10 FINANCIAL INFORMATION

Contents

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS

(In millions of euros)		IFRS December 31, 2010	IFRS December 31, 2009
Cash, due from central banks	Note 5	14,081	14,394
Financial assets at fair value through profit or loss	Note 6	455,160	400,157
Hedging derivatives	Note 7	8,162	5,561
Available-for-sale financial assets	Note 8	103,836	90,433
Due from banks	Note 9	70,268	67,655
Customer loans	Note 10	371,898	344,543
Lease financing and similar agreements	Note 12	29,115	28,856
Revaluation differences on portfolios hedged against interest rate risk		2,376	2,562
Held-to-maturity financial assets	Note 13	1,882	2,122
Tax assets	Note 14	5,445	5,493
Other assets	Note 15	43,506	37,438
Non-current assets held for sale	Note 16	64	375
Deferred profit-sharing	Note 33	1,068	320
Investments in subsidiaries and affiliates accounted for by the equity method		1,968	2,001
Tangible and intangible fixed assets	Note 17	15,812	15,171
Goodwill	Note 18	7,431	6,620
Total		**1,132,072**	**1,023,701**

Consolidated balance sheet (continued)

LIABILITIES

(In millions of euros)		IFRS December 31, 2010	IFRS December 31, 2009
Due to central banks		2,778	3,100
Financial liabilities at fair value through profit or loss	Note 6	358,963	302,753
Hedging derivatives	Note 7	9,267	7,348
Due to banks (*)	Note 19	77,311	89,460
Customer deposits	Note 20	337,447	300,054
Securitised debt payables (*)	Note 21	141,385	133,573
Revaluation differences on portfolios hedged against interest rate risk		875	774
Tax liabilities	Note 14	1,343	1,423
Other liabilities	Note 22	55,003	48,800
Non-current liabilities held for sale	Note 16	6	261
Underwriting reserves of insurance companies	Note 33	82,670	74,451
Provisions	Note 24	2,026	2,311
Subordinated debt (*)	Note 26	12,023	12,555
Total liabilities		**1,081,097**	**976,863**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Common stock		933	925
Equity instruments and associated reserves		24,021	23,544
Retained earnings		18,106	18,336
Net income		3,917	678
Sub-total		**46,977**	**43,483**
Gains and losses recognised directly in equity	Note 28	(556)	(1,279)
Sub-total equity, Group share		**46,421**	**42,204**
Non-controlling interests		**4,554**	**4,634**
Total equity		**50,975**	**46,838**
Total		**1,132,072**	**1,023,701**

(*) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

Consolidated income statement

(In millions of euros)		IFRS 2010	IFRS 2009
Interest and similar income	Note 34	28,294	30,545
Interest and similar expense	Note 34	(16,324)	(18,910)
Dividend income		318	329
Fee income	Note 35	10,038	10,445
Fee expense	Note 35	(2,553)	(2,633)
Net gains and losses on financial transactions		5,374	947
o/w net gains and losses on financial instruments at fair value through P&L	*Note 36*	*5,341*	*1,002*
o/w net gains and losses on available-for-sale financial assets	*Note 37*	*33*	*(55)*
Income from other activities	Note 38	19,662	18,281
Expenses from other activities	Note 38	(18,391)	(17,274)
Net banking income		**26,418**	**21,730**
Personnel expenses	Note 39	(9,559)	(9,157)
Other operating expenses		(6,053)	(5,679)
Amortisation, depreciation and impairment of tangible and intangible fixed assets		(933)	(930)
Gross operating income		**9,873**	**5,964**
Cost of risk	Note 41	(4,160)	(5,848)
Operating income		**5,713**	**116**
Net income from companies accounted for by the equity method		119	15
Net income/expense from other assets (1)		11	711
Impairment losses on goodwill	Note 18	1	(42)
Earnings before tax		**5,844**	**800**
Income tax	Note 42	(1,542)	308
Consolidated net income		**4,302**	**1,108**
Non-controlling interests		385	430
Net income, Group share		**3,917**	**678**
Earnings per ordinary share	Note 43	**4.96**	**0.45**
Diluted earnings per ordinary share	Note 43	**4.94**	**0.45**

(1) The sale of the assets and liabilities to Crédit Agricole Asset Management as part of Amundi operation generated a net gain of EUR 732 million as at December 31, 2009.

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

(In millions of euros)		IFRS 2010	IFRS 2009
Net income		**4,302**	**1,108**
Translation differences		925	(74)
Revaluation of available-for-sale financial assets		78	1,512
Cash flow hedge derivatives revaluation		(125)	(149)
Gains and losses recognised directly in equity for companies accounted for by the equity method		5	10
Tax		(34)	(414)
Total gains and losses recognised directly in equity	Note 28	**849**	**885**
Net income and gains and losses recognised directly in equity		**5,151**	**1,993**
O/w Group share		4,640	1,552
O/w non-controlling interests		511	441

Changes in shareholders' equity

(In millions of euros)	Capital and associated reserves			Consolidated reserves		Gains and losses recognised directly in equity							
	Common stock	Equity instruments and associated reserves	Elimination of treasury shares	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	Non-controlling interests (see note 27)	Gains and losses recognised directly in equity, non-controlling interests	Shareholders' equity, non-controlling interests	Total consolidated shareholders' equity
Shareholders' equity at December 31, 2008	**726**	**19,217**	**(1,490)**	**19,785**	**(1,115)**	**(2,090)**	**407**	**645**	**36,085**	**4,843**	**(41)**	**4,802**	**40,887**
Increase in common stock	199	5,322							5,521			-	5,521
Elimination of treasury shares			(25)	(80)					(105)			-	(105)
Issuance of equity instruments		286		115					401			-	401
Equity component of share-based payment plans		234							234	-		-	234
2009 Dividends paid				(1,144)					(1,144)	(342)		(342)	(1,486)
Effect of acquisitions and disposals on non-controlling interests				(341)					(341)	(267)		(267)	(608)
Sub-total of changes linked to relations with shareholders	***199***	***5,842***	***(25)***	***(1,450)***	***-***	***-***	***-***	***-***	***4,566***	***(609)***	***-***	***(609)***	***3,957***
Change in value of financial instruments and fixed assets having an impact on equity						1,447	(147)		1,300		49	49	1,349
Change in value of financial instruments and fixed assets recognised in income						(2)	(1)		(3)		16	16	13
Tax impact on change in value on financial instruments and fixed assets having an impact on equity or recognised in income								(399)	(399)		(13)	(13)	(412)
Translation differences and other changes				1	(34)				(33)	-	(41)	(41)	(74)
2009 Net income for the period				678					678	430		430	1,108
Sub-total	***-***	***-***	***-***	***679***	***(34)***	***1,445***	***(148)***	***(399)***	***1,543***	***430***	***11***	***441***	***1,984***
Change in equity of associates and joint ventures accounted for by the equity method						10	1	(1)	10			-	10
Shareholders' equity at December 31, 2009	**925**	**25,059**	**(1,515)**	**19,014**	**(1,149)**	**(635)**	**260**	**245**	**42,204**	**4,664**	**(30)**	**4,634**	**46,838**
Increase in common stock (see note 27)	8	230							238			-	238
Elimination of treasury shares [1]			180	(166)					14			-	14
Issuance of equity instruments (see note 27)		(16)		175					159	(500)		(500)	(341)
Equity component of share-based payment plans [2]		83							83	-		-	83
2010 Dividends paid (see note 27)				(693)					(693)	(283)		(283)	(976)
Effect of acquisitions and disposals on non-controlling interests [3][4]				(227)					(227)	193		193	(34)
Sub-total of changes linked to relations with shareholders	***8***	***297***	***180***	***(911)***	***-***	***-***	***-***	***-***	***(426)***	***(590)***	***-***	***(590)***	***(1,016)***
Change in value of financial instruments and fixed assets having an impact on equity (see note 28)						452	(124)		328		12	12	340
Change in value of financial instruments and fixed assets recognised in income (see note 28)						(362)	-		(362)		(25)	(25)	(387)
Tax impact on change in value on financial instruments and fixed assets having an impact on equity or recognised in income (see note 28)								(37)	(37)		6	6	(31)
Translation differences and other changes (see note 28)				3	792				795	(1)	133	132	927
2010 Net income for the period				3,917					3,917	385		385	4,302
Sub-total	***-***	***-***	***-***	***3,920***	***792***	***90***	***(124)***	***(37)***	***4,641***	***384***	***126***	***510***	***5,151***
Change in equity of associates and joint ventures accounted for by the equity method						5	-	(3)	2			-	2
Shareholders' equity at December 31, 2010	**933**	**25,356**	**(1,335)**	**22,023**	**(357)**	**(540)**	**136**	**205**	**46,421**	**4,458**	**96**	**4,554**	**50,975**

(1) As at December 31, 2010, the Group held 28,284,362 of its own shares as treasury shares, for trading purposes or for the active management of shareholders' equity, representing 3.79% of the capital of Societe Generale S.A.

The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 1,335 million, including EUR 235 million in shares held for trading purposes.

The change in treasury shares over 2010 breaks down as follows:

(In millions of euros)	**Transaction-related activities**	**Treasury shares and active management of Shareholders' equity**	**Total**
Disposals net of purchases	93	87	180
	93	**87**	**180**
Capital gains net of tax on treasury shares and treasury share derivatives, booked under shareholders' equity	-	(168)	(168)
Related dividends, removed from consolidated results	-	2	2
	-	**(166)**	**(166)**

(2) Share-based payments settled in equity instruments in 2010 amounted to EUR 83 million: EUR 26 million for the stock-option plans and EUR 57 million for the allocation of free shares.

(3) Impact on the shareholder's equity, Group share, regarding transactions related to non-controlling interests:

Cancellation of gains on disposals	(2)
Buybacks of non-controlling interests not subject to any put options	(185)
Transactions and variations in value on put options granted to non-controlling shareholders	(39)
Net income attributable to the non-controlling interests of shareholders holding a put option on their Group shares allocated to consolidated reserves	(1)
Total	**(227)**

(4) Changes booked in the amount of EUR 193 million under non-controlling interest reserves correspond to:

- *EUR 356 million in capital increases of which EUR 263 million relates to Rosbank and EUR 90 million to Geniki.*
- *EUR -62 million of negative effect on transactions and variations of value on put options granted to non-controlling shareholders of which EUR -63 million relative to the Group's commitment, within the framework of the restructuring of its Russian operations, to purchase 2.53% of Rosbank after its merger with BSGV.*
- *EUR -101 million of negative effect of the variations in scope including EUR -60 million regarding the buyback of non-controlling interests in Rosbank and EUR -17 million for the acquisition of Banco Pecunia's shares from non-controlling shareholders.*

Cash flow statement

(In millions of euros)	December 31, 2010	December 31, 2009
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES		
Net income (I)	**4,302**	**1,108**
Amortisation expense on tangible fixed assets and intangible assets	2,910	2,815
Depreciation and net allocation to provisions	10,172	10,081
Net income/loss from companies accounted for by the equity method	(119)	(15)
Deferred taxes	117	(1,695)
Net income from the sale of long-term available-for-sale assets and subsidiaries	(142)	(126)
Change in deferred income	180	69
Change in prepaid expenses	(15)	30
Change in accrued income	(9)	440
Change in accrued expenses	(85)	(1,733)
Other changes	3,418	2,907
Non-monetary items included in net income and others adjustments (not including income on financial instruments at fair value through Profit or Loss) (II)	**16,427**	**12,773**
Income on financial instruments at fair value through Profit or Loss [1] (III)	**(5,341)**	**(1,002)**
Interbank transactions	(14,435)	(19,930)
Customers transactions	1,499	18,767
Transactions related to other financial assets and liabilities	373	(8,682)
Transactions related to other non financial assets and liabilities	2,555	3,794
Net increase/decrease in cash related to operating assets and liabilities (IV)	**(10,008)**	**(6,051)**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III) + (IV)	**5,380**	**6,828**
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES		
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	161	(1,453)
Tangible and intangible fixed assets	(2,616)	(2,131)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**(2,455)**	**(3,584)**
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES		
Cash flow from/to shareholders [2]	(1,240)	4,216
Other net cash flows arising from financing activities	(657)	(1,626)
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**(1,897)**	**2,590**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**1,028**	**5,834**
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the start of the year		
Net balance of cash accounts and accounts with central banks	11,303	7,242
Net balance of accounts, demand deposits and loans with banks	6,306	4,533
Cash and cash equivalents at the end of the year		
Net balance of cash accounts and accounts with central banks	11,303	11,303
Net balance of accounts, demand deposits and loans with banks	7,334	6,306
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS	**1,028**	**5,834**

(1) Income on financial instruments at fair value through Profit or Loss includes realised and unrealised income.

(2) See note 27:
- *O/w reimbursement of preferred shares for EUR 500 million;*
- *O/w 2010 dividends paid for EUR 896 million excluding dividends paid in equity.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on February 15, 2011.

Note 1

Significant accounting principles

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, the Societe Generale Group ("the Group") prepared its consolidated financial statements for the year ending December 31, 2010 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date (these standards are available on the European Commission website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

The standards comprise IFRS 1 to 8 and International Accounting Standards (IAS) 1 to 41, as well as the interpretations of these standards adopted by the European Union as at December 31, 2010.

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, 2010

Accounting standards, amendments or Interpretations	Publication dates by IASB	Adoption dates by the European Union
Improvements to IFRS – May 2008 – IFRS 5	May 22, 2008	January 23, 2009
IFRIC 12 "Service Concessions Arrangements"	November 30, 2006	March 25, 2009
IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"	July 3, 2008	June 4, 2009
IFRIC 15 "Agreements for the Construction of Real Estate"	July 3, 2008	July 22, 2009
Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items"	July 31, 2008	September 15, 2009
IFRS 1 (Revised) "First-time adoption of IFRS"	November 27, 2008	November 25, 2009
IFRIC 17 "Distribution of Non-cash Assets to Owners"	November 27, 2008	November 26, 2009
IFRIC 18 "Transfers of Assets from Customers"	January 29, 2009	November 27, 2009
Improvements to IFRS – April 2009	April 16, 2009	March 23, 2010
Amendments to IFRS 2 "Group cash-settled Share-based Payment Transactions"	June 18, 2009	March 23, 2010
Amendments to IFRS 1 "Additional exemptions for First-time adopters"	July 23, 2009	June 23, 2010

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

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

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

- **IFRIC 12 "Service Concessions Arrangements"**

This interpretation explains the accounting treatment of concessions.

- **IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"**

This interpretation clarifies the accounting treatment for hedges of net investments in foreign operations.

- **IFRIC 15 "Agreements for the Construction of Real Estate"**

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

- **Amendment to IAS 39 "Eligible Hedged Items"**

This 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 hedging relationship. The amendment must be applied retrospectively.

- **IFRS 1 (Revised) "First-time adoption of International Financial Reporting Standards"**

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

- **IFRIC 17 "Distribution of Non-cash Assets to Owners"**

This interpretation provides guidance on the measurement and accounting treatment of the distribution of non-cash assets as dividends to its owners.

- **IFRIC 18 "Transfers of Assets from Customers"**

This interpretation applies to the accounting for transfers of assets by entities that receive such transfers from their customers. It clarifies the circumstances and requirements in which the revenue related to the transfer of assets from customers has to be recognised as part of a commercial contract.

- **Improvements to IFRS – April 2009**

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published amendments to 12 accounting standards.

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

IASB clarifies the accounting treatment in the individual financial statements of a subsidiary for cash-settled share-based payment arrangements within a group. The subsidiary that receives goods or services must account for them, from its own standpoint, without taking account of their treatment by the Group entity that settled the transaction in shares or cash.

- **Amendments to IFRS 1 "Additional exemptions for First-time Adopters"**

These amendments introduce new exemptions concerning the retroactive application of IFRS by entities belonging to specific sectors (oil and gas assets, leasing contracts) and applying IFRS for the first time.

As at January 1, 2009 the Group applied the following standards early: IFRS 3 (revised) "Business Combinations" and IAS 27 (revised) "Consolidated and Separate Financial Statements" adopted by the European Union on June 3, 2009 and applicable for annual periods beginning on or after July 1, 2009.

The main valuation and presentation rules used in drawing up the consolidated financial statements are disclosed below. Except for the application of these new IFRS and IFRIC interpretations described above, these accounting methods and principles were applied consistently in 2009 and 2010.

USE OF ESTIMATES

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

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

The use of estimates principally concerns the following valuations:

- fair value in the balance sheet of financial instruments not quoted in an active market which are classified as *Financial assets and liabilities at fair value through profit or loss, Hedging derivatives* or *Available-for-sale financial assets* (described in paragraph 2 and Note 3) and fair value of unlisted instruments for which this information must be disclosed in the notes to the financial statements;
- the amount of impairment of financial assets (*Loans and receivables, Available-for-sale financial assets, Held-to-maturity financial assets*), lease financing and similar agreements, tangible or intangible fixed assets and goodwill (described in paragraph 2 and notes 4 and 18);

- provisions recognised under liabilities, including provisions for employee benefits or underwriting reserves of insurance companies as well as the deferred profit-sharing on the asset side of the balance sheet (described in paragraph 2 and notes 23, 24, 25 and 33);
- initial value of goodwill determined for each business combination (described in paragraph 1 and note 2);
- in the event of the loss of control of a consolidated subsidiary, fair value used to remeasure the portion kept by the Group in this entity, where applicable (described in paragraph 1).

1. Consolidation principles

The consolidated financial statements of Societe Generale include the financial statements of the Parent Company and of the main French and foreign companies 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 control. 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 holding the power to exert a controlling influence over the subsidiary by virtue of an agreement or provisions in the company's charter or by-laws.

• Proportionate consolidation

Companies over which the Group exercises joint control are consolidated 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 OF 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 exclusively on behalf of the Group so that the Group obtains benefits from the SPV's operation;
- the Group has the decision-making powers to obtain the majority of the benefits from the SPV's operation, whether or not this control has been delegated through an "autopilot" mechanism;
- the Group has the ability to obtain the majority of the benefits of the SPV;
- the Group retains the majority of the risks of the SPV.

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

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

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

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

TREATMENT OF ACQUISITIONS AND GOODWILL

The Group uses the acquisition method to recognise its business combinations. The acquisition cost is calculated as the total fair value, at the date of acquisition, of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired entity. The costs directly linked to business combinations are recognised in the income statement for the period.

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is only potential. It is recognised under equity or debt in the balance sheet depending on the settlement alternatives; any subsequent adjustments are booked under income for financial liabilities in accordance with IAS 39 and within the scope of the appropriate standards for other debts. For equity instruments, these subsequent adjustments are not recognised.

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

Any excess of the price paid over the assessed fair value of the proportion of net assets acquired is booked on the asset side of the consolidated balance sheet under *Goodwill.* Any deficit is immediately recognised in the income statement. *Non-controlling interests* are valued according to its stake of the fair value of the identifiable assets and liabilities of the acquired entity. However, for each business combination, the Group may also choose to value *Non-controlling interests*, to which a fraction of goodwill has been allocated, at its fair value.

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

On the date of acquisition of an entity, any stake in this entity already held by the Group is revalued at fair value through profit or loss. In the case of a step acquisition, goodwill is therefore determined by referring to the fair value on the acquisition date.

In the event of an increase in Group stakes in entities over which it already exercises control: the difference between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired at this date is booked under the Group's *Consolidated reserves.* Also, any reduction in the Group's stake in an entity over which it keeps control is accounted for as an equity transaction between shareholders. At the date when the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is revalued at fair value through profit or loss, at the same time as the capital gain or loss is recorded.

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 unit(s).

If the recoverable amount of the cash-generating unit(s) 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 control. This liability is initially recognised at the present value of the estimated exercise price of the put options under *Other liabilities;*
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as that applied to transactions in *Non-controlling interests*. As a result, the counterpart of this liability is a write-down in value of *Non-controlling interests* underlying the options, with any balance deducted from the Group's *Consolidated reserves;*
- subsequent variations in this liability linked to changes in the exercise price of the options and the carrying value of *Non-controlling 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 *Non-controlling interests* in the subsidiary in question. However if, when the commitment reaches its term, the purchase has not occurred, the liability is written off against the *Non-controlling interests* and the Group's *Consolidated reserves;*
- whilst the options have not been exercised, the results linked to *Non-controlling interests* with a put option are recorded under *Non-controlling interests* on the Group's consolidated income statement.

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

SEGMENT REPORTING

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

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

The Group is organised into five core business lines:

- French Networks, which include the domestic networks Societe Generale, Crédit du Nord and Boursorama. The Boursorama Group, which was previously part of the Private Banking, Global Investment Management and Services Division, was incorporated into the French Networks on January 1, 2010; the 2009 comparative data have been restated accordingly;
- International Retail Banking, which covers retail banking activities abroad;
- Specialised Financial Services and Insurance, which comprises the Specialised Financing subsidiaries serving businesses (equipment and vendor finance, operational vehicle leasing and fleet management, and IT asset leasing and management, an activity that was disposed of in the second half of 2010), and individuals (consumer finance) and providing life and non-life insurance;
- Private Banking, Global Investment Management and Services. The Securities Services division includes the Group's brokerage arm, operated by Newedge, together with the securities and employee savings business;

- Corporate and Investment Banking consisting of:
  - "Global Markets", which encompasses all market activities "Equities" and "Fixed Income, Currencies & Commodities",
  - "Financing & Advisory", which covers all strategy, capital raising and structured financing advisory services,
  - "Legacy Assets", which manages financial assets that have become illiquid in the wake of the financial crisis.

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

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

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

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

Any negative differences between the fair value less selling costs of non-current assets and groups of assets held for sale and their net carrying value is recognised as impairment in profit or loss. Moreover, *Non-current assets held for sale* are no longer depreciated.

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

2. Accounting policies and valuation methods

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are converted into the entity's functional currency at the prevailing spot exchange rate. Realised or unrealised foreign exchange losses or gains are recognised in the income statement.

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

Non-monetary financial assets denominated in foreign currencies, including shares and other variable income securities that are not part of the trading portfolio, are converted into the entity's functional currency at the exchange rate applying at the end of the period. Currency differences arising on these financial assets are 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 informed and consenting parties in an arm's length transaction.

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

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

Determining whether a market is inactive requires the use of indicators such as a sharp decline in trading volume and the level of activity in the market, a sharp disparity in prices over time and between 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 estimate of prices applied in real market transactions, then the Group can use those techniques. The use of internal assumptions for future cash flows and discount rates, correctly adjusted for the risks that any market participant would take into account, is permitted. Such adjustments are made in a reasonable and appropriate manner after examining the available information. Notably, internal assumptions consider counterparty risk, non-performance risk, liquidity risk and model risk, if necessary.

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

FINANCIAL ASSETS AND LIABILITIES

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

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

- **Loans and receivables**

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, held for trading purposes or intended for sale from the time they are originated or contributed. Loans and receivables are recognised in the balance sheet under *Due from banks* or *Customer loans* depending on the type of counterparty. Thereafter, they are valued at amortised cost using the effective interest rate method and impairment may be recorded if appropriate.

• Financial assets and liabilities at fair value through profit or loss

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

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

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

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

  The Group also books at fair value through profit or loss the financial assets held to guarantee unit-linked policies of its life insurance subsidiaries to ensure their financial treatment matches that of the corresponding insurance liabilities. Under IFRS 4, insurance liabilities have to be recognised according to local accounting principles. The revaluations of underwriting reserves on unit-linked policies, which are directly linked to revaluations of the financial assets underlying their policies, are therefore recognised in the income statement. The fair value option thus allows the Group to record changes in the fair value of the financial assets through profit or loss so that they match fluctuations in value of the insurance liabilities associated with these unit-linked policies;
- secondly, so that the Group can book certain compound financial instruments at fair value, thereby avoiding the need to separate out embedded derivatives that would otherwise have to be booked separately. This approach is notably used for valuation of the convertible bonds held by the Group.

• Held-to-maturity financial assets

These are non-derivative financial assets with fixed or determinable payments and a fixed maturity, that are quoted in an active market and which the Group has the intention and ability to hold to maturity. They are valued after acquisition at their amortised cost and may be subject to impairment as appropriate. The amortised cost includes premiums and discounts as well as transaction costs. These assets are recognised in the balance sheet under *Held-to-maturity financial assets*.

• Available-for-sale financial assets

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

SECURITIES LENDING AND BORROWING

Securities involved in a repurchase agreement or securities lending transaction are held in their original position on the assets side of the Group's balance sheet. For repurchase agreements, the obligation to return the amounts deposited is recorded under *Liabilities* on the liabilities side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial liabilities at fair value through profit or loss*.

Securities involved in a reverse repurchase agreement or securities borrowing transaction are not recorded in the Group's balance sheet. However, in the event the borrowed securities are subsequently sold, a debt representing the return of these securities to their lender is recorded on the liabilities side of the Group's balance sheet, under *Financial liabilities at fair value through profit or loss*. For securities received under a reverse repurchase agreement, the right to recover the amounts delivered by the Group is recorded under *Loans and receivables* on the assets side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial assets at fair value through profit or loss*.

RECLASSIFICATION OF FINANCIAL ASSETS

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

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

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

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

A financial asset initially recognised as *Available-for-sale financial assets* may be reclassified into *Held-to-maturity financial assets,* provided that the eligibility criteria to this category are met. Furthermore if a financial asset with fixed or determinable payments initially recognised as *Available-for-sale financial assets* can subsequently no longer be quoted in an active market and if the Group has the intention and ability to hold it for the foreseeable future or until maturity, then this financial asset, may be reclassified in *Loans and receivables* provided that the eligibility criteria 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. The amortised cost of these financial assets reclassified out of *Financial assets at fair value through profit or loss* or *Available-for-sale financial assets* to *Loans and receivables* and the amortised cost of the financial assets reclassified out of *Financial assets at fair value through profit or loss* to *Available-for-sale financial assets* are determined on the basis of estimated future cash flows measured at the date of reclassification. The estimated future cash flows must be reviewed at each closing. In the event of an increase in estimated future cash flows, as a result of an increase in their recoverability, the effective interest rate is adjusted prospectively. However, if there is objective evidence that the financial asset has been impaired as a result of an event occurring after reclassification and that loss event has a negative impact on the estimated future cash flows of the financial asset, the impairment of this financial asset is recognised under *Cost of risk* in the income statement.

DEBTS

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

• Amounts due to banks and customer deposits

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

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

• Securitised debt payables

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

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

SUBORDINATED DEBT

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

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

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

Financial derivatives are divided into two categories:

- **Trading financial derivatives**

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

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

- **Derivative hedging instruments**

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

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

Fair value hedge

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

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

Cash flow hedge

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

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

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

Hedging of a net investment in a foreign operation

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

Macro-fair value hedge

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

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

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

Embedded derivatives

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

IMPAIRMENT OF FINANCIAL ASSETS

- **Financial assets valued at amortised cost**

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

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

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

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

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

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

- receivables on counterparties which have encountered financial difficulties since these receivables were initially recognised without any objective evidence of impairment having yet been identified at the individual level (sensitive receivables) or;
- receivables on counterparties linked to economic sectors considered as being in crisis further to the occurrence of loss events or;
- receivables on geographical sectors or countries on which a deterioration of credit risk has been assessed.

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

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

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

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

For unlisted equity instruments, the criteria used for the assessing of the evidence of impairment are similar to those mentioned above; the value of these instruments at the balance sheet date is determined using the valuation methods described in note 3.

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

When a decline in the fair value of an *Available-for-sale financial asset* has been recognised directly in shareholders' equity under *Gains and losses recognised directly in equity* and subsequent objective evidence of impairment emerges, the Group recognises the total accumulated unrealised loss previously booked to shareholders' equity in the income statement under *Cost of risk* for debt instruments and under *Net gains and losses on available-for-sale financial assets* for equity securities.

