share in its performance.

The Global Employee Share Ownership Program

In 2008, more than 135,000 present and past employees took part in the reserved capital increase. 10,000 additional employees were able to participate for the first time, in five countries newly included in the Global Employee Share Ownership Program: Ireland, Georgia, Benin, Burkina Faso and Moldavia.

The 2008 capital increase therefore covered 259 Group entities in 61 countries. 70.4% of those eligible in France (Societe Generale and the Group's French subsidiaries) subscribed to the scheme and 28.3% abroad, representing an overall subscription rate of 50.2%. 7.46 million shares were created and a total of EUR 400.2 million was invested(1), marking the second biggest capital increase since 1987). More than 75,000 employees and former employees around the globe are now Societe Generale shareholders, accounting for 7.1% of the Group's share capital at end-2008.

Note that despite the events of 2008, employee share ownership has stayed the same as at end-2007.

The Company Savings Plan

At Societe Generale France, profit-sharing and share ownership is now calculated by taking into account the overall Group earnings. Societe Generale employees can invest their share of the profits in diversified marketable securities under the company savings plan (PEE), which offers particular 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 2008, a total of EUR 114.3 million in profits from 2007 was distributed to Societe Generale staff, which was the same amount as the previous year. An exceptional additional profit share, totaling EUR 9.8 million (or EUR 220 per employee, covering Societe Generale Personne Morale France), 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 22,000 at the end of 2008.

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.

(1) Profit-sharing and share ownership: EUR 117.1 million
Other voluntary contributions: EUR 194.7 million
Top-up payments: EUR 88.4 million

DIVERSITY AND EQUALITY IN THE WORKPLACE

Diversity is a key to performance, ensuring creativity and innovation that contributes to the Group's image, development and appeal.

This means adopting an inclusive approach, serving the Group's values and providing new sources of talent by embracing different nationalities and cultures, ensuring a balance between the genders and the generations and the representation of minority groups.

Beyond the figures which illustrate the importance that the Group attaches to diversity in real terms (163,082 employees in 82 countries, 122 nationalities and 60.03% women), Societe Generale has undertaken a number of practical initiatives to promote its development:

- through initiatives in France and abroad aimed at:
  - increased recruitment of disabled employees through Mission Handicap in France;
  - the recruitment of young people without university qualifications in France: launch of a 3-year project to successfully integrate 100 young people from inner city Lyons with a view to long-term employment. The project draws its originality and strength from the network of businesses led by Societe Generale that are able to offer young people from the inner cities individualized career paths;
  - mentoring of young graduates in under-privileged urban areas: the mentoring scheme was launched in December 2007 and organized in partnership with the "Nos quartiers ont des talents" and "Talents et Partage" youth programs. It has been very successful with 169 Societe Generale employees participating;
  - the launch of a mentoring program for young people in deprived areas in the United Kingdom: 75 of the Corporate and Investment Banking staff in London have been given two paid holidays for their involvement in the mentoring scheme. Each week for a year they meet with school children from deprived areas. Their goal is to teach these children about the business world, broaden their horizons and develop their ambitions.
- through its recruitment policies;
  - participation for the 2nd year running in the Phenix project, aimed at providing young graduates with postgraduate qualifications (e.g. in literature, history or the humanities) with an alternative career path to research and teaching;
  - increased participation in events and forums to expand our recruitment base ("Rencontres Emplois et Divers'cités", "Paris pour l'emploi" and the ANPE forum for mature jobseekers);
  - a larger proportion of experienced non-executive, non-banking staff, who in 2008 accounted for more than 25% of the total new bank cashiers recruited in the French Networks.
- through its company collective agreements, particularly those relating to equality between male and female staff:
  - Czech Republic: to increase the number of women returning to work after having children, KB has launched a program of measures protecting women's salaries while they are on maternity leave and systematically providing them with resources (Internet connection, information letters, and so on) so that they can stay in touch with the company and have access to training during and after their period of absence;
  - France: in December 2008, an agreement was signed with the unions marking the commitment of the Management and staff representative bodies to continuing the progress made since 2005 in the promotion and improving of gender equality. This agreement will introduce practical measures covering:
    - Recruitment,
    - professional training (e.g. systematic retraining following maternity and/or parental leave so that the employee learns about any changes that have occurred),
    - part-time work,
    - the management of mobility,
    - remuneration,
    - career progression and promotions,
    - maternity leave and parental leave (e.g. an individual interview takes place before the maternity, adoption or childcare leave starts and at least two months before the return to work to determine the conditions for resumption either in the original or a similar post, or a position in line with career development objectives).

EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING

In 2008, the Group signed some 255 agreements with employee representatives, excluding Rosbank, including 93 new agreements or amendments in France. These texts cover issues such as remuneration, profit-sharing, equality in the workplace, disabled workers, working hours and employee benefits (including the health insurance and retirement scheme).

In France, the agreements concern remuneration, profit-sharing, the Company Savings Plan, equality in the workplace, working hours, employee benefits (including the retirement scheme), staff representative bodies and the election of staff representatives to the Board of Directors.

HEALTH AND SAFETY IN THE WORKPLACE

Staff throughout Societe Generale Group are provided with extensive health and invalidity cover, which in many countries goes beyond the minimum legal requirements.

International Retail Banking has launched a program for the development of social protection in the 11 countries of Sub-Saharan Africa where it operates. This will affect more than 4,000 employees and 15,000 beneficiaries overall. This project includes improved access to healthcare, complementary retirement schemes and the introduction of personal protection insurance, providing death or invalidity payouts.

At the same time, our subsidiaries in these countries are heavily involved in educational initiatives and actions to prevent pandemics such as HIV/AIDS and malaria and in vaccination campaigns.

International Retail Banking is currently exploring the possibility of a similar project for its subsidiaries in Eastern Europe.

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.);
- stress: launching of a global program with the gradual creation, jointly with the company medical officer, of an observatory to measure stress levels, training for managers and employees and an awareness-raising campaigns.

The Group also permanently monitors the possibility of any risks liable to affect the health of its staff, anywhere in the world.

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 that broadens their expertise and so benefits both the employee and the 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 99,581 Group employees (69.49% of whom were women), excluding Rosbank, received some form of training in 2008 and more than 3.55 million hours of training were provided.

In France, 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 December 2008, the Human Resources Department also launched a new Intranet, the *Espace Formation*, to involve managers and employees in a global, coherent and proactive training process.

In France, Societe Generale devoted 4.46% of its total payroll to the provision of training, which equates to EUR 2,740 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.

Again in France, Societe Generale has also been promoting training programs leading to professional qualifications and the Cursus Cadres and Cursus TMB courses designed to lead to internal promotion.

The qualification-oriented Cursus Cadres course is unique within the banking sector: in 2008, out of 283 employees registered on this course, 122 graduates managed to obtain management positions within the Group's various divisions following a 2-year training period.

Similarly, in the 2007/2008 period, out of the 299 employees who sat the Cursus TMB exam, 177 obtained the status of Banking Technician.

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 emphasizes the employee's personal development at the same time as setting performance targets.

To increase team cohesion by spreading a shared appraisal and professional development culture, a new appraisal process was developed in 2008 and will gradually be rolled out throughout the Group over 3 years.

As in the past, this process evaluates employee performance based on the results achieved and will now also consider the methods used to achieve them.

To ensure both the Group's long-term development and the personal development of its employees, Societe Generale wished to set both operational and behavioral development targets for each of its employees, marking its commitment to the daily application of its values.

EMPLOYMENT AND INTEGRATION OF DISABLED WORKERS

For several years, the fight against discrimination, the promotion of diversity and the recruitment of more disabled staff have been key concerns for the Group.

In 2008, Societe Generale employed 1,778 disabled staff (as defined locally) around the world, accounting for 1.2% of the overall headcount.

The highest proportions can be found in Italy, Slovenia, France and Germany.

In France, Societe Generale has 969 disabled staff and aims to hire 160 disabled people under permanent contracts and 40 disabled interns by 2011.

In 2008, 62 disabled people joined the Group in France, up 40.9% compared with 2007.

The Group has many partnerships with associations such as the French Association for Physically Disabled People (APF) and the UNAPEI (Federation of Associations for Parents and Friends of Mentally Handicapped People) and has also been sponsoring the French Federation for Disabled Sports (FFH) for more than ten years.

Societe Generale follows a proactive recruitment policy through various initiatives to foster recruitment of the disabled. In 2008, Societe Generale's Mission Handicap coordinated a number of projects:

- participation in more than 50 disabled recruitment forums throughout France;
- last September, during the SOGElive recruitment event, attended by more than 4,000 applicants, areas were created dedicated to Mission Handicap for easier communication and the chance to make video CVs. This was an effective way of dedramatizing the issue of disability ahead of recruitment interviews.
- partnerships with leading universities to inform their 9,000 disabled students about Societe Generale;
- development of work-study schemes leading to qualifications to ensure that disabled people are given the necessary skills.

As an employer, Societe Generale undertakes to take the measures required to ensure that disabled employees can retain positions that match their qualifications and benefit from appropriate working conditions and training, by adapting working environments, tools, equipment, work stations and/or working hours and offering the possibility of partially paying some expenses. Some measures may also be introduced for parents of disabled children.

In total, in 2008, more than 200 initiatives were led throughout France aimed at retaining disabled employees.

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 2008, it therefore welcomed 9,373 university interns and 335 company volunteer program participants worldwide, making the Group the foremost recruiter through such programs for the 2nd year running.

In France, Societe Generale's approach is to initially recruit students in its target areas of expertise (BTS, DUT, Banking and Finance Masters, etc.) on work-study contracts (apprenticeship and work experience programs). As a result, Societe Generale France took on over 1,627 young people on work-study contracts in 2008, mostly in Retail Banking.

The Group also continued to build up long-standing ties with a number of educational establishments in 2008 through numerous partnerships, to meet challenges in terms of number of hires and diversify the profiles of the young graduates hired:

- in France with the ENSTA, ENSAI and IGR-IAE in Rennes;
- outside France with the Ecole Centrale in Beijing (China) and Solvay (Belgium), Cambridge (UK), Vlerick (Belgium) and Nova (Portugal).

Although internationally the image and appeal of banks have taken a knock because of the financial crisis, Societe Generale remains one of the most popular employers with graduates starting out on their professional careers (*Source: survey by TNS Sofres, published in July 2008*).

Encouraging subcontractors and subsidiaries to comply with ILO and general labor 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 and 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 aspect. They therefore commit to comply with:

- labor law and, as a minimum in cases where there is no labor law, with the ILO Declaration;
- environmental law, by not working with subcontractors, natural persons or legal entities that are known to infringe the regulations cited above.

In addition, the Purchasing Department is committed to CSR (Corporate Social Responsibility), and notably its social aspect, through:

- an evaluation according to CSR criteria of particularly exposed services and products in order to select suppliers that are advanced in this field and adhere closely to requirements;
- a target for the volume of business conducted with the protected sector (EA/ESAT) jointly with the Group's Mission Handicap;
- active participation in the SME Pact, which Societe Generale Group was the first bank to join, by organizing themed meetings so that innovative French SMEs can present their services to the Group's relevant organizations.

2008 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

Staff

Group headcount at November 30, 2008: 163,082 (including 14,535 on fixed-term contracts)

Societe Generale France headcount: 43,044 (including 1,758 on fixed-term contracts)

Recruitment

Total hires: 35,814

New hires on fixed-term contracts: 12,048

New hires on permanent contracts: 23,766

Despite the events of 2008 and the financial crisis that has hit the banking sector, Societe Generale Group has retained its appeal and is forging ahead with its recruitment policy.

Dismissals

Total number of dismissals: 2,744

Of which economic redundancies: 387

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: 8,175

Monthly average number of temporary workers: 286 (full-time equivalent)

Working hours

Organization of working hours

The organization of working hours 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 90% (introduced in September 2008), 80%, 60%, 50% or even 40%.

Several of the Group's French subsidiaries have signed special agreements, as have numerous foreign entities.

6,819 staff (i.e. 4.7% of the workforce) work part-time within the Group as a whole, excluding Rosbank, (including 4,963 in France and 3,698 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 the French regulations, and the reporting scope for this indicator is therefore limited to France.

At November 30, 2008, the total number of hours of overtime reported by staff at the French entities was 172,720, or an average of 2.97 hours per employee.

The total number of hours of overtime recorded by Societe Generale France over the period was 88,724, or an average of 2.15 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: 4.55%

Main causes: illness (2.43%), maternity (1.97%)

Rate of absenteeism for the Group (excluding Rosbank): 2.89% (illness 1.52%, maternity 0.91%)

Number of accidents in the workplace (Group): 916

Employee remuneration, social security charges

Average gross annual remuneration (Societe Generale France data): EUR 47,232

All the entities in Societe Generale Group comply with their obligations in terms of social security charges levied on employee salaries and benefits. See note 38, page 283.

7 CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Our vision of CSR and the main principles of our approach

Message from Frédéric OUDEA:

"Progress increasingly depends on the efficient operation of companies as economic players. Of these companies, the banks and the financial system are vital to wealth creation and development. It is because the bank has important responsibilities – as unfortunately the events of 2008 have underlined – that we are doing our utmost to show that Societe Generale's way of operating is fair for all and that the Group warrants their trust, which is the keystone of our business.

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 quality approach focused on the client and a constant concern for their satisfaction*;
- *a robust system of corporate governance, which is continually being adapted to the demands of society;*
- *a constantly reinforced system of risk management and internal control processes;*
- *a comprehensive compliance policy and the application of ethical values, on which long-term performance depends*;
- *a culture of innovation and a collective innovation program designed to encourage staff to contribute to the Group's development.*

I believe that we can only achieve our aim of long-term value-creation for all by applying a policy favorable to social development and the environment.

In every business, we have integrated environmental and social concerns into our core strategies, adapted to the different geographical, cultural, social and economic contexts. This enables us both to more effectively manage our risks and to seize the business opportunities offered by new markets.

We see sustainable development as a continuous improvement process, constantly drawing on the best practices of this and other economic sectors, to better identify and better manage our direct and indirect impact on society and the environment. This approach is notably based on the ten principles of the United Nations' Global Compact, which we joined in 2003.

It is up to us to turn the current crisis into an exceptional opportunity to develop a more socially-aware, greener economy, in keeping with sustainable development."

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 that listed companies 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, in 2001, signed the UNEP (*United Nations Environment Programme*) *Statement by Financial Institutions on the Environment & Sustainable Development*.

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.

Furthermore, in 2006, Societe Generale Asset Management signed the *Principles for Responsible Investment* (PRI) defined by the UNEP and, aware of the importance of climate change, the Group joined the *Carbon Disclosure Project* in this same year and has since published its carbon disclosure policy.

Finally, the Group was able to adopt the *Equator Principles* in 2007, following its updating of the project financing division's internal procedures for analyzing corporate social responsibility.

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 this field.

The Group is already listed in the top sustainable development indices (*FTSE4Good, ASPI, Ethibel, etc.*) and has been selected by the majority of French Socially Responsible Investment funds.

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 our activities to more effectively manage our risks.

  The divisions and entities 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 activities are correctly identified, prioritized and controlled;
- the promotion of responsible economic development, notably through the development 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/ Proactive and responsible management of staff

(see pages 124 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 fulfillment, 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

The 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 encourages its partners and suppliers to show the same degree of respect for the environment, and constantly looks to build on relationships that are based on trust and that encourage environmentally-friendly and socially-aware practices.

Finally, Societe Generale is involved in many sponsorship initiatives and supports many NGOs and associations working in the social and environmental fields.

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 Risk Committees, the New Product Committees, internal regulations, Code of Conduct, Audit Charter, etc.).

The Group's operating divisions and corporate departments are responsible for adjusting and implementing CSR policies, according to the specific characteristics of their respective activities, and for ensuring that these methods are correctly observed. They have appointed "CSR contributors" (around sixty Group-wide), whose duties are to communicate about the policy and actively participate in drawing up action plans and monitoring their implementation.

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 the related organization. It also provides practical assistance to the operating divisions and corporate departments and encourages the exchange and dissemination of best practices.

The Group's Executive Committee sets the overall CSR policy and periodically validates the action plans based on the reports from the Quality, Innovation and 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. The indicators fall into four categories:

- **corporate** indicators: corporate governance, compliance, social and environmental evaluation of counterparties/projects, innovative products fostering sustainable development, customer satisfaction, contribution to local development;
- **social** indicators: employment, skills and career management, remuneration, working hours, internal feedback, health and safety;

- **environmental** indicators: environmental management system, environmental awareness, water and energy consumption, transport, waste;
- **sponsorship** indicators.

Each year, the corresponding values are entered, consolidated and analyzed using a dedicated reporting system, introduced by the Group in 2005.

For further information go to csr.socgen.com

2008 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.

Combating climate change

Greenhouse gas emissions

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 Committee. This active drive to reduce CO_2 emissions is being achieved by reducing the Group's energy, transport and paper consumption.

The Executive Committee has also decided to steer the Group towards achieving carbon neutrality by 2012.

Societe Generale's CO_2 emissions for 2008 are estimated at 294,372 tons for approximately 91% of occupants (i.e. 2.24 tons of CO_2 per person), and include direct and indirect energy emissions, transport and paper consumption. Estimations are made by applying the GHG protocol calculation method to all data declared in the central reporting tool. Emissions per occupant in 2008 are down 3.5% on 2007, putting the Group in a good position to reach its reduction target of 11% by 2012.

	2008	2007	2006
CO_2 emissions (T)	294,372*	265,732	223,948
CO_2 emissions/occupant (T)	**2.24**	**2.32**	**2.34**
Scope (per number of occupants)	131,112	114,540	95,700

** o/w 28,840 tons will be offset in 2009 (26,709 for the central buildings and 2,131 for SGBT and Euro VL Luxembourg).*

Residual CO_2 emissions from the central buildings in 2008 will be offset in 2009 via the purchase of CDM project CER certificates under the Kyoto Protocol. The compensation in 2009 will cover energy consumption in the central buildings (502,802m² of offices), business travel and paper consumption by these same buildings. The corresponding CO_2 emissions amount to 26,709 tons.

Societe Generale Bank and Trust and Euro VL in Luxembourg offset their residual CO_2 emissions linked to business travel and paper and energy consumption in 2007 by buying 1,736 tons of CERs in 2008. The same operation will also be carried out in 2009 to cover their residual CO_2 emissions for 2008, which amounted to 2,131 tons.

Environmental management system

Steps taken to obtain environmental assessment or certification

Certification of a selection of assertions and indicators by the statutory auditors that the Corporate and Social Responsibility Report is consistent with our actual structure and processes.

In 2005, the implementation of a CSR reporting tool enabled the monitoring of environmental indicators to be improved. In 2008, its scope was extended to cover 94% of the Group's headcount at the end of the year, namely 134,884 occupants (a 14% increase on 2007). This figure excludes Rosbank which, as an acquisition carried out in 2008, is too recent to be integrated within the Group's reporting scope. Over 700 contributors in more than 329 entities (subsidiaries, branches, representative offices, central buildings and regional offices), occupying 7,044 buildings in 65 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. There is a department in charge of managing the central buildings and dedicated departments in each 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.

In March 2008, Societe Generale appointed an Environment Director whose role is to define and oversee the Group's environmental policy. His primary objectives are to reduce the direct impact of the Group's activities on the environment - notably its carbon footprint - in order to achieve carbon neutrality and reduce the consumption of non-renewable energy.

Staff training and information	A brochure on sustainable development was distributed to 80,000 employees in France and abroad in 2006. A brochure on the Group's policy governing climate change was also distributed to staff in 2008. These brochures are systematically handed out at seminars or conferences on related topics and are available on the Group intranet site. A dedicated intranet site (in French and English) enables employees to find out more about sustainable development issues in general and within the banking sector in particular, and about the initiatives taken by Societe Generale in this respect. An area dedicated to raising employee awareness about sustainable development has been set up on the ground floor of the Societe Generale towers (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 behavior are organized within the central buildings in France, and a travelling exhibition on sustainable development and CSR issues is being shown throughout the Group's subsidiaries and entities. A training program on CSR and sustainable development (web and in-class) has been devised for staff and managers and will be implemented in 2009.

Energy consumption

Electricity consumption	596,663 MWh for 131,370 people in 55 countries, i.e. data representing 91% of the Group's headcount.
Gas consumption	126,111 MWh for 131,370 people in 55 countries.
Fuel and other energy fluid consumption (steam, ice water)	131,460 MWh for 131,370 people in 55 countries.
Air conditioning	73% of buildings are air-conditioned (84% of branches in France, 95% of central buildings and 64% of subsidiaries which submitted data). Nearly all air conditioning systems in France are dry refrigeration or adiabatic systems. Cooling towers are gradually being removed. Two new central buildings opened in 2005 (50,600 m^2) were equipped with new, more efficient air conditioning systems to replace the old equipment. In 2008, various measures were taken to upgrade the Group's cooling systems (replacement of cooling cabinets, setting up of reversible air conditioning systems, optimization of output, etc.).

Measures taken to improve energy efficiency	All central buildings and network branches in France have automatic regulation systems (notably climate control). In 2008, SG Japan and Splitska Banka installed thermostats to regulate their air conditioning systems. The Societe Generale towers (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. Komerčni Banka performed an energy audit. All French branches are equipped with a system for switching off lighting and putting workstations into standby mode outside working hours. The lighting of elements on the front of buildings (signs, etc.) is also controlled by automatic timers, which leave only a minimum amount of equipment powered up 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 in the central buildings: – the use of recovered heat covers 95% of the energy required to heat the Societe Generale towers at 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 the waste heat generated by the computers. This system enables the center to cover 95% of its heating requirements, Several subsidiaries are gradually implementing best environmental practices as part of local action plans; – use of low energy light bulbs 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 has set up an energy committee to manage consumption in each of its buildings and now produces a daily reading of the energy consumption at its head office; – General Bank of Greece has set its PCs to automatically come on at a specified time, which means an energy saving of 754 MWh and budget saving of EUR 100,000 each year; – in 2008, SGB Burkina Faso paid its staff 50% of the savings made in energy consumption in relation to 2007.
Use of renewable energy sources	Since 2005, the entire energy consumption of the Societe Generale towers (Paris, La Défense) has been certified as coming from renewable sources. The Group has signed a green power contract over several years for the provision of 55,700 MWh of energy per year from renewable sources, i.e. 20% of its electricity consumption in France in 2008. Since October 2006, all of SG Zurich's electricity has been Naturmade certified, which guarantees that it comes from 100% renewable sources. Since April 2008, 10% of electricity (2.2 GWh) at Komerčni banka (Czech Republic) has been green electricity. Several other Group entities (SG London, Gefa Bank, Sogessur, etc.) purchased green electricity in 2008, increasing the proportion of the Group's global electricity consumption supplied through green electricity to 10.1% (60 GWh). Since the end of December 2008, Societe Generale's new Granite Tower, which is an HQE® (High Environmental Quality) building, has been powered entirely by green electricity.

	2008	2007	2006	2005	2004
Electricity in MWh	596,663	523,810	441,660	388,737	302,989
Gas in MWh	126,111	118,066	95,351	86,054	82,924
Fuel and other energy fluid consumption (steam, ice water) in MW	131,460*	122,614*	98,676*	98,941	66,057
Total energy consumption	**854,234**	**764,490**	**635,687**	**573,732**	**451,970**
Energy per person in MWh	**6.5**	**6.8**	**6.5**	**6.8**	**7.3**
Scope (per number of occupants)	131,370	112,732	98,200	83,931	61,669
Scope in terms of surface (m²)	3,393,519	3,360,719	2,879,285	2,305,000	1,836,000
Energy per m² in kWh	252	227	221	260	226

** Including the energy consumed in the production of ice water since 2006.*

Water consumption

1,504,328m³ for 100,378 people in 43 countries. Several entities (representing around 34,506 people) were not 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 has dropped 19% on 2007.

As a result of efforts made by building managers at the Group's central buildings, water consumption in France only amounted to 12.2m³/person (20% less than the Group average). 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 fall in water consumption. Several entities (Axus Finland, Banco SG Brazil, Sogessur, General Bank of Greece, SG Serbia, etc.) have also implemented technical solutions to reduce the flow of water used in their systems. installation of water-saving devices or automatic dispensers, dismantling of water-cooled air conditioning, etc.

	2008	2007	2006	2005	2004
Water in m³	1,504,328	1,564,159	1,407,887	783,735	628,315
Water per person in m³	**15.0**	**18.6**	**18.8**	**15.2**	**16.0**
Scope (per number of occupants)	100,378	84,281	74,699	51,582	39,285

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 producers of printed materials for business purposes.

In 2008, the scope of the ecotax applied by EcoFolio was increased under the Finance Law and Societe Generale declared 1,081 tons of paper.

Since October 2006, the French retail banking network has been offering customers electronic statements. At the end of 2008, 656,000 customers had opted for electronic statements, i.e. 12.5% of the bank's individual customer base and an increase of 57% on the end of 2007.

Office paper consumption:

- office paper consumption within Societe Generale Group amounted to 7,591 tons in 2008 (scope of 130,012 people, i.e. 58.4 kg per individual);
- the consumption of recycled office paper increased and represented 21.4% of the Group's total office paper consumption at the end of 2008.

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 two aims: to reduce paper consumption and encourage the use of eco-label paper.

Several major initiatives were carried out in 2008:

- organization of the *Challenge Bonnes Pratiques Papier Responsable* (Responsible Paper – Best Practices Challenge) aimed at heightening awareness and implementing best practices throughout the Group;
- setting up of a quarterly report on paper consumption with a pilot scheme covering the Group's activities in France;
- selection, amongst others of a service provider of recycled and eco-label paper alone;
- publication of a *Guide Bonnes Pratiques Papier* (Guide to Best Practices in Paper) available to all staff;
- decision to produce business cards with the words "100% recycled paper" for all staff in France;
- configuration of all new printers within the Group's central buildings to double-sided printing 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;
- reduction in the number of printers (1 printer for 6 people in the new Granite Tower and planned extension to all central buildings);
- local measures such as the switch from paper to electronic format and the regular follow-up of consumption (in France, Italy, Luxembourg, Czech Republic, UK, Netherlands, Ivory Coast, Cameroon).

Waste

Waste production stood at 1,930 tons in 2008 for the central buildings in Paris (73kg per person). Waste is broken down into 16 categories, which are each treated accordingly. Agreements with service providers have been implemented for collecting, sorting and recycling most waste. Directives on the systematic recycling of fluorescent tubes were issued in 2004. In 2008, the Group issued a directive on the treatment of electric and electronic waste to be applied Group-wide as of 2009.

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. Since October 2007, Societe Generale has been offering its employees in the Paris region a car-pool 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 members of staff. Nantes Métropole and the ADEME assisted 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. In 2008 in France, a business travel eco-comparator was set up on the travel reservation platform, which calculates the quantity of CO_2 emitted according to the method of transport chosen. Short-haul air travel was reduced in favor of rail transport. The use of audio and videoconferencing is also encouraged to limit the need for business travel. In 2008, a Green IT program was initiated whose aim is to develop technical resources as a substitute for business travel. In partnership with its subsidiary ALD Automotive, Societe Generale has also focused on reducing the carbon footprint of its fleet of vehicles. At the end of 2007, 80% of its French fleet consisted of diesel vehicles emitting between 109-130g/km of CO_2. At the end of 2008, average emissions for Societe Generale fleet amounted to 121g/km of CO_2.

Business travel (km)	2008	2007	2006
Airplane	247,084,428	288,002,046	203,418,054
Train	38,742,281	33,393,554	34,050,783
Car	182,812,722	133,532,618	178,840,945
Total distance	**468,639,431**	**454,928,219**	**416,309,782**
Scope (per number of occupants)	130,730	118,069	90,800

Other issues

Ground use conditions	Not meaningful to the Company's activity.
Air, water and ground pollution	Steps are being taken to replace R22 refrigeration systems with R134a systems in order to stop any gas leakages that are damaging to the ozone layer and to limit our greenhouse gas emissions. These steps were continued in the Group's central buildings (Tigery, Cap 18, Polaris) in 2008.
Sound and olfactory pollution	Not meaningful to 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 No. 96-97 of February 7, 1996 and Decree No. 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 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 and a detailed presentation of Societe Generale's environmental policy, go to the Group's CSR website at csr.socgen.com

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 the 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 all banking activities.

In order to achieve this, 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 provisions, 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 to justify an adopted position under any circumstances.

In line with these principles, the Group:

- does not enter into relations with individuals or businesses whose activities fall outside of the law or are contrary to the principles of responsible banking;
- refuses to conduct transactions for clients or counterparties if it is unable to determine the economic legitimacy of these transactions, or where the lack of transparency suggests they may be contrary to accounting and compliance principles;
- provides information that is accurate, clear and not misleading on the products and services it proposes and verifies that said products and services are suited to customer needs;
- has established 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

As part of the compliance structure, the Compliance Department provides the Group with expertise at the highest level. Its main tasks are namely:

- 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 professional and financial market regulations are respected;
- to prevent and manage any potential conflicts of interest with respect to customers;
- to propose the ethical rules to be respected by all Group staff;
- 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 the 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 anti-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 money-laundering or the financing of terrorist activities;
- tools designed to manage and prevent conflicts of interest;

- 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).

2008 Highlights

Reinforcement of the compliance structure

Societe Generale further reinforced the Group's resources for compliance risk prevention and management in 2008.

Central Compliance Department numbers in Paris increased to 58 in 2008. While money laundering and compliance issues are the responsibility of all employees, the Group also employs 606 full-time employees to monitor the potential risks therein.

Furthermore, seminars on compliance and ethics were organized on an international scale for the key compliance managers, with a view to optimizing the sharing of experiences and expertise.

Additional resources for operational risk and fraud management within SGCIB

As part of the corrective measures taken by SGCIB following the exceptional fraud discovered in January 2008 (fighting back plan), the SAFE (Security & Anti-fraud Expertise) Department was created in October 2008, reporting to SGCIB's Chief Administrative Officer. Its role is to:

- continue implementing operational risk management and permanent supervision procedures;
- ensure the utility of the controls adopted and that they actually take place;
- detect and prevent fraud.

A more effective structure for the fight against money laundering and terrorist financing

The Societe Generale Group has continued to strengthen and organize its anti-money laundering and counter-terrorist financing structure, in line with the transposition of the 3rd European Directive (No. 2005/60/EC of 26/10/2005) into French law:

- optimization of IT applications for file processing;
- setting up and formalization of a new structure allowing cooperation between all the Group's correspondents responsible for anti-money laundering and counter-terrorist financing issues and better coordination with all the Group's business lines;
- implementing of a new Group anti-money laundering directive throughout the international network. This operational and informative directive draws on the principles and rules enacted by the 3rd European Directive. It reconfirms Societe Generale's commitment to applying worldwide standards to ensure a consistent level of protection against money laundering;
- participation in market think tanks and consultations on the transposition of the 3rd European Directive;
- reinforcement of KYC (Know Your Costumer) procedures and of knowledge about transaction beneficiaries;
- participation in market initiatives to create a new training course in anti-money laundering and counter-terrorist financing.

Continued efforts to train staff

Over the whole Group worldwide, staff training represented a total of 207.000 (à actualiser) hours in 2008. In 2007, the number of training hours reached an exceptional 257,000, due in large part to the implementation of the MiFID (Markets in Financial Instruments Directive).

On-line training: training courses are constantly developed to incorporate changes in the regulations. They deal with every aspect of compliance and ethics, including anti-money laundering, market compliance, conflicts of interest, information management and client relations. The retail banking business lines in France and abroad now have dedicated applications dealing with key themes (KYC, transaction monitoring, information and advisory, banking secrecy, etc.).

In-class training: many sessions have been organized following the publication of new regulations and the roll-out of new compliance-related IT applications (declaration of personal transactions, codes of conduct, lists of insiders, etc.).

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 2008 on the obligations resulting from the transposition of the directive.

The MiFID led to changes in many areas: the structure of the financial markets, the organizational 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:

- Client ranking systems have been introduced to determine an appropriate degree of protection (higher protection granted to non-professional clients and lower protection for professional clients). Each client is informed of their designated category and of the fact that they may ask to change their category;

- Client evaluation procedures have been adopted by the business lines involved in the provision of investment services. Through these procedures, sales persons are able to gather information about their clients' personal situations before providing them with investment services;
- Execution policies have been defined by the relevant Societe Generale Group entities, which are required to bring this policy to the attention of their clients and to keep it up to date;
- Policies have been drafted aimed at the identification, prevention and management of conflicts of interest.

Special training courses continued to be offered to ensure that all relevant SG Group employees are thoroughly familiar with the new applicable rules.

COMPLIANCE

Subsequent to the amendment of regulation No. 97-02 of the French Banking and Financial Regulation Committee (CRBF), 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 division, 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 divisions report to the Group Head of Compliance and are part of the CCG, alongside the heads of the Group functional divisions' relevant departments, notably including the compliance and legal departments and the General Inspection.

The RCOs contribute to the identification and prevention of compliance risks, the validation of new products, the analysis and reporting of anomalies, the implementation of corrective measures, staff training and the promotion of compliance values throughout the Group.

SENTIER AFFAIR

In its ruling of December 11, 2008, the Paris Criminal Court acquitted Societe Generale, its Chairman and its employees in the aggravated money laundering case brought before the court in 2008.

9 RISK MANAGEMENT

Risk management strategy

The bank operates in business lines, markets or regions which generate a range of risks whose frequency, severity and volatility can be of verifying and significant magnitudes. A greater ability to calibrate its risk appetite and risk parameters, the development of risk management core competencies, as well as the implementation of a high-performance and efficient risk management structure are therefore critical undertakings for Societe Generale Group.

The primary objectives of the bank's risk management framework are therefore:

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

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

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

Risk management governance and risk principles

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

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

ii) a tight framework of internal procedures and guidelines;

iii) continuous supervision by an independant body to monitor risks and to enforce rules and procedures.

Firstly, the Board of Directors defines the Group's strategy by assuming and controlling risks and ensures its implementation. In particular, the Board ensures the adequacy of the Group's risk management infrastructure, reviews the businesses' overall risk exposures and approves the overall yearly market and credit risk limits. Presentations on the main aspects of, and notable changes to, the Group's risk strategy, as well as on the overall risk management structure, are made to the Board by the General Management, once a year or more frequently, as circumstances require.

Within the Board, the Audit Committee is more specifically responsible for examining the consistency of the internal framework for monitoring risks and compliance. With the benefit of specific presentations made by the management, the Committee reviews the procedures for controlling market risks as well as the structural interest risk and is consulted about the setting of the related risk limits. It also issues an opinion on the Group's overall provisioning policy as well as on large specific provisions. Finally, it also examines the risk assessment and control procedure report submitted annually to the French Banking Commission.

Risk categories

The risks associated with Société Générale's banking activities are the following:

- **Credit risk**: (including country risk): risk of losses arising from the inability of the bank's customers, sovereign issuers or other counterparties to meet their financial commitments. Credit risk also includes the **replacement risk** linked to market transactions, as well as that stemming from the bank's securitisation activities. In addition, credit risk may be further increased by a **concentration risk**, which arises either from large individual exposures or from groups of counterparties with a high default probability;
- **Market risk**: risk of loss resulting from changes in market prices (e.g. equity, commodity, currency, etc.) and interest rates, from the correlations between these elements and from their volatility;
- **Operational risk**: (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. Additionally, operational risks may also take the form of **compliance risk**, which is the risk of the bank incurring either legal, administrative or disciplinary sanctions or financial losses due to failure to comply with relevant rules and regulations;
- **Equity risk**: risk of negative fluctuation in the value of equity participations in the bank's investment portfolio;
- **Structural interest and exchange rate risk:** risk of loss or of residual depreciation in the bank's balance sheet and off-balance sheet assets arising from variations in interest or exchange rates. Structural interest and exchange rate risk arises from commercial activities and on Corporate Center transactions (operations on equities, investments and bond issues).

- **Liquidity risk:** risk of the Group not being able to meet its obligations as they come due;
- **Strategic risk**: risks entailed by a chosen business strategy or resulting from the bank's inability to execute its strategy;
- **Business risk**: risk of the earnings break-even point not being reached because of costs exceeding revenues;
- **Reputational risk**: risk of losses due to damage to the bank's reputation in the eyes of its customers, shareholders and regulators.

Through its insurance subsidiaries (mainly Sogecap), the Group is also exposed to a variety of risks linked to the insurance business (e.g. premiums, reserves, disasters, mortality, longevity, morbidity, structural for non-life or life activities). These risks are primarily addressed through a specific risk management framework implemented within Societe Generale's insurance subsidiaries and by ensuring their capital adequacy.

Societe Generale Group dedicates significant resources to constantly adapting its risk management to its increasingly varied activities and ensures that its risk management framework operates in full compliance with the following overriding principles set by banking regulations:

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

These arrangements have been made in compliance with two key principles of banking risk management, laid down by regulations 1997-02, 2001-01 and 2004-02 of the French Banking and Financial Regulation Committee.

Societe Generale Group's risk structure is operated by 3,300 employees dedicated to risk management.

- 800 within the Group's Risk Division;
- 2,500 within the Group's various divisions and subsidiaries.

The Risk Division is independent from the Group's operating entities and reports directly to 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 robust 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.

More specifically, the Risk 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 commercial strategies in high-risk areas and continually seeks to improve such risk forecasting and management;
- contributes to independent assessment by analyzing transactions implying a credit risk and by offering an opinion on transactions proposed by sales managers;
- identifies all Group risks and monitors the adequacy and consistency of risk management information systems.

The Finance Division, for its part, is entrusted with assessing and managing other major types of risks, namely strategic, business, liquidity and structural risks. Structural interest rate, exchange rate and liquidity risks as well as the Group's long-term financing, management of capital requirements and equity structure are managed within the Group by Capital and Balance Sheet Management Department. In addition, the Internal Legal Counsel deals with compliance and legal risks.

Responsibility for devising the relevant risk management structure and defining risk management operating principles lies mainly with both the Risk Division and, in particular fields, the Finance Division.

The bank's Risk Committee (CORISQ) is in charge of reviewing all the bank's key risk management issues. CORISQ's monthly meetings involve members of the Executive Committee, the heads of the business lines and the Risk Division managers and are used to review all the core strategic issues: risk-taking policies, assessment methods, material and human resources, analysis of credit portfolios and of the cost of risk, market and credit concentration limits (by product, country, sector, region, etc.) and crisis management. On the other hand, the Finance Committee (COFI) is competent for matters relating to funding and liquidity policymaking and planning.

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

All new products and activities or products under development must be submitted to the New Product Committee of the relevant business line. This New Product Committee aims at ensuring that, prior to the launch of a new activity or product, all associated risks are fully understood, measured, approved and subject to adequate procedures and controls, using the appropriate information and processing systems.

Finally, the bank's risk management principles, procedures and infrastructures and their implementation are monitored by the Internal Audit team and the Statutory Auditors.

CREDIT RISKS

Credit risk management: organization and structure

Maintaining comprehensive and efficient management and monitoring of credit risk – which constitutes the Group's primary source of risk – is essential to preserving Societe Generale's financial strength and profitability. As a result, the bank implements a tight credit risk control framework, whose cornerstone is the credit risk policy defined jointly by the Risk Division and the Group's operating divisions, and is subject to periodic review and approval by the Board of Directors' Audit Committee.

Credit risk supervision is organized along the Group's business lines, with specific departments in charge of country risk, financial institutions, corporate and investment banking exposure, domestic and non-domestic retail banking exposure (including specialized financial services), private banking and asset management, and, finally, counterparty exposure (i.e. in connection with market risk).

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

- setting global and individual credit limits by customer, customer group or transaction type;
- validating credit score or internal customer rating criteria;
- monitoring and surveillance of large exposures and various credit portfolios;
- reviewing specific and general provisioning policies.

In addition, a specific department also performs comprehensive portfolio analysis and performs continuous cross-sector credit risk monitoring in order to provide guidance to the General Management on the Group's overall credit risk exposure. This responsibility encompasses coordinating various sector or cross-sector surveys, collecting relevant data for internal and external reporting, including to banking regulators. The Risk Division also helps define criteria for measuring risk and defining appropriate provisioning practices.

Reports are regularly submitted to the Group's Risk Committee (CORISQ), on proposed improvements to the credit policy and to the credit risk management framework, on portfolio analysis as well as the results of global stress tests incorporating the impact of macro-economic scenarios on the bank's risk exposure. Furthermore, an analysis of the effect of macro-economic cycles on volatility and consequently on the bank's non-performing loans and regulatory Risk Weighted Assets are also presented to CORISQ.

The Group has also devised specific procedures and contingency plans to deal with credit crises that could arise with respect to a specific counterparty, sector, country or region.

During 2008, it was decided to restructure the Risk Division in order to draw conclusions from the recent events that had affected Societe Generale and its environment (financial crisis, fraud) and to adjust the risk management structure based on the Group's development. The main objectives of this new structure, which has been in place since January 1, 2009, are:

- within the Risk Division, to strengthen the proactive management of all Group risks, by bringing together the portfolio risk research and analysis teams, while improving alert systems and procedures;
- to better combine the market, credit and liquidity approaches, by grouping together the management of market risks with issuer and replacement risks;
- within the asset management branch, to strengthen the independence of the market and liquidity risk management function with regard to operational entities;
- to automate International Retail Banking's risk control and increase the independence of the Risk structure within this division, particularly by having its risk control and monitoring teams report to the Group Risk Division;
- to unite the teams responsible for mortgage lending loan risks;
- to adapt risk monitoring to the increasing proportion of individual and business customers;
- to reinforce the prevention and monitoring of operational risks.

Risk approval

Strongly embedded in Societe Generale Group's credit policy is the concept that approval of any credit risk undertaking must be based on sound knowledge of the client and a thorough understanding of the client's business, the purpose, nature and structure of the transaction and the sources of repayment, while bearing in mind the Group's risk strategy and risk appetite. Credit decisions must also ensure that the return on the transaction will sufficiently reflect the risk of loss in case of default.

The risk approval process is based on four core principles:

- all transactions involving replacement risk (debtor risk, non-settlement or non-delivery risk and issuer risk) must be pre-authorized;
- staff assessing credit risk are fully independent from the decision-making process;
- subject to relevant approval limits, responsibility for analyzing and approving risk lies with the most appropriate business line or credit risk unit, which reviews all authorization requests relating to a specific client or client group, to ensure a consistent approach to risk management;
- all credit decisions systematically include internal obligor risk ratings, as provided by business lines and vetted by the Risk Division.

The Risk Division submits recommendations to the Risk Committee on the concentration limits it deems appropriate, 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 country risk limits are defined such as the correct exposure limit is assigned to each emerging market, based on 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 involves the business divisions exposed to risk and the Risk Division.

Finally, the supervision provided by CORISQ is supplemented by the Committee for large risk exposures. This is an ad-hoc committee more specifically responsible for periodically reporting to the Executive Committee on the Group's main exposures and associated risks, as well as for vetting the risk-taking and marketing policy vis-à-vis corporates, the bank's key client group, notably by proposing exposure limits.

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 Management of the operating divisions, using the Group-wide risk information system. This system aims at centralizing in a single database all the operating entities' commitments, and at reconciling total counterparty exposure with the corresponding authorizations. It also provides basic data for the portfolio analyses used in the bank's 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. This review is 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. Finally, the Group's Internal Audit Department performs regular risk audits and reports its findings to the General Management.

Risk measurement and internal ratings

Societe Generale Group's internal models for quantitative credit risk measurement and risk-adjusted return on capital have been developed since the mid-1990's and provide staff (credit analysts as well as customer relationship managers) with an advanced toolkit for approving, structuring and pricing transactions.

These models have gradually been broadened in order to encompass the vast majority of the Group's credit portfolios (retail and corporate and investment banking), and are part and parcel of the bank's day-to-day operational processes. Their capabilities have been further expanded in order to model the capital requirements for the bank's credit exposure under Basel II.

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

- the internal ratings models used to measure both counterparty risk (expressed as a probability of default by the borrower within one year) and transaction risk (expressed as the amount that will be lost should a borrower default);
- a set of procedures defining guidelines for devising and using ratings (scope, frequency of rating revision, procedure for approving ratings, etc.);
- reliance on human judgment to improve modelling results to include elements outside the scope of rating modeling.

In order to obtain regulatory AIRB (Advanced Internal Ratings Based Approach) approval, the bank's rating models for its main credit portfolios have been thoroughly audited, proofed and back-tested, to guarantee for their operational capacity, reliability and compliance with the "use test criteria" set by Basel II regulations.

Credit risk modeling is supported by a set of procedures ensuring reliable, consistent and timely default and loss data required for modeling and back testing purposes. The procedures formulate detailed guidelines for assigning ratings to counterparties and transactions and have been deployed across the Group's various business lines over the years. The systems for estimating the probability of default (PD) and the loss given default (LGD) are now fully operational for all of credit portfolios under the AIRB scope.

Societe Generale Group systematically performs a quantitative analysis of the counterparty and transaction risks in all loan applications and these two parameters, along with all of the other elements of a loan application, are factored in by those approving the loan.

As such, the guidelines for dealing with loan applications were revised and counterparty ratings are now criteria for determining the decision-making approval limits granted to operational staff and the risk function.

Risk modeling governance

MODELING RESPONSIBILITY AND PROCESS

Procedures also see to the governance of both the portfolio analysis and the bank's whole credit rating system. A specific department within the Risk Division is more particularly in charge of articulating the bank's doctrine in evaluating the key credit metrics used under AIRB (e.g. PDs, LGDs etc.), and validating and managing the performance of the internal rating system. Two validation Committees combining both the Business Divisions and the Risk Division are in charge of the permanent supervision of the models and of the rating system:

- The Model Validation Committee comprises staff responsible for designing the models and staff from the Risk Division and reviews the conclusions drawn from the audits of the models.
- The Expert Committee comprises operational experts within the various business lines, and makes, on an ad-hoc basis, any adjustments on the models' outputs which appear desirable for consistency and prudence purposes.

Overall, the databases and credit models used to model the bank's AIRB capital requirements are reviewed once every year by the Validation Committees, in their entirety, in compliance with Basel II regulations, and are then potentially adjusted, as needed. This is done, inter alia, by implementing exhaustive back testing on the models' outputs. Subsequent reports compiled by the Risk Division on all aspects of the implementation of the risk modeling for the main Basel II portfolios within the Group, such as their regular validation and back testing, are submitted to and approved by CORISQ.

BUILDING BLOCKS OF SOCIETE GENERALE'S CREDIT RISK MODELING

Societe Generale's credit modeling efforts have concentrated on evaluating the Probability of Default (PD) and Loss Given Default (LGD) for the Group's various portfolios.

With regard to corporate exposures, the bank has calibrated its PD modeling on the basis of through-the-cycle assumptions, whereby the PD is expected to be representative of the average default risk of companies through an entire business cycle, as it fluctuates between the cycle's peak and low. The corporate PD modeling has been mapped using long-term default data obtained from an external credit rating agency.

For retail portfolios, "Through the cycle" PD modeling is based on an internal historical default database over a medium-term time horizon, incorporating cautious assumptions.

Similarly, the bank's modeled LGDs for corporate portfolios are based on an historical database which includes a low point in the credit cycle. Furthermore, the model includes cautious assumptions given the relatively low losses actually incurred by the bank over the period of reference. The various LGD parameters have also been stress tested, and regular back testing is carried out to compare modeled and actual credit losses. Finally, final debt collections are stimulated including a prudent discount rate, which takes account of the time factor in assessing future cash flows and the bank's cost of carry on non-performing loans.

Evaluation of capital requirements for credit risk

Based on groundwork conducted since 2003 to devise the required credit risk models and databases, Societe Generale has obtained in December 2007 the approval from its relevant supervisors' group, lead by the French Banking Commission, to use the Advanced Internal Ratings Based Approach (AIRB) (the most advanced method for calculating capital requirements for credit risk under Basel II), for the calculation of its credit risk capital requirements under Pillar I.

At the end of 2008, almost 78% of Societe Generale credit exposure at default had been processed according to the AIRB method, and the remainder according to the Standardized Approach. Societe Generale intends to gradually further transition to AIRB, those activities and exposures which are currently using the Standardized Approach.

The main drivers for seeking AIRB adoption within each entity or business segment are i) its significance relative to the Group and ii) the availability of data and/or resources which can be used to design the relevant credit risk models for assessing risk according to the more advanced methodology.

Basel II guidance project – Pillar II

As part of the Basel II project, and alongside the work on Pillar I, a work program was launched jointly by the Finance Division and the Group Risk Division in order to prepare for the changes caused by reforms to the regulations governing capital management and risk assessment: this work is part of the implementation of Pillar II. In addition to the economic capital measures, the Group reinforced its stress test system (which historically comprised specific stress tests by type of risk) with overall stress tests including the Group's entire risk profile.

Moreover, analyses are also regularly carried out with the aim of measuring and managing the capital requirement linked to the highest level of cyclicity caused by the Basel II standards. This work is used in capital management in the Basel II environment.

All methodological work done as part of the implementation of Pillar II, its results and taking the work into account in the Group's operational management, were reviewed from September to December 2008 by a Committee of European Banking Supervisors (CEBS).

Lastly, in order to comply with the requirements of Pillar III, the Group will publish for the first time during the first half of 2009 additional quantitative and qualitative financial information on its credit portfolio.

Replacement risk

Given the Group's significant involvement in global capital markets, Societe Generale Group has devoted substantial resources to the development and implementation of effective tools for measuring and monitoring replacement 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. Transactions giving rise to replacement risk include securities repurchase agreements, securities lending and borrowing and over-the-counter derivatives contracts such as swaps, options, futures.

Replacement risk management

Societe Generale Group places great emphasis on carefully monitoring its replacement risk exposure in order to minimize its losses in case of default of its counterparts and to facilitate its trading activities by calibrating limits on the most solvent market participants. Counterparty limits are therefore assigned to all trading counterparties, irrespective of their status (banks, other financial institutions, corporates, public institutions).

In order to quantify potential replacement risk, the future mark-to-market value of all trading transactions with counterparties is modeled, 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 the different market products involved. These valuations take into account any protections, guarantees or collateral used to minimize the Group's final risk.

The simulations are obtained from statistical models developed by the Risk Division on the basis of an 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 resulting from the Monte-Carlo simulations:

- 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.

More specifically, when modeling replacement risk, the bank takes into account negative correlation arising between the replacement risk profile and other risk categories notably sovereign risk, or risks affecting a group of counterparties.

Setting counterparty limits

Analysis of credit risk on trading counterparties, including on financial institutions, is subject to the same set of procedures applicable to all Societe Generale's credit exposures. More specifically, the credit profile of financial institutions is reviewed on a regular basis, and appropriate trading limits are set, defined both by the type and maturity of the trading instruments. In setting counterparty limits, the bank considers both the intrinsic creditworthiness of the counterparties, as well as the robustness of any legal documentation, the Group's global exposure to financial institutions and the closeness of its commercial relations with the counterparties in question. Fundamental credit analysis is also supplemented by relevant peer comparisons and market surveillance.

IT trading systems allow both traders and the risk department to ensure that counterparty limits are not exceeded, on an on-going basis, and also intraday, or that incremental authorizations are obtained as needed.

Significant weakening in the bank's counterparties also prompts urgent internal rating reviews. As a result of the current credit crisis, Societe Generale Group has significantly stepped up its alertness to signs of deterioration in its counterparties' credit profile, which has resulted in the downgrading of the internal rating of a number of counterparties, the reduction in the associated counterparty limits as well as restrictions on more complex trading instruments. In addition, a specific supervision and approval process on more sensitive counterparties was implemented.

Mitigation of replacement risk

Societe Generale uses a variety of techniques specifically to mitigate its risk exposure. With regard to trading counterparties, as much as possible, the bank seeks to implement global closeout/netting agreements with the majority of its counterparties, whenever said agreements are deemed legally enforceable. Netting agreements are used to net all of the amounts owed and due to a given counterparty originating from markets trades, in case of default. The contracts usually call for the revaluation of required collateral at regular time intervals (often on a daily basis) and for the payment of the corresponding margin calls. Collateral is largely composed of cash and high-quality, liquid assets such as government bonds. Other tradable assets are also accepted, after any relevant value adjustment ("haircuts") to reflect the lower quality and or liquidity of the asset.

Occasionally, the agreement allows for a repricing of the initial transaction. In addition, depending on the type of the counterparty or transaction, the agreement may also call for over-collateralization to enhance the bank's protection.

Credit portfolio analysis

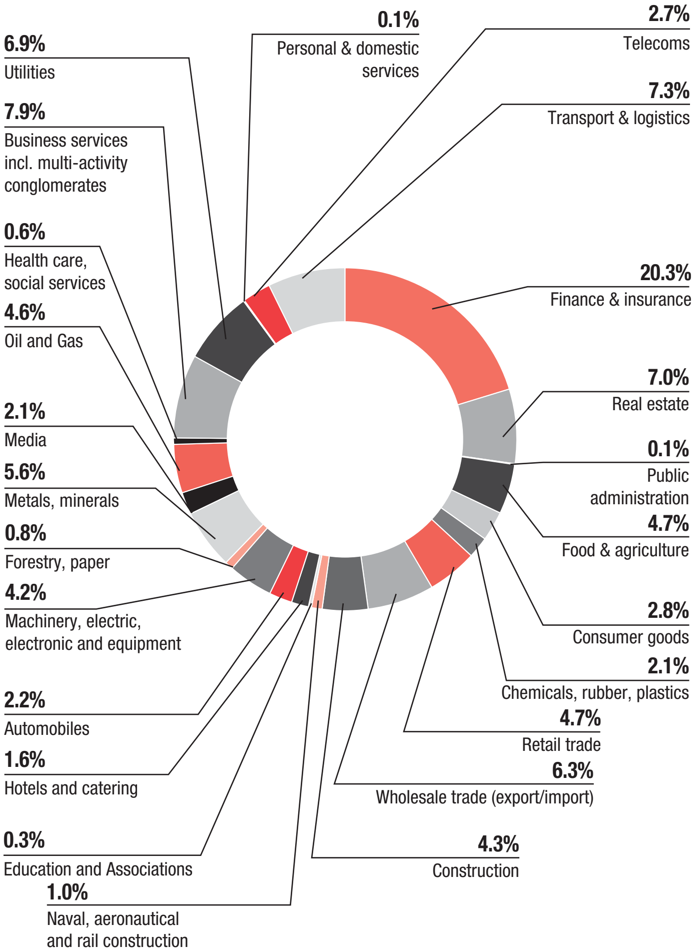
Credit Risks Outstandings

At December 31, 2008, loans (on-balance sheet + off-balance sheet, excluding fixed assets, equity investments and accruals) granted by Societe Generale Group to all of its clients represented Exposure at Default (EAD) of EUR 742 billion (including EUR 541 billion in outstanding balance sheet loans).

As a reminder, Exposure at Default (EAD) represents exposure in the event of default. It adds the portion of loans which have been drawn and converts off-balance sheet commitments using the credit conversion factor in order to calculate the exposure recorded on the balance sheet when the counterparty defaults.

The Group's commitments on its ten largest industrial counterparties account for 6% of this portfolio.

SECTOR BREAKDOWN OF GROUP CORPORATE OUTSTANDING LOANS AT DECEMBER 31, 2008 (BASEL CORPORATE PORTFOLIO, EUR 306 BILLION IN EAD*)

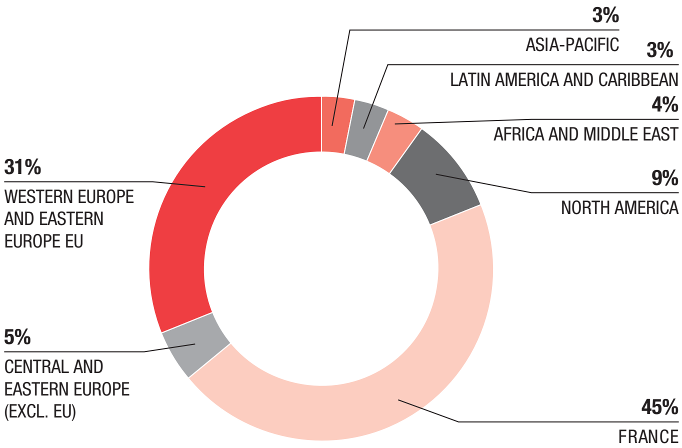


** On-balance sheet and off-balance sheet EAD, excluding fixed assets, accruals and equity investments.*

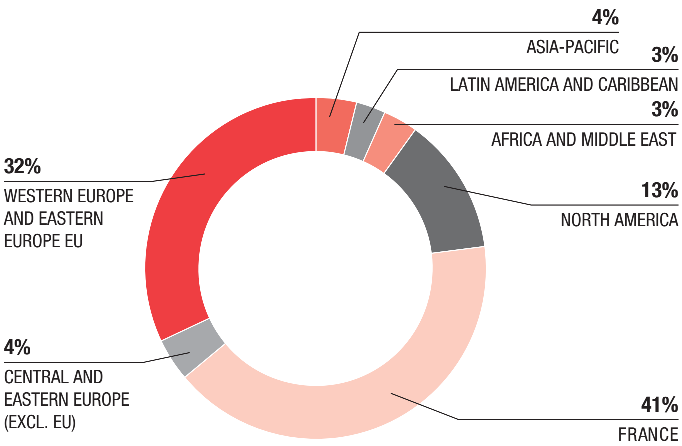
The Group's Corporate loan portfolio (Large Corporates, SMEs and specialized financing) is highly diversified in terms of sectors, and generally matches the structure of world GDP. Only one sector represents more than 10% of the Group's total outstanding loans (financial activities) and can notably be explained by the presence of funds and insurance in the Basel Large Corporates portfolio.

GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK OUTSTANDING AT DECEMBER 31, 2008 (ALL CLIENTS INCLUDED)

BALANCE SHEET COMMITMENTS (EUR 496 BILLION IN EAD):*

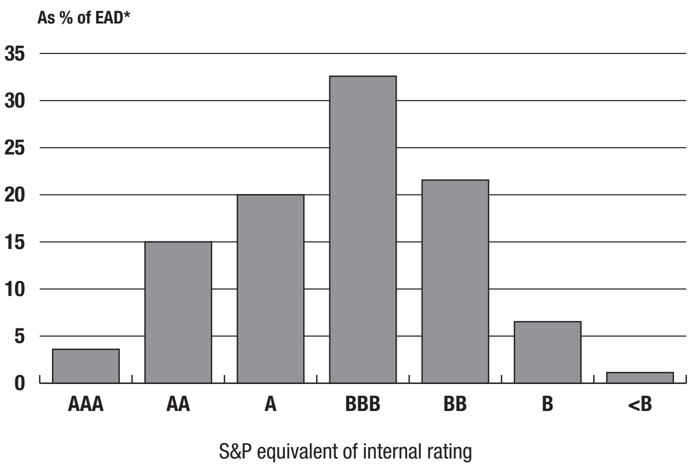


ON-BALANCE SHEET AND OFF-BALANCE SHEET COMMITMENTS (EUR 700 BILLION IN EAD):**



At December 31, 2008, 86% of Societe Generale Group's on- and off-balance sheet outstanding loans were concentrated in the major industrialized countries. Nearly half of the overall amount of loans was to French customers (25% to non-retail customers and 16% to individual customers).***

BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CUSTOMERS AT DECEMBER 31, 2008



** Exposure at Default (EAD) relative to borrower, issuer and replacement risk on outstanding loans processed using the IRB method, excluding equity investments, fixed assets, accruals and doubtful loans.*

The breakdown by rating of SG Group's Corporate commitments demonstrates the sound quality of the portfolio. It is based on an internal counterparty rating system, presented above as their S&P equivalent.

The scope of Corporate commitments includes performing loans (debtor, issuer and replacement risks) reported under the IRB method on all Corporate client portfolios, in all divisions (excluding equity investments, fixed assets and accruals). This scope represents EAD of EUR 235.4 billion (out of total EAD of EUR 306 billion) for the entire Basel II Corporate portfolio.

* *Balance sheet commitments and Geographic breakdown of group credit risk outstanding at December 31, 2008 corrected following the amendment to the registration document filed with the Autorité des Marchés Financiers on April 8, 2009.*

For the record, elements mentioned in the registration document on March 4, 2009 were:

- *Total balance sheet commitments in EAD: EUR 541 billion.*
- *Proportion represented by France: 49%.*
- *Proportion represented by Western Europe and Eastern Europe UE: 28%.*
- *Proportion represented by North America: 8%.*

** *On-balance sheet and off-balance sheet commitments and Geographic breakdown of group credit risk outstanding at December 31, 2008 corrected following the amendment to the registration document filed with the Autorité des Marchés Financiers on April 8, 2009.*

For the record, elements mentioned in the registration document on March 4, 2009 were:

- *Total on-balance sheet and off-balance sheet commitments in EAD: EUR 742 billion.*
- *Proportion represented by France: 45%.*
- *Proportion represented by Western Europe and Eastern Europe UE: 30%.*
- *Proportion represented by North America: 11%.*

*** *Breakdown of amount of loans to French customers corrected following the amendment to the registration document filed with the Autorité des Marchés Financiers on April 8, 2009.*

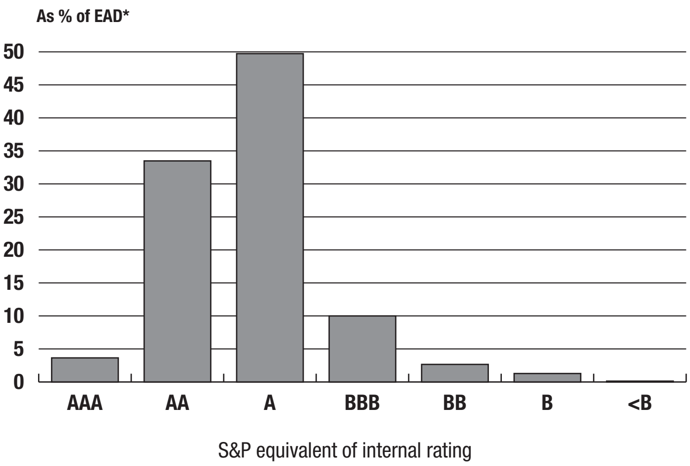
For the record, in the registration document on March 4, 2009, the amount of loans to French customers was 29% to non-retail customers and 15% to individual customers.

At December 31, 2008, the majority of the portfolio (71%) 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, 2008



Gross borrower risk, gross issuer risk, replacement risk, expressed as EAD, for a total of EUR 89.9 billion at December 31, 2008, for the scope of outstanding loans recorded under the IRB method, excluding equity investments, fixed assets, accruals and doubtful loans.

The breakdown by rating of SG Group's banking counterparty commitments demonstrates the sound quality of the portfolio. It is based on an internal counterparty rating system, presented above as their S&P equivalent.

The scope includes performing loans recorded under the IRB method on all Banking client portfolios, all divisions combined (excluding equity investments, fixed assets and accruals).

At December 31, 2008, Societe Generale Group's gross exposure (including a replacement risk measurement expressed in CVaR) to banking counterparties totaled **EUR 71.8 billion**.

The vast majority is concentrated on **Investment Grade counterparties (almost 95% of exposure)** and in developed countries (more than 90%).

The Group's exposure to banks in developing countries is borne by leading banks for the most part (usually public institutions) and generally covers short-term transactions and/or transactions which are largely covered by guarantees (trade finance, etc.).

In response to the financial crisis, since the summer 2007, the Group has implemented a reinforced monitoring system for managing limits and exposure to counterparty banks. This system was transformed into a crisis management system in September 2008 following the collapse of Lehman Brothers.

The most fragile counterparties and/or those most sensitive to the crisis were subject to upstream preventative measures and more stringent daily management:

- placed under monitoring;
- authorizations adjusted;
- ratings downgraded;
- approval process for new loans involves senior management (final decisions made by the Risk Manager for the most sensitive cases);
- regular information on the development of the situation submitted to the Group's Executive Committee.

While taking these preventative measures, Societe Generale nonetheless continued to provide significant levels of financing to the banking sector (which, as of December 31, 2008, remained the leading sector of activity in the Group's non-retail credit portfolio).

In total, over the whole of 2008, nine banking institutions (Lehman Brothers, Washington Mutual, four Iceland banks and three others financial institutions) were subject to significant provisioning of their loans or their reserves on the net banking income which came at EUR -173 million (excluding Lehman Brothers).

Outstandings in emerging markets

The Group's outstandings on corporate and individual customers in emerging markets is subject to limits validated on an annual basis by the General Management. The book outstandings, net of guarantees, account for 9% of the credit portfolio.

At December 31, 2008, nearly 75% 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 terms of Retail Banking in emerging countries, Group net outstanding loans totaled EUR 34.2 billion at December 31, 2008 (after the consolidation of Rosbank), up from EUR 17.1 billion at December 31, 2007 (excluding European Union countries). Furthermore, commitments in the amount of EUR 2.3 billion are covered by specific provisions. This portfolio covers 17 countries in 4 geographic regions (eastern Europe, the Mediterranean Basin, French-speaking Africa and South America).

CHANGE IN NON-BANKING EXPOSURE TO EMERGING MARKETS(1) (IN BILLIONS OF EUROS, EXCLUDING EU AND INCLUDING NEW ACQUISITIONS) RETAIL BANKING

	31/12/2008	31/12/2007
Individual Customers	12.8	6.7
Corporate Customers	21.4	10.4
Total	**34.2**	**17.1**

CORPORATE AND INVESTMENT BANKING

In Corporate and investment Banking, the part of the Group's outstandings, not covered by specific provisions or guarantees (ECA, cash collateral) stood at EUR 11.2 billion at December 31, 2008 (82% of which were loans to counterparties in investment grade countries) versus a figure of EUR 11.5 billion in 2007.

CHANGE IN NON-BANKING EXPOSURE TO EMERGING COUNTRIES(1), EXCLUDING EU (IN BILLIONS OF EUROS) CORPORATE AND INVESTMENT BANKING

	31/12/2008	31/12/2007
Reduced country risk (2)	1.8	2.3
Standard country risk (3)	2.8	2.3
Strong country risk (3)	6.6	6.9
Total	**11.2**	**11.5**

Furthermore, outstanding loans covered by specific provisions amounted to EUR 0.1 billion.

Outstandings in Russia

The Group is present in Russia mainly in the area of Retail Banking, with activities also in universal banking and Specialized Financing.

This presence increased in 2008 with the consolidation of Rosbank (EUR 15 billion) which accounts for the majority of the increase in the Group's overall outstanding loans in Russia. Outstanding loans in Russia stood at EUR 27.1 billion at December 31, 2008 versus EUR 8.2 billion at end-2007.

Societe Generale is also active in the Corporate and Investment Banking business in this country.

Provisions, provisioning policy and hedging of credit risk

Management of the credit portfolio

ORGANIZATION

Eight years ago, the Group's Corporate and Investment Banking Division set up a special department to manage its credit portfolio, known as GCPM, or Global Credit Portfolio Management. Working in close cooperation with the Risk Division and business lines, this unit aims at reducing excessive portfolio concentrations and reacting 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.

USE OF 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 26% of the total amount of individual protections.

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 2008, total credit derivatives under management decreased by EUR 6.7 billion, reaching a total of EUR 43.8 billion at end-December: EUR 28.2 billion in the form of Credit Default Swaps (CDS) and EUR 15.6 billion in the form of synthetic Collateralized Debt Obligations (CDOs). These CDOs were taken for capital management in the Basel I framework and will not be continued in 2009.

(1) On- and off-balance sheet net of specific provisions and guarantees.
(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).
(4) Short-term transactions or transactions partially covered (contribution to financing by international financial institutions, covered by non G10 ECA).

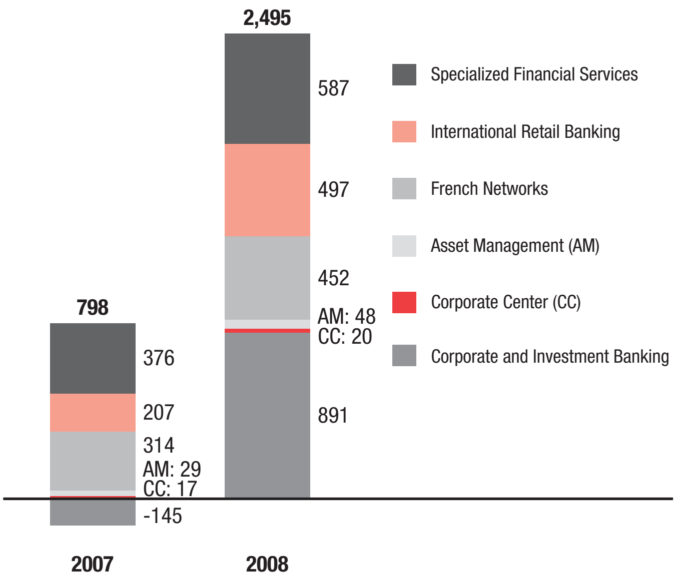
Almost all protection purchases were carried out with banking counterparties with ratings of A- or above, the average being between AA- and A+.

Concentration with any particular counterparty is carefully monitored.

Provisions for credit risks at December 31, 2008

The Group's total provisions for cost of risk (excluding provisions for legal disputes) amounted to EUR 2,495 million in 2008, compared with EUR 798 million at December 31, 2007.

CHANGE IN GROUP PROVISIONING IN 2008 (EXCLUDING PROVISIONS FOR LEGAL DISPUTES)



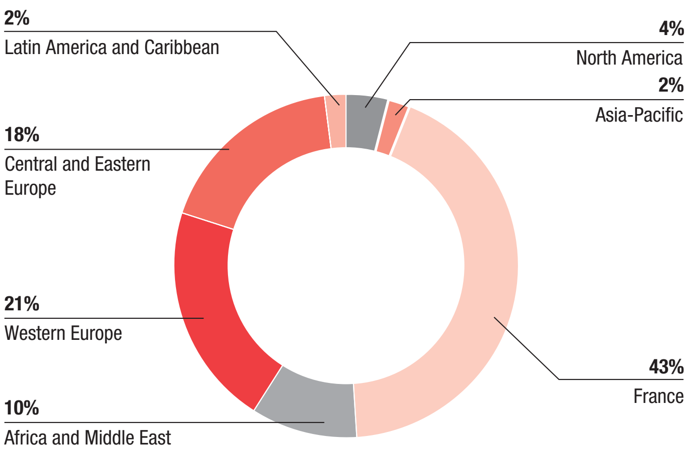
From one fiscal year to the next, the higher cost of risk reflects the deterioration in the economic climate throughout the year and especially in Q4. For full year 2008 and on the basis of Basel I risk-weighted assets, the cost of risk amounted to 66 basis points (EUR 2,655 million).

- The 2008 cost of risk for the French Networks (36 basis points) was sharply higher, attributable primarily to corporate customers.
- The 2008 cost of risk in International Retail Banking amounted to 73 basis points. It rose in Q4 due mainly to additional provision allocations and Rosbank's adjustment to Group provisioning standards.
- The cost of risk for Financial Services stood at 123 basis points in 2008, reflecting structure effects and the growth of outstandings in emerging countries.
- The 2008 cost of risk for Corporate and Investment Banking stood at 84 basis points. The increase can be attributed to the rise in the number of defaults, especially in the financial institutions.

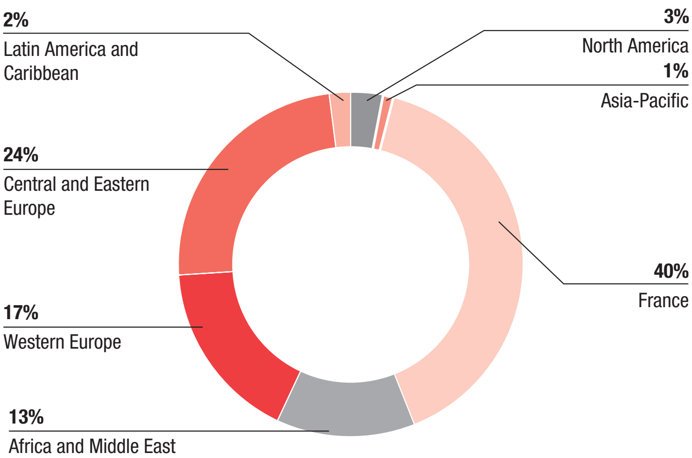
Specific provisions for credit risks

Provisions for credit risk are primarily booked for doubtful and disputed loans. At December 31, 2008, these amounted to EUR 14.9 billion.

BREAKDOWN OF DOUBTFUL AND DISPUTED LOANS BY GEOGRAPHIC REGION AT DECEMBER 31, 2008



GEOGRAPHIC BREAKDOWN OF PROVISIONS AT DECEMBER 31,.2008



These loans were provisioned for an amount of EUR 8.6 billion at December 31, 2008, giving a coverage ratio of 58%.

Portfolio-based provisions

At December 31, 2008, the Group's total portfolio-based provisions amounted to EUR 1,079 million against EUR 909 million at December 31, 2007.

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 in risk (country or sector risk).

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

Portfolio-based provisions are reviewed quarterly by the Risk Division.

HEDGE FUNDS

Hedge funds generate specific risks linked to the lack of regulations governing their activity and the existence of a strong correlation between credit risks and market risks.

Against an unfavorable financial backdrop, in 2008 hedge funds were faced with a sharp drop in their assets under management linked to poorer performances and massive early redemptions by investors, which caused major liquidity problems within this sector of activity.

As a result, Societe Generale has adopted a specific risk management system based on the following:

- 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 by the Risk Division which monitors counterparty and market risk on a daily basis.

Throughout the Group, all hedge fund activities are governed by two global limits set by the General Management:

- 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.

Although it remains a key client base for the Group, throughout 2008, Societe Generale responded to the deterioration of the hedge fund segment's risk profile by (i) reducing its exposure, (ii) strengthening its guarantees, (iii) revising ratings downward and, lastly, (iv) improving risk management through more stringent daily monitoring, which is notably aimed at minimizing operational risks linked to the management of risk specific to hedge funds.

MARKET RISKS

Organization

Market risk is the risk of losses resulting from unfavorable changes in market parameters. It concerns all trading book transactions as well as some banking book portfolios valued using the mark-to-market approach.

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 in terms of risk exposure, its global management lies with an independent structure: the Market Risk unit of the Risk Division. The main purpose of the department is the ongoing analysis, independently from the trading rooms, of the positions and risks linked to the market activities of the Group and the comparison of these positions to the allowed limits. 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.
- In addition to these functions linked to market risk in its strictest sense, the Department monitors and also checks the gross notional value of the exposures. This system, based on levels of alerts applying to all instruments and all the desks, contributes to the detection of possible of rogue trading operations.

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 appointed to implement the Level 1 risk control. The main tasks of these managers, who are independent from 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.

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

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: in accordance with the regulatory internal model, this composite indicator is used for the day-to-day monitoring of the market risks incurred by the bank, in particular regarding the scope of its trading activities;
- a stress test measurement, based on a decennial shock-type indicator. Stress test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary limits (sensitivity, nominal, holding period, etc.), which ensure consistency between the total risk limits and the operational limits used by the front office. These limits are also used to control 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 2008, the model was improved with new commodities risk factors (in particular Carbon Emission Rights), and basis factors on interest rates (measuring the risks linked to the various spot rates). Today, the market risks on almost all investment banking activities are covered by the VaR method, in particular those related to most complex activities and products, as well as certain retail banking and private banking activities outside France.

Societe Generale Group's VaR model was approved by the regulator to calculate the prudential capital.

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 Group's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatilities, 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 of 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 current positions, on the basis of the 250 deformations in the day's market conditions.

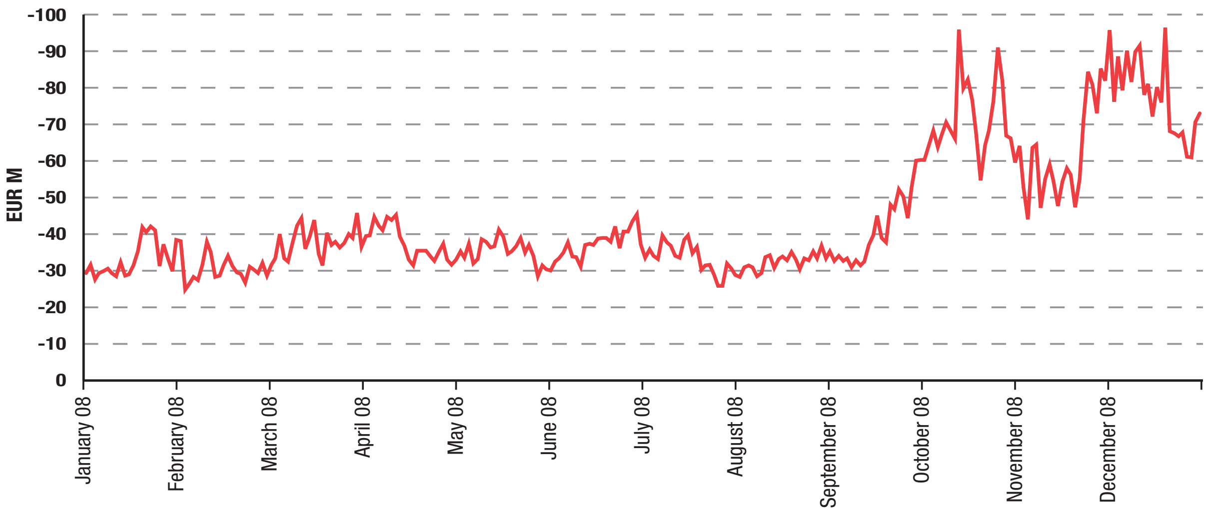
The 99% Value at Risk is the biggest loss that would be incurred after eliminating the top 1% of most unfavorable occurrences. Over one year, or 250 scenarios, it corresponds to the average of the second and third largest risks observed.

The VaR is first and foremost designed to monitor market activity in the bank's trading portfolios.

In 2008, the VaR limit for all trading activities was increased to EUR 85 million (EUR 15 million more than in 2007) to reflect among other things the increasing volatility of the markets.

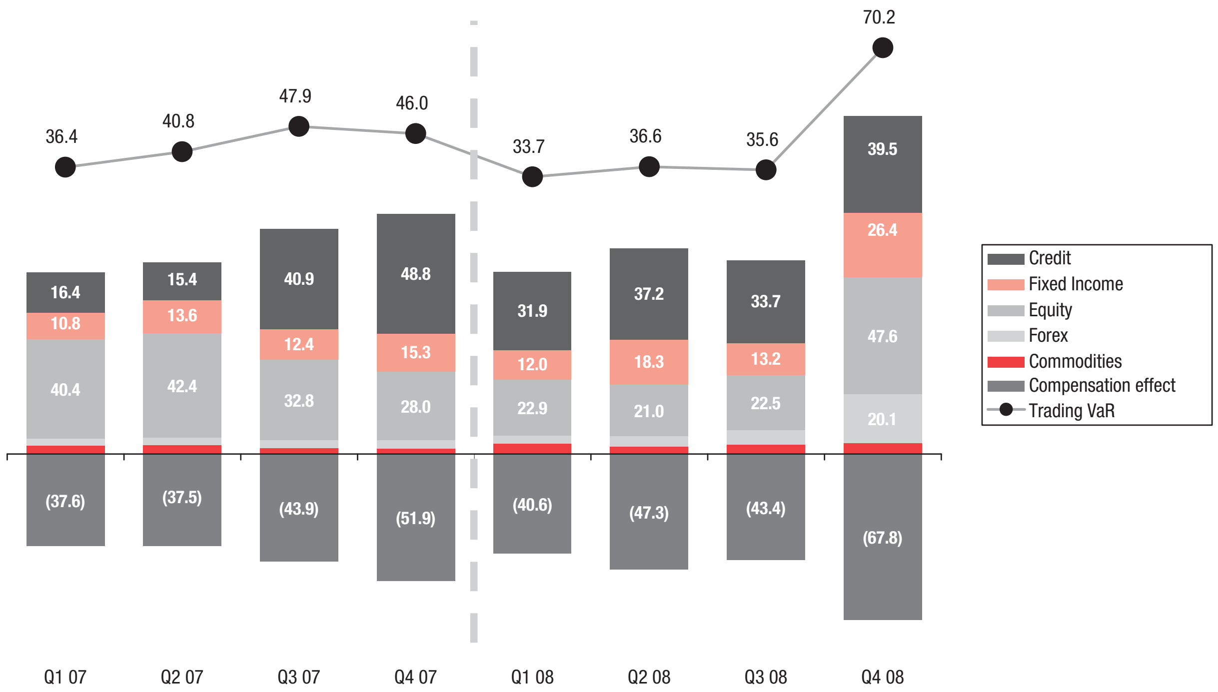
The Value at Risk in the Group's trading activities across the full scope of activities monitored evolved as follows in 2008:

TRADING VAR (TRADING PORTFOLIOS)
CHANGES IN THE TRADING VAR DURING 2008 (1 DAY, 99%) IN MILLIONS OF EUROS



The breaches observed during the fourth quarter were mainly the result of exceptional volatility on the Group's markets with no change in the Group's risk appetite. Moreover, in December, the process of transferring assets from the Trading portfolio to the Banking portfolio meant that the Group did not intervene on these positions until the transfers were complete, in order to be cautious and to obtain a precise view of the Trading exposure and, as such, identify the reduction strategy to be implemented.

BREAKDOWN BY RISK FACTOR OF THE TRADING VAR – CHANGE OF QUARTER AVERAGE OVER 2007-2008 PERIOD



The figures concerning 2007 do not take into account the unauthorized and concealed trading activities (Cf note 41)
The figures for credit risk cover a reduced scope as from Q4 08 following the transfer of trading book positions to the banking book (cf note 11). Given their illiquidity, a VaR calculation could not be performed on these positions using the existing approach.

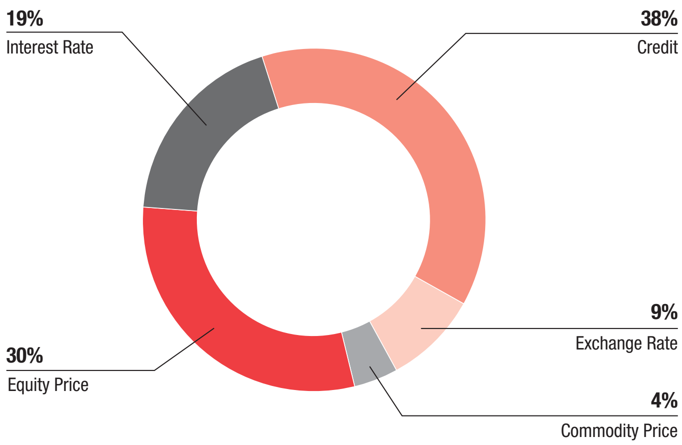
The average VaR amounted to EUR 44 million for 2008 against a yearly average of EUR 43 million in 2007.

This overall stability is the result of decreases over the first three quarters, followed by a sharp rise in the fourth quarter.

The drop observed until September is the result of exposure reduction, particularly in terms of equity risk (cash or derivatives).

In the fourth quarter, the introduction of highly volatile scenarios led to the doubling of VaR on almost all underlying assets (it should be noted with regard to credit risk that certain positions were transferred to the banking book, in light of their illiquidity, which automatically reduced the increase in credit VaR).

BREAKDOWN OF TRADING VAR BY TYPE OF RISK-2008



Limitations of the VaR assessment

The VaR assessment is based on a model and a certain number of conventional assumptions. Its main methodological 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 these limitations by:

- systematically assessing the relevance of the model by back-testing to verify if the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval;
- complementing the VaR system with stress test measurements.

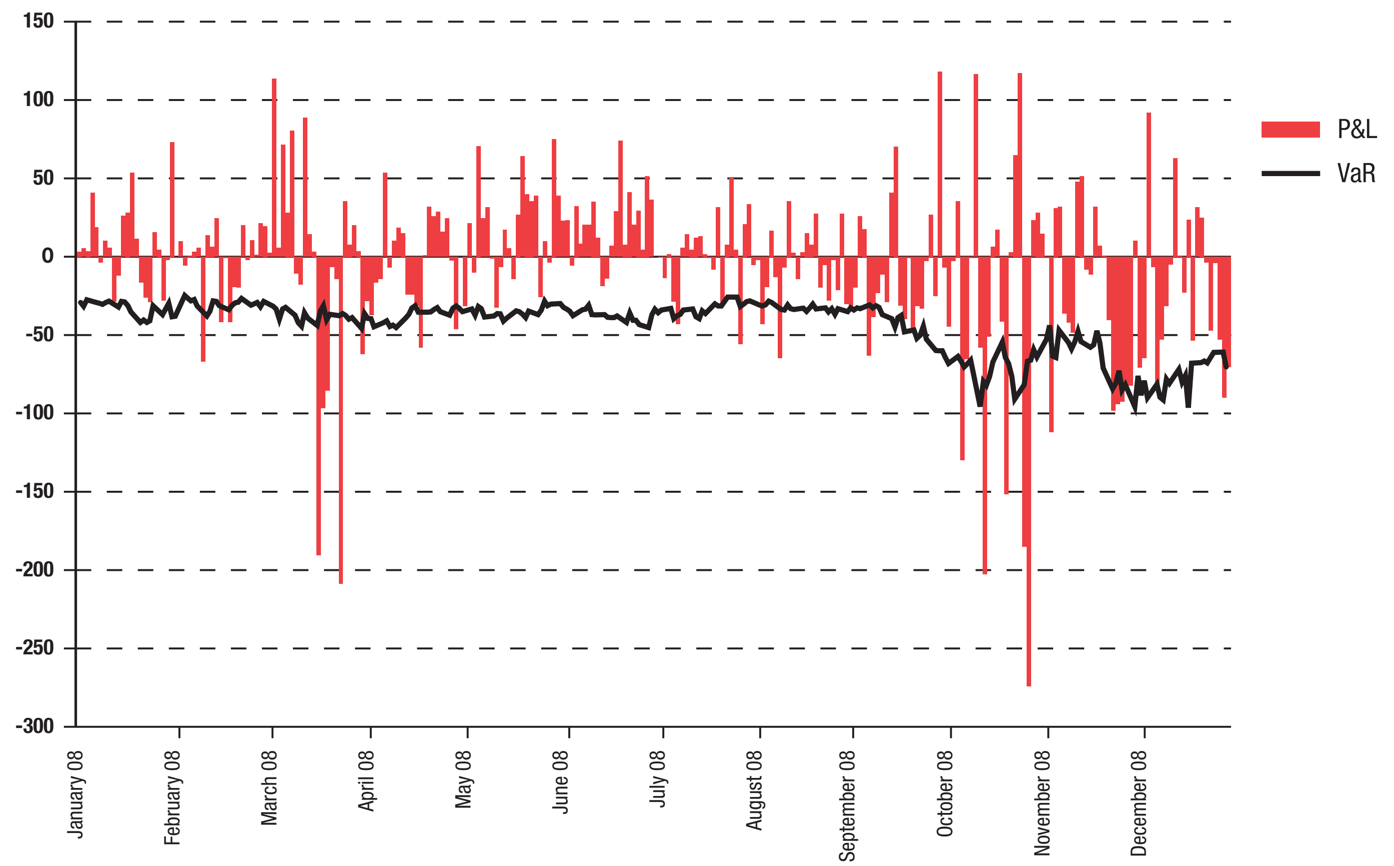
The chart below shows the VaR back-testing on the regulatory scope.

In 2008, the total daily loss exceeded the VaR on 29 occasions which is well above the 99% confidence interval used (2 to 3 occasions per year). This can be explained by several factors:

- due to market dislocation, the shocks which occurred on several risk factors were significantly greater than the historic shocks used to calculate VaR;
- as certain assets had become illiquid, particularly structured credit assets, the calibration of daily shocks used became more unstable, creating a gap between this risk indicator and the actual results recorded;
- moreover, illiquid assets are subject to large liquidity reserves, which are included in the results used to carry out VaR back-testing, whereas this element is not taken into account in the daily calculation of VaR.

In conclusion, the impact of these methodological limitations mentioned above warranted the use of other risk indicators such as stress tests in addition to VaR.

VAR BACK-TESTING USING THE REGULATORY SCOPE DURING 2008 VaR (1 DAY, 99%) IN MILLIONS OF EUROS



Stress test assessment

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

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

The stress test risk assessment 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.

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 Group has established 18 historical scenarios.

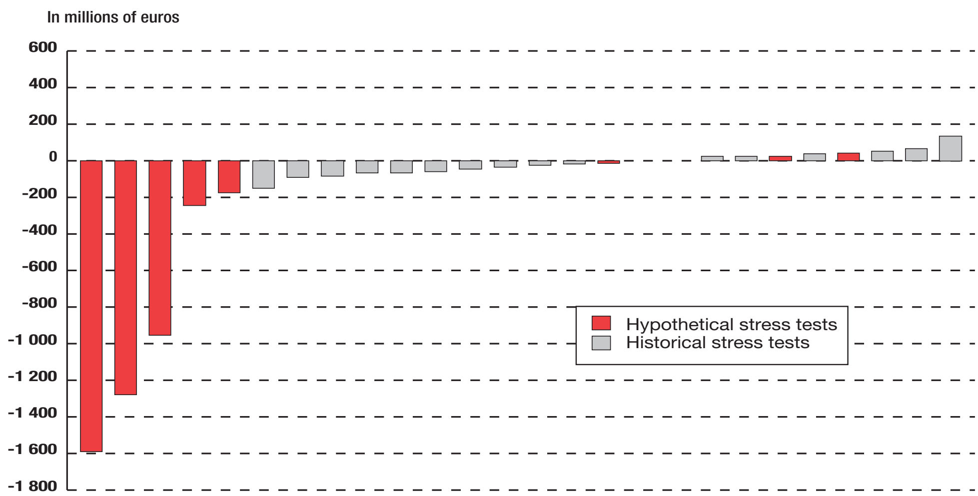
HYPOTHETICAL STRESS TESTS

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 General has therefore adopted 7 hypothetical scenarios, in addition to the "Societe General Hypothetical Scenario".

Results at December 31, 2008

The highest potential loss (around EUR 1,600 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.

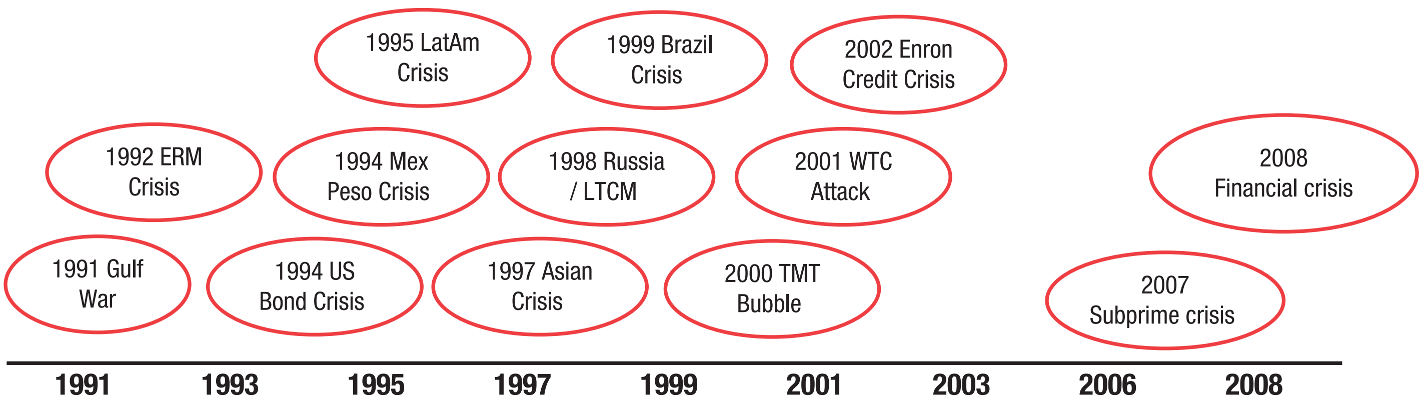
STRESS TESTS AT DECEMBER 31, 2008



Note that the list of scenarios used was reviewed in 2008. Following this review, two new scenarios have been implemented as from January 1, 2009:

- an “October 3-10, 2008” historical scenario illustrating the trends observed during this time period;
- a hypothetical financial crisis scenario based on the events observed during 2008.

Some scenarios of a lesser magnitude than these new scenarios have been eliminated.



SPECIFIC FINANCIAL INFORMATION

Since June 2008 and in accordance with the recommendations of the Financial Stability Forum, Societe Generale Group completed its communication on its exposure with regard to its assets affected by the global financial crisis.

During 2008, the Group took measures which aimed at reducing its risk (notably through sales, additional write-downs and early liquidation of a CDO) and reduced the volatility of its results by reclassifying assets held for trading over to its Loans & Receivables portfolio.

The Group actively managed its exposure to risky assets by selling off a part of its exotic credit derivatives portfolio as well as part of its ABS trading portfolio.

In addition, the Group reduced its Corporate and Investment Banking's exposure in its trading portfolio by reclassifying EUR 23.3 billion in assets held for trading, by applying the amendment to IAS 39. These high-quality assets were selected on the basis of a rigorous fundamental credit analysis.

Unhedged positions in CDO (Collateralized Debt Obligations) tranches exposed to the US real estate sector

Societe Generale Group holds unhedged positions in super senior CDO tranches which are exposed to the US residential real estate sector.

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

More specific and detailed information on the valuation of these instruments can be found in Note No. 3 to the financial statements.

Part of the portfolio was transferred from the trading portfolio to loans and receivables on October 1, 2008.

At December 31, 2008, gross exposure to super senior CDO tranches classified as held for trading totaled EUR 1.6 billion (compared to EUR 4.85 billion at December 31, 2007), following the transfer to *Loans & receivables* and partial liquidation (early liquidation of a CDO portfolio in the third quarter following the default of a counterparty which was acting as an intermediary in the transaction). These assets were subject to an average discount of 46%.

Gross exposure held in other portfolios (Loans & receivables and Available-for-sale assets) totaled EUR 4.2 billion at December 31, 2008.

UNHEDGED CDOS EXPOSED TO THE US RESIDENTIAL MORTGAGE SECTOR

	CDO* Super senior tranches					
(in millions of euros)	Portfolio # 1**	Portfolio # 2	Portfolio # 3	Portfolio # 4***	Portfolio # 5***	Portfolio # 6***
Gross exposure at 31/12/07 (1)	**1,401**	**1,736**	**1,717**	**N/A**	**N/A**	**N/A**
Gross exposure at 31/12/08 (1) (2)	**0**	**1,818**	**1,431**	**1,810**	**450**	**210**
Accounting portfolio 30/09/08	Trading	Trading	Trading	N/A	N/A	N/A
Accounting portfolio 31/12/08	N/A	L&R	Trading	L&R	L&R	Trading
Underlying	mezzanine	high grade	mezzanine	high grade	high grade	high grade
Attachment point at 30/09/08(3)	N/A	5%	37%	14%	62%	23%
Attachment point at 31/12/08(3)	N/A	3%	35%	14%	62%	23%
At 31/12/08						
% of underlying subprime assets	N/A	60%	73%	40%	21%	81%
o.w. 2005 and earlier	N/A	23%	60%	31%	20%	78%
o.w. 2006	N/A	23%	7%	6%	1%	2%
o.w. 2007	N/A	14%	6%	3%	0%	1%
% of Mid-prime and Alt-A underlying assets	N/A	7%	15%	29%	3%	0%
% of Prime underlying assets	N/A	16%	10%	31%	2%	0%
% of other underlying assets	N/A	16%	1%	0%	74%	19%
Total impairment and write-downs booked in the income statement (o.w. in Q4 08)(4)	**10** (o.w. 0 in Q4 08)	**(811)** (o.w. +16 in Q4 08)	**(639)** (o.w. -80 in Q4 08)	**(536)** (o.w. +0 in Q4 08)	**(39)** (o.w. +0 in Q4 08)	**(121)** (o.w. -5 in Q4 08)
% of total CDO write-downs at 31/12/08	**0%**	**46%**	**46%**	**30%**	**9%**	**58%**
Net exposure at 31/12/08 (1)	**0**	**1,007**	**792**	**1,274**	**411**	**89**

* Excluding CDOs of RMBS' (at 31/12/2008) booked as AFS after reintermediation (PACE, etc.):
- total nominal amount: EUR 158m,
- weighted attachment point: 8%
- residual risk after write-down: EUR 4m

** Following early termination of CDOs in portfolio #1, Societe Generale is no longer exposed to these assets

*** Portfolio created following commutation

(1) Exposure at closing price

(2) The changes in outstandings vs. 12/31/07 are due to the amortisations linked to early redemptions of underlying assets.

(3) The change in attachment points had the following effects:
- *upside: early redemptions at par value*
- *downside: defaulting of some underlying assets*

(4) Write-down variations at historical exchange rate for each quarter

CDOS OF RMBS: VALUATION ASSUMPTIONS AND SENSITIVITIES AND COMPARISON WITH ABXs

- Cumulative loss rate (trading portfolio)
  - Subprimes

	2005	2006	2007
Assumptions for cumulative Q4 07 losses	9.0%	23.0%	25.0%
Assumptions for cumulative Q4 08 losses	11.0%	25.0%	27.0%

Impact on NBI	(in millions of euros)
+10% cumulative losses for each year of production	(184)

  - Mid-primes and Alt-A: assumptions for losses amounting to ⅔ of the assumptions used for underlying subprime assets
  - Primes: assumptions for losses amounting to 14% of the assumptions used for underlying subprime assets
- 100% write-down of CDO-type underlying assets
- Write-down rate: comparison with ABX indices

	2005 production	2006 and 2007 production	
		A and above	BBB & below
Société Générale	-44%	-84%	-99%
ABX indices	N/A	-93%	-97%

- Assumptions for total losses for the US residential mortgage market
  - End-March and end-June 2008: around USD 385 billion
  - End-September and end-December 2008: around USD 410 billion

Protection acquired to hedge exposure to CDOS or other assets

Societe Generale Group is exposed to replacement risk on monoline insurers and other financial institutions with regard to the financial guarantees received from said insurers and institutions as hedges on certain assets.

The fair value of the Group's exposures to monolines and other financial institutions which had backed assets, notably including an underlying US subprime, reflect the deterioration in the estimated replacement risk on these credit enhancers.

More specific and detailed information on this exposure and the valuation of the associated replacement risk can be found in Note No. 3 to the financial statements.

PROTECTION ACQUIRED FROM MONOLINES

			At Dec 31, 2008	
(in millions of euros)	Gross notional amount of hedged instruments	Gross notional amount of protection purchased	Fair value of hedged instruments	Fair value of protection before value adjustments
Protection purchased from monolines				
Against CDOs (US residential mortgage market) [(a)]	5,670[(1)]	5,670	**4,240**	**1,430**
Against CDOs (excl. US residential mortgage market)	3,213	3,213	**2,661**	**552**
Against corporates credits (CLOs)	9,721	9,721	**8,916**	**805**
Against structured and infrastructure finance [(b)]	2,069	2,069	**1,629**	**440**
Other replacement risks				**994**
Total				**4,221**

(1) o.w. EUR 3.4 billion in underlying subprime assets (Vintages: 2007: 3%, 2006: 20%, 2005 and before: 77%)
(a) In Q4 08, EUR 2.3 billion of protection was commuted
(b) In Q4 08, EUR 0.15 billion of protection was commuted

PROTECTION ACQUIRED FROM OTHER FINANCIAL INSTITUTIONS

- Fair value of protection purchased from other large financial institutions (multiline insurers and international banks): EUR 248 million which corresponds mainly to corporate bonds and hedges on CDOs of structured RMBS until the end of 2005.
- Other replacement risks: EUR 1.1 billion purchased from CDPCs after including a write-down of EUR 120 million.

Protection purchased to hedge exposure to CDOs and other assets: valuation method

CDOs on the US residential mortgage market

On insured CDOs the US residential real estate market are valued based on the same methodologies and parameters as those used to value unhedged CDOs.

Corporate loan CLOs

97% of the tranches held by SG and hedged by monolines are rated AAA.

1% of the underlying assets of these tranches are rated BBB, 14% BB, 75% B and 9% CCC and below.

The valuation method consists in applying the rate of cumulative losses over five years based on the rating of the underlying assets (BBB: 5% - BB: 17% - B: 31% - CCC: 51% - below: 100%); these loss rates are calibrated based on the most unfavorable occurrences of the last thirty years.

Based on these assumptions, the average loss rate scenario comes out at 31%. However, it should be noted that the average attachment point remains high at 28%. The average write-down scenario for the SG portfolio is around 8%.

Other assets (CDOs excluding US residential mortgage market, infrastructure finance and other structured assets)

The valuation of these assets is obtained using a similar method to that used for CLOs.

A liquidity add-on for all hedged assets enables changes in indices or spreads to be reflected

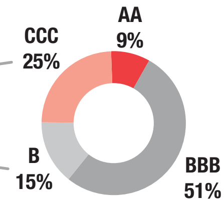
Exposure to counterparty risk on monoline insurers[a], Hedging of CDOs and other assets

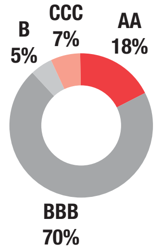
The substitutions made during 2008 on some assets hedged by monolines led to a decrease in the gross nominal amount of protection acquired from these counterparties.

However, this positive effect was limited by the deterioration of underlying assets, particularly CDOs, in the second half of the year. In light of the continued credit margin trends, changes to cumulative loss assumptions on RMBS and exchange rate effects, the estimate of sums which may be due to SG Group from monoline guarantees increased from EUR 1.9 billion at December 31, 2007 to EUR 4.2 billion at December 31, 2008.

The Group maintained a conservative approach, retaining an almost stable level of hedging (CDS + reserves) throughout 2008, which, at the end of the year, amounted to 73% of gross exposure, which would result from an immediate and simultaneous default of all monoline insurers.

(in billions of euros)	Dec 31, 07	Dec 31, 08
Fair value of protection before value adjustments	1.9	4.2
Nominal amount of hedges purchased*	(0.6)	(0.9)
Fair value of protection net of hedges and before value adjustments	1.3	3.3
Value adjustments for credit risk on monolines (booked under protection)	(0.9)	(2.1)
Residual exposure to counterparty risk on monolines	0.4	1.2
Total fair value hedging rate	*77%*	*73%*





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

*The nominal of hedges purchased from bank counterparties had a EUR +303m Mark to Market impact at December 31, 2008, which is neutralised in the income statement.

The rating used is the lowest issued by Moody's or S&P (at December 31, 2008)

AA: Assured Guaranty, FSA

BBB: Radian, MBIA, Ambac

B: CIFG

CCC: FGIC, Syncora Guarantee (named XL Capital until August 2008)

Exposure to US residential mortgage market: residential loans and RMBS

The Group is exposed to underlying assets relative to the US residential real estate market through RMBS.

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

More specific and detailed information on the valuation of these instruments can be found in Note No. 3 to the financial statements.

Part of the portfolio was transferred from the trading portfolio to Loans & Receivables on October 1, 2008. Residual net exposure after discounting and hedging, at fair value on balance sheet (trading and Available-For-Sale assets) at December 31, 2008, amounted to EUR 380 million.

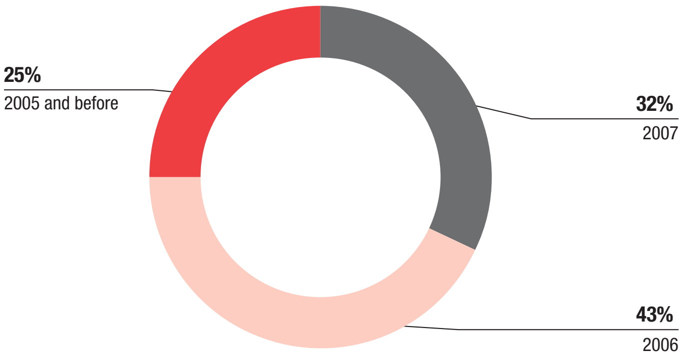
Societe Generale Group has no US residential real estate loan origination activity.

■ **RMBS “US”** [(a)]

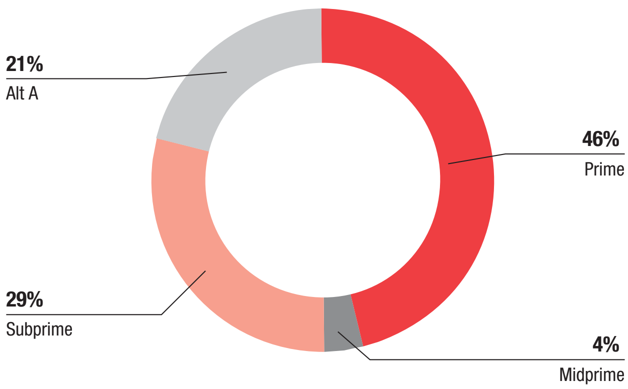
	Dec 31, 2008			
(in millions of euros)	**Net exposure** [(1)]	**Gross exposure** [(2)]	**% AAA***	**% AA & A***
‘Held For Trading’ portfolio	4	463	20%	12%
‘Available For Sale’ portfolio	376	761	24%	20%
‘Loans & Receivables’ portfolio	704	809	81%	13%
o.w. assets previously disclosed as “Exotic credit portfolio”	*704*	*809*	*81%*	*13%*
TOTAL	**1,085**	**2,033**	**46%**	**15%**

(a) Trading portfolio excluding residual “ exotic credit portfolio ”
** As a % of remaining capital*
(1) Net of hedging and impairments
(2) Remaining capital of assets before hedging

Breakdown of subprime assets by Vintage



Breakdown of RMBS portfolio by type



Exposure to residential mortgage markets in Spain and the United Kingdom

The Group is exposed to underlying assets relative to the Spanish and UK residential real estate market through RMBS.

These exposures are valued based on a market consensus (combining the fair value estimates given by several banks), plus a liquidity add-on to obtain a conservative measurement.

Part of the portfolio was transferred from the trading portfolio to loans and receivables on October 1, 2008.

Societe Generale Group has no Spanish or UK residential real estate loan origination activity.

■ **RMBS “Spain”** [(a)]

	Dec 31, 2008			
(in millions of euros)	**Net exposure** [(1)]	**Gross exposure** [(2)]	**% AAA***	**% AA & A***
‘Held for Trading’ portfolio	107	232	46%	31%
‘Available For Sale’ portfolio	163	215	91%	6%
‘Loans & Receivables’ portfolio	346	393	83%	17%
o.w. assets previously disclosed as “Exotic credit portfolio”	*165*	*185*	*80%*	*20%*
‘Held To Maturity’ portfolio	17	17	61%	39%
TOTAL	**633**	**857**	**74%**	**18%**

RMBS "UK" [a]

(in millions of euros)	Dec 31, 2008 Net exposure [1]	Gross exposure [2]	% AAA*	% AA & A*
'Held for Trading' portfolio	70	359	15%	77%
'Available For Sale' portfolio	83	190	52%	35%
'Loans & Receivables' portfolio	143	160	99%	1%
o.w. assets previously disclosed as "Exotic credit portfolio"	*92*	*105*	*100%*	*0%*
'Held To Maturity' portfolio	17	18	5%	95%
TOTAL	**313**	**726**	**43%**	**50%**

(a) Trading portfolio excluding residual " exotic credit portfolio "
** As a % of remaining capital*
(1) Net of hedging and impairments
(2) Remaining capital of assets before hedging

Exposure to CMBS'[a]

The Group is exposed to underlying assets relative to the commercial real estate market through CMBS. In a similar way to RMBS, the CMBS portfolio is valued using market parameters, or based on a market consensus (combining the fair value estimates given by several banks), plus a liquidity add-on to obtain a conservative measurement.

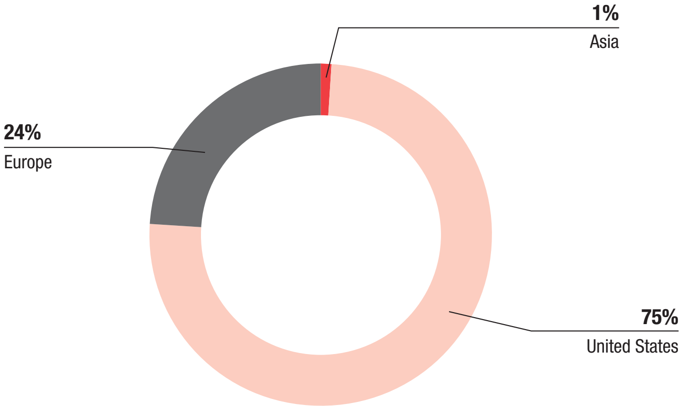
More specific and detailed information on the valuation of these instruments can be found in Note No. 3 to the financial statements.

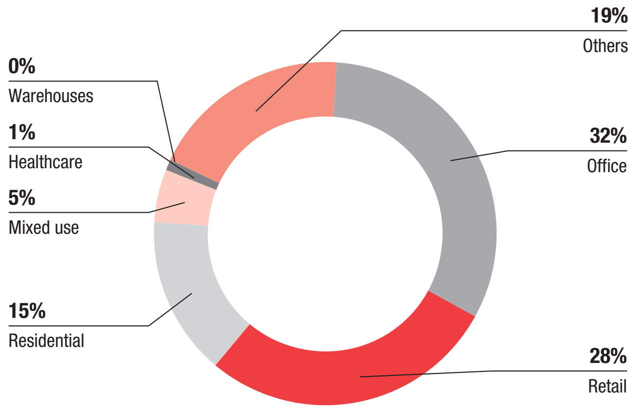
Part of the portfolio was transferred from the trading portfolio to loans and receivables on October 1, 2008.

Residual net exposure after discount and hedging, at fair value on the balance sheet (trading and Available-For-Sale assets) at December 31, 2008, amounted to EUR 524 million (excluding exotic credit derivatives portfolio).

(in millions of euros)	Dec 31, 2008 Net exposure [1]	Gross exposure [2]	% AAA*	% AA & A*
'Held for Trading' portfolio	**263**	**507**	**9%**	**70%**
'Available For Sale' portfolio	**261**	**364**	**74%**	**22%**
'Loans & Receivables' portfolio	**7,124**	**7,589**	**96%**	**4%**
o.w. assets previously disclosed as "Exotic credit portfolio"	*6,491*	*6,830*	*99%*	*1%*
'Held To Maturity' portfolio	**55**	**63**	**73%**	**27%**
TOTAL	**7,705**	**8 522**	**89%**	**9%**

(a) Trading portfolio excluding residual " exotic credit portfolio "
** As a % of remaining capital*
(1) Net of hedging and impairments
(2) Remaining capital of assets before hedging





* *As a % of remaining capital*

Commercial conduits

At the end of December 2008, Societe Generale was the sponsor of five unconsolidated commercial securitization conduits. The amount of assets held by these vehicles amounted to EUR 16 billion at December 31, 2008 (compared to EUR 19 billion at December 31, 2007).

Description of 5 commercial conduits sponsored by Societe Generale by type of asset*

			Breakdown of assets							Contractual maturity of assets				
(in millions of euros)	Asset total	Nationality of assets	Auto loans	Trade receivables	Consumer loans	Equipment loans	Other loans	RMBS	CMBS (AAA)	0-6 months	6-12 months	> 12 months	Amount of CP issued	Rating of CP issued
ANTALIS (France)	4,218	Europe (1)	16%	78%	0%	0%	1%	0%	4%	78%	0%	22%	4,128	P-1 - A1+
BARTON (United States)	9,078	US (95%) Switzerland (5%)	39%	9%	29%	8%	16%	0%	0%	9%	17%	75%	9,154	P-1 - A1+
ACE Canada (Canada)	225	Canada	100%	0%	0%	0%	0%	0%	0%	0%	0%	100%	198	not rated
ACE AUSTRALIA (Australia)	1,089	Australia	0%	0%	0%	0%	10%	90% (2)	0%	0%	0%	100%	982	P-1 - A1+
HOMES (Australia)	1,372	Australia	0%	0%	0%	0%	0%	100% (3)	0%	0%	0%	100%	1,379	P-1 - A1+
TOTAL	**15,982**		**28%**	**25%**	**16%**	**4%**	**10%**	**15%**	**1%**	**25%**	**9%**	**65%**	**15,841**	

() Conduit country of issuance

(1) 39% France, 20% Italy, 16% Germany, 12% UK, 8% Spain, 4% Netherlands, 1% Others

(2) 87% AAA - 2% AA - 1% AA- - 10% BBB-

(3) 96% AAA - 1% AA - 3% AA -

* Closure of Asset One on October 6, 2008 on the decision of the managing member

NB: the RMBS' of conduits are rated, while the other underlying assets are retail assets with no external rating.

