Documento de Registro del Grupo Société Générale del año 2006 (versión en inglés)
2006 Registration Document

2006 REGISTRATION DOCUMENT

SOCIETE GENERALE

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

Page

1 HISTORY AND PROFILE OF SOCIÉTÉ GÉNÉRALE

AMF

This document is a full translation of the original French text. The original document was filed with the AMF (French Securities Regulator) on March 09, 2005, in accordance with article 212-3 of the general regulations of the AMF. As such, it may be used to support a financial transaction if accompanied by a prospectus duly approved by the AMF.

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

HISTORY

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

During the 3rd Republic, the company progressively built up a nationwide network, and by 1940 had opened a total of 1,500 branches compared with just 32 in 1870.

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

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

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

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

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

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

Since that time, it has expanded considerably, extending its international presence via acquisitions in its different businesses, and absorbing Sogénal in 2001. Société Générale now operates in 76 countries throughout the world.

PROFILE OF SOCIÉTÉ GÉNÉRALE

Société Générale, a public limited company (*société anonyme),* is the parent company of the Société Générale Group.

Société Générale is one of the leading financial services groups in the euro zone, operating in 76 countries and employing over 103,000 staff from 114 different nationalities. The Group boasts a solid financial structure, with a tier one capital ratio of 7.6% at December 31, 2005, and strong financial ratings: AA- with a positive outlook (Standard & Poor's), Aa2 (Moody's) and AA- (Fitch). The Société Générale Group is structured into three core businesses, Retail Banking and Financial Services, Global Investment Management and Services and Corporate and Investment Banking.

2 GROUP STRATEGY AND BUSINESSES

A PROFITABLE GROWTH STRATEGY

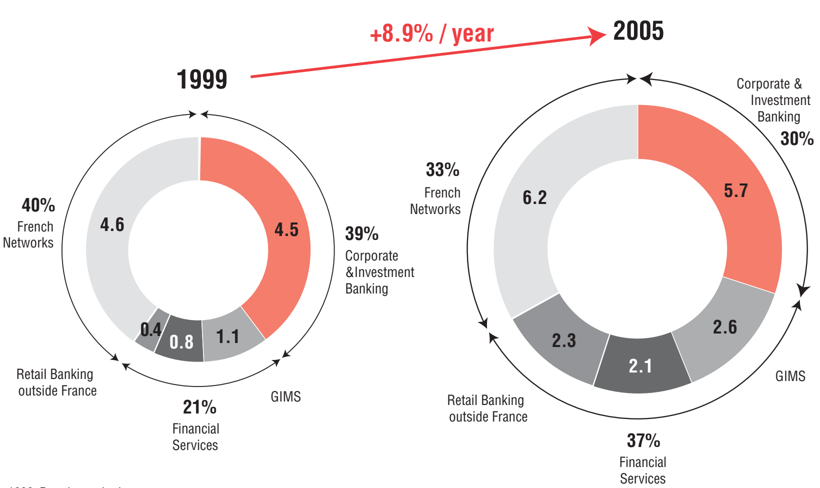
The strategy implemented by the Société Générale Group since the end of the 1990s has enabled it to combine strong growth with high profitability. Indeed, the changes made to the bank's business mix in a bid to optimize its risk/return ratio have resulted in its heightened exposure in Retail Banking and Financial Services and in Global Investment Management and Services. Today, the Group fully intends to build on the newfound weighting of its different business lines and pursue their long-term growth.

The underlying trends that shape the global economy and financial services industry are also what shape the development strategies of each of the Group's business lines, thus ensuring they are perfectly placed to best seize on long-term growth opportunities. The businesses will continue to develop at a rapid pace, through the organic transfer of expertise via partnerships or acquisitions where opportunities fit with the Group's strict criteria for value creation.

The French Networks, Société Générale and Crédit du Nord all boast steady growth in their respective businesses - a gauge of the quality of the products and services they have to offer, of an attractive pricing policy that has been carefully tailored to the target customer segments and of the strong appeal of the Group's different brands. Moreover, this growth should continue to thrive on the back of a modern, efficient multi-channel banking platform and the current overhaul of the different support functions. All of which will contribute to an improvement in the quality of the services we deliver, in customer satisfaction and in the efficiency of our sales teams.

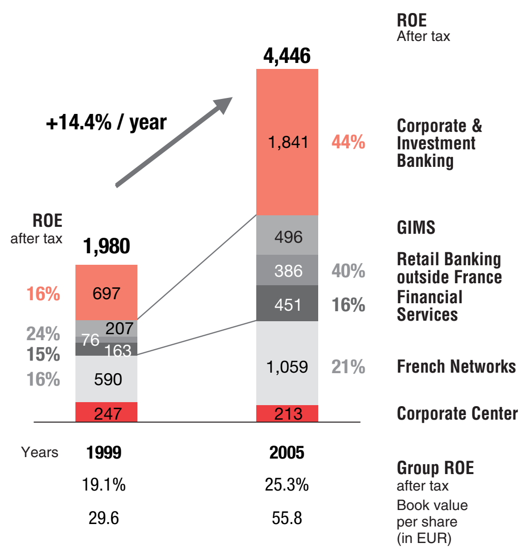
The growth strategy for the Retail Banking outside France division consists in the adaptation of our domestic retail banking expertise to other foreign countries. Through a combination of organic growth and acquisitions, the division is building up a position as a universal bank offering products and services that are suited to a broad base of individual and corporate clients alike. The Group already enjoys leading positions in Central and Eastern Europe and the Mediterranean Basin and intends to pursue its development in these regions as well as in Asia.

NBI of the core businesses (in billions of euros)



1999: French standards
2005: IFRS (incl. IAS 32 & 39 and IFRS 4)

Net income (in millions of euros)



1999: French standards
2005: IFRS (incl. IAS 32 & 39 and IFRS 4)

In the space of just a few years, Société Générale's **Financial Services division** has become one of the leading European players in business finance and services thanks to its European platforms (Société Générale Equipment Finance, ALD Automotive and ECS) whose comprehensive offering benefits from economies of scale and an unparalleled product/client expertise. In consumer credit, the Group's know-how in terms of scoring, marketing and recovery systems, and its strong capacity to adapt to the local characteristics of developing and emerging markets alike, will cement the development of this activity.

Having achieved critical mass, our **Global Investment Management and Services division** is expanding on both a European and global scale, capitalizing on a comprehensive offering whose high value–added is appreciated by both individual and institutional clients. Furthermore, the division will look to consolidate its positioning through an active growth policy on both a commercial (heightened development of cross-selling via new distribution partnerships) and industrial level, notably through timely and targeted acquisitions.

Société Générale's **Corporate and Investment Banking arm** is a global leader in derivatives and structured finance, and now ranks amongst the top players in euro capital markets. The division's strategy is to pursue its organic growth whilst strengthening and broadening its client base of corporates, financial institutions and institutional investors thanks to its innovative product expertise and a number of development initiatives.

Alongside these various development priorities, the Group as a whole shall naturally continue to focus on cost control. Indeed, the Group's policy is one of targeted investment to underpin the organic growth of its businesses whilst constantly looking to pinpoint and capitalize on the productivity gains to be drawn from restructuring (support functions of the Société Générale Network for example) and intra-group synergies (purchasing, IT systems, property, etc.).

Lastly, the optimization of the Group's risk/return ratio, well underway following the strategic realignment of the Group's business mix at the end of the 1990s, will benefit further from the Basel II reform.

THE GROUP'S CORE BUSINESSES

Retail Banking and Financial Services

Retail Banking and Financial Services comprises all activities with individual customers, self-employed professionals and small and medium sized enterprises. At December 31, 2005, the division provided a comprehensive range of financial and banking services to a total of 19 million individuals and several hundred thousand businesses throughout the world.

French Networks

The Société Générale and Crédit du Nord retail networks (along with six regional banks) cater for some 9 million individual customers and several hundred thousand businesses and self-employed professionals, distributing a complete selection of financial products and services via a high performance, integrated multi-channel platform. The two networks have complementary customer bases and together operate more than 2,800 local branches across France, situated primarily in urban areas and in regions with a high proportion of the nation's wealth. Thanks to this strategic positioning, and to the skills and commitment of their 35,000 staff, the French Networks have consistently expanded their market share in almost all customer and product segments for the past five years.

Retail Banking outside France

Since 1998, the Group's international retail banking division has grown rapidly as a universal banking player, particularly in Central and Eastern Europe and in the Mediterranean Basin.

Through a combination of targeted acquisitions and strong organic growth, the division has built up a presence in 27 countries throughout the world. At December 31, 2005 it had 1,700 branches, employing over 31,000 employees and serving 5.8 million individual customers and close to 600,000 businesses. The Société Générale Group is now strongly positioned in Romania, where its subsidiary BRD is the country's second largest banking player, and in the Czech Republic, where Komercni Banka also ranks number 2.

In 2005, the Group continued its policy of targeted acquisitions, with the purchase of DeltaCredit Bank in Russia, Podgoricka Banka in Montenegro and, more recently, the purchase of MIBank in Egypt by NSGB, making it the country's largest privately-owned banking group. To complement this strategy, the Group also stepped up its investment in organic growth, particularly in Romania, Russia and Serbia.

Financial Services

The Financial Services division comprises business finance and services, consumer credit, insurance and means of payment. In business finance and services, the Group currently operates in 37 countries worldwide and ranks as a European leader in various market segments: No.1 in vendor and equipment finance (Société Générale Equipment Finance), No.1 in IT asset leasing and management (ECS) and No.2 in operational vehicle leasing and fleet management (ALD Automotive). The consumer credit business continued to grow at a faster pace in 2005, making acquisitions in Germany, Italy, Poland, Russia and Hungary. Société Générale Consumer Finance is now present in 12 countries, and enjoys premier status in France, Italy and Germany. In the insurance business, Sogecap Group markets an extensive range of life insurance products to customers of the retail banking networks both in France and abroad (Morocco, Egypt and the Czech Republic).

Global Investment Management and Services

Global Investment Management and Services incorporates the Group's asset management business (for both institutional and corporate investors), private banking, securities custody, brokerage and clearing on all organized markets and online savings.

Asset Management

Société Générale Asset Management is one of the leading asset management players in the euro zone, with total client assets of EUR 327 billion at December 31, 2005. The group operates via four management platforms located in France, the UK, the US and Asia, offering institutional, business and individual clients privileged access to a full range of asset classes, in all financial markets.

Private Banking

SG Private Banking provides wealth management services, including estate planning and investment advisory services, to individual clients with minimum financial assets of EUR 1 million. The division has developed onshore and offshore banking operations both in Europe and in Asia, employing close to 2,000 people and managing a total of EUR 59 billion of assets at December 31, 2005. In 2005, SG Private Banking was voted Outstanding Bank for Alternative Investments by Private Banker International Securities Services magazine.

Securities Services

Société Générale Securities Services provides a full array of services in securities and listed derivatives in all financial markets. At December 31, 2005, the global custodian, depositary and valuation businesses together had EUR 1,418 billion of assets under custody and nearly 3,800 funds under administration. The division's subsidiary, Fimat, is currently one of the premier international brokers, offering competitive execution and clearing services for a wide range of cash and derivative products.

Online savings

Boursorama is a major European player in the online distribution of savings products, with over 460,000 clients and EUR 7.5 billion of outstanding savings and deposits at December 31, 2005. In France, Boursorama.com is the benchmark portal for online financial information (nearly 4 million unique visitors per month), while Boursorama Banque is the country's number one online broker. Outside France, Boursorama's local brands rank among the leading players in Germany (Fimatex and Veritas), Spain (SelfTrade) and the UK (Selftrade and Squaregain).

Corporate and Investment Banking

Société Générale Corporate and Investment Banking groups together all capital market and financing activities for corporate clients, financial institutions and institutional investors in Europe, the Americas and Asia-Pacific. Combining innovation with strong execution capabilities, Société Générale Corporate & Investment Banking develops high value-added financial solutions in its three key areas of expertise: derivates, euro capital markets and structured finance.

Société Générale Corporate and Investment Banking employs close to 9,600 staff in 45 countries. It derives over half of its client-driven revenues from Europe, and a growing share from countries outside France, reflecting the efforts made over recent years to broaden its geographical coverage and penetrate the corporate and institutional client segments in countries such as Spain, Germany and Italy.

Société Générale Corporate and Investment Banking is the euro zone's third largest corporate and investment bank in terms of revenues, generating a total of EUR 5.7 billion in 2005. This figure represents a rise of 20% on 2004 at constant structure and exchange rates – one of the highest rates of growth in the industry. At the same time, it has consistently ranked as one of Europe's most profitable players over the last six years (ROE after tax of 44.4% in 2005).

3 FACTS AND FIGURES

2005 KEY FIGURES

GROUP CONSOLIDATED FIGURES

	2005	2004	2003	2002	2001
Results *(in millions of euros)*					
Net banking income [1]	19,170	16,390	15,637	14,573	13,966
Operating income	6,566	4,760	3,843	2,746	2,703
Net income before minority interests	4,925	3,623	2,755	1,651	2,327
Net income [2]	4,446	3,281	2,492	1,397	2,154
Retail Banking and Financial Services [3]	*1,896*	*1,576*	*1,377*	*1,243*	*1,142*
Global Investment Managment and Services [3]	*496*	*385*	*290*	*310*	*252*
Corporate and Investment Banking	*1,841*	*1,453*	*1,052*	*470*	*654*
Corporate Center and other	*213*	*(133)*	*(227)*	*(626)*	*106*
Activity *(in billions of euros)*					
Total assets and liabilities [4]	848.4	601.4	539.4	501.4	512.5
Customer loans [4]	227.2	208.2	177.5	174.2	166.3
Customer deposits	222.5	213.4	160.2	152.8	150.5
Assets under management	386	315	284	269	297.7
Equity *(in billions of euros)*					
Group shareholders' equity	23.5	18.4	16.9	15.7	15.8
Total consolidated equity	27.7	20.5	21.3	19.5	19.9
Average headcount [5]	**100,186**	**93,359**	**90,040**	**88,278**	**86,574**

2001-2003: French standards
2004: IFRS (excluding IAS 32 & 39 and IFRS 4) and after reclassification of Sogécap's capitalization reserve.
2005: IFRS (including IAS 32 & 39 and IFRS 4)
(1) 2001 and 2002 figures restated for operating expenses previously charged against net banking inome, in accordance with 2004 methodology.
(2) 2002 and 2003 figures restated for internal transfer of activities.
(3) 2001 and 2002 figures restated for internal changes made to the Group's structure in 2003.
(4) 2001 and 2002 figures restated in relation to the presentation used in 2001 and 2002 for annual reports.
(5) Including tempory staff.

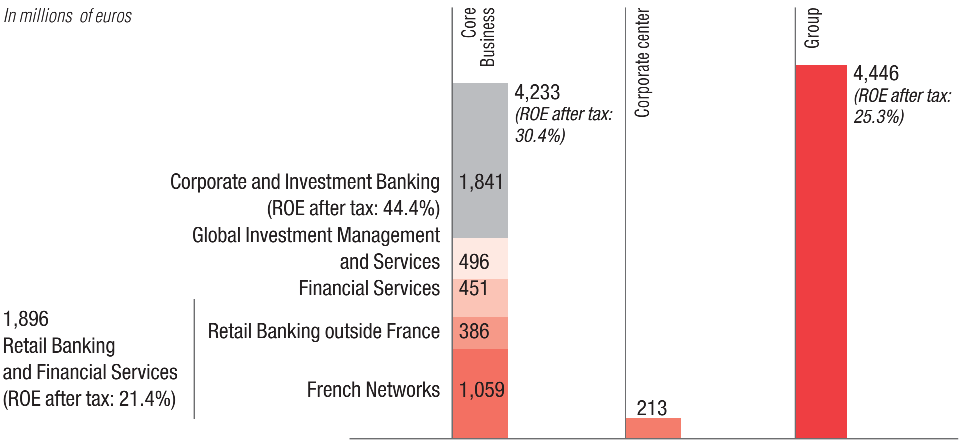
Very good performances
from all the core businesses

Net income
EUR 4.4 billion:
+35.5%

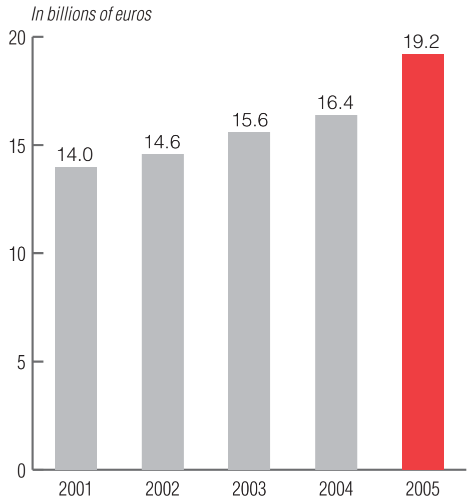
Operating income
EUR 6.6 billion:
+37.9%

CONTRIBUTION OF CORE BUSINESSES TO NET INCOME

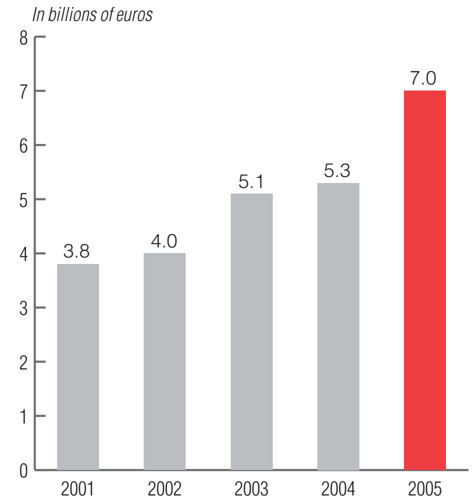
In millions of euros



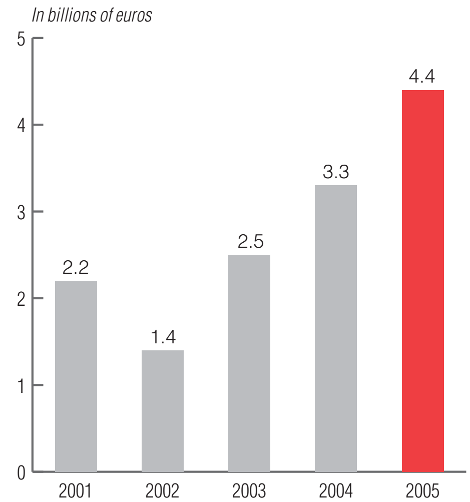
NET BANKING INCOME



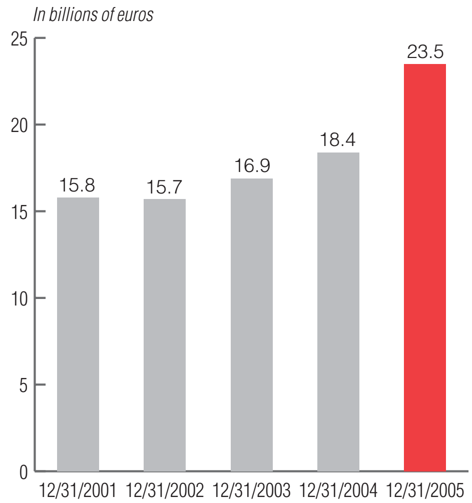
GROSS OPERATING INCOME



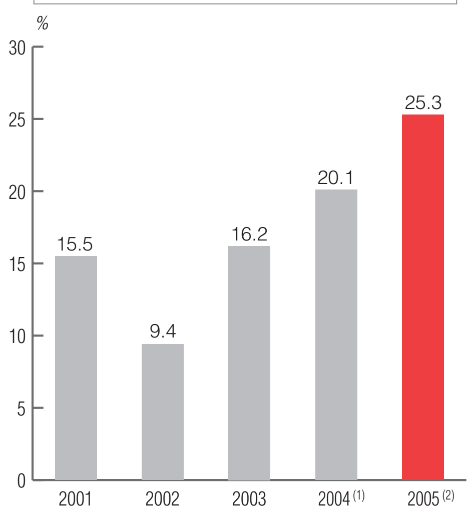
NET INCOME



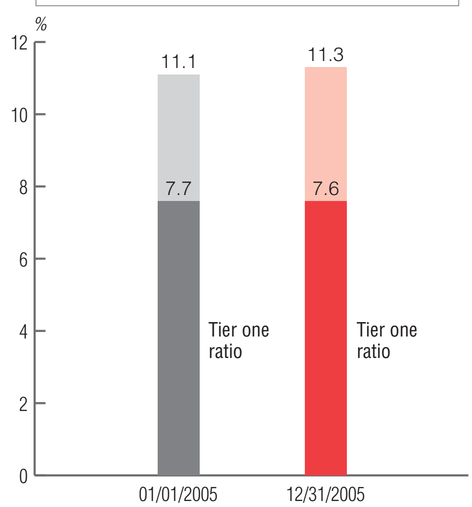
SHAREHOLDERS' EQUITY



ROE AFTER TAX



B.I.S. RATIO



Growth
in results over the medium term

Solid
fundamentals

Sound Group
profitability

ROE after tax:
25.3%(2)

2001-2003: French standards

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

2005: IFRS (including IAS 32 & 39 and IFRS 4)

(1) Group ROE calculated on the basis of average Group shareholders' equity under French standards.

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

THE SOCIÉTÉ GÉNÉRALE SHARE

Stock market performance

Société Générale's share price rose by **39.6%** in 2005, closing at **EUR 103.90**. In comparison, the CAC 40 index gained **23.4%** and the **Euro Stoxx Bank** index rose by **26.5%** over this period.

At December 31, 2005, the Société Générale Group's stock market capitalization amounted to **EUR 45.1 billion**, which ranked it seventh among CAC 40 stocks (fifth largest stock in terms of free float) and fifth among euro-zone banks.

The market for the Group's shares remained highly liquid in 2005, with an average daily trading volume on the CAC 40 of EUR 148.5 million, representing a daily capital rotation rate of 0.39% (versus 0.41% in 2004). In value terms, Société Générale's shares were the sixth most actively traded in the CAC 40 index.

Stock exchange listing

Société Générale's shares are listed on the Paris Bourse (deferred settlement market, continuous trading group A, ISIN code FR0000130809) and on the Tokyo stock exchange. They are also traded in the United States under an American Depositary Receipt (ADR) program.

Stock market indexes

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

Total return* for shareholders

The following table shows the overall return on investment for Société Générale shareholders over different time periods ending December 31, 2005. The figures are given as a cumulative total and an annualized average. For example, an investor holding Société Générale shares from December 31, 2000 to December 31, 2005 (i.e. over five years) would have obtained a cumulative total return* of 99% over the period, or an average of **14.8%** per year.

Duration of shareholding	Date	Cumulative total return*	Annualized average total return*
Since privatization	Jul. 8, 1987	1,311%	15.4%
15 years	Dec. 31, 1990	1,244%	18.9%
10 years	Dec. 31, 1995	583%	21.2%
5 years	Dec. 31, 2000	99%	14.8%
4 years	Dec. 31, 2001	101%	19.0%
3 years	Dec. 31, 2002	118%	29.6%
2 years	Dec. 31, 2003	63%	27.7%
1 year	Dec. 31, 2004	45%	45.3%

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

Dividend history

Between 2000 and 2005, the dividend paid by the Société Générale Group rose by an average of 16.5% per year.

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

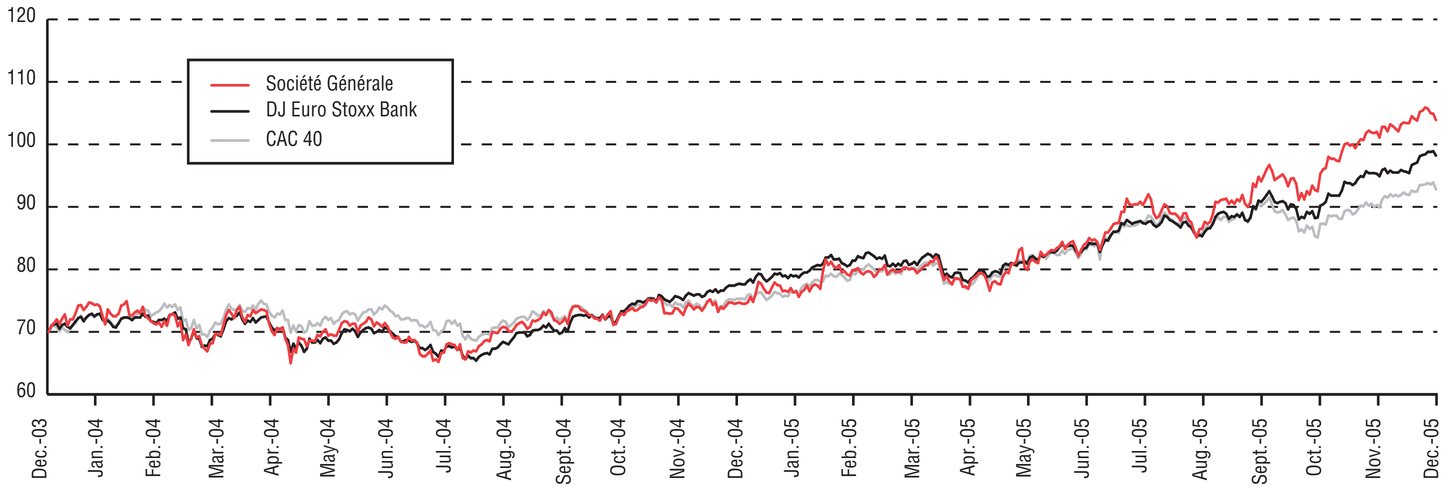
NET DIVIDEND (in EUR)	2005	2004	2003	2002	2001	2000
Net dividend (in EUR)	4.50(2)	3.30	2.50(1)	2.10(1)	2.10(1)	2.10(1)
Payout ratio (%)(3)	41.4	41.0	41.2	61.6	39.3	31.0
Net yield(4)	**4.3**	**4.4**	**3.6**	**3.8**	**3.3**	**3.2**

2004: IFRS (excluding IAS 32 & 39 and IFRS 4); 2005: IFRS (including IAS 32 & 39 and IFRS 4).
(1) Individual investors have a tax credit of 50%.
(2) Submitted to the Annual General Meeting of Shareholders.
(3) Net dividend/earnings per share.
(4) Net dividend/closing price at end-December.

STOCK MARKET DATA	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000
Common stock (number of outstanding shares)	**434,288,181**	**445,153,159**	**438,434,749**	**430,170,265**	**431,538,522**	**423,248,418**
Market capitalization (in EUR billion)	45.1	33.1	30.7	23.9	27.1	28.0
Earnings per share (in EUR)	10.88	8.04	6.07	3.41	5.35	6.78
Book value per share at year-end (in EUR)	55.8	45.5	41.0	38.4	38.6	34.4
Share price (in EUR)						
High	105.9	75.5	70.0	80.5	74.6	70.1
Low	74.7	65.0	42.9	38.1	45.9	48.2
Close	103.9	74.5	70.0	55.5	62.9	66.2

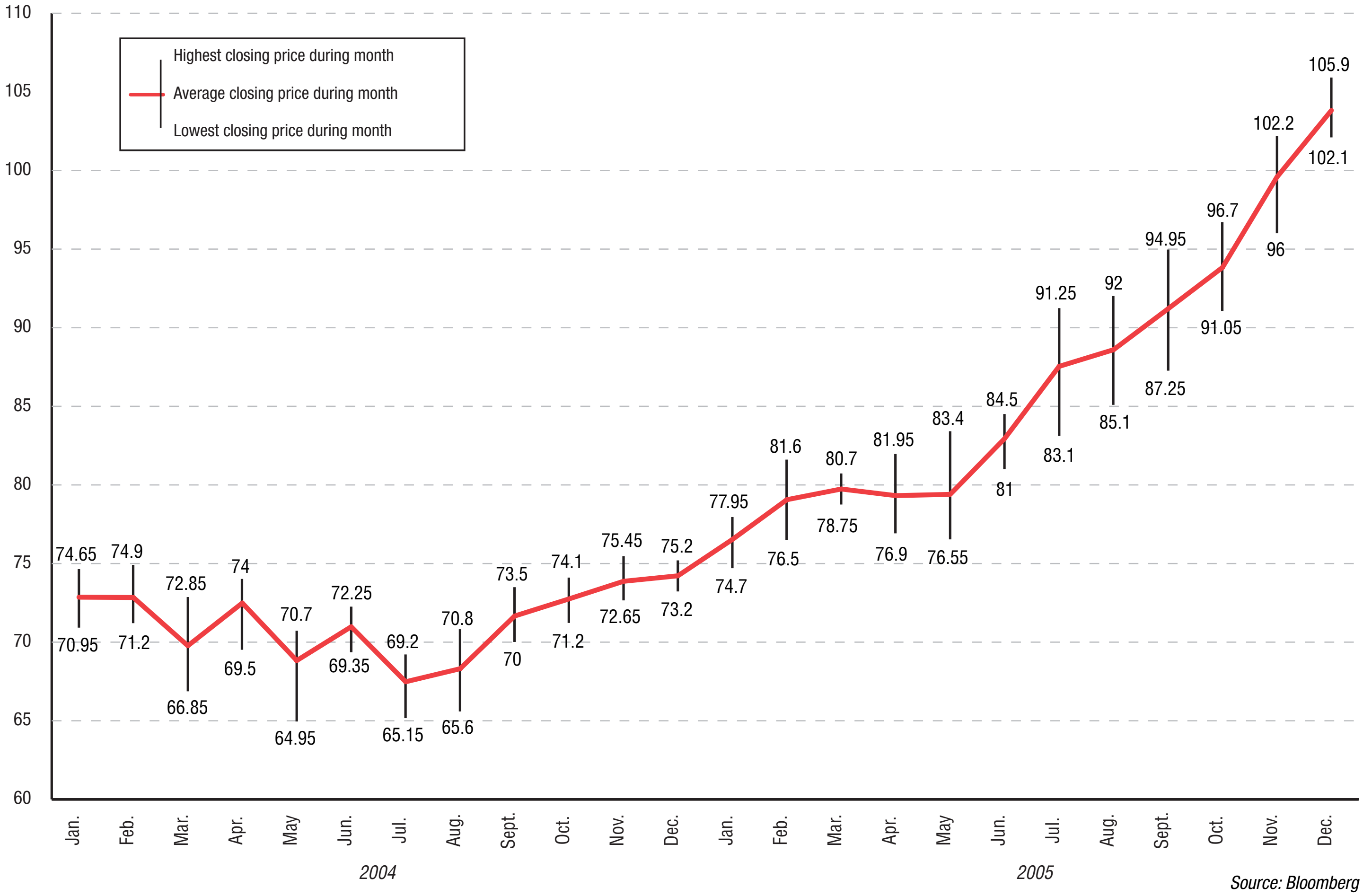
2004: IFRS (excluding IAS 32 & 39 and IFRS 4); 2005: IFRS (including IAS 32 & 39 and IFRS 4).

SHARE PERFORMANCE VS. CAC 40 AND DJ EURO STOXX BANK INDEXES SINCE DECEMBER 31, 2003



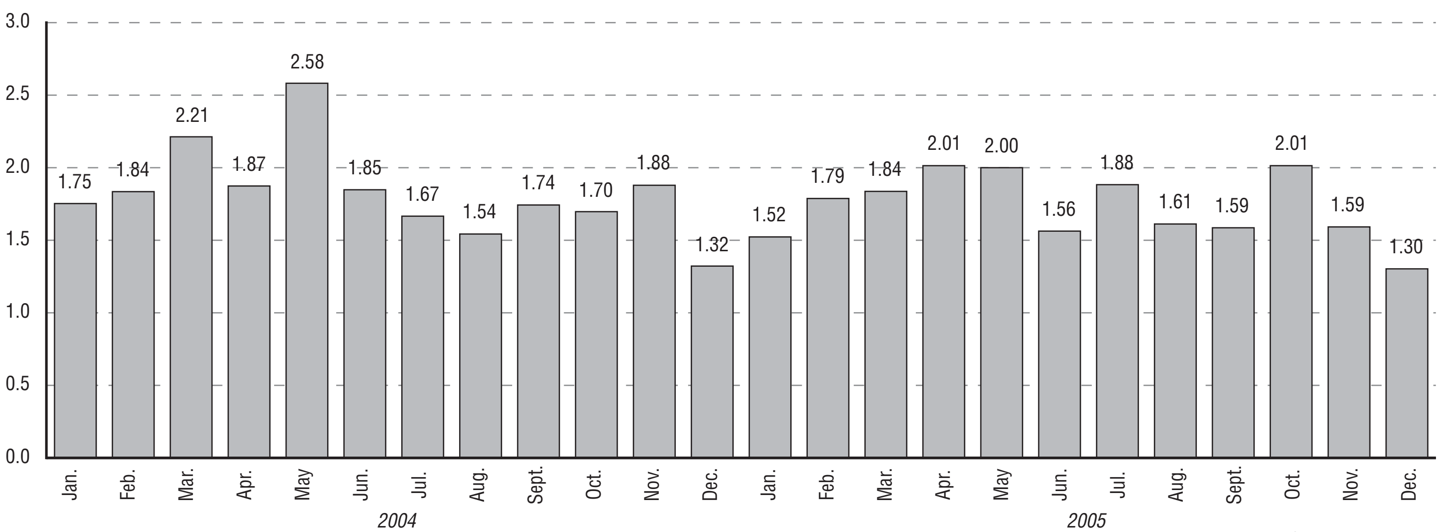
Source: Bloomberg

MONTHLY EVOLUTION OF SHARE PRICE



Source: Bloomberg

TRADING VOLUMES (AVERAGE DAILY VOLUME IN MILLIONS OF SHARES)



Source: Bloomberg

Common stock

At December 31, 2005, the Group's common stock comprised 434 million shares with a nominal value of EUR 1.25 per share.

This decrease of 11 million in the number of outstanding shares during 2005 breaks down as follows:

- the issuance of 5.7 million shares subscribed by Group employees as part of the Global Employee Share Ownership Plan;
- the exercise of stock options issued by the Company on 1.6 million shares;
- the cancellation of 11 million shares on February 9, 2005 and of 7.1 million on November 22, 2005.

Share buybacks

Since the launch of its share buyback program in September 1999, Société Générale has bought back 80.4 million of its own shares, for a total net amount of EUR 5.1 billion. In 2002, it cancelled 7.2 million shares, representing a total of EUR 438 million. In February 2005, the Group cancelled 11 million shares representing a total of EUR 744.2 million, followed by a further 7.1 million in November 2005, representing a total of EUR 607.8 million.

In 2005, the Group bought back 15,296,719 shares for a total of EUR 1,287,715,861.96 and sold or transferred 9,559,931 shares for a total of EUR 689,461,301.00.

- In 2005, the Group acquired 11,801,702 shares under its share buyback program (excluding shares purchased under the liquidity contract), at a cost of EUR 986,263,890.16;
  - 7,100,000 shares were set aside for cancellation and were effectively cancelled in November 2005;
  - 2,400,973 shares were used for the payment of acquisitions;
  - 2,300,729 shares were allocated to cover share purchase and subscription options granted to employees and for the attribution of free shares.
- Moreover, in 2005, the Group purchased 3,495,017 shares under its liquidity contract, representing a total of EUR 301,451,971.80, and sold 3,445,393 shares for a total of EUR 296,656,921.75.

The expenses incurred on the above transactions, combined with the management fees for the liquidity contract, amounted to EUR 1,364,190.10 for 2005.

January 1 to December 31, 2005

	Purchases			Disposals/exercise of stock options				
	Number		Purchase price	Number		Purchase price		Sale price
Cancellation	7,100,000	85.61	607,827,573.90					
Acquisitions	2,400,973	79.16	190,066,363.83	2,400,973	79.16	190,066,363.83	76.55	183,797,253.50
Attribution to employees	2,300,729	81.87	188,369,952.43	3,713,565	56.05	208,142,865.01	56.28	209,007,125.75
Liquidity contract	3,495,017	86.25	301,451,971.80	3,445,393	85.88	295,879,453.23	86.10	296,656,921.75
TOTAL	**15,296,719**		**1,287,715,861.96**	**9,559,931**		**694,088,682.07**		**689,461,301.00**

Share buybacks and treasury shares

At December 31, 2005, the Société Générale Group held 17,987,691 shares under its share buyback program, representing 4.14% of its capital, and 8,987,016 treasury shares, representing 2.07% of its capital.

In total, the holds 26,974,707 of its own shares, either directly or indirectly, with a net book value of EUR 1,233,320,234.20 and a nominal value of EUR eur 33,718,383.75. Of this total, 17,924,639 shares, with a market value of EUR 1,065,952,131.40, have been allocated to cover stock options granted to employees.

VALUE OF TREASURY SHARES AND BUYBACKS AT DECEMBER 31, 2005

Percentage of capital held directly or indirectly	**6.21%**
Number of shares cancelled over the last 24 months	18,100,000
Number of shares held directly	17,987,691
Net book value of shares held directly	EUR 1,072,503,234
Market value of shares held directly	EUR 1,868,921,095

At Dec. 31, 2005	**Number of shares**	**Nominal value (in EUR)**	**Net book value (in EUR)**
Société Générale*	17,987,691	22,484,613.8	1,072,503,234.2
Subsidiaries	8,987,016	11,233,770.0	160,817,000.0
Finareg	*4,944,720*	*6,180,900.0*	*97,037,000.0*
Gene-act1	*2,210,112*	*2,762,640.0*	*25,668,000.0*
Vouric	*1,832,184*	*2,290,230.0*	*38,112,000.0*
Total	**26,974,707**	**33,718,383.8**	**1,233,320,234.2**

** Including the liquidity contract (63,052 shares with a nominal value of EUR 78,815.00 and a net book value of EUR 6,551,103.80).*

Changes in share ownership

In 2005, the "Fonds E" (the Société Générale employee share ownership plan) increased its stake in Société Générale's capital from 7.42% to 7.56%.