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

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

LEASE FINANCING AND SIMILAR AGREEMENTS

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

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

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

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

TANGIBLE AND INTANGIBLE FIXED ASSETS

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

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

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

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

<table>
<tr><td>Infrastructure</td><td>Major structures</td><td>50 years</td></tr>
<tr><td></td><td>Doors and windows, roofing</td><td>20 years</td></tr>
<tr><td></td><td>Façades</td><td>30 years</td></tr>
<tr><td>Technical installations</td><td>Elevators</td><td rowspan="8">10 to 30 years</td></tr>
<tr><td></td><td>Electrical installations</td></tr>
<tr><td></td><td>Electricity generators</td></tr>
<tr><td></td><td>Air conditioning, extractors</td></tr>
<tr><td></td><td>Technical wiring</td></tr>
<tr><td></td><td>Security and surveillance installations</td></tr>
<tr><td></td><td>Plumbing</td></tr>
<tr><td></td><td>Fire safety equipment</td></tr>
<tr><td>Fixtures and fittings</td><td>Finishings, surroundings</td><td>10 years</td></tr>
</table>

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

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

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

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

PROVISIONS

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

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

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

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

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

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

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

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

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

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

LOAN COMMITMENTS

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

FINANCIAL GUARANTEES ISSUED

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

LIABILITIES/SHAREHOLDERS' EQUITY DISTINCTION

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

- **Perpetual subordinated notes (TSDI)**

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

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

However, perpetual subordinated notes (TSDI) issued by the Group and that include some discretionary features governing the payment of interest are classified as equity.

Issued by Societe Generale, they are recorded under *Equity instruments and associated reserves*.

- **Preferred shares**

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

Issued by Group subsidiaries, the preferred shares are recognised under *Non-controlling interests*. Remuneration paid to preferred shareholders is recorded under *Non-controlling interests* in the income statement.

- **Deeply subordinated notes**

Given the discretionary nature of the decision to pay interest in order to remunerate the deeply subordinated notes issued by the Group, these notes have been classified as equity.

Issued by Societe Generale, they are recognised under *Equity instruments and associated reserves.*

NON-CONTROLLING INTERESTS

Non-controlling interests refer to the equity holding in fully consolidated subsidiaries that are neither directly nor indirectly attributable to the Group. They include equity instruments issued by these subsidiaries and not held by the Group.

TREASURY SHARES

Societe Generale shares held by the Group are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is eliminated from the consolidated income statement.

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

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

INTEREST INCOME AND EXPENSE

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

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

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

NET FEES FOR SERVICES

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

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

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

PERSONNEL EXPENSES

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

EMPLOYEE BENEFITS

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

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

• Post-employment benefits

Pension plans may be defined contribution or defined benefit.

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

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the associated 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. These provisions are assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

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

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

- 10% of the present value of the defined benefit obligation;
- 10% of the fair value of the assets at the end of the previous financial year.

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

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

- the additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;

- the expected return on plan assets (gross return);
- the amortisation of actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

- **Long-term benefits**

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

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

Share-based payments include:

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

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

- **Global Employee Share Ownership Plan**

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

- **Other share-based payments**

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

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, or for the beneficiaries to exercise their options.

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

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

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

COST OF RISK

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

INCOME TAX

- **Current taxes**

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

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

- **Deferred tax**

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

Current and deferred taxes are booked in the income statement under *Income tax.* But the deferred taxes related to gains and losses booked under *Gains and losses recognised directly in equity* are also booked under the same heading in shareholders' equity.

INSURANCE ACTIVITIES

- **Financial assets and liabilities**

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

- **Underwriting reserves of insurance companies**

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

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

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

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

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

Under the principles defined in IFRS 4, and in compliance with local regulations applicable with respect thereto, life insurance policies with discretionary profit-sharing features are subject to "mirror accounting", whereby any changes in value of financial assets liable to affect policyholders are recorded in *Deferred profit-sharing*. This reserve is calculated to reflect the potential rights of policyholders to unrealised gains on financial instruments measured at fair value or their potential share of unrealised losses.

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

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

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

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

3. Presentation of financial statements

CNC RECOMMENDED FORMAT FOR BANKS' SUMMARY FINANCIAL STATEMENTS

As the IFRS accounting framework does not specify a standard model, the format used for the financial statements is consistent with the format proposed by the French National Accounting Standards Board, the CNC, under Recommendation 2009-R-04 of July 2, 2009.

Further to the amendments to IFRS3 (revised) and IAS 27 (revised) and as Recommendation 2009-R-04 of July 2, 2009 does not specify any change, the heading "Minority interests" has been replaced by "Non-controlling interests". This name change has no significant impact on the constituent items.

RULE ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

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

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

- the counterparty to the agreements is the same legal entity;
- they have the same firm maturity date from the start of the transaction;
- they are covered by a framework agreement that grants permanent entitlement, enforceable against third parties, to offset amounts for same-day settlement;
- they are settled through a clearing system that guarantees delivery of securities against payment of the corresponding cash sums.

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

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

CASH AND CASH EQUIVALENTS

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

EARNINGS PER SHARE

Earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, except for treasury shares. The net profit attributable to ordinary shareholders takes account of dividend rights of preferred shareholders such as holders of preferred shares, subordinated securities or deeply subordinated securities classified in equity. Diluted earnings per share takes into account the potential dilution of shareholders' interests in the event dilutive instruments (stock options or free shares plans) are converted into ordinary shares. This dilutive effect is determined using the share buyback method.

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

Some accounting standards and interpretations have been published by the IASB as of December 31, 2010. Some have been adopted and others have not been yet adopted by the European Union. These accounting standards and interpretations are required to be applied from annual periods beginning on February 1, 2010 at the earliest or on the date of their adoption by the European Union. They have not been applied by the Group as of December 31, 2010.

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
Amendment to IAS 32 "Classification of Rights Issues"	December 23, 2009	February 1, 2010
Amendment to IFRS 1 "Limited exemption from comparative IFRS 7 disclosures for first-time adopters"	June 30, 2010	July 1, 2010
IAS 24 (Revised) "Related Party Disclosures"	July 19, 2010	January 1, 2011
Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement"	July 19, 2010	January 1, 2011
IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"	July 23, 2010	July 1, 2010

- **Amendment to IAS 32 "Classification of Rights Issues"**

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

- **Amendments to IFRS 1 "Limited exemption from comparative IFRS 7 disclosures for First-time adopters"**

Like preparers currently using IFRSs in their financial statements, first-time adopters are authorised to apply the transition provisions provided in the amendment to IFRS 7 "Improving Disclosures about Financial Instruments".

- **IAS 24 (Revised) "Related Party Disclosures"**

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

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

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

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

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

AMENDMENTS OR INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION ON DECEMBER 31, 2010

Accounting standards or Interpretations	Publication dates by IASB	Effective dates: annual periods beginning on or after
IFRS 9 "Financial Instruments" (Phase 1: Classification and Measurement)	November 12, 2009 And October 28, 2010	January 1, 2013
Annual Improvements to IFRSs – May 2010	May 6, 2010	July 1, 2010 at the earliest
Amendments to IFRS 7 "Disclosures – Transfers of Financial Assets"	October 7, 2010	July 1, 2011
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	December 20, 2010	January 1, 2012

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

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

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

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

All equity instruments will be measured at fair value through profit or loss except in case of irrevocable election made at initial recognition for measurement at fair value through other comprehensive income (providing these financial assets are not held for trading purposes and not measured at fair value through profit or loss) without subsequent recycling through profit or loss.

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

Requirements for the classification and measurement of financial liabilities contained in IAS 39 have been incorporated into IFRS 9 without any modifications except for financial liabilities designated at fair value through profit or loss (using the fair value option). The amount of charge in the liability's fair value attributable to charges in credit risk is recognised in other comprehensive income without subsequent recycling through profit or loss.

Provisions related to derecognition of financial assets and financial liabilities have been carried forward unchanged from IAS 39 into IFRS 9.

- **Improvements to IFRSs – May 2010**

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published minor amendments to 6 accounting standards

- **Amendment to IFRS 7 "Disclosures – Transfers of Financial Assets"**

This amendment is designed to ensure a better understanding of transactions involving the transfer of financial assets (for example, securitisations) including the possible effects of any risks that remain with the entity that transferred the assets. Additional disclosures are required if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

- **Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"**

The measurement of deferred tax depends on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that the carrying amount will be recovered through sale unless the entity has decided differently. This presumption applies to investment properties carried at fair value.

Note 2

Changes in consolidation scope and business combinations

1. Changes in consolidation scope

As at December 31, 2010, the Group's consolidation scope included 872 companies:

- ***703*** fully consolidated companies;
- ***90*** proportionately consolidated companies;
- ***79*** companies accounted for by the equity method.

The consolidation scope includes only those entities that have a significant impact on the Group's consolidated financial statements, i.e. companies whose total assets exceed 0.02% of the Group's total assets, 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, 2010, compared with the scope applicable at the closing date of December 31, 2009, are as follows:

- In the first half of 2010:

  - In February, the Group, through its subsidiary TCW Inc., acquired 100% of Metropolitan West Asset Management, which was then fully consolidated.
  - The Group acquired the remaining 35% of Sogessur held by minority shareholders by exercising a call option it was granted.
  - Banco SG Brazil S.A. acquired a 30% stake in Banco Pecunia S.A. bringing the Group's interest rate to 100%.
  - The Group consolidated Podgoricka Banca SG Group, in which it holds 90.56%. This company, located in Montenegro, is fully consolidated.
  - SG Cyprus Ltd, previously a fully consolidated company, was sold by Societe Generale S.A. to SG Liban and is now accounted for by the equity method.
  - The Group sold its 50% stake in IBK SGAM to IBK, which had shared control of this entity with SGAM S.A.
  - The Global Commodities Finance Fund Limited was removed from the consolidation scope after all the shares were bought and all the assets and liabilities were transferred to Societe Generale S.A.

- The stake in La Marocaine Vie was increased by 2.91% compared to December 31, 2009 to 88.88% after an unevenly subscribed capital increase.
- In the first half of 2010, the Group deconsolidated its subsidiary Clickoptions, which was merged with Societe Generale S.A. during the second half of 2010.
- The stake in Banka Societe Generale Albania Sh.A., previously called Banka Popullore Sh.A, was increased to 85.94%, i.e. a 10.93% increase compared to December 31, 2009, due to a minority shares buyout and a capital increase.
- The stake in Boursorama S.A. was decreased to 55.53%, i.e. a 0.25% decrease compared to December 31, 2009, due to a reserved capital increase relating to the exercise of stock-options.
- The stake in New Esporta Holding Limited decreased by 6.23% compared to December 31, 2009 to 90.54%, after a capital increase subscribed for by Management.

■ During the second half of 2010:

- The Group increased its stake in Bank Republic by 1.18% to 81.18% after a capital increase.
- In September, the Group, through Crédit du Nord, acquired 100% of Société Marseillaise de Crédit, which was fully consolidated at Crédit du Nord level.
- SG Asset Management Banque was removed from the consolidation scope after its merger with Societe Generale SA.
- The Group sold its 49% stake into Gaselys in September 2010 after the exercise by GDF Suez of the call option it was granted. This company was classified in *Non-current assets held for sale* during the first half of 2010.
- The Group finalised the sale of ECS Group, which was removed from the consolidation scope in October 2010. ECS Group's assets and liabilities were reclassified in *Non-current assets and liabilities held for sale* as at June, 30 2010.
- Adria Leasing Spa, which was fully consolidated, was merged with Fraer Leasing Spa, in which the Group held 67.75%. After this deal, the stake in Fraer increased by 5.68% to 73.43%.
- The stake in Boursorama S.A. increased to 57.78%, i.e. a 2.25% increase, due to a minority shares buyout and the acquisition of treasury shares.
- As a consequence of a capital increase for which Societe Generale S.A. subscribed in excess of its stake, the Group's interest in Geniki increased by 34.47% compared to June 30, 2010, to 88.44%.
- The stake in Rosbank increased to 74.89%, i.e. a 9.56% increase, due to a capital increase and minority shares buyouts. The Group also booked a debt representing its commitment to purchase 2.53% of Rosbank after its merger with BSGV, which is planned within the framework of the restructuring of the Group's Russian operations.
- The stake in New Esporta Holding Limited decreased to 90.18%, i.e. a 0.36% decrease compared to June 30, 2010, following a capital increase in which the Group did not participate.
- The Group acquired the remaining 49% of Lightning Asset Finance Limited held by minority shareholders, bringing its stake to 100%.

In accordance with IFRS 5 "Non-current receivables held for sale and discontinued operations", the assets and liabilities that will be sold to Amundi in 2011 are classified in *Non-current assets and liabilities held for sale*.

■ 2. Business combinations

The main business combination which took place during the second half of 2010 was the Group's acquisition of Société Marseillaise de Crédit. The allocation of the acquisition price was determined provisionally and may be subject to adjustments in the twelve months following the acquisition.

Acquisition of Société Marseillaise de Crédit

Through its wholly-owned subsidiary Crédit du Nord, the Group acquired 100% of the capital of Société Marseillaise de Crédit on September 21, 2010 from BPCE for EUR 872 million.

This transaction received prior authorisation from the French Prudential Control Authority and the Anti-Trust Authority and was approved by the relevant Employee Representative Bodies.

As a result of this acquisition, Société Marseillaise de Crédit was fully consolidated by the Group.

Founded in 1865, Société Marseillaise de Crédit is a major bank in south-eastern France, where it has a strong regional footprint and a well-recognised brand. With 144 branches, Société Marseillaise de Crédit serves almost 200,000 customers and employs over 1,200 staff.

As at the acquisition date, Société Marseillaise de Crédit's identifiable assets and liabilities were as follows:

(In millions of euros)	
Assets	
Due from credit institutions	581
Due from customers	2,613
Other current assets	445
Fixed assets	108
Other	83
Total Assets	**3,830**
Liabilities	
Due to credit institutions	12
Due to customers	3,280
Other	177
Shareholders' equity	361
Total Liabilities	**3,830**

Goodwill on initial consolidation is currently being allocated. Provisional goodwill reported as at the takeover date in the "Crédit du Nord" cash generating unit amounted to EUR 511 million.

SMC contributed EUR 4 million to consolidated net income in 2010.

Note 3

Fair value of financial instruments

This section begins by specifying the valuation methods used by the Group to establish the fair value of the financial instruments presented in the following notes: note 6 "Financial assets and liabilities at fair value through profit or loss", note 7 "Hedging derivatives", note 8 "Available-for-sale financial assets", note 9 "Due from banks", note 10 "Customer loans", note 11 "Reclassification of financial assets", note 12 "Lease financing and similar agreements", note 13 "Held-to-maturity financial assets", note 19 "Due to banks", note 20 "Customer deposits" and note 21 "Securitised debt payables".

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

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

1. Valuation methods

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

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

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

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

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

- Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities. These instruments are mainly shares, government bonds and derivatives;
- Level 2 (L2): instruments valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Instruments quoted in an insufficiently liquid market and those traded over-the-counter market belong to this level. Prices published by an external source derived from the valuation of similar instruments are considered as data derived from prices;

- Level 3 (L3): instruments valued using inputs for the asset or liability that are not based on observable market data (unobservable inputs). These instruments are mainly those for which the sales margin is not immediately recognised in profit or loss (derivatives with higher maturities than the ones usually traded) and financial instruments classified in legacy assets, when their valuation is not based on observable data.

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

For example, consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable data. This is the case for the implicit volatility used for the valuation of share options with maturities of more than seven years. On the other hand, when the residual maturity of the instrument is less than seven years, its fair value becomes sensitive to observable parameters.

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

- **Shares and other variable income securities**

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

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

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

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

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

- **Other debts**

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

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

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

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

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

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

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

For all floating-rate loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity less than or equal to one year, fair value is taken to be the same as book value, assuming there has been no significant change in credit spreads on the counterparties concerned since they were recognised in the balance sheet.

- **Customer deposits**

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

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

2. Financial instruments affected by the financial crisis

In 2010, the Societe Generale Group continued to be affected by the high volatility of financial instruments and an uncertain economic environment, particularly on:

- its positions in super senior and senior tranches of unhedged CDOs (Collateralised Debt Obligations) exposed to the US residential mortgage sector;
- its US RMBS (Residential Mortgage Backed Securities) trading positions;
- its CMBS (Commercial Mortgage Backed Securities) trading positions;
- its exposure to counterparty risk on monoline insurers.

2.1. SUPER SENIOR AND SENIOR CDO TRANCHES OF UNHEDGED CDOs EXPOSED TO THE US RESIDENTIAL MORTGAGE SECTOR

In the absence of observable transactions, the valuation of unhedged super senior and senior tranches of CDOs exposed to the US residential mortgage market was carried out using data that is largely unobservable data or not quoted in an active market.

Whenever observable data becomes available, the model's results are compared and adjusted so as to converge with the data. Societe Generale Group's approach focuses on the valuation of individual mortgage pools underlying assets of the structured bonds, in order to estimate the value of RMBS bonds and consequently the value of CDO tranches, using a prospective credit stress scenario, as opposed to a marked-to-market approach.

Four key variables are used to value mortgage pools: probability of default, loss in the event of default, pre-payment speed and default horizon.

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

Gross exposure to super senior and senior US RMBS CDO tranches carried at fair value on the balance sheet increased from EUR 1.6 billion as at December 31, 2009 to EUR 3.9 billion as at December 31, 2010 as a result of the inclusion of six RMBS CDOs following the commutation of protection acquired from a monoline insurer. Concerning this position, write-downs recorded in 2010 amounts to EUR 0.1 billion and negatively affects bonds and other debt instruments at fair value through profit or loss booked as assets on the consolidated balance sheet. Net exposure to US RMBS CDO tranches as at December 31, 2010 equals EUR 1.7 billion.

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

	2004	2005	2006	2007
Assumptions for cumulative end-09 losses	6.1%	16.5%	39.6%	49.5%
Assumptions for cumulative end-10 losses	6.1%	16.5%	39.6%	49.5%

Impact of change in cumulative losses			In M EUR
+10% cumulative losses for each year of production	⇒	⇒	(260)

(*) *Including liquidity add-on.*

2.2. RMBS
(RESIDENTIAL MORTGAGE BACKED SECURITIES)

For positions relative to bonds whose underlyings are subprime risks on US residential real estate exposure, it has become difficult to establish individually reliable prices on all securities since the second half of 2007.

The valuation technique was thus based on the use of observable prices on benchmark indices, in particular the ABX index. A duration was determined for the various ABX index and RMBS securities held in the portfolio, including recovery (synthetic positions), 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 benchmark index (same vintage, same rating). The valuation method included the basis (spread between cash instruments and derivative indices) as well as the liquidity aspect.

Numerous sales of RMBS were undertaken during 2010. As at December 31, 2010, the residual exposure net of hedging on the ABX index booked at fair value on the balance sheet totals EUR 209 million [1].

2.3. CMBS
(COMMERCIAL MORTGAGE BACKED SECURITIES)

Like RMBS, CMBS are valued using market parameters. Each US CMBS bond was valued using the credit spread of its CMBX benchmark index (same vintage, same rating). The valuation method included the basis (spread between cash instruments and derivative indices) as well as the liquidity aspect.

The CMBS portfolio has been largely hedged through the acquisition of protection on CMBX indices. As at December 31, 2010, the net residual exposure booked at fair value on the balance sheet totals EUR 262 million [1].

2.4. EXPOSURE TO COUNTERPARTY RISK ON MONOLINES

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

The tightening of credit spreads as well as commutation and termination of protection purchased from monolines and the disposal in 2010 of some assets hedged by monolines resulted in a decrease in the fair value of the protection purchased from these monolines.

Consequently, the estimate of the amounts that may be due to the Societe Generale Group from monoline guarantees decreased from EUR 3.9 billion as at December 31, 2009 to EUR 1.8 billion as at December 31, 2010.

Taking into account the combined effects of the changes in protection positions and the purchase of additional CDS (Credit Default Swaps) on monoline insurers, the hedging (CDS and reserves) of gross exposure remains stable at 77% as at December 31, 2010 compared to December 31, 2009.

In 2010, the value adjustments calculated for credit risk on monolines decreased by EUR 1.4 billion for a total of EUR 0.8 billion. This adjustment is calculated based on the application of severe cumulative loss rates (up to 90% for the most poorly rated monoline insurers).

The expected loss rate applied to each monoline is reviewed quarterly and adjusted when needed.

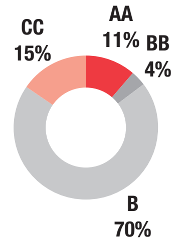
The Group’s exposure to counterparty risk on monoline insurers can be broken down into three parts:

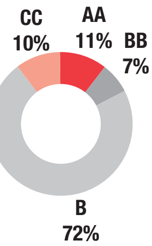
- exposure linked to CDO tranches of RMBS, for which our methodology and the parameters applied are the same as for unhedged CDOs;
- exposure linked to non RMBS CDOs (excluding US residential mortgage market), corporate credit (CLOs) and infrastructure finance, for which we apply a mark-to-stress methodology (maximum historical cumulative loss over five years for each asset class) and a liquidity adjustment derived from the marked-to-market;
- exposure linked to other secured financial instruments measured at marked-to-market.

(1) Excluding Exotic credit derivative portfolio.

EXPOSURE TO COUNTERPARTY RISK ON MONOLINES (IMMEDIATE DEFAULT SCENARIO FOR ALL SOCIETE GENERALE GROUP'S MONOLINE INSURER COUNTERPARTIES)

(In billions of euros)	Dec 31, 2009	Dec 31, 2010
Fair value of protection before value adjustments	3.9	1.8
Nominal amount of hedges purchased (*)	(0.7)	(0.6)
Fair value of protection net of hedges and before value adjustments	3.2	1.3
Value adjustments for credit risk on monolines (booked under protection)	(2.3)	(0.8)
Residual exposure to counterparty risk on monolines	0.9	0.4
Total fair value hedging rate	*77%*	*77%*





(*) *The nominal amount of hedges purchased from bank counterparties had a EUR +108 million Marked-to-Market impact at December 31, 2010, which has been neutralised since 2008 in the income statement.*

The rating used is the lowest issued by Moody's or S&P at December 31st 2010

AA: Assured Guaranty
BB: Radian, Syncora Capital Assurance
B: MBIA
CC: Ambac, CIFG

3. Sensitivity of fair value

Unobservable parameters are assessed carefully and conservatively, particularly in a context of high volatility in financial instruments and an uncertain economic environment. However, by their very nature, unobservable parameters imply a degree of uncertainty in their valuation.

To quantify this, a sensitivity of fair value at December 31, 2010 was estimated on instruments whose valuation is based on unobservable parameters. This estimate was made:

- either by using a fixed 10% variation: this involves the Cumloss used to model the super senior and senior CDO tranches of US RMBS and the non-RMBS CDOs (Cumloss is the estimated loss rate for a given vintage of the underlying assets); for a 10% rise (e.g. from 25% to 27.5%), the valuation would decrease by EUR 360 million, and, for a 10% drop, the valuation would increase by EUR 359 million (1).
- or by using a standardised (2) variation of unobservable parameters, calculated on net positions.

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

Shares, other equity instruments and derivatives	
Equity instrument volatility	20
Dividends	6
Correlation	13
Mutual Fund volatility	21
Hedge Fund volatility	54
Bonds, other debt instruments and derivatives	
Correlations between exchange rates	10
Correlations between exchange and interest rates	5
Time to default correlation (CDO)	42
Correlation between exchange rates and time to default CDO)	2
Unobservable credit spreads (CDO)	4
Others	
Commodities correlations	7

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

(2) Meaning:
- *either the standard deviation of consensus prices which contribute to evaluating the parameter (TOTEM…) that are nevertheless considered unobservable,*
- *or the standard deviation of historical data used to assess the parameter.*

Note 4

Risk management linked to financial instruments

This note describes the main risks linked to financial instruments and the way they are managed by the Group according to IFRS 7 requirements.

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 Group's customers, sovereign issuers or other counterparties to meet their financial commitments. Credit risk includes the counterparty risk linked to market transactions, as well as securitisation activities. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or a few counterparties, or to one or more homogeneous groups of counterparties.
- **Market risk**: risk of loss resulting from changes in the price of market products, volatility and correlations across risks. These changes include, but are not limited to, changes in foreign exchange rates, bond prices and interest rates, securities and commodities prices, derivatives prices and prices of all other assets such as real estate.
- **Liquidity risk:** risk of not being able to meet the Group's requirements for cash or collateral as they arise.
- **Structural interest and exchange rates risk:** risk of loss or of depreciation in the Group's assets arising from variations in interest or exchange rates.

1. Organisation, procedures and methods

1.1. RISK MANAGEMENT STRATEGY

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

- to contribute to the development of the Group's various businesses by optimising their overall risk-adjusted profitability;
- to guarantee the Group's sustainability as a going concern, through the implementation of an efficient system for risk analysis, measurement and monitoring.

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

- the relative risk/reward of the Group's various activities;
- earnings sensitivity to economic cycles and credit or market events;
- sovereign and macro-economic risks, both on the emerging markets and in developed countries;
- the balance in the portfolio of earning streams.

1.2. RISK MANAGEMENT GOVERNANCE, CONTROL AND ORGANISATION PRINCIPLES

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

- strong managerial involvement, throughout the entire organisation, from the Board of Directors down to operational field management teams;
- a tight framework of internal procedures and guidelines;
- continuous supervision by an independent body to monitor risks and to enforce rules and procedures.

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

- independence of risk assessment departments from the operating divisions;
- risk monitoring as well as a consistent approach to risk assessment to be applied throughout the Group.

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

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

The Board of Directors

The Board of Directors defines the Company's strategy, by assuming and controlling risks, and ensures its implementation. In particular, the Board of Directors ensures the adequacy of the Group's risk management infrastructure, controls the global risk exposure of its activities and approves the risk limits for market risks. Presentations on the main aspects of, and notable changes to the Group's risk management strategy, are made to the Board of Directors by the General Management at least once a year (more often if circumstances require it).

The Audit, Internal Control And Risk Committee

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

The Risk Committee

Chaired by the General Management, the Risk Committee (CORISQ) meets at least once a month to discuss the major trends in terms of risk of the Group. Generally, the Committee, upon proposal of the Risk Division, takes the main decisions pertaining to, on the one hand, the architecture and the implementation of the risk monitoring system of the Group, and on the other, the framework of each type of risk (credit risk, country risk, market and operational risks).

The Group also has a Large Exposures Committee, which focuses on reviewing large individual exposures.

Risk Division

The Risk division's primary role is to put in place a risk management system and to contribute to the business development and the Group's profitability. In exercising its functions, it reconciles independence from and close cooperation with the core businesses, these being responsible first and foremost for the transactions they initiate.

Accordingly, the Risk division is responsible for:

- providing hierarchical and functional supervision of the Group's Risk structure;
- identifying the risks borne by the Group;
- putting into practice a governance and monitoring system of these risks, including transverse, and regularly reports on their nature and their magnitude to the General management, the Board of directors and the banking supervisory authorities;
- contributing to the definition of risk policy, taking into account the aims of the core businesses and the corresponding risk issues;
- defining or validating risk analysis, assessment, approval and monitoring methods and procedures;
- validating the transactions and limits proposed by the business managers;
- defining the risk monitoring information system, and ensuring its suitability for the needs of the core businesses and its consistency with the Group's information system.