Societe Generale's exposure at December 31, 2008 as a sponsor of these conduits

(in millions of euros)	Available liquidity line granted by Societe Generale	Letter of credit granted by Societe Generale	Commercial paper held by Societe Generale
ANTALIS (France)	5,279	433	0
BARTON (United States)	10,765	216	0
ACE Canada (Canada)	83	0	0
ACE AUSTRALIA (Australia)	1,018	27	297
HOMES (Australia)	1,427	34	412
TOTAL	**18,572**	**710**	**709**

Moreover, at December 31, 2008, Societe Generale Group had granted EUR 0.7 billion in available liquidity, divided between six third-party conduits sponsored by other banking institutions.

The total amount of third-party conduit Commercial Paper acquired amounted to EUR 0.2 billion at December 31, 2008.

Exotic credit derivatives

The exotic credit derivatives portfolio is linked to a client activity which consists in selling securities indexed on the credit quality of ABS portfolios.

The Group hedges the credit protection generated in its books by purchasing underlying ABS portfolios and selling indexes and actively manages its hedging based on the changes in credit spreads by adjusting the ABS portfolio held, index positions on indices and marketed securities.

The five-year long risk equivalent net position at December 31, 2008 was EUR -2.8 billion.

- EUR 4.1 billion in securities were disposed of in 2008
- EUR 7.7 billion in securities were transferred into Loans & Receivables portfolio
- 81% of the residual portfolio is made up of securities rated A and above.

At December 31, 2008, the specific reserve amount totaled EUR 0.8 million.

FIVE-YEAR LONG RISK EQUIVALENT NET POSITION (IN MILLIONS OF EUROS)

In EUR m	Dec 31, 2008
American ABS'	**(3,028)**
RMBS' (1)	(378)
o.w. Prime	151
o.w. Midprime	390
o.w. Subprime	(919)
CMBS' (2)	(2,825)
Others	175
European ABS'	**272**
RMBS' (3)	236
o.w. UK	239
o.w. Spain	(1)
o.w. others	(2)
CMBS' (4)	16
Others	20
Total	**(2,756)**

(1) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 3.2 million o.w. EUR 0.8 million Prime, EUR 1.7 million Midprime and EUR 0.6 million Subprime
(2) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 5 million
(3) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 0.4 million o.w. EUR 0.3 million in the UK
(4) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 51 million

Portfolio of assets bought back from SGAM Excluding RMBS in the UK and Spain, and CMBS included in the aforementioned exposures

Societe Generale Group also has exposure which results from the transfer of Societe Generale Asset Management's (SGAM) portfolio to Corporate and Investment Banking and the Corporate Center.

Part of the portfolio was transferred from the trading portfolio to Loans & Receivables on October 1, 2008.

At December 31, 2008, exposure of the asset portfolio transferred from SGAM amounted to EUR 1.2 billion in the trading portfolio, EUR 1.3 billion in the Available-For-Sale assets portfolio, EUR 1 billion in the Loans & Receivables portfolio and EUR 0.3 billion in the Held-To-Maturity assets portfolio.

	'Held For Trading' portfolio			'Available For Sale' portfolio		
(in millions of euros)	**Dec 31, 08**	**% AAA***	**% AA & A***	**Dec 31, 08**	**% AAA***	**% AA & A***
Banking and Corporate bonds	**470**	0%	9%			
Other RMBS	**98**	17%	43%	**303**	82%	15%
Other ABS	**63**	0%	51%	**295**	73%	23%
CDO	**154**	33%	43%	**215**	70%	27%
CLO	**362**	21%	56%	**463**	68%	30%
Other	**27**	0%	5%			
Total	**1,174**			**1,277**		

	'Loans & Receivables' portfolio			'Held To Maturity' portfolio		
(in millions of euros)	**Dec 31, 08**	**% AAA***	**% AA & A***	**Dec 31, 08**	**% AAA***	**% AA & A***
Banking and Corporate bonds	**321**	4%	60%			
Other RMBS	**267**	89%	11%	**42**	85%	15%
Other ABS	**193**	58%	36%	**114**	95%	5%
CDO	**64**	90%	10%	**53**	69%	12%
CLO	**186**	71%	29%	**89**	61%	39%
Total	**1,032**			**298**		

* *Calculation based on principal amounts*

Exposure to LBO financing

Societe Generale Group is exposed to LBO financing through both the Corporate and Investment Banking business and also through the French Networks.

- Corporate and Investment Banking
  - Portfolio-based provision for final take at December 31, 2008: EUR 110 million
  - Provisions specific to LBO accounts: EUR 90 million
  - Write-down of 13 accounts (EUR 0.9 billion) transferred into the 'Loans and Receivables' portfolio: EUR 61 million

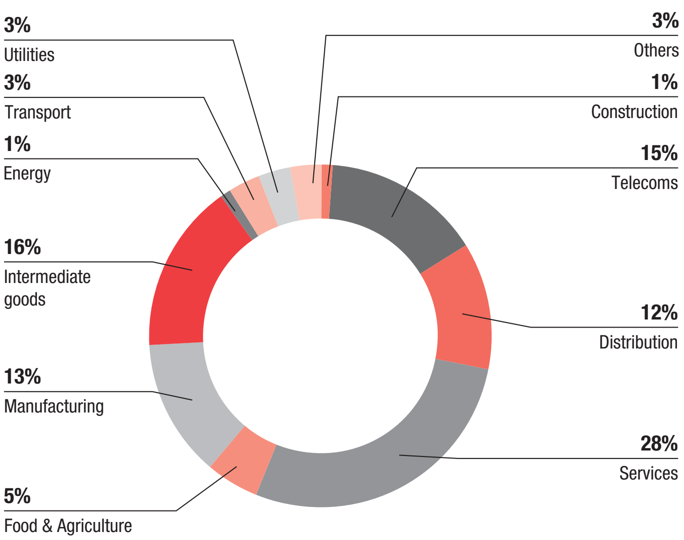
	Dec 31, 2008	
(in billions of euros)	Corporate and Investment Banking	French Networks
Final take		
Number of accounts	*137*	*57*
Commitments	3.9	1.7*
Units for sale		
Number of accounts	*0*	*2*
Commitments	0.0	0.0
Total	**3.9**	**1.7**

* *Adjusted for operating loans granted to acquired companies*

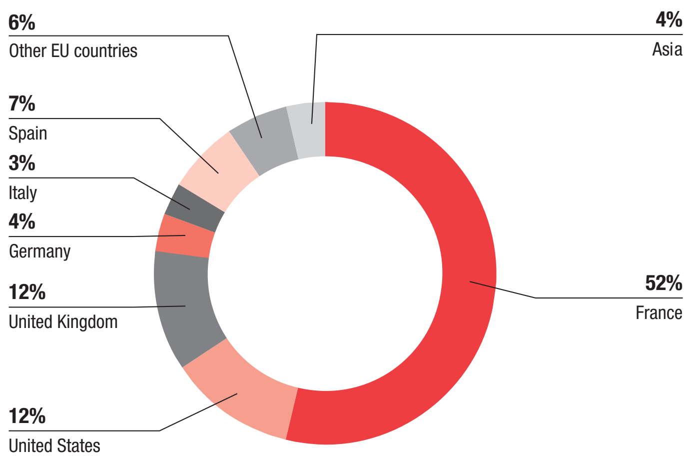
Exposure to Group LBO financing, which totaled EUR 5.6 billion at December 31, 2008, is well diversified both in sector and geographic terms.

EUR 5.6 billion

Sector breakdown



Geographic breakdown



STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

Structural interest rate and foreign exchange risks are linked to commercial activities and corporate center transactions (transactions involving equity, investments and 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 only result from the residual positions remaining after 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 Capital and Balance Sheet Management Department, which comes under the authority of the Group Finance Department, carries out a Level 2 control on the management of these risks performed by the entities.

The Group 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 monitoring of the Group's structural risks;
- validates the limits for each entity based on recommendations by the Capital and Balance Sheet Management Department;
- examines the reports on these risks provided by the Capital and Balance Sheet Management Department;

The Group Capital and Balance Sheet Management Department

- defines the standards for the management of structural risks (organization, monitoring methods);
- centralizes, consolidates and reports on risks exposures, and carries out Level 2 controls (independently from the operating divisions which supervise the entities);
- validates the models used by the entities;
- validates the asset and liability management policy of the French retail networks.

The operating entities are responsible for controlling structural risks

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

Each entity has its own structural risk manager, attached to the Finance Department of the entity, who is responsible for conducting Level 1 controls and for reporting the entity's structural risk exposure to the Capital and Balance Sheet Management 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-maturing products (such as sight deposits) and therefore determines the associated transformation strategy, reviews structural interest and exchange rate positions and validates the associated hedging programs in accordance with Group standards and limits authorized by the Group Finance Committee.

Structural interest rate risk

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

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

Objective of the Group

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

To this end, any residual interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. The sensitivity is defined as the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficits) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit for the overall Group is EUR 500 million (which is less than 1.8% 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 on 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 analyzed independently, without any a priori matching. Maturities on outstanding positions are determined on the basis of the contractual terms of the transactions and models of historic client behavior (regulated saving accounts, early repayments, etc.), as well as conventional assumptions for some balance sheet items (mainly shareholders' equity and sight deposits). Options exposure is analyzed through its delta equivalent.

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

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

Throughout 2008, the Group's global sensitivity to interest rate risk remained below 1% of Group shareholders' equity and within the EUR 500 million limit.

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

- Within the domestic retail banking division, outstanding customer deposits, generally considered to be fixed-rate, exceed fixed-rate loans for maturities over 5 years. Indeed, thanks to macro-hedging essentially through the use of interest rate swaps and caps, the French Networks' sensitivity to interest rate risk (on the basis of the adopted scenarios) has been kept to a low level. At end-December 2008, the sensitivity of French retail networks (Societe Generale and Crédit du Nord) based on their euro-denominated assets and liabilities was less than EUR 20 million.
- Transactions with large companies are generally micro-hedged and therefore present no residual interest rate risk,
- Transactions with clients of the Specialised Financial Services subsidiaries are generally macro-hedged and therefore present only a low interest rate risk.
- Client transactions for subsidiaries and branches located in countries with weak currencies can generate structural interest rate risk; however, this risk is limited at the Group level. These entities may have problems optimally hedging interest rate risk due to the low development of the financial markets in some countries.
- Proprietary transactions are generally well hedged. Residual positions are limited and arise primarily from shareholders' equity that has not been fully reinvested with the desired maturities.

Sensitivity to interest rate variations of the main entities of the Group (Crédit du Nord, Societe Generale in France, Komerčni Banka, Rosbank and BRD) represented EUR -61 million on December 31, 2008 (for a 1% parallel rise of the yield curve). These entities accounted for 65% of the Group's credits outstanding customer loans based on figures taken at September 30, 2008.

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 the one 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 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.

For the 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.

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

In 2008, the Group successfully neutralized the sensitivity of its solvency ratio to fluctuations in strong currencies by monitoring the structural positions in these currencies (the sensitivity of the solvency ratio is limited to a 5bp variation in case of a 10% variation in the exchange rate of one of the currencies). Moreover, its positions in other currencies, which result primarily from capital contributions and retained earnings, remained very limited.

LIQUIDITY RISK

General description

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

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 Capital and Balance Sheet Management Department manages liquidity for the overall Group, in conjunction with the Treasury Department of the Corporate and Investment Banking Division.

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

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

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

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 using the access to markets of the Group's main treasury departments (Paris, New York, London, Tokyo, Hong Kong, Singapore, etc.); and the transfer of the liquidity positions of the entities (liquidity requirement and liquidity surplus) to these treasury departments;
- diversification of sources of funding, both in terms of geographic regions and activity sectors;
- limitation of the number of issuers within the Group (Societe Generale, SG Acceptance NV, SG North America, etc.);
- management of short-term liquidity in accordance with the regulatory framework, and within the scope of the Group's main treasury departments, with the use of internal stress scenarios.

Measurement and monitoring of liquidity risk

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

- an assessment of the Group structural liquidity profile and its development over time;
- a monitoring of the diversification of funding sources;
- an assessment of the Group's funding needs on the basis of budget forecasts in order to plan appropriate funding solutions;
- an analysis of liquidity risk exposure using liquidity crisis 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 behaviour patterns (regulated savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain balance sheet items (principally shareholders' equity and sight deposits). The breakdown of assets and liabilities by contractual maturities are disclosed in **note 30**.

Societe Generale has a large and diversified deposits base which serves as a large part of mid and long-term financing resources.

Since the beginning of the financial crisis, Societe Generale Group has taken actions to strengthen the liquidity monitoring framework:

- closer monitoring of long term liquidity

A long-term funding plan aims to keep a mid and long-term surplus liquidity gap. The issuing policy aims to execute the funding plan on a regular and non-opportunistic way. In 2008, the Group was able to re-finance the roll over of its maturing debt during the year as well as the growth of its businesses, thanks to an active and diversified funding program on capital markets (issues of vanilla and structured private placements, senior and subordinate benchmark issues), and thanks to an additional effort of collection of deposits notably with the customers of the french retail network.

- strengthening of short term liquidity management

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

A weekly liquidity committee was set up, chaired by the Chief Financial Officer and attended by the Head and Treasurer of SGCIB, the Chief Risk Officer and the Head of Capital and Balance Sheet Management Department.

- active management of the eligible assets

The Group carries on its works to optimize the management of the pool of assets eligible for the various refinancing mechanisms (central banks refinancing operations, Société de Credit Foncier, SFEF, etc.): the inventory of the pool has been widened and information systems were improved to get an optimal allowance of these assets.

The regulatory one-month liquidity ratio is calculated on a monthly basis, and concerns Societe Generale Company (which comprises the head office in mainland France and its branches). In 2008, Societe Generale systematically maintained a ratio above the required regulatory minimum.

OPERATIONAL RISK

Operational risk management: organization and structure

Over time, Societe Generale has implemented processes, management tools and a full control infrastructure for monitoring and managing the Group's operational risks. These include, inter alia, general and specific procedures, permanent supervision, business continuity plans, New Product committees and dedicated functions for overseeing and managing specific types of operational risks, such as fraud, risks related to payment systems, legal risks, information system security risks and non-compliance risks.

THE OPERATIONAL RISK DEPARTMENT

Incorporated in 2007 into the Group's Risk Division, the Operational Risk Department works in close cooperation with operational risk staff in the Business Divisions and Functional Divisions.

The Operational Risk Department is notably responsible for the following:

- running the Operational Risk structure;
- devising and implementing Societe Generale's operational risk control strategy, in cooperation with the Business and the functional Divisions;
- promoting an operational risk culture throughout the Group;
- defining methods for identifying, measuring, monitoring, reducing and/or transferring operational risk, in cooperation with the Business Divisions and the Functional Divisions, and to ensure consistency across the Group;
- developing the Group's overall business continuity and crisis management policy, and coordinating its implementation.

THE OPERATIONAL RISK STRUCTURE

In addition to the Operational Risk Department, the Operational Risk Structure includes the Operational Risk Managers (ORM) in the Business Divisions and functional Divisions. ORMs operate throughout the structure, and are responsible for implementing the Group's procedures and guidelines, and monitoring and managing operational risks, with the support of Operational Risk-dedicated staff in the business lines and entities and in close collaboration with the respective entities' line management.

Operational risk committees have been set up at the Group level at the Division and business line/support department level and within the subsidiaries.

The organization and procedures implemented to manage operational risks are also subject to periodic internal audits.

The tasks and resources of the Operational Risk structure were strengthened in 2008, notably through the following measures:

- reinforcing the function's human resources, both in qualitative and quantitative terms, targeting growth of more than 25% over two years;
- strengthening operational risk management and reporting (notably in risk mapping and action plan follow-up).

Operational risk measurement

Societe Generale has opted since 2004 for the Advanced Measurement Approach (AMA) proposed by the Capital Requirement Directive for measuring operational risk. This approach notably makes it possible to:

- identify i) the business lines that have the greatest risk exposures and, ii) on the types of risk that have the greatest impact on the Group's risk profile and overall capital requirement;
- enhance the Group's operational risk culture and overall management, by introducing a virtuous circle of risk identification, improved risk management and risk mitigation and reduction.

Following its in-depth review in 2007, the French Banking Commission approved the use of the most advanced measurement approach (AMA), as defined under the Basel II agreement, for calculating Societe Generale's regulatory capital requirements related to operational risks, from January 1, 2008. Although some subsidiaries use the Standardized Approach, the AMA's application to the Group's activities covers more than 90% of total net banking income.

Operational risk monitoring process

The frameworks specifically established by Basel II regulations (the Capital Requirement Directive and "sound practices for the management and supervision of operational risk") have been implemented, on the basis of existing procedures when possible, to support the "virtuous circle" referred to previously. They notably involve:

- collecting internal data on operational risk losses;
- drafting Risk and Control Self-Assessment (RCSA) processes in every business unit;
- determining Key Risk Indicators (KRI);
- formulating scenario analyses;
- cross-referencing its own data with external loss data analyses.

Societe Generale's classification of operational risk in eight event categories and forty-nine mutually exclusive sub-categories is the cornerstone of its risk modeling, ensuring consistency in the risk control infrastructure and measurement system across the Group.

Commercial disputes	Fraud and other criminal activities
Disputes with authorities	Rogue trading
Pricing or risk evaluation errors	Loss of operating capacities/ environment
Execution errors	IT system interruptions

These categories of risk event chosen by the Group have been mapped to the Basel II regulatory classification for relevant benchmarking.

INTERNAL LOSS DATA COLLECTION

Internal loss data has been compiled throughout the Group since 2003, enabling staff to:

- build expertise in operational risk concepts and tools;
- achieve a deeper understanding of their risk areas;
- help disseminate an operational risk culture throughout the Group.

The minimum threshold to record a loss is EUR 10,000 throughout the Group, except for Corporate and Investment Banking, where this threshold is EUR 25,000 due to the scope of its activity, the volumes involved and the appropriateness of the event for the capital model. Any losses below these thresholds are therefore excluded from the collection process but the impact of the threshold is taken into account in the capital calculation model.

RISK AND CONTROL SELF-ASSESSMENT (RCSA)

The purpose of Risk and Control Self-Assessment (RCSA) is to assess and then measure the Group's exposure to operational risks. This involves:

- identifying and assessing the operational risks to which each of the Group's businesses is inherently exposed (the "intrinsic" risks), while disregarding the impact of risk prevention and mitigation measures;
- assessing the quality of risk prevention and mitigation measures, including their existence and effectiveness in detecting and preventing risks and/or their capacity to reduce their financial impact;
- measuring the risk exposure of each Group business that remains once the risk prevention and mitigation measures are taken into account (the "residual exposure") but disregarding insurance coverage;
- correcting any inadequacies in risk control and mitigation measures and implementing corrective action plans;
- facilitating and/or supporting the implementation of key risk indicators (KRI);
- adapting the risk insurance strategy, if necessary.

KEY RISK INDICATORS (KRI)

KRIs complement the overall operational risk management system, by providing a dynamic view of changes in business line risk profiles as well as a warning signal. A regular KRI monitoring assists both line management and staff in their assessment of the Group's operational risk exposure obtained from RCSA, the analysis of internal losses and the scenario analyses, by providing them with:

- a quantitative and verifiable risk measurement;
- a regular assessment of the improvements or deteriorations in the risk profile and the control and prevention environment which require particular attention or an action plan.

KRIs that may have a significant impact on the entire Group are reported to the Group's General Management.

SCENARIO ANALYSES

Scenario analyses serve two purposes: informing the Group about potential significant areas of risk and contributing to the calculation of the capital required to cover the operational risk.

For the calculation of capital, the Group uses scenario analyses to:

- measure its exposure to losses arising from low frequency/ high severity events;
- provide an estimate of loss distribution for event categories whose internal loss data history is insufficient.

In practice, for each event category, various scenarios are reviewed by experts, who gauge the magnitude of the potential impact for the bank, in terms of severity and frequency, by factoring in internal and external loss data from the external environment (regulations, business, etc.) and internal environment (controls, prevention and control procedures). The potential impacts of various scenarios are combined to obtain the loss distributions for the risk category in question. The related estimated frequency and severity are aggregated to obtain the loss distribution for individual risk categories.

Scenario analyses fall into two broad categories:

- Major Group stress scenarios, involving very severe events impacting several businesses and departments with an external cause, for which a BCP is required. The seven scenarios analyzed so far have helped enhance the BCPs' impact analysis.
- Business line scenarios that do not fall into the category of business continuity in its strictest sense but are used to measure unexpected losses to which the business lines may be exposed. Around 100 scenarios have been prepared so far.

ANALYSIS OF EXTERNAL LOSSES

Finally, Societe Generale also uses externally available loss databases to supplement the identification and assessment of the Group's operational risk exposures, by benchmarking internal loss records against industry-wide data.

CRISIS MANAGEMENT AND BUSINESS CONTINUITY PLANNING

Moreover, the Group is reinforcing its crisis management approach and is working to develop the intrinsic resilience of its activities in addition to its existing business continuity plans.

Risk modeling

The method used by the Group for operational risk modeling is based on the Loss Distribution Approach (LDA).

This stastical approach models the annual distribution of operational losses through historical data on internal or external losses, or scenario analyses, according to a bottom-up process producing a matrix of losses in the different operational risk categories and business divisions, with a potential granularity of 32 event categories.

The annual loss distributions are modeled for each element of the matrix, then aggregated to obtain the annual loss distributions of the Business Divisions and then the Group. This loss distribution indicates the loss amount the Group may be exposed to, and associates a probability of occurrence to each of these amounts.

The Group's regulatory capital requirements for operational risk is then defined as the 99.9% quantile of the Group's annual loss distribution.

The correlation between event frequencies is also factored in throughout the calculation process.

INSURANCE COVER IN RISK MODELING

As permitted under the Basel II Capital Framework, Societe Generale has developed a method that enables the calculated regulatory capital to be reduced by as much as 20% when insurance policies meet the Basel II regulatory requirements, and may cover, at least partly, operational losses.

Group-wide mapping is used to identify insurance policies that may cover the various operational risk categories and their corresponding caracteristics: Deductibles, Coverage and Coverage Probability.

The modeling process therefore takes into account the effect of Group insurance policies that cover major banking risks, i.e. civil liability, fraud, fire and theft, as well as policies covering systems interruptions and operating losses due to a loss of operating capacities.

Insurance is an operational risk mitigation factor that may be included in the model for both internal losses and scenario analyses. In Societe Generale's model, insurance impacts the severity distributions by decreasing event amounts. The modeled frequency distribution remains unchanged however.

Furthermore, there are two calculations of the overall capital requirement, one that takes the insurance benefit into account and a second that does not, to ensure that insurance does not reduce the capital requirement by more than 20%, as specified in the regulations.

The capital relief arising from Societe Generale's insurance cover represents 7.7% of its total capital requirement on account of operational risk.

GOVERNANCE OF THE REGULATORY CAPITAL CALCULATION PROCESS

The operational risk capital calculation process is subject to specific governance, particularly with respect to roles, responsibilities and frequency.

This governance applies to every step of the calculation process. This process is annually performed and back-tested. Its outputs are independently validated and an additional "safety" margin may be proposed if necessary. Furthermore, the model is assessed at least once every two years, and methodologies are independently validated. Finally, the capital requirements and the potential "safety" margins are submitted to annual validation by the Group Risk Committee.

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 on the amount of reserves or their reversal.
- Like many financial institutions, Societe Generale is subject to numerous litigations, including securities class action lawsuits in the U.S., and to regulatory investigations. The consequences, as assessed on December 31, 2008, of those that are liable to have or have recently had a material impact on the Group's financial situation, its results or its business have been provisioned in the Group's financial statements. Details concerning the major cases are provided below. Other litigation matters have no material effect on the Group's financial situation 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, was 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 filed at federal court in New Jersey, short-sellers of L&H stock alleged that SG Cowen participated in a scheme to artificially inflate L&H's stock price through allegedly false and misleading research reports about the company 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 conclusions denying liability. This litigation resulted in a settlement, without any admission of liability, which was largely covered by the insurance company.
- 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 affiliates have been implicated because of the role played as counsel to the buyers 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 cooperated fully 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 member banks of syndicated loans granted to Moulinex in 1997 and to Brandt in 1998. They are seeking compensatory damages to indemnify the creditors for the banks' alleged improper financial support to the aforementioned companies.

  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 grounds of serious and credible recovery plans, the banks have been the first victims of the Moulinex and Brandt collapses.

  All reasonably anticipated expenses relating to the management of these proceedings have been taken into account.
- In an 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 dismissed. This decision went against the State prosecutor's formal written demand for dismissal of the suit who 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 took place from February 4, 2008 to August 1, 2008. In its judgment of December 11, 2008, the criminal court followed the State prosecutor and acquitted Societe Generale, its chairman and the three employees concerned.

- 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) before the Superior Court of Justice of Ontario (Canada). It sought 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 was alleged that these trusts had never been created, which had allowed individuals associated with the Portus entities to partially misappropriate some of the investors' funds. The Portus entities had since been put into bankruptcy. It was 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 plaintiff sought, within the framework of a class action suit, to have the Societe Generale Group entities declared responsible for these misappropriations and any other investor losses. The Societe Generale Group entities, who always disputed these charges, have finally agreed with the plaintiffs to settle this litigation, without admitting any liability, through early reimbursement of the Notes issued. The settlement was approved by the Court and was recently finalized.
- 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 regulations relating to their conduct in the provision to governmental issuers of tax-exempt municipal bonds under Guaranteed Investment Contracts (GICs). Societe Generale is cooperating fully with the Investigating authorities. Furthermore, in 2008, several local U.S. authorities began parallel investigation into the same alleged conduct.

  Based on the reports by the regulatory authorities referred to above, the Federal and local authorities summoned a large number of other banks, insurance carriers and brokers to appear before a New York Federal Court as part of a putative class action. According to the plaintiffs, the defendants had infringed competition laws by selling municipal derivatives, including GICS', since at least January 1992.
- 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 to 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 ("Protected Funds"). These 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 derivative 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. Discovery proceedings are currently ongoing.
- In January 2008, Societe Generale became aware of a fraud committed by one of its traders who had 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 these positions without delay under 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, breach of trust and attempted fraud. Societe Generale subsequently filed a civil claim in connection with the criminal case. Small shareholders joined the lawsuit, but their civil claims were rejected.

  At the same time, an individual has brought forth a lawsuit before the "Tribunal de Grande Instance" of Paris against Societe Generale for allegedly deflating the value of its stock by its alleged misconduct.

  The French Securities Regulator (AMF) has initiated an investigation into the SG stock market and financial report.

  The French Banking Commission launched an investigation. As a result of its inspection, on July 3, 2008, the French Banking Commission fined Societe Generale EUR 4 million for breaching regulatory provisions on internal control procedures (French Banking and Financial Regulatory Committee regulation No. 97-02). The Commission found the bank responsible but noted that Societe Generale has already taken significant steps towards remedying identified deficiencies, using both short-term and structural measures, as stated in the reports by the Special Committee appointed by the Board of Directors. Societe Generale has accepted this sanction and has chosen not to appeal.

  In the United States, Societe Generale received a subpoena from the United States Attorney's Office for the Eastern District of New York in Brooklyn seeking all documents relating to the trading activities of the aforementioned trader. Societe Generale is cooperating fully with this request. In March 2008, three putative class action lawsuits were filed separately at a federal court in New York by holders of ADRs (American Depository Receipts) who claim that Societe Generale, its Chairman and one of its American directors gave misleading information on the bank's exposure to subprime mortgage market risk from August 1, 2005 to January 23, 2008 and on the effectiveness of internal control procedures. The American director is also accused of insider trading. These three putative class action suits have been consolidated in one joint suit and the allegations now seek to define the plaintiff class to include all purchasers of Societe Generale shares and now also include allegations directed against two Societe Generale Co-CEOs and also state claims of insider trading against each of the four directors named as defendants. A motion to dismiss (which puts forth arguments relating to the proceedings designed to have the lawsuit thrown out before it goes to court) has been filed.

- Since 2003, Societe Generale had set up “gold consignment” lines with the Turkish Goldas Group. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold reserves held at Goldas. These suspicions were rapidly confirmed following the failed payment of gold purchased. In order to recover the sums owed by the Goldas Group and to protect its interests, Societe Generale has brought forth civil proceedings in the United Kingdom and in Turkey against Goldas Group entities. In light of the strong suspicions of fraud, Societe Generale has also filed criminal proceedings in Turkey. A provision has been made.
- In 1990, Australian and European banks, including Societe Generale Australia, received guarantees from the Bell Group to cover loans granted to companies within the Group. These guarantees were realized when the Group went bankrupt. The liquidator demanded that the banks reimbursed the corresponding sums. In October 2008, the Australian court partially supported the liquidator’s claims and condemned the banks to return the funds in addition to interests capitalized since 1991. An appeal is under consideration. A provision has been made.
- Societe Generale Algeria (SGA) and several of its branch directors have been prosecuted for breach of local laws on exchange controls and capital transfers with other countries. The defendants are accused of having failed to make complete or accurate statements to the Bank of Algeria on movements of capital in connection with exports or imports made by SGA clients. The events were discovered during investigations carried out by the Bank of Algeria since 2004. The Bank of Algeria subsequently filed civil claims. Heavy sentences were delivered against SGA and its agents who have filed the appropriate appeals. Several local and foreign banks were also sentenced on the same grounds.

ENVIRONMENTAL RISKS

See pages 137 to 145

INSURANCE FOR OPERATIONAL RISKS

Description of insurance policies

General policy

Since 1993, Societe Generale has implemented a global policy of hedging Group operational risks through insurance. This consists in researching the market for the broadest and highest levels of guarantee with regard to the risks incurred and to enable all entities to benefit from these guarantees wherever possible. Guarantees are taken out with leading insurers, which enable us to meet Basel II regulation criteria. When required by local legislation, local policies are taken out, which are then reinsured by insurers that are part of the global program.

In addition, specific guarantees may be subscribed to by entities which exercise a particular activity.

A Group internal reinsurance company intervenes on several contracts in order to pool frequent, low-level risks between entities. This approach contributes to the improvement of the Group's knowledge and management of its risks.

Against a very difficult backdrop for banks, the Group has maintained, and even improved, its financial activity insurance program.

Guarantees related to the protection of operating tools and assets were renewed and improved. Fall 2008 was marked by the delivery of the Tour Granite, which was made possible by its reconstruction value.

Description of cover

General risks

1. Buildings and their contents, including IT equipment, are insured at their replacement value. The guarantee covering acts of terrorism abroad was renewed.
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.

Risks arising from activity

Insurance is only one of the financing methods that can be used to offset the consequences of the risks inherent in the Group's activity, and as such it complements the Group's risk management policy.

1. HOUSING LOANS

Housing loans granted by the bank are, barring exception, 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 financial activities around the world. With regard to fraud, actions committed by an employee or a third-party acting alone or with another employee with the intention of achieving illegal personal gain are covered. Acts of malice assume the desire to cause harm to the Group.

3. PROFESSIONAL LIABILITY

The consequences of any lawsuits are insured under a global policy.

4. OPERATING LOSSES

The consequences of any accidental interruptions 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

Basel II solvency ratio

The June 2004 Basel accord implemented new regulations which modified the way minimum capital requirements are calculated, notably in order to better align them with the risks banks face and their economic reality. This new system was drafted into European law and then French law in 2006.

In terms of the Basel II solvency ratio, minimum capital requirements are set at 8% of the sum of weighted credit risks and the capital requirement multiplied by 12.5 for market risks (interest rate, exchange rate, equity and commodity risk) and operational risks. The latter is a new element introduced by Basel II.

The calculation of credit risk-weighted assets was also refined under Basel II in order to better take into account the operational risk profile. There are two possible approaches for determining risk-weighted assets: the standardized approach (based on fixed weightings) or the internal (IRB) approach. The latter is based on internal counterparty rating models: the IRB Foundation method, or on internal counterparty or operational rating models: IRB Advanced method. In December 2007, the French Banking Commission authorized Societe Generale to apply the advanced methods on credit risk (AIRB) and operational risk (AMA).

With regard to risk-based capital, further deductions are required which apply to 50% of base capital and 50% of additional capital (holdings in companies of a financial nature, securitization positions, insufficient provisions).

The Basel II solvency ratio came out to 11.64% at December 31, 2008 (with a Basel II Tier One ratio of 8.78% and a Core Tier One ratio of 6.69% [5]), without taking into account additional capital requirements with regard to prudential floors and without recourse to Tier 3 capital. Taking into account the additional capital requirements in terms of floors, the Basel II solvency ratio would be reduced to 11.19%, the Basel II Tier One ratio to 8.43% and the Core Tier One ratio to 6.43%. In fact, the implementation of the new Basel II standard is in addition to two years of parallel measures governed by floor levels, with the old standard. As such, the benefit of switching to the Basel II capital requirements (calculated as 8% of risk-weighted assets) was limited in 2008 by a floor of 90% of capital requirements calculated in accordance with regulations No. 91-05 and 95-02 (capital adequacy ratio). In 2009, a floor of 80% is applicable (it would not have been reached at end-2008).

RISK-BASED CAPITAL, RISK-WEIGHTED ASSETS AND BASEL II SOLVENCY RATIOS

In millions of euros	December 31, 2008
Group shareholders' equity	36,085
Dividends	(843)
Minority interests after appropriation of net income	3,018
Preferred shares	1,455
Prudential deductions [1]	(7,994)
Total Tier One capital	31,721
Basel II deductions [2]	(1,398)
Tier One capital	30,323
Total Tier Two capital	14,280
Other deductions [2] [3]	(4,370)
Total risk-based capital	40,234
Risk-weighted assets	345,518
Basel II Tier One ratio [4]	8.78%
Basel II solvency ratio [4]	11.64%

(1) goodwill, intangible assets and IFRS prudential deductions

(2) deductions introduced by Basel II regulations and applied to half of Tier One capital and half of Tier Two capital

(3) also including holdings in insurance companies

(4) after applying additional capital requirements with regard to floors, the Tier One ratio comes out to 8.43% and the Basel II solvency ratio to 11.19%

(5) core Tier One: defined as the total Tier One less hybrid capital

Group shareholders' equity at end-December 2008 totaled EUR 36.1 billion. After taking into account minority interests, preferred shares and prudential deductions (including the new deductions introduced by the Basel II regulations), prudential Tier One capital under Basel II came out to EUR 30.3 billion and Basel II risk-weighted assets to EUR 345.5 billion.

Risk-weighted assets by type of activity break down as follows:

- credit risks (EUR 277.2 billion)[(1)] accounted for 80.2% of risk-weighted assets at December 31, 2008.
- market risks (EUR 23.1 billion) accounted for 6.7% of risk-weighted assets at December 31, 2008.
- operational risks (EUR 45.3 billion) accounted for 13.1% of risk-weighted assets at December 31, 2008.

The credit risk on derivatives essentially relates to instruments with maturities under five years (a detailed analysis of these instruments is included in note 30 to the consolidated financial statements).

Moreover, as Societe Generale Group has been classified as a financial conglomerate it is subject to additional supervision by the French Banking Commission.

AS A REMINDER: B.I.S. RATIO (FORMERLY THE COOKE RATIO)

In millions of euros	12/31/2008	12/31/2007
Tier One capital	31,721	21,616
Total risk-based capital (Cooke)	43,377	28,944
Risk-weighted assets (Cooke)	402,403	326,468
Tier One ratio (%)	7.88	6.62
B.I.S.ratio (%)	10.78	8.87

Cooke risk-based capital amounted to EUR 43.4 billion (compared to EUR 28.9 billion at December 31, 2007). Risk-weighted assets totaled EUR 402.4 billion, up 23.3% on 2007.

Ratio of large exposures

The ratio of large exposures is calculated on a quarterly basis.

It 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 134% over 2008. At the end of each month in 2008, it was above the minimum regulatory requirement of 100%.

(1) Including counterparty, dilution and settlement-delivery risks

10 FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS

(In millions of euros)		IFRS December 31, 2008	IFRS December 31, 2007
Cash, due from central banks	Note 5	13,745	11,302
Financial assets measured at fair value through profit and loss	Note 6	488,415	489,959
Hedging derivatives	Note 7	6,246	3,709
Available-for-sale financial assets	Note 8	81,723	87,808
Due from banks	Note 9	71,192	73,065
Customers loans	Note 10	354,613	305,173
Lease financing and similar agreements	Note 12	28,512	27,038
Revaluation differences on portfolios hedged against interest rate risk		2,311	(202)
Held-to-maturity financial assets	Note 13	2,172	1,624
Tax assets	Note 14	4,674	3,933
Other assets	Note 15	51,469	35,000
Non current assets held for sale	Note 16	37	14,229
Deferred profit sharing	Note 32	3,024	-
Investments in subsidiaries and affiliates accounted for by the equity method		185	747
Tangible and intangible fixed assets	Note 17	15,155	13,186
Goodwill	Note 18	6,530	5,191
Total		**1,130,003**	**1,071,762**

LIABILITIES

(In millions of euros)		IFRS December 31, 2008	IFRS December 31, 2007
Due to central banks		6,503	3,004
Financial liabilities measured at fair value through profit and loss	Note 6	412,432	340,751
Hedging derivatives	Note 7	9,250	3,858
Due to banks	Note 19	115,270	131,877
Customer deposits	Note 20	282,514	270,662
Securitized debt payables	Note 21	120,374	138,069
Revaluation differences on portfolios hedged against interest rate risk		583	(337)
Tax liabilities	Note 14	981	2,400
Other liabilities	Note 22	57,817	46,052
Non current liabilities held for sale	Note 16	35	15,080
Underwriting reserves of insurance companies	Note 32	67,147	68,928
Provisions	Note 24	2,291	8,684
Subordinated debt	Note 26	13,919	11,459
Total liabilities		**1,089,116**	**1,040,487**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Common stock		726	583
Equity instruments and associated reserves		17,727	7,514
Retained earnings		17,775	17,551
Net income		2,010	947
Sub-total		**38,238**	**26,595**
Unrealized or deferred capital gains or losses		(2,153)	646
Sub-total equity, Group share		**36,085**	**27,241**
Minority interests		**4,802**	**4,034**
Total equity		**40,887**	**31,275**
Total		**1,130,003**	**1,071,762**

CONSOLIDATED INCOME STATEMENT

(In millions of euros)		IFRS 2008	IFRS 2007
Interest and similar income	Note 33	40,188	38,093
Interest and similar expense	Note 33	(32,240)	(35,591)
Dividend income		466	400
Fee income	Note 34	10,505	10,745
Fee expense	Note 34	(3,090)	(3,217)
Net gains or losses on financial transactions		4,770	10,252
o/w net gains or losses on financial instruments at fair value through profit and loss	*Note 35*	*4,677*	*9,307*
o/w net gains or losses on available-for-sale financial assets	*Note 36*	*93*	*945*
Income from other activities	Note 37	15,383	16,084
Expenses from other activities	Note 37	(14,116)	(14,843)
Net banking income		**21,866**	**21,923**
Personnel expenses	Note 38	(8,616)	(8,172)
Other operating expenses		(6,040)	(5,348)
Amortization, depreciation and impairment of tangible and intangible fixed assets		(872)	(785)
Gross operating income		**6,338**	**7,618**
Cost of risk	Note 40	(2,655)	(905)
Operating income excluding net loss on unauthorized and concealed trading activities		**3,683**	**6,713**
Net loss on unauthorized and concealed trading activities	Note 41	-	(4,911)
Operating income including net loss on unauthorized and concealed trading activities		**3,683**	**1,802**
Net income from companies accounted for by the equity method		(8)	44
Net income/expense from other assets (1)		633	40
Impairment losses on goodwill	Note 18	(300)	-
Earnings before tax		**4,008**	**1,886**
Income tax	Note 42	(1,235)	(282)
Consolidated net income		**2,773**	**1,604**
Minority interests		763	657
Net income, Group share		**2,010**	**947**
Earnings per share	**Note 43**	**3.38**	**1.84 ***
Diluted earnings per share	**Note 43**	**3.36**	**1.82 ***

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

(1) When creating Newedge, a gain of EUR 602 million was realized on the sale of 50% of the Fimat shares owned by the Group.

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 (see note 27)	Unrealized or deferred capital gains or losses, minority interests	Shareholders' equity, minority interests	Total consolidated shareholders' equity
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	6	530							536			-	536
Elimination of treasury stock			(1,604)	46					(1,558)			-	(1,558)
Issuance of equity instruments		2,081		44					2,125			-	2,125
Equity component of share-based payment plans		213							213			-	213
2007 Dividends paid				(2,397)					(2,397)	(299)		(299)	(2,696)
Effect of acquisitions and disposals on minority interests				(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 on 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				(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**
Increase in common stock (see note 27)	143	4,474							4,617				4,617
Elimination of treasury stock (1)			1,974	(9)					1,965				1,965
Issuance of equity instruments (see note 27)		3,576		95					3,671				3,671
Equity component of share-based payment plans (2)		189							189				189
2008 Dividends paid (see note 27)				(581)					(581)	(340)		(340)	(921)
Effect of acquisitions and disposals on minority interests (3)(4)				(224)					(224)	495		495	271
Sub-total of changes linked to relations with shareholders	***143***	***8,239***	***1,974***	***(719)***					***9,637***	***155***	***-***	***155***	***9,792***
Change in value of financial instruments and fixed assets having an impact on equity						(2,950)	306		(2,644)		(60)	(60)	(2,704)
Change in value of financial instruments and fixed assets recognized in income						(340)			(340)		6	6	(334)
Tax impact on change in value on financial instruments and fixed assets having an impact on equity or recognized in income								797	797				797
2008 Net income for the period				2,010					2,010	763		763	2,773
Sub-total				***2,010***		***(3,290)***	***306***	***797***	***(177)***	***763***	***(54)***	***709***	***532***
Change in equity of associates and joint ventures accounted for by the equity method													
Translation differences and other changes (5)				(4)	(612)				(616)		(96)	(96)	(712)
Sub-total				***(4)***	***(612)***				***(616)***		***(96)***	***(96)***	***(712)***
Shareholders' equity at December 31, 2008 (6)	**726**	**19,217**	**(1,490)**	**19,785**	**(1,115)**	**(2,090)**	**407**	**645**	**36,085**	**4,843**	**(41)**	**4,802**	**40,887**

(1) At December 31, 2008, the Group held 23,331,979 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 4.02% of the capital of Societe Generale. The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 1,490 million, including EUR 203 million for shares held for trading purposes.

The change in treasury stock over 2008 breaks down as follows:

(In millions of euros)	**Transaction-related activities**	**Buybacks and active management of Shareholders' equity**	**Total**
Cancellation of 10,000,000 shares		1,218	1,218
Purchases net of disposals	595	161	756
	595	**1,379**	**1,974**
Capital gains net of tax on treasury shares and treasury share derivatives, booked under shareholders' equity	6	(21)	(15)
Related dividends, removed from consolidated results	(2)	8	6
	4	**(13)**	**(9)**

(2) Share-based payments settled in equity instruments in 2008 amounted to EUR 189 million, including EUR 39 million for the stock option plans, EUR 85 million for the free shares attribution plan and EUR 65 million for Global Employee Share Ownership Plan.

(3) In compliance with the accounting principles indicated in note 1, transactions relative to minority interests were treated for accounting purposes as equity transactions. Accordingly:

- *capital gains and losses on the disposal of fully-consolidated subsidiaries which do not lead to a loss of exclusive control are booked under shareholders' equity;*
- *additional goodwill linked to buyback commitments afforded to minority shareholders in fully-consolidated subsidiaries and minority interest buybacks following the acquisition of exclusive control is booked under shareholders' equity.*

In the balance sheet, net income attributable to the minority interests of shareholders holding a put option on their Group shares was allocated to consolidated reserves.

Adjustment details as at December 31, 2008:

Gains on sales cancellation	0
Minority interests buybacks not subject to any put options	(242)
Transactions and variation of value on put options granted to minority shareholders	(7)
Net income attributable to the minority interests of shareholders holding a put option on their Group shares allocated to consolidated reserves	25
Total	(224)

(4) Movements booked in the amount of EUR 495 million under minority interest reserves correspond to:

- *EUR 511 million to the global intregration of Rosbank after the exercise of the call option on 30% +2 shares of Rosbank's capital;*
- *EUR (75) million in the acquisition of the 7.57% of Rosbank's minority shareholders, result of the obligatory offer to minority shareholders launched after Societe Generale took up its majority stake in Rosbank;*
- *EUR 58 million in the decrease of the interest rate of SG Group in Boursorama with the term of two third of the put options sold to Hodéfi for CaixaBank acquisition;*
- *EUR 13 million in capital increase by SG Maroc;*
- *EUR 21 million in capital increase by UIB;*
- *EUR (25) 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.*

(5) The variation in Group translation differences for 2008 amounted to EUR (612) million.

This variation was mainly due to the decrease of the Rouble against the Euro (EUR (228) million), the Pound sterling (EUR (223) million), the Norwegian krone (EUR (73) million), the Korean Won (EUR (71) million), the Romanian Leu (EUR (62) million), the Real (EUR (51) million) and to the increase of the US Dollar against the Euro (EUR 85 million).

The variation in translation differences attributable to Minority Interests amounted to EUR (96) million. This was mainly due to the revaluation of the Euro against US Dollar (EUR 20 million), and to the decrease of the Rouble against the Euro (EUR (52) million), the Romanian Leu (EUR (49) million) and the Czech Koruna (EUR (12) million).

(6) Revaluation at fair value of available for sale assets amounting to EUR (2,090) million at December 31, 2008 is decomposed as follows:

- *unrealized gains: EUR 2,159 million;*
- *unrealized losses on assets reclassified in Loans and Receivables: EUR (902) million (will be recycled to Profits and Losses all along the residual life of the related Loans and Receivables);*
- *unrealized losses on the portfolios of the insurance subsidiaries: EUR (2,597) million, neutralized by the profit-sharing recordings at the level of EUR 2,075 million (see note 32);*
- *unrealized losses on the portfolios of the other entities: EUR (2,825) million, concerning the major part debt securities (unrealized losses on equity securities amounts to EUR (45) million). For these debt securities, according to the Group accounting principles, the absence of risk event on the credit issuers led to maintain in stockholders' equity unrealized losses (see note 1).*

CASH FLOW STATEMENT

(In millions of euros)	December 31, 2008	December 31, 2007
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES		
Net income (I)	**2,773**	**1,604**
Amortization expense on tangible fixed assets and intangible assets	2,665	2,383
Depreciation and net allocation to provisions	(16)	5,120
Allocation to provisions for the loss linked to the closing of unauthorized and concealed trading activities positions	(6,382)	6,382
Net income/loss from companies accounted for by the equity method	8	(44)
Deferred taxes	768	(2,219)
Net income from the sale of long term available for sale assets and subsidiaries	(1,018)	(954)
Change in deferred income	(134)	(338)
Change in prepaid expenses	(25)	181
Change in accrued income	164	(575)
Change in accrued expenses	308	90
Other changes	5,602	1,457
Non-monetary items included in net income and others adjustments (not including income on financial instruments measured at fair value through P&L) (II)	**1,940**	**11,483**
Income on financial instruments measured at fair value through P&L [(1)] (III)	**(4,677)**	**(9,307)**
Interbank transactions [(2)]	(16,449)	(457)
Customers transactions [(3)]	(43,820)	(35,792)
Transactions related to other financial assets and liabilities [(4)]	55,695	44,573
Transactions related to other non financial assets and liabilities	(5,150)	(996)
Net increase / decrease in cash related to operating assets and liabilities (IV)	**(9,724)**	**7,328**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III) + (IV)	**(9,688)**	**11,108**
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES		
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	(811)	438
Tangible and intangible fixed assets	(3,293)	(3,546)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**(4,104)**	**(3,108)**
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES		
Cash flow from / to shareholders [(5)]	9,235	(2,182)
Other net cash flows arising from financing activities	1,644	6
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**10,879**	**(2,176)**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**(2,913)**	**5,824**
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at start of the year		
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
Cash and cash equivalents at end of the year [(6)]		
Net balance of cash accounts and accounts with central banks	7,242	8,320
Net balance of accounts, demand deposits and loans with banks	4,533	6,368
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS	**(2,913)**	**5,824**

(1) Income on financial instruments measured at fair value through P&L includes realized and unrealized income.

(2) O/w EUR (6,115) million reclassified into "Due from banks" (see note 9).

(3) O/w EUR (22,331) million reclassified into "Customer loans" (see note 10).

(4) O/w EUR 24,264 million reclassified from Trading portfolio (see note 6), EUR 4,344 million reclassified from Available-for-sale portfolio (see note 8) and EUR (890) million reclassified into Available-for-sale portfolio (see note 8).

(5) O/w several capital increases for EUR 155 million with EUR 5,788 million of issuing premiums net of the EUR 109 million expenses after tax linked to the capital increase using preferred subscription rights, i.e. net amount of EUR 4,474 million and three super subordinated loans issued in May (EUR 1,000 million), June (GBP 700 million) and December (EUR 1,700 million) (see Note 27).

(6) Including EUR 1,477 million related to Rosbank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on February 17, 2009.

Note 1

Significant accounting principles

In accordance with European Regulation 1606/2002 of July 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, 2008 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date (these standards are available on European Commission Website at: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission).

The standards comprise IFRS 1 to 8 and International Accounting Standards (IAS) 1 to 41, as well as the interpretations of these standards adopted by the European Union as at December 31, 2008.

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

The consolidated financial statements are presented in euros.

IFRS AND IFRIC INTERPRETATIONS APPLIED BY THE GROUP AS OF JANUARY 1, 2008

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

The European Union adopted on October 15, 2008 amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and to IFRS 7 "Financial instruments: Disclosures".

The amendment to IAS 39 introduces the possibility of reclassification of some non-derivatives financial instruments if specified criteria are met:

- reclassification out of the "financial assets at fair value through profit and loss" to other categories;
- reclassification out of the "available for sales financial assets" to the "loans and receivables".

The amendment to IFRS 7 requires new disclosures concerning these reclassifications.

The Group decided to use the possibility of reclassification proposed by the amendment of IAS 39 from October 1, 2008. The consequence of these amendments is disclosed in the note 11.

IASB (International Accounting Standards Board) published on November 27, 2008 a second amendment relating to reclassification of financial assets not yet adopted by the European Union on December 31, 2008. This additional amendment explains conditions for a possible retrospective reclassification on July 1, 2008. It will have no effect on the reclassification made by the Group on October 1, 2008.

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 2007 and 2008.

USE OF ESTIMATES

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

In order to make assumptions and estimates, the Management uses information available at the date of preparation of the financial statement and can exercise its judgment.

By nature, valuations based on estimates include, especially in the context of the financial crisis that grew up over 2008, risks and uncertainties relating to their occurrence in the future. Consequently actual future results may differ from these estimates and have a significant impact on the financial statements.

The use of estimates principally concern the following valuations:

- fair value in the balance sheet of financial instruments non quoted in an active market which are classified as *Financial assets and liabilities measured at fair value through profit and loss, Hedging derivatives* or *Available-for-sale financial assets* (described in notes 1 and 3) and fair value of unlisted instruments for which this information shall be disclosed in the notes to the financial statements;
- the amount of impairment of financial assets (*Loans and receivables, Available-for-sale financial assets, Held-to-maturity financial assets*), lease financing and similar agreements, tangible or intangible fixed assets and goodwill (described in notes 1, 4 and 17);
- provisions recognized under liabilities, including provisions for employee benefits or underwriting reserves of insurance companies as well as the deferred profit-sharing on the asset side of the balance-sheet (described in notes 1, 23, 24, 25 and 32);

- initial value of goodwill determined for each business combination (described in notes 1 and 2).

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. 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 can be based on a formula agreed at the time of the acquisition of the shares of the subsidiary that takes into account its future performance or can be set as the fair value of these shares at the exercise date of the options.

The commitments are booked in the accounts as follows:

- In accordance with IAS 32, the Group booked a financial liability for put options granted to minority shareholders of the subsidiaries over which it exercises sole control. This liability is initially recognized at the present value of the estimated exercise price of the put options under *Other liabilities*.
- The obligation to recognize a liability even though the put options have not been exercised means that, in order to be consistent, the Group has followed the same accounting treatment as that applied to transactions on minority interests. As a result, the counterpart of this liability is a write-down in value of the minority interests underlying the options with any balance deducted from the Group's *consolidated reserves*.
- Subsequent variations in this liability linked to changes in the exercise price of the options and the carrying value of minority interests are booked in full in the Group's *consolidated reserves*.
- If the stake is bought, the liability is settled by the cash payment linked to the acquisition of minority interests in the subsidiary in question. However if, when the commitment

reaches its term, the purchase has not occurred, the liability is written off against the minority interests and the Group's *consolidated reserves*.

- Whilst the options have not been exercised, the results linked to minority interests with a put option are recorded under *Minority interests* on the Group's *consolidated income statement*.

SEGMENT REPORTING

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

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

The Group is organized into five core business lines:

- French Retail Banking Network which includes the domestic networks of 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 Newedge and other securities and employee savings services;
- Corporate and Investment Banking (SGCIB) which covers, on the one hand, Corporate Banking and Fixed Income (structured finance, debt, forex and treasury activities, commodity finance and trading, commercial banking) and, on the other hand, Equity and Advisory activities.

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

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

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

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

2. Accounting policies and valuation methods

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

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

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

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

DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Determining whether a market is inactive requires the use of indicators such as a sharp decline in trading volume and the level of activity in the market, a sharp disparity in prices over time and between various market participants mentioned above, or on the fact that the latest transactions dealt on an arm's length basis are not recent enough. When the financial instrument is traded in several markets to which the Group has immediate access, the fair value is the price at which a transaction would occur in the most advantageous active market. Where no price is quoted for a particular instrument but its components are quoted, the fair value is the sum of the various quoted components incorporating bid or asking prices for the net position as appropriate.

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

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

Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price. If the valuation parameters used are observable market data, the fair value is taken as the market price, and any difference between the transaction price and the price given by the in-house valuation model, i.e. the sales margin, is immediately 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. Loans and receivables are recorded in the balance sheet on the date they are paid or on the maturity date of the invoiced services.

When initially 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 include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and neither held for trading purposes nor intended for sale from the time they are originated or contributed. Loans and receivables are 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 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 financial assets with fixed or determinable payments and a fixed maturity, that are quoted in an active market and which the Group has the intention and ability to hold to maturity. They are valued after acquisition at their 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*.

RECLASSIFICATION OF FINANCIAL ASSETS

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

A financial asset, initially recognized as *Financial assets at fair value through profit and loss* may be reclassified out of its category when it fulfills the following conditions:

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

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

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

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

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 effectively 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 expired.

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.*

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

- **Derivative hedging instruments**

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

- **Financial assets valued at amortized cost**

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

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

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

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

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

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

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

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

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

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

For listed equity instruments, the need to book a long-term impairment is analyzed as soon as a significant or prolonged decline of their price below their acquisition cost is observed. The significance of the decline of quoted prices is considered taking into account the circumstances of this decline such as the length of the periods for which the security price has decline and the range of the decline. For this purpose, a significant decrease (over 20%) in the average price of a security over 12 months compared to its acquisition cost is an objective evidence of impairment provided that the decline of the fair value of the security is still significant on the balance sheet date; an impairment loss is then recorded through profit and loss on the basis of the last quoted price of the security if the Group estimates that the cost of its investment may not be recovered.

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

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

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

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

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

LEASE FINANCING AND SIMILAR AGREEMENTS

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

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

Interest included in the lease payments is booked under *Interest and similar income* in the income statement such that the lease generates a constant periodic rate of return on the lessor's net investment. If there has been a reduction in the estimated unguaranteed residual value used to calculate the lessor's gross investment in the finance lease, the present value of this reduction is booked as a loss under *Expenses from the other activities* in the income statement and as a reduction of receivables on lease financing on the assets side of the balance sheet. Fixed assets arising from operating lease activities are presented in the balance sheet under *Tangible and intangible fixed assets*. In the case of buildings, they are booked under *Investment property*. Lease payments are 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 with indefinite useful life, at least once a year. Evidence of a loss in value is assessed at every balance sheet date. Impairment tests are carried out on assets grouped by cash-generating unit. Where a loss is established, an impairment loss is booked to the income statement under *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 from other assets*, while profits or losses on investment real estate are booked as *Net banking income* under *Income from other activities*.