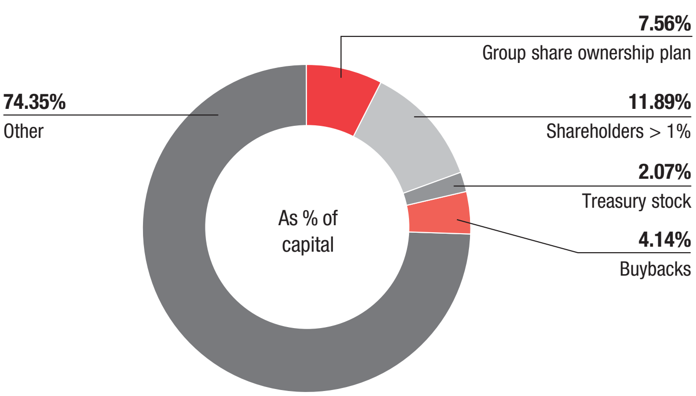
BREAKDOWN OF CAPITAL AND VOTING RIGHTS[1] OVER 3 YEARS

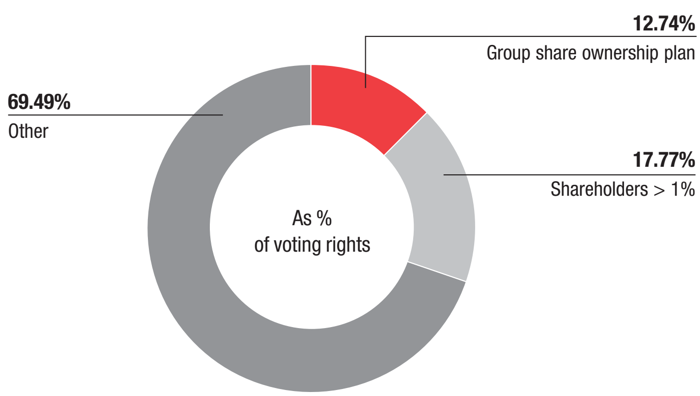
	At December 31, 2005			At December 31, 2004			At December 31, 2003		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Employees and former employees via the Group employee share ownership plan	32,831,211	7.56%	12.74%	33,024,632	7.42%	13.57%	35,218,082	8.46%	14.21%
Groupama	13,267,276	3.05%	5.61%	13,210,916	2.97%	2.92%	13,230,325	3.02%	2.89%
Meiji Yasuda Life Insurance Cy	11,069,312	2.55%	4.75%	11,069,312	2.49%	4.73%	11,069,312	2.52%	4.68%
CDC [2]	8,107,520	1.87%	2.96%	8,340,696	1.87%	3.10%	8,643,134	1.97%	3.14%
Fondazione CRT	7,367,414	1.70%	1.58%	7,367,414	1.66%	1.63%	7,367,414	1.68%	1.61%
Dexia	6,417,404	1.48%	1.38%	6,417,000	1.44%	1.42%	5,739,849	1.31%	1.26%
CNP	5,393,022	1.24%	1.49%	N.A.	[3]	[3]	N.A.	[3]	[3]
Aviva	N.A.	[3]	[3]	6,184,451	1.39%	1.37%	5,996,630	1.37%	1.33%
PSA	N.A.	[3]	[3]	N.A.	[3]	[3]	3,512,941	0.80%	1.38%
Free Float	322,860,315	74.35%	69.49%	320,200,819	71.92%	71.26%	317,589,468	72.01%	69.50%
Buybacks	17,987,691	4.14%	0.00%	30,350,903	6.82%	0.00%	21,080,578	4.81%	0.00%
Treasury stock	8,987,016	2.07%	0.00%	8,987,016	2.02%	0.00%	8,987, 016	2.05%	0.00%
Total		100.00%	100.00%		100.00%	100.00%		100.00%	100.00%
Number of outstanding shares		434,288,181	465,977,455		445,153,159	452,307,138		438,434,749	457,086,131

To the best of Société Générale's knowledge, no other shareholders hold more than 1% of the capital or voting rights (excluding undertakings for collective investment in transferable securities (UCITS)).

(1) Including double voting rights (article 14 of Société Générale's by-laws). Since January 1, 1993, double voting rights have been allocated to shares registered in the name of the Shareholder for two years.
(2) CDC (general section only), excluding CDC IXIS Capital Markets.
(3) Shareholders with less than 1% of the capital or voting rights.

SHARE OWNERSHIP STRUCTURE AT DECEMBER 31, 2005





4 GROUP MANAGEMENT REPORT

SOCIÉTÉ GÉNÉRALE GROUP MAIN ACTIVITIES GROUP

SIMPLIFIED ORGANIZATIONAL CHART AT DECEMBER 31, 2005

SOCIETE GENERALE GROUP

Retail Banking and Financial Services

	Retail Banking		Financial Services	Asset Management
France	**Société Générale*** **Groupe Crédit du Nord** 80% **Compagnie Générale d'Affacturage** 100% **Sogéfinancement** 100% **Sogéfimur** 100%	**Sogelease FRANCE** 100% **Sogébail** 46% **Groupama Banque** 40% **SG Capital Développement** 100%	**Franfinance Group** 100% **CGI Group** 100% **ECS Group** 100% **Sogécap** 100% **Sogessur** 65% (2) **Temsys** 100%	**SG Asset Management Group (SGAM)** 100% **Banque de Réescompte et de Placement (BAREP)** 100% **BAREP Asset Management** 100%
	Banque de Polynésie 72% **Société Générale Calédonienne de Banque** 90% **Banque Française Commerciale « Océan Indien »** 50% **SG de Banque aux Antilles** 100%			
Europe	**SKB Banka** *Slovénia* 100% **BRD - Groupe SG** *Romania* 58% **SG Express Bank** *Bulgaria* 98% **Komerçni Banka A.S. (KB)** *Czech Republic* 60% **General Bank of Greece** *Greece* 52% **Banque SG Vostok** *Russia* 100%	**SG Yugoslav Bank** *Serbia* 100% **Podgoricka Banka** *Serbia & Montenegro* 74% **Delta Credit** *Russia* 100%	**ALD International Group** 100% **GEFA Group** *Germany* 100% **Fiditalia Spa** *Italy* 100% **SG Equipment Finance Group** 100% **Eurobank** *Poland* 99% **Rusfinance** *Russia* 100% **Hanseatic Bank** *Germany* 75% **SG Consumer Group Finance** 100%	**SGAM Group Ltd** *United Kingdom* 100% **SG Russell Asset Management** *Ireland* 50%
Americas				**TCW Group Inc** *United States* 74% (2) **SGAM Inc** *United States* 100%
Middle East & Africa	**SG Marocaine de Banques** 52% **SG de Banques en Côte-d'Ivoire** 68% **Union Internationale de Banque** *Tunisia* 52% **SG de Banques au Cameroun** 58% **SG de Banque au Liban** 50% **National Société Générale Bank** *Egypt* 78%	**SG – SSB Limited** *Ghana* 51% **Sogelease Maroc** 100% **BFV SG** *Madagascar* 70% **SG de Banques au Sénégal** 58% **SG Algérie** 100% **MIBank** *Egypt* 91%	**Eqdom** *Morocco* 54% **La Marocaine Vie** 87%	
Asia, Australia				**SGAM Japon** 100% **SGAM Singapore** 100% **IBK-SGAM** *Korea* 50%

** Parent company*
(1) Subsidiary of SGBT Luxembourg
(2) Under IAS 32, which requires that future commitments to buy back minority interests be taken into account in calculating the size of a controlling stake, this figure increases to 100%.

Global Investment Management and Services

Corporate and Investment Banking

Private Banking	Securities Services and Online Savings	Corporate and Investment Banking	
Société Générale*	**Société Générale*** **FIMAT Banque** 100% **Parel** 100% **Groupe Boursorama** 71% **Euro VL** 98% (2)	**Société Générale*** **CALIF** 100% **SG Securities (Paris) SAS** 100% **Lyxor Asset Management** 100% **Gaselys** 49%	**Généfimmo** 100% **Généfim** 100% **Sogéprom** 100% **SG Option Europe** 100%
Société Générale Bank & Trust Luxembourg 100% **SG Private Banking (Suisse) SA** 78% (1) (2) **SG Banque de Maertelaere** *Belgium* 96% (2) **Groupe Société Générale Hambros Bank & Trust Ltd** *United Kingdom* 100% **SGBT Monaco** 100% (1)	**FIMAT Frankfurt branch** 100% **FIMAT Banque UK** 100% **FIMAT Madrid branch** 100%	**Société Générale*** ***Branches in:*** **Milan** *Italy* **Frankfurt** *Germany* **Madrid** *Spain* **London** *United Kingdom*	
	FIMAT USA 100% **FIMAT Canada Inc** 100%	**SG Americas, Inc.** *United States* 100% **SG Cowen & Co, LLC** *United States* 100% **SG Americas Securities, LLC** *United States* 100%	**SG Canada** 100% **Banco SG Brasil SA** 100% **Société Générale*** ***Branches in:*** **New York** *United States*
SG Private Banking (Japan) Ltd 100%	**FIMAT Singapore Pte Ltd** 100% **FIMAT Hong-Kong** 100% **FIMAT Sydney branch** 100%	**SG Securities Asia International Holdings Ltd** *Hong-Kong* 100% **SG Securities North Pacific Tokyo Branch** *Japan* 100% **Korean French Banking Corp. – Sogéko** *South Korea* 41% **SG Asia (Hong-Kong) Ltd** 100%	**SG Australia Holding Ltd** 100% **Société Générale*** ***Branches in:*** **Singapore** **Tokyo** *Japan* **Hong-Kong** **Sydney (Australia Branch)**

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

GROUP ACTIVITY AND RÉSULTS[1]

Introductory comments: Transition to IFRS

In accordance with the European regulation of July 19, 2002 on the application of international accounting standards, the Group prepared its consolidated financial statements for the year ending December 31, 2005 in compliance with all International Financial Reporting Standards (IFRS) adopted by the European Union and in force at that date. The Group also made use of the provisions of IAS 39 as adopted in the EU for applying macro-fair value hedge accounting (IAS 39 carve-out), and opted to apply in advance, as of January 1, 2005, the amendment to IAS 39 on the use of the fair value option.

The comparative figures for December 31, 2004 have been restated to make them compliant with IFRS, with the exception of data relating to transactions falling under the scope of IAS 32, IAS 39 and IFRS 4. These are still recognized and presented under French accounting standards in the comparative figures for 2004, as permitted under IFRS 1 "First-time adoption of International Financial Reporting Standards" which allows companies to apply IAS 32, IAS 39 and IFRS 4 starting from January 1, 2005 only.

The changes in financial standards over the course of 2004 and 2005 make it more difficult to analyze the main financial aggregates over a three-year period, as required under European regulation No. 809/2004 of April 29, 2004. The present document therefore gives the changes in these figures for the Group and its core businesses over the period 2004-2005. For an assessment of the changes over the period 2003-2004, readers should refer to the 2003 and 2004 Registration Documents, which are enclosed by reference in the present document.

2005 was marked by a favorable economic and financial environment: the United States saw sustained levels of economic activity; the dollar was relatively stable but oil prices reached record highs; long-term interest rates reached historical lows in Europe, but began to rise in the United States; equity markets were bullish while European corporations showed a renewed appetite for financial transactions, notably in the equity capital markets. In 2005, the credit risk environment was even more favorable than in 2004.

Against this backdrop, the Group delivered excellent performances. Gross operating income stood at EUR 7,014 million for the year, up by 29.1%* on 2004, while net income rose by 35.5% to EUR 4,446 million.

The Group's ROE after tax came out at 25.3% in 2005 compared with 20.1% in 2004.

As anticipated by the Group, IAS 32 & 39, in the form adopted by the European Union, had a limited impact in 2005.

The core businesses all saw sustained levels of growth across the year, pushing Group net banking income up by a substantial 14.8%* in relation to 2004 (+17.0% in absolute terms), to a total of EUR 19,170 million. Revenues increased sharply in the Group's growth drivers (Retail Banking outside France, Financial Services, Global Investment Management and Services), while the French Networks also reported strong performances, and Corporate and Investment Banking posted an exceptional year thanks to favorable conditions. The application of IAS 32 & 39 had a limited effect on the Group's full-year net banking income (increase of around 1.7%, or EUR +317 million, including EUR +455 million in the Corporate Center).

(1) Under IFRS excluding IAS 32 & 39 and IFRS 4 for 2004, and under IFRS including IAS 32 & 39 and IFRS 4 for 2005.
** When adjusted for changes in Group structure and at constant exchange rates*

SUMMARY CONSOLIDATED INCOME STATEMENT

In millions of euros	2005	2004	Change	
Net banking income	19,170	16,390	**+17.0%**	+14.8%*
Operating expenses	(12,156)	(11,062)	**+9.9%**	+7.9%*
Gross operating income	**7,014**	**5,328**	**+31.6%**	**+29.1%***
Net allocation to provisions	(448)	(568)	**-21.1%**	-40.1%*
Operating income	**6,566**	**4,760**	**+37.9%**	**+37.3%***
Net income of companies accounted for by the equity method	19	40	**-52.5%**	
Net income on other assets	158	195	**-19.0%**	
Impairment losses on goodwill	(23)	4	**NM**	
Income tax	(1,795)	(1,376)	**+30.5%**	
Net income before minority interests	4,925	3,623	**+35.9%**	
Minority interests	(479)	(342)	**+40.1%**	
Net income	**4,446**	**3,281**	**+35.5%**	**+36.4%***
C/I ratio	63.4%	67.5%		
Average allocated capital	17,474	16,324	+7.0%	
ROE after tax	**25.3%**	**20.1%**		

** When adjusted for changes in Group structure and at constant exchange rates*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

The rise in operating expenses was modest in relation to revenue growth (+7.9%* on 2004), and reflected a combination of investments in organic growth, strict cost control and increased performance-linked pay due to improved business performances.

The Group made further improvements in operating efficiency, lowering its cost/income ratio to 63.4% in 2005, compared with 67.5% in 2004.

Full-year gross operating income rose by a substantial 29.1%* in relation to 2004, amounting to EUR 7,014 million.

The Group's cost of risk stood at 16 basis points of risk-weighted assets, reflecting a favorable credit environment and specific factors within the Group: the continued diversification of the business mix, improvements in risk management techniques and the provisioning of at-risk exposure. For the second consecutive year, the Corporate and Investment Banking division booked a net write-back from its provisions, in the amount of EUR 145 million, as few new loans required provisioning, write-backs were made from specific provisions following the sale or repayment of loans and at-risk commitments were reduced.

The application of IAS 32 & 39 only had a limited inflationary impact on the Group's risk provisions: excluding the impact of the discounting of credit risk provisions, the net allocation for the year would have been some EUR 58 million lower.

Group operating income for the year amounted to EUR 6,566 million, representing a sharp 37.3%* rise in comparison with 2004 (+37.9% in absolute terms).

After the deduction of corporate income tax (effective annual tax rate of 26.7%) and minority interests, Group net income totaled EUR 4,446 million for 2005, a strong 35.5% rise on 2004. ROE after tax also rose substantially, to 25.3% for the period compared with 20.1% in 2004.

Earnings per share amounted to EUR 10.88 in 2005, up 35% on 2004.

ACTIVITY AND RESULTS OF THE CORE BUSINESSES

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

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

The core businesses correspond to the three key businesses of the Group's development strategy:

- Retail Banking and Financial Services,
- Global Investment Management & Services,
- Corporate and Investment Banking.

The core businesses break down as follows:

- **Retail Banking and Financial Services,** including the Société Générale and Crédit du Nord networks in France, the retail banking networks outside France, the Group's business finance subsidiaries (vendor and equipment finance, IT asset leasing and management, operational vehicle leasing and fleet management), consumer credit and life and non-life insurance activities.
- **Global Investment Management & Services,** including Asset Management, Private Banking and Securities Services and Online Savings. The Securities Services division, created in February 2004, includes the activities of Fimat, the Group's brokerage arm specializing in derivatives markets, together with the securities and employee savings businesses.
- **Corporate and Investment Banking,** which covers two types of activity:

• **Corporate Banking and Fixed Income, including:**

- The Debt Finance platform, which includes structured finance (export finance, project finance, acquisition finance, property finance, financial engineering), debt, currency and treasury activities;
- Commodity finance and trading;
- Commercial banking (notably plain vanilla corporate loans).

• **Equity and Advisory activities comprising:**

- Equity activities (primary market, brokerage, derivatives, trading);
- Advisory (mergers and acquisitions);
- Private equity.

In addition, the Corporate Center acts as the central funding department of the Group's three core businesses. As such, it recognizes the cost of carry of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's asset and liability management (ALM) and impairment losses on goodwill. Furthermore, income from the Group's industrial equity and real estate investment portfolios, as well as from its equity investments in banks, is allocated to the Corporate Center, as are income and expenses that do not relate directly to the activity of the core businesses (activities in the process of being developed: for example Groupama Banque).

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

Allocation of capital

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

Capital is allocated as follows:

- in Retail Banking, capital is allocated on the basis of weighted risks. In the case of life insurance, the specific regulations governing this business are also taken into account;
- in Global Investment Management & Services, the amount of capital allocated corresponds to the larger of either the capital requirement calculated on the basis of weighted risks or the amount representing operating expenses for a three-month period, the latter being the regulatory standard in this business;
- in Corporate and Investment Banking, capital is allocated on the basis of weighted risks and the value at risk in capital market activities. For the majority of transactions, market risk is calculated using an in-house model validated by the French Banking Commission;
- capital allocated to the Corporate Center corresponds to the sum of the regulatory requirement with respect to its assets (essentially the equity and real estate portfolios), and the surplus (or lack) of capital available at the Group level (the difference between the combined capital requirements of the core businesses, as defined above, and average Group capital after payment of the dividend).

Net banking income

Net banking income for each core business includes:

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

Moreover, in accordance with IAS 32 & 39, capital losses and gains generated by the core businesses on the disposal of shares in non-consolidated entities, and income from the management of the Group's industrial and bank equity portfolios are now booked under NBI, as these securities portfolios are classified as available-for-sale.

Operating expenses

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

Provisions

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

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

Net income on other assets

In accordance with IAS 32 & 39, as of January 1, 2005, net income on other assets essentially comprises capital losses and gains on the disposal of shares in consolidated entities and of operating fixed assets.

Impairment losses on goodwill

Further to the introduction of the IFRS accounting framework, impairment losses on goodwill are booked by the core business to which the corresponding activity is attached.

Income tax

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

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

SUMMARY OF RESULTS AND PROFITABILITY BY CORE BUSINESS

Income statement by core business

2005 saw buoyant levels of activity in all the core businesses: the French Networks reported high volumes of new business, the Group's growth drivers (Retail Banking outside France, Financial Services, Global Investment Management and Services) continued to expand at a sustained pace, while the Corporate and Investment Banking division posted excellent results.

In millions of euros	Retail Banking and Financial Services		Global Investment Management and Services		Corporate and Investment Banking		Corporate Center		Group	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
Net banking income	10,661	9,668	2,584	2,265	5,697	4,727	228	(270)	19,170	16,390
Operating expanses	(6,833)	(6,374)	(1,852)	(1,638)	(3,320)	(2,924)	(151)	(126)	(12,156)	(11,062)
Gross operating income	**3,828**	**3,294**	**732**	**627**	**2,377**	**1,803**	**77**	**(396)**	**7,014**	**5,328**
Net allocation to provisions	(614)	(589)	(6)	(7)	145	61	27	(33)	(448)	(568)
Operating income	**3,214**	**2,705**	**726**	**620**	**2,522**	**1,864**	**104**	**(429)**	**6,566**	**4,760**
Net income of companies accounted for by the equity method	(3)	5	0	0	22	26	0	9	19	40
Net income on other assets	7	19	0	2	(11)	16	162	158	158	195
Impairment losses on goodwill	0	0	0	0	(13)	0	(10)	4	(23)	4
Income tax	(1,070)	(935)	(223)	(191)	(668)	(447)	166	197	(1,795)	(1,376)
Net income before minority interests	2,148	1,794	503	431	1,852	1,459	422	(61)	4,925	3,623
Minority interests	(252)	(218)	(7)	(46)	(11)	(6)	(209)	(72)	(479)	(342)
Net income	**1,896**	**1,576**	**496**	**385**	**1,841**	**1,453**	**213**	**(133)**	**4,446**	**3,281**
Average allocated capital	8,852	8,022	910	721	4,148	3,523	3,564**	4,059**	17,474	16,324
ROE after tax	**21.4%**	**19.6%**	**54.5%**	**53.4%**	**44.4%**	**41.2%**	**NM**	**NM**	**25.3%**	**20.1%**

*** Calculated as the difference between total Group capital and capital allocated to the core businesses*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

Retail Banking and Financial Services

RETAIL BANKING

In millions of euros	2005	2004	Change	
Net banking income	10,661	9,668	**+10.3%**	+6.9%*
Operating expenses	(6,833)	(6,374)	**+7.2%**	+4.0%*
Gross operating income	**3,828**	**3,294**	**+16.2%**	**+12.5%***
Net allocation to provisions	(614)	(589)	**+4.2%**	-14.3%*
Operating income	**3,214**	**2,705**	**+18.8%**	**+18.3%***
Net income of companies accounted for by the equity method	(3)	5	**NM**	
Net income on other assets	7	19	**-63.2%**	
Income tax	(1,070)	(935)	**+14.4%**	
Net income before minority interests	2,148	1,794	**+19.7%**	
Minority interests	(252)	(218)	**+15.6%**	
Net income	**1,896**	**1,576**	**+20.3%**	**+19.9%***
C/I ratio	64.1%	65.9%		
Average allocated capital	8,852	8,022	**+10.3%**	
ROE after tax	**21.4%**	**19.6%**		

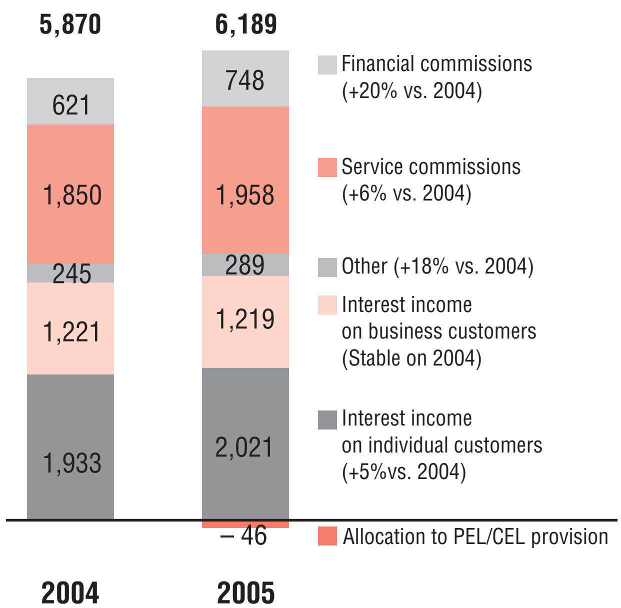
** When adjusted for changes in Group structure and at constant exchange rates*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

French Networks: very good commercial and financial performances

In millions of euros	2005	2004	Change
Net banking income	6,189	5,870	+5.4%[(a)]
Operating expenses	(4,212)	(4,069)	+3.5%
Gross operating income	**1,977**	**1,801**	**+9.8%**
Net allocation to provisions	(282)	(292)	-3.4%
Operating income	**1,695**	**1,509**	**+12.3%**
Net income of companies accounted for by the equity method	1	2	-50.0%
Net income on other assets	2	5	-60.0%
Income tax	(594)	(529)	+12.3%
Net income before minority interests	1,104	987	+11.9%
Minority interests	(45)	(45)	NM
Net income	**1,059**	**942**	**+12.4%**
C/I ratio	68.1%	69.3%	
Average allocated capital	5,084	4,756	+6.9%
ROE after tax	**20.8%**	**19.8%**	

(a) +6.1% excluding impact of IAS 32 & 39
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

BREAKDOWN OF NET BANKING INCOME FOR FRENCH NETWORKS (IN MILLIONS OF EUROS)



The Société Générale and Crédit du Nord networks saw further growth in business volumes and results in 2005, posting a 6.1% rise in revenues compared with 2004 (excluding the effect of IAS 32 & 39), despite a mixed environment for retail banking (weak economic growth in France, historically low interest rates, flattening of the yield curve and tighter competition, combined with bullish property and equity markets). The retail networks are clearly reaping the benefits of their longstanding policy of customer focus, product renewal and ongoing improvement of the operating platform and business processes.

Sales in both networks remained robust throughout the year. The number of individual customer accounts, used as an indicator for the size of the customer base, rose by 3.1% year-on-year (+179,000), compared with a 2.2% rise in 2004. Sales of strategic products – i.e. those that combine major benefits for customers with long-term value creation for the bank – increased sharply. For example, a total of EUR 16.7 billion of new housing loans were issued over the year (+30% on 2004), savings inflows into life insurance products totaled EUR 8.2 billion (compared with EUR 7.3 billion in 2004), with 31% of this total going into unit-linked policies (versus 17% last year), while outstanding investment loans to business customers rose by 8.1%.

This dynamic performance in the development of sales and customer relationships was underpinned by continued commercial investments and active management of the workforce.

With 72 net branch openings in 2005, the networks now comprise 2,180 Société Générale branches and 680 Crédit du Nord branches. At the same time, internet usage continued to rise; average monthly connections reached 10.3 million over the year (+37% on 2004) and some 1.2 million customers now use the internet banking service on a regular basis. Société Générale has the highest rate of client internet usage in its sector.

From a financial perspective, the two networks posted consolidated net banking income(2) of EUR 6,189 million for the year, up 5.4% on 2004.

However, to truly appreciate the performance of the division, these figures need to be adjusted for the impact of IAS 32 & 39 as the standards make net interest income artificially volatile: over the course of 2005, the Group made a net allocation of EUR 46 million to its provisions for future commitments under PEL/CEL housing savings accounts. The other effects of IAS 32 & 39 were not significant over the year. Stripping out the effects of IAS 32 & 39, NBI growth comes out even higher, at +6.1% compared to 2004.

Excluding the impact of IAS 32 & 39, net interest income rose 3.6% on 2004 (+2.5% including IAS 32 & 39). Although the historically low level of market rates is reducing margins on sight deposits, this was more than offset over the year by the impressive rise in outstanding sight deposits (+8.5%) and loans (+9.3%).

Fee and commission income increased by 9.5% on 2004, supported by sharp growth in financial commissions (+20.5%) as the stock market entered a more favorable cycle. Growth in service commissions was more modest, at +5.8%, as both networks kept a close eye on their price competitiveness, limiting the positive impact of increased new business volumes.

Operating expenses edged up by a moderate +3.5% on 2004. This increase includes the provision for early retirements (booked for the last time in 2005) and an increase in the cost of share-based payments (IFRS 2). Excluding IFRS 2, the rise in operating expenses would have been +3.2%.

The division's C/I ratio came out at 68.1% for the year. Without the impact of IAS 32 & 39, it would have been 67.6% (vs. 69.3% a year earlier).

The net cost of risk declined sharply in 2005 to 27 bp of risk-weighted assets, versus 32 bp in 2004. This decrease is attributable to the quality of the customer base, but also to the significant rise in the proportion of housing loans which carry a low cost of risk. The discounting of provisions under IAS 32 & 39 only had a limited effect on the overall cost of risk.

Net income for the French Networks amounted to EUR 1,059 million for the year (i.e. just under one quarter of net income for the Group as a whole), up by 12.4% on 2004. Annual ROE after tax was 20.8% (22.2% excluding the effect of IAS 32 & 39).

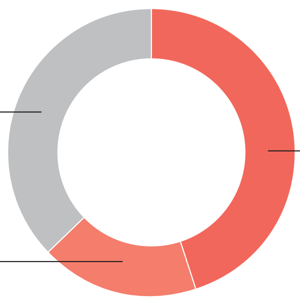
(2) Revenues for the Société Générale Network do not include those of the domestic private banking business, which are booked under Global Investment Management & Services.

Retail Banking outside France: dynamic growth and consistently high profitability

In millions of euros	2005	2004	Change	
Net banking income	2,345	1,979	**+18.5%**	+12.4%*
Operating expenses	(1,419)	(1,223)	**+16.0%**	+10.1%*
Gross operating income	**926**	**756**	**+22.5%**	**+15.6%***
Net allocation to provisions	(131)	(161)	**-18.6%**	-56.6%*
Operating income	**795**	**595**	**+33.6%**	**+35.5%***
Net income of companies accounted for by the equity method	4	3	**+33.3%**	
Net income on other assets	5	15	**-66.7%**	
Income tax	(224)	(190)	**+17.9%**	
Net income before minority interests	580	423	**+37.1%**	
Minority interests	(194)	(165)	**+17.6%**	
Net income	**386**	**258**	**+49.6%**	**+48.8%***
C/I ratio	60.5%	61.8%		
Average allocated capital	959	803	**+19.3%**	
ROE after tax	**40.3%**	**32.1%**		

** When adjusted for changes in Group structure and at constant exchange rates*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

BREAKDOWN OF 2005 NET BANKING INCOME BY GEOGRAPHICAL REGION



Retail Banking outside France is one of the Group's main growth drivers and is based on a business model combining acquisitions in targeted geographical regions (Central and Eastern Europe, Mediterranean Basin, Asia), with strong organic growth momentum underpinned by continued investment.

In 2005, Retail Banking outside France maintained a robust pace of profitable growth, posting strong sales volumes and financial results for the year.

The division made further acquisitions over the year in order to extend its global platform. In Egypt, the Société Générale Group increased its stake in National Société Générale Bank (NSGB) from 54% to 78% in the first quarter. NSGB subsequently purchased nearly 91% of MIBank at the end of September, adding a further 32 branches (situated mainly in the Greater Cairo and Nile Delta areas) to its existing 51 outlets and taking its market share in the country to over 5%. The acquisition will allow the Group to step up its growth in this promising market, and offers significant potential in terms of synergies and cost rationalization. Results for MIBank were consolidated in the last quarter of 2005.

Two other acquisitions were completed in 2005:

- DeltaCredit Bank (which will be consolidated in 2006), a company specializing in housing loans that will strengthen the Group's platform in Russia;
- Podgoricka Banka, Montenegro's 3rd largest bank with a market share of 13%.

At the same time, the Group continued to actively manage its business portfolio by selling off its retail banking business in Argentina and its 20% stake in United Arab Bank in the United Arab Emirates.

The division stepped up its organic growth over the year, opening a net total of 233 branches (on a same scope basis), primarily in Romania, Serbia, Bulgaria and Egypt. The sales platform now comprises 1,741 branches. In parallel, the division continued to expand its workforce, recruiting 2,000 new staff in 12 months, with the vast majority in the sales force. Excluding the effect of acquisitions, the Group attracted an additional 626,000 individual customers between the end of 2004 and end 2005 (representing an annual growth rate of over 10%), the majority in Europe (475,000), notably Romania (+256,000) and Serbia (+111,000). Overall the total number of individual customers in Retail Banking outside France has risen fourfold since the end of 1999.

The quality of service in the international retail banking networks remains high compared with local market standards. Komercni Banka, for example, was named Bank of the Year in the Czech Republic for the second year running(3).

Outstanding deposits and loans continued to rise over the year. Loans to individual customers increased by 30%* year-on-year, reflecting strong growth in housing and consumer loans in the Eastern and Central European subsidiaries, while deposits rose by 12%* over the period. In the business customer segment, growth rates for outstanding loans and deposits were 16%* and 24%* respectively.

The division's contribution to Group results is rising steadily: 2005 revenues were 12.4%* higher than in 2004. IAS 32 & 39 had no significant impact on annual results.

Operating expenses increased by 10.1%*, reflecting continued investments in growth and productivity. Excluding development costs, the rise would have been limited to 5.6%*.

As a result, gross operating income rose by a substantial 15.6%* while the C/I ratio improved sharply to 60.5% in 2005, versus 61.8% for the previous year.

The division made a net allocation to provisions of EUR 131 million over the year, representing 47 bp of risk-weighted assets, a significant decline on 2004 which was already a low comparative base. The discounting of provisions under IAS 32 & 39 had a limited impact on the overall level of risk provisioning.

Full-year operating income was up by 35.5%* on 2004.

Net income for the year increased by 49.6% on 2004, and the ROE after tax came out at a high of 40.3%, versus 32.1% a year earlier.

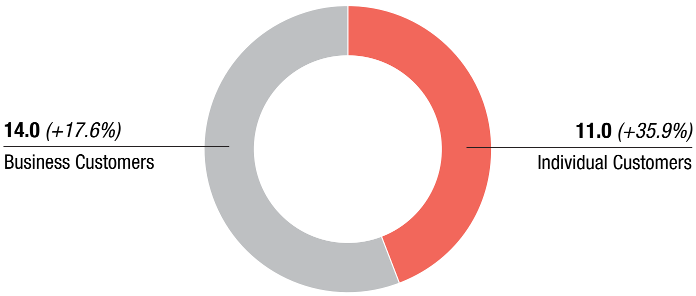
Financial Services: sharp rise in contribution

In millions of euros	2005	2004	Change	
Net banking income	2,127	1,819	**+16.9%**	+6.2%*
Operating expenses	(1,202)	(1,082)	**+11.1%**	-0.7%*
Gross operating income	**925**	**737**	**+25.5%**	**+16.0%***
Net allocation to provisions	(201)	(136)	**+47.8%**	+15.3%*
Operating income	**724**	**601**	**+20.5%**	**+16.1%***
Net income of companies accounted for by the equity method	(8)	0	**NM**	
Net income on other assets	0	(1)	**NM**	
Income tax	(252)	(216)	**+16.7%**	
Net income before minority interests	464	384	**+20.8%**	
Minority interests	(13)	(8)	**+62.5%**	
Net income	**451**	**376**	**+19.9%**	**+18.9%***
C/I ratio	56.5%	59.5%		
Average allocated capital	2,809	2,462	**+14.1%**	
ROE after tax	**16.1%**	**15.3%**		

** When adjusted for changes in Group structure and at constant exchange rates*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

(3) MasterCard Bank of the Year awards.

SPECIALIZED FINANCING OUTSTANDING LOANS-AVERAGE IN 2005 IN BILLIONS OF EUROS (% CHANGE VS. 2004)



The Financial Services division comprises two main business lines: Specialized Financing and Life Insurance.

Specialized Financing

Alongside Retail Banking outside France, Specialized Financing is one of the Group's main development priorities. It comprises four business lines: consumer credit in the individual customer segment and, in the business customer segment, vendor and equipment finance, operational vehicle leasing and fleet management and IT asset leasing and management.

The consumer credit business put in an impressive performance in 2005, with a 12.9%* increase in new lending and resilient margins. The French platform now offers a complete range of products and services, including an online direct loan service, distributed under the Disponis brand, in addition to the traditional businesses of CGI (car and boat financing, loan restructuring) and Franfinance (retailer finance, customer loyalty cards, services on behalf of the Société Générale network).

The division continued to expand in Europe, through acquisitions or from-scratch developments:

- On the one hand, it strengthened its market share in developed countries: the German company, Hanseatic Bank, was consolidated in the first quarter of 2005, and Fiditalia acquired Finagen from the Generali group in Italy in the second quarter;
- On the other hand, the division launched new activities and acquired existing players in a number of countries offering strong growth potential: acquisition of Eurobank, a significant player in Poland in the consumer credit business; acquisition of Promek Bank, a regional bank in Russia specializing in consumer credit, which completes the existing platform; announcement of the acquisition of Oster Lizing, a Hungarian consumer credit company specializing in car financing; launch of Prostofinance in Ukraine.

In Business Finance and Services, the diversity of the business-mix and geographical coverage helped to offset the effects of continued sluggish economic growth in a number of Western European countries.

Société Générale Equipment Finance, the European leader in vendor and equipment finance, recorded a 4.3% rise in new lending in France, and an 11% rise overall (when adjusted for changes in Group structure and excluding factoring). Growth in new business was underpinned by the transport and manufacturing equipment sectors and by a recovery in demand in Germany, Italy and Central Europe. Overall, margins on new lending held steady. In 2005, Société Générale Equipment Finance integrated the leasing business of Finagen (Italy) and launched an activity in China.

In operational vehicle leasing and fleet management, ALD Automotive continued to expand its fleet under management at a healthy pace (+9% over 12 months, when adjusted for changes in Group structure), reaching a total of 600,000 vehicles at the end of December. ALD Automotive ranks No.2 in Europe in terms of outstanding loans. Over the year, the company continued to expand its network in the Baltic countries, Croatia and Romania and via acquisitions in Turkey and Ukraine. It also set up subsidiaries in Egypt, India, China and Brazil.

Despite a continuing mediocre environment in IT asset leasing and management, ECS, the European leader in this segment, recorded a 4.6% year-on-year rise in loan issuance (adjusted for changes in Group structure), and a 6.8% rise in service revenues (adjusted for changes in Group structure). The company continued to focus on organic growth and acquisitions, setting up operations in Switzerland and the Czech Republic and acquiring the French company Telci to complete its offering in PC maintenance.

Overall revenues in Specialized Financing rose by 6.7%* on 2004 (+20.3% in absolute terms). IAS 32 & 39 had a limited effect on revenues. Excluding the impact of IAS 32 & 39 (EUR +18 million) and adjusting figures for changes in Group structure, the net allocation to provisions was stable notwithstanding the increase in outstanding loans and the effects of the shift in the business-mix. ROE after tax for the year stood at 18.0%, versus 18.5% in 2004.

Life insurance

In Life Insurance, savings inflows rose by 16.4% on 2004 (when adjusted for changes in Group structure), supported by strong asset gathering throughout the Société Générale network. 33% of these new investments went to unit-linked policies. Outstanding loans, expressed as mathematical reserves, were up 15% on 2004 (when adjusted for changes in Group structure), and NBI rose by 13.6%* .

Overall, the Financial Services division reported a 16.1%* increase in operating income for 2005, and an ROE after tax of 16.1%, up on 2004 (15.3%).

Global Investment Management and Services: very good results for the year

In millions of euros	2005	2004	Change	
Net banking income	2,584	2,265	**+14.1%**	+13.1%*
Operating expenses	(1,852)	(1,638)	**+13.1%**	+11.7%*
Gross operating income	**732**	**627**	**+16.7%**	**+16.7%***
Net allocation to provisions	(6)	(7)	**-14.3%**	-14.3%*
Operating income	**726**	**620**	**+17.1%**	**+17.1%***
Net income on other assets	0	2	**NM**	
Income tax	(223)	(191)	**+16.8%**	
Net income before minority interests	503	431	**+16.7%**	
Minority interests	(7)	(46)	**-84.8%**	
Net income	**496**	**385**	**+28.8%**	**+28.8%***
C/I ratio	71.7%	72.3%		
Average allocated capital	910	721	**+26.2%**	

** When adjusted for changes in Group structure and at constant exchange rates*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

Global Investment Management and Services comprises the Group's asset management activities (Société Générale Asset Management), private banking (SG Private Banking), Société Générale Securities Services (SG SS) and online savings (Boursorama).

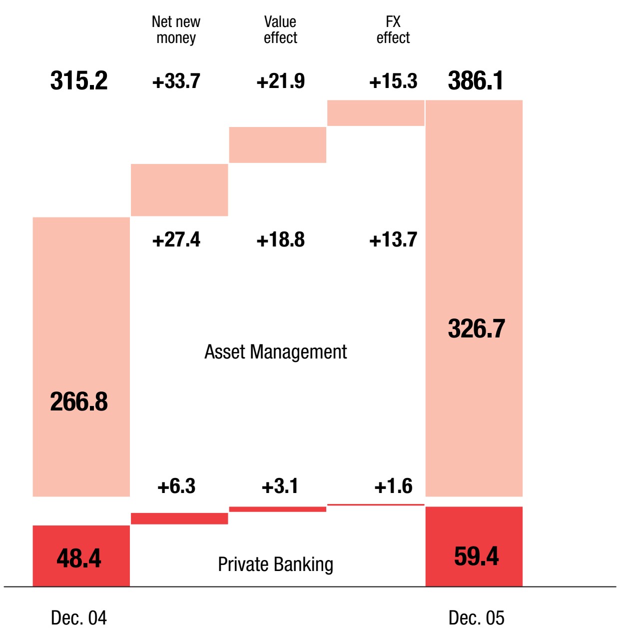
Together with Retail Banking outside France and Specialized Financing, the division constitutes one of the Group's main development priorities.