New Product procedures

Each division is responsible for submitting all new products, businesses or activities to the New Product procedures. The New Product procedures, which are jointly managed with the Risk Division, aims to ensure that, prior to the launch of a new product, business or activity:

- all associated risks are fully identified, understood and correctly addressed and, accordingly, that future developments will be carried out with maximum efficiency and control;
- compliance is assessed with respect to the laws and regulations in force, codes of good professional conduct and risks to the reputation and image of the Group;
- all the support functions are committed and have no, or no longer have, any reservations.

This procedure is underpinned by a very broad definition of a New Product, which applies to the creation of a new product, the outsourcing of essential or important services, the adaptation of an existing product to a new environment or the transfer of activities involving new team or new systems.

The finance Division

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

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

The Finance Policy Committee is chaired by the General Management and validates the system used to analyse and measure risks as well as the exposure limits for each Group entity. It also serves an advisory role for the business divisions and entities.

Societe Generale's risk measurement and assessment processes are an integral part of the bank's ICAAP *(Internal Capital Adequacy Assessment Process* [(1)]*)*. 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.

2. Credit risk

2.1. RISK MANAGEMENT GENERAL PRINCIPLES

2.1.1. Risk approval and limits

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

The risk approval process is based on four core principles:

- all transactions involving counterparty risk (credit risk, non-settlement or non-delivery risk and issuer risk) must be pre-authorised;
- responsibility for analysing and approving risk lies with the most appropriate business line or risk unit. The business and risk unit examine all authorisation requests relating to a specific client or client group, to ensure a consistent approach to risk management;
- the business line and risk unit must be independent;
- all credit decisions are based on internal counterparty risk ratings, as provided by the business lines and approved by the Risk Division.

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

Finally, the supervision provided by the CORISQ is supplemented by the Large Exposure Risk Committee.

2.1.2. Counterparty risk management

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

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

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

2.2. RISK MEASUREMENT AND INTERNAL RATINGS

The Group's rating system makes a key distinction between retail customers and corporate, bank and sovereign clients:

- for retail customer portfolios, internal models are used to measure credit risks, expressed according to the borrower's probability of default (PD) within one year and the percentage loss if the counterparty defaults (Loss Given Default, LGD). These parameters are automatically assigned, in line with the Basel Accord's guidelines;
- for the corporate, bank and sovereign portfolios, the rating system relies on two main pillars: a system of obligor rating models as decision support tool when assigning a rating and a system that automatically assigns LGD and CCF (Credit Conversion Factor) parameters according to the characteristics of the transactions.

(1) ICAAP: Internal Capital Adequacy Assessment Process, corresponds to the Pillar II process required under the Basel Accord that enables the Group to ensure capital adequacy to support all business risks.

In both cases a set of procedures fixes the rules for the use of ratings (scope, frequency of rating revision, procedure for approving ratings, etc.), and for the supervision, backtesting and validation of models. Amongst other things, these procedures facilitate human judgement, which takes a critical eye on the results and is an essential accompaniment to the models for these portfolios.

The Group's internal models thus enable a quantitative assessment of credit risks based on the probability of default of the counterparty and the loss given default. These factors are factored into loan applications and the calculation of the risk-adjusted return on capital. They are used as a tool for structuring, pricing and approving transactions. As such, obligor ratings are one of the criteria for determining the decision-making approval limits granted to operational staff and the risk function.

The set of Group risk models is developed and validated on the basis of the longest available internal data histories, bearing in mind the estimates must be representative (in terms both of the portfolios concerned and the effects of the economic environment on the period in question) and conservative. As a result, the Group's estimators are not excessively sensitive to changes in the economic environment, while being able to detect any deterioration of risks. The PD modelling for large corporates has also been calibrated against long-term default statistics, obtained from an external rating agency.

These models used to estimate the PDs and LGDs cover the vast majority of the Group's credit portfolios (Retail Banking and Corporate and Investment Banking). Most of them were AIRBA-validated (Advanced Internal Ratings Based Approach) in 2007 and have since undergone regular performance assessments.

In addition, the Bank received authorisation from the regulator to use the Internal Assessment Approach (IAA) when calculating regulatory capital requirements for Asset-Backed Commercial Paper conduits.

2.3. 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, 2010	December 31, 2009
Financial assets measured at fair value through profit and loss (excluding variable income securities)	358,021	310,198
Hedging derivatives	8,162	5,561
Available-for-sale financial assets (excluding variable income securities)	91,820	78,668
Due from banks	70,268	67,655
Customers loans	371,898	344,543
Lease financing and similar agreements	29,115	28,856
Held-to-maturity financial assets	1,882	2,122
Exposure to balance sheet commitments, net of depreciation	**931,166**	**837,603**
Loans commitments granted	172,542	145,557
Guarantee commitments granted	62,278	62,460
Provisions for commitments granted and endorsements	(226)	(200)
Exposure to off balance sheet commitments, net of depreciation	**234,594**	**207,817**
Total net exposure (*)	**1,165,760**	**1,045,420**

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

2.4. MANAGEMENT OF THE CREDIT PORTFOLIO

- **Credit derivatives**

The Group uses credit derivatives in the management of its corporate loan portfolio. They serve primarily to reduce individual, sector and geographic concentration and also to implement proactive risk and capital management. The Group's over concentration management policy has led it to take major individual hedging positions: for example, the ten most-hedged names account for 49% of the total amount of individual protection purchased.

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

The total portfolio of protection purchases via credit derivatives (Credit Default Swap, CDS) decreased from EUR 13.0 billion to EUR 7.7 billion as at December 31, 2010, essentially due to the unwinding of certain positions and to the sale of CDS protections on investment grade counterparties with which the Group has no concentration.

The aim was to reduce the volatility of the result of the CPM (Credit Portfolio Management) portfolio, credit derivatives being priced at market value.

CDS spreads of issuances by European Investment Grade names (Itraxx index) widened in 2010 due to the sovereign debt crisis but remained fairly stable in the other regions.

Almost all transactions 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.

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

2.5. GUARANTEES, COLLATERAL AND CREDIT INSURANCE

- **Guarantees and collateral**

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

Besides, Societe Generale Group has strengthened the guarantees and collaterals process and updating of 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 collateral, guarantees (including CDS).

- **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.

- **Credit insurance**

As well as turning to Export-credit agencies (for example Coface and Exim) and multilaterals, Societe Generale has been developing relationships with private insurers over the last few years in order to hedge part of the financing of the Corporate and Investment Banking Division against non payment risks.

This activity, Trade credit and political risks insurance, benefits from a risk framework and monitoring system validated by the Group's General Management. It is founded on strict criteria of minimum eligibility for each insurer, and on a global limit of the activity complemented by sub-limits by maturity as well as individual limits in order to reduce the concentration by counterparty.

The implementation of such a policy contributes to the sound reduction of risks.

2.6. CREDIT PORTFOLIO ANALYSIS

2.6.1. Breakdown of on-balance-sheet credit portfolio.

Outstanding loans in the on-balance-sheet credit portfolio before impairement (debt instruments, customer loans, due from banks, lease financing and similar agreements) can be broken as follows:

	December 31, 2010				December 31, 2009			
(Gross outstanding in billion of euros)	Debt instruments [1]	Customer loans [2]	Due from banks	Total	Debt instruments [1]	Customer loans [2]	Due from banks	Total
Outstanding performing assets	92.01	376.16	42.14	510.31	79.29	354.6	40.82	474.72
of which including past due amount		*7.11*	*0.01*	*7.12*		*6.87*	*0.01*	*6.88*
Impaired	0.88	26.41	0.33	27.62	0.70	23.73	0.38	24.81
Total gross outstanding loans	**92.89**	**402.57**	**42.47**	**537.93**	**79.99**	**378.33**	**41.21**	**499.53**
Other (impairment, repos)	0.82	(1.56)	27.8	27.06	0.80	(4.93)	26.44	22.31
Total	**93.71**	**401.01**	**70.27**	**564.99**	**80.79**	**373.40**	**67.65**	**521.84**

(1) Available-for-sale and held-to-maturity assets.
(2) Including Lease Financing and similar agreements.

Performing loans including past due amounts account for 1.7% of unimpaired on-balance sheet assets and include loans that are past due for technical reasons. The amount is stable compared to December 31, 2009 (1.7% of outstanding performing loans).

2.6.2. Information on risk concentration [1]

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

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

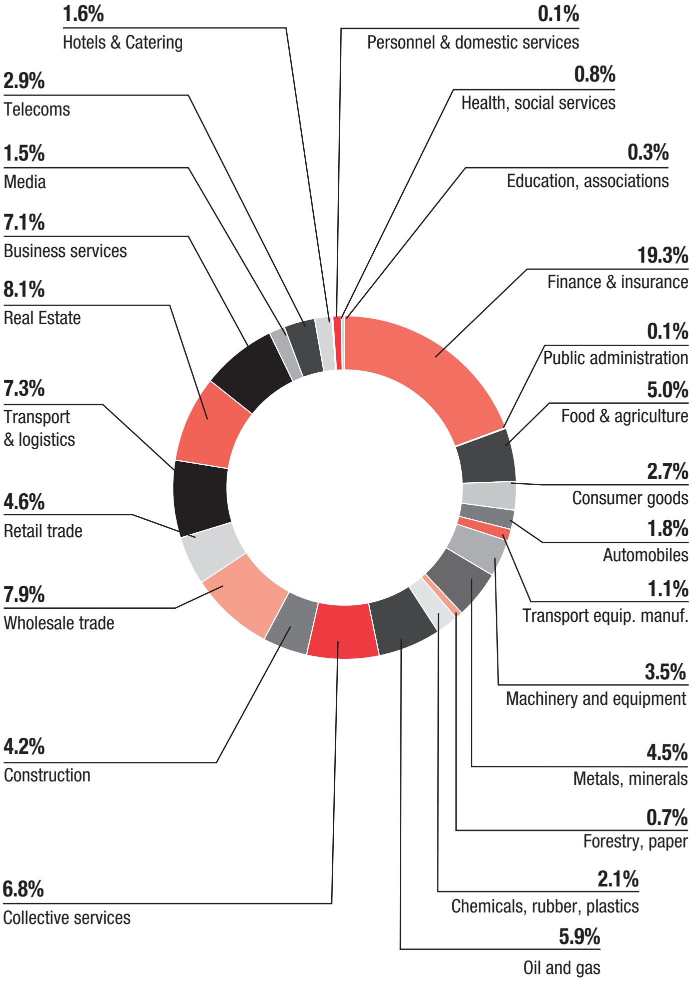
Portfolio analysis, globally and also in terms of geographic regions and industry sectors, are performed and are periodically presented to the General Management.

At December 31, 2010, outstanding loans (on-balance sheet and off-balance sheet, excluding fixed assets, equity investments and accruals) granted by the Societe Generale Group to all of its clients represented an Exposure at Default (EAD) of EUR 709 billion (including EUR 527 billion in outstanding balance sheet loans).

(1) The measurement used for outstanding loans in this section is EAD (on-balance sheet and off-balance sheet), excluding fixed assets, equity investments, accruals and doubtful loans).

The Group's commitments for its ten largest corporate counterparties account for 5% of this portfolio.

SECTOR BREAKDOWN OF GROUP CORPORATE OUTSTANDING LOANS AT DECEMBER 31, 2010 (BASEL CORPORATE PORTFOLIO, EUR 300 BILLION IN EAD) (*)



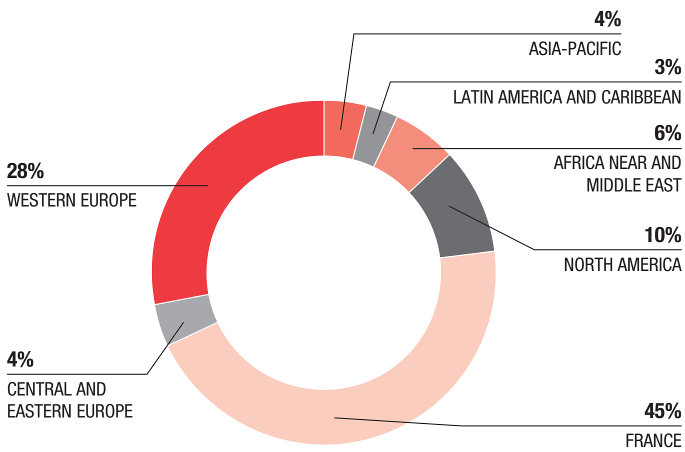
(*) On-balance sheet and off-balance sheet EAD, excluding fixed assets, accruals and equity investments.

The Group's Corporate loan portfolio (Large Corporates, SMEs and Specialised Financing) is highly diversified in terms of sectors.

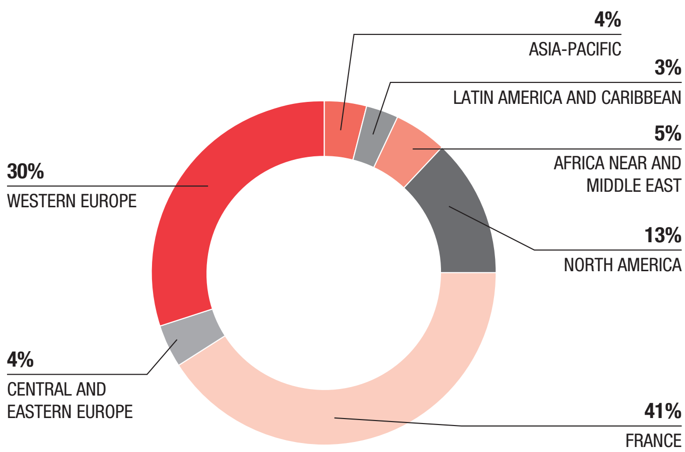
At December 31, 2010, the Corporate portfolio amounted to EUR 300 billion (on and off-balance sheet outstandings measured in EAD). Only the Finance and Insurance sector accounts for more than 10% of the portfolio.

GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK OUTSTANDING AT DECEMBER 31, 2010 (ALL CLIENTS INCLUDED)

BALANCE SHEET COMMITMENTS (EUR 527 BILLION IN EAD):



ON-BALANCE SHEET AND OFF-BALANCE SHEET COMMITMENTS (EUR 709 BILLION IN EAD):



At December 31, 2010, 85% of the Group's on and off-balance sheet outstanding loans were concentrated in the major industrialised countries. Almost half of the overall amount of loans was to French customers (24% to non-retail customers and 18% to individual customers).

2.6.3. Breakdown of unimpaired past due loans

As at December 31, 2010. unimpaired past due loans accounted for 1.7% of the on-balance sheet portfolio of performing loans, against 1.7% at December 31, 2009.

	December 31, 2010			December 31, 2009		
(Gross outstanding loans in billions of euros)	Customers	Banks	% of Gross outstanding loans	Customers	Banks	% of Gross outstanding loans
Past due amounts less than 90 days old	6.56	0.01	92.3%	6.36	0.01	92.6%
Included less than 29 days old	*3.84*	-	*54.0%*	*3.91*	-	*57.0%*
Past due amounts between 90 and 179 days old	0.31	-	4.4%	0.38	-	5.5%
Past due amounts over 180 days old	0.23	-	3.2%	0.13	-	1.9%
TOTAL	**7.10**	**0.01**		**6.87**	**0.01**	

The amounts presented in the table above include past due loans for technical reasons, which primarily affect the category "less than 29 days old". Loans past due for technical reasons are loans that are classified as pas due on account of a delay between the accounting in the customer account and the payment value date.

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

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

2.6.4. Renegotiated outstanding loans

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

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

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 2). The renegotiated outstanding loans during the year 2010 amount to EUR 1.4 billion (EUR 0.2 billion in 2009).

The increase is primarily due to the renegotiation of certain substantial Corporate loans (5 loans account for 80% of the renegotiated outstanding loans in 2010).

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

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

	December 31, 2010		December 31, 2009	
(In millions of euros)	Retail	Non-retail	Retail	Non-retail
Guarantees and collaterals related to past due, unimpaired outstanding loans	1,533	856	1,249	557
Guarantees and collaterals related to impaired outstanding loans	2,119	1,946	1,740	1,688

The amounts of the guarantees and collaterals presented in the table above correspond to the amounts of the Basel 2 eligible guarantees and collaterals, limited to the amounts remaining due. Some guarantees and collaterals, among which personal guarantees provided by a business owner and pledge over unlisted securities, for instance, are not included in these amounts.

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

2.7. IMPAIRMENT ANALYSIS

• 2.7.1. Individual provisions for credit risk

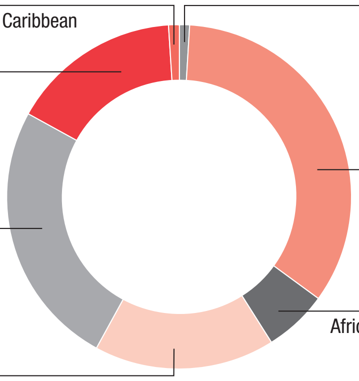
Decisions to book individual provisions on certain counterparties are taken where there is objective evidence of default. The amount of depreciation depends on the probability of recovering the sums due. The expected cash flows are based on the financial position of the counterparty, its economic prospects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

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

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

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

As at December 31, 2010, impaired outstanding assets amount to EUR 26.7 billion (EUR 24.2 billion as at December 31, 2009), including EUR 3.6 billion on legacy assets within the Corporate and Investment Banking Division. They can be broken down as follows:



As at December 31, 2009, the impaired outstanding loans can be broken down as follows: 37% France, 20% Central and Eastern Europe, 17% Western Europe, 17% North America, 6% Africa, Near and Middle East, 2% Asia Pacific and 1% Latin America and Caribbean.

As at December 31, 2010, these loans were provisioned for an amount of EUR 14.2 billion, including EUR 1.7 billion for legacy assets.

• 2.7.2. Depreciation on groups of homogeneous assets

Provisions on groups of homogeneous assets are collective provisions booked:

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

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

As at December 31, 2010, provisions on groups of homogeneous assets amounted to EUR 1.2 billion; it totalled EUR 1.2 billion at December 31, 2009.

2.7.3. Depreciation

Impairment on assets are broken down as follows:

(In millions of euros)	Amount at December 31, 2009	Net allocations to provisions for impairment	Reversal used	Currency and scope effects	Amount at December 31, 2010
Specific impairments (Bank loan + Customer loan + lease financing)	11,648	3,646	(1,547)	453	14,200
Impairments on groups of similar assets	1,181	30	-	33	1,244
Assets available-for-sale and securities held to maturity, fixed income instruments	433	220	-	8	661
Others	206	47	(42)	(17)	194
Total	**13,468**	**3,943**	**(1,589)**	**477**	**16,299**

3. Market risks

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

3.1. MARKET RISK MANAGEMENT STRUCTURE

Although primary responsibility for managing risk exposure lies with the front office managers, the supervision system is based on an independent structure, the Market Risk Department of the Risk Division.

It carries out the following tasks:

- permanent daily analysis (independently from the front office) of the exposure and risks incurred by the Group's market activities and comparison of these exposures and risks with the approved limits;
- definition of the risk-measurement methods and control procedures, approval of the valuation models used to calculate risks and results and setting of provisions for market risks (reserves and adjustments to earnings);
- definition of the functionalities of the databases and systems used to assess market risks;
- approval of the limit applications submitted by the operating divisions, within the global authorisation limits set by the General Management and the Board of Directors, and monitoring of their use;
- centralisation, consolidation and reporting of the Group's market risks;
- proposals to the Group Risk Committee of the levels of authorised risk by type of activity.

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

Within each entity that incurs market risk, risk managers are appointed to implement first level risk controls. The main tasks of these managers, who are independent from the front office, include:

- the ongoing analysis of exposure and results, in collaboration with the front office and the accounting services;
- 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 verification that appropriate limits have been set for each activity.

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

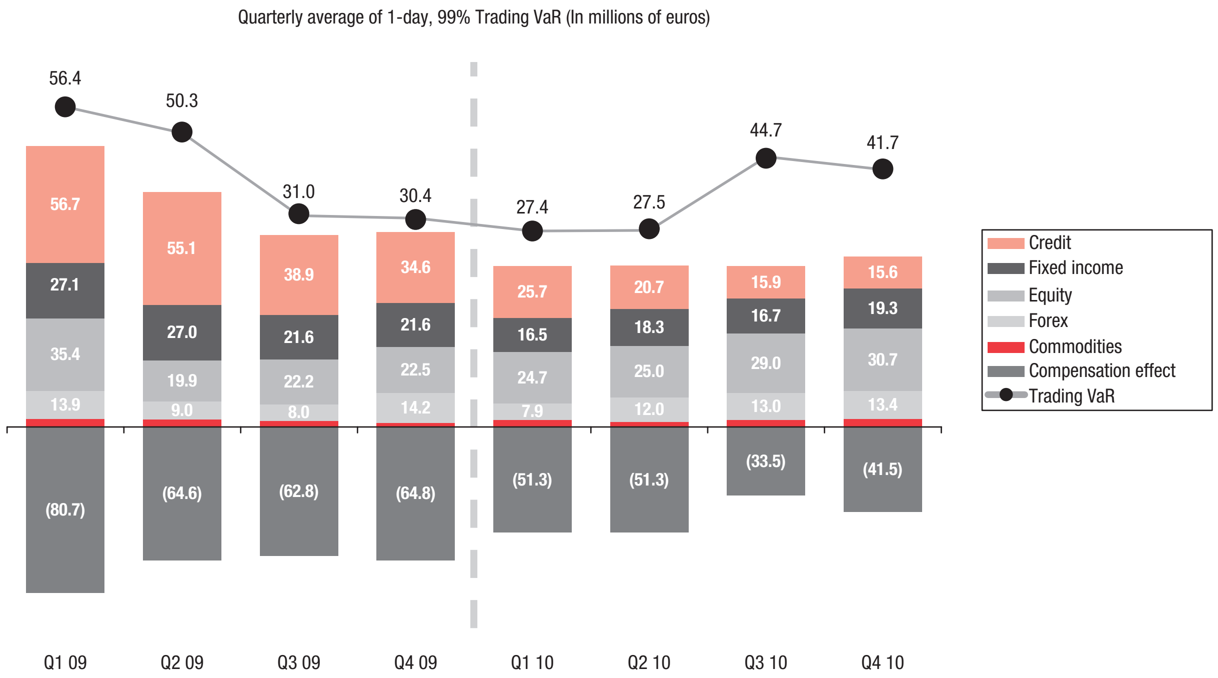
3.2. METHODS FOR MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

The Group's market risk assessment are based on three main indicators, which are used to define exposure limits:

- the 99% Value-at-Risk (VaR) method: in accordance with the regulatory internal model, this composite indicator is used for the day-to-day monitoring of the market risks incurred by the Bank, notably on the scope of its trading activities;

- a Stress Test measurement, based on a decennial shock-type indicator Stress Test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary limits (sensitivity, nominal, concentration or holding period, etc.), which ensure consistency between the total risk limits and the operational thresholds used by the front office. These limits also allow for control of risks that are only partially detected by VaR or Stress Test measurements.

BREAKDOWN OF TRADING VAR BY TYPE OF RISK



3.2.1. Average VaR

The average VaR amounts to EUR 35 million for the year 2010 against a yearly average of EUR 42 million in 2009.

This slight fall in average hides different evolutions: a stability over the first two quarters followed by an increase over the last two.

The increase observed in the third quarter results from a significant drop in compensation between the various types of risks, the positions taken having been less defensive, bearing in mind the normalisation of markets, and hence more sensitive to the scenarios of May, 2010

During the fourth quarter during the struggles of the peripheral European countries, new defensive positions enabled the VaR to be maintained at low levels in spite of the introduction of the implicit dividends risk factor.

3.2.2. VaR calculation method

This method was introduced at the end of 1996 and the Internal VaR Model has been approved by the French regulator within the scope of the Regulatory Capital calculation.

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

- the storage in a database of the risk factors that are representative of Societe Generale's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.);

- the definition of 260 scenarios, corresponding to one-day variations in these market parameters over a rolling one-year period;
- the application of these 260 scenarios to the market parameters of the day;
- the revaluation of daily positions, on the basis of the 260 sets of adjusted daily market parameters.

The 99% Value-at-Risk is the largest loss that would occur after eliminating the top 1% of the most adverse occurrences over one year. Within the framework described above, it corresponds to the average of the second and third largest losses computed.

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

- the use of "1-day" shocks assumes that all positions can be unwound or hedged within one day, which is not the case for certain products and crisis situations;
- the use of the 99% confidence interval does not take into account losses arising beyond this point; the VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptionally large fluctuations;
- the VaR is computed using closing prices, so intra-day fluctuations are not taken into account;
- there are a number of approximations in the VaR calculation. For example, benchmark indices are used as opposed to more detailed risk factors and not all of the relevant risk factors are taken into account, in particular due to difficulties in obtaining historical daily data.

The Group mitigates these limitations by:

- systematically assessing the relevance of the model through "backtesting" to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval;
- supplementing the VaR assessment with stress test measurements as well as additional measurements.

Today, the market risks for almost all of Corporate and Investment Banking's market activities are covered by the VaR method, including those related to the most complex products, as well as certain Retail Banking and Private Banking activities outside France.

3.2.3. Stress Test assessment

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

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

The stress test risk assessment methodology is based on 19 historical scenarios and 8 hypothetical scenarios, including the "Societe Generale Hypothetical Financial Crisis Scenario" (or "Generalised" scenario), based on the events observed in 2008. Together with the VaR model, the stress test risk assessment methodology is one of the main pillars of the risk management system. The underlying principles are as follows:

- risks are calculated every day for each of the Bank's market activities (all products combined), using the 19 historical scenarios and 8 hypothetical scenarios;
- stress test limits are established for the Group's activity as a whole and then for the Bank's various business lines. They reflect the most adverse result arising from the 27 historical and hypothetical scenarios;
- the various stress test scenarios are revised and supplemented by the Risk Division on a regular basis, in conjunction with the Group's teams of economists and specialists.

In the context of regular reviews, a new hypothetical scenario ("GIIPS" (Greece, Ireland, Italy, Portugal and Spain)) has been implemented as of October 25, 2010: for the risk factors that were the most affected by the European sovereign debt crisis in April/May 2010 (government bond spreads, equity spot prices and volatility, etc.), this scenario applies the shocks observed; for the other risk factors (corporate bond spreads, dividends, etc.), it applies the levels of the "Generalised" scenario.

3.2.4. Historical Stress Tests

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

- **3.2.5. Hypothetical Stress Tests**

The hypothetical scenarios are defined by the Bank's economists and are designed to simulate possible sequences of events that could lead to a major crisis in the financial markets (e.g. a major terrorist attack, political instability in the main oil-producing countries, etc.). The Bank's aim is to select extreme, but nonetheless plausible events which would have major repercussions on all the international markets. Societe Generale has therefore adopted 8 hypothetical scenarios.

4. Structural interest rate and exchange rate risks

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

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

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

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

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

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

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

The operating entities are required to comply with the standards defined at 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 ALM Department via a shared IT system.

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

4.2. STRUCTURAL INTEREST RATE RISK

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

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

- **4.2.1. Objective of the Group**

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

To this end, any residual interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. The sensitivity is defined as the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficits) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit set at Group level is EUR 1 billion, representing an amount equal to 2.5% of its risk-based capital.

4.2.2. Measurement and monitoring of structural interest rate risks

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

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

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

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

Throughout 2010, the Group's global sensitivity to interest rate risk remained below 2.5% of Group risk-based capital and within the EUR 1 billion limit.