PROVISIONS

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

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

COMMITMENTS UNDER "CONTRATS ÉPARGNE-LOGEMENT" (MORTGAGE SAVINGS AGREEMENTS)

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

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

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

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

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

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

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

LOAN COMMITMENTS

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

FINANCIAL GUARANTEES ISSUED

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

LIABILITIES/SHAREHOLDERS' EQUITY DISTINCTION

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

- **Perpetual subordinated notes (TSDI)**

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

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

- **Preferred shares**

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

- **Deeply subordinated notes**

Given the discretionary nature of the decision to pay interest in order to remunerate the deeply subordinated notes issued by the Group, these notes have been classified as equity and 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 liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Societe Generale shares (other than derivatives) are initially 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 Societe Generale shares as their underlying instrument are booked to the balance sheet at fair value in the same manner as derivatives with other underlying instruments.

INTEREST INCOME AND EXPENSE

Interest income and expense are booked to the income statement for all financial instruments valued at 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* based on the effective interest rate used to discount the future cash flows when measuring the loss of value. Moreover, except for those related to employee benefits, provisions booked as balance sheet liabilities generate interest expenses that are calculated using the same interest rate as is used to discount the expected outflow of resources.

NET FEES FOR SERVICES

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

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

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

PERSONNEL EXPENSES

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

EMPLOYEE BENEFITS

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

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

• Post-employment benefits

Pension plans may be defined contribution or defined benefit.

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

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

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

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

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

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

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

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

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

• Long-term benefits

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

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

Share-based payments include:

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

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

- **Global Employee Share Ownership Plan**

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

- **Other share based payments**

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

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

Group stock-option plans are valued using a binomial formula when the Group has adequate statistics to take into account the 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* 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.

NET LOSS ON UNAUTHORIZED AND CONCEALED TRADING ACTIVITIES

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

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

The provision recorded in consolidated income for the 2007 financial year has been reversed in consolidated income for the

2008 financial year. At the same time, the cost related to the unwinding of these activities was recorded as an expense.

The consequences of the accounting treatment so applied are disclosed in the note 41.

INCOME TAX

- **Current taxes**

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

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

- **Deferred tax**

Deferred taxes are 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 in each consolidated taxable entity and in accordance with the rules established by the taxation authorities, upon which their income taxes are payable. This amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. These deferred taxes are adjusted in case of changes to tax rates. This amount is not discounted to the present value.

Deferred tax assets can result from deductible temporary differences or from carryforward of tax losses. These deferred tax assets are recorded if it is probable that the entity is likely to be able to apply them within a set time. These temporary differences or carryforward of tax losses can also be utilized against future taxable profit.

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

INSURANCE ACTIVITIES

- **Financial assets and liabilities**

The financial assets and liabilities of the Group's insurance companies are 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.

Under the 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.

A deferred profit-sharing asset is booked if its utilization against future profit-sharing is highly likely. The recoverability of that asset is tested according to a deterministic model that considers the recommendations issued by the French National Accounting Standards Board, the CNC and also through the liability adequacy test.

The liability adequacy test is carried out semi-annually with a stochastic model based on parameters hypothesis consistent with those used for the MCEV (Market Consistent Embedded Value).

3. Presentation of financial statements

CNC RECOMMENDED FORMAT FOR BANKS' SUMMARY FINANCIAL STATEMENTS

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

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

RULE ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

CASH AND CASH EQUIVALENTS

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

EARNINGS PER SHARE

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

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

Some accounting standards and interpretations have been published by the IASB as of December 31, 2008. Some have been adopted and others have not been yet adopted by the European Union. These accounting standards and interpretations are required to be applied from January 1, 2009 but they will not be applied earlier by the Group as of December 31, 2008.

ACCOUNTING STANDARDS, AMENDMENTS OR INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION

Accounting standards or Interpretations	Adoption dates by the European Union	Effective dates: annual periods beginning on or after
IFRS 8 “Operating segment”	November 21, 2007	January 1, 2009
IAS 1 (revised) “Presentation of financial statements”	December 17, 2008	January 1, 2009
Amendment to IAS 23 “Borrowing costs”	December 10, 2008	January 1, 2009
Amendment to IFRS 2 “Vesting conditions and cancellations”	December 16, 2008	January 1, 2009
IFRIC 13 “Customer loyalty programmes”	December 16, 2008	January 1, 2009
IFRIC 14 “The limit on a defined benefit asset, minimum funding requirements and their interaction”	December 16, 2008	January 1, 2009

- **IFRS 8 “Operating segment”**

This standard will modify segment reporting definition and disclosure of related information.

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

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

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

This amendment to IFRS 2 clarifies the definition of vesting conditions and the accounting treatment of cancellations to a share-based payment. In the future, it should have no effect on net income or shareholders’ equity of the Group.

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

This interpretation explains the accounting treatment for loyalty programmes. The current accounting treatment is similar to this interpretation. In the future, it will consequently have no effect on net income or shareholders’ equity of the Group.

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

This interpretation clarifies the accounting treatment for the effect of any statutory or contractual funding requirements when a surplus in a pension plan can be recognized. In the future, it should have no effect on net income or shareholders’ equity of the Group.

AMENDMENTS OR INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION ON DECEMBER 31, 2008

Amendments or Interpretations	Adoption dates by the European Union	Effective dates: annual periods beginning on or after
Improvements to IFRSs	May 22, 2008	January 1, 2009
IFRIC 12 “Service concession arrangements”	November 30, 2006	January 1, 2008
IFRIC 15 “Agreements for the construction of real estate”	July 3, 2008	January 1, 2009
IFRIC 16 “Hedges of a net investment in a foreign operation”	July 3, 2008	October 1, 2008
IFRIC 17 “Distribution of non-cash assets to owners”	November 27, 2008	July 1, 2009
IFRS 3 (revised) “Business combinations” and IAS 27 (revised) “Consolidated and separate financial statements”	January 10, 2008	July 1, 2009
Amendments to IAS 32 and IAS 1 “Puttable financial instruments and obligations arising on liquidation”	February 14, 2008	January 1, 2009
Amendments to IFRS 1 and IAS 27 “Cost of an investment in a subsidiary, jointly controlled entity or associate”	May 22, 2008	January 1, 2009
Amendment to IAS 39 “Eligible Hedged Items”	July 31, 2008	July 1, 2009
IFRS 1 (revised) “First-time adoption of financial reporting standards”	November 27, 2008	July 1, 2009

- **Improvements to IFRSs**

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published 35 minor amendments to 20 accounting standards. These amendments have been adopted by the European Union on January 23, 2009. They are required to be applied from January 1, 2009, except for the amendments to IFRS 5 “Non-current Assets Held for Sale and Discounted Operations”, which are required to be applied from July 1, 2009.

- **IFRIC 12 “Service Concession Arrangements”**

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

- **IFRIC 15 “Agreements for the Construction of Real Estate”**

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

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

The interpretation clarifies the accounting treatment for the hedge of a net investment in a foreign operation in an entity’s consolidated financial statements. It should have no effect on net income or shareholders’ equity of the Group.

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

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

- **IFRS 3 (revised) “Business Combinations” and IAS 27 (revised) “Consolidated and Separate Financial Statements”**

These revised standards will modify the accounting treatment for acquisitions and disposals of consolidated subsidiaries.

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

These amendments, adopted by the European Union on January 22, 2009, explain the accounting classification of puttable financial instruments and obligations arising on liquidation.

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

These amendments, adopted by the European Union on January 23, 2009, will have to be applied by IFRS first-time adopters only.

- **Amendment to IAS 39 “Eligible Hedged Items”**

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

- **IFRS 1 (revised) “First-time adoption of Financial Reporting Standards”**

This revision of IFRS 1 improves the structure of the standard and makes it clearer and easier but its technical content remains unchanged.

Note 2

Changes in consolidation scope and business combinations

1. Consolidation scope

As at December 31, 2008, the Group's consolidation scope includes 873 companies:

- ***730*** fully consolidated companies;
- ***102*** proportionately consolidated companies;
- ***41*** 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, 2008, compared with the scope applicable for the accounts at December 31, 2007 were as follows:

- In the first half of 2008:
  - Newedge, company resulting from the merger between Fimat and Calyon Financial brokerage activities, is now proportionately consolidated.
  - On December 20, 2007, the Group exercised its call options on 30% +2 shares of Rosbank company. On the 13th of February, we held 50% +1 share. Following this event and according to the Russian law, the Group had to launch a takeover bid. Then since May 12 – official end of the offer, Societe Generale holds 57.57% of the Company and since January 1, Rosbank is fully consolidated – so far it was consolidated by using the equity method.
  - Through Societe Generale Securities Services Spa, the Group bought the Capitalia securities services activities in Italy.
  - Canadian Wealth Management was fully consolidated.
  - In SGAM activities, because the Group maintained its liquidity, one fund has been fully consolidated. At the same time, five others funds -consolidated since December 2007- have been removed from the scope, because their liquidity is now maintained by independent companies.
  - The stake in TCW was increased to 100%, i.e. a 1.60% increase compared to December 31, 2007. As a reminder, the remaining shares held by employees included deferred call and put options exercisable in 2007 and 2008. The exercise prices were dependent on future performance.
  - The stake in SG Private Banking Suisse (ex. CBG) was increased to 100%, i.e. a 22.38% increase compared to December 31, 2007 due to minority shareholders who have exercised their put options.
  - The stake in Boursorama decreased from 75.43% to 62.35% following the term of two thirds of the put options sold to Hodefi for CaixaBank acquisition.
- During the second half of 2008:
  - Societe Generale, through SG Hambros, acquired a wealth management business ABN AMRO in Gibraltar.
  - PEMA GmbH, which is 100%-owned by the Group, was fully consolidated.
  - Arrow Offshore, 100%-owned by the Group, was fully consolidated.
  - Permal PJM Ltd, 100%-owned by the Group, was fully consolidated.
  - The Group's stake in U.I.B. was increased by 4.86%, bringing its stake to 57.20% at the end of December 2008.
  - The stake in SG Private Banking Belgique was increased to 100%, i.e. a 1.04% increase compared to December 31, 2007 due to minority shareholders who have exercised their put options.
  - The stake in Splitska Banka was increased to 100%, i.e. a 0.24% increase compared to December 31, 2007.
  - The Group operated capital increase on SG Maroc, bringing its stake to 56.91%, i.e. a 3.89% increase compared to December 31, 2007.
  - The stake in EQDOM was increased to 45.41%, i.e. a 0.25% increase compared to December 31, 2007.
  - The stake in Societe Generale de Banques au Burkina was increased to 44.48%, i.e. a 2.20% increase compared to December 31, 2007.
  - The stake in BRD was increased to 58.54%, i.e. a 0.22% increase compared to December 31, 2007.

In application of IFRS 5 "Non current receivables held for sale and discontinued operations" and following the signing of an agreement with GLG Partners, INC., SGAM UK's assets and liabilities were reclassified in non-current assets and liabilities held for sale.

2. Business combinations

The main business combinations established by the Group in the first half of 2008 are presented below.

Acquisition of a 37.57% stake in Rosbank giving the Group exclusive control with a 57.57% interest

Societe Generale, with 20% minus 1 share in the Russian bank Rosbank since September 2006, exercised its call option on 30% +2 shares on February 13, 2008, as announced on December 20, 2007.

With 50% +1 share, Societe Generale, now majority shareholder of Rosbank, launched a mandatory offer to minority interests as required by Russian law. Once the mandatory offer had closed on May 12, 2008, Societe Generale held 57.57% of Rosbank share capital.

At the acquisition date, Rosbank's identifiable assets and liabilities were booked at fair value, mainly comprised of amounts due from banks and customer loans (EUR 10,353 million), trading securities (EUR 522 million), fixed assets (EUR 272 million), customer deposits and amounts due to banks (EUR 8,566 million), debt securities (EUR 1,224 million) and subordinated debt (EUR 185 million).

The goodwill booked in the Group's consolidated financial statements is presented below:

(In millions of euros)	
Acquisition price	1,691
Acquisition expenses	16
Subtotal	1,707
Fair value of net assets acquired by the Group (50%)	471
Goodwill *	1,236

* *booked using the fixing rate EUR/RUB as at December 31, 2007. This goodwill amounts to EUR 1,057 million considering the variation of the conversation rate during the first semester 2008.*

Rosbank was consolidated using the equity method at 20% until December 31, 2007, and is now fully consolidated from January 1, 2008.

Rosbank's contribution to the 2008 consolidated net income amounts to EUR 102 million.

Newedge: joint venture between Crédit Agricole and Societe Generale brokers

Newedge, created on January 2, 2008, is the brokerage subsidiary jointly owned (50/50) by Crédit Agricole and Societe Generale resulting from the merger of Calyon Financial and Fimat.

Societe Generale brought 100% of its stake in Fimat and received 50% of the shares of the new group, Newedge. The temporary goodwill linked to the operation came out at EUR 424 million accounting for acquisition expenses and the gain on sale amounts to EUR 602 million.

With a dominant position in its core business – Futures Commission Merchant (FCM) – Newedge ranks among the 5 worldwide leaders in execution and clearing on the 10 largest stock exchanges. Building on its international network of 25 offices in 17 countries, Newedge offers its clients clearing and execution services for options and futures on financial and commodities products as well as for OTC rate products, currency products, equities and commodities. Newedge also offers a range of added-value services such as prime brokerage, asset financing, an electronic trading and order routing platform, cross margining, centralized client portfolio processing and reporting. Newedge provides its institutional clients with access to over 70 equities and derivatives markets throughout the world.

At the acquisition date, Calyon Financial's identifiable assets and liabilities were temporarily booked at fair value. They mainly consist of amounts due from banks (EUR 20,335 million), financial assets listed at fair value through profit and loss (EUR 3,015 million), brokerage guarantee deposits and funds (EUR 1,418 million), amounts due to banks (EUR 19,856 million) and client guarantee deposits (EUR 3,563 million).

The temporary goodwill booked in the Group's consolidated financial statements is presented below:

(In millions of euros)	
Acquisition price	630
Acquisition expenses	10
Subtotal	640
Fair value of net assets acquired by the Group (50%)	216
Goodwill	424

Newedge has been consolidated by the proportionate method at 50% since January 1, 2008.

Newedge's contribution to 2008 net income was EUR 57 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 derivative", note 8 "Available-for-sale financial assets", note 9 "Due from banks", note 10 "Customer loans", note 12 "Lease financing and similar agreements", note 13 "Held-to-maturity financial assets", note 19 "Due to banks", note 20 "Customer deposits" and note 21 "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 affected by the financial crisis.

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

1. Valuation methods

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

For financial instruments 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 none are available on the balance sheet date or if the clearing value does not reflect transaction prices.

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

For these products, fair value is determined using 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 date. Before being used, these valuation models are validated independently by the experts from the market risk department of the Group's Risk Division who also carry out subsequent consistency checks (back-testing). Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are subject to exhaustive monthly checks by specialists from the market risk department of the Group's Risk Division, and if necessary are supplemented by further reserves (such as bid-ask spreads and liquidity).

For information purposes, in the notes to the consolidated financial statements, financial instruments carried at fair value through profit 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 listed in an active market.
- Instruments *valued using valuation techniques based on observable market data:* financial instruments that are not directly quoted in an active market but which are valued using observable or quoted in an active market parameters.
- Instruments whose *valuation is not based on market data*: financial instruments which are not directly quoted in an active market and for which a large part of the data used in their valuation is not observable or is not quoted in an active market.

Observable data must be: independent of the bank (non-bank data), available, publicly distributed, 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.

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

• Shares and other variable income securities

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

- share 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 on valuation's multiples of similar companies.

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

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

- **Other debt**

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

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

For financial instruments that are not 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 include any accrued interest as applicable.

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

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

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

For all floating-rate loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity of less than one year, fair value is taken to be the same as book value, assuming there is no significant changes in credit spreads on the concerned counterparties since they were recognized in the balance sheet.

- **Customer deposits**

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

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

2. Financial instruments affected by the financial crisis

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 ABX reference index (same vintage, same rating). The valuation method includes the base (spread between cash instruments and derivative indices) as well as the liquidity aspect.

The subprime RMBS portfolio has been widely hedged through acquisition of protection on ABX indexes or sold; moreover a part of the portfolio has been reclassified out of the *Trading portfolio* to *Loans and receivables* on October 1, 2008. The residual exposure net of hedged and write-downs, carried at fair value on the balance sheet totalised EUR 380 million at December 31, 2008.

2.2. CMBS *(COMMERCIAL MORTGAGE BACKED SECURITIES)*

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

The CMBS portfolio has been widely hedged through acquisition of protection on CMBX indexes or sold; moreover a part of the portfolio was transferred from *Trading portfolio* to *Loans and receivables* on October 1, 2008. At December 31, 2008, the net residual exposure at fair value following the write-downs and hedge totalized EUR 524 million[1].

(1) Excluding Exotic credit derivative portfolio

2.3. 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 quoted in an active market.

Societe Generale Group's approach is focused on the valuation of individual mortgage pools underlying structured bonds, in order to estimate the fundamental value of RMBS bonds, and consequently of CDO tranches, using a prospective credit stress scenario, as opposed to a 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 continued to be adjusted over the year 2008 to reflect changes in the economic environment, such as the delinquency and default rates, home price appreciation, and observed losses experience.

In order to complete the valuation of CDO tranches, all non-RMBS positions were discounted based on their rating and type of asset.

Additional discounts were performed so as to reflect the illiquidity of the relevant tranches.

In the third quarter of 2008, the valuation method has been revised in order to better appreciate a liquidity add-on on underlying RMBS other than 2006 and 2007 subprime loans (i.e. 2005 subprime and earlier, midprime and prime). This liquidity is defined at the additional loss caused by a 10% increase in cumulative loss assumptions (e.g. from 11% to 12.1% on 2005 RMBS).

On the whole, the valuations obtained at December 31, 2008 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, 2008, gross exposure to super senior CDO tranches previously classified as *Trading*, after reclassification into *Loans and receivables* and partial liquidation, totalized EUR 1.6 billion versus EUR 4.85 billion at December 31, 2007. Concerning this position, write-downs recorded in 2008 amounted to EUR 0.8 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, 2008, the net exposure to CDO tranches was EUR 0.9 billion.

CUMULATIVE LOSSES ON CDO SUBPRIME ASSETS AND SENSITIVITY ANALYSIS

	2005	2006	2007
Assumptions for cumulative Q4 07 losses	9.0%	23.0%	25.0%
Assumptions for cumulative Q3 08 losses	11.0%	25.0%	27.0%
Assumptions for cumulative Q4 08 losses	11.0%	25.0%	27.0%

Total US residential real estate loss assumptions at December 31, 2008: approximately USD 410 billion.

2.4. EXPOSURE TO COUNTERPARTY RISK ON US MONOLINES

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 into account the deterioration in the estimated counterparty risk on these players.

Given the continuous deterioration of the credit spreads, changes to cumulative loss assumptions on RMBS and exchange rate effects, the estimate of sums which may be due to Societe Generale Group from monoline guarantees increased from EUR 1.9 billion at December 31, 2007 to EUR 4.2 billion at December 31, 2008.

This change in exposure led us to adjust our provisioning levels, to increase our hedge during 2008 by EUR 1.2 billion to bring it to EUR 2.1 billion (these figures exclude ACA and now Bluepoint). This provisioning is calculated based on applying severe cumulative loss rates (up to 90% for the most poorly rated monoline insurers and almost 50% on investment grade monoline insurers).

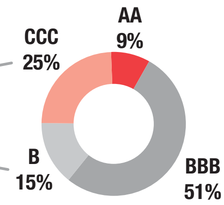
Our exposure breaks down into three parts:

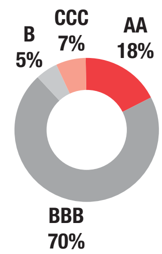
- exposure linked to CDO tranches of RMBS, for which our methodology and parameters applied are the same as for unhedged CDOs;
- exposure linked to CDO non RMBS, CLO and the financing of infrastructures, using a mark to stress methodology (maximum historical cumulative loss over five years for each asset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

The hedging rate (CDS + reserves) amounted to 73% of gross exposure at December 31, 2008 which would result from an immediate and simultaneous default of all companies.

COUNTERPARTY RISK EXPOSURE TO "MONOLINES" (DEFAULT SCENARIO FOR ALL SOCIETE GENERALE GROUP COUNTERPARTY MONOLINE INSURERS)

EUR bn	December 31, 2007	December 31, 2008
Fair value of protection before value adjustments	1.9	4.2
Nominal amount of hedges purchased*	(0.6)	(0.9)
Fair value of protection net of hedges and before value adjustments	1.3	3.3
Value adjustments for credit risk on monolines (booked under protection)	(0.9)	(2.1)
Residual exposure to counterparty risk on monolines	0.4	1.2
Total fair value hedging rate	*77%*	*73%*





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

* The nominal of hedges purchased from bank counterparties had a EUR +303 million Mark to Market impact at December 31, 2008 which is neutralised in the income statement.

The rating used is the lowest issued by Moody's or S&P (at Dec 31, 2008)
AA: Assured Guaranty, FSA
BBB: Radian, MBIA, Ambac
B: CIFG
CCC: FGIC, Syncora Guarantee (named XL Capital until August 2008)

3. Sensitivity of fair value

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

To quantify this, sensitivity of fair value at December 31, 2008 was estimated on instruments assessed based on unobservable parameters. This estimate was made:

- either using a standardized[1] variation of unobservable parameters: resulting in a sensitivity of + or – EUR 534 million; the Equities business line was the main contributor to this scope; increased volatility on all markets led to higher typical spreads than in 2007;
- or using a fixed 10% variation: this involves the Cumloss used to model the super senior CDO tranches of US RMBS (the Cumloss is the estimated loss rate per year of production of the underlying assets); for a 10% rise (e.g. from 25% to 27.5%), depreciation would increase by EUR 210 million, and, for a 10% drop, depreciation would decrease by EUR 207 million[2];

It should be noted that, given the already conservative valuation levels, the probability attached to this uncertainty is higher for a favorable impact on results than for an unfavorable impact.

Note 4

Risk management linked to financial instruments

This note describes the main risks linked to financial instruments and the way they are managed by the Group according to IFRS 7 requirements.

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

- **Credit risk** (including country risk): risk of losses arising from the inability of the bank's customers, sovereign issuers or other counterparties to meet their financial commitments. Credit risk also includes the **counterparty risk** linked to market transactions, as well as that stemming from the bank's securitisation activities. In addition, credit risk may be further increased by a concentration risk, which arises either from large individual exposures or from groups of counterparties with a high default probability;
- **Market risk**: risk of loss resulting from changes in market prices (e.g. equity, commodity, currency etc.) and interest rates, from the correlations between these elements and from their volatility;
- **Structural interest and exchange rates risk:** risk of loss or of residual depreciation in the bank's balance sheet and off-balance sheet assets arising from variations in interest or exchange rates. Structural interest and exchange rates risk arises from commercial activities and on proprietary transactions (operations on equities, investments and bond issues);
- **Liquidity risk:** risk of the Group not being able to meet its obligations as they come due.

In the specific context of the financial crisis, the monitoring of all these risks is reinforced.

1. Organization, procedures and methods

1.1. RISK MANAGEMENT STRATEGY

The bank operates in business lines, markets or regions which generate a range of risks that may vary in frequency, severity and volatility. A greater ability to manage and calibrate its risk appetite and risk parameters, the development of risk management core competences, as well as the implementation of a high performance and efficient risk management structure are therefore critical undertakings for Societe Generale Group.

The primary objectives of the bank's risk management framework are therefore:

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

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

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

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

(2) The exposures taken into account in this calculation:
- *include the possible hedges on the bonds considered (CDS);*
- *include, where applicable, the provisions made on monoline CDS;*
- *are net of the reclassification of some bonds to* Loans and Receivables *on December 31, 2008 (see Note 11 of the financial statements).*

1.2. RISK MANAGEMENT GOVERNANCE AND RISK PRINCIPLES

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

- strong managerial involvement, throughout the entire organization, from the Board of Directors down to operational field management teams;
- a tight framework of internal procedures and guidelines;
- continuous, independent supervision to monitor risks and to enforce rules and procedures.

Firstly, the Board defines the Group's strategy by assuming and controlling risks and ensures its implementation. In particular, the Board ensures the adequacy of the Group's risk infrastructure, reviews the businesses' overall risk exposures and approves the overall yearly market and credit risk limits. Presentations on the main aspects of, and notable changes to, the Group's risk strategy, as well as on the overall risk management structure, are made to the Board by the Executive Management, once a year or more frequently, as circumstances require.

Within the Board, the Audit Committee is more particularly entrusted with examining the consistency of the internal framework for monitoring risks and compliance. With the benefit of specific presentations made by the management, the Committee reviews the procedures for controlling market risks as well as the structural risk and is consulted about the setting of the related risk limits. It also issues an opinion on the Group's overall provisioning policy as well as on large specific provisions. Finally, it also examines the risk assessment and control procedure report submitted annually to the French Banking Commission.

1.3. RISK MANAGEMENT AND CONTROL PROCESS

Societe Generale Group dedicates significant resources to constantly adapting its risk management to its more and more varied activities and ensures that its risk management framework operates in full compliance with the following overriding principles set by banking regulations:

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

Responsibility for devising the relevant risk management structure and defining risk management operating principles lies mainly with both the Risk Division and, in particular fields, the Finance Division.

The bank's Risk Committee (CORISQ) is in charge of reviewing all the bank's key risk management issues. CORISQ's monthly meetings involve members of the Executive Committee, the heads of the business lines and the Risk Division managers and are used to review all the core strategic issues: risk-taking policies, assessement methods, material and human resources, analysis of credit portfolios and of the cost of risk, market and credit concentration limits (by product, country, sector, region, etc.) and crisis management. On the other hand, the Finance Committee (COFI) is competent for matters relating to funding and liquidity policymaking and planning.

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

The Risk Division is independent from the Group's operating entities and reports directly to Executive 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 robust and effective. It employs various teams specializing in the operational management of credit and market risk as well as risk modelling teams, IT project managers, industry experts and economic research teams.

More specifically, the Risk Division:

- defines and validates the methods used to analyze, assess, approve and monitor credit risks, market risks and operational risks;
- conducts a critical review of commercial strategies in high-risk areas and continually seeks to improve such risk forecasting and management;
- contributes to independent assessment by analyzing transactions implying a credit risk and by offering an opinion on transactions proposed by sales managers;
- identifies all Group risks and monitors the adequacy and consistency of risk management information systems.

The Finance Division, for its part, is entrusted with assessing and managing other major types of risks, namely strategic, business, liquidity and structural risks. The structural interest rate and exchange rate risks as well as the long term financing program, the piloting of the need in capital and the structure of stockholders' equity are managed within the Group by the Asset and Liability Management Department (ALM Department). In addition, the Internal Legal Counsel deals with compliance and legal risks.

All new products and activities or products under development must be submitted to the New Product Committee of the relevant business line. This New Product Committee aims at ensuring that, prior to the launch of a new activity or product, all associated risks are fully understood, measured, approved and subject to adequate procedures and controls, using the appropriate information and processing systems.

2. Credit risk

2.1. RISK MANAGEMENT GENERAL PRINCIPLES

2.1.1. Risk approval and limits

Strongly embedded in Societe Generale Group's credit policy is the concept that approval of any credit risk undertaking must be based on sound knowledge of the client and a thorough understanding of the client's business, the purpose, nature and structure of the transaction and the sources of repayment, while bearing in mind the Group's risk strategy and risk appetite. Credit decisions must also ensure that the return on the transaction will sufficiently reflect the risk of loss in case of default.

The risk approval process is based on four core principles:

- All transactions involving counterparty risk (debtor risk, non-settlement or non-delivery risk and issuer risk) must be pre-authorized.
- Staff assessing credit risk are fully independent from the decision-making process.
- Subject to relevant approval limits, responsibility for analyzing and approving risk lies with the most appropriate business line or credit risk unit, which reviews all authorization requests relating to a specific client or client group, to ensure a consistent approach to risk management.
- All credit decisions systematically include internal counterparty risk ratings, as provided by business lines and vetted by the Risk Division.

The Risk Division submits recommendations to the Risk Committee on the concentration limits it deems appropriate, 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 country risk limits are defined such as the correct exposure limit is assigned to each emerging market, based on 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 Executive Management and is based on a process that involves the business divisions exposed to risk and the Risk Division.

Finally, the supervision provided by the CORISQ is supplemented by the Committee for large risk exposures. This is an ad-hoc committee more specifically responsible for periodically reporting to the Executive Committee on the Group's main exposures and associated risks, as well as for vetting the risk-taking and marketing policy vis-à-vis the corporates, the bank's key client group, including proposing exposure limits.

2.1.2. Counterparty risk managing

Given the Group's significant involvement in global capital markets, Societe Generale Group 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. The transactions giving rise to counterparty risk are, inter alia, securities repurchase agreements, securities lending and borrowing, over-the-counter derivatives contracts such as swaps, options, futures.

Societe Generale Group places great emphasis on carefully monitoring its counterparty risk exposure in order to minimize its losses in case of default of its counterparts and to facilitate its trading activities by calibrating limits on the most solvent market participants. Counterparty limits are therefore assigned to all trading counterparties, irrespective of their status (banks, other financial institutions, corporates, public institutions).

As a result of the current credit crisis, Societe Generale Group has stepped up significantly its alertness to signs of deterioration in its counterparts' credit profile, which has resulted in the downgrade of the internal rating of a number of counterparties, the reduction in limits as well as restrictions on limits for more complex trading instruments. In addition, a specific supervision and approval process on more sensitive counterparties was implemented. In 2008 Societe Generale Group reinforced the monitoring of the financial counterparty risks that were particularly affected by the crisis.

2.2. RISK MEASUREMENT AND INTERNAL RATINGS

In December 2007, Societe Generale Group obtained approval from its relevant supervisors' group (led by the French Banking Commission), to use mainly the advanced Internal Rating Based Approach (AIRB) methodology for the calculation of its credit risk capital requirements.

Societe Generale Group's internal models for quantitative credit risk measurement and risk-adjusted return on capital have been developed since the mid-1990's and provide staff (credit analysts as well as relationship managers) with an advanced toolkit for approving, structuring and pricing transactions.

These models have gradually been broadened in order to encompass the vast majority of the Group's credit portfolios (retail and corporate banking), and are part and parcel of the bank's day-to-day operational processes. Their capabilities have been further expanded in order to model the capital requirements for the bank's credit exposure in Basel II environment.

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

- the internal ratings models used to measure both counterparty risk (expressed as a probability of default by the borrower within one year) and transaction risk (expressed as the amount that will be lost should a borrower default);
- a set of procedures defining guidelines for devising and using ratings (scope, frequency of rating revision, procedure for approving ratings, etc.);
- reliance on human judgment to improve model outcome to factor in elements outside the scope of rating modelling.

In order to obtain regulatory AIRB approval, the bank's rating models for its main credit portfolios have been thoroughly audited, proofed and back-tested, to warrant for their operational capacity, reliability and compliance with the "use test criteria" set by Basel II regulations.

Credit risk modelling is supported by a set of procedures ensuring reliable, consistent and timely default and recovery data required for modelling and back testing purposes. The procedures formulate detailed guidelines for assigning ratings to counterparties and transactions and have been deployed across the Group's various business lines over the years. The systems for estimating the probability of default (PD) and the loss given default (LGD) are now fully operational for all of credit portfolios under the AIRB scope.

2.3. CREDIT RISK EXPOSURE

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

(In millions of euros)	December 31, 2008	December 31, 2007
Financial assets at fair value through profit and loss (excluding variable income securities)	430,963	373,925
Derivative hedging instruments	6,246	3,709
Available-for-sale financial assets (excluding variable income securities)	71,262	76,497
Due from banks	71,192	73,065
Customer loans	354,613	305,173
Lease financing and similar agreements	28,512	27,038
Held-to-maturity financial assets	2,172	1,624
Exposure to balance sheet commitments, net of depreciation	**964,960**	**861,031**
Loan commitments granted	136,797	162,594
Guarantee commitments granted	64,325	68,039
Provisions for commitments granted and endorsements	(176)	(105)
Exposure to off-balance sheet commitments, net of depreciation *	**200,945**	**230,529**
Total net exposure	**1,165,906**	**1,091,560**

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

2.4. CREDIT RISK HEDGING

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

- **Guarantees and collateral**

Guarantees and collateral are used to partially or fully protect the bank against the risk of debtor insolvency (e.g. mortgage or cover through a Crédit Logement guarantee 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 year.

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

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

- **Credit derivatives**

The Group uses credit derivatives in the management of its corporate loan portfolio, essentially to reduce single name, sector and geographic concentrations, and to implement a proactive risk and capital management policy.

The Group's overconcentration management policy has led it to take major individual hedging positions: for example, the ten most-hedged names account for EUR 7.3 billion in protection (i.e. 26% of the total amount of individual protections).

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 2008, total credit derivatives under management decreased by EUR 6.7 billion, reaching a total of EUR 43.8 billion at end-December: EUR 28.2 billion in the form of Credit Default Swaps (CDS) and EUR 15.6 billion in the form of synthetic Collateralized Debt Obligations (CDOs). Some of these CDOs were taken for regulatory management under the Basel I framework and will not be continued in 2009.

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

Concentration with any particular counterparty is carefully monitored.

The bank has also a Credit derivatives trading activity (both buy and sell positions). The level of risk of this activity is measured in VaR, not in nominal.

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.

2.5. CREDIT PORTFOLIO ANALYSIS

- **2.5.1. Breakdown of on-balance-sheet credit portfolio**

Outstanding loans in the on-balance-sheet credit portfolio before impairment (customer loans, due from banks, lease financing and similar agreements) break down as follows at December 31, 2008:

	December 31, 2008		
Gross outstanding loans in billions of euros	**Non-banking customers***	**Banks**	**Total**
Performing loans without any past due amount	365.2	43.98	409.18
Performing loans including past due amounts	7.33	0.02	7.35
Impaired	14.67	0.24	14.91
Total gross outstanding loans	**387.20**	**44.24**	**431.44**
Other (impairment, repos...)	**(4.00)**	**27.00**	**23.00**
Total	**383.20**	**71.24**	**454.44**

	December 31, 2007		
Gross outstanding loans 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)	**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 1.8% of unimpaired on-balance sheet assets and include loans that are past due for technical reasons. This increase compared to the proportion observed on December 31, 2007 (1.4% of outstanding performing loans) is mainly caused by the number of impaired loans to small and medium size companies counterparty as well as on the individual customers following the deterioration in economic conditions. In this context of financial crisis, the monitoring procedures of past due amounts were strengthened.

- **2.5.2. Information on risk concentration**

Societe Generale Group proactively manages its risk concentrations, both at the individual and portfolio levels (geographic and industry concentration). The individual concentration is a parameter managed when granting the loan. The counterparts representing the most important exposures of the bank are regularly reviewed by the General Management.

At December 31, 2008, the Group's commitments (balance sheet and off balance sheet) on its ten largest corporate(1) counterparties accounted for 6% 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, 2008, only one sector accounts for more than 10% of the Group corporate portfolio on and off-balance sheet assets standing for EUR 306 billion exposure at default(2).

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

At December 31, 2007(3), the main five sectors were Financial Activities (21%), Business Services (7%), Transport Postal Services and Logistics (7%), Real Estate activities (6%), Wholesale Trade (6%) expressed as a percentage of Corporate on-and-off balance sheet assets (representing for EUR 292 billion EAD).

At December 31, 2008, on-balance sheet and off balance sheet loans commitments were divided between the following main four geographic regions: France, Western Europe, Northern America, Central and Eastern Europe (representing 41%, 25%,

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

(2) Exposure at Default (EAD) combines the drawn portion of loans as well as the conversion of off-balance sheet commitments into on-balance sheet exposure through the Credit Conversion Factor.

(3) At December 31, 2008, the analysis of the geographic and concentration risk includes the issuer risk, debtor risk and replacement risk . The 2007 figures have been restated to be comparable.

13% and 11% respectively, of the on-and-off balance sheet commitments exposure at default standing for EUR 700 billion).*

At December 31, 2007, the four main regions were France, Western Europe, Northern america, Central and Eastern Europe (representing 42%, 26%, 15% and 8%, respectively, of the on-and-off balance sheet EAD standing for EUR 697 billion).

2.5.3. Impairment analysis

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. The expected cash flows are based on the financial position of the counterparty, its economic prospects and the guarantees called up or which may be called up.

In collaboration with Division heads, the Risk Division draws up impairments on groups of similar assets which are reviewed each quarter. The aim of these provisions is to take into account any credit risks incurred on other similar portfolio segments before any depreciation at an individual level.

At December 31, 2008, impaired outstanding loans stood at EUR 14.9 billion (EUR 11.4 billion at December 31, 2007).

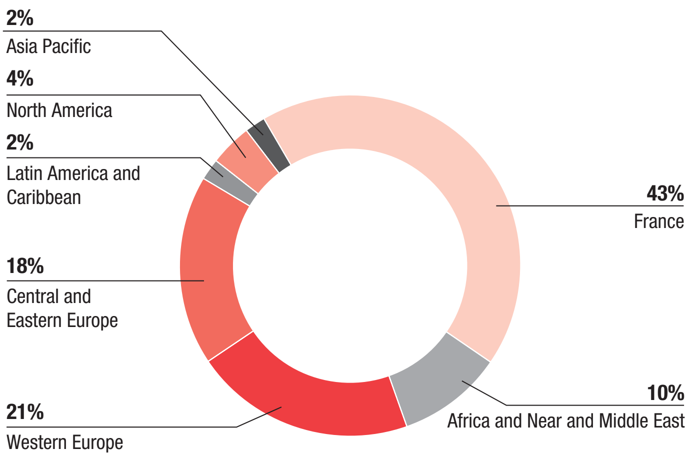
A counterparty is deemed to be in default place when at least one of the three following conditions are verified:

- a significant financial degradation of the borrower will not allow him to fulfil his overall commitments (credit obligations), and as a result will lead an important probability of losses; and/or
- one or several past due of more than 90 days are recorded and/or an out of court settlement procedure has been initiated, (with the exception of certain asset categories, such as housing loans and loans to local authorities); and/or
- a legal proceeding such as a bankruptcy, legal settlement or compulsory liquidation is in progress.

Sovereign issuers are deemed to be in default when 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, 2008, impaired outstanding assets broke down as follows:

Impaired loans



At December 31, 2007, the impaired outstanding loans broke down as follows: 50% France, 22% Western Europe, 13% Central and Eastern Europe, 13% Africa, Near and Middle East, 1% Northern America, 1% Latin America .

Impairment on assets are broken down as follows:

(In millions of euros)	Amount at Dec. 31, 2007	Net allocations to provisions for impairment	Reversals used	Currency and scope effects	Amount at Dec. 31, 2008
Specific impairments (Bank loan + Customer loan + lease financing)	6,576	2,100	(810)	427	8,293
Impairments on groups of similar assets	901	72	-	97	1,070
Others *	938	877	(36)	21	1,800
TOTAL	**8,415**	**3,049**	**(846)**	**545**	**11,163**

* *Includes impairments on the available-for-sale assets described in Note 8.*

* *On-balance sheet and off-balance sheet commitments and Geographic breakdown of group credit risk outstanding at December 31, 2008 corrected following the amendment to the registration document filed with the Autorité des Marchés Financiers on April 8, 2009.*
For the record, in the registration document on March 4, 2009, the breakdown was 44% in France, 24% in Western Europe, 11% in North America of the on-and-off balance sheet commitments exposure at default standing for EUR 742 billion.

2.5.4. Breakdown of unimpaired past due loans

At December 31, 2008, unimpaired past due loans accounted for 1.8% of the on-balance sheet portfolio of performing loans.

Gross outstanding loans In billions of euros	December 31, 2008 Customers	Banks	% of Gross outstanding loans
Past due amounts less than 90 days old	6.90	0.01	94.1%
Included less than 29 days old	*5.05*	*0.01*	*69%*
Past due amounts between 90 and 179 days old	0.30	0.00	4.1%
Past due amounts over 180 days old	0.13	0.00	1.8%
TOTAL	**7.33**	**0.01**	**100%**

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

Gross outstanding loans In billions of euros	December 31, 2007 Customers	Banks	% of Gross outstanding loans
Past due amounts less than 90 days old	4.64	0.01	91%
Included less than 29 days old	*3.23*	*0.01*	*63%*
Past due amounts between 90 and 179 days old	0.23	NS	5%
Past due amounts over 180 days old	0.22	NS	4%
TOTAL	**5.09**	**0.01**	**100%**

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

Total unimpaired past due loans declared are all receivables (outstanding balance, interests and past due amount) with at least one recognized past due amount, 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. They may be placed on a watch list at that time.

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

2.5.5. Renegotiated outstanding loans

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

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

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

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

The renegotiated outstanding loans presented below apply to the Group’s consolidation scope with a specific threshold for 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 subsidiaries of the International retail Banking and the retail clients for the other divisions.

The renegotiated outstanding loans during the year 2008 amount to EUR 50 million (EUR 46 million in 2007).

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, 2008, guarantees and collateral relating to past due, unimpaired outstanding loans and impaired outstanding loans broke down as follows:

	December 31, 2008	
In millions of euros	**Retail**	**Non-retail**
Guarantees and collaterals related to past due, unimpaired outstanding loans	1,030	808
Guarantees and collaterals related to impaired outstanding loans	1,324	1,046

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

	December 31, 2007	
In millions of euros	**Retail**	**Non-retail**
Guarantees and collaterals related to past due, unimpaired outstanding loans	755	183
Guarantees and collaterals related to impaired outstanding loans	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

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

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 in terms of risk exposure, its global management lies with an independent structure: the Market Risk unit of the Risk Division. The main purpose of the department is the permanent analysis, independently from the front offices, of the positions and risks linked to the market activities of the Group and the comparison of these positions to the allowed limits. 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.

Besides these functions linked to the market risk strictly speaking, the Department monitors and also checks the gross notional value of the exposures. This device, based on levels of alerts applying to all the instruments and all the desks, participates in the detection of possible of rogue trading operations.

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

A monthly reporting about the highlights regarding market risks and mentioning the use of the limits, is sent to the Group General Management and to the business line management.

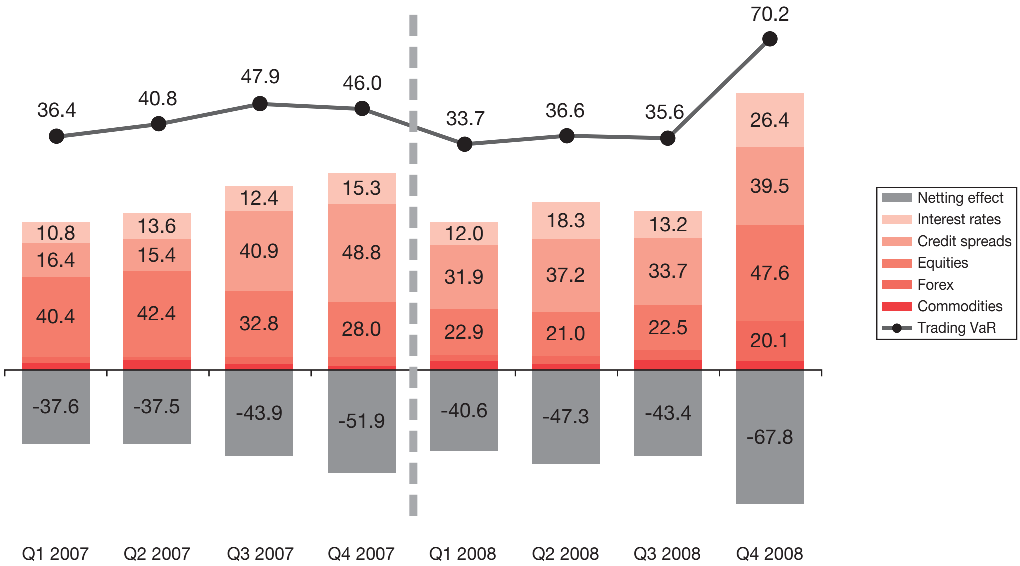
3.2. METHODS OF MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

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

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

BREAKDOWN OF TRADING VAR BY TYPE OF RISK – CHANGE BETWEEN THE QUARTERLY AVERAGE 2008-2007 (IN MILLIONS OF EUROS)

Quarterly average of trading VaR, 1 day, 99% (in M EUR)



The figures concerning 2007 do not take into account the unauthorized and concealed trading activities (Cf note 41).

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 netting between the different types of risks (interest rate, credit spreads, equity, exchange rate, commodities).

• Average VaR

The average VaR amounts to EUR 44 million for year 2008 against a yearly average of EUR 43 million in 2007. This stability results from:

- the increase of the credit, interest rate and exchange rate risk VaR, EUR 6, 5 and 4 million respectively, due to the highly volatile scenarios of year 2008; the increase of the credit risk VaR is mitigated by the reclassification of some financial assets into the banking book;
- the decrease of the equity price VaR of EUR 8 million, due to an active and continuous reduction of exposure over the first 9 months partially offset by the occurrence of highly volatile scenarios during the last quarter;
- finally, an improvement of the compensation between the various types of risks, for EUR 7 million.

• 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 2008, the models has been improved with new risk factors on commodities (in particular Carbon Emission Rights), and basis factor on interest rates (measuring the risks linked to the various fixings). Today, the market risks on almost all investment banking activities are covered by the VaR method, in particular those related to most complex activities and products, as well as certain retail banking and private banking activities outside France. The Societe Generale Group's VaR model obtained approval from the relevant supervisor's Group to calculate the prudential capital.

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 Group's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatilities, 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 of 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 current positions, on the basis of the adjusted daily market parameters and on the basis of a revaluation taking into account the non linearity of these positions.

The 99% Value at Risk is the biggest loss that would be incurred after eliminating the top 1% of most unfavourable 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 2008, the VaR limit for all trading activities was increased to EUR 85 million (EUR 15 million more than in 2007) to reflect the increasing volatility of the markets.

• 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 if the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval;
- complementing the VaR system with stress test measurements.

Note that in the current environment of market dislocation, the historical VaR 1 day 99% appears as less relevant than other indicators such as stress tests. Moreover, work is constantly carried out on the internal model to improve its quality.

- **Stress test assessment**

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

Until the end of 2008, 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 2008. Consequently two new scenarios have been introduced as of January 1, 2009: a historical scenario “October 3-10, 2008” according to the movements observed during this period; a theoretical scenario of financial crisis, declined from the events observed during 2008. Some scenarios, with lower impact than those two new scenarios were removed.

- **Historical 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, as of January 1, 2009, Societe Generale Group 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. As of January 1, 2009, Societe General Group adopted 7 hypothetical scenarios, in addition to the financial crisis theorical scenario mentioned above.

4. Structural interest rate and exchange rate risks

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 only result from the residual positions remaining after 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 Capital and Balance Sheet Management Department, which comes under the authority of the Group Finance Department, carries out a Level 2 control on the management of these risks performed by the entities.

The Group 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 monitoring of the Group's structural risks;
- validates the limits for each entity based on recommendations by the Group's Capital and Balance Sheet Management Department;
- examines the reports on these risks provided by Capital and Balance Sheet Department.

The Group Capital and Balance Sheet Management Department, which comes under the authority of the Group Finance Division:

- defines the standards for the management of structural risks (organization, monitoring methods);
- centralizes, consolidates and reports on risk exposure, and carries out Level 2 controls (independently from the operating divisions which supervise the entities);
- validates the models used by the entities;
- validates the asset and liability management policy of the French retail networks.

The operating entities are responsible for controlling structural risks.

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

Each entity has its own structural risk manager, attached to the Finance Department of the entity, who is responsible for conducting Level 1 controls and for reporting the entity's structural risk exposure to the Capital and Balance Sheet Management 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-maturing products (such as sight deposits, etc.) and therefore determines the associated transformation strategy, reviews structural interest and exchange rate positions and validates the associated hedging programs in accordance with Group standards and limits authorized by the Group Finance Committee.

4.2. STRUCTURAL INTEREST RATE RISK

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

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

- **Objective of the Group**

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

To this end, any residual interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. The sensitivity is defined as the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficits) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit for the overall Group is EUR 500 million (which is less than 1.8% 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 on 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 analyzed independently, without any a priori matching. Maturities on outstanding positions are determined on the basis of the contractual terms of the transactions and models of historic client behavior (regulated savings accounts, early repayments, etc.), as well as conventional assumptions for some balance sheet items (mainly shareholders' equity and sight deposits). Options exposure is analyzed through its delta equivalent.

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

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

Throughout 2008, the Group's global sensitivity to interest rate risk remained below 1% of Group shareholders' equity and within the EUR 500 million limit.

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

- Within the domestic retail banking division, outstanding customer deposits, generally considered to be fixed-rate, exceed fixed-rate loans for maturities over 5 years. Indeed, thanks to macro-hedging essentially through the use of interest rate swaps and caps, the French Networks' sensitivity to interest rate risk (on the basis of the adopted scenarios) has been kept to a low level. At end-December 2008, the sensitivity of French retail networks (Societe Generale and Crédit du Nord) based on their euro-denominated assets and liabilities was less than EUR 20 million.
- Transactions with large companies are generally match-funded on an individual basis and therefore present no interest rate risk.
- Transactions with clients of the Specialised Financial Services subsidiaries are generally macro-hedged and therefore present only a low interest rate risk.
- Client transactions for subsidiaries and branches located in countries with weak currencies can generate structural interest rate risk; however, this risk is limited at the Group level. These entities may have problems optimally hedging interest rate risk due to the low development of the financial markets in some countries.
- Proprietary transactions are generally well hedged. Residual positions are limited and arise primarily from shareholders' equity that has not been fully reinvested with the desired maturities.

Sensitivity to interest rate variations of the main entities of the Group (Crédit du Nord, Societe Generale in France, Komerčni Banka, Rosbank and BRD) represented EUR -61 million on December 31, 2008 (for a 1% parallel rise of the yield curve). These entities accounted for 65% of the Group's credits outstanding customer loans based on figures taken at September 30, 2008.

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 the one 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 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.

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

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

In 2008, the Group successfully neutralized the sensitivity of its solvency ratio to fluctuations in strong currencies by monitoring the structural positions in these currencies (the sensitivity of the solvency ratio is limited to a 5bp variation in case of a 10% variation in the exchange rate of one of the currencies).

Moreover, its positions in other currencies, which result primarily from capital contributions and retained earnings, 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.

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

Remaining term at December 31, 2007 *(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 is defined as the risk of not being able to meet cash flow or collateral requirements when they fall due and at a reasonable price.

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 Capital and Balance Sheet Management Department manages liquidity for the overall Group, in conjunction with the Treasury Department of the Corporate and Investment Banking Division.

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

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

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

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 using the access to markets of the Group's main treasury departments (Paris, New York, London, Tokyo, Hong Kong, Singapore, etc.) and the transfer of the liquidity position of the entities (liquidity requirement and liquidity surplus) to these treasury departments;
- diversification of sources of funding, both in terms of geographic regions and activity sectors;
- limitation of the number of issuers within the Group (Societe Generale, SG Acceptance NV, SG North America, etc.);
- management of short-term liquidity in accordance with the regulatory framework and within the scope of the Group's main treasury departments, with the use of internal stress scenarios.

MEASUREMENT AND MONITORING OF LIQUIDITY RISK

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

- an assessment of the Group structural liquidity profile and its development over time;
- a monitoring of the diversification of funding sources;
- an assessment of the Group's funding needs on the basis of budget forecasts in order to plan appropriate funding solutions;
- an analysis of liquidity risk exposure using liquidity crisis 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 (regulated savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain balance sheet items (principally shareholders' equity and sight deposits). The breakdown of assets and liabilities by contractual maturities are disclosed in note 30.

Societe Generale has a large and diversified deposits base which serves as a large part of mid and long-term financing resources.

Since the beginning of the financial crisis, Societe Generale Group has taken actions to strengthen the liquidity monitoring framework.

- closer monitoring of long term liquidity.

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

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

In 2008, the Group was able to re-finance the roll over of its maturing debt during the year as well as the growth of its businesses, thanks to an active and diversified funding program on capital markets (issues of vanilla and structured private placements, senior and subordinate benchmark issues), and thanks to an additional effort of collection of deposits notably with the customers of the french retail network.

- strengthening of short term liquidity management.

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

A weekly liquidity committee was set up, chaired by the Chief Financial Officer and attended by the head and treasurer of SGCIB, the Chief Risk Officer, and the head of Capital and Balance Sheet Management Department.

- active management of the eligible assets.

The Group continued working its works to optimize the management of the pool of assets eligible for the various refinancing mechanisms (central banks refinancing operations, Société de Credit foncier, SFEF, etc.): the inventory of the pool has been widened and information systems were improved to get an optimal allowance of these assets.

The regulatory one-month liquidity ratio is calculated on a monthly basis, and concerns Societe Generale Company (which comprises the head office in mainland France and its branches). In 2008, Societe Generale systematically maintained a ratio above the required regulatory minimum.

6. Capital management and compliance with regulatory ratios

6.1. QUALITATIVE INFORMATION

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

Group policy on the use of shareholders' equity meets the following three priorities: for a given market 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 Group establishes a capital objective based on a combination of factors specific to the Group (target rating, business mix, risk profile and Group strategy) and external factors (competitors' level of shareholders' equity, market expectations, minimum capitalization expected by the market authorities). The capital is also sized to cover extreme losses calculated through global stresses-tests taking into account the whole risk profile of the Group and allowing to measure its impact strength in macroeconomic crisis scenarios.

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

- **Compliance with ratios**

The solvency ratio 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.

Prudential capital is comprised of the following: Tier One capital, upper Tier Two capital and lower Tier Two capital is calculated in accordance with Regulation 90-02 relating to capital.

Supplementary capital (Tier Two) is taken into account only within the limit of 100% of Tier One capital. Furthermore, additional Tier Two capital may not exceed the limit of 50% of Tier One capital. Hybrid equity instruments (both innovative and non innovative) are limited to 35% of the consolidated bank's Tier One capital, innovative hybrid equity instruments being subject to stringent conditions and limited to a maximum of 15% of this Tier One capital

As a reminder, Regulation 95-02 relating to prudential monitoring of market risks allows for another type of additional capital (ancillary capital) in the form of subordinated securities with an initial maturity greater than or equal to two years. Societe General does not use this option.

The solvency ratio represents the level of capital in reserve on a permanent basis, in order to cover all the risks to which the Societe Generale Group is exposed. 2008 was a year of transition between the Cooke regulation (Basel I) and the new Basel II regulation as transposed in the Order of February 20, 2007 relating to capital requirements for credit institutions and investment firms.

The minimum level of capital required is 8% of the risks under the Basel I regulation expressed in risk-weighted assets for credit risks and in capital requirements multiplied by 12.5 for the market risks. Capital requirements multiplied by 12.5 for operational risks are added to the preceding under Basel II.

In addition to the increase of the scope of the risks for which capital is required, the main changes between the Cooke and the Basel II regulations are:

- the use of internal models for credit risk (AIRB), the operational risk also being measured under the advanced method (AMA) by Societe Generale Group;
- new deductions made up to 50% from Tier One capital and 50% from Tier Two capital (equity holdings in financial institutions, negative amount resulting from the difference between provisions and expected losses,…).

In 2008 Societe Generale Group complied with all of the prudential ratios applicable to its activities. Societe Generale Group also applies CRBF Regulation No. 2005-04 relating to "additional monitoring of financial conglomerates", which also includes the solvency margin of the insurance companies.

6.2. QUANTITATIVE DATA

At the end of 2008, the total risk based capital is EUR 43 377 million.