Organic growth was particularly strong over the year; net inflows reached an all-time high of EUR 33.7 billion, and assets under management totaled EUR 386 billion[4] at end-2005. Assets under custody for institutional investors increased by 27% on 2004.

The division continued to pursue its external growth strategy, focusing this year on the securities services business and online savings.

Full-year financial performances were strong; operating income grew by 17.1%* on 2004 (+17.1% in absolute terms), while the C/I ratio fell to 71.7% (as against 72.3% in 2004). Net income amounted to EUR 496 million, up by 28.8%. IAS 32 & 39 had a very limited impact on the division's NBI.

ASSETS UNDER MANAGEMENT IN BILLIONS OF EUROS



(4) This figure does not include some EUR 86bn of assets held by customers of the French Networks (investable assets exceeding EUR 150,000) or assets managed by Lyxor AM, whose results are consolidated in the Equity & Advisory business line (EUR 52bn at December 31, 2005).

Asset Management

In millions of euros	2005	2004	Change	
Net banking income	1,152	1,047	**+10.0%**	+9.9%*
Operating expenses	(715)	(642)	**+11.4%**	+11.2%*
Gross operating income	**437**	**405**	**+7.9%**	**+7.9%***
Net allocation to provisions	(2)	0	**NM**	NM
Operating income	**435**	**405**	**+7.4%**	**+7.4%***
Net income on other assets	0	(2)	**NM**	
Income tax	(147)	(137)	**+7.3%**	
Net income before minority interests	288	266	**+8.3%**	
Minority interests	(3)	(35)	**-91.4%**	
Net income	**285**	**231**	**+23.4%**	**+23.4%***
C/I ratio	62.1%	61.3%		
Average allocated capital	303	281	**+7.7%**	

** When adjusted for changes in Group structure and at constant exchange rates*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

Société Générale Asset Management (SGAM) offers a complete range of high quality products and has earned market recognition as an innovative player: in 2005, the Group launched the first ever leveraged and cushioned ETFs listed on Euronext and indexed to the CAC 40, and TCW was named Best CDO Manager of the Year [(5)].

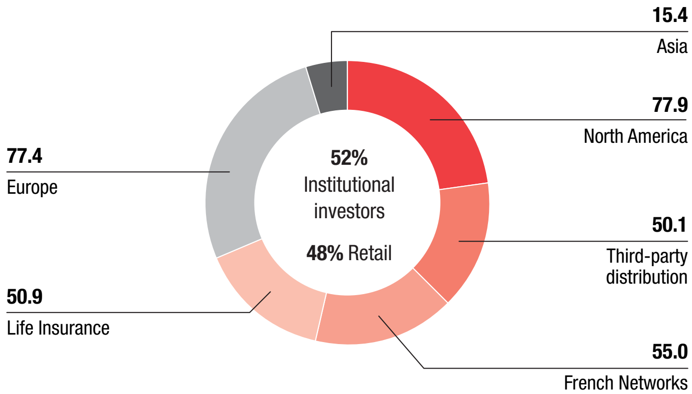
On the back of this offering, SGAM was able to deliver a record commercial performance in 2005, attracting net inflows of EUR 27.4 billion (representing 10% of assets under management on an annual basis). This figure mainly reflects a strong focus on structured products such as CDOs (net inflows of EUR 12.7 billion, representing 46% of the total for the year), in which SGAM holds a market share of just over 10%. At the end of December 2005, SGAM managed a total of EUR 326.7 billion of client assets, up from EUR 266.8 billion one year earlier, reasserting the Group's position as the fourth largest bank-owned asset manager in the euro zone.

Net banking income for the year rose by 9.9%* on 2004 to a total of EUR 1,152 million. Alternative investment made a strong contribution and TCW continued to deliver strong performances.

The increase in operating expenses (+11.2%* compared to a low base in 2004) notably reflects the increase in variable remuneration, the cost of share-based payments under IFRS 2 and ongoing investments to secure future growth.

As a result, gross operating income for the year rose by 7.9%* on 2004 and operating income by 7.4%*.

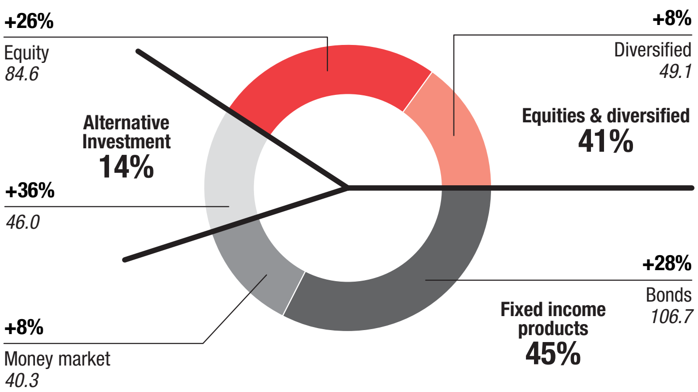
BREAKDOWN OF ASSETS UNDER MANAGEMENT BY CUSTOMER SEGMENT AND GEOGRAPHICAL REGION (IN BILLIONS OF EUROS)



The share of assets invested in equity, diversified and alternative investment products remained stable at 55%. Alternative investment products accounted for 14% of total assets under management at end-2005 compared with 13% in 2004.

(5) Securitization News, *April 2005.*

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY PRODUCT IN BILLIONS OF EUROS (% CHANGE VS. 2004)



Private Banking

In millions of euros	2005	2004	Change	
Net banking income	540	463	**+16.6%**	+16.9%*
Operating expenses	(376)	(334)	**+12.6%**	+12.9%*
Gross operating income	**164**	**129**	**+27.1%**	**+27.1%***
Net allocation to provisions	(1)	(7)	**-85.7%**	-85.7%*
Operating income	**163**	**122**	**+33.6%**	**+33.6%***
Net income on other assets	0	(1)	**NM**	
Income tax	(33)	(23)	**+43.5%**	
Net income before minority interests	130	98	**+32.7%**	
Minority interests	0	(8)	**NM**	
Net income	**130**	**90**	**+44.4%**	**+44.4%***
C/I ratio	69.6%	72.1%		
Average allocated capital	329	243	**+35.3%**	

** When adjusted for changes in Group structure and at constant exchange rates*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

SG Private Banking is a recognized player across the world: it was named Best Private Bank in France for High Net Worth Individuals, entrepreneurs and corporate executives and Best Global Private Bank in structured products by *Euromoney*, and voted Outstanding Private Bank for Alternative Investments by *Private Banker International*. The business is continuing to expand across all its platforms, focusing in particular on the fast-growing Asian markets.

Net inflows for the year amounted to EUR 6.3 billion (13% of assets under management on an annual basis), up 28.6% on 2004, while total assets under management stood at EUR 59.4 billion at the end of December 2005, compared with EUR 48.4 billion a year earlier.

The business line recorded a 16.9%* rise in net banking income on 2004, as gross margins remained at a high level of 100 basis points.

The growth in operating expenses (+12.9%* on 2004) can be attributed to ongoing investment in sales and infrastructure as well as to the rise in performance-linked pay resulting from increased business volumes.

Full-year operating income was a substantial 33.6%* higher than in 2004.

Société Générale Securities Services and Online Savings

In millions of euros	2005	2004	Change	
Net banking income	892	755	**+18.1%**	+15.1%*
Operating expenses	(761)	(662)	**+15.0%**	+11.5%*
Gross operating income	**131**	**93**	**+40.9%**	**+40.9%***
Net allocation to provisions	(3)	0	**NM**	NM
Operating income	**128**	**93**	**+37.6%**	**+37.6%***
Net income on other assets	0	5	**NM**	
Income tax	(43)	(31)	**+38.7%**	
Net income before minority interests	85	67	**+26.9%**	
Minority interests	(4)	(3)	**+33.3%**	
Net income	**81**	**64**	**+26.6%**	**+26.6%***
C/I ratio	85.3%	87.7%		
Average allocated capital	279	197	**+41.5%**	

** When adjusted for changes in Group structure and at constant exchange rates*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

The market environment remained generally favorable, providing a boost for new business volumes in Société Générale Securities Services. At the same time, the division completed or announced a number of acquisitions that tied in with its three strategic development priorities:

- expansion of FIMAT's global market share in cash and derivatives brokerage;
- development of a pan-European offering in custody, depositary banking and fund administration;
- positioning of Boursorama as a major player in online savings in Europe.

FIMAT confirmed its excellent positioning, strengthening its share of the global market[6] (5.3% for the clearing and execution of listed derivatives in 2005, versus 5.0% last year). Moreover FIMAT acquired PreferredTrade the broker, thereby bolstering its execution and clearing services in the North American equity and equity derivatives markets.

The Securities Services subdivision saw a 27% increase in assets under custody on 2004, and a 9% rise in the number of funds under administration. Furthermore SG SS announced its acquisition of Unicredito's securities services business: this transaction will strengthen the subdivision's pan-European platform, due to Unicredito's strong market share in Italy and its presence in the key European markets (Luxembourg, Ireland, Germany). It will enable SG SS to position itself as the third largest European player in terms of assets under custody, with almost EUR 2,000 billion.

Given its significant potential in terms of synergies, the acquisition of Unicredito's securities services business has also led to a sharp upward revision of SG SS's financial objectives for 2008 (twofold increase in 2005 gross operating income by 2008; cost/income ratio of less than 80% in 2008).

Boursorama confirmed its number one ranking in online brokerage in France and became the second largest player in the UK market following the acquisition of Squaregain (ex-Comdirect UK). Moreover, the planned tie-up with CaixaBank France, announced in January 2006, will enable Boursorama Banque to step up its strategic development of an online banking offer.

SG SS and Boursorama recorded a 15.1%* increase in net banking income on 2004.

Operating expenses edged up by a moderate 11.5%* on 2004, despite continued investments in both FIMAT and the Securities Services subdivision.

Operating income for the year rose by an impressive 37.6%* on 2004.

(6) On major derivatives exchanges of which FIMAT is a member.

Corporate and Investment Banking: an exceptional year

In millions of euros	2005	2004	Change	
Net banking income	5,697	4,727	**+20.5%**	+20.4%*
Operating expenses	(3,320)	(2,924)	**+13.5%**	+13.5%*
Gross operating income	**2,377**	**1,803**	**+31.8%**	**+31.5%***
Net allocation to provisions	145	61	**x 2.4**	NM
Operating income	**2,522**	**1,864**	**+35.3%**	**+34.9%***
Net income from companies accounted for by the equity method	22	26	**-15.4%**	
Net income on other assets	(11)	16	**NM**	
Impairment losses on goodwill	(13)	0	**NM**	
Income tax	(668)	(447)	**+49.4%**	
Net income before minority interests	1,852	1,459	**+26.9%**	
Minority interests	(11)	(6)	**+83.3%**	
Net income	**1,841**	**1,453**	**+26.7%**	**+27.2%***
C/I ratio	58.3%	61.9%		
Average allocated capital	4,148	3,523	**+17.7%**	
ROE after tax	**44.4%**	**41.2%**		

** When adjusted for changes in Group structure and at constant exchange rates*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

The **Corporate and Investment Banking division** posted exceptional revenues in 2005, up 20.4%* on 2004, as equity and financing markets proved generally positive.

This performance confirms the success of the profitable growth strategy implemented by the division since 2003, aimed at increasing and diversifying client revenues (over two thirds of 2005 revenues) and pursuing a sustained, selective investment strategy. The division's recognized expertise reflects the growth of the client base in three key businesses:

- In **derivative products**, *IFR*, *Risk Magazine* and *The Banker* named Société Générale Best Global Equity Derivatives House for the second year in a row. The Group was also singled out for the Commodities Now Gold Award for Excellence in Energy Risk Management and is a leading player in interest rate and credit derivatives according to *Risk Magazine*;
- In **euro capital markets**, the Group reaffirmed the strong progress it has made over the past five years, remaining in the top 5 in the main client segments and asset classes. In particular it earned the No.5 position in fixed income and No.1 in securitization (IFR rankings), and was ranked No.5 for "capital raising overall" and "Best Equity House in France" by *Euromoney*;
- Société Générale, a global leader in **structured finance** (designated Best Export Finance Arranger for the fourth year in a row and Best Structured Commodities Bank for the third year in a row by *Trade Finance* magazine), was also named "Global Bank of the Year" for project finance by PFI magazine;

Corporate Banking and Fixed Income

In millions of euros	2005	2004	Change	
Net banking income	3 ,143	2,698	**+16.5%**	+16.1%*
Operating expenses	(1,786)	(1,569)	**+13.8%**	+13.5%*
Gross operating income	**1,357**	**1,129**	**+20.2%**	**+19.8%***
Net allocation to provisions	132	106	**+24.5%**	+22.2%*
Operating income	**1,489**	**1,235**	**+20.6%**	**+20.0%***
Net income from companies accounted for by the equity method	22	27	**-18.5%**	
Net income on other assets	(10)	18	**NM**	
Impairment losses on goodwill	0	0	**NM**	
Income tax	(377)	(297)	**+26.9%**	
Net income before minority interests	1,124	983	**+14.3%**	
Minority interests	(11)	(6)	**+83.3%**	
Net income	**1,113**	**977**	**+13.9%**	**+13.5%***
C/I ratio	56.8%	58.2%		
Average allocated capital	3,751	3,168	**+18.4%**	
ROE after tax	**29.7%**	**30.8%**		

** When adjusted for changes in Group structure and at constant exchange rates*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

In 2005, **Corporate Banking and Fixed Income** posted a notable 16.1%* increase in revenues on last year. The fixed income business put in a strong performance, notably in client-driven activities in the bond, credit and commodity markets, while the structured finance business reported a sharp increase in revenues.

Equity and Advisory

In millions of euros	2005	2004	Change	
Net banking income	2,554	2,029	**+25.9%**	+26.0%*
Operating expenses	(1,534)	(1,355)	**+13.2%**	+13.4%*
Gross operating income	**1,020**	**674**	**+51.3%**	**+51.3%***
Net allocation to provisions	13	(45)	**NM**	NM
Operating income	**1,033**	**629**	**+64.2%**	**+64.2%***
Net income from companies accounted for by the equity method	0	(1)	**NM**	
Net income on other assets	(1)	(2)	**-50.0%**	
Impairment losses on goodwill	(13)	0	**NM**	
Income tax	(291)	(150)	**+94.0%**	
Net income before minority interests	728	476	**+52.9%**	
Minority interests	0	0	**NM**	
Net income	**728**	**476**	**+52.9%**	**+55.7%***
C/I ratio	60.1%	66.8%		
Average allocated capital	398	355	**+12.0%**	
ROE after tax	**183.1%**	**134.1%**		

** When adjusted for changes in Group structure and at constant exchange rates*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

The **Equity and Advisory business** saw strong growth in 2005 (revenues up 26.0%* on 2004), driven by sustained client-driven activity in equity derivatives and strong results in trading activities, in particular arbitrage transactions which were boosted by the favorable trading environment. The Cash Equity and Advisory business benefited from the rise in European secondary market activity.

The application of IAS 32 & 39 had a limited impact of EUR -139 million on full-year revenues.

Operating expenses in the Corporate and Investment Banking division rose by 13.5%* in relation to 2004, well below the rate of revenue growth. The division continued its strategy of cost control combined with targeted investments to increase profitable growth.

The cost to income ratio thus came out at an exceptional low of 58.3% for the year, while gross operating income rose sharply by 31.5%* on 2004.

The credit risk environment remained favorable, enabling the Corporate and Investment Banking division to write back a net total of EUR 145 million from its provisions over the year. Few new loans required provisioning; at the same time, the division was able to write back specific provisions thanks to an improvement in its counterparties' financial positions, the disposal or repayment of loans under the policy of active management of the credit portfolio, and a reduction in at-risk outstanding loans.

Market risk was lower in 2005: the average VaR was EUR 19.5 million for the year (versus EUR 24.5 million in 2004).

The Corporate and Investment Banking division made a very high contribution of EUR 1,841 million to Group net income for the year, representing a 26.7% increase on 2004.

For the past two years, the division has maintained after tax profitability in excess of 30%: ROE after tax came out at 44.4% for 2005, versus 41.2% in 2004.

CORPORATE CENTER

In millions of euros	2005	2004
Net banking income	228	(270)
Operating expenses	(151)	(126)
Gross operating income	**77**	**(396)**
Net allocation to provisions	27	(33)
Operating income	**104**	**(429)**
Net income from companies accounted for by the equity method	0	9
Net income on other assets	162	158
Impairment losses on goodwill	(10)	4
Income tax	166	197
Net income before minority interests	422	(61)
Minority interests	(209)	(72)
Net income	**213**	**(133)**

2004: IFRS (excluding IAS 32 & 39 and IFRS 4)
2005: IFRS (including IAS 32 & 39 and IFRS 4)

The Corporate Center recorded net income of EUR 213 million for the year, compared with a loss of EUR 133 million in 2004.

Income from the equity portfolio, now booked under NBI in accordance with IAS 32 & 39, amounted to EUR +253 million for the year and derived notably from the sale of the Group's stake in Santander. At December 31, 2005, the IFRS net book value of the industrial portfolio, excluding unrealized capital gains, stood at EUR 1.3 billion, representing a market value of EUR 1.9 billion.

The annual result of the Corporate Center includes EUR +131 million arising from the disposal of the Group's retail banking business in Argentina and its 20% stake in United Arab Bank.

Methodology

In the accounts for the period ending September 30, 2005, the Group noted that the model previously used to determine the provisions for deferred profit-sharing in insurance activities no longer provided an adequate view of the expected future use of capital gains on fixed income securities. As a result, the Group increased its life insurance subsidiary's provision for deferred profit-sharing to the same level as its capital gains and restated its accounts in accordance with IAS 8. This had the following impact on the Group's accounts:

- *reduction of EUR 140m in shareholders' equity in the 2004 opening balance sheet under IFRS excluding IAS 32 & 39 and IFRS 4,*
- *reduction of EUR 12m in 2004 net income,*
- *increase of EUR 2m in H1 05 net income.*

Group ROE for 2005 is calculated on the basis of average Group shareholders' equity under IFRS (including IAS 32 & 39 and IFRS 4) excluding (i) unrealized capital gains or losses, and (ii) deeply subordinated notes, and deducting (iii) interest to be paid to holders of deeply subordinated notes. The net income used to calculate ROE excludes interest, net of tax impact, to be paid to holders of deeply subordinated notes for the period (i.e. EUR 25 million for 2005).

Net assets are comprised of Group shareholders' equity, excluding, as of 2005, (i) deeply subordinated notes (EUR 1 billion) and (ii) interest to be paid to holders of deeply subordinated notes, but reinstating the book value of trading shares held by the Group and shares held under the liquidity contract. The number of shares used to calculate book value per share is the number outstanding at December 31, 2005, excluding treasury shares and buybacks, but taking into account (a) trading shares held by the Group, and (b) shares held under the liquidity contract.

FINANCIAL POLICY

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

Capital base

At December 31, 2005, Group shareholders' equity amounted to EUR 23.5 billion(7) and book value per share to EUR 55.8 euros, including EUR 4.2 per share of unrealized capital gains. Risk-weighted assets were pushed up by 13.2%* year-on-year (+18.5% in absolute terms), reflecting strong organic growth, notably in Corporate and Investment Banking. However, this was significantly lower than the pace of revenue growth. At December 31, 2005, the Group's Tier-one ratio stood at 7.6%, stable on January 1, 2005 (7.7%).

The Group follows a share buyback policy designed to neutralize the dilutive impact of the annual capital increase reserved for employees and the attribution of stock options and restricted shares. Under this policy, the Group bought back 8.7 million shares in 2005. After cancelling 11 million shares on February 9, 2005 and 7.1 million shares on November 22, 2005, with the approval of the CECEI and in accordance with AMF regulations, Société Générale held 26.9 million of its own shares, excluding those held for trading purposes (i.e. 6.2% of its capital).

The Group is rated Aa2 by Moody's, AA- (with a positive outlook) by S&P and AA- by Fitch. Société Générale is one of the best-rated banking groups.

(7) *This figure includes (i) EUR 1 billion from the issue of deeply subordinated notes in January 2005, and (ii) EUR 1.7 billion of unrealised capital gains.*

Generation and use of capital in 2005

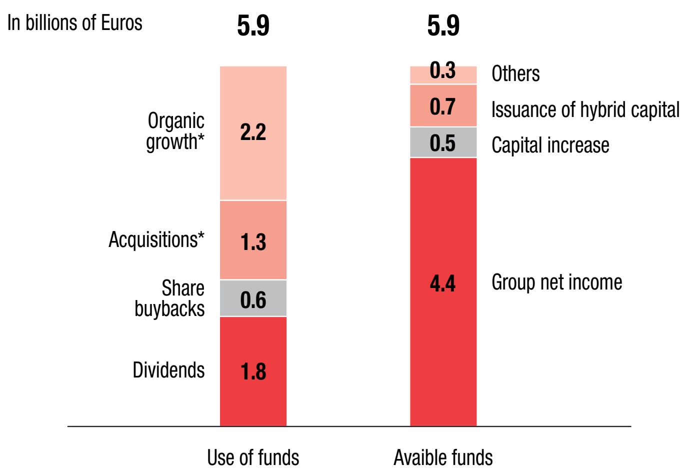
The main changes in shareholders' equity over 2005 were as follows:

Available funds:

- attributable net income of EUR 4.4 billion;
- additional paid-in capital from capital increases reserved for employees in the amount of EUR 0.5 billion;
- additional paid-in capital from the issuance of equity instruments (deeply subordinated notes), in the amount of EUR 0.7 billion;
- various items, including changes in reserves, in the amount of EUR 0.3 billion.

Use of funds:

- financing of organic growth: EUR 2.2 billion in 2005 at constant exchange rates, reflecting growth in all the Group's businesses;
- financing of acquisitions: EUR 1.3 billion in 2005;
- the dividend paid for 2005, up 36% on 2004 (payout ratio of 41% in 2005);
- share buybacks intended to offset the dilutive impact of capital increases reserved for employees, and the attribution of stock options and restricted shares, corresponding to the purchase of 8.7 million shares in 2005 (EUR 0.6 billion).



** Calculated on basis of a Tier-one ratio of 7.5%*

Financing of the main investments currently underway

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

SIGNIFICANT NEW PRODUCTS OR SERVICES

In line with its strategy of innovation, the Société Générale Group launched a number of new products and services in 2005, the most significant of which are listed below:

Business division	New product or service	
French Networks	Bienvenue	Société Générale carries out all administrative formalities for new customers changing banks, completely free of charge.
	Sogecommerce	Electronic payment service for medium-sized retailers. Subscribers have access to teams of specialists who provide assistance with payment processing and electronic equipment.
	Jazz International	Complete day-to-day banking and cash management offering for expat customers.
	Antarius Quatre Etoile	Crédit du Nord capital-guaranteed fund intended for life insurance policies. The fund is indexed to 4 Etoile management funds that complement each other in terms of management style and geography; the principal sum is guaranteed after 8 years.
Retail Banking outside France	I-Transfert	24-hour service allowing individual customers to request international transfers via telephone, at competitive rates.
Financial Services	Disponis	Direct consumer loan service, available via Internet and telephone.
Asset Management	SGAM ETF	First leveraged and cushioned structured ETFs listed on Euronext: SGAM ETF Flexible CAC 40 which provides a partial capital protection combined with exposure to the performance of the index, and SGAM ETF Leveraged CAC 40 which replicates up to 200% of the gains or losses of the CAC 40.
	Gamme Sogecristal	Capital-guaranteed funds distributed by the Société Générale network, intended for retail customers looking for a secure investment that provides actively managed exposure to the equity markets, allowing them to profit from the upside potential of major Paris-listed stocks.
	FCPI Innovation Protection 75	Risk capital fund combining partial capital protection (guarantee of a NAV of at least 75% of the initial investment at maturity*) with the tax benefits of a FCPI (in particular, 25% of the investment can be deducted from taxable income), that offers exposure to high-potential stocks. * excluding front-end load and after deduction of any assets distributed to holders of shares in the fund.
Securities Services	Brokerage	Development of the division's equity processing capabilities in the US through the acquisition of Preferred Trade.
	Fund administration	SGSS/Euro-VL launched two new financial engineering services: Performance Measurement, Analysis and Attribution and pricing of OTC and complex products. This latter service is a ground-breaking initiative in the securities services industry.
Corporate and Investment Banking	CMBS	First client issue of Commercial Mortgage Backed Securities (CMBS) and first issue of CMBS denominated in GBP, enabling the clients in question to refinance their debt.
	Cross Asset Research	A new research approach combining the views of SG CIB's equity, credit, equity derivatives, foreign exchange, convertibles, commodity and economic research teams. Cross-asset research is designed to provide institutional investors with insightful analysis that takes into account the growing correlation between different asset classes.
	Lyxor ETF China Enterprise	First ETF listed on Euronext that replicates the Chinese HSCEI index (calculated and published since 1994), providing investors with exposure to the performances of large Chinese corporates listed on the Hong Kong stock exchange.
	OpenCredit	First completely transparent tool for the analysis and valuation of credit derivatives, designed to help financial institutions comply with the accounting constraints and regulations on the valuation and management of the risks associated with these instruments .
	European Carbon Fund	Participation in the first non-governmental fund invested in a completely new asset class - CO2 emission rights. The fund gives investors simultaneous exposure to emission rights and to financial instruments derived from these assets.

NB: for a full list of all new products and services, go to www.socgen.com

PRINCIPAL INVESTMENTS

As part of its strategy to increase its customer base in Europe and secure its long-term growth, the Group made further targeted acquisitions in 2005, notably in its designated growth drivers: Retail Banking outside France, Financial Services, Global Investment Management and Services.

PRINCIPAL INVESTMENTS OVER THE LAST THREE FISCAL YEARS

Business division	Description of the investment
2005	
Retail Banking outside France	Acquisition of 91% of MIBank (Egypt) by NSGB.
	Acquisition of 100% of DeltaCredit Bank, Russia's leading player in housing loans.
	Acquisition of 64.44% of Podgoricka Banka, the third largest bank in Monténégro in terms of assets (market share of 13.3%).
Financial Services	Acquisition of a 75% stake in Hanseatic Bank, a subsidiary of the Otto Group. Hanseatic Bank ranks as Germany's No.4 consumer credit specialist.
	Acquisition by Fiditalia of Finagen's financing business in Italy.
	Acquisition by ALD International of a 51% stake in Alfa Oto Filo Kiralama, a Turkish group specializing in operational vehicle leasing.
	Acquisition of Eurobank, a Polish company specializing in consumer credit.
	Acquisition of 100% of Promek Bank, a subsidiary of the Sok Group (Russia) and one of the leading regional banks specializing in consumer credit, and notably in car loans.
Corporate and Investment Banking	Acquisition of Bank of America's hedge fund-linked structured investment business.
SG Securities Services and Online Savings	Acquisition by Fimat of PreferredTrade (US) in order to extend its service offering in all US cash equities and derivative products.
	Acquisition by Boursorama of Squaregain (ex Comdirekt UK), a major online brokerage player in the UK.
2004	
Retail Banking outside France	Purchase of a majority stake (50.01%) in General Bank of Greece.
Financial Services	Acquisition of the business finance activities of Elcon, Norway's leading player in this field.
Asset Management	Acquisition of Resona Asset Management.
2003	
Retail Banking outside France	Acquisition of a 51% stake in SSB Bank Ltd, the 4th largest bank in Ghana.
	Acquisition of a 50% stake in Banque Française Commerciale-Océan Indien (BFCOI).
Financial Services	Acquisition of Hertz Lease's European operational vehicle leasing and fleet management business.
Private Banking	Acquisition of a 67% stake in Compagnie Bancaire Genève, a Swiss bank specializing in wealth management services for private clients.
Corporate and Investment Banking	Acquisition of Constellation Financial Management's technological assets and of FEP Holdings L.P.'s assets and client contracts.Constellation is a leading specialist in the innovative securitization of deferred management fees.

RECENT DEVELOPMENTS AND FUTURE PROSPECTS

In 2006, the Group will continue to roll out its profitable growth strategy, taking advantage of the solid positions it has built up so far.

Its strategic priorities will remain unchanged: to secure its long-term growth, manage its risk exposure and improve its operating efficiency.

Building on the three core values that unite its 103,000 staff (professionalism, team spirit and innovation), the Group will continue to expand and improve its customer base, exploiting opportunities for synergies between its different businesses and geographical locations.

The French Networks will consolidate their existing franchises by increasing customer acquisition and loyalty in both the individual and SME segments. This will be achieved through the skills and talent of the network staff, and through ongoing improvements in the product offering and operating platforms designed to enhance productivity and service quality.

The Corporate and Investment Banking division will capitalize on its leadership positions in derivatives (equity, commodity, forex and interest rate derivatives), structured finance and euro capital markets to generate further growth in key European countries and retain its reputation as one of the most innovative players in the market.

The Group's growth drivers, Financial Services, Retail Banking outside France and Global Investment Management and Services will continue to make a substantial contribution: they will maintain a dynamic pace of organic growth, opening new branches and exploiting synergies between entities and business lines.

In parallel to this organic growth, the Group will look for further targeted acquisitions that meet its strict strategic and financial objectives.

2006 will also see continued preparations for the application of the new Basel II capital requirements: the business divisions and support functions are currently working to adapt the Group's financial management to the new regulatory framework.

POST-CLOSING EVENTS

The main post-closing events are as follows:

Announcement of the intended tie-up of Boursorama and CaixaBank

On January 27, 2006, Boursorama and Caixa Holding announced they had begun discussions on the proposed tie-up of Boursorama and CaixaBank, a French subsidiary of CaixaHolding.

Following the tie-up, CaixaHolding will be Boursorama's second largest shareholder, after Société Générale.

The new entity will operate a direct banking service, under the Boursorama Banque brand, distributing a range of products and services via the telephone and Internet, and through the CaixaBank branch network.

Together, the two companies will form a major online banking player in the French market.

Announcement of the acquisition of UniCredito's Securities Services business

At the end of January 2006, Société Générale Securities Services (SGSS) announced it was to acquire 2S Banca S.p.A, the securities services subsidiary of Unicredito, for EUR 548 billion. 2S Banca S.p.A. has a total of EUR 513 billion of assets under custody. It is the second largest securities custodian in Italy, where it has EUR 455 million of assets under custody. It provides securities custody, depositary banking, settlement and delivery, fund administration and transfer agency services for clients in Italy, Luxembourg and Dublin.

SGSS will become the third largest European custodian with close to EUR 2,000 billion of assets under custody.

The deal was signed at the end of February 2006 and should be finalized before the end of 2006, subject to the approval of the supervisory authorities.

Integration of Oster Lizing

In October 2005, the Group announced the acquisition of 100% of Oster Lizing, a Hungarian consumer credit company specializing in car loans.

The deal is subject to approval by the Hungarian supervisory authorities.

Oster Lizing will be incorporated into the Société Générale Group's accounts during 2006.

The acquisition provides the Group with a car loan offering in the Hungarian market, completing its Specialized Financing platform in Hungary where it already operates via ALD (operational vehicle leasing and fleet management) and SGEF (vendor and equipment finance).

Creation of a joint platform for employee savings plan administration

In February 2006, Axa France, BNP Paribas, HSBC France and Société Générale announced the creation of a joint platform for employee savings plan administration in France.

The joint venture is a limited joint-stock company (*société par actions simplifiée*) with a capital of EUR 213,607 at January 1, 2006. Ownership of its capital will be updated each year and will vary according to the volume of business given to it by each of its partners.

At January 1, 2006, it broke down as follows:

- Société Générale - 36.7%,
- AXA Epargne Entreprises - 11.7%,
- BNP Paribas ERE - 33.5%,
- HSBC EE - 18.1%.

This platform is set to become the leading player in employee savings account administration in France, with more than 4 million employee accounts under management and over 300 staff.

This joint venture will allow the four partners to take advantage of the excellent growth opportunities offered by the employee savings market. The aim is to provide a growing number of companies and employees with a comprehensive range of high quality services, to support the expansion of employee savings, and to provide a centralized account management service in association with several fund management companies.

The platform will allow the pooling of administration resources while at the same time allowing the partners to continue to distribute own-branded products to their own clients. Partners will be charged for the administration services received.

Major changes in the Group's commercial or financial position

There have been no significant changes in the Group's commercial or financial position since the end of 2005.

ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

(in billions of euros)	Dec. 31, 2005	Jan. 1, 2005*	% change
Cash, due from central banks	**6.2**	5.2	19%
Financial assets at fair value through profit and loss	**412.2**	283.5	45%
Hedging derivatives	**3.7**	2.8	33%
Available-for-sale financial assets	**73.6**	67.6	9%
Due from banks	**53.4**	53.4	-0%
Customer loans	**227.2**	198.9	14%
Lease financing and similar agreements	**22.4**	20.6	8%
Revaluation differences on portfolios hedged against interest rate risk	**0.2**	0.3	-41%
Held-to-maturity financial assets	**1.9**	2.2	-13%
Tax assets and other assets	**32.7**	32.2	1%
Tangible and intangible assets	**14.9**	12.1	23%
Total	**848.4**	**678.8**	**25%**

LIABILITIES

(in billions of euros)	Dec. 31, 2005	Jan. 1, 2005*	% change
Due to central banks	**2.8**	1.5	85%
Financial liabilities at fair value through profit and loss	**286.8**	213.3	34%
Hedging derivatives	**2.2**	3.4	-37%
Due to banks	**113.2**	79.8	42%
Customer deposits	**222.5**	192.9	15%
Securitized debt payables	**84.3**	68.8	23%
Revaluation differences on portfolios hedged against interest rate risk	**0.8**	0.7	12%
Tax liabilities and other liabilities	**34.7**	31.3	11%
Underwriting reserves of insurance companies	**57.8**	49.2	18%
Other provisions	**3.0**	2.9	3%
Subordinated debt	**12.6**	12.6	0%
Group shareholders' equity	**23.4**	18.5	27%
Minority interests	**4.2**	3.9	8%
Total	**848.4**	**678.8**	**25%**

At December 31, 2005, the consolidated balance sheet stood at EUR 848.4 billion, representing an increase of EUR 169.6 billion (+25%) versus January 1, 2005 (EUR 678.8 billion). The change in the dollar and pound sterling exchange rates affected the balance sheet in the amount of EUR +24 billion and EUR +0.6 billion respectively.

The main changes in the Group's structure over the course of 2005 were the acquisition of a 75% stake in Hanseatic Bank, of 98.98% of Eurobank and of 71.08% of MIBank (91%-owned by NSGB, which is 78%-owned by Société Générale), along with the consolidation of SG Algérie and Oradéa Vie. These changes in scope added EUR +6.9 billion to the Group's consolidated balance sheet.

** Amounts adjusted in relation to the balance sheet published at June 31, 2005 and January 1, 2005 (Sogécap's provisions for deferred profit-sharing). See* Notes to the consolidated financial statements *for the applicable accounting principles.*

Main changes in the consolidated balance sheet

Customer loans stood at EUR 227.2 billion at December 31, 2005, including securities purchased under resale agreements, representing a rise of EUR 28.3 billion or 14.2% versus January 1, 2005, and including an impact of EUR +5.6 billion from the dollar and EUR +4.1 billion from changes in the consolidation scope (Hanseatic Bank: EUR 1.3 billion, MIBank: EUR 1 billion, Eurobank: EUR 0.3 billion).

The remainder of the rise is attributable to the following factors:

- increased housing loan issuance (EUR +9.2 billion), linked to the buoyant property market;
- growth in short-term credit facilities (EUR +8.4 billion), primarily for business customers (EUR +6.9 billion);
- a rise in equipment loans (EUR +6 billion).

Outstanding customer deposits, including securities sold under repurchase agreements, stood at EUR 222.5 billion at December 31, 2005, up by EUR 29.7 billion (+15.3%) versus January 1, 2005. The rise incorporates a EUR +6.6 billion impact from changes in the dollar exchange rate, and a EUR +3.5 billion impact from changes in the consolidation scope (Hanseatic Bank: EUR +0.9 billion, MIBank: EUR +1.7 billion).

The increase also reflects a rise in the balance of current accounts (EUR +12.5 billion) and of term deposit accounts (EUR +15.8 billion).

Debts to banks increased by EUR 33.4 billion, including EUR +5.8 billion due to currency fluctuations. The sharp EUR 29 billion rise is primarily attributable to bank term deposits.

The fair value of financial assets booked through profit and loss (EUR 412.2 billion at December 31, 2005) increased by EUR 128.7 billion in relation to January 1, 2005, including an impact of EUR +10.3 billion from the dollar. EUR 113.4 billion of the rise is attributable to an increase in the value of the trading portfolio (EUR +28 billion for the equity portfolio, EUR +37.7 billion for the bond portfolio, EUR +38.3 billion for securities purchased under resale agreements and EUR +9 billion for public notes), EUR +17.7 billion to an increase in the value of trading derivatives (principally due to the premiums on equity and index derivatives EUR +7.7 billion), and EUR +5.9 billion to an increase in the value of commodity futures and options.

Similarly, the fair value of financial liabilities booked through profit and loss (EUR 286.8 billion at December 31, 2005) increased by EUR 73.4 billion in relation to January 1, 2005, including an impact of EUR +7 billion due to the dollar. The rise is attributable in part to a EUR 48.8 billion increase in the value of trading liabilities, including EUR +12.9 billion on securitized debt payables, EUR +11.9 billion on securities sold under repurchase agreements and EUR +23.2 billion on borrowed securities and debt and equity instruments sold short. It is also attributable to a EUR +23.1 billion rise in the value of trading derivatives, relating primarily to equity and index options (EUR +11.3 billion) and to commodity futures and options (EUR +6.1 billion).

Group shareholders' equity stood at EUR 23.5 billion at December 31, 2005 versus EUR 18.5 billion at January 1, 2005, mainly reflecting the following:

- 2005 net income: EUR +4.4 billion,
- variation in treasury stock: EUR +0.7 billion,
- 2004 dividend payment: EUR -1.4 billion;
- issuance of deeply subordinated notes: EUR +1 billion
- variation in unrealized capital losses and gains: EUR +0.4 billion.

After taking into account minority interests (EUR 4.2 billion), total shareholders' equity amounted to EUR 27.7 billion at December 31, 2005.

This represented a B.I.S. ratio of 11.3% at December 31, 2005. The Tier-one ratio stood at 7.6% of risk-weighted assets (EUR 255 billion), reflecting the financial strength of the Group.

Group debt policy

The Société Générale Group's debt policy reflects its refinancing requirements and is based on two major objectives. On the one hand, the Group actively seeks to diversify its sources of financing in order to guarantee its stability: at December 31, 2005, customer deposits and insurance deposits accounted for EUR 264.4 billion (i.e. 31% of the Group's liabilities), while debt instruments, interbank deposits and funds generated through the refinancing of securities portfolios amounted to EUR 378 billion (i.e. 45% of Group liabilities).

The balance of refinancing requirements was met through a combination of shareholders' equity, derivatives, bonds and other financial accounts and provisions. On the other hand, the Group manages the maturity and currency composition of its debt with a view to minimizing its exposure to currency and mismatch risk.