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

- within the French retail networks, the outstanding amounts of customers' deposits, generally considered to be fixed-rate, exceed fixed-rate loans for maturities over than 3 years. Indeed, thanks to macro-hedging essentially through the use of interest rate swaps, the French retail networks' (Societe Generale and Crédit du Nord) sensitivity to interest rate risk (on the basis of the adopted scenarios) has been kept to a low level. At end-December 2010, the sensitivity of the French retail networks' economic value, based on their euro-denominated assets and liabilities, was EUR -248 million;
- transactions with large companies are generally micro-hedged and therefore present no residual interest rate risk;
- transactions with clients of the Specialised Financial Services subsidiaries are generally macro-hedged and therefore present only a very low interest rate risk;
- clients' transactions for our subsidiaries and branches located in countries with weak currencies can generate structural interest rate risk, which remains limited at the Group level. These entities may have problems to optimally hedge interest rate risk due to the low development of the financial markets in some countries;
- proprietary transactions are generally well hedged. Residual positions are limited and arise primarily from shareholders' equity that has not been fully reinvested on expected maturities.

Sensitivity to interest rate variations of the main entities of the Group represented EUR -153 million on December 31, 2010 (for a 1% parallel and instantaneous rise of the yield curve). These entities account for 83% of the Group's credits outstanding.

(In millions of euros)

Less than one year	Between 1 and 5 years	Over 5 years	**Total sensitivity**
13	(46)	(120)	(153)

4.3. STRUCTURAL EXCHANGE RATE RISK

Structural exchange rate risk is mainly caused by:

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

4.3.1. Objective of the Group

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

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

4.3.2. Measurement and monitoring of structural exchange rate risks

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

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

In 2010, the Group successfully neutralised the sensitivity of its solvency ratio to fluctuations in strong currencies by monitoring the structural positions in these currencies (the sensitivity of the solvency ratio is limited to a 5bp variation in case of a 10% variation in the exchange rate of one of the main currencies).

4.4. HEDGING INTEREST RATE AND EXCHANGE RATE RISK

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

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

Fair value hedging

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

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

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

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

Cash flow hedging

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

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

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

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

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

At December 31, 2010 Remaining term *(In millions of euros)*	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Floating cash flow hedged	1,958	401	1,409	621	4,389
Highly probable forecast transactions	29	45	61	76	211
Others (forex,...)	-	66	294	-	360
Total	**1,987**	**512**	**1,764**	**697**	**4,960**

At December 31, 2009 Remaining term *(In millions of euros)*	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Floating cash flow hedged	110	252	576	22	960
Highly probable forecast transactions	3	38	91	145	277
Others (forex,...)	-	-	136	-	136
Total	**113**	**290**	**803**	**167**	**1,373**

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

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

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

5. Liquidity risk

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

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

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

5.1. ORGANISATION OF LIQUIDITY RISK MANAGEMENT

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

- The Board of Directors, in particular through the Audit, Internal Control and Risk Committee, is regularly informed of liquidity issues.
- The Group Finance Committee, chaired by the General Management and composed of members of the Executive Committee and Finance Department:
  - validates the organisation principles and monitoring of the Group's liquidity risk;
  - examines the reports on liquidity risk provided by the ALM Department;
  - reviews the liquidity crisis scenarios and the limit system;
  - validates the Group's funding programmes.
- The Group's Executive Committee:
  - validates the internal liquidity pricing policy.
- The ALM Department, which is part of the Group Finance Division:
  - defines the standards for liquidity risk management;
  - validates the models used by the entities;
  - centralises, consolidates and reports on liquidity risk exposure, and carries out Level 2 controls (independently of the operating divisions supervising the entities);
  - validates the liquidity crisis scenarios;
  - plans the Group's funding programmes;
  - proposes the internal liquidity pricing policy.

- The Treasury Department of the Corporate and Investment Banking Division is responsible for managing short-term liquidity (less than one year), within the limits defined by the Finance Committee. The liquidity stress scenarios are implemented in collaboration with the ALM Department.
- The operating entities are responsible for managing their own liquidity risk.

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

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

5.2. OBJECTIVE OF THE GROUP

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

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

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

5.3. MEASUREMENT AND MONITORING OF LIQUIDITY RISK

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

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

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

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

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

- an assessment of the Group's funding needs on the basis of budget forecasts in order to plan appropriate funding solutions;
- monitoring of the diversification of funding sources:

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

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

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

In 2010, the Group was able to refinance the roll over of its debt maturing during the year as well as the growth of its businesses, thanks to an active and diversified funding programme on the capital markets (issues of vanilla and structured private placements, senior and subordinate benchmark issues), and thanks to additional deposit inflows.

- monitoring of the risk of the early repayment of its medium- and long-term debt instruments:
  - the Group's medium- and long-term issue programmes feature no clauses that could generate an early repayment risk linked to a decline in the Group's credit quality;
  - the proportion of medium- and long-term issues featuring a clause providing for early repayment options to investors is limited.

- an analysis of liquidity risk exposure using liquidity crisis scenarios;
- close monitoring of long-term liquidity.

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

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

- conservative short-term liquidity management.

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

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

- active management of eligible assets.

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

The regulatory one-month liquidity ratio is calculated on a monthly basis, and concerns Societe Generale Company (which comprises the head office in mainland France and its branches). In 2010, Societe Generale systematically maintained a ratio above the required regulatory minimum.

5.4. ADAPTATION OF THE LIQUIDITY MONITORING ARCHITECTURE TO COMPLY WITH THE FUTURE BASEL 3 CONSTRAINTS

The Group is working actively on the adaptation of the principles and the modalities of its liquidity management in order to adapt it to the future Basel 3 constraints, as defined in the December, 2010 document published by the Basel Committee. The regulatory liquidity ratios, which will to come into effect on January 01, 2015 for the LCR (Liquidity Coverage Ratio) and on January 01, 2018 for the NSFR (Net Stable Funding Ratio), will become prioritised components of the liquidity monitoring tools of the Group.

The liquidity monitoring architecture will be based on the steering of:

- Regulatory requirements (LCR and NSFR in particular, but also the liquidity ratio, defined by the French regulator);
- Volumes and the structure of the external refinancing on money and bond markets, as well as the refinancing needs of the business lines and the overall entities of the Group;
- Static liquidity gaps in order to monitor the transformation gaps of the business lines and the entities of the Group;
- Liquidity stress tests as defined by the internal scenarios.

6. Capital management and compliance with regulatory ratios

6.1. QUALITATIVE INFORMATION

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

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

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

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

- **Compliance with ratios**

The solvency ratio (Basel 2 solvency ratio) complies with the calculation methods established by the French Prudential Supervisory Authority. This ratio is based on the Group's consolidated banking activities, thus eliminating the contributions of the insurance entities.

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

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

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

In 2010, the Societe Generale Group complied with all of the prudential ratios applicable to its activities. The Societe Generale Group also applies Directive No. 2005-04 relating to "additional monitoring of financial conglomerates".

6.2. QUANTITATIVE DATA

At the end of 2010, the total risk-based capital was EUR 40,506 million.

Prudential capital – Basel 2 *(In millions of euros)*	Dec 31, 2010	Dec 31, 2009
Group shareholders' equity	46,421	42,204
Estimated and forecast dividends	(1,484)	(392)
Non-controlling interests including preferred shares	4,554	4,634
Estimated and forecast dividends related to non-controlling interests	(242)	(250)
Prudential deductions	(10,383)	(9,239)
Tier 1 capital	**38,866**	**36,957**
Basel 2 deductions	(3,503)	(2,264)
Total Tier 1 capital	**35,363**	**34,693**
Tier 2 capital	12,491	12,974
Other deductions	(7,348)	(5,671)
Total risk-based capital	**40,506**	**41,996**

Note 5

Cash, due from central banks

(In millions of euros)	December 31, 2010	December 31, 2009
Cash	2,525	2,476
Due from central banks	11,556	11,918
Total	**14,081**	**14,394**

Note 6

Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss

	December 31, 2010				December 31, 2009			
(In millions of euros)	Valuation on the basis of quoted prices in active markets (L1) (*)	Valuation using observable inputs other than quoted prices included in L1 (L2) (*)	Valuation using mainly inputs that are not based on observable market data (L3) (*)	Total	Valuation on the basis of quoted prices in active markets (L1) (*)	Valuation using observable inputs other than quoted prices included in L1 (L2) (*) (1)	Valuation using mainly inputs that are not based on observable market data (L3) (*) (1)	Total
Trading portfolio								
Treasury notes and similar securities	46,205	607	-	46,812	38,314	3,721	-	42,035
Bonds and other debt securities [(1)]	11,856	6,298	8,042	26,196	13,262	11,342	8,494	33,098
Shares and other equity securities [(2)]	73,577	7,837	24	81,438	62,269	10,795	14	73,078
Other financial assets	1	73,982	249	74,232	2	44,951	35	44,988
Sub-total trading portfolio [(1)]	**131,639**	**88,724**	**8,315**	**228,678**	**113,847**	**70,809**	**8,543**	**193,199**
o/w securities on loan				*12,114*				*7,804*
Financial assets measured using fair value option through P&L								
Treasury notes and similar securities	21	233	-	254	143	239	-	382
Bonds and other debt securities	6,988	559	22	7,569	5,745	377	17	6,139
Shares and other equity securities [(2)]	13,610	1,973	118	15,701	15,050	1,726	105	16,881
Other financial assets	-	11,961	240	12,201	90	5,781	466	6,337
Sub-total of financial assets measured using fair value option through P&L	**20,619**	**14,726**	**380**	**35,725**	**21,028**	**8,123**	**588**	**29,739**
o/w securities on loan				-				-
Interest rate instruments	**22**	**105,417**	**1,569**	**107,008**	**32**	**97,579**	**1,537**	**99,148**
Firm instruments								
Swaps				78,459				75,857
FRA				537				479
Options								
Options on organised markets				1				2
OTC options				19,697				15,378
Caps, floors, collars				8,314				7,432
Foreign exchange instruments	**201**	**27,116**	**123**	**27,440**	**210**	**23,159**	**53**	**23,422**
Firm instruments				*21,967*				*19,374*
Options				*5,473*				*4,048*
Equity and index instruments	**416**	**19,697**	**1,249**	**21,362**	**1,019**	**18,671**	**1,638**	**21,328**
Firm instruments				*961*				*1,651*
Options				*20,401*				*19,677*
Commodity instruments	**318**	**10,815**	**366**	**11,499**	**360**	**11,424**	**365**	**12,149**
Firm instruments-Futures				*9,298*				*9,468*
Options				*2,201*				*2,681*
Credit derivatives	**-**	**21,627**	**1,381**	**23,008**	**-**	**16,059**	**4,728**	**20,787**
Other forward financial instruments	**146**	**44**	**250**	**440**	**123**	**24**	**238**	**385**
On organised markets				*130*				*65*
OTC				*310*				*320*
Sub-total trading derivatives	**1,103**	**184,716**	**4,938**	**190,757**	**1,744**	**166,916**	**8,559**	**177,219**
Total financial instruments at fair value through P&L [(1)]	**153,361**	**288,166**	**13,633**	**455,160**	**136,619**	**245,848**	**17,690**	**400,157**

(1) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

(2) Including UCITS.

(*) See note 3 for valuation level definitions.

Financial liabilities at fair value through profit or loss

(In millions of euros)	December 31, 2010 Valuation on the basis of quoted prices in active markets (L1) (*)	Valuation using observable inputs other than quoted prices included in L1 (L2) (*)	Valuation using mainly inputs that are not based on observable market data (L3) (*)	Total	December 31, 2009 Valuation on the basis of quoted prices in active markets (L1) (*)	Valuation using observable inputs other than quoted prices included in L1 (L2) (*) (3)	Valuation using mainly inputs that are not based on observable market data (L3) (*) (3)	Total
Trading portfolio								
Securitised debt payables (3)	-	11,019	16,341	27,360	-	15,407	18,712	34,119
Amounts payable on borrowed securities	576	53,711	33	54,320	64	37,181	11	37,256
Bonds and other debt instruments sold short	5,448	311	-	5,759	4,082	708	-	4,790
Shares and other equity instruments sold short	2,259	92	-	2,351	2,948	37	2	2,987
Other financial liabilities	-	60,830	480	61,310	-	37,022	44	37,066
Sub-total trading portfolio (3) (4)	**8,283**	**125,963**	**16,854**	**151,100**	**7,094**	**90,355**	**18,769**	**116,218**
Interest rate instruments (3)	**7**	**105,186**	**2,076**	**107,269**	**25**	**95,228**	**2,818**	**98,071**
Firm instruments								
Swaps				78,035				74,002
FRA				548				473
Options								
Options on organised markets				23				35
OTC options				19,008				15,020
Caps, floors, collars				9,655				8,541
Foreign exchange instruments	**187**	**27,423**	**134**	**27,744**	**215**	**22,095**	**16**	**22,326**
Firm instruments				*22,449*				*18,425*
Options				*5,295*				*3,901*
Equity and index instruments	**157**	**24,090**	**1,172**	**25,419**	**936**	**22,731**	**1,775**	**25,442**
Firm instruments				*1,402*				*2,009*
Options				*24,017*				*23,433*
Commodity instruments (3)	**391**	**11,087**	**449**	**11,927**	**570**	**10,933**	**654**	**12,157**
Firm instruments-Futures				*9,757*				*9,516*
Options				*2,170*				*2,641*
Credit derivatives (3)	**-**	**19,602**	**1,346**	**20,948**	**-**	**15,579**	**1,469**	**17,048**
Other forward financial instruments	**99**	**1,781**	**1**	**1,881**	**55**	**1,505**	**1**	**1,561**
On organised markets				*101*				*20*
OTC				*1,780*				*1,541*
Sub-total trading derivatives (3)	**841**	**189,169**	**5,178**	**195,188**	**1,801**	**168,071**	**6,733**	**176,605**
Sub-total of financial liabilities measured using fair value option through P&L (3) (4) (5)	**460**	**11,491**	**724**	**12,675**	**789**	**7,953**	**1,188**	**9,930**
Total financial instruments at fair value through P&L (3)	**9,584**	**326,623**	**22,756**	**358,963**	**9,684**	**266,379**	**26,690**	**302,753**

(*) See note 3 for valuation level definitions.

(3) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

Financial liabilities measured using fair value option through profit or loss

(In millions of euros)	December 31, 2010 Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	December 31, 2009 Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity
Total financial liabilities measured using fair value option through P&L (4) (5)	**12,676**	**13,674**	**(998)**	**9,930**	**10,628**	**(698)**

(4) The variation in fair value attributable to the Group's own credit generated an expense of EUR 427 million as at December 31, 2010. The valuation differences attributable to the Group's issuer credit risk are determined using valuation models based on market data, including the curve of the Societe Generale Credit Default Swap (CDS) and taking account of the residual maturity of the related liabilities.

(5) Mainly indexed EMTNs.

Variation in financial assets at fair value through profit or loss whose valuation is not based on observable market data (Level 3 [(*)])

	Trading portfolio			Financial assets measured using fair value option through profit or loss			Trading derivatives						
(In millions of euros)	Bonds and other debts securities [(6)]	Shares and other equity securities	Other financial assets	Bonds and other debts securities	Shares and other equity securities	Other financial assets	Interest rate instruments	Foreign exchange instruments	Equity and index instruments	Commodity instruments	Credit derivatives	Other forward financial instruments	Total financial instruments at fair value through P&L [(6)]
Balance at January 1, 2010 [(6)]	**8,494**	**14**	**35**	**17**	**105**	**466**	**1,537**	**53**	**1,638**	**365**	**4,728**	**238**	**17,690**
Acquisitions	1,043	35	-	5	15	9	383	48	90	46	455	-	2,129
Disposals/redemptions	(1,940)	(26)	-	-	-	(3)	(183)	(1)	(201)	(165)	(1,090)	-	(3,609)
Transfer to Level 2 [(*)]	(325)	-	-	-	-	(368)	(113)	(2)	(152)	-	(1,285)	-	(2,245)
Transfer from Level 2 [(*)]	68	-	-	-	-	106	34	10	-	2	277	-	497
Gains and losses on changes in fair value [(7)]	131	1	211	-	(2)	30	(193)	(14)	(139)	316	(1,754)	(12)	(1,425)
Translation differences	415	-	3	-	-	-	6	10	62	10	111	24	641
Change in scope and others	156	-	-	-	-	-	98	19	(49)	(208)	(61)	-	(45)
Balance at December 31, 2010	**8,042**	**24**	**249**	**22**	**118**	**240**	**1,569**	**123**	**1,249**	**366**	**1,381**	**250**	**13,633**

Variation in financial liabilities at fair value through profit or loss whose valuation is not based on observable market data (Level 3 [(*)])

	Trading portfolio				Trading derivatives							
(In millions of euros)	Securitised debt payables [(6)]	Amounts payable on borrowed securities	Shares and other equity instruments sold short	Other financial liabilities	Interest rate instruments [(6)]	Foreign exchange instruments	Equity and index instruments	Commodity instruments [(6)]	Credit derivatives [(6)]	Other forward financial instruments	Financial liabilities measured using fair value option through P&L [(6)]	Total financial instruments at fair value through P&L [(6)]
Balance at January 1, 2010 [(6)]	**18,712**	**11**	**2**	**44**	**2,818**	**16**	**1,775**	**654**	**1,469**	**1**	**1,188**	**26,690**
Issue	3,559	-	2	-	-	-	-	-	-	-	-	3,561
Acquisitions/disposals	(993)	-	(1)	428	219	1	37	(77)	428	-	(20)	22
Redemptions	(2,744)	(7)	-	-	-	-	-	-	(175)	-	(308)	(3,234)
Transfer to Level 2 [(*)]	(1,437)	(3)	-	(3)	(947)	(2)	(219)	(36)	(9)	-	(64)	(2,720)
Transfer from Level 2 [(*)]	44	-	-	9	268	39	1	7	-	-	-	368
Gains and losses on changes in fair value [(7)]	(857)	33	-	2	(238)	35	(480)	(90)	(471)	-	(31)	(2,097)
Translation differences	(3)	(1)	-	-	(44)	2	56	19	104	-	(41)	92
Change in scope and others	60	-	(3)	-	-	43	2	(28)	-	-	-	74
Balance at December 31, 2010	**16,341**	**33**	**-**	**480**	**2,076**	**134**	**1,172**	**449**	**1,346**	**1**	**724**	**22,756**

(6) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

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

(*) See note 3 for valuation level definitions.

Note 7

Hedging derivatives

	December 31, 2010		December 31, 2009	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
FAIR VALUE HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	7,408	8,623	4,794	6,641
Forward Rate Agreements (FRA)	-	-	-	-
Options				
Options on organised markets	-	-	-	73
OTC options	42	-	172	-
Caps, floors, collars	111	-	1	-
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	203	36	145	19
Forward foreign exchange contracts	-	1	13	13
Equity and index instruments				
Equity and stock index options	*5*	*3*	*23*	*6*
CASH FLOW HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	318	333	284	408
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	16	209	31	125
Forward foreign exchange contracts	2	50	-	56
Other forward financial instruments				
On organised markets	*57*	*12*	*98*	*7*
Total	**8,162**	**9,267**	**5,561**	**7,348**

Note 8

Available-for-sale financial assets

(In millions of euros)	December 31, 2010				December 31, 2009			
	Valuation on the basis of quoted prices in active markets (L1) (*)	Valuation using observable inputs other than quoted prices included in L1 (L2) (*)	Valuation using mainly inputs that are not based on observable market data (L3) (*)	Total	Valuation on the basis of quoted prices in active markets (L1) (*)	Valuation using observable inputs other than quoted prices included in L1 (L2) (*)	Valuation using mainly inputs that are not based on observable market data (L3) (*)	Total
Current assets								
Treasury notes and similar securities	22,115	2,144	-	**24,259**	14,330	1,620	-	**15,950**
o/w related receivables				*401*				*242*
o/w provisions for impairment				*(24)*				*(27)*
Bonds and other debt securities	54,713	12,292	556	**67,561**	46,462	15,509	747	**62,718**
o/w related receivables				*1,037*				*957*
o/w provisions for impairment				*(632)*				*(403)*
Shares and other equity securities (1)	7,171	589	264	**8,024**	6,949	620	268	**7,837**
o/w related receivables				*2*				*2*
o/w impairment losses				*(2,193)*				*(2,103)*
Sub-total current assets	**83,999**	**15,025**	**820**	**99,844**	**67,741**	**17,749**	**1,015**	**86,505**
Long-term equity investments	1,040	611	2,341	**3,992**	1,665	171	2,092	**3,928**
o/w related receivables				*13*				*5*
o/w impairment losses				*(726)*				*(799)*
Total available-for-sale financial assets	**85,039**	**15,636**	**3,161**	**103,836**	**69,406**	**17,920**	**3,107**	**90,433**
o/w securities on loan				*114*				*202*

(*) See note 3 for valuation level definitions.
(1) Including UCITS.

Changes in available-for-sale financial assets

(In millions of euros)	December 31, 2010	December 31, 2009
Balance at January 1, 2010	**90,433**	**81,723**
Acquisitions	95,492	105,714
Disposals/redemptions (*)	(83,030)	(100,724)
Reclassifications and changes	327	446
Gains and losses on changes in fair value recognised directly in equity (**)	(1,005)	5,175
Change in impairment on fixed income securities	(225)	(238)
O/w: increase	*(260)*	*(433)*
write-backs	*43*	*264*
others	*(8)*	*(69)*
Impairment losses on variable income securities	(218)	(1,802)
Change in related receivables	249	117
Translation differences	1,813	22
Balance at December 31, 2010	**103,836**	**90,433**

(*) Disposals are valued according to the weighted average cost method.
(**) The difference with "Revaluation of available-for-sale assets of the period" in note 28 mainly results from the variation in Insurance Companies-Deferred profit-sharing.

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

(In millions of euros)	Bonds and other debt securities	Shares and other equity securities	Long-term equity investments	Total
Balance at January 1, 2010	**747**	**268**	**2,092**	**3,107**
Acquisitions	134	3	234	371
Disposals/redemptions	(44)	(11)	(228)	(283)
Transfer to Level 2 (*)	(152)	-	-	(152)
Transfer from Level 2 (*)	-	-	30	30
Gains and losses recognised directly in equity	24	2	10	36
Changes in impairment on fixed income securities recognised in P&L	(79)	-	-	(79)
O/w: increase	*(80)*	-	-	*(80)*
write-backs	*1*	-	-	*1*
Impairment losses on variable securities recognised in P&L	-	-	(36)	(36)
Changes in related receivables	1	-	9	10
Translation differences	-	2	66	68
Change in scope and others	(75)	-	164	89
Balance at December 31, 2010	**556**	**264**	**2,341**	**3,161**

(*) See note 3 for valuation level definitions.

Note 9

Due from banks

(In millions of euros)	December 31, 2010	December 31, 2009
Deposits and loans		
Demand and overnights		
Current accounts	15,320	15,144
Overnight deposits and loans and others	4,402	4,636
Loans secured by overnight notes	4	6
Term		
Term deposits and loans (1)	21,635	20,127
Subordinated and participating loans	570	707
Loans secured by notes and securities	324	453
Related receivables	213	142
Gross amount	**42,468**	**41,215**
Depreciation		
Depreciation for individually impaired loans	(141)	(178)
Depreciation for groups of homogenous receivables	(10)	(29)
Revaluation of hedged items	74	63
Net amount (2)	**42,391**	**41,071**
Securities purchased under resale agreements	27,877	26,584
Total	**70,268**	**67,655**
Fair value of amounts due from banks	**70,372**	**67,564**

(1) As at December 31, 2010, the amount of receivables with incurred credit risk was EUR 327 million compared with EUR 378 million as at December 31, 2009.

(2) The entities acquired in 2010 had a total impact of EUR 242 million on amounts due from banks.

Note 10

Customer loans

(In millions of euros)	December 31, 2010	December 31, 2009
Customer loans		
Trade notes	9,156	9,504
Other customer loans [1] [2]		
Short-term loans	106,925	99,437
Export loans	10,642	8,537
Equipment loans	62,815	61,614
Housing loans	99,305	89,204
Other loans	67,723	63,951
Sub-total	**347,410**	**322,743**
Overdrafts	14,901	15,342
Related receivables	1,417	1,382
Gross amount	**372,884**	**348,971**
Depreciation		
Depreciation for individually impaired loans	(13,496)	(10,977)
Depreciation for groups of homogeneous receivables	(1,227)	(1,145)
Revaluation of hedged items	765	576
Net amount [3]	**358,926**	**337,425**
Loans secured by notes and securities	59	175
Securities purchased under resale agreements	12,913	6,943
Total amount of customer loans	**371,898**	**344,543**
Fair value of customer loans	**378,068**	**343,612**

(1) Breakdown of other customer loans by customer type

(In millions of euros)	December 31, 2010	December 31, 2009
Non-financial customers		
Corporate	156,737	144,265
Individual Customers	131,492	120,391
Local authorities	10,385	11,310
Self-employed professionals	10,716	10,578
Governments and central administrations	6,970	6,247
Others	1,927	2,223
Financial customers	29,183	27,729
Total	**347,410**	**322,743**

(2) As at December 31, 2010, the amount of receivables with incurred credit risk was EUR 24,868 million, o/w EUR 3,692 million in reclassified financial assets, compared with EUR 22,431 million as at December 31, 2009, o/w EUR 3,557 million in reclassified financial assets.

(3) Entities acquired in 2010 had a EUR 2,883 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 *Financial assets at fair value through profit or loss* and the *Available-for-sale financial assets* categories. These reclassifications were decided and then performed in accordance with the provisions of the amendments to IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures” adopted by the European Union on October 15, 2008.

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

Furthermore, due to the exceptional deterioration of the world’s financial markets, the Group decided on October 1, 2008 to reclassify into the A*vailable-for-sale financial assets* category certain financial instruments initially measured at fair value through profit or loss, insofar as these instruments were no longer held for trading purposes.

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

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

No reclassification was performed in 2010.

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

New Category *(In millions of euros)*	**Fair value on December 31, 2010 (*)**	**Book value on December 31, 2010 (*)**	**Fair value on December 31, 2009**	**Book value on December 31, 2009**	**Book value on the date of reclassification (October 1, 2008)**
Available-for-sale financial assets	567	568	737	737	969
Due from banks	4,795	4,754	6,467	6,353	6,345
Customer loans	17,415	17,965	15,547	17,512	21,293
Total	**22,777**	**23,287**	**22,751**	**24,602**	**28,607**

	On December 31, 2010
Contribution of financial assets over the period	
recognised in Shareholders’ equity	(15)
recognised in Net banking income	972
recognised in Net cost of risk	(565)

	On December 31, 2010	**On December 31, 2009**
Changes in fair value		
that would have been recognised in Shareholders’ equity if the financial assets had not been reclassified (**)	(51)	676
that would have been recognised in Net banking income if the financial assets had not been reclassified (**)	1,135	(1,571)

(*) Net reimbursements and disposals that have been received since January 1, 2010: EUR 1,279 million and EUR 1,315 million.

The effective interest rates on December 31, 2010 of reclassified financial assets ranged from 0.87% to 6.18%.

Expected recoverable cash flows on reclassified financial assets are EUR 27,382 million.

(**) Including insurance activity reclassifications whose impact would have been neutralised by deferred profit-sharing for EUR -40 million in shareholders’ equity and for EUR 7 million in Net banking income.

Note 12

Lease financing and similar agreements

(In millions of euros)	December 31, 2010	December 31, 2009
Real estate lease financing agreements	7,983	7,518
Non-real estate lease financing agreements	21,632	21,764
Related receivables	70	72
Gross amount (1)	**29,685**	**29,354**
Depreciation for individually impaired loans	(563)	(493)
Depreciation for not individualised risks	(7)	(7)
Revaluation of hedged items	-	2
Net amount	**29,115**	**28,856**
Fair value of receivables on lease financing and similar agreements	**29,333**	**29,122**

(1) As at December 31, 2010, the amount of receivables with incurred credit risk was EUR 1,540 million compared to EUR 1,398 million as at December 31, 2009.