- Cooke

Societe Generale Group's prudential capital – Cooke	December 31, 2008	December 31, 2007
Group shareholders equity	36,085	27,241
Estimated and forecasted dividends	(843)	(473)
Minority interest including preferred shares	4,802	4,034
Estimated and forecasted minority interest dividends	(329)	(264)
Prudential adjustments	(7,994)	(8,922)
Total Tier One capital	**31,721**	**21,616**
Total Tier Two capital	**14,134**	**12,936**
Deductions	**(2,478)**	**(5,608)**
Total risk based capital	**43,377**	**28,944**

- Basel II

Societe Generale Group's prudential capital – Basel II	December 31, 2008
Group shareholders equity	36,085
Estimated and forecasted dividends	(843)
Minority interest including preferred shares	4,802
Estimated and forecasted minority interest dividends	(329)
Group shareholders equity	(7,994)
Tier One capital	**31,721**
Deductions Basel II	**(1,398)**
Total Tier One capital	**30,323**
Tier Two capital	**14,280**
Other deductions	**(4,370)**
Total risk based capital	**40,234**

Note 5

Cash, due from central banks

(In millions of euros)	December 31, 2008	December 31, 2007
Cash	2,518	2,104
Due from central banks	11,227	9,198
Total	**13,745**	**11,302**

Note 6

Financial assets and liabilities at fair value through profit and loss

ASSETS

(In millions of euros)	December 31, 2008				December 31, 2007 *			
	Valuation established using prices published in an active market	Valuation technique based on observable market data	Valuation not based on market data (2)	Total	Valuation established using prices published in an active market	Valuation technique based on observable market data	Valuation not based on market data (2)	Total
Trading portfolio								
Treasury notes and similar securities	30,455	1,135	-	31,590	37,903	1,551	-	39,454
Bonds and other debt securities	13,000	24,124	8,343	45,467	45,446	65,389	1,860	112,695
Shares and other equity securities (1)	31,537	10,366	372	42,275	89,004	5,897	3	94,904
Other financial assets	44	30,790	-	30,834	231	58,670	-	58,901
Sub-total trading assets (3)	**75,036**	**66,415**	**8,715**	**150,166**	**172,584**	**131,507**	**1,863**	**305,954**
o/w securities on loan				*2,446*				*14,811*
Financial assets measured using fair value option through P&L								
Treasury notes and similar securities	162	565	-	727	52	659	-	711
Bonds and other debt securities	5,303	526	-	5,829	8,941	278	3	9,222
Shares and other equity securities (1)	13,414	1,763	-	15,177	19,173	1,957	-	21,130
Other financial assets	109	4,385	272	4,766	45	2,549	733	3,327
Sub-total of financial assets measured using fair value option through P&L	**18,988**	**7,239**	**272**	**26,499**	**28,211**	**5,443**	**736**	**34,390**
o/w securities on loan				-				-
Interest rate instruments	**724**	**124,565**	**7,666**	**132,955**	**589**	**61,066**	**668**	**62,323**
Firm instruments								
Swaps				106,481				49,782
FRA				1,225				229
Options								
Options on organized markets				155				360
OTC options				18,817				8,112
Caps, floors, collars				6,277				3,840
Foreign exchange instruments	**825**	**38,083**	**104**	**39,012**	**55**	**16,031**	**28**	**16,114**
Firm instruments				*33,023*				*14,448*
Options				*5,989*				*1,666*
Equity and index instruments	**1,083**	**41,344**	**2,740**	**45,167**	**749**	**31,390**	**961**	**33,100**
Firm instruments				*8,591*				*2,970*
Options				*36,576*				*30,130*
Commodity instruments	**2,158**	**21,792**	**101**	**24,051**	**2,761**	**14,254**	**546**	**17,561**
Firm instruments-Futures				*18,068*				*11,829*
Options				*5,983*				*5,732*
Credit derivatives	**-**	**63,375**	**6,546**	**69,921**	**-**	**18,400**	**1,210**	**19,610**
Other forward financial instruments	**284**	**91**	**269**	**644**	**131**	**118**	**658**	**907**
On organized markets				*242*				*323*
OTC				*402*				*584*
Sub-total trading derivatives	**5,074**	**289,250**	**17,426**	**311,750**	**4,285**	**141,259**	**4,071**	**149,615**
Total financial instruments measured at fair value through P&L	**99,098**	**362,904**	**26,413**	**488,415**	**205,080**	**278,209**	**6,670**	**489,959**

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

(1) Including UCITS.

(2) P&L impact of the fair value variation of the instruments initially evaluated by valuation technique not based on market data is disclosed in note 35.

(3) The evolution of the different categories of the Trading portfolio is explained by:
- the reclassification of assets into the category "Available-for-Sale Financial Assets" and "Loans and Receivables" for an amount of EUR 24,264 million, as at October 1, 2008 (see note 11);
- by the evolution of the valuation conditions of these instruments during the year, which led to a decrease of the overall accounting value and to reclassification out of "Valuation established using prices published in an active market" to "Valuation technique based on observable market data" and out of "Valuation technique based on observable market data" to "Valuation not based on market data".

LIABILITIES	December 31, 2008				December 31, 2007 *			
(In millions of euros)	Valuation established using prices published in an active market	Valuation technique based on observable market data	Valuation not based on market data [2]	Total	Valuation established using prices published in an active market	Valuation technique based on observable market data	Valuation not based on market data [2]	Total
Trading portfolio								
Securitized debt payables	-	15,093	18,133	33,226	-	25,025	24,546	49,571
Amounts payable on borrowed securities	20	21,015	374	21,409	28	44,848	-	44,876
Bonds and other debt instruments sold short	1,377	187	-	1,564	3,637	405	-	4,042
Shares and other equity instruments sold short	2,966	1	-	2,967	6,790	112	-	6,902
Other financial liabilities	-	40,021	1,590	41,611	37	56,265	388	56,690
Sub-total trading liabilities [4]	4,363	76,317	20,097	100,777	10,492	126,655	24,934	162,081
Interest rate instruments	**165**	**124,372**	**8,471**	**133,008**	**417**	**61,881**	**7,338**	**69,636**
Firm instruments								
Swaps				104,604				56,034
FRA				1,105				186
Options								
Options on organized markets				175				391
OTC options				19,575				7,929
Caps, floors, collars				7,549				5,096
Foreign exchange instruments	**651**	**35,313**	**26**	**35,990**	**247**	**14,287**	**10**	**14,544**
Firm instruments				*30,767*				*12,967*
Options				*5,223*				*1,577*
Equity and index instruments	**485**	**42,959**	**3,074**	**46,518**	**10,420**	**24,397**	**3,473**	**38,290**
Firm instruments				*9,093*				*2,118*
Options				*37,425*				*36,172*
Commodity instruments	**2,231**	**19,841**	**429**	**22,501**	**1,138**	**15,860**	**1**	**16,999**
Firm instruments-Futures				*16,720*				*11,599*
Options				*5,781*				*5,400*
Credit derivatives	**-**	**57,981**	**1,966**	**59,947**	**-**	**16,669**	**1,778**	**18,447**
Other forward financial instruments	**107**	**2,832**	**1**	**2,940**	**27**	**72**	**-**	**99**
On organized markets				*44*				*32*
OTC				*2,896*				*67*
Sub-total trading derivatives	**3,639**	**283,298**	**13,967**	**300,904**	**12,249**	**133,166**	**12,600**	**158,015**
Sub-total of financial liabilities measured using fair value option through P&L [4] [5]	**816**	**8,478**	**1,457**	**10,751**	**380**	**18,189**	**2,086**	**20,655**
Total financial instruments measured at fair value through P&L	**8,818**	**368,093**	**35,521**	**412,432**	**23,121**	**278,010**	**39,620**	**340,751**

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

Financial liabilities measured using fair value option through P&L

(In millions of euros)	December 31, 2008 Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	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 [4] [5]	**10,751**	**11,584**	**(833)**	**20,655**	**21,374**	**(719)**

(2) P&L impact of the fair value variation of the instruments initially evaluated by valuation technique not based on market data is disclosed in note 35.

(4) The variation in fair value attributable to the Group's own credit risk is EUR 441 million.

(5) Mainly indexed EMTNs.

Note 7

Hedging derivatives

(In millions of euros)	December 31, 2008 Assets	December 31, 2008 Liabilities	December 31, 2007 Assets	December 31, 2007 Liabilities
FAIR VALUE HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	4,749	6,680	2,789	3,413
Forward Rate Agreements (FRA)	-	-	-	-
Options				
Options on organized markets	-	2	-	-
OTC options	145	-	82	-
Caps, floors, collars	40	-	256	-
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	141	1,875	93	56
Forward foreign exchange contracts	29	24	76	75
Equity and index instruments				
Equity and stock index options	*29*	*7*	*7*	*19*
CASH-FLOW HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	765	653	401	293
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	327	-	-	-
Forward foreign exchange contracts	21	9	5	2
Total	**6,246**	**9,250**	**3,709**	**3,858**

Note 8

Available-for-sale financial assets

(In millions of euros)	December 31, 2008				December 31, 2007			
	Valuation established using prices published in an active market	Valuation technique based on observable market data	Valuation not based on market data	Total	Valuation established using prices published in an active market	Valuation technique based on observable market data	Valuation not based on market data	Total
Current assets								
Treasury notes and similar securities	11,226	999	20	**12,245**	7,716	1,525	71	**9,312**
o/w related receivables				***185***				***155***
o/w provisions for impairment				***(25)***				***(25)***
Bonds and other debt securities	40,427	18,395	179	**59,001**	58,195	8,086	904	**67,185**
o/w related receivables				***895***				***862***
o/w provisions for impairment				***(167)***				***(57)***
Shares and other equity securities (1)	5,645	590	283	**6,518**	5,290	494	1,013	**6,797**
o/w related receivables				***2***				***1***
o/w impairment losses				***(494)***				***(121)***
Loans and advances	16	-	-	**16**	-	-	-	**-**
o/w related receivables				**-**				**-**
o/w provisions for impairment				**-**				**-**
Sub-total	**57,314**	**19,984**	**482**	**77,780**	**71,201**	**10,105**	**1,988**	**83,294**
Long-term equity investments	**1,439**	**320**	**2,184**	**3,943**	**2,135**	**222**	**2,157**	**4,514**
o/w related receivables				***7***				***5***
o/w impairment losses				***(781)***				***(475)***
Total available-for-sale financial assets	**58,753**	**20,304**	**2,666**	**81,723**	**73,336**	**10,327**	**4,145**	**87,808**
o/w securities on loan				3				5

(1) Including UCITS.

Changes in available-for-sale financial assets

(In millions of euros)	December 31, 2008	December 31, 2007
Balance at January 1	**87,808**	**78,754**
Acquisitions	194,079	188,796
Disposals/redemptions *	(189,460)	(177,569)
Reclassification (entries) from Trading portfolio (see note 11)	890	-
Reclassification as (transferring to) “Held-to-maturity” or Loans and Receivables (see note 11)	(4,344)	-
Reclassification and change in scope	(1,756)	2,468
Gains and losses on changes in fair value **	(4,682)	(2,472)
Change in impairment on fixed income securities	(110)	(50)
o/w: increase	*(185)*	*(29)*
write-backs	*70*	*3*
others	*5*	*(24)*
Impairment losses on variable income securities	(737)	(6)
Change in related receivables	66	(33)
Translation differences	(31)	(2,080)
Balance at December 31	**81,723**	**87,808**

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

*** The difference between this caption and the “change in value of assets available-for-sale” included in the “changes in shareholders’ equity” note mainly results from EUR 2,239 million of Insurance Companies-Deferred profit sharing.*

Note 9

Due from banks

(In millions of euros)	December 31, 2008	December 31, 2007
Deposits and loans		
Demand and overnights		
Current accounts	14,774	19,165
Overnight deposits and loans and others	3,911	4,038
Loans secured by overnight notes	4	26
Term		
Term deposits and loans (1) (2)	24,056	22,613
Subordinated and participating loans	658	693
Loans secured by notes and securities	547	55
Related receivables	291	340
Gross amount	**44,241**	**46,930**
Depreciation		
- Depreciation for individually impaired loans	(120)	(35)
- Depreciation for groups of homogenous receivables	(36)	(116)
Revaluation of hedged items (2)	94	(1)
Net amount (3)	**44,179**	**46,778**
Securities purchased under resale agreements	27,013	26,287
Total	**71,192**	**73,065**
Fair value of amounts due from banks	**71,111**	**73,052**

(1) As at December 31, 2008, the amount of receivables with incurred credit risk is EUR 240 million compared to EUR 43 million as at December 31, 2007.

(2) Including EUR 6,115 million linked to reclassified assets established by reclassified assets' accounting value and revaluation of hedged items (see note 11).

(3) The entities acquired in 2008 have a total impact of EUR 1,497 million on amounts due from banks.

Note 10

Customer loans

(In millions of euros)	December 31, 2008	December 31, 2007
Customer loans		
Trade notes	11,712	11,437
Other customer loans [1] [2]		
- Short-term loans	104,625	88,531
- Export loans	6,934	5,712
- Equipment loans	59,149	51,586
- Housing loans	85,810	77,477
- Other loans [3]	71,723	43,556
Sub-total	**328,241**	**266,862**
Overdrafts	16,662	18,704
Related receivables	1,750	1,467
Gross amount	**358,365**	**298,470**
Depreciation		
- Depreciation for individually impaired loans	(7,848)	(6,272)
- Depreciation for groups of homogeneous receivables	(1,032)	(785)
Revaluation of hedged items [3]	943	(6)
Net amount [4]	**350,428**	**291,407**
Loans secured by notes and securities	235	309
Securities purchased under resale agreements	3,950	13,457
Total amount of customer loans	**354,613**	**305,173**
Fair value of customer loans	**346,482**	**303,097**

(1) Breakdown of other customer loans by customer type:

(In millions of euros)	December 31, 2008	December 31, 2007
Non-financial customers		
- Corporate	140,240	118,441
- Individual Customers	118,117	101,648
- Local authorities	10,473	9,642
- Self-employed professionals	11,206	9,659
- Governments and central administrations	3,566	3,904
- Others	2,457	5,096
Financial customers	42,182	18,472
Total	**328,241**	**266,862**

(2) As at December 31, 2008, the amount of receivables with incurred credit risk is EUR 13,798 million compared with EUR 10,713 million as at December 31, 2007.

(3) Including EUR 22,331 million linked to reclassified assets established by reclassified assets' accounting value and revaluation of hedged items (see note 11).

(4) Entities acquired in 2008 had a EUR 8,394 million impact on net customer loans.

Note 11

Reclassification of financial assets

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

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

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

These amendments to IAS 39 and IFRS 7 have not lead to any reclassification of financial assets into the held-to-maturity category.

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

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

		Accounting value on the date of reclassification					
		New category					
(In millions of euros)	**Accounting value on December 31, 2007**	**AVAILABLE-FOR-SALE FINANCIAL ASSETS**	**DUE FROM BANKS**	**CUSTOMER LOANS**	**TOTAL**	**Accounting value on December 31, 2008**	**Fair value on December 31, 2008 ***
Initial category							
Trading category	27,771	969	2,222	21,073	24,264	25,006	22,806
Available-for-sale financial assets	5,002		4,123	221	4,344	4,331	3,812
Total	**32,773**	**969**	**6,345**	**21,293**	**28,607**	**29,336**	**26,618**
Changes in the fair value until the date of reclassification							
recognized in shareholders' equity					(651)		
recognized in profit and loss					(2,997)		
Changes in the fair value between the date of reclassification and the closing date							
that would have been recognized in shareholders' equity if the financial assets had not been reclassified **					(538)		
that would have been recognized in profit and loss if the financial assets had not been reclassified **					(1,454)		

After reclassification, the contribution of the financial assets to the net interest income has been EUR 459 million.

* *Reimbursements that have been received:*
from January 1, 2008 until the date of reclassification: EUR 520 million;
from the date of reclassification until the closing date: EUR 214 million.

** *Including insurance activity reclassifications whose impact would have been neutralized by deferred profit sharing for EUR 473 million in shareholders' equity and for EUR 52 million in Net banking income.*

As of the date of reclassification, effective interest rates on reclassified financial assets ranged from 2.97% to 13.67%.

Expected recoverable cash flows on reclassified financial assets are EUR 35,016 million.

Note 12

Lease financing and similar agreements

(In millions of euros)	December 31, 2008	December 31, 2007
Real estate lease financing agreements	6,892	6,519
Non-real estate lease financing agreements	21,863	20,713
Related receivables	80	76
Gross amount [1]	**28,835**	**27,308**
Depreciation for individually impaired loans	(325)	(269)
Depreciation for not individualized risks	(3)	-
Revaluation of hedged items	5	(1)
Net amount	**28,512**	**27,038**
Fair value of receivables on lease financing and similar agreements	**28,245**	**26,898**

(1) At December 31, 2008, the amount of receivables with incurred credit risk is EUR 871 million compared to EUR 645 million at December 31, 2007.

(In millions of euros)	December 31, 2008	December 31, 2007
Gross investments	**32,315**	**30,190**
- less than one year	8,223	7,417
- 1-5 years	17,796	16,760
- more than five years	6,296	6,013
Present value of minimum payments receivable	**27,905**	**26,374**
- less than one year	7,452	6,656
- 1-5 years	15,044	14,508
- more than five years	5,409	5,210
Unearned financial income	**3,480**	**2,882**
Unguaranteed residual values receivable by the lessor	**930**	**934**

Note 13

Held-to-maturity financial assets

(In millions of euros)	December 31, 2008	December 31, 2007
Treasury notes and similar securities	**1,575**	**1,443**
Listed	1,542	1,406
Unlisted	-	10
Related receivables	33	27
Bonds and other debt securities	**597**	**181**
Listed	433	177
Unlisted	157	-
Related receivables	7	4
Total held-to-maturity financial assets	**2,172**	**1,624**
Fair value of held-to-maturity financial assets	**2,214**	**1,627**

Note 14

Tax assets and liabilities

(In millions of euros)	December 31, 2008	December 31, 2007
Current tax assets [1]	1,724	801
Deferred tax assets	2,950	3,132
- o/w on balance sheet items [2]	*2,712*	*3,239*
- o/w on items credited or charged to shareholders' equity for unrealized gains or losses	*238*	*(107)*
Total	**4,674**	**3,933**

(in millions of euros)	December 31, 2008	December 31, 2007
Current tax liabilities [3]	650	1,770
Deferred tax liabilities	331	630
- o/w on balance sheet items	*338*	*577*
- o/w on items credited or charged to shareholders' equity for unrealized gains or losses	*(7)*	*53*
Total	**981**	**2,400**

(1) As at December 31, 2008, a carry-back note of EUR 1,147 million was booked, immediately due by the Tax Authorities as an exception to article 220 quinquies of the Tax Code.

(2) As at December 31, 2007, a deferred tax asset included EUR 2,197 million linked to the consideration of unauthorized and concealed trading activities of EUR 6,382 million (see note 41).

(3) As at December 31, 2007, a current tax liability included EUR 507 million linked to the consideration of an income on unauthorized and concealed trading activities of EUR 1,471 million (see note 41).

Note 15

Other assets

(In millions of euros)	December 31, 2008	December 31, 2007
Guarantee deposits paid	27,036	13,808
Settlement accounts on securities transactions	4,071	3,950
Prepaid expenses	981	961
Miscellaneous receivables	19,588	16,408
Gross amount	**51,676**	**35,127**
Depreciation	(207)	(127)
Net amount	**51,469**	**35,000**

Note 16

Non-current assets held-for-sale

(In millions of euros)	December 31, 2008	December 31, 2007
ASSETS	**37**	**14,229**
Fixed assets and Goodwills	17	65
Financial assets	-	3,011
Due from banks and others	19	11,145
Other assets	1	8
LIABILITIES	**35**	**15,080**
Allowances	-	107
Amounts due	13	9,434
Other liabilities	22	5,539

As at December 31, 2007, non-current assets and liabilities classified as held-for-sale were mainly due to the disposal of 50% of Fimat as part of the Newedge transaction.

Note 17

Tangible and intangible fixed assets

(In millions of euros)	Gross book value at December 31, 2007	Acquisitions	Disposals	Changes in consolidation scope and reclassifications (1)	Gross value at December 31, 2008	Accumulated depreciation and amortization of assets at December 31, 2007	Allocations to amortization in 2008	Impairment of assets 2008	Write-backs from amortization in 2008	Changes in consolidation scope and reclassifications (1)	Net book value at December 31, 2008	Net book value at December 31, 2007
Intangible assets												
Software, EDP development costs	1,296	126	(3)	53	1,472	(970)	(165)	-	3	18	358	326
Internally generated assets	1,336	22	(4)	142	1,496	(1,008)	(154)	1	1	4	340	328
Assets under development	336	289	(2)	(233)	390	-	-	-	-	-	390	336
Others	446	28	(2)	165	637	(115)	(38)	-	-	(12)	472	331
Sub-total	**3,414**	**465**	**(11)**	**127**	**3,995**	**(2,093)**	**(357)**	**1**	**4**	**10**	**1,560**	**1,321**
Operating tangible assets												
Land and buildings	3,188	98	(38)	831	4,079	(1,017)	(104)	-	12	4	2,974	2,171
Assets under development	692	573	(14)	(786)	465	-	-	-	-	-	465	692
Lease assets of specialised financing companies	9,878	3,950	(2,962)	415	11,281	(2,671)	(1,768)	(18)	1,488	(151)	8,161	7,207
Others	4,476	398	(97)	117	4,894	(3,141)	(419)	(3)	74	117	1,522	1,335
Sub-total	**18,234**	**5,019**	**(3,111)**	**577**	**20,719**	**(6,829)**	**(2,291)**	**(21)**	**1,574**	**(30)**	**13,122**	**11,405**
Investment property												
Land and buildings	551	2	(5)	30	578	(107)	(17)	-	2	-	456	444
Assets under development	16	25	-	(24)	17	-	-	-	-	-	17	16
Sub-total	**567**	**27**	**(5)**	**6**	**595**	**(107)**	**(17)**	**-**	**2**	**-**	**473**	**460**
Total tangible and intangible fixed assets	**22,215**	**5,511**	**(3,127)**	**710**	**25,309**	**(9,029)**	**(2,665)**	**(20)**	**1,580**	**(20)**	**15,155**	**13,186**

(1) Including translation differences arising from the conversion of financial statements denominated in foreign currencies: gross amount: EUR (364) million, amortization: EUR 117 million.

Operational leasing

(In millions of euros)	December 31, 2008	December 31, 2007
Breakdown of minimum payments receivable		
- due in less than one year	1,362	1,172
- due in 1-5 years	2,761	2,176
- due in more than five years	60	6
Total minimum future payments receivable	**4,183**	**3,354**

Note 18

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			CORPORATE CENTER	GROUP TOTAL
					Asset Management	Private Banking	SGSS and Online Savings		
Gross value at December 31, 2007	**53**	**2,408**	**1,200**	**64**	**470**	**271**	**725**	**-**	**5,191**
Acquisitions and other increases	5	1,060	155	-	1	35	512	-	1,768
Disposals and other decreases	-	-	(11)	-	(22)	(1)	(36)	-	(70)
Change	-	3	(106)	-	22	8	(11)	-	(84)
Gross value at December 31, 2008	**58**	**3,471**	**1,238**	**64**	**471**	**313**	**1,190**	**-**	**6,805**
Impairment of goodwill at December 31, 2007	-	-	-	-	-	-	-	-	-
Impairment losses [(1)]	-	(275)	-	-	-	-	-	-	(275)
Impairment of goodwill at December 31, 2008	**-**	**(275)**	**-**	**-**	**-**	**-**	**-**	**-**	**(275)**
Net goodwill at December 31, 2007	53	2,408	1,200	64	470	271	725	-	5,191
Net goodwill at December 31, 2008	**58**	**3,196**	**1,238**	**64**	**471**	**313**	**1,190**	**-**	**6,530**

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

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

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

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

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

Following the deterioration in economic conditions experienced in Russia during the fourth quarter of 2008, the impairment test for the cash-generating unit “Russian Retail Banking” prompted the Group to impair goodwill allocated to this cash-generating unit for an amount of RUB 11,370 million [(1)]. For the other cash-generating units, impairment tests have confirmed that their own goodwill remain unimpaired as at December 31, 2008.

(1) This amount is translated in the balance sheet using the exchange rate prevailing at year-end for EUR 275 million and is translated in the income statement using the December monthly average exchange rate for EUR 300 million.

As at December 31, 2008, the Group identified the following cash-generating units (CGU):

(In millions of euros)

CGU	BUSINESS UNIT	Goodwill (gross book value at December 31, 2008)	Impairment losses	Goodwill (net book value at December 31, 2008)
International Retail Banking-European Union and Pre-European Union	International Retail Banking	1,931		1,931
Russian Retail Banking	International Retail Banking	1,098	(275)	823
International Other Retail Banking	International Retail Banking	442		442
Crédit du Nord	French Networks	57		57
Societe Generale Network	French Networks	1		1
Insurance Financial Services	Financial Services	10		10
Individual Financial Services	Financial Services	656		656
Company Financial Services	Financial Services	410		410
Car renting Financial Services	Financial Services	162		162
Corporate and Investment Banking	Corporate and Investment Banking	64		64
SGSS and Online Savings	SGSS and Online Savings	1,190		1,190
Asset management	Asset management	471		471
Private banking	Private Banking	313		313

Note 19

Due to banks

(In millions of euros)	December 31, 2008	December 31, 2007
Demand and overnight deposits		
Demand deposits and current accounts	10,238	13,828
Overnight deposits and borrowings and others	9,413	16,274
Sub-total	**19,651**	**30,102**
Term deposits		
Term deposits and borrowings	80,408	75,757
Borrowings secured by notes and securities	223	9,211
Sub-total	**80,631**	**84,968**
Related payables	715	705
Revaluation of hedged items	35	(83)
Securities sold under repurchase agreements	14,238	16,185
Total (1)	**115,270**	**131,877**
Fair value of amounts due to banks	**115,493**	**131,798**

(1) Entities acquired in 2008 have a EUR 1,515 million impact on amounts due to banks.

Note 20

Customer deposits

(In millions of euros)	December 31, 2008	December 31, 2007
Regulated savings accounts		
Demand	35,151	32,234
Term	16,145	18,211
Sub-total	**51,296**	**50,445**
Other demand deposits		
Businesses and sole proprietors	45,843	44,549
Individual customers	35,388	34,696
Financial customers	29,959	24,556
Others	14,807	10,696
Sub-total	**125,997**	**114,497**
Other term deposits		
Businesses and sole proprietors	37,503	27,546
Individual customers	23,924	22,252
Financial customers	17,049	14,820
Others	6,329	11,498
Sub-total	**84,805**	**76,116**
Related payables	1,529	1,278
Revaluation of hedged items	120	4
Total customer deposits (1)	**263,747**	**242,340**
Borrowings secured by notes and securities	287	338
Securities sold to customers under repurchase agreements	18,480	27,984
Total	**282,514**	**270,662**
Fair value of customer deposits	**282,483**	**270,712**

(1) Entities acquired in 2008 accounted for EUR 7,767 million in customer deposits.

Note 21

Securitized debt payables

(In millions of euros)	December 31, 2008	December 31, 2007
Term savings certificates	2,699	2,607
Bond borrowings	4,360	4,302
Interbank certificates and negotiable debt instruments	112,373	130,061
Related payables	842	1,099
Sub-total	**120,274**	**138,069**
Revaluation of hedged items	100	-
Total	**120,374**	**138,069**
o/w floating rate securities	57,157	54,813
Fair value of securitized debt payables	**120,452**	**137,871**

Note 22

Other liabilities

(In millions of euros)	December 31, 2008	December 31, 2007
Guarantee deposits received	33,063	20,198
Settlement accounts on securities transactions	2,512	5,610
Other securities transactions	36	69
Accrued social charges	2,240	2,560
Deferred income	1,458	1,591
Miscellaneous payables	18,508	16,024
Total	**57,817**	**46,052**

Note 23

PEL/CEL mortgage saving accounts

Outstanding deposits in PEL/CEL accounts

(In millions of euros)	December 31, 2008	December 31, 2007 *
PEL accounts		
less than 4 years old	1,869	1,658
between 4 and 10 years old	5,205	5,978
more than 10 years old	4,309	5,637
Sub-total	**11,383**	**13,273**
CEL accounts	2,199	2,294
Total	**13,582**	**15,567**

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

Outstanding housing loans granted with respect to PEL/CEL accounts

(In millions of euros)	December 31, 2008	December 31, 2007
less than 4 years old	284	203
between 4 and 10 years old	160	184
more than 10 years old	53	66
Total	**497**	**453**

Provisions for commitments linked to PEL/CEL accounts

(In millions of euros)	December 31, 2007	Allocations	Reversals	December 31, 2008
PEL accounts				
less than 4 years old	29	6	(2)	33
between 4 and 10 years old	2	-	(2)	-
more than 10 years old	14	4	(1)	17
Sub-total	**45**	**10**	**(5)**	**50**
CEL accounts	39	2	(1)	40
Total	**84**	**12**	**(6)**	**90**

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

The level of provisions is sensitive to the long term interest rates. Since the long term rates have remained at a relatively high level during 2008, the provisions for PEL and CEL mortgage saving accounts is linked to the risks attached to the commitment to lend. Provisioning for PEL/CEL savings amounted to 0.66% of total outstandings at December 31, 2008.

Methods used to establish the parameters for valuing provisions

The parameters used for estimating the future behavior of customers are derived from historical observations of customer behavior patterns over long period (more than 10 years). The value 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 24

Provisions and depreciation

Assets depreciations

(In millions of euros)	December 31, 2008	December 31, 2007
Banks	120	35
Customer loans	7,848	6,272
Lease financing and similar agreements	325	269
Groups of homogenous receivables	1,070	901
Available-for-sale assets	1,467	678
Others	333	260
Total	**11,163**	**8,415**

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

(In millions of euros)	Assets depreciations as at December 31, 2007	Impairment losses	Reversals available	Net impairment losses	Reversals used	Currency and scope effects	Assets depreciations as at December 31, 2008
Banks	35	67	(4)	**63**	(2)	24	**120**
Customer loans	6,272	3,219	(1,267)	**1,952**	(778)	402	**7,848**
Lease financing and similar agreements	269	178	(93)	**85**	(30)	1	**325**
Groups of homogeneous receivables	901	353	(281)	**72**	-	97	**1,070**
Available-for-sale assets (1)	678	923	(130)	**793**	-	(4)	**1,467**
Others (1)	260	190	(106)	**84**	(36)	25	**333**
Total	**8,415**	**4,930**	**(1,881)**	**3,049**	**(846)**	**545**	**11,163**

(1) Including a EUR 163 million net allocation for identified risks.

Provisions

(In millions of euros)	December 31, 2008	December 31, 2007
Provisions for off-balance sheet commitments to banks	18	-
Provisions for off-balance sheet commitments to customers	158	105
Provisions for employee benefits	715	836
Provisions for tax adjustments	545	674
Other provisions	855	7,069
Total	**2,291**	**8,684**

The change in provisions can be analyzed as follows:

(In millions of euros)	Provisions as at December 31, 2007	Allocations	Write-backs available	Net allocation	Write-backs used	Effect of discounting	Currency and scope effects	Provisions as at December 31, 2008
Provisions for off-balance sheet commitments to banks	-	18	-	**18**	-	-	-	**18**
Provisions for off-balance sheet commitments to customers	105	119	(71)	**48**	-	-	5	**158**
Provisions for employee benefits	836	192	(264)	**(72)**	-	-	(49)	**715**
Provisions for tax adjustments	674	404	(294)	**110**	(241)	4	(2)	**545**
Other provisions (1) (2)	7,069	251	(89)	**162**	(6,400)	5	19	**855**
O/w Provision for loss on unauthorized and concealed trading activities (see note 41)	*6,382*	-	-	**-**	*(6,382)*	-	-	**-**
Total	**8,684**	**984**	**(718)**	**266**	**(6,641)**	**9**	**(27)**	**2,291**

(1) Including a EUR 138 million net allocation for net cost of risk.

(2) The Group's other provisions include EUR 84 million of PEL/CEL provisions as at December 31, 2007 and EUR 90 million as at December 31, 2008 i.e. a combined net allocation of EUR 6 million over 2008 for the Societe Generale France Network and for Crédit du Nord.

The consequences, as assessed on December 31, 2008, of those disputes and tax risks that are liable to have or have recently had a significant impact on the financial position of the Group, its activities or results have been taken into account in the Group's financial statements.

Note 25

Employee benefits

1. Defined Contribution Plans

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

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

Contributions to those schemes amounted to EUR 530 million in 2008.

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

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

	December 31, 2008				December 31, 2007			
	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	1,752	48	224	**2,024**	2,377	55	272	**2,704**
Reminder of assets	(1,501)	-	(45)	**(1,546)**	(1,979)	-	(74)	**(2,053)**
Deficit in the plan	**251**	**48**	**179**	**478**	**398**	**55**	**198**	**651**
Breakdown of the deficit in the plan								
Present value of defined benefit obligations	1,791	-	78	**1,869**	2,069	-	80	**2,149**
Fair value of plan assets	(1,541)	-	(45)	**(1,586)**	(2,071)	-	(74)	**(2,145)**
Actuarial deficit (net balance) (A)	250	-	33	**283**	(2)	-	6	**4**
Present value of unfunded obligations (B)	256	43	146	**445**	276	55	192	**523**
Other items recognized in balance sheet (C)	-	-	-	**-**	-	-	-	**-**
Unrecognized items								
Unrecognized Past Service Cost	62	-	-	**62**	48	-	-	**48**
Unrecognized Net Actuarial (Gain)/Loss	233	(5)	-	**228**	(80)	-	-	**(80)**
Separate assets	(1)	-	-	**(1)**	(1)	-	-	**(1)**
Plan assets impacted by change in Asset Celling	(39)	-	-	**(39)**	(91)	-	-	**(91)**
Total unrecognized items (D)	255	(5)	-	**250**	(124)	-	-	**(124)**
Deficit in the plan (Net balance) (A + B + C - D)	**251**	**48**	**179**	**478**	**398**	**55**	**198**	**651**

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.*
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 142 pension plans located in 41 countries. 11 pension plans located in France, the UK, Germany, the US and Switzerland represent 80% of gross liabilities of these pension plans.
   Other post employment benefit plans are healthcare plans. These 12 plans are located in 7 countries among which France represents 54% of gross liabilities.
   Other long-term employee benefits include deferred bonuses, flexible working provisions (French acronym: compte épargne temps) and long-service awards. Rougthly 80 benefits are located in 23 countries.
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: 38% bonds, 43% equities, 12% 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 220 million, including EUR 39 million unrecognized.
5. *Employer contributions to be paid to post-employment defined benefit plans for 2009 are estimated at EUR 80 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 application decree of the law of modernization of the labor market has doubled the indemnity paid when an employee retires at the employer volition. The consequences of this impact, mainly due to the retirements before 12/31/2009, that amounts EUR 43 million is treated as a past service cost and the 2008 expenses of the retirement indemnity schemes are restated.*
   Regarding the ANI (Accord National Interprofessionnel), the understanding of the Group is that it only applies to the retirement indemnities paid in case of retirement on the employer's initiative.
8. *Since 2004, the rate curve used to discount the liabilities is based on the yields of the corporate AA bonds (Merrill Lynch source) observed in the middle of October. As these rates may not be available for all the durations, an interpolation is realized: a spread of rate corresponding to an estimation of the risk premium required on corporate AA bonds is added to the rate curve of government bonds (zero coupon bonds). Another observation of these rates is done at the beginning of December for possible adjustment.*
   For the main due terms, inflation rates are determined by measuring the spread between the rates of inflation-indexed bonds and the rates of other bonds at the same due date.
   Because of the tensions registered in 2008 on financial markets, several measures were realized during the year on the usual indices. Nevertheless, the net discount rates of inflation are close to those which would have been determined by statements at the end of the year.

The actual return on plan and separate assets were:

	Post employment benefits							
	Pension plans		Others		Other long term benefits		Total	
(In millions of euros)	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Plan assets	(415)	52	-	-	(29)	3	(444)	55

2.2. EXPENSES RECOGNIZED IN THE INCOME STATEMENT

	Post employment benefits							
	Pension plans		Others		Other long term benefits		Total	
(In millions of euros)	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Current Service Cost including Social Charges	71	77	8	6	50	36	129	119
Employee contributions	(4)	(3)	-	-	-	-	(4)	(3)
Interest Cost	124	116	2	2	7	5	133	123
Expected Return on Plan Assets	(117)	(120)	-	-	(4)	(4)	(121)	(124)
Expected Return on Separate Assets	-	-	-	-	-	-	-	-
Amortisation of Past Service Cost	30	5	(1)	-	-	-	29	5
Amortisation of Losses (Gains)	(4)	1	-	-	32	3	28	4
Settlement, Curtailment	60	5	-	-	-	-	60	5
Change in asset ceiling	(57)	(5)	-	-	-	-	(57)	(5)
Transfer from non recognized assets	-	-	-	-	-	-	-	-
Total Charges	**103**	**76**	**9**	**8**	**85**	**40**	**197**	**124**

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

• 2.3.a. Movements in the present value of defined benefit obligations

	2008			2007		
	Post employment benefits			Post employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**2,344**	**55**	**2,399**	**2,512**	**216**	**2,728**
Current Service Cost including Social Charges	71	8	**79**	77	6	**83**
Interest Cost	124	2	**126**	116	2	**118**
Employee contributions	-	-	**-**	-	-	**-**
Actuarial Gain / loss	(236)	(5)	**(241)**	(154)	(1)	**(155)**
Foreign Exchange adjustment	(129)	-	**(129)**	(80)	(2)	**(82)**
Benefit payments	(139)	(16)	**(155)**	(124)	(1)	**(125)**
Past Service Cost	44	(1)	**43**	(5)	-	**(5)**
Acquisition of subsidiaries	10	-	**10**	1	-	**1**
Transfers and others	(42)	-	**(42)**	1	(165)	**(164)**
At December 31	**2,047**	**43**	**2,090**	**2,344**	**55**	**2,399**

• 2.3.b. Movements in Fair Value of plan assets and separate assets

	2008			2007		
	Post employment benefits			Post employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**2,071**	**-**	**2,071**	**2,075**	**-**	**2,075**
Expected Return on Plan Assets	117	-	**117**	120	-	**120**
Expected Return on Separate Assets	-	-	**-**	-	-	**-**
Actuarial Gain / loss	(532)	-	**(532)**	(68)	-	**(68)**
Foreign Exchange adjustment	(116)	-	**(116)**	(62)	-	**(62)**
Employee contributions	4	-	**4**	3	-	**3**
Employer Contributions to plan assets	192	-	**192**	108	-	**108**
Benefit payments	(102)	-	**(102)**	(95)	-	**(95)**
Acquisition of subsidiaries	7	-	**7**	-	-	**-**
Transfers and others	(100)	-	**(100)**	(10)	-	**(10)**
At December 31	**1,541**	**-**	**1,541**	**2,071**	**-**	**2,071**

2.4. MAIN ASSUMPTIONS DETAILED BY GEOGRAPHIC AREA

	December 31, 2008	December 31, 2007
Discount rate		
Europe	5.78%	5.16%
Americas	6.99%	6.27%
Asia-Oceania-Africa	5.74%	4.90%
Expected return on plan assets (separate and plan assets)		
Europe	5.24%	5.31%
Americas	6.50%	6.50%
Asia-Oceania-Africa	4.40%	4.06%
Future salary increase		
Europe	1.55%	1.58%
Americas	2.00%	2.00%
Asia-Oceania-Africa	2.28%	2.05%
Healthcare cost increase rate		
Europe	5.95%	5.59%
Americas	NA	NA
Asia-Oceania-Africa	5.22%	4.15%
Average and remaining lifetime of employees (in years)		
Europe	13.8	13.6
Americas	7.5	7.5
Asia-Oceania-Africa	14.2	13.5

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.*
4. *The inflation rates applied are respectively 2.16% for Europe, 1.44% for Americas and 1.82% for the Asia-Oceania-Africa area.*

2.5. SENSITIVITIES ANALYSIS OF OBLIGATIONS COMPARED TO MAIN ASSUMPTIONS RANGES

	2008			2007		
(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 31 December	-11%	-13%	-6%	-11%	-15%	-7%
Impact on total Expenses N+1	-18%	-182%	-40%	-10%	-10%	-51%
Variation from +1% in Expected return on plan assets						
Impact on Plan Assets at 31 December	1%	1%	1%	1%	1%	1%
Impact on total Expenses N+1	-9%	NA	-1%	-3%	NA	-1%
Variation from +1% in Future salary increases						
Impact on Defined Benefit Obligations at 31 December	9%	NA	6%	11%	NA	7%
Impact on total Expenses N+1	18%	NA	40%	13%	NA	49%
Variation from +1% in Healthcare cost increase rate						
Impact on Defined Benefit Obligations at 31 December	NA	13%	NA	0%	9%	0%
Impact on total Expenses N+1	NA	99%	NA	0%	4%	0%

2.6. EXPERIENCE ADJUSTMENTS OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(In millions of euros)	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005
Defined Benefit Obligations	2,047	2,344	2,512	2,484
Fair value of plan assets	1,541	2,071	2,075	1,924
Deficit / (surplus)	**506**	**273**	**437**	**560**
Adjustments of Plan Liabilities due to experience (negative: gain)	17	49	(11)	23
Adjustments of Plan Assets due to experience (negative: gain)	532	68	(67)	(84)

Note 26

Subordinated debt

(In millions of euros)

Currency issue	2009	2010	2011	2012	2013	Other	Outstanding at December 31, 2008	Outstanding at December 31, 2007
Subordinated Capital notes								
EUR	205	618	264	920	360	7,814	10,181	8,713
USD	-	-	-	-	-	1,543	1,543	1,459
GBP	-	-	-	-	-	630	630	818
Other currencies	-	-	-	-	-	105	105	151
Sub-total	**205**	**618**	**264**	**920**	**360**	**10,092**	**12,459**	**11,141**
Dated subordinated debt								
EUR	-	-	8	-	-	66	74	33
Other currencies	-	-	-	-	-	13	13	-
Sub-total	**-**	**-**	**8**	**-**	**-**	**79**	**87**	**33**
Related payables	329	-	-	-	-	-	329	233
Total excluding revaluation of hedged items	**534**	**618**	**272**	**920**	**360**	**10,171**	**12,875**	**11,407**
Revaluation of hedged items							1,044	52
Total							**13,919**	**11,459**

The fair value of subordinated debt securities amounts to EUR 10,063 million at December 31, 2008 (EUR 12,692 million at December 31, 2007).

Note 27

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

Ordinary shares

(Number of shares)	December 31, 2008	December 31, 2007
Ordinary shares	580,727,244	466,582,593
- Including treasury shares with voting rights (1)	19,990,602	30,311,822
- Including shares held by employees (1)	41,219,452	33,458,863

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

At December 31, 2008, Societe Generale's fully paid-up capital amounted to EUR 725,909,055 and was made up of 580,727,244 shares with a nominal value of EUR 1.25.

Societe Generale proceeded in 2008 to the increases and the following decreases of capital, representing a total of EUR 143 million, with an issuing premium of EUR 4,583 million net of the EUR 109 million expenses after tax linked to the capital increase using preferred subscription rights, i.e. a net amount of EUR 4,474 million:

- EUR 0.043 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 2 million of issuing premiums;

- EUR 145.8 for the capital increase using preferred subscription rights, with EUR 5,395 million of issuing premium. The EUR 109 million expenses after tax linked to the capital increase were deducted from the amount of the issuing premium;

- EUR 9.3 million for the capital increase reserved for the employees, with EUR 391 million of issuing premium;

- EUR (12.5) million for capital reduction by cancellation of 10 million shares with an impact on the issuing premium of EUR (1,205) million.

Shareholders' equity issued by the Group

2.1 PERPETUAL SUBORDINATED NOTES (TSDI)

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

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.

2.2 PREFERRED SHARES

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

At December 31, 2008 movements booked in Minority interests correspond to EUR 1,455 million.

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

2.3 DEEPLY SUBORDINATED NOTES

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

Issuance Date	Amount issued	Remuneration
January 26, 2005	EUR 1,000 million	4.196%, from 2015 3-month Euribor +1.53% annually
April 05, 2007	USD 200 million	3-month USD Libor +0.75% annually, from 2017 3-month USD Libor +1.75% annually
April 05, 2007	USD 1,100 million	5.922%, from 2017 3-month USD Libor +1.75% annually
December 19, 2007	EUR 600 million	6.999%, from 2018 3-month Euribor +3.35% annually
May 22, 2008	EUR 1,000 million	7.76%, from 2013 3-month Euribor +3.35% annually
June 12, 2008	GBP 700 million	8.875%, from 2018 3-month GBP Libor +3.4% annually
December 11, 2008	EUR 1,700 million	8.18%, from 2013 3-month Euribor +4.98% annually

The EUR 12 million expenses and premiums linked to the issuance in GBP were deducted from the amount of issuing premium.

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

(In millions of euros)	Deeply subordinated notes	Perpetual subordinated notes	Total
Tax savings on the remuneration to be paid to shareholders and booked under reserves	80	15	95
Remuneration paid booked under dividends (2008 Dividends paid line)	137	43	180

Note 28

Commitments

Commitments granted and received

COMMITMENTS GRANTED

(In millions of euros)	December 31, 2008	December 31, 2007 *
Loan commitments		
to banks	10,275	13,840
to customers (1)		
Issuance facilities	26	38
Confirmed credit lines	124,637	133,914
Others	1,859	2,460
Guarantee commitments		
on behalf of banks	5,414	7,407
on behalf of customers (1) (2)	58,911	58,335
Securities commitments		
Securities to deliver	30,809	41,031

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

COMMITMENTS RECEIVED

(In millions of euros)	December 31, 2008	December 31, 2007
Loan commitments		
from banks	47,241	24,254
Guarantee commitments		
from banks	56,802	53,677
other commitments (3)	74,645	60,133
Securities commitments		
Securities to be received	24,769	42,400

(1) As at December 31, 2008, credit lines and guarantee commitments granted to securitization vehicles and other special purpose vehicles amounted to EUR 18 682 million and EUR 710 million respectively.

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

(3) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 28,059 million as at December 31, 2008 and EUR 34 098 million as at December 31, 2007. The remaining balance mainly corresponds to securities and assets assigned as guarantee.

Forward financial instrument commitments (notional amounts)

(In millions of euros)	December 31, 2008		December 31, 2007	
	Trading transactions	Hedging transactions	Trading transactions	Hedging transactions
Interest rate instruments				
Firm transactions				
Swaps	7,101,099	206,821	6,345,931	202,337
Interest rate futures	1,147,736	475	1,244,166	-
Options	*2,853,682*	*10,200*	*3,473,469*	*12,682*
Foreign exchange instruments				
Firm transactions	*946,711*	*11,143*	*834,864*	*24,900*
Options	*669,462*	*-*	*354,186*	*-*
Equity and index instruments				
Firm transactions	*61,016*	*-*	*275,766*	*-*
Options	*782,247*	*238*	*842,302*	*207*
Commodity instruments				
Firm transactions	*161,936*	*-*	*165,919*	*-*
Options	*134,266*	*-*	*122,445*	*-*
Credit derivatives	**1,539,801**	**-**	**2,175,336**	**-**
Other forward financial instruments	**5,176**	**581**	**19,301**	**-**

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, 2008	December 31, 2007
OECD member governments and central banks	3,234	2,276
OECD member banks and local authorities	36,863	32,115
Customers	30,827	19,316
Non-OECD member banks and central banks	1,362	849
TOTAL (after netting agreements)	**72,286**	**54,556**

Netting agreements reduced the credit risk equivalent by EUR 292,924 million at December 31, 2008 compared with a reduction of EUR 136,950 million at December 31, 2007.

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, 2008, there are 5 non-consolidated vehicles (Barton, Antalis, 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 15,982 million as at December 31, 2008 (EUR 19,260 million as at December 31, 2007).

The non-controlling situation of the Group over these vehicules is regularly assessed using the consolidation criteria applicable to special purpose entities (see note 1). As at December 31, 2008, none of these vehicles is consolidated as far as the Group does not control them and is neither exposed to the majority of the related risks and rewards.

The default risk on the assets held by these vehicles is borne by the transferors of the underlying receivables or by third parties. The Societe Generale Group provides an additional guarantee as a credit enhancement through the issuance of letters of credit in the amount of EUR 710 million (EUR 600 million as at December 31, 2007). Furthermore, the Group has granted these vehicles short-term loan facilities in the amount of EUR 18,682 million at this date (EUR 27,738 million as at December 31, 2007).

Note 29

Assets pledged as security

(In millions of euros)	December 31, 2008	December 31, 2007
Assets pledged as security		
Book value of assets pledged as security for liabilities	76,138	42,779
Book value of assets pledged as security for transactions in financial instruments	26,775	13,716
Book value of assets pledged as security for off-balance sheet commitments	487	407
Total	**103,400**	**56,902**
Assets received as security and available for the entity		
Fair value of reverse repos	**30,867**	**39,783**

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

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

Note 30

Breakdown of assets and liabilities by term to maturity

Maturities of financial assets and liabilities [1]

(In millions of euros at December 31, 2008)	Less than 3 months [2]	3 months to 1 year	1-5 years	More than 5 years	Total
ASSETS					
Cash, due from central banks	13,745	-	-	-	**13,745**
Financial assets measured at fair value through profit and loss	392,027	70,017	7,990	18,381	**488,415**
Hedging derivatives	6,246	-	-	-	**6,246**
Available-for-sale financial assets	7,383	14,024	17,272	43,044	**81,723**
Due from banks	49,438	8,643	8,659	4,452	**71,192**
Customer loans	76,585	47,419	122,087	108,522	**354,613**
Lease financing and similar agreements	3,011	5,381	14,326	5,794	**28,512**
Revaluation differences on portfolios hedged against interest rate risk	2,311	-	-	-	**2,311**
Held-to-maturity financial assets	164	130	997	881	**2,172**
Total Assets	**550,910**	**145,614**	**171,331**	**181,074**	**1,048,929**
LIABILITIES					
Due to central banks	6,503	-	-	-	**6,503**
Financial liabilities measured at fair value through profit and loss	363,060	14,023	18,770	16,579	**412,432**
Hedging derivatives	9,250	-	-	-	**9,250**
Due to banks	94,230	11,585	5,492	3,963	**115,270**
Customer deposits	236,551	15,957	20,439	9,567	**282,514**
Securitized debt payables	72,154	21,280	22,289	4,651	**120,374**
Revaluation differences on portfolios hedged against interest rate risk	583	-	-	-	**583**
Total Liabilities	**782,331**	**62,845**	**66,990**	**34,760**	**946,926**

(1) See note 4, liquidity risk management.

(2) As a convention, derivatives are classified as having a maturity of less than three months.

Notional maturities of commitments on financial derivatives (3)

	ASSETS				LIABILITIES			
(In millions of euros at December 31, 2008)	less than 1 year	1-5 years	more than 5 years	Total	less than 1 year	1-5 years	more than 5 years	Total
Interest rate instruments								
Firm instruments								
Swaps	2,450,297	2,496,872	2,360,751	7,307,920	-	-	-	-
Interest rate futures	488,873	78,917	15	567,805	471,105	109,301	-	580,406
Options	*424,542*	*510,291*	*453,283*	*1,388,116*	*447,940*	*532,954*	*494,872*	*1,475,766*
Forex instruments								
Firm instruments	*597,828*	*242,992*	*117,035*	*957,855*	-	-	-	-
Options	*172,002*	*148,659*	*13,463*	*334,124*	*170,587*	*150,120*	*14,632*	*335,339*
Equity and index instruments								
Firm instruments	*17,103*	*5,882*	*1,088*	*24,073*	*30,027*	*4,976*	*1,940*	*36,943*
Options	*225,540*	*122,387*	*21,798*	*369,725*	*245,702*	*144,000*	*23,058*	*412,760*
Commodity instruments								
Firm instruments	*54,632*	*26,219*	*742*	*81,593*	*52,787*	*26,804*	*751*	*80,342*
Options	*36,476*	*28,734*	*591*	*65,801*	*38,216*	*29,935*	*316*	*68,467*
Credit derivatives	**31,881**	**523,165**	**177,236**	**732,282**	**34,682**	**557,770**	**215,068**	**807,520**
Other forward financial instruments	**2,619**	**576**	**17**	**3,212**	**1,896**	**641**	**7**	**2,544**

(3) These items are presented according to the accounting maturity of financial instruments.

Note 31

Foreign exchange transactions

	December 31, 2008				December 31, 2007			
(In millions of euros)	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered
EUR	643,808	651,692	11,680	13,608	592,147	599,332	21,538	19,305
USD	282,365	302,166	16,410	19,063	282,285	295,430	26,060	33,709
GBP	35,053	31,759	2,957	3,736	34,125	31,919	7,770	7,002
JPY	31,421	23,611	5,980	3,678	28,358	27,567	8,387	7,403
AUD	18,323	17,223	1,413	1,027	21,322	19,641	-	3
CZK	23,811	24,968	134	446	20,930	21,905	68	135
RUB	13,694	8,351	4	6	1,290	1,083	31	7
RON	6,562	7,091	314	493	5,587	6,173	52	71
Other currencies	74,966	63,142	8,405	5,906	85,718	68,712	20,860	17,297
Total	**1,130,003**	**1,130,003**	**47,297**	**47,963**	**1,071,762**	**1,071,762**	**84,766**	**84,932**

Note 32

Insurance activities

Underwriting reserves of insurance companies

(In millions of euros)	December 31, 2008	December 31, 2007
Underwriting reserves for unit-linked policies	15,721	21,789
Life insurance underwriting reserves	51,109	46,012
Non-life insurance underwriting reserves	317	270
Total	**67,147**	**68,071**
Deferred profit sharing [(1) (2)]	(3,024)	857
Attributable to reinsurers	(299)	(303)
Underwriting reserves of insurance companies net of the part attributable to reinsurers	**63,824**	**68,625**

(1) According to the December 19, 2008 CNC recommendation, a test of recoverability was carried out on the provisions for deferred profit sharing booked in the assets. The accountancy method used for the calculation of the deferred profit sharing in the assets is based on the consideration of the fair value of the assets compared to their historical value. The recoverability test is based on cash flows forecasts and relies on different stressed assumptions of collection and repurchase.

(2) Including deferred profit sharing on assets measured at fair value through equity EUR (2,075) million as at December 31, 2008 and EUR 164 million as at December 31, 2007.

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, 2008 (except provisions for deferred profit sharing)	**21,789**	**46,012**	**270**
Allocation to insurance reserves	(732)	2,422	47
Revaluation of policies	(4,412)	-	-
Charges deducted from policies	(126)	-	-
Transfers and arbitrage	(886)	886	-
New customers	-	38	-
Profit sharing	77	1,620	-
Others	11	131	-
Reserves at December 31, 2008 (except provisions for deferred profit sharing)	**15,721**	**51,109**	**317**

According to the IFRS rules and the Group accounting standards, the Liability Adequacy Test (LAT) was performed as at December 31, 2008. It is carried out on the basis of stochastic modelling similar to the one used for our assets liabilities management.

Net investments of insurance companies

(In millions of euros)	December 31, 2008	December 31, 2007
Financial assets measured at fair value through P&L	**19,421**	**27,579**
Treasury notes and similar securities	-	1
Bonds and other debt securities	5,172	8,107
Shares and other equity securities	14,249	19,471
Due from Banks [(3)]	**4,695**	**3**
Available-for-sale financial assets	**40,250**	**43,435**
Treasury notes and similar securities	357	916
Bonds and other debt securities [(4)]	34,970	37,488
Shares and other equity securities	4,923	5,031
Investment property	**405**	**392**
Total	**64,771**	**71,409**

(3) Including EUR 4,139 million reclassified assets.

(4) Including EUR (3,254) million reclassified assets.

Technical income from insurance companies

(In millions of euros)	2008	2007
Earned premiums	9,443	9,673
Cost of benefits (including changes in reserves)	(4,251)	(8,904)
Net income from investments	(4,174)	252
Other net technical income (expense)	(619)	(614)
Contribution to operating income before elimination of intercompany transactions	**399**	**407**
Elimination of intercompany transactions (1)	128	348
Contribution to operating income after elimination of intercompany transactions	**527**	**755**

(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)	2008	2007
Fees received		
- acquisition fees	182	197
- management fees	589	467
- others	55	151
Fees paid		
- acquisition fees	(235)	(182)
- management fees	(204)	(240)
- others	(15)	(10)
Total fees	**372**	**383**

(2) Fees are presented in this table before elimination of intercompany transactions.

Management of insurance risks

There are two main types of insurance risk:

- pricing risks and risks of discrepancies in total fluctuations in claim experience: in non-life insurance and individual personal protection alike, benefits are exposed to risks of deterioration in claim rate observed compared to claim rate anticipated at the time the price schedule is established. Discrepancies can be linked to multiple complex factors such as changes in the 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 one of the fundamental priority of the insurance business line. It is carried out by qualified and experienced teams, with major bespoke IT resources. Risks undergo regular monitoring are reported to the General Management of both the entities concerned and the business lines.

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

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

Management of risks linked to the financial markets is just as much an integral part of the investment strategy as the search for maximum performance. The optimization of these two elements is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity contracts), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are 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: the term of a liability is matched against the term of an asset, and cash flow peaks are strictly controlled in order to minimize liquidity and reinvestment risks;
  - close monitoring of the flows of repurchase and stress scenarii simulations;
  - close monitoring of the equity markets and stress scenarii simulations;
  - hedging of exchange rate risks using financial instruments.
- Financial risk management via the establishment of limits:
  - counterparty limits (e.g. limits according to the issuer's country of domiciliation, distinction between sovereign issuers and private issuers);
  - rating limits (e.g. AAA: min. 45%, 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 scenarii of financial market behavior and insured party behavior using stress tests and stochastic modelling.