PROPERTY AND EQUIPMENT

The gross book value of the Société Générale Group's tangible fixed assets amounted to EUR 14.8 billion at December 31, 2005. This figure essentially comprises land and buildings (EUR 3.1 billion), assets rented out by specialized financing companies under pure rental agreements (EUR 7.5 billion), and other tangible assets (EUR 4 billion).

The gross book value of the Group's investment property amounted to EUR 386 million at December 31, 2005.

The net book value of tangible fixed assets and investment property amounted to EUR 9.5 billion at December 31, 2005, representing just 1.1% of the consolidated balance sheet. Due to the nature of the Group's activities, the weighting of property and equipment in its overall assets is low.

The Group is in the process of constructing a new high-rise building, located next to its administrative headquarters at La Défense. These premises will house a number of departments currently based at other sites across Paris.

5 CORPORATE GOVERNANCE

INFORMATION ON CORPORATE GOVERNANCE

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

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

Since early 2000, the Board of Directors and the Committees have been governed by internal rules. A Directors' Charter lays out the compliance rules applicable to the Directors of Société Générale. The internal rules and the Directors' Charter, together with the Company's by-laws, are included as an appendix to this document.

This section contains two parts. The first, which covers the work of the Board of Directors, contains the Chairman's report on how the Board prepares and organizes its work (Articles L 225-37 and L 225-51 of the French Commercial Code). This report was presented to the Nomination Committee and to the Board of Directors. The activity reports of each Committee were approved by the Committees themselves. The second part covers the composition of the Board of Directors and its appraisal, and relations with the Statutory Auditors. It was approved by the Board of Directors at its meeting on February 15, 2006, on the advice of the Nomination Committee and the Audit Committee.

Chairman's Report

Board of Directors

Société Générale is a *Société Anonyme* (French limited liability corporation) managed by a Board of Directors. In April 2003, the Board of Directors upheld the Group's monistic management structure, considering it the most suitable option for the Company in its current position. Under this structure, the Chairman, Daniel Bouton, also carries out the functions of Chief Executive Officer and is assisted by Philippe Citerne in the capacity of Chief Executive Officer.

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

Directors

The Group's directors hold a significant number of shares personally: although the statutory minimum is 200 shares, the Directors' Charter recommends that each director appointed by shareholders hold at least 600 Société Générale shares. 93% of directors comply with this recommendation. In accordance with changes made to the internal rules, which took effect in 2005, a third of the total attendance fees is split equally between the Directors, although members of the Audit Committee each receive three parts. Remaining attendance fees are paid in proportion to attendance at Board or Committee meetings (see page 67).

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

The Directors' Charter was modified in January 2005 to extend this rule to transactions involving securities of listed subsidiaries of Société Générale. Directors must inform Société Générale of any transactions they or persons close to them have carried out on Société Générale shares. Directors must inform Société Générale immediately of any transaction carried out on the Company's securities. This information is then passed on to the AMF for publication, and is available on the Société Générale website.

Duties and powers of the Board

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

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

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

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

Functioning of the Board

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

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

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

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

Activity report of the Board of Directors for 2005

The Board of Directors met thirteen times in 2005, with meetings lasting an average of two and a half hours. The attendance rate of directors was 77%, compared with 84% in 2004 and 82% in 2003.

The Board appointed Mr. Kaneko, President of Meiji Yasuda Life Insurance, as non-voting Director in accordance with the by-laws.

The Board approved the annual, half-yearly and quarterly results; for the first time, the consolidated financial statements were drawn up in accordance with IAS/IFRS (International Accounting Standards/International Financial Reporting Standards).

The Board examined the 2005 budget, deliberating on a number of acquisitions in accordance with its internal rules. The projects that were approved and implemented concerned:

- retail banking outside France (MIBank in Egypt);
- consumer credit: Eurobank in Poland and Promekbank in Russia;
- securities services (acquisition of Unicredito's securities services business);
- corporate and investment banking in the US (Bank of America's hedge fund financing activities).

It also discussed several other major projects which have not yet been approved, particularly in China and Turkey.

It approved the disposal of the Group's stake in Santander.

The Board continued to review the Group's strategies for its core businesses and markets. In 2005, it carried out a review of the strategy for securities services, means of payment, the Société Générale retail banking network in France, corporate and investment banking in the US, asset management and online savings and banking. It also examined the positioning of the Group's core businesses in several key European countries.

The Board of Directors reviewed the Group's risk exposure and approved the global annual limits for market risk. It examined the annual reports submitted to the French Banking Commission as well as the follow-up letters received from the Banking Commission further to its own audits.

The Board approved the Group Code of Conduct and the new organizational structure for the internal control system and notably for compliance controls, implemented following the changes to the associated French banking regulations.

It decided to implement a stock option plan and a capital increase reserved for employees as part of the Group's global employee share ownership plan.

The Board prepared the resolutions submitted to the General Meeting, notably the resolution on the relaxation of the statutory requirements for the declaration of shareholdings (increase of the first declaration threshold from 0.5% to 1.5%).

Board Committees

The Board's internal rules stipulate that preparatory work for its decisions in certain areas must be carried out by specialized committees composed of directors appointed by the Board. These committees examine matters within their remit and submit their opinions and proposals to the Board for approval.

Three such committees have been created: the Audit Committee, the Compensation Committee and the Nomination Committee. The Board may also set up one or more ad hoc committees.

Audit Committee

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

- reviewing the draft financial statements before they are submitted to the Board, notably verifying how they were prepared and ensuring the relevance and consistency of the accounting principles and methods applied;
- reviewing the choice of methods and rules used in the preparation of the consolidated accounts;

- examining the consistency of the internal mechanisms implemented to control procedures, risks and ethical compliance;
- managing the process for selecting the Statutory Auditors and providing the Board with an opinion on the appointment or renewal of the Statutory Auditors, as well as on their remuneration;
- ensuring that the Statutory Auditors remain independent (see “Statutory Auditors”, page 52);
- examining the work schedule of the Statutory Auditors;
- examining the Group’s internal audit schedule and the annual report on internal control drawn up in accordance with banking regulations, and formulating an opinion on the organization and functioning of the internal audit departments;
- examining follow-up letters sent by the French Banking Commission and issuing an opinion on draft responses.

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

Activity report of the Audit Committee for 2005

The Audit Committee met eleven times in 2005, with an attendance rate of 100%.

At each closing of the accounts, the Audit Committee meets alone with the Statutory Auditors, before hearing the presentation of the accounts by the Chief Financial Officer and comments by the Head of Group Risk Management and the Corporate Secretary on all matters pertaining to risks. Since 2002, one of the chief executive officers attends part of the meetings called to approve the accounts and discusses the highlights of the quarter with the Committee. More in-depth presentations are given by other managers on certain subjects, notably the principal risks, asset and liability management, internal control and the financial aspects of planned acquisitions. Training and information sessions are organized in response to internal needs and any outside developments. For example, in 2005 the Committee spent a day studying the new accounting framework imposed by IFRS and its impact on the Group’s financial statements. This session was open to all directors.

In 2005, the Committee reviewed the draft annual, half-yearly and quarterly consolidated financial statements before their presentation to the Board, and submitted its opinion to the Board on these statements, which were presented for the first time under IFRS. It continued to pay particular attention to the evolution of operating expenses and the cost/income ratio.

As part of its risk control responsibilities, the Committee has adopted an in-depth approach to different risk factors. As such, it ensures that adequate provisions are booked for the principal identified risks and closely monitors the evolution of major risks, such as credit risk, market risk, structural interest rate, exchange rate or liquidity risk, and legal risk, as well as changes in significant on- and off-balance sheet items. The Committee reviews the procedures used to control certain market risks and is consulted on the annual revision of market risk limits.

The Committee examined the report on internal control, the report on risk assessment and monitoring procedures submitted to the French Banking Commission, the compliance report submitted to the Chairman and the internal audit schedule.

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

The Committee examined the policy regarding the use of shareholders’ equity, and the financial aspects of the planned acquisitions submitted to the Board of Directors.

The Audit Committee also examined several cross-business issues (real estate policy, IT systems, and management of major Group projects). It was informed of the progress made in the preparations for the Basel II capital adequacy framework, and the potential consequences thereof.

Every six months, the Committee examines a financial benchmark which shows the performances of the Group’s core businesses in relation to its main competitors.

The Committee discussed the Statutory Auditors’ work schedule and fees for 2005. It also examined the special dispensations to the internal rules granted for assignments liable to be entrusted to the Statutory Auditors. Following this examination, it proposed to the Board that the mandate for the Statutory Auditors should be renewed on its expiry at the 2006 General Meeting (see page 52).

Compensation Committee

Made up of four independent directors, Messrs. Baird, Cicurel, Jeancourt-Galignani and Ricard and chaired by Mr. Jeancourt-Galignani, the Compensation Committee:

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

Activity report of the Compensation Committee for 2005

The Compensation Committee met 4 times in 2005. The attendance rate was 69%, as in 2004. This low attendance rate is due to the absence of Mr. Baird, who was unable to attend the Committee meetings in 2005.

During its meetings, the Compensation Committee prepared the method to be used by the Board to determine the variable portion of the chief executive officers' compensation. The Committee was informed of the remuneration of the members of the Executive Committee (see "Remuneration of senior managers", page 65). It reviewed the situation of the chief executive officers, and submitted proposals for changes to the Board of Directors.

The Committee prepared the appraisal of the chief executive officers and discussed it with the Group's other outside directors before submitting a report to the Chairman.

It also reviewed the terms of the capital increase reserved for employees.

The Committee also examined the consequences of IFRS on the accounting treatment of stock option plans in the consolidated financial statements.

Lastly, the Committee proposed a stock option plan to the Board (see "Stock option plans", page 68) and prepared the decision, approved by the General Meeting, authorizing the distribution of free shares to employees.

Nomination Committee

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

The Nomination Committee prepares the Board of Directors' review of issues pertaining to corporate governance. It carries out the appraisal of the Board of Directors. It submits proposals to the Board of Directors concerning the presentation of Board members in the Annual Report, notably as regards the list of independent directors. It makes proposals to the Board regarding its composition, after carrying out any necessary inquiries. The Nomination Committee is informed prior to the appointment of any member of the Group's Executive Committee and any head of a corporate department who does not sit on this Committee. It is informed of the list of replacements for these senior managers.

Activity report of the Nomination Committee for 2005

The Nomination Committee met three times in 2005, with an attendance rate of 73% (79% in 2004) due to the absence of Mr. Baird.

It prepared the Board's review of the corporate governance section of the 2005 Registration Document, in particular the section concerning the assessment of directors' independence (see below). It made a proposal to the Board for the appointment of the directors submitted to the 2005 General Meeting for approval and prepared the proposals for the 2006 General Meeting. It prepared the Board's responses to the written questions received on the subject of corporate governance.

Lastly, the Committee prepared the appraisal of the Board of Directors (see below). It reviewed the list of replacements for the chief executive officers, in order to be able to submit a proposal to the Board should the need arise.

It was presented with the list of replacements for the heads of the Group's divisions.

Activity report of the Board of Directors

Composition (at December 31, 2005)

The thirteen directors appointed by the General Meeting have four-year mandates. The expiry dates for these mandates are spread out in such a way as to ensure that around one quarter are renewed each year. The mandate of the directors elected by Société Générale employees is three years, but this term shall be reduced to two years following the 2006 General Meeting.

The Board of Directors has sixteen members (one woman and fifteen men), three of whom are representatives elected by employees. Three directors are non-French nationals. The average age of directors is 60. In 2005, the composition of the Board changed as follows:

- expiry of the mandate of Meiji Yasuda Life Insurance at the General Meeting on May 9, 2005; no replacement was appointed as a result of the General Meeting's approval of the decision to reduce the number of directors appointed by the General Meeting from 15 to 13;
- renewal by the General Meeting of the mandates of Ms. Lulin and Messrs. Azéma and Ricard.

In accordance with the recommendations of the AFEP-MEDEF reports, the Board of Directors, on the basis of the report of its Nomination Committee, examined the independence of each of its members at December 31, 2005 against the criteria set out in the aforementioned report. In particular, it examined the banking relations between the Group and the companies that its directors manage, with a view to determining whether these relationships were of such nature and importance as to color the directors' judgment. This analysis was based on a thorough examination that factored in a number of criteria, including the company's overall debt level and liquidity, the ratio of bank loans to total debt, Société Générale's total exposure and the ratio of this exposure to total bank loans, other commercial relations, etc. The Board of Directors also analyzed the situation of those Directors with ties to groups that hold Société Générale shares. On the basis of these criteria, the Board of Directors considered that Ms. Lulin, Messrs. Azéma, Baird, Cannac, Cicurel, Cohen, Jeancourt-Galignani and Ricard should be regarded as independent directors.

Mr. Ricard is also considered an independent director since the banking relations between the group he chairs and Société Générale are not of a nature to impair his judgment, and the cross-holdings between the two groups were unwound at the end of 2002. Pernod Ricard has not held any shares in Société Générale since 2003.

Mr. Azéma, Groupama's Chief Executive Officer, is considered an independent director since Groupama holds substantively less than 10% of Société Générale's capital, and neither the banking relations between Groupama and Société Générale nor the partnership set up between the two Groups to launch Groupama Banque are liable to color his judgment, given the limited impact of this project for both groups.

The other directors are not considered independent under the criteria given in the AFEP-MEDEF report, either because they are managers or employees of the Group or because they have been directors for over twelve years (Messrs. Viénot and Wyand).

Therefore, eight out of the sixteen directors are independent (i.e. 50% of the Board of Directors and 61.5% of directors appointed by the General Meeting).

This situation is in line with the Board's aim of ensuring that 50% of all directors are independent, as recommended in the AFEP-MEDEF report of September 2002.

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

Appraisal of the Board of Directors and chief executive officers

Since the last performance self-appraisal of the Board of Directors, which took place in late 2002 – early 2003 with the assistance of an external consultancy firm, the Board has dedicated part of one of its meetings each year to appraising its performance, using a detailed questionnaire proposed by the Nomination Committee and approved by the Board. This questionnaire invites each director to comment on performance and make suggestions regarding various aspects of the operation of the Board of Directors and its relations with the management team, and notably comment on the progress made since the last appraisal in those areas identified as requiring modification or improvement. In January 2006, the Board deliberated on the conclusions drawn from the responses to the questionnaire completed in the autumn of 2005. The conclusions show improvements, often marked, in a number of areas relative to last year, particularly in the documentation and information sent to the Board, the training of directors, the assessment of the core businesses' strategies and the organization of debates. Progress still needs to be made with regard to the provision of information on IT systems and human resources, and the frequency of contact with principal Group managers other than members of the Executive Committee.

As in 2003 and 2004, the Compensation Committee carried out an appraisal of the chief executive officers in 2005 at a meeting of non-staff appointed directors or Group company directors. The conclusions of this evaluation are communicated to the Chairman and Chief Executive Officer by the Chairman of the Compensation Committee.

Statutory auditors

The accounts of Société Générale are certified jointly by Ernst & Young Audit, represented by Mr. Christian Mouillon, and Deloitte et Associés (Deloitte Touche Tohmatsu until October 2004), represented by Mr. José Luis Garcia. Their mandates end upon closing of the 2005 financial statements.

In 2003, Deloitte took over from Barbier Frinault & Autres (formerly Andersen), which resigned its mandate. In order to select a replacement, the Board of Directors asked the Audit Committee to organize a call for tenders in 2002. The Committee approved the terms of the invitation to tender and the choice of the four audit firms invited to bid. It reviewed the conclusions submitted by an internal committee formed to analyze the bids and, after interviewing the candidates, selected Deloitte.

The mandates of Ernst & Young and Deloitte et Associés will expire at the 2006 General Meeting called to examine the 2005 financial statements. At the proposal of the Compensation Committee, the Board of Directors has chosen to propose the renewal of these mandates to the General Meeting. It has effectively decided it is preferable to maintain some degree of continuity given the current environment, as the transition to IFRS and the new Basel II capital adequacy framework require major changes to be made to accounting and risk information systems. Since the Audit Committee organized an invitation to tender in 1999 and 2002 in order to select the Statutory Auditors, these positions are effectively deemed to have been opened up to sufficient competition in the recent past. However, in accordance with the requirements for mandate renewals, Ernst & Young will replace Mr. Christian Mouillon, who will have spent six years as Statutory Auditor, with Mr. Philippe Peuch-Lestrade, who previously audited the Group's accounts up to 2002 as an employee of Barbier Frinault et Associés (Arthur Andersen).

In 2001, with a view to reinforcing the independence of the Company's Statutory Auditors, the Board decided to limit the fees paid to the networks of the Statutory Auditors for non-audit work. In 2002, the Board adopted stricter rules distinguishing between the various types of mission that may be entrusted to external auditors and the networks to which they belong.

Article 104 of the French law on financial security dated August 1, 2003 amended the legislation governing the independence of Statutory Auditors. It prohibits Statutory Auditors from providing services other than audit services and restricts the services that can be provided by the networks to which the Statutory Auditors belong.

The Board meeting held on November 5, 2003 noted these changes and adopted the new rules governing the relations between Group companies and their Statutory Auditors.

These regulations may be modified as a result of changes in the Statutory Auditors' code of compliance, which were recently approved by decree.

As such, Ernst & Young and Deloitte et Associés may only provide statutory auditing services to:

- Société Générale;
- its subsidiaries.

Any assignment that does not fall within this scope is therefore excluded. The law does not prohibit the Statutory Auditors and the networks to which they belong from supplying services to Group companies that are not audited by them. The Board of Directors has nevertheless approved stricter rules, whereby these services may only be offered outside France and after receiving the express authorization of the Audit Committee.

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

FEES PAID TO STATUTORY AUDITORS IN 2005

(in thousands of euros, before tax)	Deloitte & Associés		Ernst & Young Audit		Total fees in 2005	
	Amount	%	Amount	%	Amount	%
Audit						
Statutory audit, certification, examination of parent company and consolidated accounts	10,384		11,018		21,402	
Related assignments	1,832		1,502		3,334	
Sub-total	**12,216**	**99%**	**12,520**	**96%**	**24,736**	**98%**
Other services						
Legal, tax, social	66		78		144	
Information technology	-		-		-	
Internal audit	-		-		-	
Other	-		389		389	
Sub-total	**66**	**1%**	**467**	**4%**	**533**	**2%**
Total	**12,282**	**100%**	**12,987**	**100%**	**25,269**	**100%**

BOARD OF DIRECTORS AT DECEMBER 31, 2005

Daniel Bouton

Date of birth: April 10, 1950

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF SOCIÉTÉ GÉNÉRALE

Member of the Nomination Committee

Holds 98,500 shares

Year of first appointment: 1997 - Year in which current mandate will expire: 2007

Other mandates held in listed companies: Director: Schneider Electric SA, Total SA, Véolia Environnement.

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

Philippe Citerne

Date of birth: April 14, 1949

CHIEF EXECUTIVE OFFICER OF SOCIÉTÉ GÉNÉRALE

Holds 25,897 shares

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

Other mandates held in listed companies: Director: Unicredito Italiano Spa up to December 16, 2005. Member of the Supervisory Board: Sopra. Permanent representative of Société Générale on the Supervisory Board: Accor (Appointed director on January 9, 2006).

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

Biography: After a career at the Ministry of Finance, he joined Société Générale en 1979. Head of Economic Research in 1984, Chief Financial Officer in 1986, Senior Executive Vice-President, Human Relations in 1990. Appointed Deputy Chief Executive Officer in 1995. Chief Executive Officer since November 1997.

Marc Viénot

Date of birth: November 1, 1928

HONORARY CHAIRMAN OF SOCIÉTÉ GÉNÉRALE

Holds 43,355 shares

Year of first appointment: 1986 - Year in which current mandate will expire: 2007

Other mandates held in listed companies: Director: Alcatel, Ciments français. Member of the Supervisory Board: Barrière Group.

Other mandates held in unlisted companies: Member of the Supervisory Board: Société Générale Marocaine de Banques

Biography: After a career at the French Treasury, he joined Société Générale in 1973. Appointed Chief Executive Officer in 1977. Chairman from 1986 to 1997.

Jean Azéma

Date of birth: February 23, 1953

CHIEF EXECUTIVE OFFICER OF GROUPAMA

Independent Director

Holds 600 shares

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

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

Other mandates held in unlisted companies: Chief Executive Officer: Groupama Holding, Groupama Holding 2.

Biography: Joined the Groupama group in 1975. Appointed Chief Financial Officer of Groupama Vie in 1987 and Chief Executive Officer of Groupama in 2000.

Euan Baird

Date of birth: September 16, 1937

COMPANY DIRECTOR

Independent director, Member of the Nomination Committee, Member of the Compensation Committee

Holds 600 shares

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

Other mandates held in listed companies: Director: Scottish Power. Member of the Supervisory Board: Areva.

Biography: British national. Joined the Schlumberger Group in 1960, where he became Deputy Chief Executive of wireline operations in 1979. Chairman of Schlumberger from 1986 to 2003. Chairman of Rolls-Royce from 2003 to June 2004.

Yves Cannac

Date of birth: March 23, 1935

MEMBER OF THE *CONSEIL ÉCONOMIQUE ET SOCIAL* (FRENCH GOVERNMENT ADVISORY COMMITTEE)

Independent Director, Member of the Audit Committee

Holds 700 shares

Year of first appointment: 1997 - Year in which current mandate will expire: 2006

Other mandates held in listed companies: Director: AGF. Member of the Supervisory Board: Solving International.

Other mandates held in unlisted companies: Director: Caisse des Dépôts Développement.

Biography: Member of the Conseil d'Etat from 1965 to 1985. Chairman of Havas from 1978 to 1981. Chairman of Cegos from 1985 to 1999.

Michel Cicurel

Date of birth: September 5, 1947

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

Independent director, Member of the Nomination Committee, Member of the Compensation Committee

Holds 600 shares

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

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

Other directorships in unlisted companies: Chairman of the Supervisory Board: Edmond de Rothschild Multi Managment SAS. Chairman of the Board of Directors: ERS, Edmond de Rothschild SGR Spa (Italy) Edmond de Rothschild SIM Spa (Italy). Director: La Compagnie Benjamin de Rothschild (Geneva), Edmond de Rothschild Ltd (London), La Compagnie Financière holding Edmond et Benjamin de Rothschild (Geneva), Cdb Web Tech (Italy), Bouygues Telecom, Rexecode. Non-voting director: Paris-Orléans. Member of the Council of Sponsors: Rothschild & Compagnie Banque. Permanent representative of Compagnie Financière Saint-Honoré: Cogifrance. Permanent representative of Compagnie Financière Edmond de Rothschild Banque: Assurances et Conseils Saint-Honoré, Edmond de Rothschild Corporate Finance, Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Service, Edmond de Rothschild Multi Management, Equity Vision.

Biography: After a career at the French Treasury from 1973 to 1982, he was appointed Project Director and subsequently Deputy Chief Executive Officer of Compagnie Bancaire from 1983 to 1988 and Cortal from 1983 to 1989. Deputy director of Galbani (BSN group) from 1989 to 1991. Director and Chief Executive Officer, and subsequently Vice-Chairman and Chief Executive Officer of Cerus from 1991 to 1999.

Elie Cohen

Date of birth: December 8, 1946

PROFESSOR AT THE *UNIVERSITÉ DE PARIS-DAUPHINE*

Independent Director, Member of the Audit Committee

Holds 600 shares

Year of first appointment: 2003 - Year in which current mandate will expire: 2006

Biography: University professor in management science, PhD in economics, Professor at Paris-Dauphine, President of the Université de Paris-Dauphine (1994 to 1999).

Robert Day

Date of birth: December 11, 1943

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

Holds 1,939,390 shares

Year of first appointment: 2002 - Year in which current mandate will expire: 2006

Other mandates held in listed companies: Chairman: Oakmont Corporation. Director: Foley Timber & Land Co.

Other mandates held in unlisted companies: Director: Freeport-McMohan Copper and Gold Inc. Mc Mohan Exploration Cy, Syntroleum Corporation.

Biography: US national. Attended Robert Louis Stevenson School (1961). Graduated from Claremont Mc Kenna College with a BSc in Economics (1965). Portfolio manager for White, Weld & Co. Investment Bank in New York (1965). Founded Trust Company of the West (TCW) in 1971.

Antoine Jeancourt-Galignani

Date of birth: January 12, 1937

CO-CHAIRMAN OF GECINA

Independent director, Chairman of the Nomination Committee and of the Compensation Committee

Holds 1,064 shares

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

Other mandates held in listed companies: Director: AGF, Total SA, Kaufman & Broad S.A. Chairman of the Supervisory Board: Euro Disney Sca. Chairman of the Board of Directors (non-executive): SNA Group, Liban. Member of the Supervisory Board: Hypo Real Estate Holding AG.

Biography: Deputy Chief Executive of Crédit Agricole from 1973 to 1979. Appointed Chief Executive Officer of Banque Indosuez in 1979 and Chairman from 1988 to 1994. Chairman of AGF from 1994 to 2001. Chairman of Gecina from 2001 to 2005. Co-Chairman since June 2005.

Elisabeth Lulin

Date of birth: May 8, 1966

FOUNDER AND CEO OF PARADIGMES & CAETERA

(company specialized in benchmarking and public policy forecasting).

Independent Director, Member of the Audit Committee

Holds 800 shares

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

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

Patrick Ricard

Date of birth: May 12, 1945

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF PERNOD-RICARD

Independent director, Member of the Nomination Committee, Member of the Compensation Committee

Holds 200 shares

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

Other mandates held in listed companies: Director: Provimi, Altadis.

Other mandates held in unlisted companies: Chairman of the Board of Directors: Comrie Plc, World Brands Duty Free Ltd. Chairman and Chief Executive Officer, Chairman: Austin Nichols Export Sales Inc. Vice-Chairman of the Supervisory Board: Société Paul Ricard S.A. Member of the Supervisory Board: Wyborowa S.A. Director: Allied Domecq Ltd, Allied Domecq (holdings) Ltd, Allied Domecq SPIRITS 1 Wine Holdings Ltd, Pernod Ricard Finance S.A., Martell & Co S.A., Chivas Brothers Pernod Ricard Ltd, The Glenlivet Distillers Ltd, Aberlour Glenlivet Distillery Ltd, Boulevard Export Sales Inc, Distillerie Fratelli Ramazzotti Spa, Duncan Fraser and Company Ltd, Glenforres Glenlivet Distillery Ltd, House of Campbell Ltd, Irish Distillers Group Ltd, Larios Pernod Ricard S.A., Muir Mackenzie Ad Company Ltd, Pernod Ricard Swiss S.A., Polairen Trading Ltd, Sankaty Trading Ltd, Peri Mauritius Ltd, Populous Trading Ltd, White Heather Distillers Ltd, W. Whiteley and Company Ltd, PR acquisitions II Corp, William Whiteley & Co Inc. Vice-Chairman of the Board of Directors: Austin Nichols and Co Inc. Permanent representative of Pernod-Ricard on the Board of Directors: Cusenier S.A., JFA S.A., Pernod Ricard Europe S.A., Pernod S.A., Ricard S.A., Santa Lina S.A., Campbell Distillers Ltd, Ets Vinicoles champenois (E.V.C.) Galibert et Varon. Permanent representative of Santa Lina on the Board of Directors: Cie Financière des Produits Orangina (C.F.P.O.) S.A., Société Immobilière et Financière pour l'alimentation (S.I.F.A.) S.A. Permanent Representative of International Cognac Holding on the Board of Directors: Renault Bisquit S.A.

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

Anthony Wyand

Date of birth: November 24, 1943

COMPANY DIRECTOR

Chairman of the Audit Committee

Holds 1,000 shares

Year of first appointment: 2002 - Year in which current mandate will expire: 2007

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

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

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

Gérard Baude

Date of birth: November 1, 1947

EMPLOYEE IN MEANS OF PAYMENT DEPARTMENT, AIX-EN-PROVENCE BRANCH

Director elected by employees

Holds 4,283 shares

Year of first appointment: 1993 - Year in which current mandate will expire: 2006

Biography: Société Générale employee since 1968.

Philippe Pruvost

Date of birth: March 2, 1949

ASSET MANAGEMENT ADVISER, ANNEMASSE BRANCH

Director elected by employees

Holds 3,000 shares

Year of first appointment: 2000 - Year in which current mandate will expire: 2006

Biography: Société Générale employee since 1971.

Marc Sonnet

Date of birth: October 16, 1947

HEAD OF EMPLOYEE RELATIONS, AIX-EN-PROVENCE

Director elected by employees

Holds 765 shares

Year of first appointment: 2003 - Year in which current mandate will expire: 2006

Biography: Société Générale employee since 1973.

Non-Voting Director until December 16, 2005 (1)

Ryotaro KANEKO

CHAIRMAN OF MEIJI YASUDA LIFE INSURANCE

Year of first appointment: 2005

Profile of directors

DIRECTORS	Main sector of activity: Banking, Finance and Insurance	Main sector of activity: Industry and other	Description
Daniel BOUTON	x		Since 1991 – Banking (Société Générale)
Philippe CITERNE	x		Since 1970 – Banking (Société Générale)
Marc VIÉNOT	x		Since 1973 – Banking (Société Générale)
Jean AZÉMA	x		Since 1998 – Insurance (Groupama)
Euan BAIRD		x	1960 to 2003 - Schlumberger then Rolls-Royce (2004)
Yves CANNAC		x	1985 to 1999 – Cegos
Michel CICUREL	x		Since 1983 – Banking (Cie Bancaire-Cortal-Cerus-Cie Financière Edmond de Rothschild et Cie Financière Saint-Honoré)
Elie COHEN	x		Banking and Insurance (University professor in management science)
Robert DAY	x		Since 1965 – Banque White & cy, TCW in 1971
Antoine JEANCOURT-GALIGNANI	x		Since 1994 – Insurance (AGF), Gecina in 2001
Elisabeth LULIN		x	Since 1998 – Consulting: Public policy benchmarking
Patrick RICARD		x	Since 1978 – Industry (Pernod Ricard)
Anthony WYAND	x		SInce 1971 – Insurance (Commercial Union-CGU-Aviva)
Gérard BAUDE	x		SInce 1968 – Banking (Société Générale)
Philippe PRUVOST	x		Since 1971 – Banking (Société Générale)
Marc SONNET	x		Since 1973 – Banking (Société Générale)

(1) Following Mr. Kaneko's resignation, a new Non-Voting Director was appointed on January 18, 2006: Mr. Kenji Matsuo, new Chairman of Meiji Yasuda Life Insurance.

Directors whose mandate expires in 2006

Yves Cannac

Date of birth: March 23, 1935

Member of the *Conseil économique et social* (French government advisory committee)

Independent Director, Member of the Audit Committee

Elie Cohen

Date of birth: December 8, 1946

Professor at the *Université de Paris-Dauphine*

Independent Director, Member of the Audit Committee

Robert Day

Date of birth: December 11, 1943

Chairman and CEO, Trust Company of the West (TCW)

Staff-elected directors whose mandate expires in 2006; election of 2 directors in 2006

Gérard Baude

Date of birth: November 1, 1947

Director elected by employees. Employee in Means of Payment department, Aix-en-Provence branch.

Philippe Pruvost

Date of birth: March 2, 1949

Director elected by employees. Asset management adviser, Annemasse branch.

Marc Sonnet

Date of birth: October 16, 1947

Director elected by employees. Head of employee relations, Aix-en-Provence.

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

The members of the Board of Directors have agreed to no restrictions on the disposal of their stakes in Société Générale's capital. There are no service contracts between members of the Board of Directors and Group companies. In addition to the chief executive officers, the following directors carry out functions within the Group:

- the staff-elected directors, Messrs. Baude, Pruvost and Sonnet;
- Mr. Robert Day, Chairman and CEO of TCW

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

Start	End	Name	2005	2004	2003	2002	2001
1997	2007	**Daniel Bouton** Chairman and Chief Executive Officer *Professional address:* 17, cours Valmy, 92972 Paris La Défense, France	*Director:* Schneider Electric SA Total SA, Veolia Environnement	*Director:* Schneider Electric SA, Total SA, Veolia Environnement	*Director:* Arcelor, Schneider Electric SA, Total SA, Veolia Environnement	*Director:* Arcelor, Schneider Electric SA Total-Fina-Elf SA *Member of the Supervisory Board:* Vivendi Environnement	*Director:* Schneider Electric SA Total-Fina-Elf SA *Member of the Supervisory Board:* Vivendi Environnement
2001	2008	**Philippe CITERNE** Chief Executive Officer *Professional address:* 17, cours Valmy, 92972 Paris La Défense, France	*Chairman:* Systèmes Technologiques d'Echanges et de Traitement (STET) *Director:* Accor since 09/01/06, Crédit du Nord, Généval, Grosvenor Continental Europe, SG Hambros Bank & Trust Ltd, Trust Company of the West TCW group, Unicredito Italiano Spa up to 16/12/05 *Member of the Supervisory Board:* Sopra *Permanent representative of Société Générale on the Board of Directors:* Accor up to 09/01/06	*Chairman:* Systèmes Technologiques d'Echanges et de Traitement (STET) *Director:* Crédit du Nord, Généval, Grosvenor Continental Europe, SG Hambros Bank & Trust Ltd, Trust Company of the West TCW group, Unicredito Italiano *Member of the Supervisory Board:* Sopra Group *Permanent representative of Société Générale on the Board of Directors:* Accor	*Director:* Crédit du Nord, Généval, SG Hambros Bank & Trust Ltd, Trust Company of the West TCW group, Unicredito Italiano *Member of the Supervisory Board:* Sopra Group *Permanent representative of Société Générale on the Board of Directors:* Accor, TF 1	*Director:* Crédit du Nord, Généval, SG Hambros Bank & Trust Ltd, Trust Company of the West TCW group, Unicredito Italiano *Permanent representative of Société Générale on the Board of Directors:* TF 1, Answork	*Director:* Crédit du Nord, Généval, SG Hambros Bank & Trust Ltd, Trust Company of the West TCW group, Unicredito Italiano, SG Asset Management, SG Investment (UK) LTD *Permanent representative of Société Générale on the Board of Directors:* TF 1, Answork
1986	2007	**Marc VIÉNOT** Honorary Chairman	*Director:* Alcatel, Ciments français *Member of the Supervisory Board:* Groupe Barrière SG Marocaine de Banque	*Director:* Alcatel, Ciments français *Member of the Supervisory Board:* Groupe Barrière SG Marocaine de Banque	*Director:* Alcatel, Ciments français, SG Marocaine de Banque *Member of the Supervisory Board:* Aventis	*Director:* Alcatel, Ciments français, SG Marocaine de Banque, Vivendi Universal *Member of the Supervisory Board:* Aventis	*Director:* Alcatel, Ciments français, SG Marocaine de Banque, Vivendi Universal *Member of the Supervisory Board:* Aventis
2003	2009	**Jean AZEMA** Chief Executive Officer of Groupama *Professional address:* 8-10 rue d'Astorg, 75008 Paris, France	*Director:* Médiobianca, Véolia Environnement *Permanent representative of Groupama on the Board of Directors:* Bolloré *Investissement* *Chief Executive Officer:* Groupama Holding, Groupama Holding 2	*Director:* Médiobianca, Véolia Environnement *Permanent representative of Groupama on the Board of Directors:* Bolloré *Investissement* *Chief Executive Officer:* Groupama Holding, Groupama Holding 2	*Director:* Médiobianca, Veolia Environnement *Permanent representative of Groupama on the Board of Directors:* Bolloré Investissement, Gimar Finances & Compagnie *Chief Executive Officer:* Groupama Holding, Groupama Holding 2	None	None
2001	2008	**Euan BAIRD** Director	*Director:* Scottish Power, Areva *Member of the Supervisory Board:* Areva	*Director:* Scottish Power, Areva *Chairman of* Rolls-Royce until June 2004	*Chairman of* Rolls-Royce *Director:* Scottish Power, Areva, The Haven Trust Management	*Chairman and Chief Executive Officer of* Schlumberger *Director:* Rolls-Royce Scottish Power, Areva, The Haven Trust Management	*Chairman and Chief Executive Officer of* Schlumberger *Director:* Scottish Power, Areva, The Haven Trust Management
1997	2006	**Yves Cannac** Director	*Director:* AGF, Caisse des Dépôts Développement *Member of the Supervisory Board:* Solving International	*Director:* AGF, Caisse des Dépôts Développement, Danone *Member of the Supervisory Board:* Solving International	*Director:* AGF, Caisse des Dépôts Développement, Danone	*Director:* AGF, Caisse des Dépôts Développement, Danone	*Director:* AGF, Caisse des Dépôts Développement, Danone