(In millions of euros)	December 31, 2010	December 31, 2009
Gross investments	**32,991**	**32,983**
less than one year	8,261	8,502
1-5 years	17,306	17,484
more than five years	7,424	6,997
Present value of minimum payments receivable	**28,090**	**28,346**
less than one year	7,412	7,390
1-5 years	14,482	14,885
more than five years	6,196	6,071
Unearned financial income	**3,306**	**3,629**
Unguaranteed residual values receivable by the lessor	**1,595**	**1,008**

Note 13

Held-to-maturity financial assets

(In millions of euros)	December 31, 2010	December 31, 2009
Treasury notes and similar securities	**1,614**	**1,738**
Listed	1,579	1,702
Unlisted	-	-
Related receivables	35	36
Bonds and other debt securities	**273**	**387**
Listed	265	344
Unlisted	6	41
Related receivables	2	2
Depreciation	(5)	(3)
Total held-to-maturity financial assets	**1,882**	**2,122**
Fair value of held-to-maturity financial assets	**1,902**	**2,162**

Note 14

Tax assets and liabilities

(In millions of euros)	December 31, 2010	December 31, 2009
Current tax assets	578	553
Deferred tax assets	4,867	4,940
o/w on balance sheet items	*4,632*	*4,723*
o/w on items credited or charged to shareholders' equity for unrealised gains and losses	*235*	*217*
Total	**5,445**	**5,493**

(In millions of euros)	December 31, 2010	December 31, 2009
Current tax liabilities	813	593
Deferred tax liabilities	530	830
o/w on balance sheet items	*500*	*848*
o/w on items credited or charged to shareholders' equity for unrealised gains and losses	*30*	*(18)*
Total	**1,343**	**1,423**

Note 15

Other assets

(In millions of euros)	December 31, 2010	December 31, 2009
Guarantee deposits paid (1)	26,186	20,934
Settlement accounts on securities transactions	2,073	1,973
Prepaid expenses	845	928
Miscellaneous receivables	14,626	13,849
Gross amount	**43,730**	**37,684**
Depreciation	(224)	(246)
Net amount	**43,506**	**37,438**

(1) Mainly concerns guarantee deposits paid on financial instruments.

Note 16

Non-current assets and liabilities held for sale

(In millions of euros)	December 31, 2010	December 31, 2009
ASSETS	**64**	**375**
Fixed assets and Goodwills	7	17
Financial assets	51	59
Receivables	1	295
O/w: due from banks	*1*	*38*
customer loans	*-*	*249*
others	*-*	*8*
Other assets	5	4
LIABILITIES	**6**	**261**
Allowances	-	3
Debts	-	254
O/w: due to banks	*-*	*7*
customer deposits	*-*	*233*
others	*-*	*14*
Other liabilities	6	4

Note 17

Tangible and intangible fixed assets

(In millions of euros)	Gross book value at December 31, 2009	Acquisitions	Disposals	Changes in consolidation scope and reclassifications [(1)]	Gross value at December 31, 2010	Accumulated depreciation and amortisation of assets at December 31, 2009	Allocations to amortisation in 2010	Impairment of assets 2010	Write-backs from amortisation in 2010	Changes in consolidation scope and reclassifications [(1)]	Net book value at December 31, 2010	Net book value at December 31, 2009
Intangible assets												
Software, EDP development costs	1,528	107	(19)	(122)	1,494	(1,209)	(153)	-	17	197	346	319
Internally generated assets	1,731	13	(3)	(507)	1,234	(1,308)	(183)	-	3	700	446	423
Assets under development	322	218	(2)	(249)	289	-	-	-	-	-	289	322
Others	702	13	(3)	(22)	690	(226)	(38)	(1)	2	16	443	476
Sub-total	**4,283**	**351**	**(27)**	**(900)**	**3,707**	**(2,743)**	**(374)**	**(1)**	**22**	**913**	**1,524**	**1,540**
Operating tangible assets												
Land and buildings	4,273	66	(39)	176	4,476	(1,234)	(130)	-	19	(1)	3,130	3,039
Assets under development	530	522	(12)	(184)	856	-	-	-	-	-	856	530
Lease assets of specialised financing companies	11,529	3,717	(3,132)	74	12,188	(3,581)	(1,964)	7	1,653	(10)	8,293	7,948
Others	5,240	239	(198)	5	5,286	(3,588)	(425)	(9)	123	173	1,560	1,652
Sub-total	**21,572**	**4,544**	**(3,381)**	**71**	**22,806**	**(8,403)**	**(2,519)**	**(2)**	**1,795**	**162**	**13,839**	**13,169**
Investment property												
Land and buildings	565	1	(4)	(2)	560	(128)	(17)	-	2	-	417	437
Assets under development	25	7	-	-	32	-	-	-	-	-	32	25
Sub-total	**590**	**8**	**(4)**	**(2)**	**592**	**(128)**	**(17)**	**-**	**2**	**-**	**449**	**462**
Total tangible and intangible fixed assets	**26,445**	**4,903**	**(3,412)**	**(831)**	**27,105**	**(11,274)**	**(2,910)**	**(3)**	**1,819**	**1,075**	**15,812**	**15,171**

(1) Including translation differences arising from the conversion of financial statements denominated in foreign currencies: gross amount: EUR +262 million, amortisation: EUR -122 million.

Operational leasing

(In millions of euros)	December 31, 2010	December 31, 2009
Breakdown of minimum payments receivable		
due in less than one year	2,031	1,288
due in 1-5 years	3,957	3,810
due in more than five years	22	16
Total minimum future payments receivable	**6,010**	**5,114**

Note 18

Goodwill by business unit

(In millions of euros)	French Networks	International Retail Banking	Specialised Financial Services and Insurance	Corporate and Investment Banking	Private Banking, Global Investment Management and Services: Asset Management	Private Banking, Global Investment Management and Services: Private Banking	Private Banking, Global Investment Management and Services: SGSS, Brokers	Group Total
Gross value at December 31, 2009	**291 (*)**	**3,438**	**1,372**	**101 (*)**	**443 (*)**	**314**	**967 (*)**	**6,926**
Acquisitions and other increases (see note 2)	513	-	9	-	162	-	-	684
Disposals and other decreases	-	-	(50)	(1)	-	-	-	(51)
Translation differences	1	114	51	4	41	41	7	259
Gross value at December 31, 2010	**805**	**3,552**	**1,382**	**104**	**646**	**355**	**974**	**7,818**
Impairment of goodwill at December 31, 2009	-	(264)	(42)	-	-	-	-	(306)
Impairment losses	-	(65) (**)	-	-	-	-	-	(65)
Translation differences and other changes	-	(15)	(1)	-	-	-	-	(16)
Impairment of goodwill at December 31, 2010	**-**	**(344)**	**(43)**	**-**	**-**	**-**	**-**	**(387)**
Net goodwill at December 31, 2009	291 (*)	3,174	1,330	101 (*)	443 (*)	314	967 (*)	6,620
Net goodwill at December 31, 2010	**805**	**3,208**	**1,339**	**104**	**646**	**355**	**974**	**7,431**

(*) Amounts at the start of the period were restated for the following business unit changes:

- *Boursorama changed from Private Banking, Global Investment Management and Services to French Networks,*
- *Fortune Fund Management changed from Private Banking, Global Investment Management and Services to Corporate and Investment Banking.*

(**) Due to a deteriorated environment in Greece, the Group decided to impair Geniki's goodwill on the "International Retail Banking–European Union and Pre-European Union" CGU. Moreover, the Group booked, at the acquisition of Geniki, a provision to cover specific risks. As the uncertainties due to these risks factors were cleared up in 2010, the Group decided to write-back this provision. Because it has been constituted at the acquisition, the reversal of provision was presented on the "Impairment losses on goodwill" line of the consolidated income statement. As at December 31, 2010, the net effect on the "Impairment losses on goodwill" line of the consolidated income statement amounted to EUR 1 million.

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 line.

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

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

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

Sensitivity tests are carried out to measure in particular the impact on the recoverable value of the variation in certain assumptions such as profitability, long-term growth or discount rate. As at December 31, 2010, none of the sensitivity tests had caused the carrying amount of any unit to exceed its recoverable amount. Thus, a change of 25 basis points in the discount rate would lead to a decrease in the recoverable amount of 2.9%, which would not generate any CGU impairment loss.

As at December 31, 2010, the Group identified the following cash-generating units (CGU):

(In millions of euros)		December 31, 2010		
CGU	**BUSINESS UNIT**	**Goodwill (gross book value)**	**Impairment losses**	**Goodwill (net book value)**
Crédit du Nord	French Networks	568		568
Societe Generale Network	French Networks	237		237
International Retail Banking – European Union and Pre-European Union	International Retail Banking	1,993	(65)	1,928
Russian Retail Banking	International Retail Banking	1,110	(279)	831
International Other Retail Banking	International Retail Banking	449		449
Insurance Financial Services	Specialised Financial Services and Insurance	10		10
Individual Financial Services	Specialised Financial Services and Insurance	796	(43)	753
Company Financial Services	Specialised Financial Services and Insurance	400		400
Car renting Financial Services	Specialised Financial Services and Insurance	176		176
Corporate and Investment Banking	Corporate and Investment Banking	104		104
Asset Management	Asset Management	646		646
Private Banking	Private Banking	355		355
SGSS, Brokers	SGSS, Brokers	974		974

Note 19

Due to banks

(In millions of euros)	December 31, 2010	December 31, 2009 (*)
Demand and overnight deposits		
Demand deposits and current accounts	7,986	8,846
Overnight deposits and borrowings and others	8,784	9,842
Sub-total	**16,770**	**18,688**
Term deposits		
Term deposits and borrowings	44,564	54,874
Borrowings secured by notes and securities	166	362
Sub-total	**44,730**	**55,236**
Related payables	128	231
Revaluation of hedged items (*)	86	76
Securities sold under repurchase agreements	15,597	15,229
Total (*)	**77,311**	**89,460**
Fair value of amounts due to banks	**77,018**	**89,101**

(*) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

Note 20

Customer deposits

(In millions of euros)	December 31, 2010	December 31, 2009
Regulated savings accounts		
Demand	44,311	39,712
Term	17,984	16,782
Sub-total	**62,295**	**56,494**
Other demand deposits		
Businesses and sole proprietors	50,206	43,509
Individual customers	44,610	38,452
Financial customers	38,509	32,603
Others [(1)]	16,169	8,609
Sub-total	**149,494**	**123,173**
Other term deposits		
Businesses and sole proprietors	45,610	41,168
Individual customers	19,283	19,197
Financial customers	23,501	24,184
Others [(1)]	9,098	13,552
Sub-total	**97,492**	**98,101**
Related payables	1,014	1,156
Revaluation of hedged items	102	143
Total customer deposits [(2)]	**310,397**	**279,067**
Borrowings secured by notes and securities	239	136
Securities sold to customers under repurchase agreements	26,811	20,851
Total	**337,447**	**300,054**
Fair value of customer deposits	**337,694**	**300,617**

(1) Including deposits linked to governments and central administrations.

(2) Entities acquired in 2010 accounted for EUR 3,348 million in customer deposits.

Note 21

Securitised debt payables

(In millions of euros)	December 31, 2010	December 31, 2009 (*)
Term savings certificates	2,139	2,414
Bond borrowings	9,939	8,427
Interbank certificates and negotiable debt instruments	128,013	121,622
Related payables	748	652
Sub-total	**140,839**	**133,115**
Revaluation of hedged items (*)	546	458
Total (*)	**141,385**	**133,573**
O/w floating rate securities (*)	35,351	25,226
Fair value of securitised debt payables	**141,672**	**134,337**

(*) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

Note 22

Other liabilities

(In millions of euros)	December 31, 2010	December 31, 2009
Guarantee deposits received (1)	28,314	26,717
Settlement accounts on securities transactions	2,302	2,590
Other securities transactions	28	35
Accrued social charges	2,932	2,597
Deferred income	1,600	1,527
Miscellaneous payables	19,827	15,334
Total	**55,003**	**48,800**

(1) Mainly concerns guarantee deposits received on financial instruments.

Note 23

PEL/CEL mortgage saving accounts

1. Outstanding deposits in PEL/CEL accounts

(In millions of euros)	December 31, 2010	December 31, 2009
PEL accounts less than 4 years old	3,001	2,828
between 4 and 10 years old	5,193	4,616
more than 10 years old	4,471	4,287
Sub-total	**12,665**	**11,731**
CEL accounts	2,054	2,127
Total	**14,719**	**13,858**

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

(In millions of euros)	December 31, 2010	December 31, 2009
less than 4 years old	320	352
between 4 and 10 years old	85	116
more than 10 years old	18	31
Total	**423**	**499**

3. Provisions for commitments linked to PEL/CEL accounts

(In millions of euros)	December 31, 2009	Allocations	Reversals	December 31, 2010
PEL accounts less than 4 years old	-	15	-	15
between 4 and 10 years old	18	28	-	46
more than 10 years old	60	23	-	83
Sub-total	**78**	**66**	**-**	**144**
CEL accounts	12	-	8	4
Total	**90**	**66**	**8**	**148**

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 was fixed at the inception of the plan and a commitment to remunerate the savings at an interest rate also fixed at the inception of the plan.

The level of provisions is sensitive to long-term interest rates. Since long-term rates decreased in 2010, the provisions for PEL and CEL mortgage saving accounts are linked to the risks attached to the commitment to remunerate the deposits. Provisioning for PEL/CEL savings amounted to 1.01% of total outstandings as at December 31, 2010.

4. Methods used to establish the parameters for valuing provisions

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

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these 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 the valuation date, averaged over a 12-month period.

Note 24

Provisions and depreciations

1. Asset depreciations

(In millions of euros)	Assets depreciations at December 31, 2009	Impairment losses	Reversals available	Net impairment losses	Reversals used	Currency and scope effects	Assets depreciations as at December 31, 2010
Banks	178	14	(23)	**(9)**	(15)	(13)	**141**
Customer loans	10,977	5,714	(2,223)	**3,491**	(1,433)	461	**13,496**
Lease financing and similar agreements	493	366	(202)	**164**	(99)	5	**563**
Groups of homogeneous receivables	1,181	708	(678)	**30**	-	33	**1,244**
Available-for-sale assets (1)	3,332	477	(291)	**186**	-	57	**3,575**
Others (1)	471	252	(209)	**43**	(48)	(39)	**427**
Total	**16,632**	**7,531**	**(3,626)**	**3,905**	**(1,595)**	**504**	**19,446**

(1) Including a EUR 267 million net allocation for identified risks.

2. Provisions

(In millions of euros)	Provisions as at December 31, 2009	Allocations	Write-backs available	Net allocation	Write-backs used	Effect of discounting	Currency and scope effects	Provisions as at December 31, 2010
Provisions for off-balance sheet commitments to banks	13	11	(15)	**(4)**	-	-	(9)	**-**
Provisions for off-balance sheet commitments to customers	187	778	(754)	**24**	-	-	15	**226**
Provisions for employee benefits	724	286	(208)	**78**	-	-	(21)	**781**
Provisions for tax adjustments	507	220	(39)	**181**	(262)	-	(15)	**411**
Other provisions (2) (3)	880	142	(177)	**(35)**	(354)	1	116	**608**
Total	**2,311**	**1,437**	**(1,193)**	**244**	**(616)**	**1**	**86**	**2,026**

(2) Including a EUR 36 million net allocation for net cost of risk.
(3) The Group's other provisions include EUR 148 million in PEL/CEL provisions as at December 31, 2010 for the French Networks (see note 23).

The consequences, as assessed on December 31, 2010, 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.

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

Contributions to these schemes amounted to EUR 614 million in 2010 (EUR 555 million in 2009).

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, 20010				December 31, 2009			
		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 net liabilities recorded in the balance sheet		370	52	296	**718**	411	45	206	**662**
Reminder of assets recorded in the balance sheet		(132)	-	-	**(132)**	(173)	-	-	**(173)**
Net balance		**238**	**52**	**296**	**586**	**238**	**45**	**206**	**489**
Breakdown of the net balance									
Present value of defined benefit obligations		2,241	-	98	**2,339**	2,003	-	87	**2,090**
Fair value of plan assets		(1,814)	-	(54)	**(1,868)**	(1,593)	-	(49)	**(1,642)**
Actuarial deficit (net balance)	A	427	-	44	**471**	410	-	38	**448**
Present value of unfunded obligations	B	333	62	252	**647**	301	46	168	**515**
Unrecognised items									
Unrecognised Past Service Cost		48	-	-	**48**	47	-	-	**47**
Unrecognised Net Actuarial (Gain)/Loss		484	10	-	**494**	433	1	-	**434**
Separate assets		(1)	-	-	**(1)**	(1)	-	-	**(1)**
Plan assets impacted by change in Asset Celling		(9)	-	-	**(9)**	(6)	-	-	**(6)**
Total unrecognised items	C	522	10	-	**532**	473	1	-	**474**
Net balance (Deficit in the plan)	**A+B-C**	**238**	**52**	**296**	**586**	**238**	**45**	**206**	**489**

Notes:

- For pensions and other post-employment plans, actuarial gains and losses, which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortised on the estimated average remaining working life of the employees participating in the plan in accordance with the IAS 19 option (corridor approach).
- Pension plans include pension benefits as annuities, end of career payments and cash balance plans. Pension benefit annuities are paid additionally to state pension plans. The Group grants 145 pension plans located in 40 countries. 9 pension plans located in France, the UK, Germany, the USA 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 6 countries among which France represents 41% of gross liabilities and North Africa 46%. Other long-term employee benefits include deferred variable remuneration, flexible working provisions (French term: compte épargne temps) and long-service awards. Roughly 90 benefits are located in 23 countries.
- The present values of defined benefit obligations have been valued by independent qualified actuaries.
- In France, the 2010 reform of State pensions postponed the Normal Retirement Age by two years. The impact of this reform on the liabilities of the main entities in France is not significant and is treated as gains and losses.
- In 2010, the sale of Europe Computer Systemes (ECS) and the acquisition of Société Marseillaise de Crédit (SMC) impacted the employees liabilities of the SG Group.
- In Norway, the early retirement "AFP" schemes were amended in 2010. This reform significantly reduced liabilities in this country.
- In Switzerland, a process of harmonisation of the pension schemes was initiated in 2010 and will continue in 2011.
- In United Kingdom, repurchase, merger and rationalisation operations were carried out on several schemes.

2.2. EXPENSES RECOGNISED IN THE INCOME STATEMENT

	2010				2009			
	Post employment benefits				Post employment benefits			
(In millions of euros)	Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Current Service Cost including Social Charges	76	2	127	**205**	66	2	47	**115**
Employee contributions	(6)	-	-	**(6)**	(4)	-	-	**(4)**
Interest Cost	119	2	6	**127**	121	2	7	**130**
Expected Return on Plan Assets	(93)	-	(3)	**(96)**	(91)	-	(3)	**(94)**
Expected Return on Separate Assets	-	-	-	**-**	-	-	-	**-**
Amortisation of Past Service Cost	(1)	-	-	**(1)**	24	-	-	**24**
Amortisation of Losses (Gains)	36	-	15	**51**	14	(1)	12	**25**
Settlement, Curtailment	(1)	5	-	**4**	1	-	1	**2**
Change in asset ceiling	1	-	-	**1**	1	-	-	**1**
Transfer from non recognised assets	-	-	-	**-**	-	-	-	**-**
Total Charges	**131**	**9**	**145**	**285**	**132**	**3**	**64**	**199**

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

- 2.3.1. Changes in the present value of defined benefit obligations

	2010			2009		
	Post employment benefits			Post employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**2,304**	**46**	**2,350**	**2,047**	**43**	**2,090**
Current Service Cost including Social Charges	76	2	**78**	66	2	**68**
Interest Cost	119	2	**121**	121	2	**123**
Employee contributions	-	-	**-**	-	-	**-**
Actuarial Gain/loss	153	9	**162**	312	5	**317**
Foreign Exchange adjustment	58	-	**58**	30	-	**30**
Benefit payments	(135)	(2)	**(137)**	(250)	(4)	**(254)**
Past Service Cost	1	-	**1**	7	-	**7**
Acquisition of subsidiaries	8	-	**8**	12	-	**12**
Transfers and others	(10)	5	**(5)**	(41)	(2)	**(43)**
At December 31	**2,574**	**62**	**2,636**	**2,304**	**46**	**2,350**

2.3.2. Changes in Fair Value of plan assets and separate assets

	2010			2009		
	Post employment benefits			Post employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**1,593**	**-**	**1,593**	**1,541**	**-**	**1,541**
Expected Return on Plan Assets	93	-	**93**	91	-	**91**
Expected Return on Separate Assets	-	-	**-**	-	-	**-**
Actuarial Gain/loss	72	-	**72**	96	-	**96**
Foreign Exchange adjustment	45	-	**45**	26	-	**26**
Employee contributions	6	-	**6**	4	-	**4**
Employer contributions to plan assets	102	-	**102**	59	-	**59**
Benefit payments	(91)	-	**(91)**	(165)	-	**(165)**
Acquisition of subsidiaries	1	-	**1**	13	-	**13**
Transfers and others	(7)	-	**(7)**	(72)	-	**(72)**
At December 31	**1,814**	**-**	**1,814**	**1,593**	**-**	**1,593**

2.4. INFORMATION REGARDING PLAN ASSETS

2.4.1. General information regarding plan assets

(for all benefits and future contributions)

The breakdown of the fair value of plan assets is as follows: 37% bonds, 47% equities, 1% money market instruments and 15% others. Directly held Societe Generale shares are not significant.

For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 141 million, including EUR 9 million unrecognised.

Employer contributions to be paid to post-employment defined benefit plans for 2011 are estimated at EUR 64 million.

2.4.2. Actual returns on plan assets

The actual return on plan and separate assets were:

	2010				2009			
	Post employment benefits				Post employment benefits			
(In millions of euros)	Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Plan assets	165	-	4	**169**	187	-	5	**192**

The assumption on return on assets is presented in the section 2.5.

2.5. MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	December 31, 2010	December 31, 2009
Discount rate		
Europe	4.27%	5.12%
Americas	5.78%	6.60%
Asia-Oceania-Africa	3.97%	4.41%
Long-term inflation		
Europe	2.08%	2.61%
Americas	2.11%	2.16%
Asia-Oceania-Africa	1.66%	1.90%
Expected return on plan assets (separate and plan assets)		
Europe	5.36%	5.73%
Americas	6.50%	6.50%
Asia-Oceania-Africa	5.99%	6.16%
Future salary increase		
Europe	1.75%	1.68%
Americas	2.00%	2.00%
Asia-Oceania-Africa	1.95%	1.70%
Healthcare cost increase rate		
Europe	4.08%	4.33%
Americas	NA	NA
Asia-Oceania-Africa	5.52%	4.55%
Average and remaining lifetime of employees (in years)		
Europe	10.8	10.0
Americas	9.1	9.2
Asia-Oceania-Africa	11.4	11.5

Notes:

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

  Inflation rates are determined, for the main durations, by the measure of the spread between bonds rates not indexed to inflation and the rates of indexed bonds for the same durations.
- The range of expected return on plan assets rate is due to actual plan assets allocation.
  Generally, expected return rates of plan assets are calculated by weighting expected anticipated returns on each category of assets with their respected weights in the asset fair value. For the French plan assets, the long-term return rates are 6.8% for the equities, 3.4% for the bonds and 2.6% for the cash. For the United Kingdom plan assets, the return rates are 7.6% for the equities and the 4.4% for the bonds.
- Average and remaining lifetime of employees is calculated taking into account based on turnover assumptions.

2.6. SENSITIVITIES ANALYSIS OF OBLIGATIONS COMPARED TO MAIN ASSUMPTIONS RANGES

	2010			2009		
(Measured element percentage)	Pension plans	Post employment healthcare plans	Other plans	Pension plans	Post employment healthcare plans	Other plans
Variation from +1% in discount rate						
Impact on Defined Benefit Obligations at December 31	-13%	-14%	-8%	-12%	-14%	-8%
Impact on total Expenses N+1	-23%	-44%	-1%	-23%	-30%	-1%
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	-14%	NA	-4%	-15%	NA	-4%
Variation from +1% in Future salary increases						
Impact on Defined Benefit Obligations at December 31	4%	NA	5%	3%	NA	5%
Impact on total Expenses N+1	18%	NA	7%	11%	NA	8%
Variation from +1% in Healthcare cost increase rate						
Impact on Defined Benefit Obligations at December 31	NA	16%	NA	NA	10%	NA
Impact on total Expenses N+1	NA	72%	NA	NA	16%	NA

Note:

- *The disclosed sensibilities are weighted averages of the variations observed by the liabilities (impact on the Defined Benefit Obligation at December 31, 2010), or by the fair values of assets (impact on the Plan Assets at December 31, 2010) or by the expected expenses N+1 (impact on total net expenses).*

2.7. EXPERIENCE ADJUSTMENTS OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(in millions of euros)	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
Defined Benefit Obligations	2,574	2,304	2,047	2,344	2,512
Fair value of plan assets	1,814	1,593	1,541	2,071	2,075
Deficit/(surplus)	**760**	**711**	**506**	**273**	**437**
Adjustments of Plan Liabilities due to experience (negative: gain)	(50)	55	17	49	(11)
Adjustments of Plan Liabilities due to experience (negative: gain), % of DBO	-1.9%	2.4%	0.8%	2.1%	-0.4%
Adjustments of Plan Assets due to experience (negative: gain)	(72)	(95)	532	68	(67)
Adjustments of Plan Assets due to experience (negative: gain), % of Assets	-4.0%	-6.0%	34.5%	3.3%	-3.2%

Note 26

Subordinated debt

(In millions of euros)

Currency issue	2011	2012	2013	2014	2015	Other	Outstanding at December 31, 2010	Outstanding at December 31, 2009 (*)
Subordinated Capital notes								
EUR	201	690	342	369	932	5,936	8,470	9,138
USD	-	-	-	-	56	1,439	1,495	1,387
GBP	-	-	-	-	-	697	697	676
Other currencies	-	-	-	9	-	-	9	93
Sub-total	**201**	**690**	**342**	**378**	**988**	**8,072**	**10,671**	**11,294**
Dated subordinated debt								
EUR	8					47	55	55
Other currencies	-					179	179	179
Sub-total	**8**	**-**	**-**	**-**	**-**	**226**	**234**	**234**
Related payables	**260**						**260**	**278**
Total excluding revaluation of hedged items	**469**	**690**	**342**	**378**	**988**	**8,298**	**11,165**	**11,806**
Revaluation of hedged items (*)							858	749
Total (*)							**12,023**	**12,555**

(*) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

The fair value of subordinated debt securities amounts to EUR 9,981 million as at December 31, 2010 (EUR 11,388 million as at December 31, 2009).

Note 27

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

1. Ordinary shares issued by Societe Generale S.A.

(Number of shares)	December 31, 2010	December 31, 2009
Ordinary shares	746,421,631	739,806,265
Including treasury shares with voting rights (1)	21,306,663	20,963,637
Including shares held by employees	54,025,794	52,775,564

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

As at December 31, 2010, Societe Generale S.A.'s fully paid-up capital amounted to EUR 933,027,039 and was made up of 746,421,631 shares with a nominal value of EUR 1.25.

Societe Generale S.A. proceeded in the first half of 2010 to an increase of capital, representing a total of EUR 3 million, with EUR 77 million of issuing premium. This ordinary share issue is due to the exercise by the shareholders of the option to distribute 2009 dividend in Societe Generale shares.