Note 33

Interest income and expense

(In millions of euros)	2008	2007
Transactions with banks	**5,182**	**6,897**
Demand deposits and interbank loans	3,458	3,231
Securities purchased under resale agreements and loans secured by notes and securities	1,724	3,666
Transactions with customers	**20,346**	**17,414**
Trade notes	1,103	719
Other customer loans [1]	17,665	14,509
Overdrafts	1,186	1,122
Securities purchased under resale agreements and loans secured by notes and securities	392	1,064
Transactions in financial instruments	**12,743**	**12,121**
Available-for-sale financial assets	3,420	3,686
Held-to-maturity financial assets	3	106
Securities lending	143	33
Hedging derivatives	9,177	8,296
Finance leases	**1,917**	**1,661**
Real estate finance leases	404	375
Non-real estate finance leases	1,513	1,286
Total interest income	**40,188**	**38,093**
Transactions with banks	**(6,333)**	**(10,072)**
Interbank borrowings	(5,248)	(7,218)
Securities sold under resale agreements and borrowings secured by notes and securities	(1,085)	(2,854)
Transactions with customers	**(10,413)**	**(11,976)**
Regulated savings accounts	(1,590)	(1,234)
Other customer deposits	(7,475)	(8,813)
Securities sold under resale agreements and borrowings secured by notes and securities	(1,348)	(1,929)
Transactions in financial instruments	**(15,485)**	**(13,538)**
Securitized debt payables	(5,825)	(4,965)
Subordinated and convertible debt	(639)	(603)
Securities borrowing	(260)	(121)
Hedging derivatives	(8,761)	(7,849)
Other interest expense	**(9)**	**(5)**
Total interest expense [2]	**(32,240)**	**(35,591)**
Including interest income from impaired financial assets	346	263

[1] ***Breakdown of "Other customer loans"*** *(In millions of euros)*

- short-term loans	7,553	5,772
- export loans	342	396
- equipment loans	2,922	2,334
- housing loans	4,034	3,398
- other customer loans	2,814	2,609
Total	**17,665**	**14,509**

(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 (see note 35). Insofar as income and expenses booked in the income statement are classified by type of instruments rather than by purpose, the net income generated by the activities on financial instruments measured at fair value through P&L must be assessed as a whole.

Note 34

Fee income and expense

(In millions of euros)	2008	2007
Fee income from		
Transactions with banks	247	122
Transactions with customers	2,858	2,610
Securities transactions	760	815
Primary market transactions	136	177
Foreign exchange transactions and financial derivatives	1,086	1,406
Loan and guarantee commitments	567	521
Services	4,691	4,902
Others	160	192
Total fee income	**10,505**	**10,745**
Fee expense on		
Transactions with banks	(282)	(239)
Securities transactions	(625)	(523)
Foreign exchange transactions and financial derivatives	(837)	(1,083)
Loan and guarantee commitments	(174)	(219)
Others	(1,172)	(1,153)
Total fee expense	**(3,090)**	**(3,217)**

These commission income and expense include:

(In millions of euros)	2008	2007
Commission income excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	3,946	3,557
Commission income linked to trust activities or similar	3,219	3,507
Commission expense excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	(174)	(219)
Commission expense linked to trust activities or similar	(938)	(856)

Note 35

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

(In millions of euros)	2008	2007
Net gain/loss on non-derivative financial assets held for trading	(16,598)	16,331
Net gain/loss on financial assets measured using fair value option	366	419
Net gain/loss on non-derivative financial liabilities held for trading	3,048	(12,103)
Net gain/loss on financial liabilities measured using fair value option	826	(259)
Net gain/loss on derivative instruments	15,572	4,439
Net income from hedging instruments / fair value hedge	(1,104)	(443)
Revaluation of hedged items attributable to hedged risks	1,462	470
Ineffective portion of cash flow hedge	2	2
Net gain/loss on foreign exchange transactions	1,103	451
Total (1)	**4,677**	**9,307**

(1) Insofar as income and expenses booked in the income statement are classified by type of instruments rather than by purpose, the net income generated by the activities on financial instruments 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 initially evaluated using valuation parameters which are not based on market data stood at EUR 9,745 million for the financial year. Assets and liabilities at fair value through profit and loss which valuation is not based on market data are disclosed in note 6.

Amount remaining to be booked in profit and loss relative to financial assets and liabilities at fair value through profit or loss which fair value was initially determined using valuation techniques 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)	2008	2007
Remaining amount to be registered in the income statement as at January 1	**1,048**	**1,069**
Amount generated by new transactions within the period	648	978
Amount registered in the income statement within the period	(847)	(999)
Depreciation	*(637)*	*(738)*
Switch to observable parameters	*(56)*	*(86)*
Expired or terminated	*(167)*	*(153)*
Translation differences	*13*	*(22)*
Remaining amount to be registered in the income statement as at December 31	**849**	**1,048**

Note 36

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

(In millions of euros)	2008	2007
Current activities		
Gains on sale	200	201
Losses on sale	(168)	(177)
Impairment losses on variable income securities	(402)	(70)
Capital gain on the disposal of available-for-sale financial assets, after payment of profit-sharing to policy holders (insurance business)	343	62
Sub-total	**(27)**	**16**
Long-term equity investments		
Gains on sale [(1)]	474	1,030
Losses on sale	(19)	(51)
Impairment losses on variable income securities	(335)	(50)
Sub-total [(2)]	**120**	**929**
Total	**93**	**945**

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

(2) 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 as of 2007.

Note 37

Income and expenses from other activities

(In millions of euros)	2008	2007
Income from other activities		
Real estate development	57	71
Real estate leasing	126	104
Equipment leasing	5,731	5,116
Other activities (including income from insurance activity)	9,469	10,793
Sub-total	**15,383**	**16,084**
Expenses from other activities		
Real estate development	(13)	(3)
Real estate leasing	(33)	(28)
Equipment leasing	(4,063)	(3,589)
Other activities (including expenses from insurance activity)	(10,007)	(11,223)
Sub-total	**(14,116)**	**(14,843)**
Net total	**1,267**	**1,241**

Note 38

Personnel expenses

(In millions of euros)	2008	2007
Employee compensation [1]	(6,170)	(5,813)
Social security charges and payroll taxes [1]	(1,098)	(989)
Net retirement expenses - defined contribution plans	(530)	(539)
Net retirement expenses - defined benefit plans	(111)	(58)
Other social security charges and taxes	(364)	(361)
Employee profit sharing and incentives	(343)	(412)
Total	**(8,616)**	**(8,172)**

(1) O/w variable remuneration of EUR (1,170) million as at December 31, 2008 against EUR (1,503) million as at December 31, 2007.

	2008	2007 *
Average headcount		
- France	59,003	56,621
- Outside France	101,427	73,479
Total	**160,430**	**130,100**

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

Note 39

Share-based payment plans

Expenses recorded in the income statement

	December 31, 2008			December 31, 2007 *		
(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	-	65.3	**65.3**	-	73.8	**73.8**
Net expenses from stock option and free share plans	13.8	142.0	**155.8**	163.2	119.2	**282.4**

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

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 share plans

Equity-settled stock option plans for Group employees for the year ended December 31, 2008 are briefly described below:

- Stock options (purchase and subscription)

Issuer	**Societe Generale**	**Societe Generale**	**Societe Generale**	**Societe Generale**	**Societe Generale**	**Societe Generale for TCW**	**Societe Generale**	**Societe Generale for TCW**	**Societe Generale**
Year of attribution	**2002**	**2003**	**2004**	**2005**	**2006**	**2006**	**2007**	**2007**	**2008**
Type of plan	**stock option**	**stock option**	**stock option**	**stock option**	**stock option**	**stock option**	**stock option**	**stock option**	**subscription stock option**
Shareholders agreement	05/13/1997	04/23/2002	04/23/2002	04/29/2004	04/29/2004	04/29/2004	05/30/2006	05/30/2006	05/30/2006
Board of Directors' decision	01/16/2002	04/22/2003	01/14/2004	01/13/2005	01/18/2006	04/25/2006	01/19/2007	09/18/2007	03/21/2008
Number of stock-options granted [1]	3,614,262	4,028,710	4,071,706	4,397,150	1,650,054	147,525	1,345,286	129,375	2,208,920
Contractual life of the options granted	7 years	7 years	7 years	7 years	7 years	7 years	7 years	7 years	7 years
Settlement	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares
Vesting period	01/16/02 - 01/16/05	04/22/03 - 04/22/06	01/14/04 - 01/14/07	01/13/2005 - 01/13/2008	01/18/2006 - 01/18/2009	04/25/2006 - 04/25/2009	01/19/2007 - 01/19/2010	09/18/2007 - 09/18/2010	03/21/2008 - 03/31/2011
Performance conditions	no	no	no	no	no	no	no except for directors [3]	no	yes [3]
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	maintained	maintained	maintained	maintained	maintained	maintained	maintained	maintained	maintained
Death	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months
Share price at grant date (in EUR) (average of 20 days prior to grant date) [1]	57.17	47.57	64.03	68.61	98.12	113.72	121.93	109.87	67.08
Discount	0%	0%	0%	0%	0%	0%	0%	0%	0%
Exercise price (in EUR) [1]	57.17	47.57	64.03	68.61	98.12	113.72	121.93	109.87	67.08
Options authorised but not attributed	-	-	-	-	-	-	-	-	-
Options exercised at December 31, 2008	2,685,280	2,437,405	727,877	53,340	2,174	-	-	-	-
Options forfeited at December 31, 2008	284,499	193,525	115,163	185,986	66,299	16,807	32,086	8,302	24,042
Options outstanding at December 31, 2008	644,483	1,397,780	3,228,666	4,157,824	1,581,581	130,718	1,313,200	121,073	2,184,878
Number of shares reserved at December 31, 2008	644,483	1,397,780	3,228,666	[2]	[2]	130,718	[2]	121,073	-
Share price of shares reserved (in EUR)	58.94	47.60	46.97	[2]	[2]	115.76	[2]	111.51	-
Total value of shares reserved (in millions of euros)	38	67	152	[2]	[2]	15	[2]	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	03/21/2012
Delay for selling after vesting period	1 year	1 year	1 year	1 year	1 year	-	1 year	-	1 year
Fair value *(% of the share price at grant date)*	28%	25%	21%	17%	16%	17%	18%	21%	24%
Valuation method used to determine the fair value	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo

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

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

(3) There are performance conditions described in the corporate governance part. On December 31, 2008, it has been estimated that the performance conditions on EPS would not be reached.

- **Free shares**

Issuer	**Societe Generale**	**Societe Generale**	**Societe Generale**
Year of grant	**2006**	**2007**	**2008**
Type of plan	**free shares**	**free shares**	**free shares**
Shareholders agreement	05/09/2005	05/30/2006	05/30/2006
Board of Directors decision	01/18/2006	01/19/2007	03/21/2008
Number of free shares granted (1)	775,042	880,993	2,984,907
Settlement	Societe Generale shares	Societe Generale shares	Societe Generale shares
Vesting period	01/18/2006 - 03/31/2008 01/18/2006 - 03/31/2009	01/19/2007 - 03/31/2009 01/19/2007 - 03/31/2010	03/21/2008 - 03/31/2010 03/21/2008 - 03/31/2011
Performance conditions	conditions on ROE for certain recipients	conditions on ROE for certain recipients	yes (2)
Resignation from the Group	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited
Retirement	maintained	maintained	maintained
Death	maintained for 6 months	maintained for 6 months	maintained for 6 months
Share price at grant date (1)	93.66	123.0	61.33
Shares delivered at December 31, 2008	332,750	636	0
Shares forfeited at December 31, 2008	86,597	43,563	31,561
Shares outstanding at December 31, 2008	355,695	836,794	2,953,346
Number of shares reserved at December 31, 2008	355,695	836,794	2,953,346
Share price of shares reserved	83.58	94.30	106.44
Total value of shares reserved (in million of euros)	30	79	314
First authorized date for selling the shares	03/31/2010	03/31/2011	03/31/2012
	03/31/2011	03/31/2012	03/31/2013
Delay for selling after vesting period	2 years	2 years	2 years
Fair value (% of the share price at grant date)	vesting period 2 years: 86% vesting period 3 years: 81%	vesting period 2 years: 86% vesting period 3 years: 81%	vesting period 2 years: 87% vesting period 3 years: 81%
Valuation method used to determine the fair value	Arbitrage	Arbitrage	Arbitrage

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

(2) There are performance conditions described in the corporate governance part. On December 31, 2008, it has been estimated that performance conditions on EPS and ROE would not be reached.

STATISTICS CONCERNING SOCIETE GENERALE STOCK-OPTION PLANS

Main figures concerning Societe Generale stock-option plans, for the year ended December 31, 2008

	Options granted in 2002	Options granted in 2003	Options granted in 2004	Options granted in 2005	Options granted in 2006	TCW Options granted in 2006	Options granted in 2007	TCW Options granted in 2007	Options granted in 2008	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 01/01/2008	732,411	1,411,016	3,046,798	3,933,579	1,505,888	132,470	1,247,022	120,802					
Options granted in 2008	60,713	118,048	257,680	329,434	101,836	9,022	84,330	8,338	2,208,920				
Options forfeited in 2008	806	7,151	16,085	55,849	26,143	10,774	18,152	8,067	24,042				
Options exercised in 2008	147,835	124,133	59,727	49,340	-	-	-	-	-			75.77	47.57-68.61
Options expired in 2008	-	-	-	-	-	-	-	-	-				
Outstanding options on 12/31/2008	644,483	1,397,780	3,228,666	4,157,824	1,581,581	130,718	1,313,200	121,073	2,184,878	40 months	15.78		
Exercisable options on 12/31/2008	644,483	1,397,780	3,228,666	4,157,824	-	-	-	-	-				

Notes

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

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

The implicit volatility used is that of Societe Generale's 5-year share options traded OTC (TOTEM parameters), which was around 38% in 2008. 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, 2008 ARE BRIEFLY DESCRIBED BELOW:

Issuer	**TCW**	**TCW**	**TCW**	**TCW**	**TCW**
Year of attribution	**2002**	**2003**	**2005**	**2006**	**2007**
Type of plan	**stock option**	**stock option**	**stock option**	**stock option**	**stock option**
Shareholders agreement	07/07/2001	07/07/2001	07/01/2005	09/01/2006	09/30/2007
Board of Directors decision	01/01/2002	02/19/2003	07/01/2005	09/01/2006	09/30/2007
	07/16/2002	03/31/2003			
		06/27/2003			
Number of stock-options granted	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	7 years	7 years	7 years
Settlement	SG shares	SG shares	SG shares	SG shares	SG shares
Vesting period	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
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)	18.14	15.50	41.35	36.95	33.32
Discount	2.69	2.30	13.48	5.64	5.12
Exercise price (in EUR)	15.45	13.21	27.87	31.31	28.20
Options authorized but not attributed	-	-	-	-	-
Options exercized at December 31, 2008	1,358,252	596,848	653,931	174,023	-
Options forfeited at December 31, 2008	59,728	552,142	485,608	305,008	209,935
Options outstanding at December 31, 2008	0	119,360	1,614,169	1,906,484	2,258,914
First authorized date for selling the shares	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
Fair value (% of the share price at grant date)	56%	51%	66%	41%	38%
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, 2008

	Total no. of options	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 01/01/2008	7,361,917	239	238,720	2,188,311	2,236,307	2,459,779				
Options granted in 2008	-	-	-	-	-	-				
Options forfeited in 2008	603,033	-	-	243,544	158,624	200,865				
Options exercised in 2008	859,957	238,800	119,360	330,598	171,199	-			61.40	24.85-39.10
Options expired in 2008	-	-	-	-	-	-				
Options outstanding on 12/31/2008	5,898,927	-	119,360	1,614,169	1,906,484	2,258,914	55 months	14.67		
Exercisable options in 2008	601,966	-	-	352,733	249,233	-				

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 median historical volatility of US listed companies belonging to the same business over the past 5 years. The fair value reflects the future performances of the Company.

(3) Due to the terms of this plan, which is settled in Societe Generale shares, no shares have been specifically allocated.

Information on other plans

The other share based payment plans granted to Group employees during 2008 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 March 3, 2008 to employees of the Group to subscribe to a reserved increase capital at a share price of EUR 53.67, with a discount of 20% applied to the average price of the SG shares during a 20 days period ending March 21, 2008.

For 7,456,403 shares subscribed, the Group recorded a EUR 65.2 million expense taking into account the qualified 5-year holding period. The valuation model used, which complies with the recommendation of the National Accounting Council on the accounting treatment of company savings plans, compares the gain the employee would have obtained if he had been able to sell the shares immediately and the notional cost that the 5-year holding period represents to the employee.

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

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

- cash SG share price: EUR 73.57;
- risk-free interest rate: 4.06%;
- interest rate of a non-affected five-year facilities credit applicable to market actors which are benefiting of non-transferable titles: 7.57%.

This notional 5-year holding period cost is valuated at 15.2% SG reference price before discount.

STOCK-OPTION PLANS GRANTED BY UNLISTED COMPANIES

A number of Group companies have granted stock options to employees and directors.

No new options were granted during 2008. These plans are settled in cash and the related impact on the 2008 income statement is a net income of EUR 1.04 million, resulting from a difference between the exercise price and the value of the shares to be delivered.

The contractual life of the options granted is generally 6 years and the last option was exercised in 2008.

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 Societe Generale Group.

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

BOURSORAMA STOCK-OPTION PLAN AND FREE SHARES PLAN

The 2008 expense of the 2006 plan is EUR 1.359 million. In 2008, 24,996 options and 205,750 free shares were forfeited.

The 2008 expense of the 2008 plan is EUR 0.514 million. In 2008, 900 free shares were forfeited.

Note 40

Cost of risk

(In millions of euros)	2008	2007
Counterparty risk		
Net allocation to impairment losses	(2,525)	(808)
Losses not covered	**(148)**	**(231)**
- losses on bad loans	(118)	(126)
- losses on other risks	(30)	(105)
Amounts recovered	**156**	**143**
- amounts recovered on provisioned loans	147	136
- amounts recovered on other risks	9	7
Other risks		
Net allocation to other provisions	(138)	(9)
Total	**(2,655)**	**(905)**

Note 41

Net loss on unauthorized and concealed trading activities

When preparing the 2007 consolidated financial statements, the Group considered that for the purpose of a fair presentation of its financial situation at December 31, 2007, it was more appropriate to record under a separate caption in consolidated income for the 2007 financial year a provision for the total cost of the unauthorized and concealed activities uncovered on January 19 and 20, 2008.

The Group then decided to present the total net loss related to the unwinding of the directional positions pursuant to these unauthorized and concealed activities under a separate caption of the consolidated income statement entitled *Net loss on unauthorized and concealed trading activities.*

During 2008, the cost related to the unwinding of these activities was recorded as an expense and classified in the income statement under the caption mentioned here before. At the same time, the provision recorded in consolidated income for the 2007 financial year was reversed through the income statement under the same caption.

(In millions of euros)	2008	2007
Net gains on financial instruments at fair value through profit and loss 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)
Reversal gain on provision for the total cost of the unauthorized and concealed trading activities	6,382	
Covered losses on unauthorized and concealed trading activities	(6,382)	
Total	**-**	**(4,911)**

Allowance expense at the end of 2007 created a deferred tax asset of EUR 2,197 million recorded as a gain in the consolidated income for 2007. This deferred tax asset was derecognized during 2008 when the provision was reversed. The final loss thus recorded has been deducted from the 2008 financial year tax return, creating a tax save of EUR 2,197 million on December 31, 2008.

Note 42

Income tax

(In millions of euros)	2008	2007
Current taxes	(467)	(2,501)
Deferred taxes	(768)	2,219
Total taxes (1)	**(1,235)**	**(282)**

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

	2008	2007 *
Income before tax excluding net income from companies accounted for by the equity method and impairment losses on goodwill (in millions of euros)	4,316	1,842
Normal tax rate applicable to French companies (including 3.3% tax contributions)	34.43%	34.43%
Permanent differences	9.31%	15.82%
Differential on items taxed at reduced rate	-3.91%	-13.03%
Tax rate differential on profits taxed outside France	-6.85%	-8.86%
Impact of non-deductible losses and use of tax losses carried forward	-4.37%	-13.04%
Group effective tax rate	**28.61%**	**15.32%**

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

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

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

Note 43

Earnings per share

(In millions of euros)	2008	2007 *
Net income, Group Share	2,010	947
Net attributable income to shareholders (1)	1,826	858
Weighted average number of shares outstanding (2)	540,279,113	465,547,728
Earnings per share (in EUR)	**3.38**	**1.84**

(In millions of euros)	2008	2007 *
Net income, Group Share	2,010	947
Net attributable income to shareholders (1)	1,826	858
Weighted average number of shares outstanding (2)	540,279,113	465,547,728
Average number of shares used to calculate dilution	3,036,402	5,860,094
Weighted average number of shares used to calculate diluted net earnings per share	543,315,515	471,407,822
Diluted earnings per share (in EUR)	**3.36**	**1.82**

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

(1) The variation reflects interest after tax paid to holders of super subordinated notes and undated subordinated notes.

(2) Excluding treasury shares.

Note 44

Transactions with related parties

Definition

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

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, 2008	December 31, 2007
Short-term benefits	8.2	12.5
Post-employment benefits	0.4	0.1
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	3.7	4.2
Total	**12.3**	**16.8**

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, 2008, in a total amount of EUR 3 million. All other transactions with these individuals are insignificant.

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

The total amount provisioned or booked by the Societe Generale Group at December 31, 2008 under IAS 19 for the payment of pensions and other benefits to Societe Generale's chief executive officers and directors (Messrs. Bouton, Oudéa, Cabannes, Alix and the 2 staff-elected directors) was EUR 32.93 million.

Principal subsidiaries and affiliates [1]

OUTSTANDING ASSETS WITH RELATED PARTIES

(In millions of euros)	December 31, 2008	December 31, 2007
Financial assets at fair value through profit and loss	128	126
Other assets	706	296
Total outstanding assets	**834**	**422**

OUTSTANDING LIABILITIES WITH RELATED PARTIES

(In millions of euros)	December 31, 2008	December 31, 2007
Liabilities at fair value through profit and loss	217	141
Customer deposits	580	-
Other liabilities	777	16
Total outstanding liabilities	**1,574**	**157**

NET BANKING INCOME FROM RELATED PARTIES

(In millions of euros)	2008	2007
Interest and similar income	(12)	-
Commissions	(11)	1
Net income from financial transactions	3	18
Net income from other activities	-	-
Net banking income	**(20)**	**19**

COMMITMENTS TO RELATED PARTIES

(In millions of euros)	December 31, 2008	December 31, 2007
Loan commitments granted	57	73
Guarantee commitments granted	1,162	1,132
Forward financial instrument commitments	2,876	623

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

Note 45

Companies included in the consolidation scope

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			December 2008	December 2007	December 2008	December 2007
FRANCE						
BANKS						
Banque de Polynésie [1]	France	FULL	72.10	72.10	72.10	72.10
BFCOI	France	FULL	50.00	50.00	50.00	50.00
Calif	France	FULL	100.00	100.00	100.00	100.00
Crédit du Nord [1]	France	FULL	80.00	80.00	80.00	80.00
Génébanque	France	FULL	100.00	100.00	100.00	100.00
Groupama Banques	France	EQUITY	20.00	20.00	20.00	20.00
SG Calédonienne de Banque [1]	France	FULL	90.10	90.10	90.10	90.10
SG de Banque aux Antilles	France	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPAGNIES						
Barep Court Terme [(4) and (20)]	France	FULL	-	-	-	-
Barep Assets Management	France	FULL	100.00	100.00	100.00	100.00
Barep Opportunités Stratégie [(4) and (20)]	France	FULL	-	-	-	-
Barep Performance Plus [(4) and (20)]	France	FULL	-	-	-	-
Euro VL [1]	France	FULL	98.25	98.25	98.25	98.25
IEC	France	FULL	100.00	100.00	100.00	100.00
Interga S.A.S	France	FULL	100.00	100.00	100.00	100.00
JS Credit Fund	France	FULL	100.00	100.00	100.00	100.00
Lyxor Asset Management	France	FULL	100.00	100.00	100.00	100.00
Lyxor International Asset Management	France	FULL	100.00	100.00	100.00	100.00
Primafair SAS [7]	France	FULL	-	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 Énergie Usa Corp	France	FULL	100.00	100.00	100.00	100.00
SG European Mortgage Investments	France	FULL	100.00	100.00	100.00	100.00
SGAM AI	France	FULL	100.00	100.00	100.00	100.00
SGAM AI Crédit Plus	France	FULL	100.00	100.00	100.00	100.00
SGAM AI Crédit Plus Opportunités	France	FULL	100.00	100.00	100.00	100.00
SGAM AI Euro Garanti 3 M [(4) and (20)]	France	FULL	-	-	-	-

Full: full consolidation - Prop: proportionate consolidation - Equity: equity method

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			December 2008	December 2007	December 2008	December 2007
SGAM AI Euro Garanti 12 M [(4) and (20)]	France	FULL	-	-	-	-
SGAM Banque [(1)]	France	FULL	100.00	100.00	100.00	100.00
SGAM RTO	France	FULL	100.00	100.00	100.00	100.00
SG Retirement Services [(2)]	France	FULL	100.00	-	100.00	-
SG SCF [(2)]	France	FULL	100.00	-	100.00	-
Sogemonecredit [(2)]	France	FULL	100.00	-	100.00	-
SGAM AI Dollar Garanti 12 mois [(2) and (4)]	France	FULL	-	-	-	-
SGAM AI Money 2+ [(2) and (4)]	France	FULL	-	-	-	-
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	99.88	99.88	98.88
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	France	FULL	100.00	100.00	100.00	100.00
FCC Ouréa	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	100.00	53.84	100.00	53.84
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
SG Equipement Finance SA	France	FULL	100.00	100.00	100.00	100.00
SG Services	France	FULL	100.00	100.00	100.00	100.00

* *Full: full consolidation - Prop: proportionate consolidation - Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			December 2008	December 2007	December 2008	December 2007
SNC Athena Investissements [8]	France	FULL	-	100.00	-	100.00
SNC Cofininvest [9]	France	FULL	-	100.00	-	100.00
SNC Distinvest [9]	France	FULL	-	100.00	-	100.00
SNC Financières Valmy Investissements [9]	France	FULL	-	100.00	-	100.00
SNC Fininva [10]	France	FULL	-	100.00	-	100.00
SNC Finovadis	France	FULL	100.00	100.00	100.00	100.00
SNC Paris Strasbourg [9]	France	FULL	-	100.00	-	100.00
Sofom [11]	France	FULL	-	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 [12]	France	FULL	-	100.00	-	100.00
FCC HYPERION [2]	France	FULL	100.00	-	100.00	-
PORTFOLIO MANAGEMENT						
FCC Albatros	France	FULL	100.00	100.00	51.00	51.00
FCP Lyxor Obligatium [1] and [20]	France	FULL	-	-	-	-
Fimat Americas S.A.S [6]	France	FULL	-	100.00	-	100.00
Finareg	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
Géninfo	France	FULL	100.00	100.00	100.00	100.00
Libécap	France	FULL	100.00	100.00	100.00	100.00
Megaval [13]	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

* *Full: full consolidation - Prop: proportionate consolidation - Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			December 2008	December 2007	December 2008	December 2007
SGSS Holding [(1)]	France	FULL	100.00	100.00	100.00	100.00
Sogéfim	France	FULL	100.00	100.00	100.00	100.00
Sogénal Participation	France	FULL	100.00	100.00	100.00	100.00
SG de Participations	France	FULL	100.00	100.00	100.00	100.00
Sogéparticipations (ex-Sogenal) [(1)]	France	FULL	100.00	100.00	100.00	100.00
Sogéplus	France	FULL	100.00	100.00	100.00	100.00
Societe Generale Capital Partenaire	France	FULL	100.00	100.00	100.00	100.00
Sté Rue Edouard- VII	France	FULL	99.91	99.91	99.91	99.91
The Emerald Fund Limited	France	FULL	100.00	100.00	100.00	100.00
Vouric	France	FULL	100.00	100.00	100.00	100.00
BROKERS						
Boursorama [(1)]	France	FULL	55.78	55.93	55.78	55.93
Clickoptions	France	FULL	100.00	100.00	100.00	100.00
Fimat Banque [(15)]	France	FULL	-	100.00	-	100.00
Fimat SNC Paris [(16)]	France	FULL	-	100.00	-	100.00
Gaselys	France	PROP	49.00	49.00	49.00	49.00
SG Énergie	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
Newedge [(1) and (2)]	France	PROP	50.00	-	50.00	-
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
Ivory OIP [(2)]	France	FULL	100.00	-	100.00	-
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

* *Full: full consolidation - Prop: proportionate consolidation - Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			December 2008	December 2007	December 2008	December 2007
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
SOGEMARCHE	France	FULL	100.00	100.00	100.00	100.00
SOGECAMPUS	France	FULL	100.00	100.00	100.00	100.00
SC Alicante 2000	France	FULL	100.00	100.00	100.00	100.00
SC Chassagne 2000	France	FULL	100.00	100.00	100.00	100.00
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 [14]	France	FULL	-	100.00	-	100.00
Sogé Colline Sud	France	FULL	100.00	100.00	100.00	100.00
Sogé Périval 1	France	FULL	100.00	100.00	100.00	100.00
Sogé Périval 2	France	FULL	100.00	100.00	100.00	100.00
Sogé Périval 3	France	FULL	100.00	100.00	100.00	100.00
Sogé Périval 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	58.54	58.32	58.54	58.32
Banka Popullore	Albania	FULL	75.01	75.00	75.01	75.00
Bank Republic [1]	Georgia	FULL	60.00	60.00	60.00	60.00
General Bank of Greece [1]	Greece	FULL	52.32	52.32	52.32	52.32
Komerčni Banka [1]	Czech Republic	FULL	60.35	60.35	60.35	60.35

* *Full: full consolidation - Prop: proportionate consolidation - Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest December 2008	Group ownership interest December 2007	Group voting interest December 2008	Group voting interest December 2007
SG Bank Nederland NV	Netherlands	FULL	100.00	100.00	100.00	100.00
SG Express Bank [1]	Bulgaria	FULL	97.95	97.95	97.95	97.95
SG Hambros Bank Limited [1]	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Private Banking (Suisse) [1]	Switzerland	FULL	100.00	77.62	100.00	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	99.69	99.68	99.69	99.68
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	100.00	99.76	100.00	99.76
2S Banca	Italy	FULL	100.00	100.00	100.00	100.00
Rosbank [18]	Russia	FULL	57.57	20.00	57.57	20.00
FINANCIAL COMPAGNIES						
Amber [21]	Great Britain	FULL	100.00	100.00	100.00	100.00
BRD Finance Credite Consum SRL	Romania	FULL	79.69	79.58	100.00	100.00
Brigantia BV [1]	Great Britain	FULL	100.00	100.00	80.00	80.00
Claris 4 [20]	Jersey	FULL	-	-	-	-
Co-Invest LBO Master Fund LLP	Great Britain	FULL	100.00	100.00	51.00	51.00
Euro-VL Luxembourg	Luxembourg	FULL	99.21	99.21	100.00	100.00
Halysa SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
Iris II [20]	Ireland	FULL	-	-	-	-
IVEFI	Luxembourg	FULL	100.00	100.00	100.00	100.00
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 [20]	Jersey	FULL	-	-	-	-
Red & Black Consummer 2006-1 plc [5] and [20]	Ireland	FULL	-	-	-	-
SGA Societe Generale Acceptance N.V.	Netherlands Antilles	FULL	100.00	100.00	100.00	100.00
SG Asset Management Group Ltd [1]	Great Britain	FULL	100.00	100.00	100.00	100.00
SGAM Iberia	Spain	FULL	100.00	100.00	100.00	100.00
SGAM Irlande	Ireland	FULL	100.00	100.00	100.00	100.00
SGAP Luxembourg	Luxembourg	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 2008	December 2007	December 2008	December 2007
SGBF	Belgium	FULL	100.00	100.00	100.00	100.00
SGCF Holding Hellas SA (1)	Greece	FULL	100.00	100.00	100.00	100.00
SG Effekten	Germany	FULL	100.00	100.00	100.00	100.00
SG Finance Ireland (1)	Ireland	FULL	100.00	100.00	100.00	100.00
SG Immobel (1)	Belgium	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	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	Luxembourg	FULL	100.00	100.00	100.00	100.00
Verifonds	Germany	FULL	100.00	100.00	100.00	100.00
CODEIS (2)	Luxembourg	FULL	100.00	-	100.00	-
PROSTOFINANCE (3)	Ukraine	FULL	100.00	100.00	100.00	100.00
Red & Black Consumer 2008-1 (2)	France	FULL	100.00	-	100.00	-
SPECIALIST FINANCING						
ALD Belgium (1)	Belgium	FULL	100.00	100.00	100.00	100.00
ALD Danmark (1)	Danemark	FULL	100.00	100.00	100.00	100.00
ALD Finland (1)	Finland	FULL	100.00	100.00	100.00	100.00
Axus Italiana S.R.L	Italy	FULL	100.00	100.00	100.00	100.00
ALD Nederland	Netherlands	FULL	100.00	100.00	100.00	100.00
ALD Norway (1)	Norway	FULL	100.00	100.00	100.00	100.00
ALD Sweden (1)	Sweden	FULL	100.00	100.00	100.00	100.00
Adria Leasing Spa	Italy	FULL	100.00	100.00	100.00	100.00
ALD Germany (1)	Germany	FULL	100.00	100.00	100.00	100.00
ALD UK (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
ALD Czech Republic	Czech Republic	FULL	100.00	100.00	100.00	100.00
ALD International SAS & Co (1)	Germany	FULL	100.00	100.00	100.00	100.00
ALD International S.A.	Germany	FULL	100.00	100.00	100.00	100.00
ALD Lease Finanz GmbH (1)	Germany	FULL	100.00	100.00	100.00	100.00
ALD Portugal	Portugal	FULL	100.00	100.00	100.00	100.00
ALD Spain (1)	Spain	FULL	100.00	100.00	100.00	100.00
Delta Credit Mortgage Finance BV (1)	Netherlands	FULL	100.00	100.00	100.00	100.00
Eiffel	Great Britain	FULL	100.00	100.00	100.00	100.00
Essox s.r.o	Czech Republic	FULL	79.81	79.81	100.00	100.00

* *Full: full consolidation - Prop: proportionate consolidation - Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest December 2008	Group ownership interest December 2007	Group voting interest December 2008	Group voting interest December 2007
Eurobank	Poland	FULL	99.41	99.36	99.41	99.36
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 (1)	Germany	FULL	100.00	100.00	100.00	100.00
Gefa Leasing GmbH	Germany	FULL	100.00	100.00	100.00	100.00
Hanseatic Bank	Germany	FULL	75.00	75.00	75.00	75.00
Montalis Investment BV	Netherlands	FULL	100.00	100.00	100.00	100.00
Promopart Snc (5)	Luxembourg	FULL	-	100.00	-	100.00
SGBT Finance Ireland Limited	Ireland	FULL	100.00	100.00	100.00	100.00
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 Switzerland	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)	Great Britain	FULL	100.00	100.00	100.00	100.00
Societe Generale Italia holding SPA	Italy	FULL	100.00	100.00	100.00	100.00
Sogega Pme Snc (5)	Luxembourg	FULL	-	100.00	-	100.00
Sogelease BV Nederland (1)	Netherlands	FULL	100.00	100.00	100.00	100.00
PEMA GmbH (1) and (2)	Germany	FULL	100.00	-	100.00	-
BROKERS						
Cube Financial (6)	Great Britain	PROP	-	100.00	-	100.00
Gaselys UK Ltd	Great Britain	FULL	100.00	100.00	100.00	100.00
Squaregain	Great Britain	FULL	100.00	100.00	100.00	100.00
Succursale Fimat Francfort (6)	Germany	FULL	-	100.00	-	100.00
Succursale Fimat Londres (6)	Great Britain	FULL	-	100.00	-	100.00
Succursale Fimat Madrid (6)	Spain	FULL	-	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

* *Full: full consolidation - Prop: proportionate consolidation - Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest December 2008	Group ownership interest December 2007	Group voting interest December 2008	Group voting interest December 2007
Komerčni Pojistovna	Czech Republic	FULL	80.57	80.57	100.00	100.00
Sogelife	Luxembourg	FULL	100.00	100.00	100.00	100.00
Sogecap Life Insurance (2)	Russia	FULL	100.00	-	100.00	-
AFRICA AND THE MIDDLE-EAST						
BANKS						
BFV – SG (Madagascar)	Madagascar	FULL	70.00	70.00	70.00	70.00
SG de Banques au Burkina	Burkina Faso	FULL	44.48	42.28	46.07	43.87
SGB Guinée Equatoriale	Equatorial Guinea	FULL	52.44	52.44	57.24	57.24
National SG Bank SAE	Egypt	FULL	77.17	77.17	77.17	77.17
SG Algérie	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	58.78	59.28	59.28
SG Maroc (1)	Morocco	FULL	56.91	53.02	56.91	53.02
SSB Bank Ghana	Ghana	FULL	51.00	51.00	51.00	51.00
Union International de Banque	Tunisia	FULL	57.20	52.34	52.34	52.34
SPECIALIST FINANCING						
ALD Marocco	Morocco	FULL	42.95	42.95	50.00	50.00
Eqdom	Morocco	FULL	45.41	45.16	54.69	54.21
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 Brazil (ex Banco Societe Generale Brasil SA) (1)	Brazil	FULL	100.00	100.00	100.00	100.00
Galo S.A. (1)	Brazil	FULL	70.00	70.00	70.00	70.00
SG Canada (1)	Canada	FULL	100.00	100.00	100.00	100.00
Trancoso Participaçoes Ltda. (1)	Brazil	FULL	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
Andromede Fund (5)	Cayman Islands	FULL	-	100.00	-	100.00
GIC LTO (4)	United States	FULL	-	100.00	-	100.00

* *Full: full consolidation - Prop: proportionate consolidation - Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest December 2008	Group ownership interest December 2007	Group voting interest December 2008	Group voting interest December 2007
Lyxor Ivory Fund [5]	Cayman Islands	FULL	-	100.00	-	100.00
Raeburn Overseas Partners Ltd [5]	United States	FULL	-	100.00	-	100.00
Ruby Fund Limited [5]	Cayman Islands	FULL	-	100.00	-	100.00
SG Americas Inc. [1]	United States	FULL	100.00	100.00	100.00	100.00
SG Capital Trust [1]	United States	FULL	100.00	100.00	100.00	100.00
SG Warrants Limited	United States	FULL	100.00	100.00	100.00	100.00
TCW Group [1]	United States	FULL	100.00	98.40	100.00	99.40
TOBP [20]	United States	FULL	-	-	-	-
TOPAZ Fund [4]	Cayman Islands	FULL	-	100.00	-	100.00
Turquoise	Cayman Islands	FULL	100.00	100.00	100.00	100.00
Arrow Offshore Ltd [2]	Cayman Islands	FULL	100.00	-	23.51	-
Permal PJM Ltd [2]	British Virgin Islands	FULL	100.00	-	50.00	-
Turquoise II [2]	Cayman Islands	FULL	100.00	-	100.00	-
BROKERS						
Fimat Alternative Strategies Inc. [6]	United States	FULL	-	100.00	-	100.00
Fimat Canada Inc. [6]	Canada	FULL	-	100.00	-	100.00
Fimat Futures USA LLC [6]	United States	FULL	-	100.00	-	100.00
SERVICES						
Fimat Facilities Management [6]	United States	FULL	-	100.00	-	100.00
SPECIALIST FINANCING						
Cousto Investments LP	United States	FULL	100.00	100.00	55.00	55.00
PACE [20]	United States	FULL	-	-	-	-
Makatea JV Inc	United States	FULL	100.00	100.00	66.67	66.67
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 [17]	United States	FULL	-	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 [7]	United States	FULL	-	100.00	-	65.00
PORTFOLIO MANAGEMENT						
SG Commodities Product	United States	FULL	100.00	100.00	100.00	100.00
SG Investissement Management Holding Corp [1]	United States	FULL	100.00	100.00	100.00	100.00

* *Full: full consolidation - Prop: proportionate consolidation - Equity: equity method*

	COUNTRY	METHOD *	Group ownership interest December 2008	Group ownership interest December 2007	Group voting interest December 2008	Group voting interest December 2007
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
SG China Inc. (2)	China	FULL	100.00	-	100.00	-
FINANCIAL COMPAGNIES						
Fortune Fund Management Co. (FFMC)	China	PROP	49.00	49.00	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 (6)	Singapore	FULL	-	100.00	-	100.00
Fimat HK (6)	Hong-Kong	FULL	-	100.00	-	100.00
Fimat Japan (6)	Japan	FULL	-	100.00	-	100.00
Fimat International Banque Hong Kong (6)	Hong-Kong	FULL	-	100.00	-	100.00
Fimat Taiwan (6)	Taiwan	FULL	-	100.00	-	100.00
SG Securities Asia Int. Holdings (1)	Singapore	FULL	100.00	100.00	100.00	100.00
Succursale Fimat Sydney (5)	Australia	FULL	-	100.00	-	100.00

* *Full: full consolidation - Prop: proportionate consolidation - Equity: equity method*

(1) Companies carrying out sub-consolidation.
(2) Consolidated for the first time in 2008.
(3) Company now consolidated directly.
(4) Entities deconsolidated during 2008.
(5) Entities wound up in 2008.
(6) Entity now sub-consolidated in Newedge.
(7) Entities sold in 2008.
(8) Dissolution by transfer of assets with Varoner 2.
(9) Dissolution by transfer of assets with Dalarec.
(10) Dissolution by transfer of assets with Cafirec.
(11) Dissolution by transfer of assets with SGOE.
(12) Dissolution by transfer of assets with Généfinance.
(13) Dissolution by transfer of assets with Sogéparticipations.
(14) Dissolution by transfer of assets with Sogénal.
(15) Fimat Banque and Calyon have merged.
(16) Fimat SNC Paris and Fimat Banque have merged.
(17) SG Equity Finance LLC and SG AE have merged.
(18) Change in consolidation method: from equity method to full consolidated method.
(19) Change in consolidation method: from full consolidated method to proportionate method.
(20) Special purpose Vehicles substantially controlled by the Group.
(21) SG owns only one compartment of Amber at 100%.

Note 46

Sector information by business lines

	French Network		International Retail Banking		Financial Services	
(In millions of euros)	2008	2007	2008	2007	2008	2007
Net banking income	7,191	7,058	4,976	3,444	3,115	2,838
Operating Expenses [1]	(4,678)	(4,566)	(2,752)	(1,986)	(1,795)	(1,526)
Gross operating income	**2,513**	**2,492**	**2,224**	**1,458**	**1,320**	**1,312**
Cost of risk	(480)	(329)	(500)	(204)	(587)	(374)
Operating income excluding net loss on unauthorized and concealed trading activities	**2,033**	**2,163**	**1,724**	**1,254**	**733**	**938**
Net loss on unauthorized and concealed trading activities	-	-	-	-	-	-
Operating income including net loss on unauthorised and concealed trading activities	**2,033**	**2,163**	**1,724**	**1,254**	**733**	**938**
Net income from companies accounted for by the equity method	2	2	8	36	(21)	(7)
Net income/expense from other assets	2	4	14	28	(1)	1
Impairment of goodwill	-	-	(300)	-	-	-
Earnings before tax	**2,037**	**2,169**	**1,446**	**1,318**	**711**	**932**
Income tax	(692)	(736)	(365)	(320)	(224)	(315)
Net income before minority interests	**1,345**	**1,433**	**1,081**	**998**	**487**	**617**
Minority interests	49	58	472	312	18	17
Net income, Group share	**1,296**	**1,375**	**609**	**686**	**469**	**600**

(1) Including depreciation and amortization.

	Global Investment Management and Services					
	Asset Management		Private Banking		SGSS and Online Savings	
(In millions of euros)	2008	2007	2008	2007	2008	2007
Net banking income	409	1,119	839	823	1,562	1,799
Operating Expenses [(1)]	(792)	(841)	(539)	(531)	(1,299)	(1,336)
Gross operating income	**(383)**	**278**	**300**	**292**	**263**	**463**
Cost of risk	(8)	(4)	(32)	(1)	(13)	(36)
Operating income excluding net loss on unauthorized and concealed trading activities	**(391)**	**274**	**268**	**291**	**250**	**427**
Net loss on unauthorized and concealed trading activities	-	-	-	-	-	-
Operating income including net loss on unauthorised and concealed trading activities	**(391)**	**274**	**268**	**291**	**250**	**427**
Net income from companies accounted for by the equity method	-	-	-	-	-	-
Net income/expense from other assets	-	(6)	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-
Earnings before tax	**(391)**	**268**	**268**	**291**	**250**	**427**
Income tax	128	(91)	(55)	(63)	(83)	(141)
Net income before minority interests	**(263)**	**177**	**213**	**228**	**167**	**286**
Minority interests	(5)	8	-	13	18	18
Net income, Group share	**(258)**	**169**	**213**	**215**	**149**	**268**

(1) Including depreciation and amortization.

(In millions of euros)	Corporate and Investment Banking 2008	Corporate and Investment Banking 2007	Corporate Center 2008	Corporate Center 2007	Societe Generale Group 2008	Societe Generale Group 2007
Net banking income (2)	4,017	4,522	(243)	320	21,866	21,923
Operating Expenses (1)	(3,478)	(3,425)	(195)	(94)	(15,528)	(14,305)
Gross operating income	**539**	**1,097**	**(438)**	**226**	**6,338**	**7,618**
Cost of risk	(1,024)	56	(11)	(13)	(2,655)	(905)
Operating income excluding net loss on unauthorized and concealed trading activities	**(485)**	**1,153**	**(449)**	**213**	**3,683**	**6,713**
Net loss on unauthorized and concealed trading activities	-	(4,911)	-	-	-	(4,911)
Operating income including net loss on unauthorised and concealed trading activities	**(485)**	**(3,758)**	**(449)**	**213**	**3,683**	**1,802**
Net income from companies accounted for by the equity method	6	19	(3)	(6)	(8)	44
Net income/expense from other assets	9	26	609	(13)	633	40
Impairment of goodwill	-	-	-	-	(300)	-
Earnings before tax	**(470)**	**(3,713)**	**157**	**194**	**4,008**	**1,886**
Income tax	243	1,501	(187)	(117)	(1,235)	(282)
Net income before minority interests	**(227)**	**(2,212)**	**(30)**	**77**	**2,773**	**1,604**
Minority interests	8	9	203	222	763	657
Net income, Group share	**(235)**	**(2,221)**	**(233)**	**(145)**	**2,010**	**947**

(1) Including depreciation and amortization.
(2) Breakdown of the Net banking income by business for the "Corporate and Investment Banking":

(In millions of euros)	2008	2007
Financing and Advisory	3,633	1,859
Fixed Income, Currencies and Commodities	(953)	(885)
Equities	1,337	3,548
Others	-	-
Total Net banking income	**4,017**	**4,522**

(In millions of euros)	French Networks December 31, 2008	French Networks December 31, 2007	International Retail banking December 31, 2008	International Retail banking December 31, 2007	Financial services December 31, 2008	Financial services December 31, 2007	Corporate and Investment Banking December 31, 2008	Corporate and Investment Banking December 31, 2007
Sector assets	173,336	160,987	87,496	64,156	118,936	115,949	649,318	614,278
Sector liabilities (1)	125,836	118,063	72,458	58,007	73,751	76,941	694,805	650,144

	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, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Sector assets	7,652	30,403	22,090	18,943	43,533	45,249	73,275	94,595	27,642	21,797	1,130,003	1,071,762
Sector liabilities (1)	7,969	21,332	31,888	27,899	60,560	68,805	100,417	118,036	21,849	19,296	1,089,116	1,040,487

(1) Sector liabilities correspond to debts (i.e. total liabilities except equity).

Sector information by geographical regions

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME

	France		Europe		Americas	
(In millions of euros)	2008	2007	2008	2007	2008	2007
Net interest and similar income	3,508	733	3,949	2,862	44	(1,150)
Net fee income	4,160	4,186	2,214	1,854	569	1,011
Net income/expense from financial transactions	2,945	7,361	537	859	1,038	1,085
Other net operating income	493	628	848	740	(88)	(136)
Net banking income	**11,106**	**12,908**	**7,548**	**6,315**	**1,563**	**810**

	Asia		Africa		Oceania		Total	
(In millions of euros)	2008	2007	2008	2007	2008	2007	2008	2007
Net interest and similar income	81	(156)	722	633	110	(20)	8,414	2,902
Net fee income	139	194	304	259	29	24	7,415	7,528
Net income/(expense) from financial transactions	316	734	65	56	(131)	157	4,770	10,252
Other net operating income	-	5	15	5	(1)	(1)	1,267	1,241
Net banking income	**536**	**777**	**1,106**	**953**	**7**	**160**	**21,866**	**21,923**

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS

	France		Europe		Americas		Asia	
(In millions of euros)	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Sector assets	796,906	673,182	162,201	191,886	111,743	140,941	19,251	25,357
Sector liabilities [(1)]	762,684	648,140	157,415	187,217	111,845	141,049	18,727	24,976

	Africa		Oceania		Total	
(In millions of euros)	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Sector assets	18,443	16,570	21,459	23,826	1,130,003	1,071,762
Sector liabilities [(1)]	16,963	15,446	21,482	23,659	1,089,116	1,040,487

(1) Sector liabilities correspond to debts (i.e. total liabilities except equity).

Note 47

Post closing events

On January 26, 2009, the Societe Generale Group announced that it has signed a preliminary agreement with Crédit Agricole S.A. in order to combine their asset management operations.

This new entity will combine the entirety of CAAM group, the asset management arm of Crédit Agricole S.A., and the European and Asian activities of Societe Generale's asset management business, SGAM (with the exception of SGAM AI which will be folded into Lyxor which will remain within the Group), as well as 20% of TCW, its asset management subsidiary in the United States. The new combined entity will be the 4th largest asset manager in Europe, based on assets under management, and the 9th on a global basis.

Ownership of the combined asset management businesses will be split between Crédit Agricole S.A. (70%) and Societe Generale (30%). The combined entity could consider a stock exchange listing within a five-year timeframe. There is a lock-up agreement between Crédit Agricole S.A. and Societe Generale of at least five years.

The signature of a final agreement between Societe Generale and Crédit Agricole S.A. is subject to consultation of the relevant employee representation groups and to the approval of the relevant regulatory authorities, and the various joint-venture partners.

This project has not had any impact on 2008 consolidated financial statements.

Note 48

Fees to statutory auditors

Fees to statutory auditors recorded in the income statement in 2008 are:

(In millions of euros)	December 31, 2008
Fees related to statutory audit, certification, examination of parent company and consolidated accounts	32
Fees related to audit services and related assignments	3
Total	**35**

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Societe Generale – Year ended December 31, 2008

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 (an) explanatory paragraph(s) discussing the auditors' assessment(s) (1) of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification (2) 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.

Statutory Auditors' Report On the Consolidated Financial Statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying consolidated financial statements of Societe Generale;
- the justification of our assessments;
- the specific verification according to the law.

These consolidated financial statements were 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 verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, significant estimates made by the management, and the overall financial statement presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group in accordance with the principles applicable under IFRS, as adopted by the European Union.

Without qualifying our opinion, we draw your attention to note 1 to the consolidated financial statements that describes the change in accounting method relating to the amendment of IAS 39, which introduces the possibility of reclassification of some non-derivative financial assets if specified criteria are met.

II. JUSTIFICATION OF ASSESSMENTS

Accounting estimates accompanying the preparation of the consolidated financial statements for the year ended December 31, 2008 have been established in consideration of the high market volatility. It is in this context and in accordance with article L. 823-9 of the French Commercial Code that we conducted our own assessments, which we bring to your attention:

ACCOUNTING PRINCIPLES

Notes 1 and 11 to the consolidated financial statements describe the amendment to IAS 39, which introduces the possibility of reclassification of some non-derivative financial assets if specified criteria are met:

- out of "fair-value-through-profit-and-loss financial assets" to other categories;
- out of "available-for-sale financial assets" to "loans and receivables".

As part of our assessment of the general accounting policies applied by your company, we have verified the correct application of this change in accounting method and the appropriateness of the related disclosure in note 11 to the consolidated financial statements.

ACCOUNTING ESTIMATES

- In the specific context of the current financial crisis, your company provides in note 3 to the consolidated financial statements its direct and indirect exposures to certain sectors, the procedures implemented to assess them, as well as the process for measuring certain financial instruments. We have reviewed the control procedures implemented to identify and measure such exposures, as well as the appropriateness of the related disclosure included in the aforementioned note.
- As detailed in note 1 to the consolidated financial statements, your company uses internal models to measure financial instruments that are not listed on active markets. Our procedures consisted in reviewing the control procedures for the models used, assessing the underlying data and assumptions, and verifying that the risks and results related to these instruments were taken into account.
- Likewise, in this same context, we have reviewed the control procedures relating to the identification of financial instruments that can no longer be traded on an active market or for which market parameters could no longer be observed, and the methodology used for their valuation as a consequence.
- As mentioned in note 3 to the consolidated financial statements, your company assessed the impact of changes in its own credit risk with respect to the valuation of certain financial liabilities measured at fair value through profit and loss. We have verified the appropriateness of the data used for this purpose.
- For the purpose of preparing the financial statements, your company records depreciations to cover the credit risks inherent to its activities and performs significant accounting estimates, as described in note 1 to the consolidated financial statements, related in particular to the assessment of the fair value of financial instruments accounted for at amortized cost, of goodwills, pension plans and other post-employment benefits. Taking into account the specific context of the credit crisis, we have reviewed the processes implemented by management and the underlying assumptions and valuation parameters, and assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies disclosed in note 1 to the consolidated financial statements.

These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and therefore contributed to the audit opinion expressed in the first part of this report.

III. SPECIFIC VERIFICATION

We have also verified the information given in the Group management report as required by French law.

We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, March 4, 2009

The Statutory Auditors

French Original Signed by

DELOITTE & ASSOCIES	**ERNST & YOUNG Audit**
José-Luis Garcia	Philippe Peuch-Lestrade

PARENT COMPANY FINANCIAL STATEMENT

Societe Generale management report

SUMMARY BALANCE SHEET OF SOCIETE GENERALE

ASSETS

(in billions of euros at December 31)	2008	2007 *	Change
Interbank and money market assets	125.6	137.5	(11.9)
Customer loans	231.4	225.5	5.9
Securities	305.1	411.0	(105.9)
of which securities purchased under resale agreements	*39.9*	*72.2*	*(32.3)*
Other assets	341.0	251.1	89.9
of which option premiums	*179.9*	*179.7*	*0.2*
Tangible and intangible fixed assets	1.5	1.5	0.0
Total assets	**1,004.6**	**1,026.6**	**(22.0)**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in billions of euros at December 31)	2008	2007 *	Change
Interbank and money liabilities (1)	342.5	367.3	(24.8)
Customer deposits	242.2	229.2	13.0
Bonds and subordinated debt (2)	26.8	20.6	6.2
Securities	70.9	120.0	(49.1)
of which securities sold under repurchase agreements	*49.0*	*72.0*	*(23.0)*
Other liabilities and provisions	301.3	270.0	31.3
of which option premiums	*182.2*	*185.9*	*(3.7)*
Equity	20.9	19.5	1.4
Total liabilities and shareholders' equity	**1,004.6**	**1,026.6**	**(22.0)**

* *Amounts reprocessed with regard to the published financial statements.*

(1) including negotiable debt instruments.

(2) including undated subordinated notes.

Societe Generale's balance sheet total amounted to EUR 1,004.6 billion at December 31, 2008, EUR 22 billion lower than at December 31, 2007. The main balance sheet figures reflect a particularly challenging environment and the continuing good performance of commercial activities.