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

Start	End	Name	2005	2004	2003	2002	2001
2004	2008	**Michel CICUREL** Chairman of the Management Board of Cie Financière Edmond de Rothschild et Cie Financière Saint Honoré Director *Professional address:* 47, Faubourg Saint-Honoré, 75008 Paris, France	*Member of the Supervisory Board:* Publicis, *Chairman of the Supervisory Board:* Edmond de Rothschild Multi Management SAS, *Chairman of the Board of Directors:* ERS, Edmond de Rothschild SGR SpA(Italy), Edmond de Rothschild SIM SpA (Italy), *Director:* La Compagnie Benjamin de Rothschild (Geneva), Edmond de Rothschild Ltd. (London), La Compagnie Financière Holding Edmond et Benjamin de Rothschild (Geneva), Cdb Web Tech (Italy), Bouygues Telecom, Rexecode *Non-voting director:* Paris-Orléans *Member of the Council of Sponsors:* Rothschild & Compagnie Banque, *Permanent representative of Compagnie Financière Saint-Honoré:* Cogifrance, *Permanent representative of Compagnie financière Edmond de Rothschild Banque:* Assurances et Conseils Saint-Honoré, Edmond de Rothschild Corporate Finance, Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision	*Member of the Supervisory Board:* Publicis *Chairman of the Supervisory Board:* Edmond de Rothschild Multi Management SAS *Chairman of the Board of Directors:* ERS, Edmond de Rothschild SGR SpA (Italy), Edmond de Rothschild SIM SpA (Italy) *Director:* La Compagnie Benjamin de Rothschild (Geneva), Edmond de Rothschild Ltd. (London), La Compagnie Financière Holding Edmond et Benjamin de Rothschild (Geneva), Cdb Web Tech (Italy), Bouygues Telecom, Rexecode. *Non-voting director:* Paris-Orléans *Member of the Council of Sponsors:* Rothschild & Compagnie Banque *Permanent representative of Compagnie Financière Saint-Honoré:* Cogifrance *Permanent representative of Compagnie financière Edmond de Rothschild Banque:* Assurances et Conseils Saint-Honoré, Edmond de Rothschild Corporate Finance, Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision	None	None	None
2003	2006	**Elie COHEN** Director *Professional address:* Université de Paris Dauphine, Place du Maréchal de Lattre de Tassigny, 75116 Paris, France	None	None	None	None	None
2002	2006	**Robert DAY** Chairman and Chief Executive Officer TCW group Director *Professional address:* 865, South Figueroa Street, suite 1800, Los Angeles, California 90071, United States	*Chairman and CEO:* TCW Group *Chairman :* Oakmont Corporation *Director:* Foley Timber & land Co., Freeport, Freeport McMoran Copper and Gold Inc, McMoran Exploration Cy, Syntroleum Corporation	*Chairman and CEO:* CW Group *Chairman:* Oakmont Corporation *Director:* Freeport, Freeport McMoran Copper and Gold Inc, Mc Moran Exploration Cy, Syntroleum Corporation, Synta Pharmaceuticals, Fischer Scientific Inc	*Chairman and CEO:* TCW Group *Director:* Freeport, Freeport McMoran Copper and Gold Inc, McMoran Exploration Cy, Syntroleum Corporation, Synta Pharmaceuticals, Fischer Scientific Inc, Foly Timber	None	None
1994	2008	**Antoine JEANCOURT-GALIGNANI** Chairman of Gecina Director *Professional address:* 14-16, rue des Capucines, 75002 Paris, France	*Chairman of* GECINA until June 2005 *Director:* AGF, Total SA, Kaufman et Broad *Chairman of the Supervisory Board:* Euro Disney Sca *Chairman of the Board of Directors (non executive):* SNA Group Liban *Member of the Supervisory Board:* Hypo Real Estate Holding AG	*Chairman of* GECINA *Director:* AGF, Total SA, Kaufman et Broad, Oddo & Cie SCA *Chairman of the Supervisory Board:* Euro Disney Sca *Member of the Supervisory Board:* Fox kids Europe NV *Chairman of the Board of Directors (non executive):* SNA Group Liban	*Chairman of* GECINA *Chairman of the Board of Directors:* Simco *Director:* AGF, Total Fina Elf SA, Kaufman et Broad, Oddo & Cie SCA *Chairman of the Supervisory Board:* Euro Disney Sca *Member of the Supervisory Board:* Fox kids Europe NV *Chairman of the Board of Directors (non executive):* SNA Group Liban.	*Chairman and Chief Executive Officer of* GECINA *Chairman of the Board of Directors:* Simco *Chairman of* AGF, AGF IARD, AGF Vie, AGF International *Director:* AGF, TOTAL SA, Kaufman et Broad, Oddo & Cie SCA *Chairman of the Supervisory Board:* Euro Disney Sca	*Chairman and Chief Executive Officer of* AGF *Director:* TOTALFINA ELF SA, Kaufman et Broad *Chairman of the Supervisory Board:* Euro Disney SCA

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

Start	End	Name	2005	2004	2003	2002	2001
2003	2009	**Elisabeth LULIN** Founder and CEO of Paradigmes et Caetera Director *Professional address:* 50, avenue des Champs Elysées, 75008 Paris, France	None	*Director:* Doma Viva SA	None	None	None
2003	2009	**Patrick Ricard** Chairman and Chief Executive Officer of Pernod-Ricard Director *Professional address:* 12, place des Etats-Unis 75016 Paris, France	*Director:* Provimi, Altadis *Chairman of the Board of Directors:* Comrie Plc. *Chairman and Chief Executive Officer:* World Brands Duty Free Ltd. *Chairman:* Austin Nichols Export Sales Inc. *Vice-Chairman of the Supervisory Board:* Société Pernod Ricard S.A. *Member of the Supervisory Board:* Wyborowa S.A. *Director:* Allied Domecq Ltd, Allied Domecq (holdings) Ltd, Allied Domecq SPIRITS 1 Wine Holdings Ltd, Pernod Ricard Finance S.A., Martell & Co S.A., Chivas Brothers Ltd, Pernod Ricard Ltd., The Glenlivet Distillers Ltd, Aberlour Glenlivet Distillery Ltd, Boulevard Export Sales Inc, Distillerie Fratelli Ramazzotti Spa, Duncan Fraser and Company Ltd, Glenforres Glenlivet Distillery Ltd, House of Campbell Ltd, Irish Distillers Group Ltd, Larios Pernod Ricard S.A., Muir Mackenzie Ad Company Ltd, Pernod Ricard Swiss S.A., Polairen Trading Ltd, Sankaty Trading Ltd, Peri Mauritius Ltd, Populus Trading Ltd, White Heather Distillers Ltd, W. Whiteley and Company Ltd, PR acquisitions II Corp, William Whiteley & Co Inc. *Vice-Chairman of the Board of Directors*: Austin Nichols and Co Inc, *Permanent representative of Pernod Ricard on the Board of Directors*: Cusenier S.A., JFA S.A., Pernod Ricard Europe S.A., Pernod S.A., Ricard S.A., Santa Lina S.A., Campbell Distillers Ltd, Ets VINICOLES champenois (E.V.C.) Galibert et Varon, *Permanent representative of Santa Lina on the Board of Directors:* Cie Financière des Produits Orangina (C.F.P.O.) S.A., Société Immobilière et Financière pour l'alimentation (S.I.F.A.) S.A. *Permanent representative of International Cognac Holding on the Board of Directors:* Renault Bisquit S.A.	*Director:* Provimi, Altadis *Chairman of the Board of Directors:* Comrie Plc. *Chairman and Chief Executive Officer:* World Brands Duty Free Ltd. *Chairman:* Austin Nichols Export Sales Inc. *Vice-Chairman of the Supervisory Board:* Société Pernod Ricard S.A. *Member of the Supervisory Board:* Wyborowa S.A. *Director:* Allied Domecq Ltd, Allied Domecq (holdings) Ltd, Allied Domecq SPIRITS 1 Wine Holdings Ltd, Pernod Ricard Finance S.A., Martell & Co S.A., Chivas Brothers Ltd, Pernod Ricard Ltd., The Glenlivet Distillers Ltd, Aberlour Glenlivet Distillery Ltd, Boulevard Export Sales Inc, Distillerie Fratelli Ramazzotti Spa, Duncan Fraser and Company Ltd, Glenforres Glenlivet Distillery Ltd, House of Campbell Ltd, Irish Distillers Group Ltd, Larios Pernod Ricard S.A., Muir Mackenzie Ad Company Ltd, Pernod Ricard Swiss S.A., Polairen Trading Ltd, Sankaty Trading Ltd, Peri Mauritius Ltd, Populus Trading Ltd, White Heather Distillers Ltd, W. Whiteley and Company Ltd, PR acquisitions II Corp, William Whiteley & Co Inc. *Vice-Chairman of the Board of Directors:* Austin Nichols and Co Inc, *Permanent representative of Pernod Ricard on the Board of Directors:* Cusenier S.A., JFA S.A., Pernod Ricard Europe S.A., Pernod S.A., Ricard S.A., Santa Lina S.A., Campbell Distillers Ltd, Ets VINICOLES champenois (E.V.C.) Galibert et Varon, *Permanent representative of Santa Lina on the Board of Directors:* Cie Financière des Produits Orangina (C.F.P.O.) S.A., Société Immobilière et Financière pour l'alimentation (S.I.F.A.) S.A.*Permanent representative of International Cognac Holding on the Board of Directors:* Renault Bisquit S.A.	*Director:* Provimi, Altadis *Chairman of the Board of Directors:* Comrie Plc *Chairman and Chief Executive Officer:* World Brands Duty Free Ltd *Chairman:* Austin Nichols Export Sales Inc. *Member of the Management Board:* Wyborowa S.A., *Director:* Pernod Ricard Europe SA, PR Finance S.A., Société Paul Ricard, Société Paul Richard Ricard & Fils, Martell & Co S.A., Altadis, Chivas Brothers Ltd, The Glenlivet Distillers Ltd, Aberlour Glenlivet Distillery Ltd, Boulevard Export Sales Inc, Peribel S.A., Distillerie Fratelli Ramazzotti Spa, Duncan Fraser and Company Ltd, Glenforres Glenlivet Distillery Ltd, House of Campbell Ltd, Irish Distillers Group Ltd, Larios Pernod Ricard S.A., Muir Mackenzie Ad Company Ltd, Pernod Ricard Swiss S.A., Polairen Trading Ltd, Sankaty Trading Ltd, Peri Mauritius Ltd, Pernod Ricard Nederland BV, Populus Trading Ltd, White Heather Distillers Ltd, W. Whiteley and Company Ltd, PR acquisitions II Corp, William Whiteley & Co Inc. *Vice-Chairman of the Board of Directors*, Chief Executive Officer of Austin Nichols and Co Inc, *Permanent representative of Pernod Ricard on the Board of Directors:* Cusenier S.A., JFA S.A., Pernod S.A., Ricard S.A., Santa Lina S.A., Campbell Distillers Ltd, *Permanent representative of Santa Lina on the Board of Directors:* Cie Financière des Produits Orangina (C.F.P.O.) S.A., Société Immobilière et Financière pour l'alimentation (S.I.F.A.) S.A., Société Immobilière et Financière pour l'alimentation (S.I.F.A) SA- *Permanent representative of International Cognac Holding on the Board of Directors:* Renault Bisquit S.A.	*Director:* Provimi, Altadis *Chairman of the Board of Directors:* Comrie Public Limited CY *Director:* Martell & Cie, PR Europe Spirits & Wines SA, Finance SA, Austin Nichols (International) Inc, Anco Do Brasil Inc, Austin Nichols Export Sales Inc, Aberlour Glenlivet Distillery, Boulevard Distillers and Importers Inc, Boulevard Export Sales Inc, Peribel, Distillerie Fratelli Ramazzotti Spa, Duncan Fraser and Company Ltd, Glenforres Glenlivet Distillery, House of Campbell Ltd, Irish Distillers Group Ltd, PR Larios, Muir Mackenzie Ad Company Ltd, Pernod Ricard Swiss, Peri Mauritius, PR Nederlands Spirits and Wines BV, Polairen Trading Ltd, Populous Trading Ltd, Sankaty Trading Ltd, White Heather Distillers Ltd, W. Whiteley and Company Ltd, World Brands Duty Free Ltd *Permanent representative of Pernod Ricard on the Board of Directors:* Cusenier S.A., JFA S.A., Pampryl, Pernod S.A., Ricard S.A., Santa Lina S.A., Campbell Distillers Ltd, Havana Club Holding SA *Permanent representative of Santa Lina on the Board of Directors:* Cie Financière des Produits Orangina (C.F.P.O.) S.A., Société Immobilière et Financière pour l'alimentation (S.I.F.A.) S.A.	*Director:* Provimi, Altadis *Chairman of the Board of Directors:* Comrie Public Limited Cy *Director:* Cie Financière CSR, PR Europe Spirits & Wines SA, PR, Finance S.A., Société Paul Ricard & Fils, Austin Nichols and Co. Inc, Austin Nichols (International) Inc, Ramsey-SAIS Inc, Aberlour Glenlivet Distillery Ltd, Boulevard Distillers and Importers Inc., Boulevard Export Sales Inc, Peribel, Distillerie Fratelli Ramazzotti Spa, Duncan Fraser and Company Ltd, Glenforres Glenlivet Distillery, House of Campbell Ltd, Irish Distillers Group Ltd., PR Larios, Muir Mackenzie Ad Company Ltd, Perisem, Peri Mauritius, PR Nedherlands Spirits and Wines BV, Polairen Trading Ltd, Populus Trading Ltd, Sankaty Trading Ltd, San Giorgio Flavors Spa, White Heather Distillers Ltd, W. Whiteley and Company Ltd, World Brands Duty Free Ltd *Permanent representative of Pernod Ricard on the Board of Directors:* Cideries et Sopagly Réuni "CSR", Cusenier, Pampryl, Pernod, Ricard, Santa Lina S.A., Campbell Distillers Ltd, Havana Cub Holding S.A. *Permanent representative of Santa Lina on the Board of Directors:* Cie Financière des Produits Orangina (C.F.P.O.) S.A., Société Immobilière et Financière pour l'alimentation (S.I.F.A.) S.A., Société Industrielle A. de la Somme Matières Premières Alimentation (SIAS-MPA). Mandates assumed in 2001: Provini, Martell & CO. Mandates expired in 2001: Eridania, Ets Vinicoles Champenois, Orangina Pampryl, San Giorgo Flavors, Yoo-Hoo Chocolate Beverage Corporation, Yoo-Hoo of Florida Corporation, Yoo-Hoo Industries Inc., Yoo-Hoo of Louisiana Corporation

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

Start	End	Name	2005	2004	2003	2002	2001
2002	2007	**Anthony Wyand** Director (cont.)	*Chairman:* Grosvenor Continental Europe SAS *Director:* Aviva Participations, Unicredito Italiano Spa, Société Foncière Lyonnaise *Permanent representative:* CU Italia *Member of the Supervisory Board:* Aviva France *Non-Executive Director:* Grosvenor Group Holding Ltd.	*Director:* Unicredito italiano Spa, Société Foncière Lyonnaise, Atis real, Aviva Participations *Permanent representative:* Aviva Spain, CU Italia *Member of the Supervisory Board:* Aviva France *Non-Executive Director:* Grosvenor Group Holding Ltd.	*Executive Director:* Aviva *Chairman of the Supervisory Board:* CGU France *Executive Vice-President:* Victoire Asset Management *Director:* Aviva Holding Poland Ltd, Noth Mercantile Insurance Cy Ltd, Norwch Union Overseas Holding BV, Norwich Union Overseas Ltd, The Road Transport and General Insurance Cy Ltd, Scottis Insurance Corporation Ltd., The Yorkshire Insurance Company Ltd. Abeille Assurances, Abeille Vie S.A, CGU Group BV, CGU Insurance Plc, CGU International Holding BV, Commercial Union Finance BV, Commercial Union Holding (France) Ltd., Commercial Union International Holding Ltd., Delta Lloyd NV, Eurofil SA, General Accident Plc, Northen Assurance Company Ltd., Norwich Union Plc, Royal St George Banque S.A. *Director and Vice-President:* CGU International Insurance Plc. *Member of the Supervisory Board:* Commercial Union Polska General Insurance Compagny SA, Commercial Union Polska Life Assurance Company S.A., Commercial Union Polska Towarzyshwo Ubezpieczen Na Zycie S.A., Commercial Union Polska Towarzyshwo Ubezpieczen Ogolnych Spo Ka Akcyina	*Executive Director:* Aviva *Chairman of the Supervisory Board:* CGU France *Director:* Unicredito Italiano, Société Foncière Lyonnaise *Non-Executive Director:* Grosvenor Group Holding Ltd. *Executive Vice President:* Victoire Asset Management *Director:* Abeille Assurances, Abeille Vie S.A., CGU Courtage S.A., CGU Group BV, CGU Insurances, CGU International Holding BV, Commercial Union Finance BV, Commercial Holdings (France) Ltd, Commercial Union International Holdings Ltd., Delta NV, Eurofil S.A., General Accident Plc, Northern Assurance Company Ltd., Northern Union Plc., Royal George Banque S.A., Director and Vice-President: International Insurance Plc *Member of the Supervisory Board:* Commercial Union Polska General Insurance Compagny S.A., Commercial Union Polska Life Assurance Compagny S.A., Commercial Union Polska Towarzyshwo Ubezpieczen Na Zycie S.A., Commercial Union Polska Towarzyshwo Ubezpieczen Ogolnych Spo Ka Akcyin. Mandates assumed in 2001: CGNU Holdings Poland Ltd ; Norwich and Mercantile Insurance Compagny Ltd., Norwich Union Overseas Holdings Road Transport & General Insurance Compagny Ltd., Scottish Insurance Corporation Ltd., Welsh Insurance Corporation Ltd., Yorkshire Insurance Compagny Ltd.	*Executive Director:* CGNU *Chairman of the Supervisory Board:* CGU France *Director:* Unicredito Italiano *Non Executive Director:* Grosvenor Group Holding Ltd.
1993	2006	**Gérard BAUDE** Director elected by employees *Professional address:* 17, cours Valmy 92972 Paris La Défense, France	None	None	None	None	None
2000	2006	**Philippe PRUVOST** Director elected by employees *Professional address:* 17, cours Valmy 92972 Paris La Défense, France	None	None	None	None	None
2003	2006	**Marc SONNET** Director elected by employees *Professional address:* 17, cours Valmy 92972 Paris La Défense, France	None	None	None	None	None

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

EXECUTIVE COMMITTEE

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

Daniel Bouton

Chairman and Chief Executive Officer of Société Générale

Philippe Citerne

Chief Executive Officer of Société Générale

Didier Alix

Chief Executive Officer, Retail Banking

Philippe Collas

Chief Executive Officer, Société Générale Global Investment Management and Services

Jean-Pierre Mustier

Chief Executive Officer, Société Générale Corporate and Investment Banking

Frédéric Oudéa

Senior Executive Vice-President, Group Chief Financial Officer

Alain Py

Chairman and Chief Executive Officer of Crédit du Nord

Christian Schricke

Senior Executive Vice-President, Corporate Secretary and Group Head of Compliance Monitoring

Bernard de Talancé

Senior Executive Vice-President, Corporate Resources and Human Relations

Attend meetings of the Executive Committee

Didier Hauguel

Head of Group Risk Management

Hugues Le Bret

Head of Group Communications

Attend meetings of the Executive Committee for subjects within their domain

Hervé Saint-Sauveur

Senior Adviser to the Chairman and Chief Executive Officer

René Querret

Senior Executive Vice-President, Group Chief Information Officer

GROUP MANAGEMENT COMMITTEE

The Management Committee meets to discuss Group strategy and other issues of general interest to the Group.

Daniel Bouton

Chairman and Chief Executive Officer of Société Générale

Philippe Citerne

Chief Executive Officer of Société Générale

Didier Alix

Chief Executive Officer, Retail Banking

Philippe Collas

Chief Executive Officer, Société Générale Global Investment Management and Services

Jean-Pierre Mustier

Chief Executive Officer, Société Générale Corporate and Investment Banking

Frédéric Oudéa

Senior Executive Vice-President, Group Chief Financial Officer

Alain Py

Chairman and Chief Executive Officer of Crédit du Nord

Christian Schricke

Senior Executive Vice-President, Corporate Secretary and Group Head of Compliance Monitoring

Bernard de Talancé

Senior Executive Vice-President, Corporate Resources and Human Relations

Yves-Claude Abescat

Head of Investment Banking for Mid Caps

Thierry Aulagnon

Chief Executive, Global Investment Banking Division Europe

Marc Breillout

Global Head of Debt Finance

Yannick Chagnon

Head of Société Générale Payment Services

Alain Closier

Global Head of Securities Services for Investors

Alain Clot

Chief Executive Officer, Société Générale Asset Management

Michel Douzou

Deputy Head of Retail Banking Société Générale France

Kim Fennebresque

Chief Executive Officer, SG Cowen

Jean-François Gautier

Head of Specialized Financial Services

Didier Hauguel

Head of Group Risk Management

Maurice Kouby

Head of Information Systems of Retail Banking Société Générale

Hugues Le Bret

Head of Group Communications

Jean-Pierre Lesage

Chief Financial Officer, Société Générale Corporate and Investment Banking

Pierre Mathé

Global Head of Private Banking

Jean-Louis Mattei

Head of International Retail Banking

Inès Mercereau

Head of Corporate Strategy

Christophe Mianné

Global Head of Equity Derivatives

Philippe Miécret

Head of Group Internal Audit

Jean-Jacques Ogier

Chief Executive Officer, SG Americas

Benoît Ottenwaelter

Deputy Global Head of Corporates and Institutions, Société Générale Corporate and Investment Banking

Christian Poirier

Head of Strategy and Marketing, Retail Banking

René Querret

Senior Executive Vice-President, Group Chief Information Officer

Hervé Saint-Sauveur

Senior Adviser to the Chairman and Chief Executive Officer

Jean-François Sammarcelli

Deputy Head of Retail Banking Société Générale France

Patrick Soulard

Deputy CEO, Société Générale Corporate and Investment Banking, in charge of Corporate and Financial Institutions

Catherine Théry

Chief Operating Officer, Société Générale Securities Services for Investors

Yves Thieffry

Chief Operating Officer, Société Générale Corporate and Investment Banking

REMUNERATION OF SENIOR MANAGERS

Senior management remuneration policy

Chairman and chief executive officers

The Board of Directors, based on a proposal made by the Compensation Committee, determines the remuneration of the two chief executive officers as follows:

- a basic salary, which may be revised in line with market practices;
- an annual performance-linked bonus, equivalent to the percentage of the basic salary set annually by the Board of Directors when closing the Group's annual accounts. Since 2002, the Board of Directors has set this performance-linked bonus based on two elements:

1) First, targets linked to earnings per share (EPS), which are set in absolute value terms for the coming financial year. Up until 2005, bonuses tied to this indicator could vary between 0% and 150% of the basic salary, with this floor and ceiling corresponding to the minimum and maximum EPS targets and a rate of 75% corresponding to the central EPS target. Each year, the Board makes sure that structural effects or exceptional profits and losses do not distort the calculation formula and that performance-linked bonuses properly reflect the growth in the Group's profits;
2) Second, qualitative indicators based on key objectives underpinning the success of the Company's strategy and set ahead of the coming financial year to which they apply. Up until 2005, bonuses linked to this indicator could vary between 0% and 100% of the basic salary, with a rate of 75% being paid when the objectives are met.

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

At the proposal of the Compensation Committee, the Board of Directors has, following the analyses of current market practices by several specialist outside firms, reviewed the different components making up the compensation of the chief executive officers - as much in terms of their remuneration as all related benefits, notably those awarded after the end of their mandates.

Mr. Bouton's fixed remuneration has not been revised since 2001. The Board has decided to leave the ceiling on his monetary remuneration unchanged at EUR 3,500,000, but to revise the way in which it is broken down between his basic salary and performance-linked bonus. As of 2006, Mr. Bouton's basic salary shall be EUR 1,250.000, with his performance-linked bonus determined according to the same criteria in place since 2002 and set out above, but with the floor and ceiling applied to the bonus tied to EPS reduced to 0% and 110% respectively, and the floor and ceiling applied to the bonus tied to qualitative indicators reduced to 0% and 70% respectively. Mr. Citerne's remuneration was revised in 2004, with his basic salary which was previously set at 55% of that of the Chairman being increased to 60%, and his performance-linked bonus remaining capped at 55% of that of the Chairman. The Board has decided that, as of January 1, 2006, Mr. Citerne's basic salary and performance-linked bonus shall henceforth be set at 60% of that of the Chairman.

Regarding benefits awarded after the end of their mandates, the Board has confirmed its prior decision to maintain the supplementary pension plan for senior Group managers from which Messrs. Bouton and Citerne benefited as employees prior to their first appointment as directors.

This plan entitles its beneficiaries, upon the liquidation of their pension rights by France's Social Security, to a pension payment equal to a percentage of their pensionable earnings, calculated according to the number of annuities taken into account and capped at 70% of said remuneration in the event of liquidation at the age of sixty. A person's pensionable earnings include their fixed remuneration plus a variable part which is equal to 5% of their fixed remuneration. The pension paid by the Company is equal to the difference between the total pension defined above and all other retirement pensions or similar paid by France's Social Security as well as any other retirement benefits linked to the salaried status of the beneficiaries. 60% of said pension shall be paid to any surviving spouse in the event of the death of a beneficiary.

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

Accordingly, at January 1, 2006, Mr. Bouton's pension rights to be covered by the Company equated to 53.9% of his basic salary and 16.3% of his current global monetary remuneration. On the same date, Mr. Citerne's pension rights to be covered by the Company equated to 46.7% of his basic salary and 15% of his current global monetary remuneration.

Messrs. Bouton and Citerne do not benefit from any provision for compensation in the event that they are required to step down from their position as chief executive officers. Although the employment contract they held prior to their appointment has been suspended during their term of office, they would benefit from the compensation provided for in this contract at the time it was suspended in the event of a unilateral decision to terminate the contract.

Other members of the Executive Committee

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

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

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

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

Remuneration paid for 2005

For 2005, the Chairman's basic salary amounted to EUR 1 million. As regards the performance-linked bonus, the Board of Directors, at the proposal of the Compensation Committee, set the bonus tied to EPS targets on the basis of the Company's results in 2005 and the bonus corresponding to the qualitative indicators based on an assessment therein. The total performance-linked bonus thus stood at EUR 2.30 million for the Chairman and EUR 1.265 million for the Chief Executive Officer.

(*) The Executive Committee comprises the Chairman, the Chief Executive Officer, the three Chief Executive Officers of the Retail Banking and Financial Services, Corporate and Investment Banking and Global Investment Management and Services divisions, the Chairman of Crédit du Nord, the Senior Executive Vice-President in charge of Finance and Corporate Planning, the Senior Executive Vice-President in charge of Corporate Resources and Human Relations, and the Senior Executive Vice-President in charge of the Corporate Secretariat.

Over the course of 2005, remuneration was as follows (in millions of euros):

	Basic salary	Performance-linked bonus	Total remuneration (1) (including attendance fees)	Total remuneration paid by Group (1)
Chairman	1.00	2.30	3.30	3.18
Chief executive officer	0.60	1.26	1.87	1.76
7 other members of the Executive Committee	2.11	9.18	11.28	11.28

(1) The total remuneration corresponds to the sum of basic salaries paid in 2005, benefits in kind, and the performance-linked bonuses relating to the 2005 fiscal year paid in March 2006. The total remuneration paid by the Group excludes the attendance fees paid to the chief executive officers by companies outside the Group, which amounted to EUR 122,000 for the Chairman and EUR 104,000 for the Chief Executive Officer

Change in remuneration since 2001

The remuneration paid to the Company's chief executive officers over the last five years is as follows:

	2001				2002				2003				2004				2005			
	Basic salary	PLB (*)	Total	o.w. SG	Basic salary	PLB (*)	Total	o.w. SG	Basic salary	PLB (*)	Total	o.w. SG	Basic salary	PLB (*)	Total	o.w. SG(**)	Basic salary	PLB (**)	Total	o.w. SG(**)
Chairman	1.00	1.25	2.25	2.18	1.00	0.80	1.80	1.70	1.00	1.95	2.95	2.80	1.00	2.10	3.10	2.94	1.00	2.30	3.30	3.18
Chief executive officer	0.55	0.69	1.24	1.19	0.55	0.44	0.99	0.94	0.55	1.07	1.62	1.58	0.58	1.15	1.73	1.67	0.60	1.27	1.87	1.87
Total	1.55	1.94	3.49	3.37	1.55	1.24	2.79	2.64	1.55	3.02	4.57	4.38	1.58	3.25	4.83	4.61	1.60	3.57	5.17	5.05

(*) This amount includes the attendance fees paid by Société Générale and those paid by companies outside the Group. Said attendance fees are deducted when determining the net amount of the performance-linked bonus.
(**) Total remuneration paid by the Group excluding any attendance fees paid by companies outside the Group.

TABLE OF DIRECTORS' INDIVIDUAL REMUNERATION *Amounts received in 2005 from Société Générale (art. L. 225-102-1 of the French Commercial Code)*

(in euros)

Director	Basic salary	Performance-linked bonus*	Attendance fees	Benefits in kind	Rate of attendance at Board and Committee meetings in 2005
Daniel Bouton	1,000,000		41,407(1)	Car	100%
Philippe Citerne	600,000		33,226(1)	Car	92.31%
Jean Azéma			30,390(2)		84.62%
Euan Baird			15,701		30%
Gérard Baude			32,226(3)		100%
Jacques Calvet			22,720		N/A
Yves Cannac			58,944		100%
Michel Cicurel			21,570		55%
Elie Cohen			50,553		100%
Robert A. Day			26,718		46.15%
Kenjiro Hata, Meiji Yasuda Life Insurance			17,537(4)		0%
Antoine Jeancourt Galignani			48,752		95%
Elisabeth Lulin			48,717		100%
Philippe Pruvost			32,226(3)		84.62%
Patrick Ricard			48,752		80%
Marc Sonnet			32,226(5)		61.54%
Marc Viénot			32,226		92.31%
Anthony Wyand			57,108		95.83%

1. Attendance fees received by the Chairman and Chief Executive Officer are deducted from their performance-linked bonus.
2. Paid to Groupama Vie.
3. Paid to the Société Générale SNB trade union.
4. Paid to Meiji Yasuda Life Insurance.
5. Paid to the Société Générale CFDT trade union.
** See table above for performance-linked bonuses paid in 2005 for 2004.*

Attendance fees paid to Company directors

The total amount of directors' fees was set at the General Meeting of Shareholders on April 22, 2003 at EUR 650,000.

The rules for distributing attendance fees amongst directors, as revised by the Board of Directors in 2005, are as follows:

- one third of the total fees is split equally between all directors, although members of the Audit Committee each receive three parts;
- the balance is shared between the directors, according to the number of Board or Committee meetings they attended during the year.

Share ownership obligations of the Group's senior managers

In 2002, the Board of Directors decided that the members of the Group's Executive Committee should hold the following average minimum number of Société Générale shares:

	Number of shares
Chairman	8,500
Chief Executive Officer	4,500
Other members of the Executive Committee	2,500

The shares may be held directly or indirectly via the Company's employee share ownership plan. Those members of the Executive Committee who do not currently fulfill these conditions must rectify matters upon exercising their stock options.

At December 31, 2005, the members of the Executive Committee held a total of over 180,000 shares, representing an average of over 20,000 shares per member.

STOCK OPTION PLANS AND FREE SHARES

General policy

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

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

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

In general, these stock options are vested for a period of seven years and are exercisable after three years. Moreover, the exercise of said options is subject to the beneficiary holding a valid employment contract on the date that the options are exercised. Since the 2000 plan, in view of the tax regime in force in France, beneficiaries resident for tax purposes in France may not transfer the shares received upon exercising their options until the fourth year following the exercise date.

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

At the proposal of the Compensation Committee, the Board of Directors decided in 2003 that each year it would examine the appropriateness of implementing a stock option or share plan, to be approved, as appropriate, during its meeting in January.

2005 Plan

On January 13, 2005, following a proposal made by the Compensation Committee, the Board of Directors awarded new stock options. The members of the Executive Committee were awarded almost the same number of options as under the previous plan.

In all, 4,040,000 options were awarded to 1,767 Group senior managers including the chief executive officers (and including the 250,000 options awarded to executives at TCW), representing 0.90% of the share capital. The strike price of these options was set at EUR 75.00, representing no discount on the rounded average market price of the Société Générale share during the twenty trading days preceding the meeting of the Board of Directors. Of the 1,767 beneficiaries, 861 (49%) were attributed options for the first time, 436 (25%) were managers under the age of thirty-five, 1,094 (62%) were aged between 35 and 55 and 237 (13%) were over 55 years of age. 407 (23%) beneficiaries were women, with subsidiary employees accounting for almost 43% of all beneficiaries.

2006 Plan

At the proposal of the Compensation Committee, the Board of Directors, at its meeting of January 18, 2006, approved the new allocation of stock options and attributed free shares to certain members of personnel in application of the 11th resolution of the General Meeting of May 9, 2005. This new system was intended to complement or replace the allocation of stock options.

For the 257 principal beneficiaries, half of said allocation was subject to them meeting minimal profitability targets, namely that the average ROE over the vesting period remain above 15%.

As regards stock options, 1,536,149 options were allocated to 1,065 managers, chief executive officers included, representing 0.36% of the share capital. The strike price of these options was set at EUR 105.65, representing no discount on the rounded average market price of the Société Générale share during the twenty trading days preceding the meeting of the Board of Directors. Of the 1,065 beneficiaries, 166 (16%) were managers under the age of thirty-five, 712 (67%) were aged between 35 and 55 and 187 (17%) were over 55 years of age. 187 (17%) beneficiaries were women, with subsidiary employees accounting for almost 45% of all beneficiaries.

As regards free shares, 720,346 shares were allocated to 2,059 Group senior managers, representing 0.17% of the share capital. Of the 2,059 beneficiaries, 523 (26%) were managers under the age of thirty-five, 1,283 (62%) were aged between 35 and 55 and 252 (12%) were over 55 years of age. 527 (26%) beneficiaries were women, with subsidiary employees accounting for almost 31% of all beneficiaries.

All told, shares or options were allocated to 2,586 Group senior managers, 1,275 (49%) of these beneficiaries received awards for the first time.

INFORMATION ON STOCK OPTION PLANS INTRODUCED AFTER THE END OF THE FISCAL YEAR

	Options vested						
Date of award	**Options Strike price**	**Number of beneficiaries**	**Number of options**	**Options exercisable as of**	**Shares transferable as of**	**Expiry date of options**	**Unit value (*)**
January 18, 2006	EUR 105.65	1,065	1,536,149	Jan. 18, 2009	Jan. 18, 2013	Jan. 17, 2013	16.63
o.w. Executive Committee		9	462,579				

(*) Value used to determine the expense recognized under IFRS2, calculated using a binomial model on the date the stock option is awarded, taking into account trends in exercising options noted at Société Générale.

INFORMATION ON THE ALLOCATION OF FREE SHARES AFTER THE END OF THE FISCAL YEAR

	Options vested			
Date of award	**Number of beneficiaries**	**Number of shares**	**Definitive acquisition as of**	**Shares transferable as of**
January 18, 2006	2,059	360,173	Jan. 1, 2008	Jan. 1, 2010
January 18, 2006	2,059	360,173	Jan. 1, 2009	Jan. 1, 2011
o.w. Executive Committee	6	8,650		

SOCIÉTÉ GÉNÉRALE STOCK OPTION PLANS, AT DECEMBER 31, 2005

(with details of options awarded to Group senior management in office at the time of their allocation)

	Options vested							
Date of award	**Strike price**	**Number of beneficiaries**	**Number of options**	**Options exercisable as of**	**Shares transferable as of**	**Expiry date of options**	**1998**	**1999**
Jun. 24, 1998	EUR 45.35	541	**1,953,200**	24/06/03	24/06/03	23/06/05	0	0
o.w. Management		*25*	*451 200*				*0*	*0*
Sept. 8, 1999	EUR 48.50	714	**3,502,400**	08/09/02	08/09/04	07/08/06		0
o.w. Executive Committee		9	*502,000*					*0*
Aug. 2, 2000	EUR 51.00	1,477	**2,268,000**	02/08/03	02/08/05	01/08/07		
o.w. Executive Committee		_	*0*					
Jan. 12, 2001	EUR 66.00	258	**3,116,500**	12/01/04	12/01/05	11/01/08		
o.w. Executive Committee		*9*	*743,500*					
Jan. 16, 2002	EUR 62.50	*1,092*	**3,543,977**	16/01/05	16/01/06	15/01/09		
o.w. Executive Committee		*9*	*313,000*					
Apr. 22, 2003	EUR 52.00	1,235	**3,891,579**	22/04/06	22/04/07	21/04/10		
o.w. Executive Committee		*9*	*331,000*					
Jan. 14, 2004	EUR 70.00	1,550	**3,788,300**	14/01/07	14/01/08	14/01/11		
o.w. Executive Committee		*9*	*469,250*					
Jan. 13, 2005	EUR 75.00	1,767	**4,040,000**	13/01/08	13/01/09	13/01/12		
o.w. Executive Committee		*9*	*468,500*					
TOTAL			**26,103,956**				**0**	**0**
o.w. Management			**3,278,450**				**0**	**0**

N.B. In 1998 and 2001, the awards were made in the form of stock subscription options. In 1999, 2000 and from 2002 to 2005, they were stock purchase options.
The strike price corresponds to the average opening market price of the Société Générale share during the twenty trading days preceding the Board of Directors' meeting at which it was decided to award the options, with a 20% discount for options vested in 2000.

(*) Value used to determine the expense recognized under IFRS2, calculated using a binomial model on the date the stock option is awarded, taking into account trends in exercising options noted at Société Générale.

OPTIONS HELD BY THE CHIEF EXECUTIVE OFFICERS AT DECEMBER 31, 2005

Date of award	**Strike price**	**Numbers of options awarded**	**Options exercised in 2005**	**Numbers of options awarded**	**Options exercised in 2005**
		Chairman		**Chief Executive Officer**	
Jun. 24, 1998	45.35	104,000	57,000	52,000	52,000
Sept. 8, 1999	48.50	160,000	87,000	90,000	90,000
Jan. 12, 2001	66.00	250,000	112,200	137,500	0
Jan. 16, 2002	62.50	90,000	0	50,000	0
Apr. 22, 2003	52.00	109,000	0	60,000	0
Jan. 14, 2004	70.00	120,000	0	66,000	0
Jan. 13, 2005	75.00	120,000	0	66,000	0
Jan. 18, 2006	105.65	120,000	0	66,000	0

Options exercised									
2000	2001	2002	2003	2004	2005	Options cancelled	Options outstanding at end-2005	Unit value IFRS 2 (*)	Potential dilutive effect
32,800	11,200	600	428,631	920,951	454,414	104,604	0		
22,000	*0*	*0*	*81,200*	*212,280*	*125,720*				
11,200	8,400	13,150	92,505	1,043,085	1,451,741	220,200	662,119		
0	*0*	*0*	*32,000*	*79,650*	*314,850*				
0	0	0	8,754	72,896	1,144,504	286,320	755,526		
0	*0*	*0*	*0*	*0*	*0*				
		0	0	44,250	1,117,434	210,000	1,744,816		0.40%
		0	*0*	*0*	*261,500*				
		0	0	180	460,095	279,486	2,804,216	17.33	
		0	*0*	*0*	*28,500*				
			0	0	1,500	141,048	3,749,031	13.23	
			0	*0*	*0*				
				0	0	63,950	3,724,350	14.92	
				0	*0*				
					0	35,051	4,004,949	12.82	
					0				
44,000	**19,600**	**13,750**	**529,890**	**2,081,362**	**4,629,688**	**1,340,659**	**17,445,007**		0.40%
22,000	**0**	**0**	**113,200**	**291,930**	**730,570**				

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

	Number of options	Weighted average price
Options granted in 2005 by a Group company	358,000	75.00
Options exercised in 2005 on the stock of a Group company	445,450	60.52

SOCIÉTÉ GÉNÉRALE STOCK OPTIONS GRANTED TO EMPLOYEES

PLAN	TOTAL OF 10 LARGEST OPTIONS AWARDS PER PLAN
1998	140,000
1999	272,000
2000	22,000
2001	476,000
2002	251,375
2003	308,125
2004	354,000
2005	358,000

REPORT OF THE CHAIRMAN ON INTERNAL CONTROL PROCEDURES

This report has been prepared in compliance with articles L. 225-37 and L. 225-68 of the French Commercial Code, pursuant to Article 117 of the law on financial security dated August 1, 2003. It provides a summary of the internal controls carried out by the consolidated Société Générale Group and is in no way intended to give a detailed description of the internal control procedures implemented by each of the Group's activities and subsidiaries. The chairman of each French limited liability company carrying out a public offering, and that is a subsidiary of the Group, is required to draft a specific report.

Given the extent and diversity of the risks inherent in banking activities, internal control within banks is a vital instrument in risk management and thus plays an important role in ensuring the sustainability of their activities. It forms part of a strict regulatory framework defined at a national level, and is also a focus of various projects at an international level (Basel Committee). Internal control concerns all areas of the Group. Indeed, while the primary responsibility therein lies with the operational staff, a number of support departments are also involved, notably the Risk Division, the Internal Audit Department and the General Inspection Department, together with all of the Group's finance departments. These entities all contributed to the production of this report. Once drafted, the report was approved by the chairman, discussed by the Board of Directors' Audit Committee and submitted to the Board for information.