In the second half of 2010, as part of the Global Employee Share Ownership Plan, Societe Generale S.A. completed an increase of capital reserved to the employees amounting to EUR 5 million, with EUR 153 million of issuing premium.

2. Shareholders' equity issued

2.1. PERPETUAL SUBORDINATED NOTES

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

Issuance Date	Amount issued	Remuneration
July 1, 1985	EUR 69.657 M	BAR -0.25% with BAR = Bond Average Rate of the period from June, 1 to May, 31 before each due date
November 24, 1986	USD 247.8 M	Average 6-months EuroDollar deposit rates communicated by reference banks +0.075%
June 30, 1994	JPY 15,000 M	5.385% until December 2014 and for next due dates: the most favourable rate between the fixed rate and a variable rate + spread defined as follow: Mid Swap Rate JPY 5 years +1.25% until December 2019 and Mid Swap JPY 5 years +2% for the next due dates
December 30, 1996	JPY 10,000 M	3.936% until September 2016 and for next due date: the most favourable rate between the fixed rate and a variable rate + spread defined as follow: Mid Swap Rate JPY 5 years +2.0%
March 27, 2007	GBP 350 M	5.75% until March 2012 and for the next due dates 3-month GBP Libor +1.10%

2.2. PREFERRED SHARES ISSUED BY SUBSIDIARIES

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

As at December 31, 2010, the amount of preferred shares issued by the Group's subsidiaries and recognised under non-controlling interests equals to EUR 968 million. During the first half of 2010, the preferred shares issued by a subsidiary during the first half of 2000 and amounting to EUR 500 million were reimbursed.

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

2.3. Deeply subordinated notes

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

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

Changes 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	163	13	176
Remuneration paid booked under dividends (2010 Dividends paid line)	474	37	511

3. Dividend paid

Dividends paid by the Group in 2010 amount to EUR 976 million and are detailed in the following table:

(In millions of euros)	Group Share	Non-controlling interests	Total
Ordinary shares	182	197	379
o/w paid in equity	*80*	*-*	*80*
o/w paid in cash	*102*	*197*	*299*
Other equity instruments	511	86	597
Total	**693**	**283**	**976**

Note 28

Gains and losses recognised directly in equity

(In millions of euros)	December 31, 2010	Period	December 31, 2009
Change in gains and losses recognised directly in equity			
Translation differences [(1)]	**(303)**	**925**	**(1,228)**
Revaluation differences		925	
Recycled to P&L		-	
Revaluation of available-for-sale assets [(2)]	**(501)**	**78**	**(579)**
Revaluation differences		465	
Recycled to P&L		(387)	
Cash flow hedge derivatives revaluation	**129**	**(125)**	**254**
Revaluation differences		(125)	
Recycled to P&L		-	
Amounts transferred into hedged item value			
Net gains and losses recognised directly in equity from companies accounted for by the equity method	**15**	**5**	**10**
Tax	**200**	**(34)**	**234**
TOTAL	**(460)**	**849**	**(1,309)**

	December 31, 2010			December 31, 2009		
(In millions of euros)	Gross Value	Tax	Net of tax	Gross Value	Tax	Net of Tax
Translation differences	(303)		(303)	(1,228)		(1,228)
Revaluation of available-for-sale assets	(501)	243	(258)	(579)	281	(298)
Revaluation of hedging derivatives	129	(39)	90	254	(46)	208
Net gains and losses recognised directly in equity from companies accounted for by the equity method	15	(4)	11	10	(1)	9
Total gains and losses recognised directly in equity	**(660)**	**200**	**(460)**	**(1,543)**	**234**	**(1,309)**
Group share			**(556)**			**(1,279)**
Non-controlling interests			**96**			**(30)**

(1) The variation in Group translation differences for 2010 amounted to EUR 792 million.

This variation was mainly due to the increase of the US Dollar against the Euro (EUR 356 million), the Rouble (EUR 66 million), the Pound sterling (EUR 39 million), the Yen (EUR 90 million), the Czech Koruna (EUR 91 million), the Yuan (EUR 44 million) and to the decrease of the Serbian dinar against the Euro (EUR -20 million).
The variation in translation differences attributable to non-controlling interests amounted to EUR 133 million.
This was mainly due to the revaluation of the Czech Koruna against the Euro (EUR 55 million), the Rouble (EUR 52 million) and the US Dollar (EUR 23 million).

(2) Unrealised gains and losses on available-for-sale assets amounts to EUR -501 million.

Breakdown of gains and losses is given in the table below:

(In millions of euros)	Unrealised gains	Unrealised losses	Unrealised gains and losses
Unrealised gains and losses on equity instruments available-for-sale	936	(192)	744
Unrealised gains and losses on debt instruments available-for-sale	479	(1,720)	(1,241)
Unrealised gains and losses on assets reclassified in Loans and receivables	-	-	-
Unrealised gains and losses of insurance companies	92	(96)	(4)
o/w equity instruments available-for-sale	*1,056*	*(51)*	
o/w debt instruments available-for-sale and assets reclassified in Loans and receivables	*1,889*	*(1,764)*	
o/w profit-sharing recordings	*(2,853)*	*1,719*	
Total	**1,507**	**(2,008)**	**(501)**

Note 29

Commitments

1. Commitments granted and received

COMMITMENTS GRANTED

(In millions of euros)	December 31, 2010	December 31, 2009
Loan commitments		
to banks	20,852	12,141
to customers (1)		
Issuance facilities	-	20
Confirmed credit lines	149,886	131,270
Others	1,804	2,126
Guarantee commitments		
on behalf of banks	4,971	3,418
on behalf of customers (1) (2)	57,307	59,042
Securities commitments		
Securities to deliver	27,186	20,882

(1) As at December 31, 2010, credit lines and guarantee commitments granted to securisation vehicles and other special purpose vehicles amounted to EUR 12,350 million and EUR 1,073 million respectively.

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

COMMITMENTS RECEIVED

(In millions of euros)	December 31, 2010	December 31, 2009
Loan commitments		
from banks	65,542	44,336
Guarantee commitments		
from banks	64,853	56,859
other commitments [(3)]	116,935	104,549
Securities commitments		
Securities to be received	26,877	20,788

(3) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 52,750 million as at December 31, 2010 and EUR 41,604 million as at December 31, 2009. The remaining balance mainly corresponds to securities and assets assigned as guarantee for EUR 1,783 million as at December 31, 2010 and EUR 5,619 million as at December 31, 2009.

2. Forward financial instrument commitments (notional amounts)

	December 31, 2010		December 31, 2009	
(In millions of euros)	Trading transactions	Hedging transactions	Trading transactions	Hedging transactions
Interest rate instruments				
Firm transactions				
Swaps	8,919,944	264,886	7,482,943	211,061
Interest rate futures	1,722,178	1,236	1,600,011	851
Options	*2,773,229*	*7,582*	*2,650,018*	*8,498*
Foreign exchange instruments				
Firm transactions	*1,741,860*	*10,999*	*1,223,930*	*18,912*
Options	*562,377*	-	*456,456*	-
Equity and index instruments				
Firm transactions	*68,633*	-	*81,441*	-
Options	*640,945*	*36*	*648,626*	*80*
Commodity instruments				
Firm transactions	*140,867*	-	*120,885*	-
Options	*70,369*	-	*71,344*	-
Credit derivatives	**1,405,304**	**-**	**1,287,612**	**-**
Other forward financial instruments	**3,252**	**942**	**2,753**	**755**

Securitisation transactions

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

As at December 31, 2010, there are 4 non-consolidated vehicles (Barton, Antalis, Homes, ACE Australia) structured by the Group on behalf of customers or investors. Total assets held by these vehicles and financed through the issuance of commercial papers amounted to EUR 9,397 million (EUR 10,986 million as at December 31, 2009).

The non-controlling situation of the Group over these vehicles is regularly assessed using the consolidation criteria applicable to special purpose entities (see note 1). As at December 31, 2010, 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 supported 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 1,073 million (EUR 542 million as at December 31, 2009). Furthermore, the Group has granted EUR 12,350 million of short-term loan facilities to these vehicles at this date (EUR 13,515 million as at December 31, 2009).

Note 30

Assets pledged as security

1. Assets pledged as security

(In millions of euros)	December 31, 2010	December 31, 2009
Book value of assets pledged as security for liabilities	96,260	90,767
Book value of assets pledged as security for transactions in financial instruments	25,446	20,373
Book value of assets pledged as security for off-balance sheet commitments	608	522
Total	**122,314**	**111,662**

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

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

2. Assets received as security and available for the entity

(In millions of euros)	December 31, 2010	December 31, 2009
Fair value of reverse repos	**40,882**	**33,526**

Note 31

Breakdown of assets and liabilities by term to maturity

Contractual maturities of financial liabilities [1]

(In millions of euros at December 31, 2010)	Less than 3 months	3 months to 1 year	1-5 years	More than 5 years	Undetermined	Total
Due to central banks	2,777	-	1	-	-	**2,778**
Financial liabilities at fair value through profit or loss, except derivatives	119,759	13,928	19,542	16,600	-	**169,829**
Due to banks	65,073	2,879	3,590	2,981	-	**74,523**
Customer deposits	279,429	20,678	31,578	4,882	-	**336,567**
Securitised debt payables	74,154	29,320	25,913	12,263	-	**141,650**
Subordinated debts	123	426	2,431	8,349	21	**11,350**
Total Liabilities	**541,315**	**67,231**	**83,055**	**45,075**	**21**	**736,697**
Loans commitment granted	69,011	40,050	51,654	11,088	-	**171,803**
Guarantee commitments granted	23,339	8,809	17,170	13,551	-	**62,869**
Total commitments granted	**92,350**	**48,859**	**68,824**	**24,639**	**-**	**234,672**

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

Technical insurance allowances [2]

(In millions of euros at December 31, 2010)	Less than 3 months	3 months to 1 year	1-5 years	More than 5 years	Undetermined	Total
Technical insurance allowances	2,665	5,627	18,796	55,582	-	**82,670**

(2) Breakdown of accounting amounts.

Notional maturities of commitments on financial derivatives [3]

	ASSETS				LIABILITIES			
(In millions of euros at December 31, 2010)	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	2,873,393	3,330,096	2,981,341	**9,184,830**	-	-	-	-
Interest rate futures	631,372	204,227	142	**835,741**	689,884	197,656	134	**887,674**
Options	*308,890*	*550,593*	*473,003*	***1,332,486***	*352,949*	*592,335*	*503,041*	***1,448,325***
Forex instruments								
Firm instruments	*1,101,699*	*443,054*	*208,107*	***1,752,860***	-	-	-	**-**
Options	*156,838*	*78,527*	*46,817*	***282,182***	*172,001*	*68,432*	*39,762*	***280,195***
Equity and index instruments								
Firm instruments	*20,055*	*3,950*	*1,139*	***25,144***	*40,092*	*2,438*	*958*	***43,488***
Options	*126,708*	*148,002*	*20,464*	***295,174***	*161,712*	*163,820*	*20,274*	***345,806***
Commodity instruments								
Firm instruments	*58,072*	*12,716*	*2,388*	***73,176***	*54,626*	*12,840*	*225*	***67,691***
Options	*18,735*	*16,162*	*369*	***35,266***	*19,608*	*15,091*	*403*	***35,102***
Credit derivatives	**58,937**	**493,873**	**142,759**	**695,569**	**64,530**	**486,341**	**158,863**	**709,734**
Other forward financial instruments	**1,640**	**375**	**28**	**2,043**	**1,584**	**488**	**79**	**2,151**

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

Note 32

Foreign exchange transactions

	December 31, 2010				December 31, 2009			
(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	702,413	705,745	24,725	23,471	611,269	604,162	2,334	3,805
USD	235,002	262,582	24,981	23,735	224,235	259,341	19,970	24,546
GBP	30,573	35,453	3,284	4,404	31,852	31,750	2,703	4,598
JPY	31,734	30,631	6,218	8,526	23,688	17,855	4,239	2,844
AUD	7,093	5,586	2,039	1,759	17,723	16,931	2,256	2,172
CZK	25,892	26,071	208	134	24,701	25,878	132	148
RUB	13,720	7,162	48	307	11,508	10,305	120	105
RON	5,625	6,183	381	303	5,386	5,872	65	155
Other currencies	80,020	52,659	6,808	5,884	73,339	51,607	9,033	7,232
Total	**1,132,072**	**1,132,072**	**68,692**	**68,523**	**1,023,701**	**1,023,701**	**40,852**	**45,605**

Note 33

Insurance activities

Underwriting reserves of insurance companies

(In millions of euros)	December 31, 2010	December 31, 2009
Underwriting reserves for unit-linked policies	16,798	16,761
Life insurance underwriting reserves	65,268	57,274
Non-life insurance underwriting reserves	604	416
Total	**82,670**	**74,451**
Deferred profit sharing [1]	(1,068)	(320)
Attributable to reinsurers	(371)	(323)
Underwriting reserves of insurance companies (including provisions for deferred profit-sharing) net of the part attributable to reinsurers	**81,231**	**73,808**

(1) According to the CNC Recommendation of December 19, 2008, a recoverability test was carried out on the provisions for deferred profit-sharing booked in assets, to verify that the deduction of this amount from future profit-sharing for policyholders is highly probable. The accounting method used to determine the deferred profit-sharing booked in assets is based on the consideration of the fair value of the assets compared to their historical value. The recoverability test based on cash flow forecasts, relying on different economic assumptions of historical collection and repurchases is valid, given that its result does not call for the sale of loss-generating assets.

Secondly, forecasts on cash flows were carried on the basis of different stress scenarios combining, or not, decreases in revenue and/or increases in redemptions, increases in interest rates and decreases on the equity markets.

Thus, in scenarios involving increases in interest rates (immediate and maintained over the forecast period), sharp decreases on the equity markets, decreases in revenue of up to 30% or 50%, and the multiplication by 2 or 3 of repurchases over the period, it has been proved that no realisation of unrealised losses should be necessary to meet liquidity requirements over the forecast period. Finally, an additional 10% deterioration in these assumptions would have no impact on the validity of the recoverability test.

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, 2010 (except provisions for deferred profit-sharing)	**16,761**	**57,274**	**416**
Allocation to insurance reserves	90	5,601	187
Revaluation of unit-linked policies	390	-	-
Charges deducted from unit-linked policies	(103)	-	-
Transfers and arbitrage	(426)	426	-
New customers	-	95	-
Profit-sharing	83	1,844	-
Others	3	28	1
Reserves at December 31, 2010 (except provisions for deferred profit-sharing)	**16,798**	**65,268**	**604**

According to IFRS 4 and the Group accounting standards, the Liability Adequacy Test (LAT) was performed as at December 31, 2010. This test assesses whether recognised insurance liabilities are adequate, using current estimates of future cash flows under insurance policies. It is carried out on the basis of stochastic modelling similar to the one used for our assets/liabilities management. The result of the test as at December 31, 2010 is conclusive.

Net investments of insurance companies

(In millions of euros before elimination of intercompany transations)	December 31, 2010	December 31, 2009
Financial assets at fair value through Profit or Loss	**22,096**	**21,806**
Treasury notes and similar securities	-	-
Bonds and other debt securities	7,450	6,053
Shares and other equity securities	14,646	15,753
Due from Banks	**8,739**	**6,837**
Available-for-sale financial assets	**58,780**	**52,524**
Treasury notes and similar securities	395	340
Bonds and other debt securities	51,015	44,912
Shares and other equity securities	7,370	7,272
Investment property	**392**	**399**
Total (2)	**90,007**	**81,566**

(2) Investments in other Group companies that are made in representation of unit-linked liabilities are kept in the Group's consolidated balance sheet without any significant impact thereon.

Insurance activities

Technical income from insurance companies

(In millions of euros)	2010	2009
Earned premiums	13,777	10,713
Cost of benefits (including changes in reserves)	(13,959)	(12,114)
Net income from investments	3,029	2,316
Other net technical income (expense)	(2,402)	(540)
Contribution to operating income before elimination of intercompany transactions	**445**	**375**
Elimination of intercompany transactions (3)	231	167
Contribution to operating income after elimination of intercompany transactions	**676**	**542**

(3) This essentially concerns the elimination of fees paid by the insurance companies to the distribution networks and the elimination of financial income on investments made in other Group companies.

Net fee income

(In millions of euros before elimination of intercompany transactions)	2010	2009
Fees received		
acquisition fees	305	216
management fees	652	585
others	39	82
Fees paid		
acquisition fees	(322)	(266)
management fees	(293)	(217)
others	(42)	(31)
Total fees	**339**	**369**

Management of insurance risks

There are two main types of insurance risk:

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

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

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

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

- implementation of a reinsurance plan to protect the Group from major/serial claims.

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

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

- Asset/liability risk management:
  - monitoring of long-term cash flows: the term of a liability is matched against the term of an asset, and cash flow peaks are strictly controlled in order to minimise liquidity and reinvestment risks;
  - close monitoring of the flows of repurchase and stress scenarios simulations;
  - close monitoring of the equity markets and stress scenarios simulations;
  - hedging of exchange rate risks using financial instruments.
- Financial risk management via the establishment of limits:
  - counterparty limits (e.g. limits according to the issuer's country of domiciliation, distinction between sovereign issuers and private issuers);
  - rating limits (e.g. AAA: min. 45%, min. 27% in government bonds and government-backed bonds);
  - limits per type of asset (e.g. equities, private equity);

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

Note 34

Interest income and expense

(In millions of euros)	2010	2009
Transactions with banks	**1,592**	**2,092**
Demand deposits and interbank loans	1,259	1,626
Securities purchased under resale agreements and loans secured by notes and securities	333	466
Transactions with customers	**16,448**	**16,899**
Trade notes	737	1,068
Other customer loans [(1)]	14,968	14,949
Overdrafts	683	815
Securities purchased under resale agreements and loans secured by notes and securities	60	67
Transactions in financial instruments	**8,685**	**9,900**
Available-for-sale financial assets	3,059	3,080
Held-to-maturity financial assets	79	91
Securities lending	27	41
Hedging derivatives	5,520	6,688
Finance leases	**1,569**	**1,654**
Real estate finance leases	251	274
Non-real estate finance leases	1,318	1,380
Total interest income	**28,294**	**30,545**
Transactions with banks	**(1,292)**	**(2,014)**
Interbank borrowings	(1,148)	(1,793)
Securities sold under resale agreements and borrowings secured by notes and securities	(144)	(221)
Transactions with customers	**(6,307)**	**(6,789)**
Regulated savings accounts	(1,076)	(1,205)
Other customer deposits	(5,070)	(5,358)
Securities sold under resale agreements and borrowings secured by notes and securities	(161)	(226)
Transactions in financial instruments	**(8,724)**	**(10,100)**
Securitised debt payables	(1,708)	(2,289)
Subordinated and convertible debt	(539)	(589)
Securities borrowing	(54)	(66)
Hedging derivatives	(6,423)	(7,156)
Other interest expense	**(1)**	**(7)**
Total interest expense [(2)]	**(16,324)**	**(18,910)**
Including interest income from impaired financial assets	443	404

(1) Breakdown of "Other customer loans"

(In millions of euros)	2010	2009
short-term loans	6,011	6,241
export loans	257	248
equipment loans	2,431	2,645
housing loans	4,207	4,113
other customer loans	2,062	1,702
Total	**14,968**	**14,949**

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

Note 35

Fee income and expense

(In millions of euros)	2010	2009 (*)
Fee income from		
Transactions with banks	277	254
Transactions with customers	2,821	2,890
Securities transactions	626	684
Primary market transactions	111	326
Foreign exchange transactions and financial derivatives	875	885
Loan and guarantee commitments	804	692
Services (*)	4,202	4,410
Others (*)	322	304
Total fee income	**10,038**	**10,445**
Fee expense on		
Transactions with banks	(316)	(293)
Securities transactions	(487)	(558)
Foreign exchange transactions and financial derivatives	(727)	(758)
Loan and guarantee commitments	(89)	(77)
Others	(934)	(947)
Total fee expense	**(2,553)**	**(2,633)**

(*) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

These fee income and expense include:

(In millions of euros)	2010	2009 (*)
Fee income excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	4,207	4,177
Fee income linked to trust activities or similar (*)	2,434	2,549
Fee expense excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	(89)	(77)
Fee expense linked to trust activities or similar	(822)	(878)

(*) Amounts adjusted with respect to the published financial statements as at December 31, 2009.

Note 36

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

(In millions of euros)	2010	2009
Net gain/loss on non-derivative financial assets held for trading	8,743	13,374
Net gain/loss on financial assets measured using fair value option	180	118
Net gain/loss on non-derivative financial liabilities held for trading	(3,500)	(9,022)
Net gain/loss on financial liabilities measured using fair value option	(471)	(772)
Net gain/loss on derivative instruments	(2,110)	(4,171)
Net income from fair value hedging instruments	761	-
Revaluation of hedged items attributable to hedged risks	(712)	(123)
Ineffective portion of cash flow hedge	1	(4)
Net gain/loss on foreign exchange transactions	2,449	1,602
Total (1) (2)	**5,341**	**1,002**

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

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

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

(In millions of euros)	2010	2009
Remaining amount to be registered in the income statement as at January, 1	823	849
Amount generated by new transactions within the period	362	647
Amount registered in the income statement within the period	(389)	(673)
Depreciation	*(227)*	*(530)*
Switch to observable parameters	*(54)*	*(14)*
Expired or terminated	*(140)*	*(122)*
Translation differences	*32*	*(7)*
Remaining amount to be registered in the income statement as at December, 31	796	823

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

Note 37

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

(In millions of euros)	2010	2009
Current activities		
Gains on sale [1]	227	316
Losses on sale [2]	(149)	(285)
Impairment losses on variable income securities	(110)	(1,673)
Deferred profit sharing on available-for-sale financial assets of insurance subsidiaries	23	1,664
Sub-total	**(9)**	**22**
Long-term equity investments		
Gains on sale	174	86
Losses on sale	(25)	(34)
Impairment losses on variable income securities	(107)	(129)
Sub-total	**42**	**(77)**
Total	**33**	**(55)**

(1) O/w EUR 143 million for Insurance activities as at December 31, 2010.

(2) O/w EUR -89 million for Insurance activities as at December 31, 2010.

Note 38

Income and expenses from other activities

(In millions of euros)	2010	2009
Income from other activities		
Real estate development	57	38
Real estate leasing	81	136
Equipment leasing	5,956	5,976
Other activities (including income from insurance activity)	13,568	12,131
Sub-total	**19,662**	**18,281**
Expenses from other activities		
Real estate development	(3)	-
Real estate leasing	(37)	(27)
Equipment leasing	(4,267)	(4,474)
Other activities (including expenses from insurance activity)	(14,084)	(12,773)
Sub-total	**(18,391)**	**(17,274)**
Net total	**1,271**	**1,007**

Note 39

Personnel expenses

(In millions of euros)	2010	2009
Employee compensation	(6,853)	(6,454)
Social security charges and payroll taxes	(1,287)	(1,243)
Net retirement expenses - defined contribution plans	(616)	(555)
Net retirement expenses - defined benefit plans	(125)	(134)
Other social security charges and taxes	(397)	(412)
Employee profit-sharing and incentives	(281)	(359)
Total	**(9,559)**	**(9,157)**

	2010	2009
Average headcount		
France	58,455	59,381
Outside France	102,249	100,763
Total	**160,704**	**160,144**

Note 40

Share-based payment plans

1. Expenses recorded in the income statement

	2010			2009		
(In millions of euros)	Cash settled plans	Equity settled plans	Total plans	Cash settled plans	Equity settled plans	Total plans
Net expenses from stock purchase plans	-	-	-	-	55.1	55.1
Net expenses from stock option and free share plans	304.5	92.3	396.8	171.3	174.2	345.5

The charge described above relates to equity-settled plans and to cash-settled plans.

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

2.1. EQUITY-SETTLED STOCK OPTION PLANS FOR GROUP EMPLOYEES FOR THE YEAR ENDED DECEMBER 31, 2010 ARE BRIEFLY DESCRIBED BELOW:

2.1.1 Stock options (purchase and subscription)

Issuer	Societe Generale	Societe Generale	Societe Generale	Societe Generale	Societe Generale for TCW	Societe Generale	Societe Generale for TCW	Societe Generale	Societe Generale	Societe Generale
Year of attribution	**2003**	**2004**	**2005**	**2006**	**2006**	**2007**	**2007**	**2008**	**2009**	**2010**
Type of plan	**purchase stock option**	**purchase stock option**	**purchase stock option**	**purchase stock option**	**purchase stock option**	**purchase stock option**	**purchase stock option**	**subscription stock option**	**subscription stock option**	**subscription stock option**
Shareholders agreement	04.23.2002	04.23.2002	04.29.2004	04.29.2004	04.29.2004	05.30.2006	05.30.2006	05.30.2006	05.27.2008	05.27.2008
Board of Directors' decision	04.22.2003	01.14.2004	01.13.2005	01.18.2006	04.25.2006	01.19.2007	09.18.2007	03.21.2008	03.09.2009	03.09.2010
Number of stock-options granted (1)	4,110,798	4,267,021	4,656,319	1,738,329	154,613	1,418,916	135,729	2,328,128	1 344 552 (4)	1,000,000
Contractual life of the options granted	7 years	7 years	7 years	7 years	7 years	7 years	7 years	7 years	7 years	7 years
Settlement	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares
Vesting period	04.22.03 - 04.22.06	01.14.04 - 01.14.07	01.13.2005 - 01.13.2008	01.18.2006 - 01.18.2009	04.25.2006 - 04.25.2009	01.19.2007- 01.19.2010	09.18.2007 - 09.18.2010	03.21.2008 - 03.31.2011	03.09.2009 - 03.31.2012	03.09.2010 - 03.31.2014
Performance conditions	no	no	no	no	no	no except for the directors	no	yes (3)	yes (3)	yes (3)
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	maintained	maintained	maintained	maintained	maintained	maintained	maintained	maintained	maintained	maintained
Death	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months
Share price at grant date (in euros) (1) (5)	44.81	60.31	64.63	93.03	107.82	115.6	104.17	63.6	23.18	43.64
Discount	0%	0%	0%	0%	0%	0%	0%	0%	0%	not applicable
Exercise price (in euros) (1)	44.81	60.31	64.63	93.03	107.82	115.6	104.17	63.6	23.18	41.2
Options authorised but not attributed	-	-	-	-	-	-	-	-	-	-
Options exercised as at December 31, 2010	3,299,863	727,877	53,340	2,174	-	-	-	-	411	-
Options forfeited as at December 31, 2010	810,935	173,138	321,853	125,017	39,728	269,932	31,142	132,567	109,869	8,291
Options outstanding as at December 31, 2010	-	3,366,006	4,281,126	1,611,138	114,885	1,148,984	104,587	2,195,561	914,272	991,709
Number of shares reserved as at December 31, 2010	-	3,366,006	(2)	(2)	114,885	(2)	104,587	-	-	-
Share price of shares reserved (in euros)	-	45.67	(2)	(2)	109.71	(2)	105.69	-	-	-
Total value of shares reserved (in millions of euros)	-	154	(2)	(2)	13	(2)	11	-	-	-
First authorised date for selling the shares	04.22.2007	01.14.2008	01.13.2009	01.18.2010	04.25.2009	01.19.2011	09.18.2010	03.21.2012	03.31.2013	03.31.2014
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)	25%	21%	17%	16%	17%	18%	21%	24%	27%	26% (6)
Valuation method used to determine the fair value	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo

(1) In accordance with IAS33, as a result of the detachment of Societe Generale share preferential subscription right, the historical share data have been adjusted by the coefficients given by Euronext which reflect the parts attributables to the share after detachment following the capital increases which took place in the fourth quarter of 2006, in the first quarter of 2008 and in the fourth quarter of 2009.