- The rise in outstanding customer loans (+2.6%), which totalled EUR 231.4 billion at December 31, 2008, originates primarily from the increase in cash loans (EUR +5.5 billion).
- The securities portfolio on the assets side, excluding repurchase agreements, totalled EUR 305.1 billion at December 31, 2008. It is significantly lower than at December 31, 2007, due mainly to the performance of the trading portfolio (EUR -115 billion).
- Premiums on options instruments purchased are stable. The trend is similar in the case of liabilities for premiums on options instruments sold.
- Outstanding customer deposits, which amounted to EUR 242.2 billion at December 31, 2008, were EUR 13 billion higher (+5.7%) than at December 31, 2007 due primarily to the increase in financial customers' term deposits (EUR +15.2 billion).
- The EUR 49.1 billion decline in the securities portfolio on the liabilities side tracks the decline in trading portfolio business.

Societe Generale's indebtedness strategy reflects the balance sheet's financing need. It is designed to ensure the renewal of debt maturities and the financing of growth in commercial activity in order to maintain a surplus medium/long-term liquidity position.

It is a two-pronged strategy based on (i) the diversification of refinancing sources, and (ii) the matching of resources collected with the needs identified in terms of currency and maturity, in order to control currency and translation risks.

As a result, Societe Generale refinancing is based on 3 types of resources:

- Stable resources consisting of equity and subordinated debt, other financial accounts and provisions, and accruals: they account for 36.5% of Societe Generale's resources.
- Customer resources, collected in the form of deposits (EUR 242.2 billion) but also in the form of securities portfolio refinancing (EUR 21.4 billion), represent EUR 263.6 billion, or 26.3% of balance sheet refinancing.
- Finally, resources collected via the financial markets, in the form of securities issues (EUR 120.99 billion), interbank and central bank deposits (EUR 225.8 billion) or securities transactions (EUR 27.6 billion), account for 37.2% of balance sheet refinancing and represent EUR 374.4 billion.

Societe Generale intends to maintain this strategy in order to assist the development of its balance sheet on a balanced basis.

SUMMARY INCOME STATEMENT OF SOCIETE GENERALE

	2008						2007		
(in millions of euros at December 31)	France	08/07 (%)	International	08/07 (%)	Societe Generale	08/07 (%)	France	International	Societe Generale
Net Banking Income	**4,675**	***(48.4)***	**156**	***(153.5)***	**4,831**	***(44.9)***	**9,062**	**(292)**	**8,770**
Operating expenses	(6,095)	*10.0*	(1,078)	*(11.9)*	(7,172)	*6.1*	(5,539)	(1,224)	(6,763)
Gross operating income	**(1,419)**	***(140.3)***	**(922)**	***(39.2)***	**(2,341)**	***(216.7)***	**3,523**	**(1,516)**	**2,007**
Cost of risk	(948)	*888.0*	(616)	*1,440.2*	(1,565)	*1,050.4*	(96)	(40)	(136)
Operating income	**(2,368)**	***(169.1)***	**(1,538)**	***(1.2)***	**(3,906)**	***(308.8)***	**3,427**	**(1,556)**	**1,871**
Net income from long-term investments	(998)	*(535.6)*	(16)	*(91.1)*	(1,014)	*(2,304.3)*	229	(183)	46
Operating income before tax	**(3,366)**	***(192.1)***	**(1,554)**	***(10.6)***	**(4,920)**	***(356.6)***	**3,656**	**(1,739)**	**1,917**
Exceptional items	-	*NS*	-	*NS*	-	*NS*	(4,801)	-	(4,801)
Income tax	1,310	*(11.1)*	646	*40.8*	1,956	*1.3*	1,473	459	1,932
Net reversal from general reserve for banking risks	-	*NS*	-	*NS*	-	*NS*	(9)	-	(9)
Net income	**(2,056)**	***(744.4)***	**(908)**	***(29.1)***	**(2,964)**	***208.5***	**319**	**(1,280)**	**(961)**

Societe Generale's 2008 results have been impacted by the deepening US residential real estate crisis which spread to the entire global economy. Societe Generale posted gross operating income of EUR -2,341 million in 2008, compared to EUR 2,007 million in 2007.

- Net banking income totalled EUR 4,831 million, sharply lower than in 2007 due to the ongoing impact of the crisis on Corporate and Investment Banking businesses. Whereas commercial performances proved highly resilient in this environment, trading activities were heavily impacted by non-recurring items. As a result, in 2008, Societe Generale posted:
  - – EUR -969 million of write-downs relating to unhedged super senior CDO tranches;
  - – EUR -739 million of write-downs relating to the counterparty risk exposure on US monoline credit enhancers;
  - – EUR -1,023 million of write-downs on the exotic credit derivatives portfolio;
  - – EUR -1,221 million of write-downs on assets purchased from SGAM.

Despite this particularly challenging environment, the French retail banking network enjoyed a good commercial performance. With the net opening of more than 45,000 personal current accounts in 2008, the individual customer base continued to expand in 2008 (5.2 million personal current accounts at end-December 2008). In the business customer market, outstanding loans continued to grow in 2008.

- Operating expenses totalled EUR 7,172 million, which was higher than in 2007. This situation reflects primarily the growth in 2008 of the French retail banking network, with the opening of more than 30 branches and enhancements to the risk control infrastructure in place.
- The increase in the cost of risk reflects the deterioration in the economic climate throughout 2008, mainly with regard to business customers and financial institutions.
- Societe Generale recorded a precautionary EUR 474 million write-down on the long-term investments of its Russian operations.

FIVE-YEAR FINANCIAL SUMMARY OF SOCIETE GENERALE

	2008	2007	2006	2005	2004
Financial position at year-end					
Capital stock (in millions of euros) (1)	726	583	577	543	556
Number of outstanding shares (2)	580,727,244	466,582,593	461,424,562	434,288,181	445,153,159
Results of operations (in millions of euros)					
Gross banking and other income (3)	36,238	43,940	36,358	26,697	22,403
Earnings before tax, depreciation, amortization, provisions, employee profit sharing and general reserve for banking risks	(836)	(2,248)	4,648	3,641	3,296
Employee profit sharing	45	29	26	20	-
Income tax	(1,956)	(1,932)	482	247	(14)
Net income	(2,964)	(961)	4,033	3,069	2,303
Total dividends paid	697	420 (**)	2,399	1,954 (*)	1,469
Earnings per share (in euros)					
Earnings after tax but before depreciation, amortization and provisions	1.85	(0.74)	8.97	7.77	7.44
Net income	(5.10)	(2.06)	8.74	7.07	5.17
Dividend paid per share	1.20	0.90	5.20	4.50	3.30
Personnel					
Number of employees	45,698	44,768	41,736	40,303	39,648
Total payroll (in millions of euros)	2,813	2,647	2,897	2,621	2,476
Employee benefits (Social Security and other) (in millions of euros)	1,212	1,343	1,269	1,339	1,123

(*) After impact of the cancellation of 18,100,000 shares decided by the Board of Directors at its meeting of February 09, 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 2008, Societe Generale operated several capital increases and one decrease for EUR 143 million with EUR 4,583 million issuing premiums:

- *EUR 0.043 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 2 million of issuing premiums;*
- *EUR 145.8 for the capital increase using preferred subscription rights, with EUR 5,395 million issuing premium;*
- *EUR 9.3 million for the capital increase reserved for the employees , with EUR 391 million issuing premium;*
- *(EUR 12.5 million) for capital reduction by cancellation of 10 million shares with an impact on the issuing premium of (EUR 1,205 million).*

(2) At December 31, 2008, Societe Generale's common stock comprised 580,727,244 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)	2008	2007 *
Cash, due from central banks and post office accounts	1,555	2,911
Due from banks (Note 2)	148,506	176,416
Customer loans (Note 3)	246,571	255,657
Lease financing and similar agreements	263	300
Treasury notes and similar securities (Note 4)	31,114	36,757
Bonds and other debt securities (Note 4)	170,324	197,699
Shares and other equity securities (Note 4)	30,239	67,634
Affiliates and other long term securities (Note 5)	2,540	2,438
Investments in subsidiaries (Note 6)	30,331	31,983
Tangible and intangible fixed assets (Note 7)	1,540	1,550
Treasury stock (Note 8)	657	2,177
Accruals, other accounts receivable and other assets (Note 9)	340,930	251,100
Total	**1,004,570**	**1,026,622**

* *Amounts reprocessed with regard to the published financial statements.*

OFF-BALANCE SHEET ITEMS

	December 31	
(in millions of euros)	2008	2007
Loan commitments granted (Note 18)	124,374	150,751
Guarantee commitments granted (Note 18)	214,058	251,688
Commitments made on securities	25,413	26,357
Foreign exchange transactions (Note 32)	535,397	519,177
Forward financial instrument commitments (Note 19)	15,631,055	17,210,879

(The accompanying notes are an integral part of the Parent Company financial statements).

LIABILITIES AND SHAREHOLDERS' EQUITY

(in millions of euros)	December 31 2008	2007 *
Due to central banks and post office accounts	2,383	2,400
Due to banks (Note 10)	251,008	276,247
Customer deposits (Note 11)	263,614	257,521
Liabilities in the form of securities issued (Note 12)	120,990	137,081
Accruals, other accounts payable and other liabilities (Note 13)	252,427	280,123
Provisions (Note 14)	70,837	37,835
Long-term subordinated debt and notes (Note 16)	22,404	15,869
SHAREHOLDERS' EQUITY		
Common stock (Note 17)	726	583
Additional paid-in capital (Note 17)	13,090	8,507
Retained earnings (Note 17)	10,055	11,417
Net income (Note 17)	(2,964)	(961)
Sub-total	**20,907**	**19,546**
Total	**1,004,570**	**1,026,622**

* *Amounts reprocessed with regard to the published financial statements.*

OFF-BALANCE SHEET ITEMS

(in millions of euros)	December 31 2008	2007
Loan commitments received (Note 18)	52,099	22,582
Guarantee commitments received (Note 18)	88,100	87,703
Commitments received on securities	20,345	27,018
Foreign exchange transactions (Note 32)	532,853	518,396

(The accompanying notes are an integral part of the Parent Company financial statements).

INCOME STATEMENT

(In millions of euros)	December 31 2008	December 31 2007
Interest and similar income	*34,667*	*37,762*
Interest and similar expenses	*(31,927)*	*(36,779)*
Net interest income (note 20)	2,740	983
Net income from lease financing and similar agreements	63	62
Dividend income (note 21)	2,671	3,303
Commissions (income)	*4,381*	*4,216*
Commissions (expenses)	*(1,668)*	*(1,573)*
Net fee income (note22)	2,713	2,643
Net income from the trading portfolio (note 23)	(2,895)	1,689
Net income from short-term investment securities (note 23)	(578)	(31)
Income from other activities	*297*	*280*
Expenses from other activities	*(180)*	*(159)*
Net gains or losses on other activities	117	121
Net banking income	**4,831**	**8,770**
Personnel expenses (note 24)	(3,996)	(3,808)
Other operating expenses	(2,872)	(2,651)
Depreciation and amortization	(304)	(304)
Total operating expenses	**(7,172)**	**(6,763)**
Gross operating income	**(2,341)**	**2,007**
Cost of risk (note 27)	(1,565)	(136)
Operating income	**(3,906)**	**1,871**
Net income from long-term investments (note 28)	(1,014)	46
Operating income before tax	**(4,920)**	**1,917**
Exceptional items (note 29)	-	(4,801)
Income tax (note 30)	1,956	1,932
Net allocation to regulatory provisions	-	(9)
Net income	**(2,964)**	**(961)**

Information about fees paid to statutory auditors are disclosed in the notes to the consolidated financial statements of Societe Generale Group for the year 2008; consequently, these information are not provided in the notes to the parent company financial statements of Societe Generale.

(The accompanying notes are an integral part of the Parent Company financial statements).

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Note 1

Significant accounting principles

The parent company financial statements for Societe Generale were drawn up in accordance with the provisions of regulation 91-01 of the French Banking Regulation Committee (CRB) applicable to credit establishments, and with the accounting principles generally accepted in the French banking industry. As the financial statements of foreign branches were prepared using accounting principles generally accepted in their respective countries, they were subsequently adjusted to comply with the accounting principles applicable in France. The presentation of the financial statements complies with regulation 2000–03 of the French Accounting Regulation Committee (CRC) on parent company financial statements for enterprises governed by the French Banking and Financial Regulation Committee (CRBF), amended by CRC regulation 2005-04 dated November 3, 2005.

CHANGES IN ACCOUNTING POLICIES AND ACCOUNT COMPARABILITY

As of January 1, 2008, Societe Generale applied the following regulations issued by the Accounting Regulation Committee (CRC) – the French accounting standard setter:

- Regulations 2008-04 and 2008-02 dated April 3rd, 2008 relative to the accounting treatment and disclosures in the parent company financial statements of trust and fiduciary activities;
- Regulation 2008-07 dated April 3rd, 2008 relative to the accounting treatment of securities transaction costs and which modifies the amended regulation n°90-01 of the French Banking Regulation Committee relative to the accounting treatment of securities transactions;
- Regulation 2008-15 dated December 4, 2008 relative to the accounting treatment of share subscription or purchase options plans and free shares plans granted to employees. These provisions are prospectively applicable to outstanding plans at its publication date;
- Regulation 2008-17 dated December 10, 2008 relative to the reclassifications of securities out of the “Trading securities” category and out of the “Short term investment securities” category and which modifies the amended regulation n°90-01 of the French Banking Regulation Committee relative to the accounting treatment of securities transactions.

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. Changes in depreciations calculated as such are recognized under *Cost of risk.*

Doubtful loans can be reclassified as performing loans when the credit risk has been definitively eliminated and regular repayments have resumed according to the original terms of the contract. Similarly, doubtful loans which have been restructured can be reclassified as performing loans. When a loan is restructured, a discount is applied to any differences between the cash flows expected to be received under the initial terms of the contract and the present value of the future flows of capital and interest expected to be received under the new terms, discounted at the original effective interest rate.

The amount deducted is 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 amended regulation n° 90-01 relative to the accounting treatment of securities transactions and modified by CRC regulation 2008-17, the classification and valuation rules applied 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.

Trading securities are recognized in the balance sheet at cost, excluding acquisition expenses. .

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*.

Trading securities that are no more held for the purpose of selling them in the near-term, or no more held for the purpose of market-making activities, or held in the specialized management of a trading portfolio for which there is no more evidence of a recent pattern of short-term profit-taking, may be reclassified into the *Short-term investment securities* category or into the *Long-term investment securities* category if:

- exceptional market situations generate a change of holding strategy; or
- if after their acquisition debt securities become no longer negotiable in an active market and Societe Generale has the intention and the ability to hold them for the foreseeable future or until maturity.

Securities which are then reclassified are booked in their new category at their fair market value on the date of reclassification

- **Short-term investment securities**

Short-term investment securities are all those that are not classified as trading securities, long-term investment securities, or investments in consolidated subsidiaries and affiliates.

Shares and other equity securities

Equity securities are carried on the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to 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.

Short-term investment securities may be reclassified into the *Long-term investment securities* category provided that:

- exceptional market situations generate a change of holding strategy; or
- if after their acquisition debt securities become no longer negotiable in an active market and Societe Generale has the intention and the ability to hold them for the foreseeable future or until maturity.

- **Long-term investment securities**

Long-term investment securities are acquired debt securities or reclassified short-term investment securities which Societe Generale intends to hold until maturity, where it has the financial capacity to do so and is not subject to any legal or other form of constraint that might undermine its ability to do so. Long-term investment securities also include trading and short-term investment securities which have been reclassified by Societe Generale following the particular conditions described here before (facing exceptional market situations or when debt securities are no longer negotiable in an active market).

These instruments may be designated as hedged items in hedging transactions using forward financial instruments used to hedge the interest rate risk on identifiable items or groups of similar items.

Long-term investments are 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.*

In case of share purchase options and free shares plans granted to employees, a provision has to be recorded for the loss that the entity will support when it will deliver treasury shares to the employees.

This provision is booked under *Personnel expenses* for an amount equal to the difference:

- between the quoted price of the treasury shares on the balance sheet closing date and the exercise price (zero in case of free shares) if the entity has not already purchased its treasury shares in order to give them to the employees,
- between the acquisition price of treasury shares held and the exercise price (zero in case of free shares) if the entity has already purchased its treasury shares in order to give them to the employees.

If vesting conditions like service or performance conditions have to be satisfied for the employees to become entitled to receive shares, the allowance expense on provision shall be accounted for the services as they are rendered by the employees during the vesting period.

In case of share subscription plans, no expense shall be recorded concerning treasury shares that have to be issued.

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, 2008, 333 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 2008, the difference booked by Societe Generale between the corporation tax levied on the tax group and the tax expense it would have generated a decrease of deferred income tax asset amounted to EUR 21.7 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.

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.

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 the 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.

During 2008, the cost related to the unwinding of these activities was recorded as an exceptional expense. At the same time, the provision recorded in 2007 has been reversed under *Exceptional items.*

The consequences of the accounting treatment so applied are disclosed in the note 29.

Note 2

Due from banks

	December 31	
(in millions of euros)	**2008**	**2007**
Deposits and loans		
Demand		
Current accounts	24,586	33,731
Overnight deposits and loans	1,596	2,987
Loans secured by notes-overnight	-	-
Term		
Term deposits and loans	92,829	94,005
Subordinated and participating loans	3,703	3,115
Loans secured by notes and securities	547	55
Related receivables	599	566
Gross amount	**123,860**	**134,459**
Depreciations	(85)	(33)
Net amount	**123,775**	**134,426**
Securities purchased under resale agreements	24,731	41,990
Total (1) (2)	**148,506**	**176,416**

(1) At December 31, 2008 doubtful loans amounted to EUR 197 million (of which EUR 119 million were non-performing loans) against EUR 41 million (of which EUR 33 million were non-performing loans) at December 31, 2007

(2) Including amounts receivable from subsidiaries EUR 102,310 million at December 31, 2008 (EUR 106,661 million at December 31, 2007).

Note 3

Customer loans

(in millions of euros)	December 31 2008	2007
Discount of trade notes [1]	3,404	3,666
Other loans:		
Short-term loans	64,949	59,413
Export loans	6,490	5,279
Equipment loans	40,658	36,429
Mortgage loans	58,794	55,081
Other loans	47,805	52,814
Sub-total [1] [2] [3]	**218,696**	**209,016**
Overdrafts	9,970	12,864
Related receivables	1,556	1,504
Gross amount	**233,626**	**227,050**
Depreciations	(2,463)	(1,875)
Net amount	**231,163**	**225,175**
Loans secured by notes and securities	234	199
Securities purchased under resale agreements	15,174	30,283
Total [4]	**246,571**	**255,657**

(1) Including amounts eligible for refinancing with Bank of France: EUR 20,160 million at December 31, 2008 (EUR 15,762 million at December 31, 2007).

(2) Of which participating loans: EUR 1 854 million at December 31, 2008 (EUR 3,258 million at December 31, 2007).

(3) At December 31, 2008 doubtful loans amounted to EUR 4,809 million (of which EUR 2,986 million were non-performing loans) against EUR 3,511 million (of which EUR 2,531 million were non-performing loans) at December 31, 2007.

(4) Of which amounts receivable from subsidiaries: EUR 41,637 million at December 31, 2008 (EUR 47,425 million at December 31, 2007).

Note 4

Treasury notes, bonds and other debt securities, shares and other equity securities

(in millions of euros)	December 31, 2008 Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities	Total	December 31, 2007 Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities	Total
Trading securities	26,241	29,968	101,372	157,581	34,612	67,233	170,678	272,523
Short-term investment securities [(1)]:								
Gross book value	4,637	262	46,517	51,416	1,917	267	26,497	28,681
Depreciations	(35)	(10)	(466)	(511)	(17)	(2)	(13)	(32)
Net book value	4,603	252	46,051	50,906	1,900	265	26,484	28,649
Long-term investment securities:								
Gross book value	251	-	21,498	21,749	233	-	144	377
Depreciations	-	-	-	-	-	-	-	-
Net book value	251	-	21,498	21,749	233	-	144	377
Related receivables	19	19	1,403	1,441	12	136	393	541
Total	**31,114**	**30,239**	**170,324**	**231,677**	**36,757**	**67,634**	**197,699**	**302,090**

(1) Of which Bank of France eligible securities in refinancement: EUR 34,371 million

Additional information on securities

(in millions of euros)	December 31, 2008	December 31, 2007
Estimated market value of short-term investment securities:		
Unrealised capital gains [(*)]	106	101
Estimated value of long-term investment securities	14	7
Premiums and discounts relating to short-term and long-term investment securities [(1)]:	(3,947)	51
Investments in mutual funds:		
– French mutual funds	4,012	7,724
– Foreign mutual funds	7,432	15,583
Of which mutual funds which reinvest all their income	12	12
Listed securities [(**)]	185,549	264,054
Subordinated securities	398	224
Securities lent	3,840	8,275

(1) The fall is mainly explained by the transfers of portfolio of the fourth quarter.

(*) 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 135,884 million at December 31, 2008 against EUR 247,867 million at December 31, 2007.

Portfolios transfers

In application of the amendment to IAS 39 published in October 2008, Societe Generale Group proceeded to the following transfers during 4th quarter 2008.

	Net book value of provisions at 31/12/2007	Net book value in transfer date Portfolio of destination			Net book value at Dec, 31 2008	Fair value at Dec, 31 2008
		Financial assets available for sale	Loans and accounts receivables	Total		
Portfolio origin						
Transaction portfolio						
Debts securities and other debts instruments	24,078	28	21,066	21,094	21,170	19,781
Financial assets available for sale						
Debts securities and other debts instruments	245		220	220	192	192

	Variation of the fair value between the date of transfer and the closing		
	Financial assets available for sale	Loans and accounts receivables	Total
Which would have been registered in OCI if instruments had not been transferred	(8)	(1,330)	(1,346)
Which would have been registered in P&L if instruments had not been transferred		(44)	(44)

After reclassifying, the transferred assets generated a result of EUR 138 million.

Note 5

Affiliates and other long term securities

	December 31	
(in millions of euros)	2008	2007
Banks	523	426
Others	2,097	2,061
Gross book value (1)	**2,620**	**2,487**
Depreciations	(80)	(49)
Net book value	**2,540**	**2,438**

(1) Of which investments in listed companies (book value over EUR 2 million): EUR 127 million at December 31, 2008 (EUR 132 million at December 31, 2007).

Note 6

Investments in subsidiaries

	December 31	
(in millions of euros)	**2008**	**2007**
Banks	18,598	16,768
Others	13,526	15,676
Gross book value [(1)]	**32,124**	**32,444**
Depreciation	(1,793)	(461)
Net book value	**30,331**	**31,983**

(1) The main changes for 2008 concern the acquisition of the 30% of Rosbank, the total transfert of SGEF to SG Americas equities and the repayment of Sorbier 1 and 2.

Note 7

Tangible and intangible fixed assets

(in millions of euros)	**Gross book value December 31, 2007**	**Acquisitions**	**Disposals**	**Scope variation and other movements [(1)]**	**Gross book value December 31, 2008**	**Accumulated depreciation and amortization Dec. 31, 2008**	**Net book value December 31, 2008**
OPERATING ASSETS							
Intangible assets							
Start-up costs	-	-	-	-	-	-	-
Software, EDP development costs	1,376	56	(4)	85	1,513	(1,250)	264
Other	599	146	(97)	(122)	526	(21)	505
Sub-total	**1,975**	**202**	**(101)**	**(37)**	**2,039**	**(1,271)**	**769**
Tangible assets							
Land and buildings	294	45	-	(7)	332	(87)	244
Other	1,883	206	(37)	(38)	2,014	(1,495)	518
Sub-total	**2,177**	**251**	**(37)**	**(45)**	**2,346**	**(1,582)**	**762**
NON-OPERATING ASSETS							
Tangible assets							
Land and buildings	19	-	(2)	-	17	(11)	6
Other	9	-	-	-	9	(7)	3
Sub-total	**28**	**-**	**(2)**	**-**	**26**	**(18)**	**9**
Total	**4,180**	**453**	**(140)**	**(82)**	**4,411**	**(2,871)**	**1,540**

(1) Including the write-off of fully depreciated fixed assets purchased more than ten years ago.

Note 8

Treasury stock

(in millions of euros)	December 31, 2008			December 31, 2007		
	Quantity	**Book value (1)**	**Market value**	**Quantity**	**Book value**	**Market value**
Short-term investment securities	5,815,199	469	203	5,804,724	582	590
Long-term equity investments	5,188,387	188	187	15,520,082	1,595	1,535
- including securities purchased with the view to cancellation (2)	-	-	-	*10,000,000*	*1,306*	*989*
Total	**11,003,586**	**657**	**390**	**21,324,806**	**2,177**	**2,125**

Nominal value: 1.25 euro.
Market value per share: 36 euros at December 31, 2008.

(1) The accounting value is assessed according to the new notice of the CNC N 2008-17 approved on November 6, 2008 concerning stock-options and bonus issues of shares.

(2) Cf. note 17 (4)

Note 9

Accruals, other accounts receivable and other assets

(in millions of euros)	December 31 2008	2007 *
Other assets		
Miscellaneous receivables [1]	27,265	23,047
Premiums on options purchased	179,933	179,668
Settlement accounts on securities transactions	2,677	1,904
Other	115	183
Sub-total	**209,990**	**204,802**
Accruals and similar		
Prepaid expenses	490	618
Deferred taxes	4,313	3,393
Accrued income	1,600	2,687
Other [2]	124,561	39,621
Sub-total	**130,964**	**46,319**
Gross amount	**340,954**	**251,121**
Depreciations	(24)	(21)
Net amount	**340,930**	**251,100**

** Amounts reprocessed with regard to the published financial statements.*

Deferred taxes		
Losses of lease finance partnerships	(104)	(115)
Gain on sales of assets to companies included in the tax consolidation	(160)	(256)
Other (principally relating to other reserves)	4,577	3,764
Total	**4,313**	**3,393**

(1) As at December 31, 2008 a carry back note of EUR 1,147 million was booked, immediately due by the Tax authorities as an exception to the article 220 quinquies of the Tax Code.

(2) including derivative instruments valuation for EUR 118,672 million.

Note 10

Due to banks

(in millions of euros)	December 31 2008	December 31 2007
Demand deposits		
Demand deposits and current accounts	20,870	29,711
Borrowings secured by notes – overnight	2	254
Sub-total	**20,872**	**29,965**
Term deposits		
Term deposits and borrowings	201,564	192,582
Borrowings secured by notes and securities	64	8,647
Sub-total	**201,628**	**201,229**
Related payables	930	1,212
Total deposits	**223,430**	**232,406**
Securities sold under repurchase agreements	27,578	43,841
Total (1)	**251,008**	**276,247**

(1) Including amounts due to subsidiaries: EUR 128,660 million at December 31, 2008 (EUR 134,466 million at December 31, 2007)

Note 11

Customer deposits

(in millions of euros)	December 31 2008	2007
Regulated savings accounts		
Demand	25,057	23,137
Term	11,293	13,022
Sub-total	**36,350**	**36,159**
Other demand deposits		
Businesses and sole proprietors	24,559	25,577
Individual customers	18,707	19,420
Financial customers	22,220	17,526
Others	8,412	4,523
Sub-total	**73,898**	**67,046**
Other term deposits		
Businesses and sole proprietors	27,941	35,382
Individual customers	3,426	2,890
Financial customers	90,555	75,284
Others	8,415	11,285
Sub-total	**130,337**	**124,841**
Related payables	1,620	1,191
Total customer deposits	**242,205**	**229,237**
Borrowings secured by notes and securities	76	104
Securities sold to customers under repurchase agreements	21,333	28,180
Total [(1)]	**263,614**	**257,521**

(1) Including deposits of subsidiaries: EUR 84,120 million at December 31, 2008 (EUR 97,348 million at December 31, 2007).

Note 12

Securitized debt payables

(in millions of euros)	December 31 2008	2007
Term savings certificates	10	15
Bond borrowings	230	1,311
Related payables	2	6
Sub-total	**242**	**1,332**
Interbank certificates and negotiable debt instruments	117,948	133,584
Related payables	2,800	2,165
Total	**120,990**	**137,081**

Note 13

Accruals, other accounts payable and other liabilities

(in millions of euros)	December 31 2008	2007 *
Transactions on securities		
Amounts payable for securities borrowed	7,682	21,157
Other amounts due for securities	14,308	26,829
Sub-total	**21,990**	**47,986**
Other liabilities		
Miscellaneous payables	19,767	20,529
Premiums on options sold	182,223	185,890
Settlement accounts on securities transactions	1,138	3,099
Other securities transactions	79	116
Related payables	166	324
Sub-total	**203,373**	**209,958**
Accruals and similar		
Accrued expenses	1,866	3,081
Deferred taxes	4	31
Deferred income	1,223	1,928
Other (1)	23,971	17,139
Sub-total	**27,064**	**22,179**
Total	**252,427**	**280,123**

** Amount restated compared to published financial statements.*

(1) Including derivative instruments valuation for EUR 22,814 million.

Note 14

Provisions and depreciations

(in millions of euros)	December 31 2008	2007
Assets depreciations:		
Banks	85	33
Customer loans	2,463	1,875
Lease financing agreements	2	1
Other	24	21
Sub-total	**2,574**	**1,930**
Provisions:		
Prudential general country risk reserve (1)	680	534
Commitments made to banks	45	-
Commitments made to customers	80	50
Sectoral provisions and other	704	574
Provisions for other risks and commitments	69,328	36,677
Sub-total	**70,837**	**37,835**
Total provisions and depreciations (excluding securities) (2)	**73,411**	**39,765**
Provisions on securities	2,384	542
Total provisions and depreciations	**75,795**	**40,307**

(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.

(2) The change provisions and depreciations breaks down as follows:

(in millions of euros)	2007	Net allowances: Net cost of risk	Net allowances: Other income statement	Used provisions	Change in scope and exchange rates	2008
Prudential country risk reserve	534	143	-	-	3	680
Assets' depreciations	1,930	1,065	-	(239)	(182)	2,574
Provisions (3)	37,301	298	33,687	(8)	(1,121)	70,157
Total	**39,765**	**1,506**	**33,687**	**(247)**	**(1,300)**	**73,411**

(3) Analysis of provisions:

(in millions of euros)	2007	Net allowances: Net cost of risk	Net allowances: Other income statement	Used provisions	Change in scope and exchange rates	2008
Provisions for off-balance sheet commitments to banks	-	46	-	-	(1)	45
Provisions for off-balance sheet commitments to customers	50	31	-	-	(1)	80
Sectoral provisions and other	574	127	-	-	3	704
Provisions for employee benefits	1,133	-	(7)	-	(34)	1,092
Provisions for tax adjustments	29	-	25	-	-	54
Provisions for restructuring costs and litigations expenses	222	-	55	-	-	277
Provisions for forward financial instruments	28,713	-	39,865	(2)	(1,087)	67,489
Other provisions	308	94	21	(6)	(1)	416
Provision for loss on unauthorized and concealed trading activities	6,272	-	(6,272)	-	-	-
Total	**37,301**	**298**	**33,687**	**(8)**	**(1,121)**	**70,157**

Note 15

Mortgage savings agreements (PEL / CEL)

1. Outstanding deposits in mortgage savings agreements (PEL / CEL)

	December 31	
(in millions of euros)	2008	2007
Mortgage savings plans (PEL)	-	-
less than 4 years old	1,698	1,422
between 4 and 10 years old	4,550	5,155
more than 10 years old	3,721	5,024
Sub-total	**9,969**	**11,601**
Mortgage savings accounts (CEL)	1,901	1,995
Total	**11,870**	**13,596**

2. Outstanding housing loans granted with respect to mortgage savings agreements (PEL / CEL)

	December 31	
(in millions of euros)	2008	2007
less than 4 years old	265	184
between 4 and 10 years old	131	158
more than 10 years old	43	62
Total	**439**	**404**

3. Provisions for commitments linked to mortgage savings agreements (PEL / CEL)

(In millions of euros)	2007	Allocations	Reversals	2008
Mortgage savings plans (PEL)				
less than 4 years old	26	6	2	30
between 4 and 10 years old	2	-	1	-
more than 10 years old	10	4	-	15
Sub-total	**38**	**10**	**3**	**45**
Mortgage savings accounts (CEL)	33	3	1	34
Total	**71**	**13**	**4**	**79**

The “Plans d’Epargne 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 level of provisions is sensitive to the long term interest rates. Since the long term rates have remained at a relatively high level during 2008, the provisions for PEL and CEL mortgage saving accounts is linked to the risks attached to the commitment to lend. Provisioning for PEL/CEL savings amounted to 0,66% of total outstandings at December 31, 2008.

4. Methods used to establish the parameters for valuing provisions

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

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

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

Note 16

Subordinated debt

(in millions of euros) Issuance date	Currency	Amount issued (in millions)	Maturity date	December 31 2008	2007
Undated subordinated capital notes					
July 1, 1985	EUR	348	Undated	70	70
November 24, 1986	USD	500	Undated	178	168
June 30, 1994	JPY	15,000	Undated	119	91
December 30, 1996	JPY	10,000	Undated	79	61
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	367	477
April 5, 2007	USD	1,100	Undated	790	747
April 5, 2007	USD	200	Undated	144	136
December 19, 2007	EUR	600	Undated	600	600
May 22, 2008	EUR	1,000	Undated	735	-
June 16, 2008	GBP	700	Undated	1,000	-
July 7, 2008	EUR	100	Undated	100	-
December 11, 2008	EUR	1,700	Undated	1,700	-
Sub-total (1)				**7,642**	**4,110**
Subordinated long-term debt and notes					
January 10, 1997	EUR	91	January 31, 2009	91	91
July 23, 1997	EUR	122	July 23, 2009	122	122
March 9, 1998	EUR	122	March 9, 2008	-	122
April 30, 1998	DKK	400	April 30, 2008	-	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

(in millions of euros) Issuance date	Currency	Amount issued (in millions)	Maturity date	December 31 2008	2007
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
July 10, 2000	EUR	100	July 10, 2012	100	100
July 21, 2000	EUR	78	July 31, 2030	43	47
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	65	61
November 27, 2001	USD	335	November 27, 2021	241	228
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	472	614
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	157	205
January 7, 2004	USD	75	January 7, 2014	54	51
February 4, 2004	EUR	120	February 4, 2016	120	120
February 18, 2004	USD	75	March 18, 2014	54	51
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	96	97
August 1, 2005	EUR	100	December 31, 2015	50	50

(in millions of euros) Issuance date	Currency	Amount issued (in millions)	Maturity date	December 31 2008	2007
August 16, 2005	EUR	226	August 18, 2025	226	226
September 30, 2005	USD	75	September 30, 2015	54	51
April 4, 2006	EUR	50	April 4, 2016	50	50
April 20, 2006	USD	1,000	April 20, 2016	719	679
May 15, 2006	EUR	135	May 15, 2018	135	135
August 16, 2006	USD	400	August 16, 2016	287	272
October 20, 2006	USD	523	October 20, 2016	376	355
October 26, 2006	EUR	120	October 26, 2018	120	120
February 9, 2007	EUR	124	February 11, 2019	124	124
June 7, 2007	EUR	1,000	June 7, 2017	1,000	1,000
July 16, 2007	EUR	135	July 16, 2019	135	135
October 30, 2007	EUR	134	October 30, 2019	134	134
February 14, 2008	EUR	225	February 14, 2018	225	-
March 26, 2008	EUR	550	March 26, 2018	550	-
April 7, 2008	EUR	250	April 6, 2023	250	-
April 15, 2008	EUR	321	April 15, 2023	321	-
April 28, 2008	EUR	50	April 6, 2023	50	-
May 14, 2008	EUR	150	April 6, 2023	50	-
May 14, 2008	EUR	50	April 6, 2023	150	-
May 14, 2008	EUR	90	April 6, 2023	90	-
May 30, 2008	EUR	79	April 15, 2023	79	-
June 10, 2008	EUR	300	April 12, 2023	300	-
June 30, 2008	EUR	40	June 30, 2023	40	-
August 20, 2008	EUR	1,000	August 20, 2018	1,000	-
Sub-total (1)				**14,255**	**11,417**
Related payables				**507**	**342**
Total (2)				**22,404**	**15,869**

(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. 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 1,071 million in 2008 (compared to EUR 785 million in 2007).

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, 2006	**577**	**7,977**	**13,716**	**22,270**
Increase in capital stock (1)	6	530	-	536
Net income for the period	-	-	(961)	(961)
Dividends paid (2)	-	-	(2,308)	(2,308)
Other movements (3)	-	-	9	9
At December 31, 2007	**583**	**8,507**	**10,456**	**19,546**
Increase in capital stock (4)	143	4,583	-	4,726
Net income for the period	-	-	(2,964)	(2,964)
Dividends paid (5)	-	-	(401)	(401)
Other movements	-	-	-	-
At December 31, 2008	**726**	**13,090**	**7,091**	**20,907**

(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 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;*

(2) After elimination of treasury stock dividend: EUR 91 million.
(3) Including a provision for investments booked for EUR 9 million at December 31, 2007.
(4) At December 31, 2008, Societe Generale's fully paid-up capital amounted to EUR 725,909,055.00 and was made up of 580,727,244 shares with a nominal value of EUR 1.25.
Societe Generale proceeded in 2008 to the increases and the following decreases of capital, representing a total of EUR 143 million, with a issuing premium of EUR 4,583 million:
- *EUR 0.043 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 2 million of issuing premiums;*
- *EUR 145.8 for the capital increase using preferred subscription rights, with EUR 5,395 million issuing premium;*
- *EUR 9.3 million for the capital increase reserved for the employees , with EUR 391 million issuing premium;*
- *(EUR 12.5 million) of capital reduction by cancellation of 10 million shares with an impact on the issuing premium of (EUR 1,205 million).*

(5) After elimination of treasury stock dividend: EUR 19 million.

Note 18

Commitments

(in millions of euros)	December 31 2008	2007
Commitments granted [1]		
Loan commitments		
- To banks	21,162	29,554
- To customers	103,212	121,197
Total	**124,374**	**150,751**
Guarantee commitments		
- On behalf of banks	153,879	185,210
- On behalf of customers	60,179	66,478
Total	**214,058**	**251,688**
Commitments received [2]		
Loan commitments received from banks	52,099	22,582
Guarantee commitments received from banks	88,100	87,703
Total	**140,199**	**110,285**

(1) Of which commitments granted to subsidiaries: EUR 28,025 million at December 31, 2008 (EUR 27,700 million at December 31, 2007).

(2) Of which commitments received from subsidiaries: EUR 8,396 million at December 31, 2008 (EUR 4,557 million at December 31, 2007).

Note 19

Forward financial instruments commitments

(in millions of euros)	Fair value Trading transactions	Hedging transactions	Total at December 31 2008	Total at December 31 2007
Firm transactions				
Transactions on organized markets				
- Interest rate futures	498,266	-	498,266	683,071
- Foreign exchange futures	19,195	-	19,195	19,984
- Other forward contracts	1,656,794	-	1,656,794	2,319,387
OTC agreements				
- Interest rate swaps	7,294,842	26,291	7,321,133	6,533,545
- Currency financing swaps	376,616	3,806	380,422	287,425
- Forward Rate Agreements (FRA)	625,266	-	625,266	523,563
- Other	32,707	-	32,707	271,974
Optional transactions				
- Interest rate options	2,942,693	-	2,942,693	3,536,454
- Foreign exchange options	429,085	-	429,085	355,154
- Options on stock exchange indexes and equities	1,458,127	10,786	1,468,913	2,450,309
- Other options	256,582	-	256,582	230,014
Total	**15,590,173**	**40,883**	**15,631,055**	**17,210,879**

Fair-value of the transactions qualified as hedging

(in millions of euros)	December 31, 2008
Firm transactions	
Transactions on organized markets	
- Interest rate futures	-
- Foreign exchange futures	-
- Other forward contracts	-
OTC agreements	
- Interest rate swaps	316
- Currency financing swaps	1,611
- Forward Rate Agreements (FRA)	-
- Other	-
Optional transactions	
- Interest rate options	-
- Foreign exchange options	-
- Options on stock exchange indexes and equities	64
- Other options	-
Total	**1,991**

Note 20

Interest and related income and expenses

(in millions of euros)	December 31 2008	2007
Interest and related income:		
Interest income from transactions with banks:		
Transactions with central banks, post office accounts and banks	7,922	5,900
Net premiums and discounts	(4)	35
Securities sold under repurchase agreements and borrowings secured by notes and securities	3,554	6,651
Sub-total	**11,472**	**12,586**
Interest income from transactions with customers:		
Trade notes	236	275
Other customer loans:		
Short-term loans	2,805	2,515
Export loans	299	282
Equipment loans	1,754	1,522
Mortgage loans	2,538	2,258
Other loans	2,979	3,337
Sub-total	**10,375**	**9,914**
Overdrafts	651	632
Net premiums and discounts	-	-
Securities sold under repurchase agreements and borrowings secured by notes and securities	2,046	3,436
Sub-total	**13,308**	**14,257**
Bonds and other debt securities	***9,131***	***9,559***
Other interest and related income	***756***	***1,360***
Sub-total	**34,667**	**37,762**
Interest and related expenses:		
Interest expense from transactions with banks:		
Transactions with central banks, post office accounts and banks	(9,237)	(9,081)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(3,749)	(7,144)
Sub-total	**(12,986)**	**(16,225)**
Interest expense from transactions with customers:		
Special savings accounts	(1,128)	(949)
Other deposits	(4,837)	(5,797)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(2,635)	(3,620)
Sub-total	**(8,600)**	**(10,366)**
Bonds and other debt securities	***(9,187)***	***(8,728)***
Other interest and related expenses	***(1,154)***	***(1,460)***
Sub-total	**(31,927)**	**(36,779)**
Net total	**2,740**	**983**

Note 21

Dividend income

(in millions of euros)	December 31 2008	2007
Dividends from shares and other equity securities	2	14
Dividends from investments in non-consolidated subsidiaries and affiliates, and other long-term securities	2,669	3,289
Total [(1)]	**2,671**	**3,303**

(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 2008	2007
Fee income from:		
Transactions with banks	103	91
Transactions with customers	970	1,069
Securities transactions	695	820
Primary market transactions	76	96
Foreign exchange transactions and forward financial instruments	79	309
Loan and guarantee commitments	969	384
Services and other	1,489	1,447
Sub-total	**4,381**	**4,216**
Fee expense on:		
Transactions with banks	(105)	(142)
Transactions with customers	-	-
Securities transactions	(604)	(462)
Foreign exchange transactions and forward financial instruments	(377)	(490)
Loan and guarantee commitments	(415)	(286)
Other	(167)	(193)
Sub-total	**(1,668)**	**(1,573)**
Net total	**2,713**	**2,643**

Note 23

Net income from financial transactions

	December 31	
(in millions of euros)	2008	2007
Net income from the trading portfolio:		
Net income from operations on trading securities	(41,821)	4,715
Net income from forward financial instruments	38,227	(3,358)
Net income from foreign exchange transactions	699	332
Sub-total	**(2,895)**	**1,689**
Net income from short-term investment securities:		
Gains on sale	152	138
Losses on sale	(198)	(120)
Allocation to depreciations	(578)	(93)
Reversal of depreciations	46	44
Sub-total	**(578)**	**(31)**
Net total	**(3,473)**	**1,658**

Note 24

Personnel expenses

(in millions of euros)	December 31 2008	2007
Employee compensation (1)	2,642	2,494
Social security benefits and payroll taxes (1)	1,182	1,100
Employer contribution, profit sharing and incentives (2)	172	214
Total	**3,996**	**3,808**
Average staff	**45,698**	**44,768**
In France	39,975	38,654
Outside France	5,723	6,114

(1) Of which EUR 594 million for December 2008 regarding the variable compensation compared to EUR 694 million for December 2007
(2) Analysis of personnel expenses for the last five years:

in millions of euros	2008	2007 *	2006	2005	2004
Societe Generale					
Profit sharing	18	56	26	20	-
Incentives	79	75	99	80	50
Employer contribution	71	79	73	78	72
Sub-total	**168**	**210**	**198**	**178**	**122**
Subsidiaries	**4**	**4**	**3**	**5**	**3**
Total	**172**	**214**	**201**	**183**	**125**

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

Remuneration of members of the board of directors and chief executive officers

Total attendance fees paid in January 2009 to the company's directors for the 2008 financial year amounted to EUR 0,78 million.

The remuneration paid in 2008 to the Chief Executive Officers amounted to EUR 2.7 million (including EUR 0.6 million in the form of performance-linked bonuses for the 2007 financial year).

Note 25

Employee Benefits

A. Post-employment defined contribution plans

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

Main defined contribution plans provided to employees of 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 360 million in 2008.

B. Post-employment defined benefit plans and other long term benefits

B1. RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	December 31, 2008				December 31, 2007 *			
	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	1,214	1	931	**2,146**	1,831	1	961	**2,793**
Reminder of assets	(1,232)	-	(45)	**(1,277)**	(1,697)	-	(74)	**(1,771)**
Deficit in the plan	**(18)**	**1**	**886**	**869**	**134**	**1**	**887** (*)	**1,022**
Breakdown of the deficit in the plan								
Present value of defined benefit obligations	1,406	-	78	**1,484**	1,707	-	80	**1,787**
Fair value of plan assets	(1,270)	-	(45)	**(1,315)**	(1,788)	-	(74)	**(1,862)**
Actuarial deficit (net balance) (A)	**136**	**-**	**33**	**169**	**(81)**	**-**	**6**	**(75)**
Present value of unfunded obligations (B)	68	1	853	**922**	79	1	881	**961**
Other items recognized in balance sheet (C)	-	-	-	**-**	-	-	-	**-**
Unrecognized items								
Unrecognized Past Service Cost	61	-	-	**61**	47	-	-	**47**
Unrecognized Net Actuarial (Gain)/Loss	200	-	-	**200**	(92)	-	-	**(92)**
Separate assets	-	-	-	**-**	-	-	-	**-**
Plan assets impacted by change in Asset Celling	(39)	-	-	**(39)**	(91)	-	-	**(91)**
Total unrecognized items (D)	**222**	**-**	**-**	**222**	**(136)**	**-**	**-**	**(136)**
Deficit in the plan (Net balance) (A) + (B) + (C) - (D)	**(18)**	**1**	**886**	**869**	**134**	**1**	**887**	**1,022**

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

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 Accounting Standard 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 31 pension plans located in 18 countries. 10 pension plans located in France, the UK, Germany, the US, Netherlands and Switzerland represent 90% 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. Roughly 10 benefits are located in 7 countries.

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: 38% bonds, 45% 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 216 million, including EUR 39 million unrecognized.

5. *Employer contributions to be paid to post-employment defined benefit plans for 2009 are estimated at EUR 64 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 application decree of the law of modernization of the labor market has doubled the indemnity paid when an employee retires at the employer volition. The consequences of this impact, mainly due to the retirements before December 31, 2009, that amounts EUR 31 million is treated as a past service cost and the 2008 expenses of the retirement indemnity schemes are restated.*

Regarding the ANI. (Accord National Interprofessionnel), the understanding of Societe Generale is that it only applies to the retirement indemnities paid in case of retirement on the employer's initiative.

8. *Since 2004, the rate curve used to discount the liabilities is based on the yields of the corporate AA bonds (Merrill Lynch source) observed in the middle of October. As these rates may not be available for all the durations, an interpolation is realized: a spread of rate corresponding to an estimation of the risk premium required on corporate AA bonds is added to the rate curve of government bonds (zero coupon bonds). Another observation of these rates is done at the beginning of December for possible adjustment.*

For the main due terms, inflation rates are determined by measuring the spread between the rates of inflation-indexed bonds and the rates of other bonds at the same due date.

Because of the tensions registered in 2008 on financial markets, several measures were realized during the year on the usual indices. Nevertheless, the net discount rates of inflation are close to those which would have been determined by statements at the end of the year.

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, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Plan assets	(384)	52	-	-	(29)	3	(413)	55

B2. EXPENSES RECOGNIZED IN THE INCOME STATEMENT

	Post employment benefits							
	Pension plans		Others		Other long term benefits*		Total*	
(In millions of euros)	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Current Service Cost including Social Charges	38	42	-	-	154	287	192	329
Employee contributions	-	-	-	-	-	-	-	-
Interest Cost	96	92	-	-	4	3	100	95
Expected Return on Plan Assets	(102)	(106)	-	-	(4)	(4)	(106)	(110)
Expected Return on Separate Assets	-	-	-	-	-	-	-	-
Amortization of Past Service Cost	18	5	-	-	-	-	18	5
Amortization of Losses (Gains)	(5)	1	-	-	33	6	28	7
Settlement, Curtailment	58	7	-	-	-	-	58	7
Change in asset ceiling	(57)	(5)	-	-	-	-	(57)	(5)
Transfer from non recognized assets	-	-	-	-	-	-	-	-
Total Charges	**46**	**36**	**0**	**0**	**187**	**292**	**233**	**328**

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

B3. MOVEMENTS IN NET LIABILITIES OF POST-EMPLOYMENT BENEFIT PLANS BOOKED IN THE BALANCE SHEET

B3.a. Movements in the present value of defined benefit obligations

	Post employment benefits		
(in millions of euros)	**Pension plans**	**Others**	**Total**
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**
Current Service Cost including Social Charges	38	-	38
Interest Cost	96	-	96
Employee contributions	-	-	-
Actuarial (gains) / losses	(211)	-	(211)
Foreign currency exchange adjustment	(123)	-	(123)
Benefit payments	(105)	-	(105)
Past Service Cost	32	-	32
Acquisition of subsidiaries	-	-	-
Transfers and others	(39)	-	(39)
At December 31, 2008	**1,474**	**1**	**1,475**

B.3.b. Changes in fair value of plan assets

(in millions of euros)	Post employment benefits		
	Pension plans	Others	Total
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**
Expected Return on Plan Assets	102	-	102
Expected Return on Separate Assets	-	-	-
Actuarial gains / (losses)	(486)	-	(486)
Foreign currency exchange adjustment	(116)	-	(116)
Employee contributions	-	-	-
Employer Contributions to plan assets	169	-	169
Benefit payments	(89)	-	(89)
Acquisition of subsidiaries	-	-	-
Transfers and others	(98)	-	(98)
At December 31, 2008	**1,270**	**-**	**1,270**

B4. MAIN ACTUARIAL ASSUMPTIONS DETAILED BY GEOGRAPHIC AREA

	12.31.2008	12.31.2007
Discount rate		
– Europe	5.94%	5.26%
– Americas	7.08%	6.27%
– Asia-Oceania	5.83%	5.33%
Expected return on plan assets (separate and plan assets)		
– Europe	5.85%	5.65%
– Americas	6.50%	6.50%
– Asia-Oceania	4.12%	3.50%
Future salary increase		
– Europe	1.03%	1.10%
– Americas	2.00%	2.00%
– Asia-Oceania	2.57%	1.86%
Healthcare cost increase rate		
– Europe	NA	NA
– Americas	NA	NA
– Asia-Oceania	NA	NA
Average remaining lifetime of employees (in years)		
– Europe	9.6	9.2
– Americas	7.5	7.5
– Asia-Oceania	14.5	15.7

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 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.*

B5. ANALYSIS OF SENSITIVITY OF BENEFIT OBLIGATIONS COMPARED TO MAIN ASSUMPTIONS RANGES

	2008			2007		
(Measured element percentage)	Pension plans	Other Post employment plans	Other long term plans	Pension plans	Other Post employment plans	Other long term plans
Variation from +1% in discount rate						
– Impact on Defined Benefit Obligations at December 31	-12%	NA	-7%	-13%	NA	-8%
– Impact on total Expenses N+1	-29%	NA	-54%	-26%	NA	-79%
Variation from +1% in Expected return on plan assets						
– Impact on Plan Assets at December 31	1%	NA	1%	1%	NA	1%
– Impact on total Expenses N+1	-30%	NA	-1%	-12%	NA	-3%
Variation from +1% in Future salary increases						
– Impact on Defined Benefit Obligations at December 31	6%	NA	7%	6%	NA	5%
– Impact on total Expenses N+1	19%	NA	61%	10%	NA	63%
Variation from +1% in Healthcare cost increase rate						
– Impact on Defined Benefit Obligations at December 31	NA	NA	NA	NA	NA	NA
– Impact on total Expenses N+1	NA	NA	NA	NA	NA	NA

2.6. EXPERIENCE ADJUSTMENTS ON POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(in millions of euros)	December 31, 2008	December 31, 2007
Defined Benefit Obligations	1,474	1,786
Fair value of plan assets	1,270	1,788
Deficit / (surplus)	204	(2)
Adjustments of Plan Assets due to experience (negative: gain)	10	38
Adjustments of Plan Liabilities due to experience (negative: gain)	486	53

Note 26

SUBSCRIPTION OR PURCHASE STOCK OPTION PLANS AND FREE SHARES PLANS

1. Amount of the expense recorded in the income statement and the debt recorded in the balance sheet

	December 31, 2008		
(In millions of euros)	Stock option plans	Free shares plans	Total
Debt recorded in the balance sheet	-	90	90
Reversal of expense related to stock options or free shares forfeited	-	2	2

2. Main characteristics of subscription or purchase stock option plans and free shares plans

Plans for employees for the year ended December 31, 2008 are briefly described below:

Issuer	Societe Generale
Year of grant	**2008**
Type of plan	**subscription stock option**
Number of stock-options granted	895,512
Options exercised	0
Options forfeited at December 31, 2008	9,961
Options outstanding at December 31, 2008	885,551
Exercise price	67.08
Total value of shares reserved	-
Performance conditions	yes [1]
Resignation from the Group	forfeited
Redundancy	forfeited
Retirement	maintained
Death	maintained for 6 month period
Share price for social contributions	EUR 10 M

Issuer	Societe Generale
Year of grant	**2008**
Type of plan	**free shares**
Number of free shares granted	2,529,037
Shares forfeited at December 31, 2008	23,191
Shares outstanding at December 31, 2008	2,505,846
Number of shares reserved at December 31, 2008	2,505,846
Performance conditions	yes [1]
Resignation from the Group	forfeited
Redundancy	forfeited
Retirement	maintained
Death	maintained for 6 month period
Share price for social contributions	EUR 130 M

(1) There are conditions of performance which are described in the corporate governance section

3. Information relative to treasury shares

	December 31, 2008		
(in millions of euros)	Shares linked to a specific plan	Shares available for future plans	Total
Number of treasury shares	2,505,846	-	2,505,846
Acquisition price	267	-	267
Allocations to depreciations	-	-	-

Note 27

Cost of risk

	December 31	
(In millions of euros)	2008	2007
Net allocation to depreciations and provisions for identified risks		
Identified risks [1]	(1,270)	23
Losses not covered by depreciations and amounts recovered on write-offs	(59)	(121)
Other risks and commitments	(94)	(8)
Sub-total	**(1,423)**	**(106)**
Net allocation to general country risk reserves [1]	(142)	(30)
Net allocation to depreciations and provisions for receivables and commitments	**(1,565)**	**(136)**
(1) Including gain (loss) on revaluation of currency hedge of provisions:		
- Provisions for identified risks	*24*	*(27)*
- Net allocation to general country risk reserves	*3*	*(20)*

Note 28

Net income from long-term investments

	December 31	
(In millions of euros)	2008	2007
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]	481	199
Losses on sale	(32)	(67)
Allocation to depreciations	(1,625)	(204)
Reversal of depreciations	155	115
Subsidies granted to affiliates (subsidiaries)	-	-
Sub-total	**(1,021)**	**43**
Operating fixed assets:		
Gains on sale	9	4
Losses on sale	(2)	(1)
Sub-total	**7**	**3**
Net total	**(1,014)**	**46**

(1) The capital gain from the sale of the Group's stake in Bank Muscat amounts to EUR 262 million in 2008.
The creation of the new merged company Newedge has generated a capital gain of EUR 155 million.
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 in 2007.

Note 29

Exceptional items

When preparing the 2007 financial statements, Societe Generale considered that for the purpose of a fair presentation of its financial situation at December 31, 2007, it was more appropriate to record under exceptional result a provision for the total cost of the unauthorized and concealed activities uncovered on January 19 and 20, 2008.

During 2008, the cost related to the unwinding of these activities was recorded as an exceptional expense. At the same time, the provision recorded in 2007 has been reversed under *Exceptional items*.