THE ROLE OF THE BOARD OF DIRECTORS' AUDIT COMMITTEE:

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

As such, the Committee is responsible for the following:

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

As part of its functions, the Audit Committee is entitled to question, as it sees fit, the chief executive officers of the Company, the Statutory Auditors and the managers in charge of the accounts, internal control, risk management and ethical compliance (see "Corporate Governance", page 50).

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

A strict regulatory framework

The conditions for conducting internal controls in banking establishments are defined in the amended regulation No. 97-02 of the French Banking and Financial Regulation Committee. This text, which applies to all credit institutions and investment companies, defines the concept of internal control, together with a number of specific requirements relating to the measurement and limitation of the various risks inherent in the activities of the companies in question, and the procedures under which the deliberating body must assess and evaluate the quality of the internal controls carried out.

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

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

These texts define internal control as those resources that enable the Group's General Management to ascertain whether the transactions carried out and the organization and procedures in place within the Company are compliant with the legal and regulatory provisions in force, professional and ethical practices, internal regulations and the policies defined by the Company's executive body. The internal control is designed to:

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

A STRICTLY CONTROLLED ACQUISITION PROCESS

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

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

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

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

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

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

Moreover, the Company has implemented a specific procedure whereby strategic acquisitions are monitored by the Group Audit Committee and the Board of Directors. A development plan is thus drawn up upon the acquisition of a new entity and then reviewed some two years later.

The departments involved in internal control

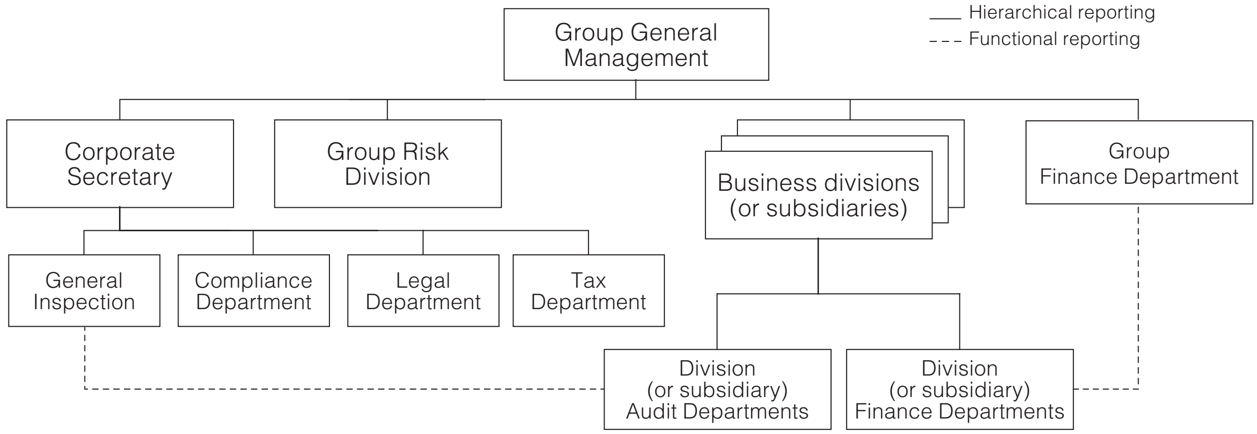
The first level of responsibility for internal control lies with the operational staff.

At the same time, the Group's transactions are also controlled by a number of support departments, which are independent from the operational departments. The role of each of these departments is covered in other sections of this report:

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

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

ORGANIZATIONAL CHART OF THE DEPARTMENTS INVOLVED IN INTERNAL CONTROL



Risks: evaluation, management and ongoing control

Banking activities are exposed to a variety of risks

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

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

Risk management procedures are defined at the highest management level

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

Moreover, the divisions are required to validate all new activities and products using their own specific approval procedure. This procedure is designed to ensure that all associated risks are correctly analyzed, measured and controlled prior to the launch of the product or activity.

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

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

1,900 staff dedicated to reviewing and controlling risk exposure on a permanent basis

The Group's risk function comprises some 1,900 staff dedicated to risk management activities.

The Risk Division at Société Générale Parent Company employs nearly 600 staff, while a further 1,300 staff are employed throughout the Group, charged with monitoring risk exposure at the subsidiaries.

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

The Division is completely separate from the business entities and reports directly to the General Management. Its role is to contribute to the development and profitability of the Group by guaranteeing a robust and efficient framework of risk management and overseeing all transactions carried out within its businesses.

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

Procedures and organization

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

Procedures for **counterparty risks**:

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

Procedures **for market risk**:

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

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

Structural risk is monitored by the Division Finance Departments, which analyze exposure and prepare the necessary reports.

The Group Finance Department's asset/liability management unit reviews structural risk at a consolidated level and provides support to the various entities by validating their models and methods.

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

Given the importance of **operational risks** within the banking sector, and in accordance with the recommendations of the Basel Committee on Banking Supervision, the Group's General Management has adopted a rigorous and coherent approach to reinforce the management of this type of risk throughout the businesses. The approach incorporates a number of measures, such as the mapping of the different types of operational risks, the creation of databases for internal and external operational losses and the implementation of specific procedures to monitor and control risk exposure. This is all part of a common framework of procedures, tools and methods designed to be implemented by the operating and corporate departments.

Moreover, the procedures for managing crises are tested regularly as part of Group's business continuity plan, which is supervised by a dedicated department set up in 2004.

Methodology and information systems

Société Générale dedicates significant resources to adapting its risk management and monitoring methods and bringing them up to date. The information systems, in particular, are regularly upgraded to accommodate changes in the products processed and the associated risk management techniques.

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

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

In credit risk, existing approval and monitoring procedures have been reinforced over the last few years with the introduction of economic capital, risk-adjusted return on capital (RAROC) and economic value-added (EVA) indicators. This has required the mobilization of major resources to model the Group's activities and adapt its information systems accordingly.

More generally, a program is currently underway to improve the quality of the monitoring tools incorporated into the risk information system. This has been backed up with the introduction of a number of new Basel II mechanisms (tools and procedures) both at local level (at the banking entities) and within the central Risk Division.

Conscious of the increasing exposure of its information systems to external threats as a result of the growing number of sales channels such as the Internet, Société Générale has implemented a series of organizational and communication initiatives. These notably include a security network coordinated by a Group information systems security manager with relays within the Group's different operating divisions, the creation of a unit to monitor safety and manage alerts, the publication of an instruction on security policy and review of all associated instructions, and staff information as to the different measures to be taken in tackling information system risks.

Compliance controls

Subsequent to the amendment of regulation No. 97-02 of the French Banking and Financial Regulation Committee on March 31, 2005, the Group's Corporate Secretary was appointed Group Head of Compliance. He is assisted in this role by individual heads of compliance appointed within each business division, who carry out similar functions to the Group Head at a local level. Clear roles and responsibilities have also been defined for the Group's subsidiaries or major entities.

The compliance of the Group's operations is monitored on a regular basis by:

- **the Compliance Department**, which verifies that all compliance rules and principles applicable to the Group's banking and investment services activities are observed, and that all staff respect codes of good conduct and individual compliance;
- **the Legal and Tax Departments**, which monitor all fiscal and legal aspects of the Group's activities.

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

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

Moreover, Société Générale is making targeted efforts to raise awareness among staff and provide training in the prevention of compliance risks, over and above its usual regular initiatives.

The permanent supervision of activities at local level by operational staff forms the cornerstone of internal control within the Société Générale Group

This comprises all procedures implemented on a permanent basis to guarantee that transactions carried out at an operational level are correctly handled, secure and valid. The first level of responsibility for internal control lies with the operational staff.

Permanent supervision comprises two elements:

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

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

The Internal Audit Departments cover all entities within the Group

The Internal Audit is a permanent system designed to periodically evaluate the efficiency of the internal controls employed by the entity to which it is attached. All Group activities and entities have an Internal Audit Department, which is authorized to inspect all aspects of their operations. Given the risks at stake, each department is provided with the requisite resources, from both a qualitative and quantitative point of view, to carry out its functions effectively.

KEY FIGURES

The Internal Audit Departments of Société Générale comprise some 1,000 members of staff.

The Group employs over 800 auditors, 75% of whom are employed in Retail Banking, 13% in Corporate and Investment Banking, 8% in Global Investment Management and Services, with the remainder responsible for specialized audit assignments (accounting, legal, information technology, etc.).

The General Inspection Department, for its part, employs 200 members of staff including 167 inspectors and controllers.

Société Générale's control system is split into two levels: the Internal Audit Department and the General Inspection Department

Each Group division has its own Internal Audit Department, managed by a chief auditor *(contrôleur général)*, who reports directly to the division manager. The chief auditor has hierarchical and functional authority over all the auditors in the division. The system also includes an Audit Department for the corporate departments, which reports to the Group's Corporate Secretary.

Each Internal Audit Department regularly identifies the areas of risk to which its division is exposed. It then defines an annual schedule of audits to make sure that the exposure is covered in full. Entities within the Group's Retail Banking Network, for example, are audited every 17 months, whilst, in the Corporate and Investment Banking Division, the highest-risk entities are audited once a year.

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

This system is reinforced with specialized audits in areas requiring specific expertise: these include accounting audits, legal audits and audits of counterparty risks and information technology security. The head of the corporate department in question takes direct responsibility for these specialized audits, and is thus able to monitor compliance with Group principles and procedures within the business and keep a closer eye on activities at operational level. The specialized audits can also complement the divisional audits in specific areas.

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

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

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

To do this, the General Inspection Department:

- audits the various corporate departments involved in internal control;
- assesses the quality of the work carried out by the Audit Departments. To this end, it is furnished with copies of all reports submitted by the auditors and appraises their quality. It also conducts specific inspections of the Group audit departments themselves (2 assignments in 2005) and assesses the quality of the work carried out by said departments in the entities concerned;
- validates the audit plans submitted by the Audit Departments;
- the Head of Group Internal Audit exercises functional control over the chief controllers and the specialized audit managers. He manages all audit-related activities (coherence of recommendations and methods, implementation of shared tools and resources, etc.). To this end, he notably organizes Audit Committees within each Group division.

AUDIT COMMITTEES

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

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

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

Control of the production and publication of financial and management information

The departments involved

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

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

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

Accounting standards

Local accounts are drawn up in accordance with local accounting standards, and the consolidated Group accounts are compiled in accordance with the standards defined by the Group Finance Department. Since January 1, 2005, these have been based on the IFRS accounting framework as adopted by the European Union, which replaces the previous body of standards established in accordance with French legal texts (general and specific to the banking sector) published by the Accounting Regulation Committee. The Group Finance Department has its own standards unit, which monitors the applicable regulations and drafts new internal standards to comply with any changes in the regulatory framework.

Procedures for producing financial and accounting data

Each entity within the Group compiles its own accounting and management statements on a monthly basis. The information is then consolidated each month at Group level and published for the markets on a quarterly basis. The Division Finance Departments also submit analytical reviews and notes validating their accounting data to the Group Finance Department to allow it to compile the consolidated financial reports (accounting, management reporting, regulatory, etc.) that it then transmits to the General Management and any interested third parties.

In practice, procedures have been tailored to the growing complexity of products and regulations. Moreover, specific action plans can be implemented where necessary. Indeed, in order to handle the strong growth in the volume of equity derivative transactions and the increasingly complex nature of the products on offer, the Société Générale Group has launched a major overhaul of the transaction processing system, which will be rolled out between now and 2010.

Internal control procedures governing the production of accounting and financial data

ACCOUNTING DATA ARE COMPILED INDEPENDENTLY FROM THE FRONT OFFICES

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

- daily verification of the economic justification of the reported information;
- reconciliation, within the specified deadlines, of accounting and management data, using specific procedures;
- production of a quarterly analytical report on the supervision carried out, which is submitted to the management of the entity or division, and to the Group Finance Department.

Given the increasing complexity of financial activities and organizations, staff training and IT tools are reviewed on a permanent basis to check that the production and verification of financial and management accounting data are effective and reliable.

The control system implemented at the Group entities, in the Division Finance Departments and Group Finance Department was adapted when the new accounting framework was introduced, in order to accommodate the new accounting processes and the additional information which needs to be disclosed in the notes to the financial statements.

SCOPE OF CONTROL

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

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

SECOND-LEVEL CONTROL BY THE DIVISION FINANCE DEPARTMENTS

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

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

The Division Finance Departments control the consistency of the data produced by the entities and, in conjunction with the Group Finance Department, resolve any difficulties in the interpretation of accounting, regulatory or management data.

SUPERVISION BY THE GROUP FINANCE DEPARTMENT

Once the accounts produced by the various entities have been restated according to Group standards, they are entered into a central database and processed to produce the consolidated accounts.

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

As a result of the transition to IFRS, the department was also required to validate the opening balance sheet at January 1, 2005 established under the new accounting framework. To do this, it analyzed the reconciliations produced by each consolidated entity between the balance sheet at December 31, 2004 under the Group's old accounting framework, and the opening balance sheet at January 1, 2005 under the IFRS framework.

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

CONTROL BY ALL OPERATIONAL STAFF INVOLVED IN THE PRODUCTION OF ACCOUNTING, FINANCIAL AND MANAGEMENT DATA

The operational staff monitor their activities via a permanent supervision process, under the direct responsibility of their management teams, verifying the quality of the controls carried out on accounting data and the associated accounting treatment.

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

In the course of their assignments, the Division Audit Departments verify the quality of the financial and management accounting data produced by the audited entities. They check certain accounts, assess the reconciliations between financial and management accounting data, and the quality of the permanent supervision procedures for the production and control of accounting data. They also identify any areas where manual processing may be required to make up for gaps in the IT tools and which therefore need to be closely checked. The departments then issue recommendations to the people involved in the production and control of accounting, financial and management data in order to improve this process through more specific initiatives aimed at particular entities or activities.

The accounting audit team is comprised of experienced audit professionals and is charged with the following functions:

- joint audits (with the Division Audit Departments) of any areas where financial information is deemed to be most sensitive, to verify that accounting standards are correctly applied;
- provision of technical and methodological expertise to the generalist division audit departments or to the General Inspection Department, notably in the form of training on the Group's new accounting framework;
- preventive intervention at entities that are to be integrated into the Group in the near future, in order to evaluate the impact of the application of Group accounting standards;
- maintenance of links with the Group Statutory Auditors and monitoring of recommendations issued by external bodies.

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

THIRD-LEVEL CONTROL CARRIED OUT BY THE GENERAL INSPECTION DEPARTMENT

At the third level of control, the General Inspection Department generally carries out accounting audits as part of its general inspections, but also conducts specific audits to check the quality of the controls carried out by the staff responsible for producing accounting, financial and management data. By way of example, in 2005 the General Inspection Department conducted an assignment to verify the security of the main accounting IT tools used in the Group's French operations, and assessed the scope of accounting risks covered by the Group's various permanent and periodical control mechanisms.

Developments underway

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

The Group has recently modified its internal control structures to comply with the new specifications of regulation 97-02 which became applicable on January 1, 2006.

Under the new format, the permanent supervision system has been separated from the body of periodical controls, the General Inspection Department and the division or subsidiary audit departments, and structured into specific silos for each major category of risk. These individual permanent supervision structures answer directly to a member of the Management Committee, who is assisted by dedicated risk prevention teams. Both the permanent and periodical control systems are coordinated by the Chief Executive Officer, and by an internal control coordination committee.

Within the permanent control system, the main change has been the reorganization of the compliance function, as described previously.

Over the course of 2006, the Group shall continue to amend its internal control structure to bring it into line with the new terms and conditions of amended regulation 97-02 (continued restructuring of the compliance monitoring function, increased formalization of permanent controls, etc.).

REPORT OF THE STATUTORY AUDITORS ON INTERNAL CONTROL PROCEDURES

Société Générale S.A.
Year ended December 31, 2005

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

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

To the shareholders,

In our capacity as statutory auditors of Société Générale, and in accordance with article L.225-235 of the French Company Law (Code de Commerce), we report to you on the report prepared by the Chairman of your company in accordance with article L.225-37 of the French Company Law (Code de Commerce) for the year ended December 31, 2005.

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

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

We performed our procedures in accordance with professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of:

- obtaining an understanding of the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the Chairman's report;
- obtaining an understanding of the work performed to support the information given in the report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Company Law (Code de Commerce).

Neuilly-sur-Seine and Paris-La Défense, March 1, 2006

The Statutory Auditors, French original signed by

DELOITTE et ASSOCIÉS
José-Luis GARCIA

ERNST & YOUNG Audit
Christian MOUILLON

6 HUMAN RESOURCES[1]

(1) Historical data should be used with caution as the scopes concerned and dates of calculation may vary from one fiscal year to the next. Similarly, care should be taken with averages as they constitute aggregate figures for a broad scope, and figures for individual geographical areas, countries or activities may vary widely.

The Société Générale Group's headcount increased twofold between 1996 and 2003, and has since continued to rise as the Group has pursued its policy of domestic and international expansion. Société Générale now operates in 76 countries around the globe, employing over 103,000 staff from a wide variety of cultural and professional backgrounds, in a range of activities and businesses. In the face of this diversity, the system of human resources management has become increasingly complex and vast, and needs to tackle a number of strategic challenges in order to take the Group into the future:

- recognize and encourage staff diversity and dynamism;
- strengthen the Group's appeal as an employer, in order to attract new talents and retain existing staff;
- foster solidarity by promoting shared values, integration and profit-sharing;
- continue to focus on the management and personal development of staff, through the encouragement of more professional guidance and integration of international staff.

These human resources (HR) initiatives are based on the Group's two fundamental principles: the application of a consistent body of policies at global level (in employment, remuneration, training, social policy), and the maintenance of a system of subsidiarity (decentralized implementation of individual and collective management initiatives by each business entity).

EMPLOYMENT

Total headcount

At the end of 2005 (2), the Group employed a total of 103,555 staff, representing a 12.6% rise on 2004.

	2005	2004	2003	2002
Group headcount (at end of period, excluding temporary staff)	103,555	92,000	88,000	83,220

The growth in headcount is attributable to a number of factors:

- external growth: the Group acquired MIBank in Egypt (1,300 staff), DeltaCredit (140 staff), Promek Bank in Russia (600 staff) and Eurobank in Poland (1,100), and sold Banco Supervielle in Argentine (980 staff);
- organic growth (recruitments, see below for further details);
- and, lastly, an extension of the scope covered by our HR reporting system (in 2005, an estimated 98% of the Group's total staff were included in the reporting scope).

The Group now has a solid international presence, with over 46% of its staff employed outside France, in 76 countries.

Breakdown of staff by region and activity

	Western Europe (*of which France*)	Central and Eastern Europe	Africa	Americas	Middle East	Asia + Oceania	Total	% of total
Retail Banking	50,655 *(44,072)*	21,021	10,891		783	304	83,654	81%
GIMS	5,938 *(3,739)*		38	1,305		145	7,426	7%
Corporate & Investment Banking	6,279 *(4,850)*	134		1,879		1,270	9,562	9%
Corporate Departments	2,913 *(2,913)*						2,913	3%
Total	**65,785** ***(55,674)***	**21,155**	**10,929**	**3,184**	**783**	**1,719**	**103,555**	100%
% of total	*63.5%*	20.5%	10.5%	3%	0.5%	2%	100%	

(2) Data as at November 30, 2005

Breakdown of staff by contract type and gender

Out of a total headcount of 103,555 at December 31, 2005, 94% of staff were employed on permanent contracts.

Women account for 53.6% of the total payroll, up slightly on 2004 (+2%).

In France (Société Générale Parent Company), 39,079 staff (97% of the total headcount) had permanent contracts at end-2005. The number of fixed-term contracts amounted to 1,286, and included 1,174 young persons on work-study, qualification or apprenticeship schemes. Over the course of 2005, 324 fixed-term contracts were converted into permanent contracts. 38% of the Company's employees have executive status, and 62% employee status (banking technicians). The proportion of women on the payroll has continued to rise, and currently stands at 53.9%.

Breakdown of staff by age bracket[3]

AGE BRACKET	MEN	WOMEN	TOTAL
Under 24	1,427	3,220	4,647
24 to 29	6,955	9,435	16,390
30 to 34	6,323	6,967	13,290
35 to 39	5,422	5,958	11,380
40 to 44	5,364	5,871	11,235
45 to 49	4,869	5,409	10,278
50 to 54	6,252	6,306	12,558
55 and over	6,245	4,358	10,603
	42,857	**47,524**	**90,381**

Recruitment

The Société Générale Group pursues an active recruitment policy designed to keep pace with its global expansion, prepare future generations of staff, renew its skill-set and thus maintain a high standard of customer service. It adapts this policy to the specific characteristics of its business lines, activities and geographical locations.

Over the 2005 financial year, the Group stepped up its recruitment, hiring a total of 10,585 staff on permanent contracts (double the figure for 2004), including 58% women, and 5,790 staff on fixed-term contracts (2,277 in 2004).

Breakdown of new-hires on permanent contracts by region and activity

	Western Europe (*of which France*)	Central and Eastern Europe	Africa	Americas	Middle East	Asia + Oceania	Total	% of total
Retail Banking	3,559 *(3,018)*	3,154	940		34	4	7,691	72.7
GIMS	758 *(346)*			202		60	1,020	9.6
Corporate & Investment Banking	997 *(722)*	1		408		259	1,665	15.7
Corporate Departments	209 *(209)*						209	2
Total	**5,523 *(4,299)***	**3,155**	**940**	**610**	**34**	**323**	**10,585**	**100**
% of total	*52.2%*	29.8%	8.9%	5.7%	0.3%	3.1%	100%	

(3) Data as at end-September 2005, for 87% of the Group's scope.

In France (SGPM), a total of 2,916 new staff were recruited on permanent contracts, including 1,320 executives, and 974 on fixed-term contracts (including 715 young people on work-study programs).

With this sustained pace of recruitment, the Group makes a major contribution to the French economy through job-creation and employment. It took on a total of 6,011 new staff in 2005 (71.5% on permanent contracts), making it one of the leading recruiters in the country. At the same time, it is also helping to balance the age distribution of its staff, notably in Retail Banking which will be hit by a wave of retirements over the next five to ten years (see Departures section below).

Departures

In 2005, a total of 10,538 staff on permanent contracts left the Group. The main reasons for departure were, in descending order of importance: resignations (4,458), dismissals (1,182), retirements (1,184).

The Group's overall staff turnover was low, at around 4.8%. Individual rates vary, however, depending on the business, activity or marketplace in question, and need to be analyzed in greater detail to take into account these specific characteristics.

Over the year, the number of dismissals totaled 1,182 and included 211 economic redundancies. The latter were concentrated primarily in the international retail banking operations (110 in Central and Eastern Europe, 43 in Western Europe and 20 in Africa) and in Global Investment Management and Services (24 in Western Europe, 8 in North America, 6 in Oceania).

All dismissals were carried out in full compliance with local legislation and in close collaboration with employee representative bodies. Moreover, where possible, the Group made every effort to find staff another position internally.

In France, a total of 737 Société Générale and Crédit du Nord staff retired, while a further 995 took early retirement under the CATS scheme [4]. Retirements are expected to peak in 2009 and 2010, at a total of around 1,600 per year (SGPM).

REMUNERATION

In order to maintain its pace of global expansion, the Group strives to attract and retain high quality staff, notably by offering competitive pay packages (basic salary, performance-linked pay, employee benefits). These are based on standard Group-wide principles, but adapted to particular market contexts, and are designed to reward both individual and collective performance.

The Group's entities monitor their pay policies on an ongoing basis, consulting market surveys of remuneration levels to assess the competitiveness of the packages they offer, particularly in the case of specialized posts.

We do not calculate the average gross annual remuneration for the Group as a whole, as this is not meaningful given the broad diversity of activities and geographical locations.

However, at Société Générale Parent Company (SGPM), the average gross annual remuneration[5] was EUR 42,708 in 2005 (+1.7% compared with 2004).

All Société Générale Group entities respect their commitments with regard to the payment of social security charges on salaries and staff benefits (for the actual amounts, see Note 37 page 194).

*(4) Under the CATS agreements (*Cessation d'Activité de certains Travailleurs Salariés*) staff who meet certain conditions can choose to leave the company early, in which case their contract is suspended until their official age of retirement.*
(5) Basic Salary + variable component (excluding profit-sharing and top-up payments).

PROFIT-SHARING AND THE GLOBAL EMPLOYEE SHARE OWNERSHIP PLAN

The Group offers its staff a number of profit-sharing and share-ownership schemes to provide additional incentives and align their interests with those of the business. Since 1987, Société Générale has pursued an active employee share ownership policy, with the aim of giving a maximum number of staff a share in its performance.

Under the Société Générale scheme (SGPM), valid until the end of 2005, the total amount of profits to be shared is calculated as a percentage of gross operating income for the period, weighted according to changes in activity indexes. Employees then receive a share of this profit which is proportionate to their basic salary in the year of reference. Société Générale employees can invest their share of the profits in marketable securities under the Company Savings Plan (PEE), which offers excellent financial terms and tax incentives. They can choose from 4 mutual funds, one of which is invested in Société Générale shares. The company makes additional top-up contributions to the fund on behalf of employees choosing to invest.

In 2005, a total of EUR 50.4 million in profits was distributed to Société Générale staff, and EUR 277.5 million was invested in the Company Savings Plan, EUR 153.8 million by employees and EUR 71.7 million by Société Générale as a top-up contribution.

Two additional profit-sharing and PEE agreements were signed in June 2005, which became effective as of January 1, 2006.

New calculation coefficients have been introduced to make the profit-sharing scheme more attractive, and the amount of profit to be distributed is now calculated as a percentage of overall Group earnings. The PEE also offers staff the choice of five new funds in addition to the existing four.

The Global Employee Share Ownership Plan: the Group's capital increases were initially reserved for employees and former employees of Société Générale France and Crédit du Nord, but since 2003 they have gradually been opened up to a broader scope of employees. In 2005, the scheme was made available to 165 Group entities in 48 countries. 75% of those eligible in France (Société Générale and the Group's French subsidiaries) subscribed to the scheme and 30% abroad, representing an overall subscription rate of 59%. 5.6 million new shares were created and a total of EUR 357.7 million was invested(6) (compared to EUR 302.9 million in 2004 and EUR 292.1 million in 2003). More than 60,000 employees and former employees around the globe are now Société Générale shareholders, accounting for 7.56% of the Group's share capital.

In addition, some of the Group's international subsidiaries have set up their own local profit-sharing schemes, which vary from one country to another depending on the applicable remuneration and fiscal regulations.

EQUALITY IN THE WORKPLACE

In June 2005, Société Générale and SGAM signed specific agreements designed to put into practice the Group's policy on equal opportunities. These texts introduce nine concrete and measurable initiatives aimed at raising the profile of women in the workplace at every stage of their professional careers. Although women account for a majority of the workforce (53.6%) and of recruitments (58%), they are still underrepresented at executive and managerial level.

(6) Profit-sharing: EUR 78 million
Other voluntary contributions: EUR 191 million
Top-up contribution: EUR 88 million

EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING

In 2005, the Group signed some 171 agreements with employee representatives, including 79 new agreements or amendments in France. These texts cover issues such as remuneration, profit-sharing, equality in the workplace, working hours, employee benefits (including the health insurance and retirement scheme), staff representative bodies and training.

HEALTH AND SAFETY IN THE WORKPLACE

In France, Société Générale has developed a comprehensive health and safety policy covering all areas of activity, and comprising a range of initiatives, such as:

- post-trauma medical and psychological assistance for victims or witnesses of attacks;
- monitoring of food hygiene in the company's canteens;
- safeguarding of the health of employees (annual medical examinations, permanent medical service at the head office, specific monitoring of the health of expat employees, etc.);
- the provision of information and screening as part of public health programs (tobacco, sleeping disorders, etc.).

The Group also keeps a permanent eye out for any risks liable to affect the health of its staff, anywhere in the world (recent examples: SARS, avian flu).

Staff throughout the Société Générale Group are provided with extensive health and invalidity cover, which in many countries goes beyond the minimum legal requirements. A number of targeted initiatives have also been implemented, notably in countries affected by major pandemics (e.g. to tackle AIDS in Sub-Saharan Africa).

CAREER MANAGEMENT AND TRAINING

The Société Générale Group places great emphasis on the professional development of its staff, and aims to tailor its career management, mobility and training policies to suit the needs of the individual and the requirements of its business entities.

Over 58,400 Group employees (54% female) received some form of training in 2005, representing a total of 1.7 million hours.

In France, Société Générale devotes 3.20% of its total payroll to the provision of training, equivalent to EUR 2,000 per employee.

The range of courses on offer is extended and adapted each year to cater for the professional needs of Group staff, both in terms of technical and managerial training.

Société Générale also offers employees the opportunity to enroll on in-house training programs, *Cursus TMB* (*Techniciens des Métiers de la Banque*) and *Cursus Cadres* (an internal promotion scheme), and on external courses leading to professional qualifications.

The Group is also testing out a number of dedicated schemes to meet more specific needs, such as the transfer of skills in the domestic retail banking network in preparation for the expected wave of retirements.

See the section below on Relationships with educational establishments.

Personal performance appraisals

One of the major challenges for the Group in terms of human resources management is how to evaluate and recognize the professional performances of its staff. In 2005, over two thirds of staff were given annual performance appraisals by their respective managers.

Since the end of 2004, the Group has been rolling out a "Performance and personal development" program for executives, designed to monitor the achievement of set objectives in the field of professional and personal development. At the same time, the Group is making efforts to increase staff awareness of the initiatives on offer, and provide a broader range of tools (training of managers and HR staff, database of examples of initiatives to develop behavioral skills), available via the HR intranet for Société Générale in France or from relays located within the Group entities.

EMPLOYMENT AND INTEGRATION OF DISABLED WORKERS

The Société Générale Group is working to increase the number of disabled persons on its payroll, particularly in France where it collaborates actively with an enterprise agency to recruit and retain handicapped staff. At the same time, it continues to encourage the use of *Centres d'Aides par le Travail* and *Ateliers Protégés* (associations offering tailored solutions to help handicapped people to work).

The Group currently employs 1,743 disabled staff around the world, 1,359 of whom are located in France (note that it is difficult to obtain accurate figures for certain countries as there is no precise definition of the concept).

More than 950 people registered with Cotorep* or receiving disability benefit currently work at Société Générale.

*Commissions techniques d'orientation et Reclassement Professionnel *(technical commissions for career orientation)*.

THE GROUP'S CONTRIBUTION TO LOCAL AND REGIONAL DEVELOPMENT

Relationships with educational establishments and employment associations

The Group has an active policy of training young people and students (work-study contracts, internships, company volunteer programs or VIE, etc.) and seeks to develop relationships with educational establishments, both in France and abroad. In 2005, it took on a total of 8,675 students around the world on company internships.

At the start of 2006, Société Générale renewed the agreement signed with the ANPE (French employment agency) in 2004 which is designed to promote a recruitment policy that reflects the diversity of French society and to rebalance the age distribution of staff. The bank has agreed to consider applicants for positions as bank cashiers or multimedia customer advisers regardless of age, profile or qualifications, provided they can demonstrate prior experience in a commercial or customer service role. In 2005, a total of 135 employees were recruited under this scheme, twice as many as in 2004.

Encouraging subcontractors and subsidiaries to comply with ILO standards:

The Group's purchasers incorporate references to Société Générale's sustainable development commitments in all invitations to tender and new contracts with subcontractors (UNEP Statement by Financial Institutions on the Environment and Sustainable Development, principles of the Global Compact), along with founding texts such as the Universal Declaration of Human Rights and the fundamental principles of the International Labor Organization. Subcontractors must all undertake to comply with these texts.

2005 NRE APPENDIX - SOCIAL SECTION

Article 1 of decree 2002-221 of February 20, 2002, enacting article L. 225-102-1 of the French Commercial Code.

The data given below relate to the Group, France or Société Générale parent company (SGPM), as indicated.

Employment

Total headcount

Group headcount at November 30, 2005: 103,555 (including 5,891 on fixed-term contracts)

Société Générale (SGPM) headcount: 40,365 (including 1,286 on fixed-term contracts)

Recruitment

Total recruitments: 16,375

Recruitments on fixed-term contracts: 5,790

Recruitments on permanent contracts: 10,585

The Group's strong financial performances and reputation as an employer make it easier to recruit the required profiles.

Dismissals

Total number of dismissals: 1,182

Of which economic redundancies: 211

The other main causes for dismissals are unsuitability for the position, dismissal during a trial period, and dismissal for professional misconduct (France and abroad).

Information on severance plans

Over and above its legal obligations, the Société Générale Group looks to provide its staff with additional support measures during the implementation of severance plans (reclassification, use of outplacement firms, extension of benefits, etc.).

Outside contractors

The use of outside contractors remains limited and principally concerns the outsourcing of specialized activities such as information systems, security, armored transport, catering, building maintenance.

SGPM figures:

Monthly average number of service providers: 5,064

Monthly average number of temporary workers: 470 (full-time equivalent)

Working hours

Organization of working time

The organization of working time depends on the regulations applicable in each country where the Group operates, and the employee's function. As a result, the schemes available vary widely (number of working hours, flexible working hours, organization).

SGPM signed an agreement in October 2000 on the reduction and organization of working hours, which was implemented as of 2001. It provides for two systems:

- a 39-hour working week with 56 days of paid leave in addition to normal days off per week,
- a working week of 37 hours and 22 minutes, spread over 4.5 days, with 47 days of paid leave in addition to normal days off per week.

Employees may benefit from schemes reducing the number of hours worked to 80%, 60%, 50% or even 40%.

Several French subsidiaries of the Group have signed special agreements, as have numerous foreign entities.

More than 5,713 staff work part-time (i.e. 5.5% of the workforce) for the Group as a whole (4,559 of these in France, including 3,431 for SGPM).

Weekly working hours

In France (SGPM), 39 hours a week.

Part-time staff work different hours, depending on their chosen scheme (for example 31.2 hours a week for an employee working an 80% week).

Overtime

The definition of overtime is taken from French regulations, and the reporting scope for this indicator is therefore limited to France.

At November 30, 2005, the total number of hours of overtime reported by staff at the French entities was 91,370, or an average of 1.75 hours per employee.

The total number of hours of overtime recorded by SGPM over the period was 53,617, or an average of 1.44 hours per employee.

Absenteeism

Rates of absenteeism and the related causes are monitored at all Group entities.

Rate of absenteeism (number of days absent/total number of days paid, as a percentage) at SGPM for the first 11 months of the year: 4.62%

Main causes: illness (2.61%), maternity (1.67%)

Rate of absenteeism for the Group: 5.70% (illness 3.11%, maternity 1.61%)

Number of accidents in the workplace (Group): 811

Employee remuneration, social security charges

Average gross annual remuneration (SGPM): EUR 42,708

All entities in the Société Générale Group comply with their obligations in terms of social security charges levied on employee salaries and benefits . See Note 37, page 194.

7 CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Our vision of CSR and the main principles of our approach

Message from Daniel BOUTON:

"Société Générale's core strategy is to create lasting value for its shareholders, clients and staff. Yet this objective is only meaningful if it is built into a broader policy of corporate social responsibility designed to promote social development and environmental protection.

We choose our activities, suppliers and partners according to their ability to generate sustainable value, using a selection process that we aim to make as transparent as possible, and at the same time encouraging increasingly open and constructive dialogue in order to create a climate of mutual trust.

Société Générale has delivered consistent growth in revenues, earnings and profitability, a trend which was once again confirmed in the results for 2005. But none of this would have been possible without this confidence in our business. It is our belief that trust forms the basis of the banking industry and can only be achieved by taking into account the needs and concerns of all the company's stakeholders.

Société Générale is well aware of its responsibility to the environment and to society at large. As a major driver of wealth creation and development, the banking industry makes a significant contribution to economic and social progress. This places us under increased scrutiny, and means that our responsibility to society as a whole is perceived differently from that of other businesses. We know this because we listen to our stakeholders – civil society is becoming increasingly demanding over the extent of our responsibilities, meaning that we need to incorporate CSR considerations into all levels of our business, both upstream in our purchasing and sourcing procedures, and downstream in the environmental impact of our financing activities and in our relationships with customers.

This policy of active engagement with civil society, of ongoing reflection and improvement, is deeply embedded in our corporate culture and forms the basis for our corporate values – professionalism, team spirit, innovation – and ethics.

Société Générale has made corporate social responsibility an integral part of its business, taking into account the specific geographical, cultural, social and economic characteristics of each country where it operates."

Our corporate social responsibility is based on five principles that have already proved robust and are continually being reinforced:

- a client-focused Quality Approach;
- a robust system of **corporate governance**, which is continually being adapted in response to the demands of society, and is improved regularly through increased transparency and involvement from different players;
- **strict internal control processes and an increasingly robust system of risk management**;
- a comprehensive **framework of compliance**;
- **a culture of innovation and a collective innovation program** designed to encourage staff to contribute to the evolution of the Group.

Our obligations and commitments

Société Générale seeks to respect the environment and observe fundamental human rights and social principles in all areas where it operates.

The Group complies fully with the obligations of the *Nouvelles Régulations Economiques* (NRE), notably article 116 which requires listed companies to report on how they integrate social and environmental considerations into the way they do business.

It has agreed to observe the OECD Guidelines for Multinational Enterprises and, in 2001, signed the UNEP Statement by Financial Institutions on the Environment & Sustainable Development. In 2003, the company also adhered to the Global Compact initiative, launched by the Secretary General of the United Nations, and has integrated the ten principles of this text into its strategy, business culture and operational methods.

Our objectives and policy

Société Générale's aim is to become a major reference in corporate social responsibility, and one of the leading European financial establishments in the field.

The Group is already a component stock of the four principal sustainable development indexes (FTSE4Good, ASPI, Dow Jones Sustainability Index, etc.) and included in 86% of French Socially Responsible Investment funds(1), and is firmly committed to maintaining and improving these performances.

(1) Novéthic – *special report on SRI in France* – La lettre de l'économie responsable*, July 2004.*

Our policy for corporate social responsibility is to put our commitments into practice and to continually look for ways to improve our contribution. It is based on three main priorities:

1/ The incorporation of social and environmental considerations into our business practice

This comprises two aspects:

- **the inclusion of social and environmental concerns in financing and investment activities**

  The core businesses have adopted a structured approach, tailored to their particular activities and to the extent of the risks incurred, which is designed to ensure that social and environmental risks associated with their financing activities are correctly identified, prioritized and controlled.

- **the promotion of responsible economic development,** notably through the elaboration of policies, products and services that contribute directly or indirectly to the protection of the environment or to social development, in response to the growing concerns of our customers and to the opportunities offered by the market.

2/ Pro-active and responsible management of staff

(see pages 83 and following of this document)

This incorporates a number of elements: a recruitment policy that seeks to promote diversity, strategies to enhance the skills and employability of staff, that reconcile professional development with personal fulfilment, motivational remuneration policies designed to give employees a stake in the performance and results of the Group.