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

(3) There are performance conditions which are described in the "corporate governance part." As at December 31, 2010, it is estimated that the performance conditions on EPS 2010 should not be reached for the options granted in 2008.

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

(5) Average share price of 20 days prior to grant date for the plan 2003 to 2009 and closing share price at grant date for the plan 2010.

(6) If the condition related to the ROE is not reached, the fair value including the condition on the TSR is equal to 7%.

2.1.2 Free shares

Issuer	**Societe Generale**	**Societe Generale**	**Societe Generale**	**Societe Generale**	
Year of grant	**2007**	**2008**	**2009**	**2010**	
Type of plan	**free shares**	**free shares**	**free shares**	**free shares**	
Shareholders agreement	05.30.2006	05.30.2006	05.27.2008		05.27.2008
Board of Directors decision	01.19.2007	03.21.2008	01.20.2009		03.09.2010
Number of free shares granted [7]	903,916	3,143,595	3,155,781		4,200,000
Settlement	Societe Generale shares	Societe Generale shares	Societe Generale shares		Societe Generale shares
Vesting period	01.19.2007 - 03.31.2009 01.19.2007 - 03.31.2010	03.21.2008 - 03.31.2010 03.21.2008 - 03.31.2011	sub-plan n°1: 03.09.2010 -03.31.2013 [9]	01.20.2009 - 03.31.2012 [9]	sub-plan n°2: 03.09.2010 - 03.31.2012 03.09.2010 - 03.31.2013 [11]
Performance conditions	conditions on ROE for certain recipients	yes [8]	yes [8]	performance condition for certain recipients [8]	performance condition for certain recipients [8]
Resignation from the Group	forfeited	forfeited	forfeited		Forfeited
Redundancy	forfeited	forfeited	forfeited		Forfeited
Retirement	maintained	maintained	maintained		maintained
Death	maintained for 6 months	maintained for 6 months	maintained for 6 months		maintained for 6 months
Share price at grant date [7]	116.61	58.15	23.36		43.64
Shares delivered as at December 31, 2010	800,228	1,337,641	919		267
Shares forfeited as at December 31, 2010	103,688	365,275	146,198		356,462
Shares outstanding as at December 31, 2010	-	1,440,679	3,008,664		3,843,271
Number of shares reserved as at December 31, 2010	-	1,440,679	3,008,664		3,843,271
Share price of shares reserved (In euros)	-	100.88	60.98		47.71
Total value of shares reserved (In millions of euros)	-	145	183		183
First authorised date for selling the shares	03.31.2011	03.31.2012	03.31.2014	03.31.2015	03.31.2014 03.31.2015
	03.31.2012	03.31.2013			
Delay for selling after vesting period	2 years	2 years	2 years		2 years
Fair value (% of the share price at grant date)	vesting period 2 years: 86% vesting period 3 years: 81%	vesting period 2 years: 87% vesting period 3 years: 81%	78%		vesting period 2 years: 86% vesting period 3 years: 82% [10]
Valuation method used to determine the fair value	Arbitrage	Arbitrage	Arbitrage		Arbitrage

(7) In accordance with IAS33 , as a result of the detachment of Societe Generale share preferential subscription right, the historical share data have been adjusted by the coefficients given by Euronext which reflect the parts attributables to the share after detachment following the capital increases which took place in the fourth quarter of 2006, in the first quarter of 2008 and in the fourth quarter of 2009.

(8) There are performance conditions which are described in the "corporate governance part." As at December 31, 2010, it is estimated that the performance conditions on EPS 2010 for the shares granted in 2008 should not be reached.

(9) For the non-french tax resident, the vesting period is increased by one year and there is no mandatory holding period.

(10) if the condition related to the ROE is not reached, the faire value including the condition on the TSR is equal to 16%.

(11) In accordance with the provision of the Ministerial Order issued in France on November 3, 2009 and related to the remunerations of employees whose activities may have consequences on the risk exposure of banks and investment companies, the expense related to share-based payments granted to employees in financial markets is recorded in the income statement over the vesting period beginning on January 1, 2009.

2.2. STATISTICS CONCERNING SOCIETE GENERALE STOCK-OPTION PLANS

Main figures concerning Societe Generale stock-option plans, for the year ended December 31, 2010:

	Options granted in 2003	Options granted in 2004	Options granted in 2005	Options granted in 2006	TCW Options granted in 2006	Options granted in 2007	TCW Options granted in 2007	Options granted in 2008	Options granted in 2009	Options granted in 2010	Weighted average remaining contractual life	Weighted average fair value at grant date (In euros)	Weighted average share price at exercise date (In euros)	Range of exercise prices (In euros)
Options outstanding as at January 01, 2010	1,361,690	3,407,641	4,358,759	1,646,465	134,947	1,371,191	121,263	2,273,726	924,155					
Options granted in 2010	-	-	-	-	-	-	-	-	-	1,000,000				
Options forfeited in 2010	-	41,635	77,633	35,327	20,062	222,207	16,676	78,165	9,883	8,291				
Options exercised in 2010	756,552	-	-	-	-	-	-	-	-	-			46.48	44.81
Options expired in 2010	605,138	-	-	-	-	-	-	-	-	-				
Outstanding options as at December 31, 2010	-	3,366,006	4,281,126	1,611,138	114,885	1,148,984	104,587	2,195,561	914,272	991,709	27 months	13.3		
Exercisable options as at December 31, 2010	-	3,366,006	4,281,126	1,611,138	114,885	1,148,984	104,587	-	-	-				

Notes

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

	2003-2004	2005	2006	2007	2008	2009	2010
Risk-free interest rate	3.8%	3.3%	3.3%	4.2%	4.2%	3.0%	2.9%
Implicit share volatility	27%	21%	22%	21%	38%	55%	29%
Forfeited rights rate	0%	0%	0%	0%	0%	0%	0%
Expected dividend (yield) (% of the exercise price)	4.3%	4.3%	4.2%	4.8%	5.0%	3.5%	1.3%
Expected life (after grant date)	5 years	5 years	5 years	5 years	5 years	5 years	5 years

The implicit volatility used is that of Societe Generale 5-year share options traded OTC (TOTEM parameters), which was 29% in 2010. This implicit volatility reflects the future volatility.

3. Other stock-option plans and free share plans—TCW company

3.1. EQUITY-SETTLED STOCK-OPTION PLANS FOR TCW GROUP EMPLOYEES FOR THE YEAR ENDED DECEMBER 31, 2010 ARE BRIEFLY DESCRIBED BELOW:

3.1.1. Stock-option plans

Issuer	**TCW**	**TCW**	**TCW**
Year of attribution	**2005**	**2006**	**2007**
Type of plan	**purchase stock option**	**purchase stock option**	**purchase stock option**
Shareholders agreement	07.01.2005	09.01.2006	09.30.2007
Board of Directors decision	07.01.2005	09.01.2006	09.30.2007
Number of stock-options granted	2,753,708	2,385,515	2,468,849
Contractual life of the options granted	7 years	7 years	7 years
Settlement	SG shares	SG shares	SG shares
Vesting period	07.01.2005 - 06.30.2010	09.01.2006 - 08.31.2011	09.30.2007 - 09.29.2012
Performance conditions	no	no	no
Resignation from the Group	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited
Retirement	forfeited	forfeited	forfeited
Death	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting
Share price at grant date (In euros)	41.35	36.95	33.32
Discount	13.48	5.64	5.12
Exercise price (In euros)	27.87	31.31	28.20
Options authorised but not attributed	-	-	-
Options exercised as at December 31, 2010	894,304	339,574	190,911
Options forfeited as at December 31, 2010	1,213,846	1,052,098	1,141,993
Options outstanding as at December 31, 2010	645,558	993,843	1,135,945
First authorised date for selling the shares	08.01.2007	11.01.2008	11.01.2009
Delay for selling after vesting period	no delay	no delay	no delay
Fair value (% of the share price at grant date)	66%	41%	38%
Valuation method used to determine the fair value	black & scholes	black & scholes	black & scholes

3.1.2. Free share plans

Issuer	**TCW**
Year of grant	**2010**
Type of plan	**free shares**
Shareholders agreement	04.14.2010
Board of Directors decision	04.14.2010
Number of free shares granted	4,819,000
Settlement	TCW shares with a guarantee of liquidity in SG shares
Vesting period	grant date - 04.30.2015 (12)
Performance conditions	yes for one part of the shares, conditions related to the EBITDA
Resignation from the Group	Forfeited
Redundancy	partially maintained and accelerated vesting
Death	accelerated vesting
Shares delivered as at December 31, 2010	-
Shares forfeited as at December 31, 2010	13,333
Shares outstanding as at December 31, 2010	4,805,667
First authorised date for selling the shares	5 years after the date of grant
Delay for selling after vesting period	depending on the vesting period

(12) The shares were granted in May, August and December 2010. The vesting periods for those 3 grants of shares are split into 4 sections, the first sections end on April 30, 2012 and the last sections end on April 30, 2015.

3.2. Statistics concerning TCW stock-option plans

Main figures concerning TCW stock-option plans, for the year ended December 31, 2010:

	Total no. of options	Options granted in 2005	Options granted in 2006	Options granted in 2007	Weighted average remaining contractual life	Weighted average fair value at grant date (In euros)	Weighted average share price at exercise date (In euros)	Range of exercise prices (In euros)
Options outstanding as at January 1, 2010	4,444,293	1,199,661	1,497,353	1,747,279				
Options granted in 2010	-	-	-	-				
Options forfeited in 2010	1,602,459	487,615	503,510	611,334				
Options exercised in 2010	66,488	66,488	-	-			39.24	38.93-39.55
Options expired in 2010	-	-	-	-				
Options outstanding as at December 31, 2010	2,775,346	645,558	993,843	1,135,945	35 months	15.07		
Exercisable options as at December 31, 2010	1,403,738	645,558	454,693	303,487				

Notes

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

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

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

4. Main characteristics of the free share plan granted to all employees of the Group

In order to involve all employees of the Group in the success of the Ambition SG 2015 program, the Board of Directors decided at a meeting on 2 November 2010 to grant 40 Societe Generale shares to each Group employees (nearly 159,000 employees concerned in 79 countries). The grants are subjected to presence and performance conditions. The vesting period and the delay for selling the shares after the vesting period depend on the localisation of the entity in which the employee works:

- in France: the vesting period ends on March 29, 2013 for the first section i.e 16 shares and on March 31, 2014 for the second section i.e 24 shares. The shares will be made available after a period of 2 years.
- for international: the vesting period ends on March 31, 2015 for the first section i.e 16 shares and on March 31, 2016 for the second section i.e 24 shares. There is no delay for selling the shares after the vesting period.

The performance conditions are described in the "Human Resources – Profit-sharing and employee share ownership" part.

There are no share reserved at December 31, 2010 for the plan because it's a subscription plan.

The share price at grant date is equal to 42,1 euros. The valuation method used to determine the fair values is the arbitrage's model. These fair values (expressed in % of the share price at grant date) amount to:

- for France: 85% for the first section and 82% for the second section,
- for international: 82% for the first section and 79% for the second section.

In the countries where the free grant of performance shares is not possible or too complex, Societe Generale share equivalents are granted under the same presence and performance conditions than for the free share granted.

An assumption on the annual withdrawal rate is applied for the determination of the expense of the plan; it amounts to 3.5% per year on average for employees eligible to the plan in France and to 11% per year on average for employees eligible to the plan outside France.

5. Information on other plans

The other share based payment plans granted to Group employees during 2010 are as follows:

ALLOCATION OF SOCIETE GENERALE SHARES WITH A DISCOUNT

Global Employee Share Ownership Plan

As part of the employee share ownership policy, Societe Generale offered on April 20, 2010 to employees of the Group to subscribe to a reserved capital increase at a share price of EUR 36.98, with a discount of 20% reported at the average of the 20 Societe Generale share prices before this date.

Number of shares subscribed has been 4,291,479. There is no expense for this plan. Indeed, 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 model leads to a unit value equal to 0 because the average of the closing trading prices for the SG shares during the subscription period (from May, 11 to May, 26) was under the subscription price offered to the employees.

TCW CASH-SETTLED FREE SHARES PLANS 2010

In 2010, following the purchase of Metropolitan West Asset Management, TCW has set up a retention plan for employees of this company including awards of free share. The grants are subjected to presence conditions and the vesting period spreads over five years. This plan includes a guarantee of liquidity in cash.

BOURSORAMA STOCK-OPTION AND FREE SHARES PLAN

The 2010 expense of the 2008 plan is EUR 0.5 million. In 2010, 19,062 free shares and 117,670 options were forfeited and 75,478 free shares were delivered.

Note 41

Cost of risk

(In millions of euros)	2010	2009
Counterparty risk		
Net allocation to impairment losses	(3,963)	(5,371)
Losses not covered	**(359)**	**(359)**
on bad loans	(312)	(268)
on other risks	(47)	(91)
Amounts recovered	**198**	**143**
on bad loans	197	132
on other risks	1	11
Other risks		
Net allocation to other provisions	(36)	(261)
Total (1)	**(4,160)**	**(5,848)**

(1) O/w EUR -696 million for legacy assets as at December 31, 2010 and EUR -1,398 million as at December 31, 2009.

Note 42

Income tax

(In millions of euros)	2010	2009
Current taxes	(1,425)	(1,387)
Deferred taxes	(117)	1,695
Total taxes [(1)]	**(1,542)**	**308**

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

	2010	2009
Income before tax excluding net income from companies accounted for by the equity method and impairment losses on goodwill (in millions of euros)	5,724	827
Normal tax rate applicable to French companies (including 3.3% tax contribution)	34.43%	34.43%
Permanent differences	-1.78%	-6.06%
Differential on items taxed at reduced rate	-0.14%	-21.98%
Tax rate differential on profits taxed outside France	-5.20%	-32.70%
Impact of non-deductible losses and use of tax losses carried forward	-0.37%	-10.99%
Group effective tax rate	**26.94%**	**-37.30%**

In France, the standard corporate income tax rate is 33.33%; additionally, a Contribution Sociale (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). Since January 1, 2007, 95% of long-term capital gains on equity investments are exempted resulting in an effective rate of 1.72%. 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)	2010	2009
Net income, Group Share	3,917	678
Net attributable income to deeply subordinated notes	311	313
Net attributable income to deeply undated subordinated notes shareholders	25	25
Net attributable income to preference shareholders issued by Societe Generale S.A.	-	60
Net attributable income to ordinary shareholders	**3,581**	**280**
Weighted average number of ordinary shares outstanding (1)	721,724,753	624,488,571
Earnings per ordinary share (In EUR)	**4.96**	**0.45**

(In millions of euros)	2010	2009
Net income, Group Share	3,917	678
Net attributable income to deeply subordinated notes	311	313
Net attributable income to deeply undated subordinated notes shareholders	25	25
Net attributable income to preference shareholders issued by Societe Generale S.A.	-	60
Net attributable income to ordinary shareholders	**3,581**	**280**
Weighted average number of ordinary shares outstanding (1)	721,724,753	624,488,571
Average number of ordinary shares used in the dilution calculation (2)	3,436,912	2,332,455
Weighted average number of ordinary shares used in the dilution calculation net earnings per share	725,161,665	626,821,026
Diluted earnings per ordinary share (In EUR)	**4.94**	**0.45**

The dividend paid in 2010 regarding 2009 financial year amounts to EUR 0.25 per share.

(1) Excluding treasury shares.

(2) The number of shares used in the dilution calculation is computed using the "shares buy-back" method and takes into account free shares and stock-options plans. Stock-option plans' dilutive effect depends on the average stock-market price of Societe Generale which is EUR 41.61 for 2010. In this context, as at December 31, 2010, the 2009 stock-option plan without performance condition has a dilutive effect. The number of shares used in the dilution calculation also includes free shares without performance condition of 2008, 2009 and 2010 plans. The characteristics of the stock-option and free shares plans can be found in note 40.

Note 44

Transactions with related parties

1. Definition

In accordance with the definitions provided under IAS 24, the Group's related parties include the following: Board of Directors members, the chairman and chief executive officers and the 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.

1.1. Remuneration of the Group's Managers

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

(In millions of euros)	December 31, 2010	December 31, 2009
Short-term benefits	6.3	7.9
Post-employment benefits	0.3	0.1
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	0.3	1.8
Total	**6.9**	**9.8**

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

1.2. Related party transactions

The transactions with Board of Directors members, chief executive officers and members of their families included in this note comprise loans and guarantees outstanding as at December 31, 2010, in a total amount of EUR 26.9 million. All other transactions with these individuals are unsignificant.

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

The total amount provisioned or booked by the Societe Generale Group at December 31, 2010 under IAS 19 for the payment of pensions and other benefits to Societe Generale's chief executive officers and directors in office as at December 31, 2009 (Mr Cabannes, Mr Sammarcelli, Mr Sanchez Incera and the two staff-elected directors) was EUR 5.5 million.

2. Principal subsidiaries and affiliates [1]

Outstanding assets with related parties

(In millions of euros)	December 31, 2010	December 31, 2009
Financial assets at fair value through profit or loss	22	142
Other assets	1,813	831
Total outstanding assets	**1,835**	**973**

Outstanding liabilities with related parties

(In millions of euros)	December 31, 2010	December 31, 2009
Liabilities at fair value through profit or loss	76	186
Customer deposits	33	1,528
Other liabilities	2,405	672
Total outstanding liabilities	**2,514**	**2,386**

Net banking income from related parties

(In millions of euros)	2010	2009
Interest and similar income	(10)	(11)
Fee	206	30
Net income from financial transactions	(3)	17
Net income from other activities	7	-
Net banking income	**200**	**36**

Commitments to related parties

(In millions of euros)	December 31, 2010	December 31, 2009
Loan commitments granted	-	298
Guarantee commitments granted	46	1,964
Forward financial instrument commitments	**6,245**	**3,395**

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

Note 45

Companies included in the consolidation scope

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
FRANCE						
BANKS						
BANQUE DE POLYNESIE (1)	France	FULL	72.10	72.10	72.10	72.10
BANQUE FRANCAISE COMMERCIALE OCEAN INDIEN	France	FULL	50.00	50.00	50.00	50.00
CREDIT À L'INDUSTRIE FRANÇAISE (CALIF)	France	FULL	100.00	100.00	100.00	100.00
CREDIT DU NORD (1)	France	FULL	100.00	100.00	100.00	100.00
GENEBANQUE	France	FULL	100.00	100.00	100.00	100.00
SG CALEDONIENNE DE BANQUE (1)	France	FULL	90.10	90.10	90.10	90.10
SG DE BANQUE AUX ANTILLES	France	FULL	100.00	100.00	100.00	100.00
SG ASSET MANAGEMENT BANQUE (7)	France	FULL	-	100.00	-	100.00
FINANCIAL COMPANIES						
SOCIETE GENERALE SECURITIES SERVICES FRANCE (1)	France	FULL	98.25	98.25	98.25	98.25
INTER EUROPE CONSEIL	France	FULL	100.00	100.00	100.00	100.00
INTERGA	France	FULL	100.00	100.00	100.00	100.00
JS CREDIT FUND (5)	France	FULL	-	100.00	-	100.00
LYXOR ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
LYXOR INTERNATIONAL ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
ORBEO	France	PROP	50.00	50.00	50.00	50.00
SG ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
SG EUROPEAN MORTGAGE INVESTMENTS	France	FULL	100.00	100.00	100.00	100.00
SGAM AI CREDIT PLUS	France	FULL	100.00	100.00	100.00	100.00
SGAM AI CREDIT PLUS OPPORTUNITES	France	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE RETIREMENT SERVICES	France	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SCF	France	FULL	100.00	100.00	100.00	100.00
AMUNDI GROUP (1)	France	EQUITY	24.93	25.00	25.00	25.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
SPECIALIST FINANCING						
AIR BAIL	France	FULL	100.00	100.00	100.00	100.00
TEMSYS (1)	France	FULL	100.00	100.00	100.00	100.00
ALD INTERNATIONAL SA (1)	France	FULL	100.00	100.00	100.00	100.00
BULL FINANCE	France	FULL	51.35	51.35	51.35	51.35
CAFIREC (8)	France	FULL	-	100.00	-	100.00
COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS (1)	France	FULL	99.88	99.88	99.88	99.88
DISPONIS	France	FULL	99.94	99.94	100.00	100.00
EVALPARTS	France	FULL	100.00	100.00	100.00	100.00
FENWICK LEASE	France	FULL	100.00	100.00	100.00	100.00
FONTANOR (1)	France	FULL	100.00	100.00	100.00	100.00
FRANFINANCE (1)	France	FULL	99.99	99.99	99.99	99.99
FRANFINANCE LOCATION	France	FULL	99.99	99.99	100.00	100.00
GENECAL	France	FULL	100.00	100.00	100.00	100.00
GENECOMI	France	FULL	100.00	100.00	100.00	100.00
LINDEN SAS (7)	France	FULL	-	100.00	-	100.00
ORPAVIMOB	France	FULL	100.00	100.00	100.00	100.00
RUSFINANCE SAS (1)	France	FULL	100.00	100.00	100.00	100.00
SAGEMCOM LEASE	France	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE SA	France	FULL	100.00	100.00	100.00	100.00
SG SERVICES	France	FULL	100.00	100.00	100.00	100.00
SOFRAFI	France	FULL	100.00	100.00	100.00	100.00
SOGEFIMUR	France	FULL	100.00	100.00	100.00	100.00
SOGEFINANCEMENT	France	FULL	100.00	100.00	100.00	100.00
SG POUR LE FINANCEMENT DES INVESTISSEMENTS ECONOMISANT L'ENERGIE	France	FULL	100.00	100.00	100.00	100.00
SOGELEASE FRANCE	France	FULL	100.00	100.00	100.00	100.00
SOLOCVI	France	FULL	100.00	100.00	100.00	100.00
FCT RED & BLACK – GUARANTEED HOME LOANS	France	FULL	100.00	100.00	100.00	100.00
FCT RED & BLACK FRENCH SMALL BUSINESS 2010-1 (2)	France	FULL	100.00	-	100.00	-
LA BANQUE POSTALE FINANCEMENT (3)	France	EQUITY	35.00	-	35.00	-
SOCIETE GENERALE FHF (2)	France	FULL	100.00	-	100.00	-