(In millions of euros)	December 31, 2008	December 31, 2007
Net gains on financial instruments at fair value through profit and loss on unauthorized and concealed trading activities		1,471
Allowance expense on provision for the total cost of the unauthorized and concealed trading activities		(6,272)
Reversal gain on provision for the total cost of the unauthorized and concealed trading activities	6,272	
Covered losses on unauthorized and concealed trading activities	(6,272)	
Total	**0**	**(4,801)**

Allowance expense at the end of 2007 created a deferred tax asset of EUR 2,159 million recorded as a gain in the income statement for 2007. This deferred tax asset was derecognized during 2008 when the provision was reversed. The final loss thus recorded was deducted from the 2008 financial year tax return, creating a tax save of EUR 2,159 million on December 31, 2008.

Note 30

Income tax

	December 31	
(in millions of euros)	2008	2007
Current taxes	953	(825)
Deferred taxes	1,003	2,757
Total [1]	**1,956**	**1,932**

(1) 2008 current income tax includes a loss of EUR 21,7 million (2007 gain of EUR 97.6 million) as a consequence of the tax consolidation.

Note 31

Breakdown of assets and liabilities by term to maturity

(in millions of euros)	At December 31, 2008					
	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	**215,954**	**26,780**	**31,050**	**16,775**	**(142,053)**	**148,506**
Customer loans	**54,912**	**25,618**	**88,521**	**77,531**	**(11)**	**246,571**
Bonds and other debt securities:						
Trading securities	4,403	91,292	574	5,548	(445)	101,372
Short-term investment securities	532	34,885	1,052	10,906	-	47,375
Long-term investment securities	1,654	230	734	18,959	-	21,577
Total	**277,455**	**178,805**	**121,931**	**129,719**	**(142,509)**	**565,401**
LIABILITIES						
Due to banks	261,227	36,242	52,683	42,742	(141,886)	251,008
Customer deposits	181,744	48,846	18,323	14,703	(2)	263,614
Liabilities in the form of securities issued	71,836	19,026	27,175	3,069	(116)	120,990
Total	**514,807**	**104,114**	**98,181**	**60,514**	**(142,004)**	**635,612**

Note 32

Transactions in foreign currencies

	December 31, 2008				December 31, 2007 *			
(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**
EUR	682,823	670,898	145,970	153,137	630,676	620,442	114,524	128,091
USD	183,255	225,807	230,445	211,405	215,041	237,137	224,798	202,967
GBP	28,180	30,350	32,405	32,555	78,228	79,919	41,411	38,170
JPY	35,256	32,218	41,561	39,361	24,345	26,062	30,179	30,477
Other currencies	75,056	45,297	85,016	96,395	78,332	63,062	108,265	118,691
Total	**1,004,570**	**1,004,570**	**535,397**	**532,853**	**1,026,622**	**1,026,622**	**519,177**	**518,396**

* *Amounts reprocessed with regard to the published financial statements.*

Note 33

Geographical breakdown of net banking income [1]

(In millions of euros)	France 2008	France 2007	Europe 2008	Europe 2007	Americas 2008	Americas 2007
Net interest and similar income	4,590	3,291	(127)	127	771	800
Net fee income	2,051	2,029	445	241	170	347
Net income from financial transactions	(2,007)	3,780	(49)	435	(1,430)	(2,636)
Other net operating income	39	(39)	92	153	(12)	6
Net banking income	**4,673**	**9,061**	**361**	**956**	**(501)**	**(1,483)**

(In millions of euros)	Asia 2008	Asia 2007	Africa 2008	Africa 2007	Oceania 2008	Oceania 2007
Net interest and similar income	128	59	3	(2)	109	73
Net fee income	15	19	4	3	27	4
Net income from financial transactions	136	41	9	9	(132)	29
Other net operating income	(1)	2	-	-	(1)	-
Net banking income	**278**	**121**	**16**	**10**	**3**	**106**

(In millions of euros)	Total 2008	Total 2007
Net interest and similar income	5,474	4,348
Net fee income	2,713	2,643
Net income from financial transactions	(3,473)	1,658
Other net operating income	117	121
Net banking income	**4,831**	**8,770**

(1) Geographical 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		2008 Registered capital (local currency) (1)	2008 Shareholders' equity other than capital (local currency) (1)	2008 Share of capital held (%)	2008 Book value of shares held Gross (EUR)	2008 Book value of shares held Net (EUR)
I – INFORMATION ON INVESTMENTS WITH A BOOK VALUE IN EXCESS OF 1% OF SOCIETE GENERALE'S SHARE CAPITAL							
A) Subsidiaries (more than 50% owned by Societe Generale)							
SG Immobel 5, place du Champs de Mars – 1050 Brussels – Belgium	**Real estate** Corporate and Investment Banking	EUR	2,000,062	(8,778)	100.00	2,000,061	2,000,061
SG Asset Management 17, cours Valmy, 92800 Puteaux – France	**Asset Management** Global Investment Management and Services	EUR	322,947	1,582,809	100.00	1,910,819	1,910,819
Généfinance 29, boulevard Haussmann, 75009 Paris – France	**Portfolio management** Corporate Center	EUR	1,600,000	295,170	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	2,703,516	100.00	1,715,132	1,715,132
Ipersoc 17, cours Valmy, 92800 Puteaux – France	**Portfolio management** Corporate and Investment Banking	EUR	48	1,857,468	100.00	1,565,035	1,565,035
SG Financial Services Holding (formerly Généfitec) 29, boulevard Haussmann, 75009 Paris – France	**Portfolio management** Corporate Center	EUR	862,976	219,597	100.00	1,357,285	1,357,285
Généval 29, boulevard Haussmann, 75009 Paris – France	**Portfolio management** Corporate Center	EUR	538,630	650,101	100.00	1,910,368	1,119,219
Splitska Banka Rudera Boskovica 16 21000 Split – Croatia	**International Retail Banking** Retail Banking and affiliated companies	HRK	491,426	2,259,201	100.00	1,059,720	1,059,720
Linden 17, cours Valmy, 92800 Puteaux – France	**Portfolio management** Corporate and Investment Banking	EUR	101	980,151	100.00	1,001,040	1,001,040

2008	2008	2008	2008	2008	2008
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	99,614	94,900	40,284	
919,571	0	522,074	(43,639)	136,937	
4,898,847	0	437,562	361,277	229,000	
0	0	869 167	185 030	0	capital = USD 1 EUR 1 = USD 1.3917
163,669	0	81,982	82,780	75,057	
3,071,109	0	387,586	150,709	285,592	
0	0	56,374	(197,689)	577,008	
0	165,818	1,141,071	349,200	0	EUR 1 = HRX 7.3555
0	1,001,000	55,740	48,926	59,283	of which 2008 interim dividend of 22,640

(In thousands of euros or local currencies) Company/Head Office	Activity/Division		2008 Registered capital (local currency) (1)	2008 Shareholders' equity other than capital (local currency) (1)	2008 Share of capital held (%)	2008 Book value of shares held Gross (EUR)	2008 Book value of shares held Net (EUR)
Ald International SA	**Car rental and financing**						
15, allée de l'Europe, 92110 Clichy sur Seine – France	Financial Services	EUR	550,038	(22,002)	100.00	804,000	804,000
Généfimmo	**Real estate and real estate financing**						
29, boulevard Haussmann, 75009 Paris – France	Corporate and Investment Banking	EUR	392,340	16,872	100.00	651,732	651,732
Orpavimob SA	**Real estate and real estate financing**						
17, cours Valmy, 92800 Puteaux – France	Corporate and Investment Banking	EUR	552,253	2,816	100.00	552,253	552,253
Banco SG Brazil	**Investment Banking**						
Rua Verbo Divino 1207, Châcara Santo Antonio, Sâo Paulo CEP 04719-002, Brazil	Corporate and Investment Banking	BRL	1,375,498	(6,369)	100.00	455,287	455,287
SG China Inc.	**International Retail Banking**						
2, Wudinghou Street, Xicheng District – 100140 Beijing – China	Corporate and Investment Banking	CNY	4,000,000	0	100.00	412,360	412,360
SG Hambros Ltd.	**Asset Management**						
Exchange House – Primrose St. – London EC2A 2HT – United Kingdom	Asset Management	GBP	282,185	(10,458)	100.00	331,158	331,158
Valminvest	**Office space**						
29, boulevard Haussmann, 75009 Paris – France	Corporate Center	EUR	248,877	(12,761)	100.00	249,427	249,427
SG Securities North Pacific	**Brokerage of marketable securities**						
Ark Mori Building – 13-32 Akasaka 1 – Chome, Minato+Ku – 107-6015 Tokyo – Japan	Corporate and Investment Banking	JPY	16,703,000	27,500,000	100.00	235,264	235,264
Générgis I	**Office space**						
29, boulevard Haussmann, 75009 Paris – France	Corporate Center	EUR	192,900	8,020	100.00	196,061	196,061
Societe Generale Canada	**Investment Banking**						
Montreal Quebec H3B 3A7 – Canada	Corporate and Investment Banking	CAD	250,772	170,038	100.00	172,403	172,403

2008	2008	2008	2008	2008	2008
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
169,875	100	36,202	(22,899)	0	
135,539	0	62,892	39,583	29,586	
0	622,646	31,715	17,455	41,021	
0	0	133,712	66,642	0	EUR 1 = BRL 3.2436
0	0	68,379	(222,803)	0	EUR 1 = CNY 9.4956
0	164,335	116,568	15,532	0	EUR 1 = GBP 0.9525
0	0	10,021	4,730	0	
0	0	(12,790,000)	(22,185,000)	0	EUR 1 = JPY 126.14
0	33,539	206,254	6,055	0	
0	5,055	59,996	31,123	0	EUR 1 = CAD 1.6998

(In thousands of euros or local currencies) Company/Head Office	Activity/Division		2008 Registered capital (local currency) (1)	2008 Shareholders' equity other than capital (local currency) (1)	2008 Share of capital held (%)	2008 Book value of shares held Gross (EUR)	Net (EUR)
SG Consumer Finance	**Portfolio management**						
59, Avenue de Chatou 92853 Rueil Malmaison – France	Financial Services	EUR	260,037	(3,799)	100.00	260,037	160,502
SG Banka Srbija	**International Retail Banking**						
STR Vladimira Popovica 3 Belgrade – Yugoslavia	Retail Banking and affiliated companies	RSD	12,814,823	3,778,441	100.00	160,081	160,081
Compagnie Foncière de la Méditerranée	**Office space**						
29, boulevard Haussmann, 75009 Paris – France	Corporate Center	EUR	76,627	2,843	100.00	155,837	155,837
Soginfo	**Office space**						
29, boulevard Haussmann, 75009 Paris – France	Retail Banking and affiliated companies	EUR	123,411	147	100.00	148,720	148,720
Delta Crédit Mortgage Finance Netherland BV	**Mortgage Financing**						
1012 KK Amsterdam, Rokin 55 – Netherlands	Retail Banking and affiliated companies	USD	34	151,099	100.00	146,978	146,978
Sogemarché	**Real estate**						
17, cours Valmy, 92800 Puteaux – France	Corporate Center	EUR	108,037	41	100.00	108,037	108,037
SG Securities Asia Intl Hold Ltd.	**Investment Banking**						
41/F Edinburgh Tower – 15 Queen's Road Central, Hong Kong	Corporate and Investment Banking	USD	112,490	193,687	100.00	106,493	106,493
Société Immobilière 29 Haussmann	**Office space**						
29, boulevard Haussman, 75009 Paris – France	Corporate Center	EUR	90,030	1,413	100.00	89,992	89,992
Sgss Holding	**Portfolio management**						
17, cours Valmy, 92800 Puteaux – France	Securities	EUR	86,287	(73)	100,00	86,287	86,287
Fontanor	**Portfolio management**						
17, cours Valmy, 92800 Puteaux – France	Corporate and Investment Banking	EUR	40	88,127	100.00	78,900	78,900
SG SCF	**Mortgages**						
17, cours Valmy, 92800 Puteaux – France	Corporate and Investment Banking	EUR	50,000	104	100.00	50,000	50,000
Sogecampus	**Real estate**						
17, cours Valmy, 92800 Puteaux – France	Corporate Center	EUR	45,037	(9)	100.00	45,037	45,037

2008	2008	2008	2008	2008	2008
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
631,932	0	24,686	(106,826)	0	
149,775	222,797	6,429,187	2,627,839	0	EUR 1 = RSD 89.7931
35,480	0	1,783	3,788	2,766	
0	2,000	23,647	13,215	18,010	
0	0	60,872	17,331	0	EUR 1 = USD 1.3917
0	0	380	118	0	
0	12,491	254,934	128,175	44,050	EUR 1 = USD 1.3917
0	0	9,074	3,705	3,376	
0	0	36	(6)	0	
0	0	651	411	0	
1,217,600	1,165,000	72,827	1,159	0	
	0 0	810	841	0	

(In thousands of euros or local currencies)

Company/Head Office	Activity/Division		2008 Registered capital (local currency) (1)	2008 Shareholders' equity other than capital (local currency) (1)	2008 Share of capital held (%)	2008 Book value of shares held Gross (EUR)	Net (EUR)
Societe Generale Finance (Ireland) Ltd.	**Portfolio management**						
31/32 Morisson Chambers, Nassau street, Dublin 2 – Ireland	Corporate and Investment Banking	EUR	40,527	1,281	100.00	41,252	41,252
Eléaparts	**Office space**						
29, boulevard Haussmann, 75009 Paris – France	Retail Banking and affiliated companies	EUR	37,967	220	100.00	37,978	37,978
SG Asia Ltd.	**Merchant bank**						
42/F Edinburgh Tower – 15 Queen's Road Central, Hong Kong	Corporate and Investment Banking	HKD	400,000	348,975	100.00	36,856	36,856
SG Énergie	**Portfolio management**						
17, cours Valmy, 92800 Puteaux – France	Corporate and Investment Banking	EUR	34,000	35,243	100.00	35,785	35,785
SG Algérie	**International Retail Banking**						
75, chemin Cheikh Bachir Ibrahimi, El-Biar, 16010 Algiers – Algeria	Retail Banking and affiliated companies	DZD	2,500,000	4,231,127	100.00	34,986	34,986
SG Wertpapierhandelsgesellschaft mbH	**Equity trading**						
Mainze Landstrasse 36 – D60325 Frankfurt am Main – Germany	Corporate and Investment Banking	EUR	55	51,126	100.00	31,590	31,590
SG Viet Finance	**Consumer credit**						
801, Nguyen Van Linh Boulevard Tan Phu Ward – Ho Chi Minh City – Vietnam	Financial Services	VND	520,000,000	(65,097,834)	100.00	23,540	23,540
Societe Generale Australia Holding Ltd.	**Portfolio management**						
350, George Street – Sydney NSW 3000 – Australia	Corporate and Investment Banking	AUD	21,500	215,847	100.00	22,789	22,789
Sogéparts	**Portfolio management**						
29, boulevard Haussmann, 75009 Paris – France	Corporate Center	EUR	17,600	4,636	100.00	21,210	21,210
Géninfo	**Portfolio management**						
Les Miroirs, Bt. C, 18, avenue d'Alsace, 92400 Courbevoie – France	Corporate Center	EUR	18,524	30,788	100.00	20,477	20,477

2008	2008	2008	2008	2008	2008
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	1,447	1,206	0	
0	0	2,045	826	2,128	
0	0	301,936	58,284	3,977	EUR 1 = HKD 10.7858
0	0	0	5,730	10,767	
0	0	8,520,174	2,513,532	0	EUR 1 = DZD 98.9033
0	0	3,334	1,137	0	
8,982	4,521	86,861,045	(50,161,281)	0	EUR 1 = VND 24,637.3184
0	0	55,723	(29,357)	0	EUR 1 = AUD 2.0274
0	0	903	1,278	1,958	
0	0	2,367	(1,815)	1,968	

(In thousands of euros or local currencies) Company/Head Office	Activity/Division		2008 Capital (local currency) [1]	2008 Shareholders' equity other than capital (local currency) [1]	2008 Share of capital held (%)	2008 Book value of shares held Gross (EUR)	 Net (EUR)
Inora Life Ltd. (ex Lyxor Life Ltd.) 6, Exchange Place, International Financial Services Center, Dublin 1 – Ireland	**Life insurance** Corporate and Investment Banking	EUR	15,000	(1,175)	100.00	15,000	15,000
Societe Generale Bank Nederland N.V. Rembrandt Tower Amstelplein 1 1096 HA Amsterdam – Netherlands	**Investment Banking** Corporate and Investment Banking	EUR	7,714	(342)	100.00	8,042	8,042
Scs European Mortgage Investments 17, cours Valmy, 92800 Puteaux – France	**Portfolio management** Corporate and Investment Banking	EUR	625,037	0	99.99	625,000	625,000
Société de la rue Édouard-VII 29, boulevard Haussmann, 75009 Paris – France	**Office space** Corporate Center	EUR	11,396	787	99.91	59,617	22,910
SG Vostok 5, Nikitsky Pereulok, 103009 Moscow – Russia	**International Retail Banking** Retail Banking and affiliated companies	RUB	4,918,000	2,289,813	99.55	186,093	186,093
Sogéfontenay 17, cours Valmy, 92800 Puteaux – France	**Office space** Corporate Center	EUR	4,200	965	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	157,843	87,062	98.96	185,794	185,794
SG Expressbank 92, Bld VI Varnentchik, 9000 Varna – Bulgaria	**International Retail Banking** Retail Banking and affiliated companies	BGN	28,508	179,270	97.95	34,256	34,256
SKB Banka Adjovscina, 4 – 1513 Ljubljana – Slovenia	**International Retail Banking** Retail Banking and affiliated companies	EUR	52,784	168,539	97.55	220,109	220,109
SG Financial Inc. Corporation Trust Center, 1209 Orange Street, Wilmington – New Castel – Delaware – USA	**Investment Banking** Corporate and Investment Banking	USD	224,000	44,803	97.39	160,954	142,878

2008	2008	2008	2008	2008	2008
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	4,994	31	0	
50,783	2,091	6,542	4,191	2,797	
0	0	0	29,785	6,983	
0	0	0	438	95	difference = 16,509
0	642,724	7,101,140	1,226,319	0	EUR 1 = RUB 41.283
0	0	2,166	706	0	
737,282	440,551	56,729	41,676	0	EUR 1 = GBP 0.9525
489,438	282,228	120,567	38,356	0	EUR 1 = BGN 1.9558
0	0	97,896	25,838	6,169	
0	0	(110,622)	(73,302)	0	EUR 1 = USD 1.3917

(In thousands of euros or local currencies) Company/Head Office	Activity/Division		2008 Capital (local currency) (1)	2008 Shareholders' equity other than capital (local currency) (1)	2008 Share of capital held (%)	2008 Book value of shares held Gross (EUR)	Net (EUR)
Soge Périval I	**Office space**						
29, boulevard Haussmann, 75009 Paris – France	Corporate Center	EUR	7,701	4,018	94.98	7,313	7,313
OJSC Profin Bank	**International Retail Banking**						
100, a Prospekt Illycha 83052 – Donetsk – Ukraine	Financial Services	UAH	35,000	36,745	94.79	17,500	17,500
Soge Périval II	**Office space**						
29, boulevard Haussmann, 75009 Paris – France	Corporate Center	EUR	7,816	4,053	94.75	7,402	7,402
Podgoricka Banka	**International Retail Banking**						
8 a Novaka Miloseva Street, 81000 Podgoricka – Serbia and Montenegro	Retail Banking and affiliated companies	EUR	14,634	8,561	86.75	19,119	19,119
Brigantia Investments	**Portfolio management**						
Kamer van Koophandel Deruyterkade 5 PO Box 2852 – Amsterdam – Netherlands	Corporate and Investment Banking	GBP	684,000	(24,697)	80.00	734,897	734,897
Crédit du Nord	**French Networks**						
28, place Rihour, 59800 Lille – France	Retail Banking and affiliated companies	EUR	740,263	602,688	79.99	584,255	584,255
National Societe Generale Bank	**International Retail Banking**						
5, rue Champollion – Cairo – Egypt	Retail Banking and affiliated companies	EGP	3,029,410	2,283,446	77.17	268,500	268,500
Banka Popullore	**International Retail Banking**						
BLV Deshmoret e Kombit Twin Tower – Tirana – Albania	Retail Banking and affiliated companies	ALL	2,933,000	85,335	75.01	42,366	42,366
Banque de Polynésie	**International Retail Banking**						
Bd Pomare, BP 530, Papeete, Tahiti – French Polynesia	Retail Banking and affiliated companies	XPF	1,380,000	6,872,834	72.10	12,397	12,397
Ballane	**Portfolio management**						
15, rue du Louvre, 75001 Paris – France	Corporate and Investment Banking	EUR	421,103	1,005,854	71.79	1,187,728	1,187,728
BFV-SG	**International Retail Banking**						
14, Lalana Jeneraly Rabehevitra, BP 196, Antananarivo 101 – Madagascar	Retail Banking and affiliated companies	MGA	14,000,000	44,643,724	70.00	7,614	7,614

2008	2008	2008	2008	2008	2008
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
238	0	1,933	659	0	
9,268	0	55,741	1,100		EUR 1 = UAH 11.0115
238	0	1,937	626	0	
103,000	41,500	13,368	644	0	
0	0	45,864	32,354	40,067	EUR 1 = GBP 0.9525
983,958	6,286	931,564	168,230	151,742	
0	59,566	2,308,975	1,615,570	13,849	of which 2008 interim dividend of 7,670 EUR 1 = EGP 7.7801
4,998	0	1,417,034	(289,231)	0	EUR 1 = ALL 123.8454
128,924	173,621	8,212,582	2,048,833	7,938	EUR 1 = XPF 119.33174
0	0	24,716	(164,998)	54,643	
0	33,755	78,589,400	24,952,857	2,528	EUR 1 = MGA 2,634.8564

(In thousands of euros or local currencies)

Company/Head Office	Activity/Division		2008 Capital (local currency) (1)	2008 Shareholders' equity other than capital (local currency) (1)	2008 Share of capital held (%)	2008 Book value of shares held Gross (EUR)	2008 Book value of shares held Net (EUR)
Mobiasbanca	**International Retail Banking**						
Bd. Stefan cel Mare 81A, MD-2012 mun.-Chisinau – Moldavia	Retail Banking and affiliated companies	MDL	100,000	509,988	67.85	24,960	24,960
Societe Generale de Banques en Côte d'Ivoire	**International Retail Banking**						
5 & 7, avenue J. Anoma, 01 BP 1355, Abidjan 01 – Ivory Coast	Retail Banking and affiliated companies	XAF	15,555,555	49,193,702	66.79	26,454	26,454
Makatéa Inc.	**Portfolio management**						
1221, Avenue of the Americas, New York, NY 10020 – USA	Corporate and Investment Banking	USD	4,492,000	6,511	66.67	1,796,364	1,796,364
Sogessur	**Insurance**						
2, rue Jacques-Daguerre, 92565 Rueil-Malmaison – France	Financial Services	EUR	25,500	145	65.00	74,940	20,344
Komerčni Banka	**International Retail Banking**						
Centrala Na Prokope 33 – Postovni Prihradka 839 – 114 07 Praha 1 – Czech Republic	Retail Banking and affiliated companies	CZK	19,004,926	25,461,833	60.35	1,312,089	1,312,089
Bank Republic	**International Retail Banking**						
2 Gr, Abashidze St-Tbilisi – Georgia	Retail Banking and affiliated companies	GEL	42,600	65,167	60.00	41,461	41,461
Ohridska Banka	**International Retail Banking**						
Makedonski Prosvetiteli 19 6000 – Macedonia	Retail Banking and affiliated companies	MKD	1,008,506	273,748	59.23	25,371	25,371
Banque Roumaine de Développement	**International Retail Banking**						
A, Doamnei street, 70016 Bucarest 3, Romania	Retail Banking and affiliated companies	RON	696,902	1,971,584	58.54	210,697	210,697
Societe Generale de Banques au Cameroun	**International Retail Banking**						
Rue Joss – Douala – Cameroon	Retail Banking and affiliated companies	XAF	6,250,000	20,372,774	58.08	16,940	16,940
Généfim	**Real estate lease finance**						
29, boulevard Haussmann, 75009 Paris	Corporate and Investment Banking	EUR	72,779	29,349	57.62	89,846	89,846

2008	2008	2008	2008	2008	2008
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
47,000	0	311,285	70,753	0	EUR 1 = MDL 14.5783
0	59,612	51,407,166	21,636,974	10,327	difference = 5,166 EUR 1 = XAP 655.957 of which 2008 interim dividend of 102,540
0	0	252,352	153,627	102,540	EUR 1 = USD 1.3917
0	386	167,748	6,985	0	
0	488,914	32,257,517	13,074,505	161,963	EUR 1 = CZK 26.875
0	0	71,703	9,263	0	EUR 1 = GEL 2.3517
0	0	662,551	16,577	0	EUR 1 = MKD 60.8283
0	0	3,344,015	1,600,529	65,178	EUR 1 = RON 4.0225
0	60,648	34,748,610	11,763,643	11,289	difference = 1,675 EUR 1 = XAF 655.957
1,001,416	0	48,744	26,719	32,056	

(In thousands of euros or local currencies) Company/Head Office	Activity/Division		2008 Capital (local currency) [1]	2008 Shareholders' equity other than capital (local currency) [1]	2008 Share of capital held (%)	2008 Book value of shares held Gross (EUR)	 Net (EUR)
Rosbank 11, Masha Poryvaeva St PO Box 208, Moscow – Russia	**International Retail Banking** Retail Banking and affiliated companies	RUB	9,270,850	30,154,635	57.57	1,942,899	1,468,670
Union Internationale de Banque 65, avenue Habib Bourguiba, 1000A Tunis – Tunisia	**International Retail Banking** Retail Banking and affiliated companies	TND	196,000	(107,189)	57.20	119,583	84,889
Societe Generale Marocaine de Banques 55, boulevard Abdelmoumen, Casablanca – Morocco	**International Retail Banking** Retail Banking and affiliated companies	MAD	2,050,000	2,473,539	56.91	135,765	135,765
Boursorama (ex-Fimatex) 18, Quai du Point du Jour, 92100 Boulogne-Billancourt – France	**Online brokerage** Securities	EUR	34,770	322,643	55.81	300,705	300,705
General Bank of Greece 109, Messogion Avenue, 11510 Athens – Greece	**International Retail Banking** Retail Banking and affiliated companies	EUR	118,704	164,366	52.32	294,372	209,744
SG Mauritanie Ilot A, n°652 – Nouakchott – Mauritania	**International Retail Banking** Retail Banking and affiliated companies	MRO	4,000,000	(891)	51.00	8,787	8,787
Newedge 52/60, Avenue des Champs Elysées, 75008 Paris – France	**Brokerage and derivatives** Global Investment Management and Services	EUR	395,130	1,328,347	50.00	226,708	226,708
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	416,889	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	8,602,818	20.61	16,268	16,268
Seabank 16, Lang Ha Street – Hanoî – Vietnam	**International Retail Banking** Retail Banking and affiliated companies	VND	4,068,000,000	373,000,000	20.00	89,785	89,785
Crédit Logement 50, boulevard Sébastopol, 75003 Paris – France	**Credit institution** Corporate Center	EUR	1,253,975	1,290,000	13.50	171,037	171,037

(1) For foreign subsidiaries and affiliates, shareholders' equity booked in the Group consolidated accounts in their consolidated reporting currency.

(2) For banking and finance subsidiaries, revenues refer to net banking income.

2008	2008	2008	2008	2008	2008
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**
387,769	0	32,632,834	5,906,533	0	EUR 1 = RUB 41.283
0	0	102,320	(20,546)	0	EUR 1 = TND 1.8418
104,356	250,000	2,861,604	790,582	0	difference = 1,142 EUR 1 = MAD 11.2758
265,000	460,000	155,185	26,443	0	
1,793,983	8	177,985	(32,468)	0	
0	20,874	1,101,000	(167,000)	0	EUR 1 = MRO 369.3802
0	1,044,382	623,705	88,172	0	
0	0	286,443	34,390	15,187	
78,155	104,206	8,958,818	3,121,659	3,788	EUR 1 = XPF 119.33174
0	0	692,000,000	329,000,000	3,351	EUR 1 = VND 24,637.3184
428,356	0	499,477	125,000	10,249	

(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	36,530	35,582	10,705,941	205,591	166,694	Revaluation difference:	2,158
2°) Foreign subsidiaries	58,464	29,892	3,000	125,465	7,152	Revaluation difference:	1,447
B) Affiliates not included in paragraph 1:							
1°) French companies	13,154	3,764	268	0	1,207	Revaluation difference:	0
2°) Foreign companies	30,136	10,735	0	548	318	Revaluation difference:	0
	138,284	79,973	10,709,209	331,604	175,371		

MAIN CHANGES IN THE INVESTMENT PORTFOLIO IN 2008

In 2008, the following transactions affected Societe Generale's investment portfolio:

OUTSIDE FRANCE	IN FRANCE
Creation of SG China LTD	**Creation of** Transactis
Acquisition of interest in ProFin Bank – Seabank	**Acquisition of interest in** Newedge
Acquisition	**Acquisition**
Increase of interest in Rosbank	**Increase of interest in**
Subscription to capital increase Banco SG Brazil – Sgss Holding – SG Vostok – SG Marocaine de Banques – Union Internationale de Banques – Delta Credit Mortgage Finance Netherland BV	**Subscription to capital increase** SG Asset Management – SOGEMARCHE
Disposal of total interest in SG Equity Finance – AIG Sorbier – Bank Muscat	**Disposal of total 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 2008.

Increase				Decrease			
		(% of capital)				(% of capital)	
Declaration threshold	Company	Dec. 31, 2008	Previously	Declaration threshold	Company	Dec. 31, 2008	Previously
5%				5%	Bank Muscat	0%	7.8%
10%				10%			
20%	Seabank	20%	0%	20%			
33%				33%			
50%	SG China LTD	100%	0%	50%	AIG Sorbier	0%	70%
	ProFin Bank	94.79%	0%		SG Equity Finance	0%	95%
	Rosbank	57.57%	20%				
	Newedge	50%	0%				
	Transactis	50%	0%				

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Societe Generale – Year ended December 31, 2008

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' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account 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, together with the statutory auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

Statutory Auditors' Report On the Annual Financial Statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying annual financial statements of Societe Generale;
- the justification of our assessments;
- the specific verifications and disclosures according to the law.

These annual financial statements were 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 the 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 verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company at December 31, 2008 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

Without qualifying our opinion, we draw your attention to note 1 to the financial statements that describes changes in the accounting method arising from new regulations issued by the Accounting Regulation Committee (*Comité de la Réglementation Comptable)* which are applied starting 2008.

II. JUSTIFICATION OF ASSESSMENTS

Accounting estimates accompanying the preparation of the financial statements for the year ended December 31, 2008 have been established in consideration of the high market volatility. It is in this context and in accordance with article L. 823-9 of the French commercial code (*Code de commerce*) that we conducted our own assessments, which we bring to your attention:

ACCOUNTING PRINCIPLES

As mentioned in note 1 to the annual financial statements, accounting methods have changed over the fiscal year ended December 31, 2008 as a result of new regulations issued by the Accounting Regulation Committee (*Comité de la Réglementation Compatble)*. As part of our assessment of the general accounting policies applied by your company, we have verified the correct application of these changes in accounting method and the appropriateness of their presentation, in particular for reclassification of financial assets out of the trading and long-term investment securities categories.

ACCOUNTING ESTIMATES

- In the specific context of the current financial crisis, as detailed in note 1 to the financial statements, your company uses internal models to measure financial instruments that are not listed on active markets. Our procedures consisted in reviewing the control procedures for the models used, assessing the underlying data and assumptions, and verifying that the risks and results related to these instruments were taken into account.
- Likewise, in this same context, we have reviewed the control procedures relating to the identification of financial instruments that can no longer be traded on an active market or for which market parameters could no longer be observed, and the methodology used for their valuation as a consequence.
- For the purpose of preparing the financial statements, your company records depreciations and provisions to cover the credit risks inherent to its activities and performs significant accounting estimates, as described in note 1 to the financial statements, related in particular to the valuation of the investments in subsidiaries and of its securities portfolio, as well as the assessment of pension plans and other post-employment benefits. Taking into account the specific context of the current crisis, we have reviewed and tested the processes implemented by management and the underlying assumptions and valuation parameters, and assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies disclosed in note 1 to the annual financial statements.

These assessments were performed as part of our audit approach for the annual financial statements taken as a whole and therefore contributed to the audit opinion expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND DISCLOSURES

We have also performed the specific verifications required by French law.

We have no matters to report regarding the following:

- the fair presentation and the conformity with the financial statements of the information given in the 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 directors' report relating to remunerations and benefits granted to the relevant directors together with any other commitments made in their favour in connection with, or subsequent to, their appointment, termination or change in current function.

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 directors' report.

Neuilly-sur-Seine and Paris-La Défense, March 4, 2009

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	**ERNST & YOUNG Audit**
José-Luis Garcia	Philippe Peuch-Lestrade

INFORMATION ON COMMON STOCK

Changes in common stock

Operations	Date of record or completion	Change	Total number of shares after operations	Common stock (in EUR)	Change in common stock resulting from operation (%)
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 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 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
Capital increase with pre-emptive subscription rights decided on February 8, 2008	recorded on Mar. 14, 2008	116,654,168	583,270,841	729,088,551.25	7.85
Increase through 2008 Company Savings Plan	recorded on June 24, 2008	7,456,403	590,727,244	738,409,055.00	1.28
Cancellation of shares	Nov. 2, 2008	10,000,000	580,727,244	725,909,055.00	-1.69

Amount of common stock

At December 31, 2008, Societe Generale's paid-up common stock amounted to EUR 725,909,055 and comprised 580,727,244 shares with a nominal value of EUR 1.25 per share, all eligible for dividends paid out of income earned from January 1, 2008.

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

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 attached to any new registered shares that may be allocated free of charge to a shareholder upon an increase in capital stock by incorporation of reserves, earnings or premiums in proportion to the shares held.

(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 relative, do not result in the loss of rights and do not affect the minimum two-year holding period. The same applies, unless otherwise stated in the by-laws, following a merger or split-off relating to a shareholder company.

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 the total voting rights at the date of the Meeting. This 15% limit does not apply to the Chairman or any 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 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 offer.

Declaration of shareholdings exceeding statutory limits

(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 that may grant access to further 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 the capital they hold or their voting rights exceed 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 27, 2008 authorized the Company to buy or sell its own shares on the stock market with a view to cancelling bought-back shares, granting, honoring or covering stock options, otherwise allocating shares, or making any other form of allocation to employees and chief executive officers of the Group, granting shares when rights attached to convertible securities are exercised, holding and subsequently using shares in exchange or as payment for acquisitions and continuing the liquidity contract set up in 2004.

Under the agreement concluded on December 9, 2008 between the French government and the Societe Generale Group, relating to the subscription by the government of subordinated notes issued by Societe Generale, the Group undertook not to buy back its own shares throughout the holding period of the notes subscribed by the government, except for redemptions to honor or cover the Group's employee share ownership plans and day-to-day management operations.

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 General 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, 2008, employees of Societe Generale and Crédit du Nord and their subsidiaries held a total of 41,219,452 Societe Generale shares, representing 7.10% 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, although this right does not apply in the event of a public offer made by a third-party for the shares of one or other of the parties.

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

This pre-emptive clause was published by the French Financial Markets Council in Decision No. 201C1417 dated November 30, 2001. This agreement was still in place at December 31, 2008. However, at this date, Santander Central Hispano no longer held any shares in Societe Generale.

LIST OF OUTSTANDING AUTHORIZATIONS AND THEIR USE IN 2008 AND EARLY 2009

Type of authorization	Purpose of authorization granted to the Board of Directors	Period of validity	Limit	Use in 2008	Use in 2009 (up to 02/17/2009)
Share buybacks	Authorization to buy Societe Generale shares	**Granted by:** AGM of May 14, 2007, under its 10th resolution **For a period of:** 18 months **Start date:** May 15, 2007 **Early termination:** Aug. 4, 2008	10% of capital at the date of the purchase	Repurchase of 0.17% of capital at Dec. 31, 2008	N/A
	Authorization to buy Societe Generale shares	**Granted by:** AGM of May 27, 2008, under its 9th resolution **For a period of:** 18 months **Start date:** Aug. 5, 2008 **Expiry date:** Nov. 27, 2009	10% of capital at the date of the purchase	Repurchase of 0.004% of capital at Dec. 31, 2008	0.22% of capital at Dec. 31, 2008
Capital increases governed by common law	Authorization to increase capital stock *with pre-emptive subscription rights* through the issue of ordinary shares or securities convertible into shares	**Granted by:** AGM of May 30, 2006, under its 15th resolution **For a period of:** 26 months **Early termination:** May 27, 2008	Nominal EUR 220 million for shares *i.e. 40.5% of capital on the date the authorization was granted* Nominal EUR 6 billion for securities convertible into shares *Note: These limits include those set under resolutions 16 to 18 of the AGM of May 30, 2006.*	Nominal EUR 145,817,710, i.e. 25% of capital at the date of the capital increase	N/A
	Authorization to increase capital stock *with pre-emptive subscription rights* through the issue of ordinary shares or securities convertible into shares	**Granted by:** AGM of May 27, 2008, under its 10th resolution **For a period of:** 26 months **Expiry date:** Jul. 27, 2010	Nominal EUR 220 million for shares *i.e. 30.2% of capital on the date the authorization was granted* Nominal EUR 6 billion for securities convertible into shares *Note: These limits include those set under resolutions 10 to 16 of the AGM of May 27, 2008.*	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 **Early termination:** May 27, 2008	Nominal EUR 550 million *i.e. 101.3% of capital on the date the authorization was granted*	None	N/A
	Authorization to increase capital stock through the *incorporation* of reserves, retained earnings, or additional paid-in capital	**Granted by:** AGM of May 27, 2008, under its 10th resolution **For a period of:** 26 months **Expiry date:** Jul. 27, 2010	Nominal EUR 550 million *i.e. 75.45% of capital on the date the authorization was granted*	None	None

Type of authorization	Purpose of authorization granted to the Board of Directors	Period of validity	Limit	Use in 2008	Use in 2009 (up to 02/17/2009)
	Authorization to increase capital stock *with no pre-emptive subscription rights* through the issue of ordinary shares or securities convertible into shares	**Granted by:** AGM of May 30, 2006, under its 16th resolution **For a period of**: 26 months **Early termination**: May 27, 2008	Nominal EUR 110 million for shares *i.e. 20.3% of capital on the date the authorization was granted* Nominal EUR 6 billion for securities convertible into shares *Note: These limits are included in those set under resolution 15 of the AGM of May 30, 2006*	None	N/A
	Authorization to increase capital stock *with no pre-emptive subscription rights* through the issue of ordinary shares or securities convertible into shares	**Granted by:** AGM of May 27, 2008, under its 11th resolution **For a period of**: 26 months **Expiry date**: Jul. 27, 2010	Nominal EUR 100 million for shares *i.e. 13.7% of capital on the date the authorization was granted* Nominal EUR 6 billion for securities convertible into shares *Note: These limits are included in those of resolution 10, and include those set in resolutions 12-16 of the AGM of May 27, 2008*	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 **Early termination**: May 27, 2008	15% of the initial issue *Note: Such operations are carried out at the same prices as the initial issue and within the same limits as those set out in resolutions 15 and 16 of the AGM of May 30, 2006*	None	N/A
	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 10 and 11	**Granted by:** AGM of May 27, 2008, under its 12th resolution **For a period of**: 26 months **Expiry date**: Jul. 27, 2010	15% of the initial issue *Note: Such operations are carried out at the initial price and within the same limits as those set out in resolutions 10 and 11 of the AGM of May 27, 2008*	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 **Early termination**: May 27, 2008	10% of capital *Note: This limit is included in those set under resolutions 15 and 16 of the AGM of May 30, 2006*	None	N/A
	Authorization to increase capital in order to pay for share contributions	**Granted by:** AGM of May 27, 2008, under its 13th resolution **For a period of**: 26 months **Expiry date**: Jul. 27, 2010	10% of capital *Note: This limit is included in those set under resolutions 10 and 11 of the AGM of May 27, 2008*	None	None
Transactions for employees	Authorization to increase capital stock through the issue of ordinary shares or other securities convertible into shares 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 **Early termination**: May 27, 2008	Nominal EUR 16.3 million *i.e. 3% of capital on the date the authorization was granted*	EUR 9,320,503.75, i.e. 1.45% of capital at the date of the capital increase	N/A

Type of authorization	Purpose of authorization granted to the Board of Directors	Period of validity	Limit	Use in 2008	Use in 2009 (up to 02/17/2009)
	Authorization to increase capital stock through the issue of ordinary shares or other securities convertible into shares reserved for employees subscribing to a *Societe Generale Company or Group savings plan*	**Granted by:** AGM of May 27, 2008, under its 14th resolution **For a period of**: 26 months **Expiry date**: Jul. 27, 2010	3% of capital *on the date the authorization was granted* *Note: This limit is included in those set under resolutions 10 and 11 of the AGM of May 27, 2008*	None	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 **Early termination**: May 27, 2008	4% of capital on the date the authorization was granted *Note: This limit includes the free allocation of shares (resolution 21 of the AGM of May 30, 2006)*	2,208,920 purchase options, i.e. 0.38% of capital on the date of the allocation	N/A
	Authorization to grant share subscription or purchase *options* to employees and chief executive officers of the company	**Granted by:** AGM of May 27, 2008, under its 15th resolution **For a period of**: 26 months **Expiry date**: Jul. 27, 2010	4% of capital on the date the authorization was granted *Note: This limit includes the allocation of free shares and is included in those set under resolutions 10 and 11 of the AGM of May 27, 2008* 0.20% of capital for chief executive officers *Note: This limit is included in the 4% limit set under resolution 15 of the AGM of May 27, 2008*	None	Cf. Registration document "Corporate Governance".
	Authorization to grant *free existing or new shares* 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 **Early termination**: May 27, 2008	2% of capital on the date the authorization was granted *Note: This limit is included in that set for the allocation of free shares under resolution 20 of the AGM of May 30, 2006*	2,984,907 shares issued, i.e. 0.51% of capital on the date of the allocation	N/A
	Authorization to grant *free existing or new shares* to employees and chief executive officers of the company	**Granted by:** AGM of May 27, 2008, under its 16th resolution **For a period of**: 26 months **Expiry date**: Jul. 27, 2010	2% of capital on the date the authorization was granted *Note: This limit is included in those set under resolution 15 and those provided for in resolutions 10 and 11 of the AGM of May 27, 2008*	None	3,090,740 shares issued, i.e. 0.53% of capital on the date of the allocation
Cancellation of shares	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 **Early termination**: May 27, 2008	10% of the total number of shares per 24-month period	None	N/A
	Authorization to cancel shares as part of a share buyback program	**Granted by:** AGM of May 27, 2008, under its 17th resolution **For a period of**: 26 months **Expiry date**: Jul. 27, 2010	10% of the total number of shares per 24-month period	10,000,000 shares cancelled i.e. 1.72% of capital on the date of the allocation	None

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 public limited company (*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 investment-related services or allied 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 the regulations applicable to the same. It must notably comply with a number of prudential rules and is subject to the controls carried out by the French 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 or 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 réglementation 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, movable or immovable property transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

Registration number

552 120 222 RCS PARIS

ISIN code (International Securities Identification Number): FR 0000130809

NAF (trade sector) code: 6419Z

Company reports and documents

All Societe Generale reports and documents, including in particular its by-laws, financial statements and the reports submitted to General Meetings by the Board of Directors and the Statutory Auditors, may be consulted at the Company's administrative offices at 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, Sarrazin, 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 any 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 the capital stock and those reserves that cannot be distributed by law or under the Company's by-laws.

Convocation, admission and organization 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.

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 notice of meeting 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 notice of meeting/convocation 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 notice of meeting 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 any new registered shares that may be allocated free of charge to a shareholder upon an increase in capital stock by incorporation of reserves, earnings or premiums, in proportion to the shares held.

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 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 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 offer.

In all General Meetings voting rights attached to shares which entail a usufructuary right, are exercised by the usufructuary.

Documents

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

Article 2

Societe Generale's registered office is at 29, boulevard Haussmann, Paris (9th district).

In accordance with current legislative and regulatory provisions, it may be transferred to any other location.

Article 3

The purpose of Societe Generale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals and corporate entities, in France and abroad:

- all banking transactions;
- all transactions related 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 725,909,055. This is divided into 580,727,244 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 General Meeting or Meetings.

Article 5

Each share offers entitlement to ownership of the Company's assets and to the liquidating surplus, in a percentage equal to the 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 certain shares following capital reimbursement, either during the life of the Company or during its liquidation, shall be divided between all the shares making up the capital on such reimbursement(s) so that, while allowing for the nominal and non-amortized value of the shares and for their respective rights, all present or future shares shall carry entitlement for 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 that may grant access to further 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 shares granting the right to vote in its General Meetings, either immediately or in the long term, as well as information about the holders of these 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 the term of office remaining to be served by his predecessor.

Each director must hold at least six hundred shares.

2. Directors elected by Personnel

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 by-laws.

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, under any circumstances and for any reason whatsoever, there shall remain in office less than the statutory number of Directors before the normal end of the term of office of such Directors, vacant seats shall remain vacant until the end of the term of office and the Board shall continue to meet and take decisions validly until that date.

Elections shall be 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 that does not have 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 by-laws, shall be decreed by the General Management after consulting with the representative trade unions.

These methods may include electronic voting, in which case the material and procedural requirements 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 terminate them 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 that concern it.

It carries out all the controls and verifications it deems appropriate. The Chairman or Chief Executive Officer is required to furnish each director with all documents required to carry out their function.

Article 9

The Board of Directors elects a Chairman from among its natural person members, determines his remuneration and sets the duration of his term of office, which may not exceed that of his term of office as Director.

No 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 that the Company's bodies operate correctly and in particular ensures that the Directors are able to fulfill 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 issues 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 Co-Chief Executive Officer provided they are members of the Board.

Unless specifically provided for, Directors are called to meetings by letter or by any other means. In any event, the Board may always validly deliberate if all its members are present or represented.

Article 11

Board meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Director designated for this purpose at the beginning of the meeting.

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 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 the 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 the Board 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 the term if the functions of Chairman and Chief Executive Officer were separated 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 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 convocation 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 convocation 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 convocation.

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 upon an increase in capital stock by incorporation of reserves, earnings or premiums in proportion to the shares held.

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 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 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, voting rights attached to shares which include a usufructuary right, are 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.

The holders meet at the head offices or in any other place within metropolitan France indicated in the convocation.

The meetings 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 their duties according to the applicable legal 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 for the year are determined in accordance with the applicable legal and regulatory provisions.

At least 5% of the profits for the year, less any previous losses, must be set aside by law to form a reserve fund until the said fund reaches 10% of the capital.

The net income available after this deduction, increased by any net income brought forward, constitutes the 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 shareholding.

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 choose between payment of the dividend or interim dividend in cash or in shares in accordance with the conditions fixed by the laws in force. Shareholders who exercise this option must do so for all of the dividends or interim dividends attached to their shares.

Except in cases of a reduction in capital, no distribution may be made to shareholders if the capital of the Company is or may subsequently become less than the minimum capital and reserves that may be distributed by law or under the Company's by-laws.

Dissolution

Article 19

In the event that Societe Generale is wound up and unless otherwise provided for by law, the General Meeting determines the method of liquidation, appoints the liquidators 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 par 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 17, 2009)

Changes made by the Board of Directors' meetings of May 12, 2008 and of February 17, 2009 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.

* *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*

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;
- 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 convoking 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 proposal made by the Nomination Committee;

g) shall set the compensation of 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: The Chairman of the Board of Directors

The chairman calls and chairs the Board of Directors meetings. He sets the timetable and the agenda of Board meetings. He organizes and manages the work of the Board of Directors and reports on its activities to the General Meeting. He chairs the Shareholders General Meetings.

The Chairman ensures that the Company's bodies including the Board Committees operate correctly and consistently with the best principles of corporate governance. He may submit questions to the Committees for review. He is a member of the Nomination Committee.

He ensures that the Directors are in position to fulfil their duties and that they are provided with the appropriate information. He may ask for the disclosure of any information or document required to prepare the Board meetings.

The Chairman may interview the Statutory Auditors and, after having informed the Chief Executive Officer, any Group's executive manager in order to prepare the work of the Board. He is regularly informed by the Chief Executive Officer and other members of the Executive Management team of significant events in the life of the Group.

He produces the report on the conditions for the preparation and organization of the work of the Board and on internal control procedures and to that end receives any useful information.

He speaks alone in the Board's name, barring exceptional circumstances or specific assignment entrusted to another Director.

He dedicates his best efforts to promote in all circumstances the image and values of the Company. In agreement with the Executive Management, he may represent the Group in high-level dealings, notably with major clients, major shareholders and government authorities, both domestically and internationally.

He is provided with the material resources required to fulfil his assignments.

The Chairman has note executive responsibilities, these responsibilities being exercised by the Chief Executive Officer, who proposes and implements the Company's strategy, within the limits defined by French Law and in compliance with the Company's corporate governance rules.

Article 3: 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 the 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 to be present for the calculation of quorum and majority. The nature and conditions governing videoconference and telecommunications 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 4: 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 5: Training of Directors

Each Director may benefit, either at the time of his appointment or during the term of his mandate, from any training that he deems necessary for the exercise of his duties.

This training shall be organized and proposed by the Company, which shall bear its cost.

Article 6: 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 said committees shall act under the responsibility of 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 7: The Compensation Committee

The Compensation Committee:

a) proposes to the Board the criteria for determining the compensation of the Company's chief executive officers, 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 8: 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 9:

This Committee's mission is ***to monitor issues relating to the preparation and control of accounting and financial information.***

In particular, it is responsible for:

- ***monitoring the process for the preparation of financial information;***
- ***examining*** the draft financial statements to be submitted to the Board, primarily with a view to verifying ***the clarity of the information provided*** and assessing the relevance and consistency of the accounting methods ***applied in the preparation of individual and consolidated financial statements;***
- verifying 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 missions 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 missions being prohibited; ***overseeing the selection of Statutory Auditors and providing the Board with an opinion on the appointment or renewal of the Statutory Auditors, as well as on their remuneration;***
- examining the Statutory Auditors' work schedule, ***and more generally monitoring the auditing of the financial statements by the Statutory Auditors;***
- ***assessing the quality of internal control, in particular the coherence of measurement, supervision and risk management systems, and proposing, where necessary, additional measures. To this end, the Committee is responsible primarily for:***
  - examining the Group's internal audit program 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 control departments;
  - examining the follow-up letters sent by the French Banking Commission and commenting on the draft responses to these letters;
  - examining the risk management policy and the policy for monitoring off-balance sheet commitments, notably in view of the memos produced to this end by the Finance Department, the Risk Department and the Statutory Auditors.

To this end, it is entitled to question, as it sees fit, the company's chief executive officers, the Statutory Auditors and the managers in charge of preparing the accounts, internal control, risk management, ***compliance*** and ***periodic control.*** The Statutory Auditors may attend Audit Committee meetings unless the Committee decides otherwise.

The Chairman of the Committee reports on the Committee's work to the Board.

The Committee ***submits its annual work schedule to the Board*** together with an annual activity report which 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, nor members of the Compensation Committee, and 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, ***with at least one of the members having specific financial or accounting expertise.***

Article 10: Conflicts of interest

Any Director faced with a conflict of interest or even a potential conflict of interest, especially when it concerns his 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 11: 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 12: 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 13: 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 the Company's 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.

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

Article 3: Knowledge of rights and obligations

When a new Director or Non-Voting Director 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.

(*) 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

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

The Directors of Societe Generale shall register all new Societe Generale securities acquired on or after June 1, 2002. It is recommended that they also 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, Co-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 do not need 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;***
- ***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 Company's Secretary of the Board of Directors. 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 discussion and voting on such matters.

Article 8: Regular attendance

Each Director or Non-Voting Director shall dedicate the time needed to fulfill his duties. In the event that 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.

(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)).

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH THIRD PARTIES*

Societe Generale – Year ended December 31, 2008

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.

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. This report cancels and replaces our special report dated March 4, 2009 and complements the description of the agreement authorized during the financial year referred to in paragraph 2.b.

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.

1. With Messrs. Frédéric Oudéa and Séverin Cabannes

Nature and purpose:

Supplementary pension plan for Messrs. Frédéric Oudéa and Séverin Cabannes.

Terms and conditions:

Under these plans, Mr Oudéa and Mr Cabannes retain the benefits of the supplementary pension allocation plan for senior managers which applied to them as employees prior to their initial appointment as chief executive officers. This supplementary plan was introduced in 1991. It provides beneficiaries, upon the liquidation of their French Social Security pension, with a total pension equal to the product of the followings:

- The average, over the last ten years of their career, of the proportion of basic salaries exceeding "Tranche B" of the AGIRC pension augmented by a variable part limited to 5% of the basic fixed salary;
- The rate equal to the ratio between a number of annuities corresponding to the years of professional service within your company and 60.

The AGIRC "Tranche C" pension acquired in respect of their professional service within your company is deducted from this total pension. The additional allocation to be paid by your company is increased for beneficiaries who have brought up at least three children, as well as for those retiring after 60. It may not be less than a third of the full rate service value of the AGIRC "Tranche B" points vested by the manager since his appointment in the "Outside Classification" category of your company.

In the event that Mr Frédéric Oudéa's employment contract (which is currently suspended) terminates, such commitment would come to an end.

2. With Mr Frédéric Oudéa

a. Nature and purpose:

Severance pay for Mr Frédéric Oudéa.

Terms and conditions:

Such commitment will not be applicable in the event that the departure results of failure or resignation, and is subject to fulfillment of the following performance conditions:

- In the event of departure before January 2010, the average after tax Group ROE should exceed 6%, assessed on the last four published quarterly results.

* *Special Report of the Statutory Auditors on Related Party Agreements and Commitments (dated March 31, 2009) cancels and replaces the report dated March 4, 2009 (following words added at the end of the first sentence in the 2.b. paragraph: "or to a non listed bank in France.").*

- In the event of departure starting January 2010, the average Group ROE after tax (assessed for the two fiscal years preceding the departure) should be in excess of that achieved by the lowest quartile of your company's peers (the benchmark sample being identical to the benchmark defined for the calculation of the performance-linked component).

Mr Frédéric Oudéa would be entitled to a compensation equal to the difference between two years' remuneration (basic and performance-linked) – or, in the event of departure before 2010, three years' basic salary without being able to exceed the ceiling of two years' basic and performance-linked pay – and, where necessary, any other compensation due by virtue of the termination in his function.

b. Nature and purpose:

Non-compete clause for Mr Frédéric Oudéa.

Terms and conditions:

Mr Frédéric Oudéa would be bound for one year by a non-compete clause in relation to a listed bank or insurance company in or outside France, or to a non-listed bank in France. In exchange, he would be entitled, during the same period to a compensation to be paid on a monthly basis, equal to his basic salary as chief operating officer. Both parties will however have a right to waive such clause.

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.

Nature, purpose, terms and conditions:

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, purpose, terms and conditions:

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.

It is noted that Mr Daniel Bouton is no longer entitled to new rights to the supplementary pension plan starting May 12, 2008, date of his appointment as chairman and of resignation from his suspended employment contract. His rights were set at that date and shall be liquidated when he will claim his right to the French Social Security pension.

3. With Rosbank

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, 2008, the interest income recorded for these loans amounted to 312,035,562 roubles and 60,006,185 roubles respectively. The respective outstanding balances amounted to 3,917,067,262 roubles and 751,642,442 roubles.

Neuilly-sur-Seine and Paris-La Défense, March 31, 2009

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
José-Luis Garcia	Philippe Peuch-Lestrade

12 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr Frédéric Oudéa

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 meaning.

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 310 to 311 and 382 to 383 herein and those enclosed for reference for financial years 2006 and 2007, found on pages 246 to 247 and 301 to 302 of the 2007 Registration Document and on pages 266 to 267 and 330 to 331 of the 2008 registration document. The Statutory Auditors' reports on the 2008 parent company and consolidated financial statements, on the 2007 parent company and consolidated financial statements, and on the 2006 parent company financial statements contain remarks.

Chief Executive Officer
Frédéric Oudéa

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

13 CROSS-REFERENCE TABLE

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, 2007, the related Statutory Auditors' report and the Group management report presented respectively on pages 269 to 329 and 162 to 265, pages 330 to 331 and 266 to 267 and pages 24 to 61 of the registration document D.08-0084 submitted to the AMF on March 3, 2008.
- The parent company 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, pages 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 chapters of the registration documents D.08-0084 and D.07-0146 not mentioned above do not apply to investors or are covered in another part of the present document.

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