3/ Management and reduction of the direct environmental impact of our activities

This relates in particular to the use of natural resources, energy and paper consumption, the use of recycled paper, the selection of electronic equipment, waste management, the optimization of business travel… Société Générale bases its approach in all these areas on best practices adopted by the banking industry and on relevant procedures used in industries that are more exposed to environmental risk.

The Group also promotes environmental protection among its staff, and encourages suppliers to develop eco-friendly practices (notably by including a CSR questionnaire in all invitations to tender).

The Group's CSR policy can also be seen as the extension of its client-focused Quality Approach to a broader range of stakeholders.

The Approach itself is based on two main principles:

- **the continuous search for ways to optimize customer satisfaction, using structured systems of dialogue**

For over ten years, the Group's domestic retail banking network has conducted annual satisfaction surveys, targeting representative samples of its major customer segments (individuals, self-employed professionals, businesses), along with customers from rival banks. In 2005, we also introduced an annual "branch satisfaction survey", which questions a selection of 100,000 customers on the treatment they receive at the branches and the quality of their relationships with customer advisers. For customers requiring a more tailored approach (businesses or private banking clients), we organize personalized appraisal meetings to assess their expectations and levels of satisfaction. The results of these surveys are then analyzed and followed up with targeted action plans.

The international retail banking network has developed its own version of this policy in order to place increased emphasis on the quality of its customer relationships.

- **the optimization of operating efficiency in all major business processes**

The Group's operating entities have launched individual programs to review their main business processes (e.g. Corporate and Investment Banking in 2003, the French Networks in 2005), with the aim of enhancing reliability, reducing processing times, increasing reactivity and above all delivering maximum value for the end-customer. These programs are all being implemented in accordance with the highest methodological standards.

Our organization and tools

The CSR management framework forms an integral part of the Group's structure, and comprises a number of different tools and structures at various levels of the Group's hierarchy (the corporate governance system, the compliance framework, the Audit Charter, the Risk Committee, the New Product Committees, internal regulations, etc.).

The Group's operating divisions and corporate departments are responsible for defining and implementing practical ways of applying CSR policies, according to the specific characteristics of their business, and for verifying that these methods are correctly observed. They have appointed their own CSR contributors (around forty throughout the Group), who help define action plans for the departments, monitor CSR practices and report their findings to the Sustainable Development Department.

The Quality, Innovation and Sustainable Development Department is directly attached to the Corporate Secretariat and is charged with promoting the CSR policy throughout the Group and coordinating its application. It also provides practical assistance to the operating divisions and corporate departments and encourages the exchange and dissemination of best practices.

Several times a year, the Sustainable Development Department holds Steering Committees, attended by the CSR contributors from the divisions and corporate departments, in order to assess the progress made in social and environmental action plans.

The Group's Executive Committee sets the overall sustainable development strategy and periodically validates the action plans submitted to it by the Sustainable Development Department.

In order to evaluate its overall performance in the field of corporate social responsibility, the Group has defined a series of quantitative indicators which will be entered into a software application acquired in 2005, in order to be consolidated and analyzed. The indicators fall into three main categories:

- **corporate** indicators: corporate governance, compliance, social and environmental evaluation of counterparties/projects, innovative products to foster sustainable development, customer satisfaction, contribution to local development, corporate citizenship;
- **social** indicators: employment, management of skills and careers, remuneration, working hours, internal dialogue, health and safety;
- **environmental** indicators: environmental management system, environmental awareness, consumption, transport, waste.

For further information go to www.socgen.com

2005 NRE APPENDIX-ENVIRONMENTAL SECTION

Article 2 of decree 2002-221 of February 20, 2002 enacting article L. 225-102-1 of the French Commercial Code.

Water consumption

783,735 m³ over a scope of 27 countries, representing 51,582 people (the 2005 reporting scope covered 83,860 people, but at a number of sites it was not possible to measure the entity's individual consumption, notably because the premises are jointly owned and occupied).

As a result of efforts made by building managers at the Group's central premises, water consumption only amounted to 12.6 m³/occupant (17% less than the Group average). Flow reducers have been installed on all sanitary systems throughout the premises, limiting the consumption of running water.

Change in reporting scope	2005	2004	2003	2002
Water in m³	783,735	628,315	547,710	488,608
Water/person in m³	15.2	16.0	18.6	18.4
Scope, in number of people	51,582	39,285	29,416	26,502

Energy consumption

Electricity consumption	388,737 MWh for 83,931 people in 34 countries, representing more than 80% of the Group's staff.
Gas consumption	86,054 MWh for 83,931 people in 34 countries.
Consumption of fuel, steam	98,941 MWh for 83,931 people in 34 countries.
Air conditioning	72% of buildings are air-conditioned (92% of branches in France, 94% of central buildings and 56% of subsidiaries which submitted data). Nearly all air conditioning systems are dry refrigeration systems (99.4% of Société Générale network branches). New premises opened over the period were equipped with new, more efficient air conditioning systems to replace the old equipment: 50,600 m² in 2005.
Measures taken to improve energy efficiency	All central buildings and network branches in France have automatic regulation systems (notably heating regulation). At the administrative headquarters since 1995: limited temperature adjustment, automatic closure of blinds, switching-off of lights at set times, etc. The same system was installed at the Hong Kong offices in 2004. All the French branches are equipped with a system for switching off the lighting and putting the workstations into standby mode outside working hours. The lighting of elements on the front of the buildings (signs, etc.) is also controlled by automatic timers, which leave only a minimum amount of equipment powered up at each outlet after a specified time, set in accordance with the environment (usually 10.00 pm). During branch renovations, priority is given to installing reversible air conditioning systems in order to save energy. Systems for recovering the heat given off by some of our refrigeration installations have been installed. Consequently: - the use of recovered heat met 93% of the energy requirements for heating Tour Société Générale at La Défense in 2005; - since 1995, the Group's IT center near Paris has been fitted with a system for recovering waste heat generated by the computers. This system enables the center to cover 95% of its heating requirements, with the annual gains estimated at approximately EUR 250,000. Cathode-ray tube screens have been replaced with flat screens throughout the central buildings, in order to reduce the consumption of electricity and use of air conditioning.
Use of renewable energy sources	As of 2003, part of the Tour Société Générale's energy requirements were met using renewable energy. In 2005, all the Tour's energy consumption was certified as coming from renewable sources. Société Générale signed a green power contract for the provision of 55,000 MWh of energy from renewable sources representing 25% of its electricity consumption in France, and the Renewable Energy Certificate System (RECS) issued the company with the corresponding "Green" certification.

	2005	2004	2003	2002
Electricity (MWh)	388,737	302,989	282,651	207,200
Gas (MWh)	86 054	82,924	89,240	32,360
Fuel + steam (MWh)	98,941**	66,057*	30,545	24,639
Energy/person (MWh)	6.8	7.3*	7.2	6.5
Reporting scope (no. of people)	83,931	61,669	55,727	40,582
Reporting scope (surface area in m²)	1,005,000	1,789,000	1,836,000	2,305,000
Energy/m² (KWh)	249	246	225	263

** 2004 data have been corrected following the detection of a number of conversion errors.*
*** In 2005, the sharp rise in fuel consumption was essentially due to the incorporation into the reporting scope of the international retail networks, which use larger quantities of fuel than other Group entities.*

Consumption of raw materials

Paper consumption	The measures implemented in 2004 were continued throughout 2005: use of completely recyclenvelopes (including plastic window) for account statements sent to customers in France (120 million sent out per year), discontinuation of the printout of 1.1 million electronic customer files per year. In 2005, Société Générale extended the use of the Tornado system (a spooler system for envelopes), eliminating the need for cardboard boxes for the delivery of envelopes. Consumption of paper stood at 2,000 tons for the central buildings in Paris and the provinces, and the French Networks. 20% of the paper used by the central buildings is recycled.

Waste

Waste production stood at 3,011 tons in 2005 at the central buildings in Paris (197 kg per occupant). Waste is broken down into sixteen categories, which are each treated accordingly. Agreements with service providers have been implemented for collecting, sorting and recycling all waste. Directives on the systematic recycling of fluorescent tubes were issued in 2004.

Environmental management system

Steps taken to obtain environmental assessment or certification	Improvement of sustainable development reporting indicators in 2005 and implementation of a central reporting tool for the Group which covers 80% of the workforce. Verification by the Statutory Auditors that the sustainable development information published in our 2005 CSR report is consistent with our actual achievements and practices.
Measures taken to anticipate the impact of legislative and regulatory provisions in this area on the Company's activity	The departments in charge of managing Group buildings (see 6°) are responsible for applying the necessary legal and regulatory provisions in those areas that come under their scope of responsibility.
Expenditure to prevent the Company's activity causing any environmental damage	Spending not itemized in the entities' operating budgets.
Existence of internal environmental management departments within the Company	Société Générale has adopted a decentralized organization in this area. There is a department in charge of managing the central buildings and dedicated departments in each French or foreign branch and subsidiary. The environment forms an integral part of their mission brief. The creation of a Group property committee in 2003 is helping to improve the pooling of these initiatives.
Staff training and information	A third environmental awareness brochure, entitled "Let's protect our planet" was published, and 40,000 copies were distributed during the third Sustainable Development week in June 2005. Regular displays indicating best practices in terms of environmentally friendly behavior are organized within our buildings. An intranet site for head-office users sets out all the rules concerning the buildings (including best environmental practices). Regular conferences are organized for staff on sustainable development issues.

Transport

Travel to and from work	The locations for the head offices were notably decided on the basis of their proximity to a public transport hub (La Défense/Val de Fontenay). As a result, public transport is used for 90% of travel to and from work.
Business travel	A new internal directive was issued in 2005 encouraging staff to limit business trips and to travel by train rather than airplane whenever distances permit, due to the environmental impact of air travel. The use of audio and videoconferencing is encouraged to limit the need for business travel.

Other issues

Ground use conditions	Not meaningful in the Company's activity.
Air, water and ground pollution	Greenhouse Gas Emissions Assessment® carried out in 2004 at the main central offices (7,835 tons in CO_2 equivalent for 8,695 occupants). R22 refrigeration systems at Tour Société Générale are to be replaced in 2006 with R134 a systems in order to reduce our CO_2 emissions.
Sound and olfactory pollution	Not meaningful in the Company's activity.
Measures taken to limit any harm to the ecological balance, natural environment, and protect animal and plant species	Asbestos: Société Générale commissioned a certified body to check for the presence of asbestos in its buildings, in accordance with decree 96 97 of February 7, 1996 and decree 97 855 of September 12, 1997 on the protection of the public against health risks associated with exposure to asbestos in buildings. These controls were performed on the buildings concerned in 1997 and 1998, and were followed up by steps to remove asbestos and protect the public where necessary. Those buildings qualifying as IGH (high-rise buildings) and ERP (public buildings) in accordance with the decree of 2000 were checked by the independent control body Véritas. No specific work is required in this area.

8 COMPLIANCE AND THE PREVENTION OF MONEY LAUNDERING

COMPLIANCE AND THE PREVENTION OF MONEY LAUNDERING

The key role of compliance

Compliance has always been one of the Bank's core values. It is not just the responsibility of the Group's dedicated compliance officers, but concerns all its staff, in all areas of activity.

The Compliance Department was first set up in 1997, with the exclusive task of monitoring market activities. However, its scope of intervention has since been extended to cover risks to the Company's image and reputation in all banking activities.

In order to counter these threats, the Group has developed a strict body of compliance doctrines and rules of good conduct that comply with the highest professional standards and go beyond applicable legal and regulatory stipulations, particularly in countries that fail to meet the Société Générale Group's own ethical standards.

In the banking sector, compliance practices are based on three main principles:

- refusing to work with customers or counterparties that are not well known to the company;
- knowing how to assess the economic legitimacy of a transaction;
- being able to justify an adopted position under any circumstances.

In line with these principles, the Group:

- prohibits all business relationships with individuals or legal entities whose activities are liable to be illegitimate or contrary to the principles that should guide the behavior of a responsible bank;
- refuses to conduct transactions for clients or counterparties if it is unable to determine the economic legitimacy of these transactions, or where the lack of transparency suggests they may be contrary to accounting and compliance principles;
- provides information that is accurate, clear and not misleading on the products and services it proposes and verifies that said products and services are suited to the needs of the customer.

The tasks of the Compliance Department

- To define, in accordance with the regulators' requests and legal or regulatory requirements, principles and procedures for the compliance function and the prevention of money laundering and the financing of terrorism, and ensure that they are implemented.
- To ensure that financial market regulations are respected and prevent and manage any potential conflicts of interest with respect to customers.
- To submit to the Compliance Committee ethical rules to be observed by all Group staff.
- To train and advise staff and increase their awareness of compliance issues.
- To coordinate relations between Group entities and French and foreign regulators.

Tools to combat money laundering and the financing of terrorism

- Specific filtering tools (SAM and LABO) to scrutinize international money transfers and detect any persons suspected of involvement in terrorist activities. In 2005, 57 million transactions were filtered.
- Behavioral analysis tools (PROFIL in France and SIRON at the foreign subsidiaries) to detect suspicious transactions in retail and private banking activities.
- An alert management and check surveillance tool (CRIBLE).

Highlights of 2005

Reinforcement of our compliance structure for financial market activities

In the Corporate and Investment Banking division, the compliance system was reinforced with the appointment of six compliance officers to the trading rooms, where they will work in close proximity to front-office staff. Over the course of 2006, they will gradually be provided with new IT tools to increase the efficiency of their controls.

Additional resources for the prevention of money laundering

Société Générale has continued to strengthen its anti-money laundering system:

- extension of the Paris-based team and definition of a new organizational structure to be rolled out in 2006;
- operational launch at the start of 2005 of an IT tool for the French retail networks that analyzes the functioning profile of bank accounts in order to detect suspicious transactions;
- gradual deployment of a similar tool in the foreign retail and private banking subsidiaries (scheduled to be completed by the end of 2006);
- implementation of a major distance learning program on the prevention of money laundering, for sales staff throughout the domestic retail banking network and in the trading rooms, and for certain support functions (e-learning tool developed by the French Banking Federation).

Substantial increases in human resources

In order to cope with the intensification of the fight against money laundering, the central Compliance Department increased its headcount from 23 to 32 in 2005, and has made plans to take on additional staff in 2006. In total, the Group now has some 340 staff (full-time equivalent) throughout its businesses, dedicated exclusively to compliance functions and the prevention of money laundering.

The fight against corruption

Société Générale has very strict rules on the prevention of corruption and complies fully with French legislation. Information concerning obligatory measures and controls is disseminated throughout the Group in the form of directives that are updated on a regular basis. Since 2001, staff have been provided with a single Group directive, summarizing all French legislation on the prevention of the corruption of public representatives in Europe and abroad.

COMPLIANCE

In 2005, the Group prepared and implemented a permanent system of compliance control in order to meet the requirements of amended regulation 97-02 of the CRBF (French Banking and Financial Regulation Committee), relating to internal controls within credit institutions. All rules to be observed under this system were compiled into an internal directive, issued on January 6, 2006.

9 RISK MANAGEMENT

The main risks incurred on banking activities are the following:

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

Société Générale devotes significant resources to the ongoing adaptation of its risk management framework, in order to keep pace with the increasing diversification of its activities. All modifications were implemented in compliance with the two fundamental principles of banking risk management, as stipulated in regulations 1997-02, 2001-01 and 2004-02 of the French Banking and Financial Regulation Committee *(Comité de la Règlementation Bancaire et Financière)*:

- risk assessment departments are completely independent of the operating divisions,
- a consistent approach to risk assessment and monitoring is applied at the Group level.

The Group's risk function comprises some 1,900 staff dedicated to risk management activities.

The Risk Division at Société Générale Parent Company employs nearly 600 staff, while a further 1,300 are employed throughout the Group, charged with monitoring risk exposure at the French network branches and subsidiaries.

The Risk Division is completely independent from the Group's operating entities and reports directly to the General Management. Its role is to contribute to the development and profitability of the Group by ensuring that the risk management framework in place is both sound and effective. The Risk Division employs risk modeling teams, information system project managers, industry experts and economic research teams, and is responsible for:

- defining and validating the methods used to analyze, assess, approve and monitor credit risks, country risks, market risks and operational risks;
- conducting a critical review of sales strategies for high-risk areas and permanently seeking to improve the forecasting and management of all such risks;
- contributing to the independent assessment of credit risks by commenting on transactions proposed by sales managers and monitoring them from start to finish;
- identifying all Group risks and monitoring the adequacy and consistency of risk management information systems.

A systematic review of the Bank's key risk management issues is carried out during the monthly Risk Committee meetings, which bring together the members of the Executive Committee, the heads of the business lines and Risk Division managers.

This Committee meets to review all core strategic issues: risk-taking policies, measuring methods, material and human resources, analyses of portfolios and the cost of risk, market and credit concentration limits and crisis management.

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

CREDIT RISKS

Risk approval

Approval of a credit risk must be based on sound knowledge of the customer, the Group's risk strategy, the purpose, nature and structure of the transaction and the sources of repayment. It assumes that the return on the transaction will sufficiently reflect the risk of loss in the event of default.

The risk approval process is based on four core principles:

- all transactions giving rise to a counterparty risk (debtor risk, non-settlement or non-delivery risk, issuer risk) must be authorized in advance;
- all requests for authorizations relating to a specific client or client group must be handled centrally by a single operating division. The centralizing division is designated on a case-by-case basis in order to ensure a consistent approach to risk management and permanent control of the Group's potential exposure to major clients;
- responsibility for analyzing and approving risk is delegated to the most appropriate section of the business lines or credit risk units;
- risk assessment departments are fully independent at each decision-making level.

The Risk Division has a specialized department for financial institutions, which aims to increase the Group's expertise on this client segment by centralizing, in Paris and New York, the teams in charge of analyzing the quality of the Group's counterparties and approving the exposure limits allocated to all locations and business lines.

The Risk Committee regularly carries out a cross-business line assessment of existing or potential concentrations within the Group portfolio and the key features of these concentrations. The management of the Group's concentration risks is based on procedures that include a system for analyzing exposure by risk category, correlation studies and stress-test models that estimate the potential losses that would be incurred on different segments of the portfolio in the event of a crisis.

The Risk Division submits recommendations to the Risk Committee on the concentration limits it deems are appropriate, at any given moment, for particular countries, geographical regions, sectors, products or customer types, in order to reduce cross-business line risks with strong correlations.

The definition of country risk limits is intended to assign an appropriate exposure limit to each emerging market, on the basis of the risk incurred and the expected return on transactions in each country. The allocation of limits is subject to final approval by Group General Management and is based on a process that takes due account of those business lines exposed to risk and the Risk Division.

The Group also has specific procedures to manage any credit crises that could arise with respect to a counterparty, industry, country or region.

Risk management and audit

All Group operating units, including trading rooms, are equipped with information systems enabling them to check, on a daily basis, that the exposure limits set for each counterparty have not been exceeded.

In addition to this day-to-day management of risks, a second level of control is performed by the head office operating divisions, using the Group-wide risk information system developed in recent years. This system centralizes nearly all commitments borne by the operating entities in a single database, consolidates exposure by counterparty and reconciles this exposure with the corresponding authorizations. It also provides source data for the portfolio analyses (by country, industry, type of counterparty, etc.), which are fundamental to an active risk management strategy.

Changes in the quality of outstanding commitments are reviewed at regular intervals, at least once a quarter, as part of the "watch list" and provisioning procedures. These reviews are based on concurrent analyses performed by the operating divisions and the risk function. Furthermore, the Risk Division also carries out file reviews or risk audits in the Group's operating divisions. In addition, the Group's General Inspection Department performs regular risk audits and reports its findings to the Group General Management.

The Audit Committee attached to the Group's Board of Directors is periodically informed of major changes in risk management methods and procedures, as well as in provisioning requirements. It examines the risk audit, drawn up under amended article 43 of regulation 1997-02 of the French Banking and Financial Regulation Committee, before it is submitted to the Board of Directors.

Risk measurement

In 1997, Société Générale launched a major project to quantify its credit risks using a RAROC (Risk-Adjusted Return on Capital) approach. One of the principal aims is to establish, using quantitative methods, the level of loss expected on credit transactions over the course of the business cycle.

Taking advantage of the experience gained on this project, the Group has also begun work to enable it bring its risk management procedures in line with the future Basel II standards.

Internal ratings

The Group's ratings system comprises a scale of internal ratings combined with a series of procedures, tools and ratings models.

The internal scale is calibrated according to probability of default, and is similar to that used by external rating agencies. It comprises 22 levels of risk, three of which are reserved for high-risk/defaulting counterparties.

The operating divisions apply a global system of general procedures which determines how this ratings system is to be applied to their counterparties and transactions.

The tools and models used in the ratings system have been adapted to the specific characteristics of each client (category, size, nationality, industry, etc.) and transaction (maturity, guaranties, type of transaction).

The Group's rating models have been constructed jointly by banking experts (commercial and risk functions) and modeling teams, and have been validated by the Risk Division. They are widely disseminated throughout the Group and are periodically analyzed to assess their performance.

Risk ratings are determined at the start of a relationship or a transaction, then reviewed and/or modified on an annual basis, or whenever deemed necessary in the light of a particular event.

These ratings enable the bank to compare the levels of risk incurred on different client segments and transactions, determine the appropriate delegated approval authorities, and analyze the overall characteristics of the portfolio.

The associated tools are used regularly by customer relationship managers and risk managers to identify the risk factors linked to clients and transactions, set exposure limits and calculate a risk-adjusted return.

The rating approach is thus an integral part of all decision-making processes and of credit risk management.

For the Group's investment portfolio, a methodology has been developed for estimating potential losses at a predefined confidence interval, which takes into account the correlation between geographical regions, industrial sectors and counterparty credit ratings. These techniques enable the Group to assess the extraordinary losses in the event of a significant deterioration in economic conditions.

At the Group level, these tools are currently used for analyzing client profitability and for active portfolio management.

They are also used directly by the Finance and Corporate Planning Department to forecast capital allocation requirements.

Replacement risk

Société Générale has devoted substantial resources to the development and implementation of effective tools for measuring and monitoring counterparty risk on market transactions. This risk, known as replacement risk, corresponds to the mark-to-market value of transactions with counterparties, and represents the current cost of replacing transactions with a positive value to the Group should the counterparty default.

In order to quantify its replacement risk exposure, the bank models the future mark-to-market value of transactions with counterparties, taking into account any netting and correlation effects.

This is achieved using Monte Carlo simulations which calculate the future behavior of several thousand risk factors affecting the mark-to-market valuations of different market products.

The simulations are obtained from statistical models constructed by the Risk Division on the basis of an historical analysis of market risk factors. The price of each transaction is then recalculated for each scenario obtained using the simulation method.

Until 2004, Société Générale used a single indicator, the "current average risk", to characterize the loss distribution for its transaction portfolios. This indicator is particularly suited to an analysis of the risk exposure on a portfolio of clients or on a particular sector.

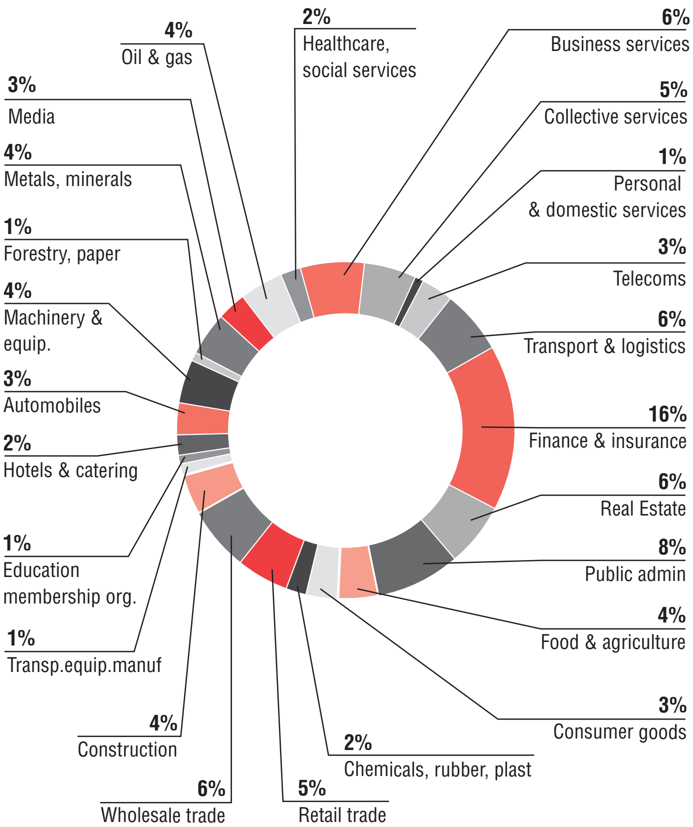
However, since December 2004, in order to give a fuller picture of the extent of its risk exposure, the Group has calculated a 99% probability indicator, representing the largest loss that would be incurred in 99% of cases (i.e. after eliminating the top 1% of the most unfavorable scenarios). This indicator, referred to as the Credit VaR (or CVaR), is used to define replacement risk limits for individual counterparties. Over the course of 2005, the Group implemented a major change management project to incorporate the CVaR indicator into the working methods of its credit analyst teams.

Credit portfolio analysis

Outstanding on individual and business customers

At December 31, 2005, on- and off-balance sheet loans (gross of provisions, and excluding securities purchased under resale agreements) granted by the Société Générale Group to its non-banking clients totaled EUR 371 billion (including EUR 245 billion of outstanding balance sheet loans). The Group's commitments on its ten largest industrial counterparties account for 5% of this portfolio.

BREAKDOWN OF SOCIÉTÉ GÉNÉRALE COMMERCIAL OUTSTANDING BY INDUSTRY AT DECEMBER 31, 2005 (EXCLUDING INDIVIDUALS)



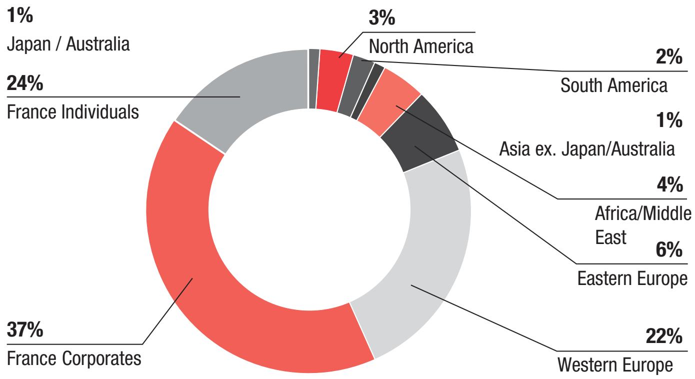
Total on- and off-balance sheet commitments: EUR 296 billion*

The Group's loan portfolio is highly diversified in terms of sectors, and generally matches the structure of world GDP. Only one sector accounts for more than 10% of total Group outstanding (finance and insurance excluding banks), and is characterized by a moderate cost of risk.

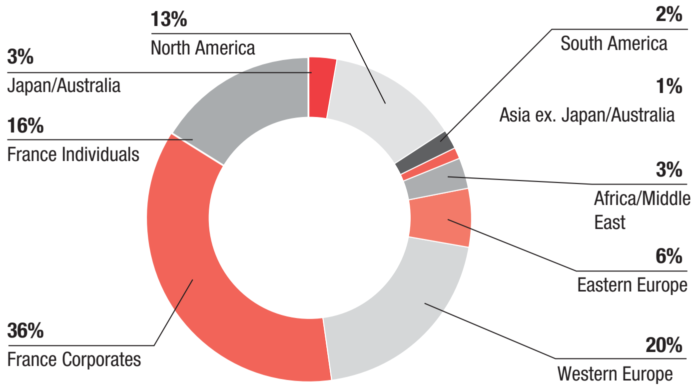
In 2005, in order to provide a better reflection of economic reality and meet the Group's own needs, the sector categories used internally were modified and (increased from 22 to 25. This change in labeling had no significant impact on the industry breakdown of commitments.

BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP LOANS TO NON-BANKING CUSTOMERS BY GEOGRAPHICAL REGION AT DECEMBER 31, 2005 (INCLUDING INDIVIDUALS)

BALANCE SHEET COMMITMENTS (EUR 245 BILLION):

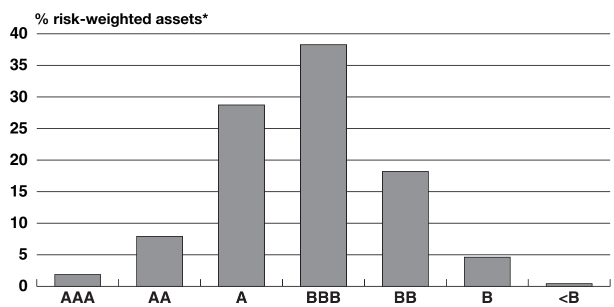


ON- AND OFF-BALANCE SHEET COMMITMENTS (EUR 371 BILLION):



At December 31, 2005, 88% of the Société Générale Group's on- and off-balance sheet outstanding was concentrated in the major industrialized countries. Over 50% of loans were to French customers (36% to corporates and 16% to individual customers).

BREAKDOWN OF RISK BY RATING FOR SGCIB CORPORATE CLIENTS AT DECEMBER 31, 2005



Excluding doubtful commitments

* *Borrower, issuer and replacement risk, net of guarantees and excluding doubtful loans.*

The above chart shows SGCIB's performing commitments to corporate clients, broken down by their internal risk ratings which, for ease of reference, are presented as their S&P equivalents. As the chart shows, the quality of the division's corporate commitments is high.

The gross amount of commitments gives the total counterparty risk (borrower, issuer, replacement) incurred on these client groups. At year-end 2005, it stood at EUR 127 billion.

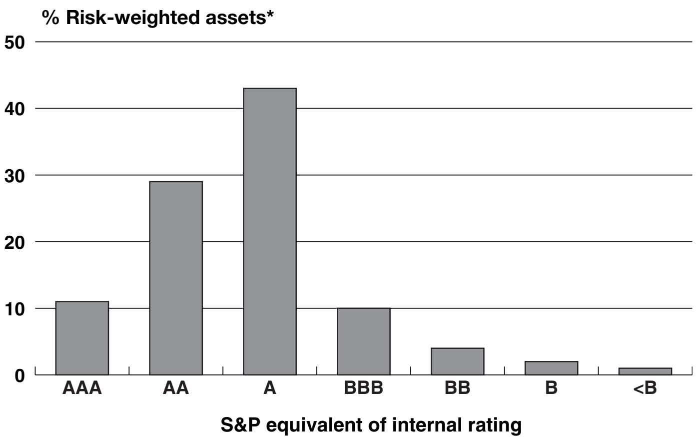
At December 31, 2005, the majority of the portfolio (77%) was investment grade.

Transactions with counterparties qualified as speculative grade are usually secured by guarantees and collateral in order to reduce the level of risk. In 2005, the number of ratings upgrades for client counterparties exceeded the number of downgrades, resulting in a marked improvement in the profile of the loan book compared with year-end 2004.

Commitments on banking counterparties

At December 31, 2005, on- and off-balance sheet banking commitments (excluding securities purchased under resale agreements) amounted to EUR 37 billion (excluding delivery and replacement risk).

BREAKDOWN OF RISK* BY RATING FOR GROUP BANKING CUSTOMERS AT DECEMBER 31, 2005



** Borrower, issuer and replacement risk, net of guarantees and excluding doubtful loans*

The large majority of these outstanding commitments (93%) relate to banks rated investment grade by rating agencies. Exposure on non-investment grade banks essentially concerns reserves with central banks in countries where Société Générale has retail banking activities. The remaining exposure is highly diversified and exclusively short-term. Consequently, Société Générale's cost of risk on its banking counterparties remains structurally very low.

Outstanding on emerging markets

The Group's outstanding on business and individual customers in emerging markets is subject to limits validated on an annual basis by the General Management. These commitments now account for less than 6% of Société Générale's overall loan book.

At December 31, 2005, nearly 55% of the Group's unprovisioned outstanding loans were to customers of the Retail Banking division (which has good risk diversification), with the remainder relating to Corporate and Investment Banking.

RETAIL BANKING AND FINANCIAL SERVICES

In Retail Banking, the net outstanding on emerging markets (excluding countries that have joined the EU) stood at EUR 10.9 billion, compared with EUR 7.4 billion in 2004. This amount includes off-balance sheet commitments and takes into account the disposal in 2005 of SG Argentina, the integration of Société Générale Algérie and the acquisition of MIBank in Egypt (cumulative impact of the 3 transactions: EUR +1.1 billion). Furthermore, commitments in the amount of EUR 1.5 billion are covered by specific provisions. This portfolio covers 15 countries in 3 geographical regions (Eastern Europe, Mediterranean Basin, French-speaking Africa). The majority of the corresponding commitments are denominated in the local currency and refinanced locally.

CHANGE IN NON-BANKING EXPOSURE ON EMERGING MARKETS* (IN EUR BILLION, INCLUDING NEW ACQUISITIONS) RETAIL BANKING

	Dec. 31, 2005	Dec. 31, 2004
Individual customers	3.2	2.1
Business customers	7.7	5.3
Total	**10.9**	**7.4**

** on- and off-balance sheet, net of specific provisions*

Furthermore, commitments to countries which joined the EU on May 1, 2004 (not included above) stood at EUR 11.9 billion at end-2005, compared with EUR 9.4 billion in 2004.

CORPORATE AND INVESTMENT BANKING

In Corporate and Investment Banking, the residual part of the Group's outstanding, not covered by specific provisions or guarantees (ECA, cash collateral), stood at EUR 9.2 billion at December 31, 2005 (66% of which were loans to counterparties in investment grade countries). This represented a rise of EUR 5.3 billion on December 31, 2004.

CHANGE IN NON-BANKING EXPOSURE ON EMERGING MARKETS* (IN BILLIONS OF EUROS) CORPORATE AND INVESTMENT BANKING

	Dec. 31, 2005	Dec. 31, 2004
Mitigated country risk**	2.9	2.1
Standard country risk	6.3	3.2
Total	**9.2**	**5.3**

** On- and off-balance sheet, net of specific provisions for identified risks and guarantees (ECA, Cash collateral)*
(**) Transactions where the structure reduces the country risk, without eliminating it (export prefinancing with offshore payment, political risk insurance, participation in financing extended by International Financial Institutions).

Furthermore, outstanding loans covered by specific provisions amounted to EUR 0.2 billion.

Commitments net of provisions to countries which have joined the EU, not included above, totaled EUR 0.6 billion at December 31, 2005 and EUR 0.3 billion at year-end 2004

Provisions, provisioning policy and hedging of credit risk

Management of the credit portfolio

ORGANIZATION

Six years ago, the Group's Corporate and Investment Banking Division set up a specific department to manage its credit portfolio, known as GCPM, or Global Credit Portfolio Management. Working in close collaboration with the Risk Division and business lines, this unit aims to reduce excessive portfolio concentrations and react quickly to any deterioration in the credit quality of a particular counterparty. Concentrations are measured using an internal model and individual concentration limits are defined for larger exposures. Exceeded concentration limits are managed by reducing exposure, hedging positions using credit derivatives and/or selling assets.

USE OF CREDIT DERIVATIVES

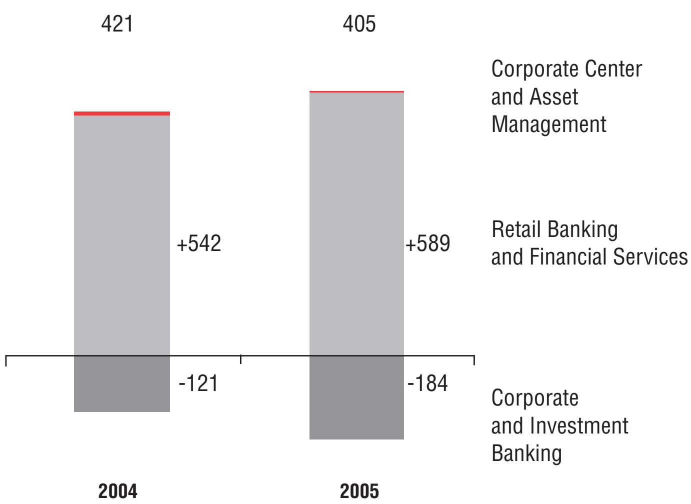
The Group uses credit derivatives in the management of its corporate loan portfolio, essentially to reduce counterparty, sector and geographical concentrations, and to actively manage its risk exposure.

At end-December 2005, the total nominal value of credit derivatives stood at EUR 8.5 billion (compared with EUR 6.5 billion at end-2004): this figure comprised EUR 6.9 billion of Credit Default Swaps (CDS) and EUR 1.6 billion of Collateralized Debt Obligations (CDOs).

Provisions for credit risks at December 31, 2005

The Group's total provisions for commercial risk (excluding provisions for legal disputes) amounted to EUR 405 million in 2005, compared with EUR 421 million at December 31, 2004, representing a reduction of 4%.

CHANGE IN THE GROUP'S PROVISIONING IN 2005 (EXCLUDING PROVISIONS FOR LEGAL DISPUTES) (IN MILLIONS OF EUROS)



In 2005, the Group's cost of risk (excluding legal disputes) continued to decline, in line with the trend for 2004, coming out at 16 bps for the year (14 bps excluding the effect of the discounting of provisions under IAS 32 & 39) compared with 20 bps in 2004.

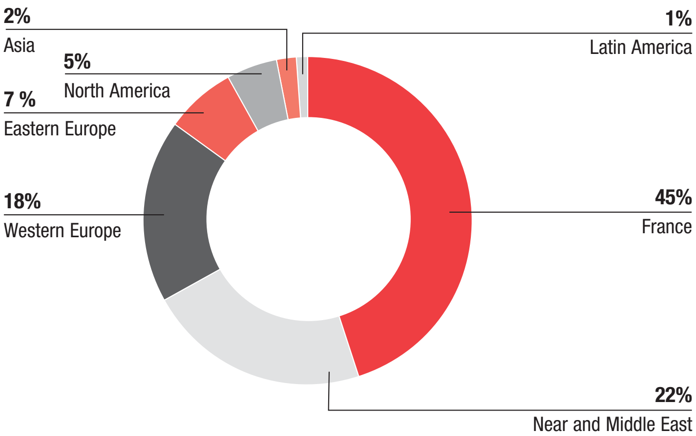
The main factor behind this change is the fall in provisions for identified risks in Corporate Banking, which is in turn attributable to three factors:

- very few new loans required provisioning,
- specific provisions were written back following the sale or repayment of certain loans,
- the amount of at-risk commitments declined.

Specific provisions for credit risks

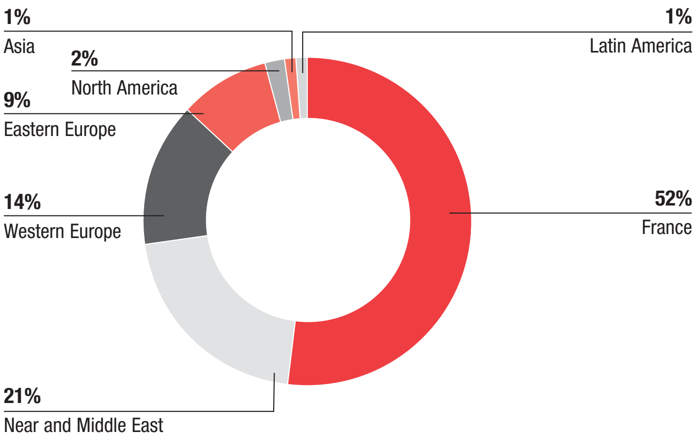
Provisions for credit risk are primarily booked for doubtful and disputed loans. At December 31, 2005, these amounted to EUR 10.7 billion.