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
PORTFOLIO MANAGEMENT						
FCC ALBATROS	France	FULL	100.00	100.00	51.00	51.00
FINAREG	France	FULL	100.00	100.00	100.00	100.00
GENE ACT 1	France	FULL	100.00	100.00	100.00	100.00
GENEFINANCE	France	FULL	100.00	100.00	100.00	100.00
GENEVAL (1)	France	FULL	100.00	100.00	100.00	100.00
GENINFO	France	FULL	100.00	100.00	100.00	100.00
LIBECAP	France	FULL	100.00	100.00	100.00	100.00
SOCIETE ALSACIENNE ET LORRAINE DE VALEURS, D'ENTREPRISES ET DE PARTICIPATIONS	France	FULL	51.42	51.42	51.42	51.42
LA FONCIERE DE LA DEFENSE	France	FULL	99.99	99.99	100.00	100.00
SG CAPITAL DEVELOPPEMENT	France	FULL	100.00	100.00	100.00	100.00
SG CONSUMER FINANCE (1)	France	FULL	100.00	100.00	100.00	100.00
SG FINANCIAL SERVICES HOLDING	France	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SECURITIES SERVICES HOLDING (1)	France	FULL	100.00	100.00	100.00	100.00
SOGEFIM HOLDING	France	FULL	100.00	100.00	100.00	100.00
SOGENAL PARTICIPATIONS	France	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE DE PARTICIPATIONS	France	FULL	100.00	100.00	100.00	100.00
SOGEPARTICIPATIONS (1)	France	FULL	100.00	100.00	100.00	100.00
SOGEPLUS	France	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE CAPITAL PARTENAIRES	France	FULL	100.00	100.00	100.00	100.00
SOCIETE DE LA RUE EDOUARD VII	France	FULL	99.91	99.91	99.91	99.91
VOURIC	France	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE PARTICIPATIONS INDUSTRIELLES (2)	France	FULL	100.00	-	100.00	-
BROKERS						
BOURSORAMA SA (1)	France	FULL	57.78	55.78	57.78	55.78
CLICKOPTIONS (7)	France	FULL	-	100.00	-	100.00
GASELYS (6)	France	EQUITY	-	49.00	-	49.00
SOCIETE GENERALE ENERGIE	France	FULL	100.00	100.00	100.00	100.00
SG EURO CT	France	FULL	100.00	100.00	100.00	100.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
SG OPTION EUROPE	France	FULL	100.00	100.00	100.00	100.00
SG SECURITIES (PARIS) SAS	France	FULL	100.00	100.00	100.00	100.00
NEWEDGE GROUP (1)	France	PROP	50.00	50.00	50.00	50.00
REAL ESTATE AND REAL ESTATE FINANCING						
GALYBET	France	FULL	100.00	100.00	100.00	100.00
GENEFIM (1)	France	FULL	100.00	100.00	100.00	100.00
GENEFIMMO (1)	France	FULL	100.00	100.00	100.00	100.00
ORIENT PROPERTIES	France	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER	France	FULL	100.00	100.00	100.00	100.00
SOGEPROM (1)	France	FULL	100.00	100.00	100.00	100.00
SOPHIA-BAIL	France	FULL	51.00	51.00	51.00	51.00
SERVICES						
COMPAGNIE GENERALE D'AFFACTURAGE	France	FULL	100.00	100.00	100.00	100.00
EUROPE COMPUTER SYSTEMES SA (1) (6)	France	FULL	-	100.00	-	100.00
PARIS REGLEMENT LIVRAISON	France	FULL	100.00	100.00	100.00	100.00
SOCIETE DE CONTROLE ET DE GESTION FINANCIERE- SOCOGEFI	France	FULL	100.00	100.00	100.00	100.00
GROUP REAL ESTATE MANAGEMENT COMPANIES						
COMPAGNIE FONCIÈRE DE LA MEDITERRANEE (CFM) (1)	France	FULL	100.00	100.00	100.00	100.00
ELEAPARTS	France	FULL	100.00	100.00	100.00	100.00
GENEGIS I	France	FULL	100.00	100.00	100.00	100.00
GENEGIS II	France	FULL	100.00	100.00	100.00	100.00
GENEVALMY	France	FULL	100.00	100.00	100.00	100.00
SOGEMARCHE	France	FULL	100.00	100.00	100.00	100.00
SOGECAMPUS	France	FULL	100.00	100.00	100.00	100.00
SC ALICANTE 2000	France	FULL	100.00	100.00	100.00	100.00
SC CHASSAGNE 2000	France	FULL	100.00	100.00	100.00	100.00
OPERA 72	France	FULL	99.99	99.99	100.00	100.00
SI DU 29 BOULEVARD HAUSSMANN	France	FULL	100.00	100.00	100.00	100.00
SOGE PERIVAL I	France	FULL	100.00	100.00	100.00	100.00
SOGE PERIVAL II	France	FULL	100.00	100.00	100.00	100.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
SOGE PERIVAL III	France	FULL	100.00	100.00	100.00	100.00
SOGE PERIVAL IV	France	FULL	100.00	100.00	100.00	100.00
SOGEFONTENAY	France	FULL	100.00	100.00	100.00	100.00
SOGINFO – SOCIETE DE GESTION ET D'INVESTISSEMENTS FONCIERS (1)	France	FULL	100.00	100.00	100.00	100.00
SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	France	FULL	99.99	99.99	100.00	100.00
VALMINVEST	France	FULL	100.00	100.00	100.00	100.00
INSURANCE						
SG DE COURTAGE ET DE REASSURANCE(GENECAR)	France	FULL	100.00	100.00	100.00	100.00
ORADEA VIE	France	FULL	100.00	100.00	100.00	100.00
SOGECAP (1)	France	FULL	100.00	100.00	100.00	100.00
SOGESSUR	France	FULL	100.00	65.00	100.00	65.00
EUROPE						
BANKS						
BRD – GROUPE SOCIETE GENERALE (1)	Romania	FULL	59.37	59.37	59.37	59.37
BANKA SOCIETE GENERALE ALBANIA SH.A. (1)	Albania	FULL	85.82	75.01	85.82	75.01
BANK REPUBLIC (1)	Georgia	FULL	81.18	80.00	81.18	80.00
GENIKI (1)	Greece	FULL	88.44	53.97	88.44	53.97
KOMERCNI BANKA A.S (1)	Czech Republic	FULL	60.44	60.44	60.44	60.44
SOCIETE GENERALE BANK NEDERLAND N.V.	Netherlands	FULL	100.00	100.00	100.00	100.00
SG EXPRESS BANK (1)	Bulgaria	FULL	99.69	99.69	99.69	99.69
SG HAMBROS LIMITED (HOLDING) (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SG PRIVATE BANKING SUISSE SA (1)	Switzerland	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE BANKA SRBIJA	Serbia	FULL	100.00	100.00	100.00	100.00
BSGV (1)	Russia	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE BANK AND TRUST LUXEMBOURG (1)	Luxembourg	FULL	100.00	100.00	100.00	100.00
SG PRIVATE BANKING MONACO	France	FULL	100.00	100.00	100.00	100.00
SKB BANKA (1)	Slovenia	FULL	99.72	99.70	99.72	99.70
SG CYPRUS LTD (12)	Cyprus	EQUITY	-	51.00	-	51.00
SG PRIVATE BANKING BELGIQUE (1)	Belgium	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SPLITSKA BANKA	Croatia	FULL	100.00	100.00	100.00	100.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
SGSS SPA	Italy	FULL	100.00	100.00	100.00	100.00
ROSBANK (1)	Russia	FULL	74.89	65.33	74.89	65.33
MOBIASBANCA GROUPE SOCIETE GENERALE	Moldova	FULL	79.77	79.72	87.90	87.85
PODGORICKA BANKA SG GROUP (2)	Montenegro	FULL	90.56	-	90.56	-
FINANCIAL COMPANIES						
BRD FINANCE IFN S.A.	Romania	FULL	80.09	80.09	100.00	100.00
BRIGANTIA INVESTMENTS B.V. (1)	Great Britain	FULL	100.00	100.00	80.00	80.00
CLARIS 4 (10)	Jersey	FULL	-	-	-	-
CO-INVEST LBO MASTER FUND LIMITED PARTNERSHIP INCORPORATED	Great Britain	FULL	100.00	100.00	51.00	51.00
SOCIETE GENERALE SECURITIES SERVICES LUXEMBOURG	Luxembourg	FULL	99.21	99.21	100.00	100.00
HALYSA S.A.	Luxembourg	FULL	100.00	100.00	100.00	100.00
IRIS II (10)	Ireland	FULL	-	-	-	-
IVEFI SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
LIGHTNING ASSET FINANCE LIMITED	Ireland	FULL	100.00	51.00	100.00	51.00
LYXOR MASTER FUND	Great Britain	FULL	100.00	100.00	100.00	100.00
ORION SHARED LIQUIDITY FUND B.V. (5)	Netherlands	FULL	-	100.00	-	100.00
PARSIFAL LTD (10)	Great Britain	FULL	-	-	-	-
SGA SOCIETE GENERALE ACCEPTANCE N.V. ("SGA")	Curacao	FULL	100.00	100.00	100.00	100.00
SGAM IBERIA AV, SAU (11)	Spain	EQUITY	-	100.00	-	100.00
LYXOR ASSET MANAGEMENT (IRELAND) LIMITED	Ireland	FULL	100.00	100.00	100.00	100.00
SG D'ARBITRAGE ET DE PARTICIPATION SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
SGBF S.A.	Belgium	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE CONSUMER FINANCE HOLDING HELLAS S.A. (1)	Greece	FULL	100.00	100.00	100.00	100.00
SG EFFEKTEN	Germany	FULL	100.00	100.00	100.00	100.00
SG FINANCE IRELAND LTD	Ireland	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE IMMOBEL (1)	Belgium	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SG WERTPAPIERHANDELSGESELLSCHAFT MB (4)	Germany	FULL	-	100.00	-	100.00
SOCIETE EUROPEENNE DE FINANCEMENT ET D'INVESTISSEMENT	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 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
VERI SG FONDS	Germany	FULL	100.00	100.00	100.00	100.00
CODEIS SECURITIES S.A.	Luxembourg	FULL	100.00	100.00	100.00	100.00
LLC PROSTOFINANCE	Ukraine	FULL	100.00	100.00	100.00	100.00
FCT RED & BLACK CONSUMER 2008-1	France	FULL	100.00	100.00	100.00	100.00
MILO FOREIGN DEBT FUND	Netherlands	FULL	100.00	100.00	100.00	100.00
MILO FDF INVESTORS CV	Netherlands	FULL	100.00	100.00	100.00	100.00
THE TURQUOISE FUND	Luxembourg	FULL	100.00	100.00	100.00	100.00
THE TURQUOISE II FUND	Luxembourg	FULL	100.00	100.00	100.00	100.00
PILLAR CAPITAL LIMITED PARTNERSHIP	Great Britain	FULL	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
AXUS SA/NV (1)	Belgium	FULL	100.00	100.00	100.00	100.00
ALD AUTOMOTIVE A/S (1)	Denmark	FULL	100.00	100.00	100.00	100.00
AXUS FINLAND OY (1)	Finland	FULL	100.00	100.00	100.00	100.00
AXUS ITALIANA SRL	Italy	FULL	100.00	100.00	100.00	100.00
AXUS NEDERLAND BV	Netherlands	FULL	100.00	100.00	100.00	100.00
ALD AUTOMOTIVE AS (1)	Norway	FULL	100.00	100.00	100.00	100.00
ALD AUTOMOTIVE AB (1)	Sweden	FULL	100.00	100.00	100.00	100.00
ADRIA LEASING SPA (9)	Italy	FULL	-	100.00	-	100.00
ALD AUTOLEASING D GMBH (1)	Germany	FULL	100.00	100.00	100.00	100.00
ALD AUTOMOTIVE GROUP PLC (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
ALD AUTOMOTIVE SRO	Czech Republic	FULL	100.00	100.00	100.00	100.00
ALD INTERNATIONAL SAS & CO. KG (1)	Germany	FULL	100.00	100.00	100.00	100.00
ALD LEASE FINANZ GMBH (1)	Germany	FULL	100.00	100.00	100.00	100.00
SG ALD AUTOMOTIVE PORTUGAL SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENZ SA	Portugal	FULL	100.00	100.00	100.00	100.00
ALD AUTOMOTIVE SA (1)	Spain	FULL	100.00	100.00	100.00	100.00
AXUS LUXEMBOURG SA (3)	Luxembourg	FULL	100.00	-	100.00	-
DC MORTGAGE FINANCE NETHERLAND BV (1)	Netherlands	FULL	100.00	100.00	100.00	100.00
EIFFEL LIMITED	Great Britain	FULL	100.00	100.00	100.00	100.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
ESSOX SRO	Czech Republic	FULL	79.85	79.85	100.00	100.00
EURO BANK SPOLKA AKCYJNA	Poland	FULL	99.52	99.44	99.52	99.44
FIDITALIA SPA (1)	Italy	FULL	100.00	100.00	100.00	100.00
FRAER LEASING SPA	Italy	FULL	73.43	67.75	73.43	67.75
SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.	Czech Republic	FULL	100.00	100.00	100.00	100.00
SG LEASING SPA	Italy	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT LEASING POLSKA SP ZOO	Poland	FULL	100.00	100.00	100.00	100.00
GEFA GESELLSCHAFT FÜR ABSATZFINANZIERUNG MBH (1)	Germany	FULL	100.00	100.00	100.00	100.00
GEFA LEASING GMBH	Germany	FULL	100.00	100.00	100.00	100.00
HANSEATIC BANK GMBH & CO KG	Germany	FULL	75.00	75.00	75.00	75.00
MONTALIS INVESTMENT BV	Netherlands	FULL	100.00	100.00	100.00	100.00
SGBT FINANCE IRELAND LIMITED	Ireland	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE BENELUX BV	Netherlands	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE INTERNATIONAL GMBH (1)	Germany	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE SCHWEIZ AG	Switzerland	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE SA & CO KG	Germany	FULL	100.00	100.00	100.00	100.00
SG FACTORING SPA	Italy	FULL	100.00	100.00	100.00	100.00
SG FINANS AS (1)	Norway	FULL	100.00	100.00	100.00	100.00
SG HOLDING DE VALORES Y PARTICIPATIONES	Spain	FULL	100.00	100.00	100.00	100.00
SG LEASING XII (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE ITALIA HOLDING SPA	Italy	FULL	100.00	100.00	100.00	100.00
SOGELEASE B.V. (1)	Netherlands	FULL	100.00	100.00	100.00	100.00
PEMA KFZ-HANDELS GMBH (1)	Germany	FULL	100.00	100.00	100.00	100.00
MILFORD	Belgium	FULL	100.00	100.00	100.00	100.00
NEW ESPORTA HOLDING LIMITED (1)	Great Britain	FULL	90.18	96.77	90.18	96.77
SGSS DEUTSCHLAND KAPITALANLAGEGESELLSCHAFT MBH	Germany	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE LIMITED (1) (3)	Great Britain	FULL	100.00	-	100.00	-
BROKERS						
SG ENERGIE UK LIMITED	Great Britain	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SECURITIES SERVICES UK LTD	Great Britain	FULL	100.00	100.00	100.00	100.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
ASSURANCES						
GENERAS	Luxembourg	FULL	100.00	100.00	100.00	100.00
INORA LIFE LTD	Ireland	FULL	100.00	100.00	100.00	100.00
KOMERCNI POJISTOVNA A.S	Czech Republic	FULL	80.62	80.62	100.00	100.00
SOGELIFE	Luxembourg	FULL	100.00	100.00	100.00	100.00
SOGECAP LIFE ASSURANCE	Russia	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE RE SA (2)	Luxembourg	FULL	100.00	-	100.00	-
CATALYST RE INTERNATIONAL LTD (2)	Bermuda	FULL	100.00	-	100.00	-
AFRICA AND THE MIDDLE-EAST						
BANKS						
BANKY FAMPANDROSOANA VAROTRA SG	Madagascar	FULL	70.00	70.00	70.00	70.00
SG DE BANQUES AU BURKINA	Burkina Faso	FULL	51.19	51.19	52.53	52.53
SG DE BANQUE EN GUINEE EQUATORIALE	Equatorial Guinea	FULL	52.44	52.44	57.24	57.24
NATIONAL SOCIETE GENERALE BANK	Egypt	FULL	77.17	77.17	77.17	77.17
SOCIETE GENERALE ALGERIE	Algeria	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE DE BANQUES AU CAMEROUN	Cameroon	FULL	58.08	58.08	58.08	58.08
SG DE BANQUES EN COTE D'IVOIRE (1)	Ivory Coast	FULL	73.25	73.25	73.25	73.25
SG DE BANQUES EN GUINEE	Guinea	FULL	57.94	57.94	57.94	57.94
SG DE BANQUE AU LIBAN (1)	Lebanon	EQUITY	19.00	19.00	19.00	19.00
SG DE BANQUES AU SENEGAL	Senegal	FULL	64.45	64.45	64.87	64.87
SG MAROCAINE DE BANQUES (1)	Morocco	FULL	56.91	56.91	56.91	56.91
SG-SSB LIMITED	Ghana	FULL	52.24	52.24	52.24	52.24
UNION INTERNATIONALE DE BANQUES	Tunisia	FULL	57.20	57.20	52.34	52.34
SPECIALIST FINANCING						
ALD AUTOMOTIVE SA MAROC	Morocco	FULL	43.54	43.54	50.00	50.00
SOCIETE D'EQUIPEMENT DOMESTIQUE ET MENAGER "EQDOM"	Morocco	FULL	46.31	46.31	54.92	54.92
SOGELEASE EGYPT	Egypt	FULL	70.87	70.87	80.00	80.00
SOCIETE GENERALE DE LEASING AU MAROC	Morocco	FULL	74.15	74.15	100.00	100.00
INSURANCES						
LA MAROCAINE VIE	Morocco	FULL	88.86	85.97	99.98	100.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.

	COUNTRY	METHOD (*)	Group ownership interest		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
AMERICAS						
BANKS						
BANCO SG BRAZIL SA [1]	Brazil	FULL	100.00	100.00	100.00	100.00
BANCO PECUNIA S.A. [1]	Brazil	FULL	100.00	70.00	100.00	70.00
SOCIETE GENERALE (CANADA) [1]	Canada	FULL	100.00	100.00	100.00	100.00
BANCO CACIQUE S.A. [1]	Brazil	FULL	100.00	100.00	100.00	100.00
SG AMERICAS SECURITIES HOLDINGS, LLC [1]	United States	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
SG AMERICAS, INC. [1]	United States	FULL	100.00	100.00	100.00	100.00
SG CAPITAL TRUST I [5]	United States	FULL	-	100.00	-	100.00
SG WARRANTS NV	United States	FULL	100.00	100.00	100.00	100.00
TCW GROUP INC [1]	United States	FULL	100.00	100.00	100.00	100.00
THE TURQUOISE FUND LTD	Cayman Islands	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE ENERGIE (USA) CORP.	United States	FULL	100.00	100.00	100.00	100.00
THE GLOBAL COMMODITIES FINANCE FUND LIMITED [4]	Cayman Islands	FULL	-	100.00	-	100.00
SPECIALIST FINANCING						
MAKATEA JV INC.	United States	FULL	100.00	100.00	66.67	66.67
REXUS L.L.C.	United States	FULL	100.00	100.00	70.83	70.83
SG ASTRO FINANCE L.P. [5]	United States	FULL	-	100.00	-	100.00
SG CONSTELLATION CANADA LTD.	Canada	FULL	100.00	100.00	100.00	100.00
SG FINANCE, INC.	United States	FULL	100.00	100.00	100.00	100.00
SG PREFERRED CAPITAL III, L.L.C. [1]	United States	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE USA CORP.	United States	FULL	100.00	100.00	100.00	100.00
PORTFOLIO MANAGEMENT						
SOCIETE GENERALE COMMODITIES PRODUCTS, LLC	United States	FULL	100.00	100.00	100.00	100.00
LYXOR ASSET 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		Group voting interest	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
ASIA AND OCEANIA						
BANKS						
SG AUSTRALIA HOLDINGS LTD (1) (4)	Australia	FULL	-	100.00	-	100.00
SG PRIVATE BANKING (JAPAN) LTD	Japan	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SECURITIES (NORTH PACIFIC) LTD	Japan	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE (CHINA) LIMITED	China	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
FORTUNE SGAM FUND MANAGEMENT CO LTD	China	PROP	49.00	49.00	49.00	49.00
IBK-SG ASSET MANAGEMENT CO. LTD (6)	South Korea	PROP	-	50.00	-	50.00
SG ASIA (HONG-KONG) LTD	Hong Kong	FULL	100.00	100.00	100.00	100.00
BROKERS						
SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD (HONG-KONG) (1)	Hong Kong	FULL	100.00	100.00	100.00	100.00

(*) FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.
(1) Companies carrying out sub-consolidation.
(2) Consolidated for the first time in 2010.
(3) Companies now consolidated directly.
(4) Entities deconsolidated during 2010.
(5) Entities wound up in 2010.
(6) Entities sold in 2010.
(7) Dissolution by transfer of assets with Societe Generale S.A.
(8) Dissolution by transfer of assets with Généfinance.
(9) Dissolution by transfer of assets with Fraer Leasing Spa.
(10) Special purpose vehicles substantially controlled by the Group.
(11) Company now sub-consolidated in Amundi Group.
(12) Company now sub-consolidated in SG de Banque au Liban.

Note 46

Sector information

Sector information by business lines

	French Network (1) (4)		International Retail Banking		Specialised Financial Services and Insurance	
(In millions of euros)	2010	2009 (*)	2010	2009 (*)	2010	2009 (*)
Net banking income	7,791	7,466	4,930	4,749	3,539	3,239
Operating Expenses (6)	(5,058)	(4,911)	(2,769)	(2,681)	(1,841)	(1,818)
Gross operating income	**2,733**	**2,555**	**2,161**	**2,068**	**1,698**	**1,421**
Cost of risk	(864)	(970)	(1,340)	(1,298)	(1,174)	(1,224)
Operating income	**1,869**	**1,585**	**821**	**770**	**524**	**197**
Net income from companies accounted for by the equity method	8	13	11	6	(12)	(54)
Net income/expense from other assets	6	2	1	7	(5)	(16)
Impairment of goodwill	-	-	1	-	-	(44)
Earnings before tax	**1,883**	**1,600**	**834**	**783**	**507**	**83**
Income tax	(637)	(540)	(156)	(155)	(148)	(48)
Net income before non-controlling interests	**1,246**	**1,060**	**678**	**628**	**359**	**35**
Non-controlling interests	13	53	186	169	16	9
Net income, Group share	**1,233**	**1,007**	**492**	**459**	**343**	**26**

	Private Banking, Global Investment Management and Services					
	Asset Management (2)		Private Banking		SGSS, Brokers (1)	
(In millions of euros)	2010 (3)	2009 (*)	2010	2009 (*)	2010	2009 (*)
Net banking income	477	646	699	829	1,094	1,059
Operating Expenses (6)	(457)	(656)	(551)	(526)	(994)	(1,046)
Gross operating income	**20**	**(10)**	**148**	**303**	**100**	**13**
Cost of risk	(3)	-	(4)	(38)	-	(2)
Operating income	**17**	**(10)**	**144**	**265**	**100**	**11**
Net income from companies accounted for by the equity method	100	-	-	-	-	-
Net income/expense from other assets	(1)	(1)	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-
Earnings before tax	**116**	**(11)**	**144**	**265**	**100**	**11**
Income tax	(5)	4	(33)	(60)	(33)	(4)
Net income before non-controlling interests	**111**	**(7)**	**111**	**205**	**67**	**7**
Non-controlling interests	-	3	-	-	-	1
Net income, Group share	**111**	**(10)**	**111**	**205**	**67**	**6**

(*) All the core business results have been prepared on the basis of normative capital allocation to businesses equivalent to 7% Basel 2 risk-weighted assets at the beginning of the period (vs. previously 6% on average assets for the period), supplemented by the additional consumption of prudential capital generated by each business (deductions impacting Basel 2 Tier 1 capital) and, if necessary, requirements specific to the insurance activities.

(In millions of euros)	Corporate and Investment Banking [2] [4] [5] 2010	2009 [*]	Corporate Centre [5] 2010	2009 [*]	Societe Generale Group 2010	2009 [*]
Net banking income [7]	7,836	7,028	52	(3,286)	26,418	21,730
Operating Expenses [6]	(4,706)	(3,981)	(169)	(147)	(16,545)	(15,766)
Gross operating income	**3,130**	**3,047**	**(117)**	**(3,433)**	**9,873**	**5,964**
Cost of risk	(768)	(2,320)	(7)	4	(4,160)	(5,848)
Operating income	**2,362**	**727**	**(124)**	**(3,429)**	**5,713**	**116**
Net income from companies accounted for by the equity method	9	52	3	(2)	119	15
Net income/expense from other assets	(6)	(7)	16	726	11	711
Impairment of goodwill	-	-	-	2	1	(42)
Earnings before tax	**2,365**	**772**	**(105)**	**(2,703)**	**5,844**	**800**
Income tax	(625)	(93)	95	1,204	(1,542)	308
Net income before non-controlling interests	**1,740**	**679**	**(10)**	**(1,499)**	**4,302**	**1,108**
Non-controlling interests	10	16	160	179	385	430
Net income, Group share	**1,730**	**663**	**(170)**	**(1,678)**	**3,917**	**678**

(*) All the core business results have been prepared on the basis of normative capital allocation to businesses equivalent to 7% Basel 2 risk-weighted assets at the beginning of the period (vs. previously 6% on average assets for the period), supplemented by the additional consumption of prudential capital generated by each business (deductions impacting Basel 2 Tier 1 capital) and, if necessary, requirements specific to the insurance activities.

(1) The entity Boursorama, previously affiliated with Private Banking, Global Investment Management and Services, is integrated from now on into the French Networks.

(2) SGAM Alternative Investments' structured products, index tracking products and alternative investment activities are merged with those of Lyxor Asset Management, and therefore incorporated in Corporate and Investment Banking as from January 1, 2010.

(3) As from January 1, 2010, the financial contribution of Amundi (the asset management division, 25%-owned by Societe Generale and 75%-owned by Credit Agricole) is presented under "Net income from companies accounted for by the equity method".

(4) The Group changed its structure in the first quarter of 2009. All the real estate subsidiaries previously affiliated with Corporate and Investment Banking, except for ODIPROM, have joined the French Networks. This transfer includes notably GENEFIM, SOGEPROM and GENEFIMMO, as well as their respective subsidiaries.

(5) Income and expense not directly related to the business lines' activity are recorded in the Corporate Center's profit and loss. Thus the debt revaluation differences linked to own credit risk (EUR 427 million at Decembre 31, 2010) and the revaluation differences of the credit derivative instruments hedging the loans and receivables portfolios (EUR -59 million at Decembre 31, 2010) are allocated to the Corporate Centre. The entities SGAM AI CREDIT PLUS and SGAM AI CREDIT PLUS OPPORTUNITES, previously affiliated with the Corporate Centre, have joined Corporate and Investment Banking. On the other hand, the Group has transferred a portfolio of securities classified in "available-for-sale" and "held-to-maturity" from the Corporate Centre to Corporate and Investment Banking.

(6) Including depreciation and amortisation.

(7) Breakdown of Net banking income by business for "Corporate and Investment Banking":

(In millions of euros)	2010	2009 [*] [8]
Global Markets	5,021	7,338
Financing and Advisory	2,744	2,510
Legacy Assets	71	(2,820)
Total Net banking income	**7,836**	**7,028**

(*) All the core business results have been prepared on the basis of normative capital allocation to businesses equivalent to 7% Basel 2 risk-weighted assets at the beginning of the period (vs. 6% previously on average assets for the period), supplemented by the additional consumption of prudential capital generated by each business (deductions impacting Basel 2 Tier 1 capital) and, if necessary, requirements specific to the insurance activities.

(8) The breakdown of Net banking income by business was aligned on the new structure of the core business "Corporate and Investment Banking".

(In millions of euros)	French Networks December 31, 2010	French Networks December 31, 2009 (10)	International Retail banking December 31, 2010	International Retail banking December 31, 2009	Specialised Financial Services and Insurance December 31, 2010	Specialised Financial Services and Insurance December 31, 2009	Corporate and Investment Banking December 31, 2010	Corporate and Investment Banking December 31, 2009 (11)
Sector assets	191,428	182,566	92,875	87,443	136,449	127,431	609,795	533,004
Sector liabilities (9)	150,997	133,656	73,081	71,426	89,910	81,189	611,663	567,148

Private Banking, Global Investment Management and Services

(In millions of euros)	Asset Management December 31, 2010	Asset Management December 31, 2009 (11)	Private Banking December 31, 2010	Private Banking December 31, 2009	SGSS, Brokers December 31, 2010	SGSS, Brokers December 31, 2009 (10)	Division Total December 31, 2010	Division Total December 31, 2009 (10) (11)	Corporate Centre (*) December 31, 2010	Corporate Centre (*) December 31, 2009	Societe Generale Group December 31, 2010	Societe Generale Group December 31, 2009 (10) (11)
Sector assets	2,941	3,503	20,678	18,963	50,003	44,477	73,622	66,943	27,903	26,314	1,132,072	1,023,701
Sector liabilities (9)	650	706	24,755	25,012	65,940	60,337	91,345	86,055	64,101	37,389	1,081,097	976,863

(*) Assets and liabilities not directly related to the business lines' activities are recorded on the Corporate Center's balance sheet. Thus the debt revaluation differences linked to own credit risk and the revaluation differences of the credit derivative instruments hedging the loans and receivables portfolios are allocated to the Corporate Centre.

(9) Sector liabilities correspond to debts (i.e. total liabilities except equity).

(10) The entity Boursorama, previously affiliated with Private Banking, Global Investment Management and Services, is integrated from now on into the French Networks.

(11) The entity Fortune Fund Management, previously affiliated with Asset Management, is integrated from now on into the Corporate and Investment Banking business line.

Sector information by geographical region

Geographical breakdown of Net banking income

(In millions of euros)	France 2010	France 2009	Europe 2010	Europe 2009	Americas 2010	Americas 2009
Net interest and similar income	6,345	5,581	4,029	3,994	726	1,311
Net fee income	4,506	4,750	1,764	1,772	692	826
Net income/expense from financial transactions	1,873	(1,315)	2,058	1,977	823	(126)
Other net operating income	354	318	956	711	(35)	(39)
Net banking income	**13,078**	**9,334**	**8,807**	**8,454**	**2,206**	**1,972**

(In millions of euros)	Asia 2010	Asia 2009	Africa 2010	Africa 2009	Oceania 2010	Oceania 2009	Total 2010	Total 2009
Net interest and similar income	159	125	909	818	120	135	12,288	11,964
Net fee income	137	131	368	315	18	18	7,485	7,812
Net income/expense from financial transactions	577	374	82	48	(39)	(11)	5,374	947
Other net operating income	3	1	(5)	1	(2)	15	1,271	1,007
Net banking income	**876**	**631**	**1,354**	**1,182**	**97**	**157**	**26,418**	**21,730**

Geographical breakdown of balance sheet items

	France		Europe		Americas	
(In millions of euros)	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Sector assets	813,508	708,038	159,882	158,745	117,275	107,429
Sector liabilities (12)	770,503	669,480	153,416	152,584	118,411	107,601

	Asia		Africa		Oceania		Total	
(In millions of euros)	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Sector assets	18,000	15,263	23,222	20,522	185	13,704	1,132,072	1,023,701
Sector liabilities (12)	17,463	14,829	21,161	18,804	143	13,565	1,081,097	976,863

(12) Sector liabilities correspond to debts (i.e. total liabilities except equity).

Note 47

Fees to statutory auditors

Fees to statutory auditors recorded in the income statement in 2010 are:

(In millions of euros)	2010	2009
Fees related to statutory audit, certification, examination of parent company and consolidated accounts	30	32
Fees related to audit services and related assignments	3	8
Total	**33**	**40**

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information in the group management report.

This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

Year ended December 31, 2010

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, 2010, on:

- the audit of the accompanying consolidated financial statements of Societe Generale;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques and other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code *(code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- For the purpose of preparing the financial statements, your company records 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, goodwills, as well as pension plans and other post-employment benefits. We have reviewed and tested, the processes implemented by management, the underlying assumptions and the valuation parameters, and we have assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies disclosed in note 1 to the consolidated financial statements.
- In the context of a volatility on financial markets that remains at a high level and of a still uncertain environment:
  - 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, 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.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the group's management report. We have no matters to report regarding its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, March 4, 2011

The Statutory Auditors

French original signed by

ERNST & YOUNG Audit	**DELOITTE & ASSOCIES**	
Philippe Peuch-Lestrade	Damien Leurent	Jean-Marc Mickeler