BREAKDOWN OF DOUBTFUL AND DISPUTED LOANS BY GEOGRAPHICAL REGION AT DECEMBER 31, 2005



Total doubtful and disputed loans: EUR 10.7 billion

BREAKDOWN OF PROVISIONS BY GEOGRAPHICAL REGION AT DECEMBER 31, 2005



Total provisions: EUR 7.0 billion

At December 31, 2005, these loans were provisioned in the amount of EUR 7 billion, giving a coverage ratio of 65%.

Portfolio-based provisions

The Group also has nearly EUR 1 billion of portfolio-based provisions.

Until 2004, to allow for loans potentially at risk, the Group booked a number of general provisions (sector-based provisions, country risk reserve, etc.) in addition to specific provisions for individual commitments. At December 31, 2004, total general provisions amounted to EUR 1,004 million.

In 2005, due to the transition to the IFRS accounting framework, the Group reclassified its general provisions as portfolio-based provisions, designed to cover losses arising from risks which are identified but cannot be linked to individual receivables.

Portfolio-based provisions are collective provisions booked:

- for groups of receivables with homogenous sensitivity to risk factors (lists of counterparties in financial difficulty, identified as sensitive);
- for portfolio segments which have suffered an impairment in value following a deterioration in risk (country or sector risk).

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

Portfolio-based provisions are reviewed quarterly by the Risk Division.

At December 31, 2005, the Group's total portfolio-based provisions amounted to EUR 948 million.

In comparison, the opening IFRS balance sheet at January 1, 2005 showed outstanding provisions of EUR 978 million. This 3% decrease is attributable to a reduction in at-risk outstanding loans in the Corporate and Investment Banking division.

HEDGE FUNDS

Growth in assets under management in hedge funds was relatively stagnant in 2005 due to poor performances across the sector. Despite the difficulties faced by many players, Société Générale encountered no major credit problems and continued to strengthen its ties with hedge funds. Hedge funds are still major players in the financial markets and therefore an important client segment for our business lines. The Group also sells hedge funds to its clients as investment vehicles.

Hedge funds generate specific risks due to the lack of regulation governing their activities and the strong correlation between credit and market risk. As a result, Société Générale has adopted a specific risk management system based on the following:

- stress tests to measure market risk and the risk associated with financing transactions guaranteed with shares in hedge funds;
- due diligence procedures and monitoring of hedge fund performances conducted using procedures and methods validated by the Risk Division;
- a ratings model constructed using data collected during due diligence procedures;
- centralization of all risk exposure on hedge funds with the Risk Division, which monitors counterparty and market risk on a daily basis.

All activities with hedge funds, throughout the Group, are governed by two global limits set by the Chairman:

- a credit VaR limit which controls replacement risk;
- a stress test limit governing market risk and risks related to financing transactions guaranteed by shares in hedge funds.

MARKET RISKS

Organization

The organization of market risk management is continually adjusted with a view to harmonizing existing procedures within the Group and guaranteeing that risk management teams remain independent from the operating divisions.

Although the front-office managers naturally assume primary responsibility for managing risk exposure, responsibility for the system of supervision lies with an independent structure: the Market Risk unit of the Risk Division. This unit carries out the following functions:

- daily analysis (independently from the front office) of the exposure and risks incurred by all the Group's market activities and comparison of these exposure and risks with the limits set;
- defining risk-measurement methods and control procedures, approving the valuation methods used to calculate risks and results and establishing provisions for market risks (reserves and adjustments to earnings);
- defining the functions of the databases and systems used to measure market risk;
- preparing the limit applications based on the requests of the operating divisions, within the global authorization limits set by the General Management, and monitoring their use;
- centralizing, consolidating and reporting the Group's market risks.

At the proposal of this department, the Group's Risk Committee sets the levels of authorized risk by type of activity and takes the main decisions concerning Group risk management. Within each entity that incurs market risk, risk managers are designated to implement the first level of risk control. The main tasks of these managers, who are independent of the front offices, include:

- constant analysis of exposure and results, in collaboration with the front offices;
- verification of the market parameters used to calculate risks and results;
- daily calculation of market risks, based on a formal and secure procedure;
- daily limit monitoring for each activity, and constant checking that appropriate limits have been set for each activity.

In the major trading rooms in France and abroad, these specialized market risk managers report directly to the Risk Division.

Methods of measuring market risk and defining exposure limits

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

- the 99% "Value at Risk" (VaR) method, in accordance with the regulatory model, a composite indicator for day-to-day monitoring of the market risks incurred by the bank, in particular as regards the regulatory perimeter 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 coherency between the total risk limits and the operational limits used by the front office. These limits also enable risks only partially detected by VaR or stress-test measurements to be controlled.

The 99% Value at Risk (VaR) method

This method was introduced at the end of 1996. It is constantly being improved with the addition of new risk factors and the extension of the scope covered by the VaR. Today, the market risks on almost all the investment banking activities are monitored using the VaR method, in particular those relating to more complex activities and products, as well as certain overseas retail banking and private banking activities.

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

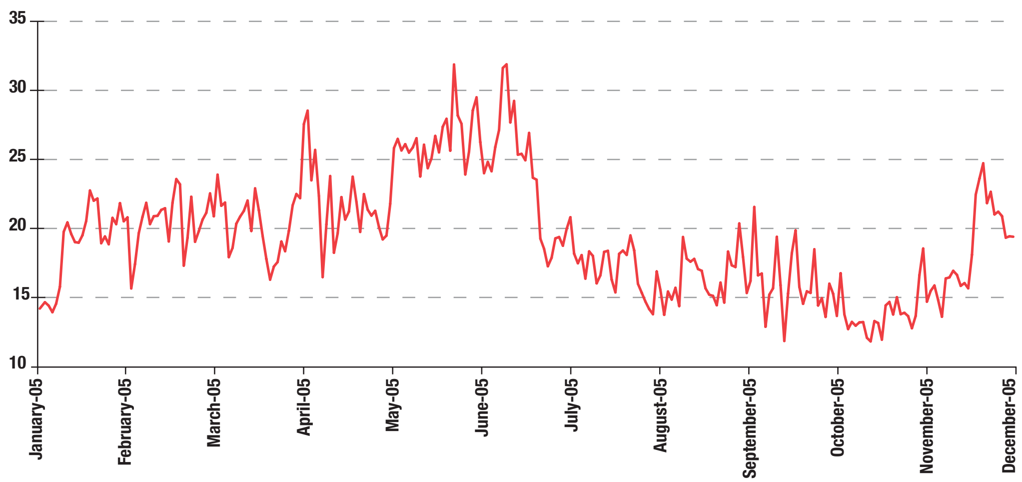
- the creation of a database containing risk factors which are representative of Société Générale's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). The VaR is calculated using a database of several thousand risk factors;
- the definition of 250 scenarios, corresponding to one-day variations in these market parameters over a sliding one year period;
- the application of these 250 scenarios to the market parameters of the day;
- the revaluation of daily positions, on the basis of the adjusted market parameters.

The 99% Value at Risk is the biggest loss that would be incurred after eliminating the top 1% of most unfavorable occurrences. Over one year, or 250 scenarios, it corresponds to the average of the second and third largest losses observed.

The VaR is first and foremost designed to monitor market activity in the bank's trading portfolios. In 2005, the VaR limit for all trading activities was set at EUR 60 million.

The Value at Risk in the Group's trading activities, across the full scope of activities monitored, evolved as follows in 2005:

TRADING VaR (TRADING PORTFOLIOS)
EVOLUTION OF THE VaR IN TRADING ACTIVITIES DURING 2005 (1 DAY, 99 %) IN MILLIONS OF EUROS



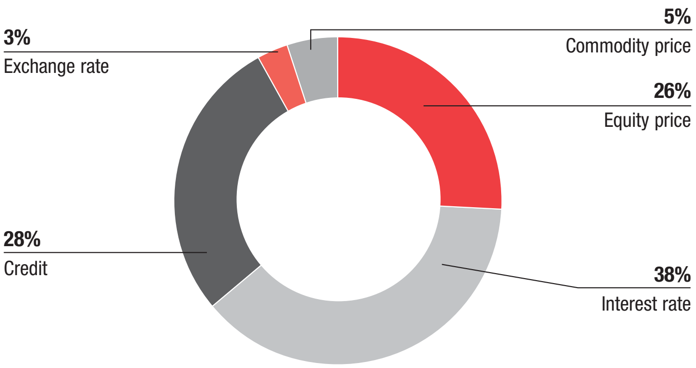
BREAKDOWN OF TRADING VaR BY TYPE OF RISK
CHANGE BETWEEN 2004 AND 2005 IN MILLIONS OF EUROS

1-day, 99%	Year-end		Average		Minimum		Maximum	
	2005	2004	2005	2004	2005	2004	2005	2004
Equity price risk	-10	-15	-11	-14	-4	-7	-21	-28
Interest rate risk	-16	-17	-17	-18	-11	-11	-25	-30
Credit risk	-13	-11	-12	-16	-8	-10	-16	-23
Exchange rate risk	-1	-2	-1	-1	-1	-1	-4	-4
Commodity price risk	-2	-2	-2	-2	-1	-1	-5	-4
Compensation effect	23	26	24	27	NM*	NM*	NM*	NM*
Total	**-19**	**-21**	**-19**	**-25**	**-12**	**-18**	**-32**	**-35**

** Compensation not significant since the potential minimum and maximum losses do not occur on the same date.*

The average VaR fell from EUR -25 million to EUR -19 million between 2004 and 2005, reflecting a drop in exposure in all the main categories of risk (equity price, interest rate and credit). In the last quarter of 2005, the Group divided its interest rate into two separate categories, “Interest rate risk” and “Credit risk”, in order to give a more accurate classification of its exposure.

BREAKDOWN OF TRADING VaR BY TYPE OF RISK



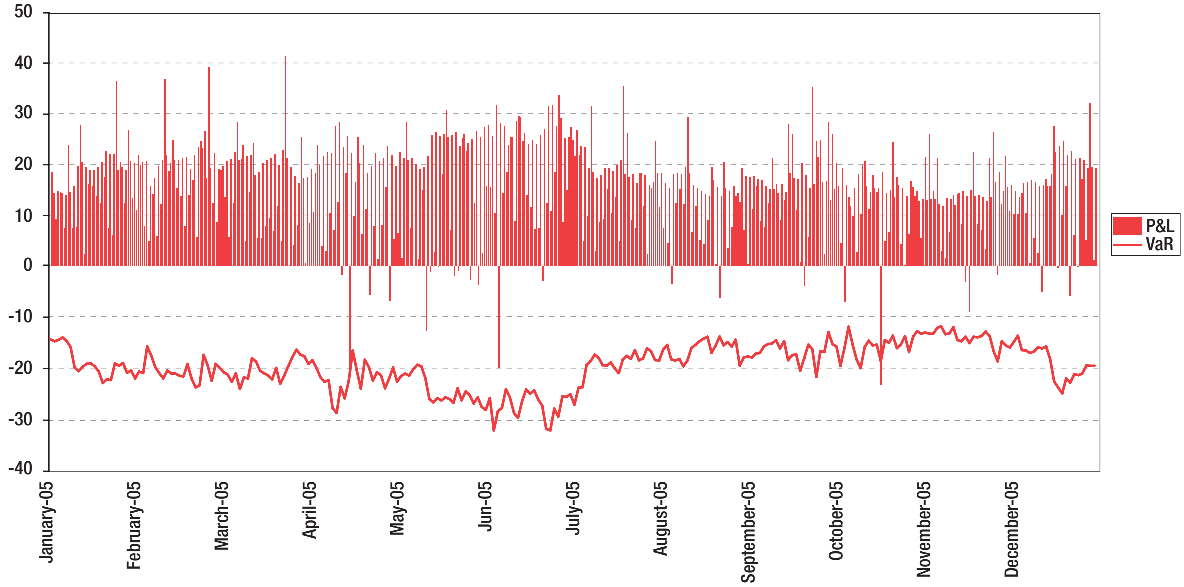
Limitations of the VaR assessment

The VaR assessment is based on a certain number of assumptions and approximations:

- the use of “1-day” shocks assumes that all positions can be unwound or hedged within one day, which is not the case for some products and in some crisis situations;
- the use of the 99% confidence interval does not take into account any losses arising beyond this interval; the VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptionally large fluctuations;
- the VaR is calculated using closing prices, so intra-day fluctuations are not taken into account.

There are also a number of approximations in the VaR calculation. For example, benchmark indexes are used instead of certain risk factors, and in the case of some activities, not all the relevant risk factors are taken into account which can be due to difficulties obtaining daily data.

VaR BACK-TESTING USING THE REGULATORY SCOPE DURING 2005
VaR (1-DAY, 99 %) IN MILLIONS OF EUROS



The Group controls the limitations by:

- systematically assessing the relevance of the model by back-testing to verify that the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval, which has been the case since the VaR system was introduced. The chart above shows the back-testing of the VaR for the regulatory scope. In 2005, the total daily loss only exceeded the VaR on one occasion. Statistically, the confidence interval would still be valid if the VaR were exceeded two or three times a year;
- supplementing the VaR system with stress-test measurements.

The Stress Test model

Alongside the internal VaR model, Société Générale monitors its exposure using the "stress test" method to take into account exceptional market occurrences.

The stress test risk assessment methodology is based on 18 historical scenarios and 8 hypothetical scenarios, including the "Société Générale Hypothetical Scenario" which has been used since the start of the 1990's. The stress test is one of the main pillars of our risk management system, in conjunction with the VaR model, and is based on the following principles:

- risks are calculated every day for each of the bank's market activities (all products), using the 18 historical scenarios and 8 hypothetical scenarios;
- stress-test limits are established for the Group's activity as a whole and then for the different business lines. These set, first, the maximum acceptable loss under the Société Générale Hypothetical Scenario and the hypothetical scenario of a stock market crash such as that of October 1987, and, second, the maximum permissible loss under the 24 historical scenarios and the remaining hypothetical scenarios;
- the different stress-test scenarios are reviewed and expanded by the Risk Division on a regular basis, in conjunction with the Group's teams of economists and specialists.

The list of scenarios was updated in 2005. In particular, the October 1987 stock market crash scenario was reclassified as a hypothetical scenario due to its age and the fact that a number of major risk factors could not be observed at the time.

HISTORICAL STRESS TESTS

This method consists in an analysis of the major economic crises that have affected the financial markets since 1990. The changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises are analyzed in order to define scenarios for potential variations in these risk factors which, when applied to the bank's trading positions, could generate significant losses. Using this methodology, Société Générale has established 18 historical scenarios.

HYPOTHETICAL STRESS TESTS

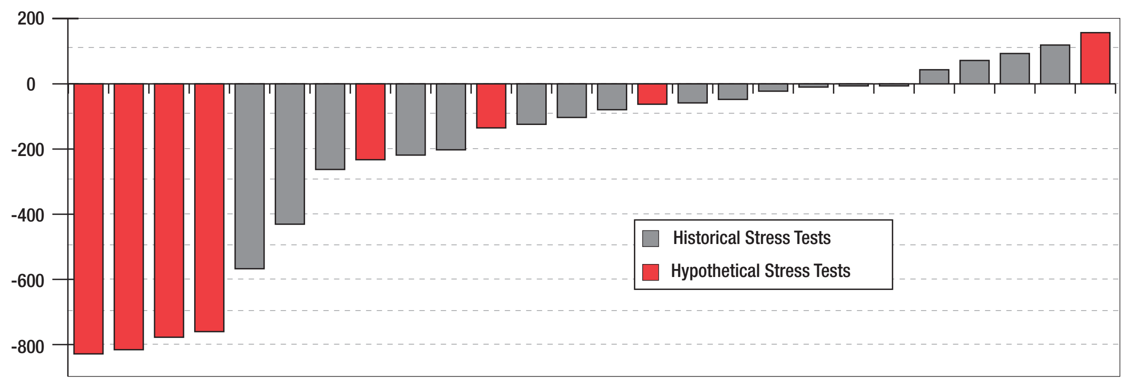
The hypothetical scenarios are defined by the bank's economists and designed to identify possible sequences of events that could lead to a major crisis in the financial markets (e.g. a major terrorist attack, political instability in the main oil-producing countries, etc.). The bank aims to select extreme, but nonetheless plausible events which would have major repercussions on all international markets. Société Générale has adopted 7 hypothetical scenarios, in addition to the Société Générale Hypothetical Scenario.

Results at December 31, 2005

Société Générale applied each of these scenarios to its trading positions at December 31, 2005 and obtained the results indicated in the chart below.

The highest potential loss (around EUR 800m) corresponds to very severe or extreme shocks to the prices of all asset classes held by the bank (e.g. fall of between 15% and 30% in global stock market indexes, etc.). Moreover, the probability of such stress scenarios, which involve simultaneous shocks to the prices of all financial assets over a period of a few days is, several times lower than that of a decennial shock.

STRESS TESTS AS AT DEC. 31, 2005



STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The application of regulations 1997-02, 2001-01 and 2004-02 of the French Banking and Financial regulation Committee on internal control provided the Société Générale Group with the opportunity to formally define the principles for monitoring the Group's exposure to interest rate and exchange rate risks which had been in force for several years.

Structural interest rate and exchange rate risks are incurred in commercial and proprietary activities (transactions involving shareholders' equity, investments, bond issues).

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

Wherever possible, commercial transactions are hedged against interest rate and exchange rate risk, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within a treasury department).

Interest rate and exchange rate risks on proprietary transactions must also be hedged as far as possible.

Consequently, structural interest rate and exchange rate risks are only borne on the residual positions remaining after this hedging.

Organization of the management of structural interest rate and exchange rate risks

The principles and standards for managing these risks are defined at Group level. The operating entities assume primary responsibility for the management of their risk exposure, while the Group's Asset and Liability Management Department (ALM Department) carries out a second level of control on the management of these risks performed by the entities.

The Group's Finance Committee, chaired by the General Management and attended by members of the Executive Committee and Finance Department:

- validates the basic principles for the organization and management of the Group's structural risks;
- sets the limits for each operating entity;
- examines the reports on these risks provided by the ALM Department;
- validates the transformation policy of the French Networks;
- validates the hedging programs implemented by Société Générale Métropole.

The ALM Department, which is part of the Group Finance Department:

- defines standards for the management of structural risks (organization, monitoring methods);
- validates the models used by the entities;
- informs the entities of their respective limits;
- centralizes, consolidates and reports on structural risk exposure, and carries out second level controls (independently of the operating divisions supervising the entities).

The operating entities are responsible for controlling structural risks

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

Each entity has its own structural risk manager, attached to the entity Finance Department, who is responsible for conducting first level controls and for reporting the entity's structural risk exposure to the Group ALM Department via a shared IT system.

The retail banking entities both in France and abroad generally have an ad-hoc ALM Committee which validates the maturities of non-contractual commitments (sight deposits, etc.) and therefore determines the corresponding transformation strategy, reviews structural interest and exchange rate positions and validates the associated hedging programs in accordance with Group standards.

Structural interest rate risks

Structural interest rate risk arises from residual gaps in each entity's fixed-rate positions with future maturities.

Objective of the Group

The Group's principal aim is to reduce each entity's exposure to interest rate risk as much as possible once the transformation policy has been decided.

For this, any residual structural interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. Said sensitivity defines the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficits on assets and liabilities) for a 1% parallel shift in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit for the overall Group is EUR 500m (which equates to 2.5% of shareholders' equity).

Measurement and monitoring of structural interest rate risks

In order to quantify its exposure to structural interest rate risks, the Group analyzes all fixed-rate assets and liabilities with future maturities to identify any gaps. These positions come from operations remunerated or charged at fixed rates and from their maturities.

Assets and liabilities are generally analyzed independently, without any a piori matching. Maturities on outstanding positions are determined on the basis of the contractual terms governing transactions, models of historical client behavior patterns (special savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and sight deposits). Options exposure is analyzed through its delta equivalent.

Once the Group has identified the gaps in its fixed rate positions (surplus or deficit), it calculates their sensitivity (as defined above) to variations in interest rates. The current stress test used corresponds to an immediate parallel shift of 1% in the yield curve.

In addition to this analysis, analyses are also performed on scenarios of potential variations in net interest income, which factor in assumptions as to how assets and liabilities are likely to evolve in the future.

Throughout 2005, the Group's global sensitivity to interest rate risk remained below 1% of Group shareholders' equity and well within the EUR 500m limit.

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

- Within the domestic retail banking division, outstanding customer deposits, generally considered to be fixed-rate funds, exceed fixed rate loans for maturities over 6 months. Indeed, thanks to macro-hedging essentially using receiving fixed rate swaps or caps, the French Networks' sensitivity to interest rate risk (on the basis of the adopted scenarios) has been kept to a minimum. At end-December 2005, the sensitivity of the Société Générale Network in France, defined as the variation in the net present value of residual fixed-rate positions denominated in euros for a 1% parallel shift in interest rates, was less than EUR 150m.
- Transactions with large corporates are match-funded (on an individual basis), and therefore present no interest rate risk.
- Transactions with clients of the Specialized Financial Services subsidiaries are generally macro-hedged and therefore present only a small residual risk.
- Client transactions at subsidiaries and branches located in countries with weak currencies can generate limited structural interest rate risk. Indeed, due to the lack of long-term fixed-rate loans, investement possibilities and hedging instruments such as swaps in these countries, the entities in question may have difficulty investing their excess deposits over a sufficiently long horizon.
- Proprietary transactions are generally well hedged. Residual positions are limited and arise primarily from shareholders' equity that has not yet been reinvested in interest rate instruments with the desired maturities.

Structural exchange rate risks

Structural exchange rate risks essentially arise from:

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

Objective of the Group

The Group's policy is to immunize its solvency ratio against fluctuations in strong currencies (USD, CZK, GBP, JPY, etc.). To do this, it may decide to purchase currencies to finance very long term foreign currency-denominated investments, thus creating foreign exchange structural positions. Any valuation differences on these structural positions are subsequently booked as translation differences.

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

Measurement and monitoring of structural exchange rate risks

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

As commercial transactions are hedged against exchange rate risk, the Group's residual exposure results primarily from proprietary transactions.

The Group's Asset and Liability Management Department monitors structural exchange rate positions and the currency sensitivity of the solvency ratio.

In 2005, the Group successfully neutralized the sensitivity of its solvency ratio to fluctuations in strong currencies using structural positions in these currencies. Moreover, its positions in other currencies remained very limited.

LIQUIDITY RISK

General description

Liquidity risk management covers all areas of Société Générale's business, from market transactions to structural transactions (commercial or proprietary transactions).

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

Organization of the management of liquidity risk

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

- The Group's Finance Committee, chaired by the General Management and attended by members of the Executive Committee and Finance Department:
  - validates the basic principles for the organization and management of the Group's liquidity risk;
  - examines the reports on liquidity risk provided by the ALM Department;
  - reviews the liquidity crisis scenarios;
  - validates the Group's financing programs.
- The ALM Department, which is part of the Group Finance Department:
  - defines the standards for the management of liquidity risks;
  - validates the models used by the entities;
  - centralizes, consolidates and reports on liquidity risk exposure, and carries out second level controls (independently of the operating divisions supervising the entities);
  - constructs the liquidity crisis scenarios;
  - defines the Group's financing programs.
- The Treasury Department in the Corporate Banking Division is responsible for managing short-term liquidity (less than one year).
- The operating entities are responsible for managing their own liquidity risk.

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

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

Objective of the Group

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

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

- as far as possible, central management of liquidity (mainly in Paris, New York, London, etc.);
- diversification of sources of funding, both in terms of geographical regions and sectors of activity;
- limitation of the number of issuers within the Group (Société Générale, SG Acceptance NV, SG North America, etc.);
- management of short-term liquidity in accordance with the regulatory framework;
- issuance of financial instruments to achieve the target prudential capital ratio.

Measurement and monitoring of liquidity risk

The Group's liquidity management system comprises two main processes:

- assessment of the Group's financing requirements on the basis of budget forecasts in order to plan appropriate funding solutions;
- analysis of liquidity risk exposure using liquidity crisis scenarios.

The risk analysis is conducted using reports submitted by the different entities, listing their respective on and off-balance sheet items according to currency of denomination and residual maturity. Maturities on outstanding assets and liabilities are determined on the basis of the contractual terms of the transactions, models of historical client behavior patterns (special savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and sight deposits).

In 2005, the Group continued to maintain a surplus of long-term liquidity. Indeed, through its retail banking activities, Société Générale has a large and diversified deposits base which serves as a permanent resource in financing its domestic activities. This surplus is used to finance credit transactions with international clients.

Given the stability of the Group's resources, Société Générale has mainly issued bonds via subordinated loans or structured issues intended to meet specific commercial requirements in recent years. At the same time, use of the overnight market is deliberately restricted, to protect the Group from near-term risks.

The regulatory 1-month liquidity coefficient is calculated on a monthly basis, and concerns Société Générale Métropole (which comprises the head office in mainland France and all French branches and activities). In 2005, Société Générale systematically maintained a coefficient above the required regulatory minimum.

OPERATIONAL RISKS

General description

Operational risk is defined as the risk of loss resulting from the unsuitability or failure of internal procedures, persons or systems, or caused by external events (disasters, fire, physical attacks, changes in regulations, etc.). It includes risks linked to the security of information systems, legal and regulatory risks and environmental risks, along with reputation risk.

Operational risk is inherent in each of the Group's businesses and service activities. It is managed through a system of prevention, control and coverage that comprises detailed procedures, permanent supervision and insurance policies, alongside work carried out by the Internal Audit Departments and the General Inspection Department.

Approach adopted by the Group

Over the last few years, the Group has developed a thorough and coherent approach designed to reinforce the control and active management of its operational risks.

The target system is based on a coherent body of procedures combined with a series of measurement, management and reporting tools. It complies with the Basel Committee's 2003 publication "Sound Practices for the Management and Supervision of Operational Risk" and meets the new regulatory requirements concerning the solvency ratio to be implemented on January 1, 2008. The Group has opted for the Advanced Measurement Approach (AMA) for the calculation of its regulatory capital.

The design of these tools and overall implementation of the projects is the responsibility of the Operational Risk unit. The practical application of the system is the responsibility of the operating divisions and corporate departments, and is currently in line with the multi-year plan approved by the General Management.

The audit and General Inspection teams verify the integrity and solidity of the system and may use elements of the system in the execution of their assignments.

Governance

In 2005, the Group set up an Operational Risk function whose main tasks are to define and implement the strategy for controlling operational risks, establish methods of measurement and analysis and encourage the application of best practices in this regard.

All operating divisions and corporate departments now have an operational risk manager, who liaises with risk correspondents in each of the business lines and entities. These teams are functionally attached to the Head of the Operational Risk unit.

Management of operational risks

Since 2003, the Group has maintained a database of all internal operating losses incurred by the entities, both in France and abroad. This common database is used to analyze losses (by type of event, cause, activity, etc.) and monitor their evolution, along with the proposed action plans. In 2005, the Group implemented an IT tool to collect data on losses from the various entities. Each quarter, a list of internal losses is submitted to the General Management.

A specific methodology for evaluating the control environment has also been formally defined. This process is designed to alert the operating divisions as soon as possible if they are vulnerable to risks so that they can react and reduce potential losses. Under this methodology, the risks inherent in each activity are defined in a risk map, and the quality and efficiency of the corresponding control procedure is verified on a regular basis. After testing the methodology with a panel of representatives from the entities, the Group began to implement it throughout the divisions as of September 2005, and is due to finish in 2006.

Measurement of operational risks

The Group is developing an internal model to calculate the regulatory capital that must be allocated to operational risks. This model is based on an LDA (Loss Distribution Approach) and integrates internal losses, analyses of potential loss scenarios, the effects of the diversification of the Group’s businesses and insurance cover.

In 2005, the Group carried out a number of simulations based on data on internal losses and its insurance cover. This process will be repeated in 2006, and will incorporate the stress test scenarios currently being finalized, in order to provide more stable and reliable results.

LEGAL RISKS

Dependency

Société Générale is not dependent on any patent or license, nor on any industrial, commercial or financial provisioning contract.

Risks and Litigation

- Risks arising out of material litigation matters initiated, or likely to be initiated, against the Group are subject to a quarterly review. To this end, the managers of the branches and of the consolidated companies, in France and abroad, draw up a report every quarter setting forth these litigations and assessing the potential loss if any. These reports are forwarded to the Parisian Headquarters where they are reviewed by a committee headed by the Corporate Secretary and composed of members of the Financial, Legal and Risk Departments. This committee gives grounded advice on the basis of which the General Management decides the reserves' amount or its reversal.

- Like many financial institutions, Société Générale is subject to numerous litigations, including securities class actions lawsuits in the U.S., and to regulatory investigations. The consequences, as assessed on December 31, 2005, of those that are liable to have or have recently had a material impact on the financial condition of the Group, its results or its business have been provisioned in the Group's financial statements. Details are set below concerning the major cases. Other litigation matters have no material effect on the Group's financial condition or it is still too early to determine at this stage whether they may have such an impact or not.
- In January 2002, Société Générale learned that Frank Gruttadauria ("Gruttadauria"), a former employee of SG Cowen's retail brokerage business that was sold in October 2000, had defrauded numerous customers and misappropriated their assets at various firms that had employed him, including SG Cowen. Gruttadauria has been convicted and sentenced in federal district court in Ohio to a seven-year term of imprisonment for various federal offenses, and he subsequently also pleaded guilty to Ohio state law crimes. Following the discovery of Gruttadauria's fraud, numerous former customers commenced or threatened to commence lawsuits and arbitrations against SG Cowen (and in some instances against Societe Generale as well) arising out of Gruttadauria's actions. In addition, government and regulatory authorities initiated investigations, and SG Cowen cooperated fully with all of them, resolving in 2003 all known regulatory matters arising out of Gruttadauria's conduct. SG Cowen has also reached settlements with most former customers, and has arbitrated several other customers' claims. There are currently a small number of pending customer claims against SG Cowen. Separately, the securities brokerage firm that purchased SG Cowen's former retail brokerage business in October 2000 has threatened to bring a lawsuit against SG Cowen in connection with the liabilities, costs and expenses that it has incurred as a result of Gruttadauria's misconduct.

  Société Générale has established provisions for all the reasonably anticipated financial consequences of this matter, provisions which have been used to pay the settlements and arbitral awards mentioned above.
- SG Cowen is one of several defendants named in lawsuits arising out of the accounting fraud that caused the collapse of Lernout & Hauspie Speech Products, N.V. ("L&H"), a former client of SG Cowen.

  In one lawsuit pending in federal court in Boston, the Trustee of the Dictaphone Litigation Trust has alleged that SG Cowen had made material misrepresentations to Dictaphone while SG Cowen was a financial advisor to L&H on its acquisition of Dictaphone, and published materially misleading research on L&H, in violation of various federal and state laws. The district court has granted SG Cowen's motion to dismiss the complaint. The plaintiff has filed an appeal against that decision.

  In another lawsuit relating to L&H, which is pending in federal court in New Jersey, short-sellers of L&H stock allege that SG Cowen participated in a scheme to artificially inflate L&H's stock price through allegedly false and misleading research reports published by SG Cowen, in violation of federal securities laws and state laws. The Court did not grant SG Cowen's motion to dismiss the complaint. SG Cowen subsequently filed an answer denying liability, and discovery is ongoing.

  In a third lawsuit that was filed in federal court in Boston, the former owners of Dragon Systems, Inc. had alleged that SG Cowen violated federal securities and state laws by making material misrepresentations to the plaintiffs while SG Cowen was advising L&H in connection with its acquisition of Dragon and published materially misleading research on L&H. During the second quarter of 2005, SG Cowen entered into a settlement with the plaintiffs. Subject to the applicable retention, SG Cowen's insurance carriers paid virtually all of SG Cowen's legal fees and most of the costs of the settlement with the plaintiffs. SG Cowen is pursuing a claim for additional coverage for the costs of the settlement from one of its excess insurance carriers.

  Société Générale has established reserves for these matters.
- After conducting investigations on tax frauds allegedly committed by buyers of certain types of companies in Belgium since 1997, the Belgian State and the liquidator of some of these companies have brought actions against the various participants in these transactions in an attempt to recuperate the eluded tax or to seek damages. Société Générale and one of its affiliates were implicated because of the role played as counsel in several transactions by an ex-employee of the bank, now deceased, who concealed from Société Générale that he continued to play this role in spite of the prohibition notified to him by his supervisor several years ago, after the risks of such transactions had been identified. Société Générale fully cooperated with the Belgian State's investigations. These investigations having given rise to the opening of criminal proceedings, Société Générale

and its affiliate have also filed a complaint to shed light on the circumstances of this case. A provision has been made.

- In July 2004, the European Commission conveyed a *Communication des griefs* (statement of objections) to nine French banks including Société Générale, and to the *Groupement des cartes bancaires*. The objections relate to an alleged secret and anticompetitive agreement on bank payment cards by which the banks, colluding with the *Groupement des cartes bancaires*, are alleged to have agreed to erect entrance barriers to the French market for the issuance of payment cards in order to preclude competition from new entrants and to reduce competition between themselves. In the Commission's view, the alleged agreement would severely limit the scope for lower card prices and technical innovation. Société Générale has answered these allegations which it considers unjustified and intends to demonstrate that the tariff reform, adopted in late 2002, is wholly consistent with the law and fully justified. The implementation of this reform has been suspended after the Commission initiated the investigation, a few weeks before receipt of the statement of objections. In 2005, the Commission announced its intention to renounce its claims against the banks.
- In October 2005, the official receivers in charge of the restructuring plans of Moulinex and Brandt, companies that were put into bankruptcy in 2001, initiated a lawsuit against banks which had participated in syndicated loans granted to Moulinex in 1997 and to Brandt in 1998. They are seeking compensatory damages to indemnify the creditors for the banks' alleged improper financial support to the aforementioned companies. Société Générale and Crédit du Nord only held a share of the syndicated loans. They intend to vigorously oppose the claims since, after trying to support Moulinex and Brandt on the grounds of serious and credible recovery plans, the banks were the first victims of Moulinex and Brandt's collapse. All reasonably anticipated expenses relative to the management of these proceedings have been taken into account.

ENVIRONMENTAL RISKS

See pages 94 to 98.

INSURANCE FOR OPERATIONAL RISKS

Description of insurance policies

General strategy

Société Générale's strategy is to insure its domestic and international activities globally, using policies that offer the broadest and most comprehensive coverage for the type of risks to which the Group is exposed. Additional insurance policies may be taken out locally, to provide either first-level guarantees that may be below the global guarantee thresholds, or particular guarantees applicable to specific activities.

The contraction of the insurance market since 2001 has made it more difficult to set up insurance programs adapted to the Group's requirements, a problem shared by all major companies.

In the case of traditional guarantees, the Group was able to renew the majority of the policies bought on the market.

With regard to other risks, notably those linked to financial activities, the Group took advantage of an improvement in the insurance market to increase its level of cover and extend the guarantees offered under its existing policies.

The Group also reinsures some of its policies with its own in-house reinsurance company in order to reduce the deductible it is required to pay in the event of a claim, which in some cases is particularly high.

As a result, despite the contraction in the market for the insurance of these risks, the Group was able to set up insurance policies that considerably exceed the level of losses incurred.

Description of cover

General risks

1. Buildings and their contents, including IT equipment, are insured at their replacement value. In France, the budget amounted to EUR 2.6 million.
2. Liability other than professional liability (i.e. relating to operations, chief executive officers, vehicles, etc.) is covered by insurance policies around the world. The amounts insured vary from country to country, but correspond to operating requirements. In France, the budget amounted to EUR 1.95 million.

Risks arising from activity

Insurance is only one of the ways of offsetting the consequences of the risks inherent in the Group's activity, and as such it complements the Group's risk management policy.

1. HOUSING LOANS

Housing loans granted by the bank are accompanied by life insurance policies covering the borrower.

2. THEFT/FRAUD

These risks are included in a "global banking policy" that insures all the Bank's activities around the world.

3. PROFESSIONAL LIABILITY

The consequences of any lawsuits are insured under a global policy. The level of cover is the best available in the market.

4. OPERATING LOSSES

The consequences of an accidental interruption in activity are insured under a global policy. This policy complements the business continuity plans. The amounts insured are designed to cover losses incurred between the time of the event and the implementation of an emergency solution.

OTHER RISKS

The Group is aware of no other risk to be mentioned in this respect.

REGULATORY RATIOS

International solvency ratio

(B.I.S. ratio)

The international solvency ratio requires financial institutions handling a significant volume of international business to maintain a minimum level of equity in reserve on a permanent basis, in order to cover their credit exposure and capital market risks.

Until December 31, 1997, the B.I.S. ratio was essentially limited to counterparty risks. Since January 1998, it has been extended to cover market risks (interest rate, exchange rate, equity price and commodity price risks).

The regulatory framework for monitoring market risk exposure allows banks to calculate their regulatory capital requirements using internal models, provided that these models meet certain criteria and reflect an adequate risk management strategy, and that the model itself has been approved by the banks' supervisory authorities. Société Générale's internal VaR model has been approved by the French Banking Commission (see section on "Methods of measuring market risk and defining exposure limits", page 112).

Since December 31, 1998, the market risks for the majority of transactions have been calculated using this internal model, while the standard method is used for all other operations.

The Group's B.I.S. ratio stood at 11.31% at December 31, 2005, excluding Tier-3 capital, compared with 11.06% at January 1, 2005.

RISK-BASED CAPITAL, RISK-WEIGHTED ASSETS AND SOLVENCY RATIOS

In millions of euros	Dec. 31, 2005	Jan. 1, 2005*
Risk-based capital		
Group shareholders' equity	23,550	18,530
Dividends	(1,872)	(1,339)
Minority interests after appropriation of net income	1,826	1,668
Preferred shares	2,188	2,049
Prudential deductions(1)	(6,407)	(4,376)
Total Tier-1 capital	19,285	16,532
Total Tier-2 capital	11,419	10,092
Other deductions(2)	(1,910)	(2,849)
Total risk-based capital	28,794	23,775
Risk-weighted assets	254,753	215,049
International solvency ratio (B.I.S. ratio) (%)	11.31	11.06
Tier-1 ratio (%)	7.57	7.69

(1) Essentially goodwill and intangible assets and IFRS prudential deductions.
(2) Holdings in non-consolidated financial companies or those accounted for by the equity method.
** Including IAS 32 & 39 and IFRS 4.*

Group shareholders' equity at end-December 2005 totaled EUR 23.5 billion (compared with EUR 18.5 billion at January 1, 2005). After taking into account minority interests, preferred shares and prudential deductions, total Tier-1 capital stood at EUR 19.3 billion, giving a Tier-1 ratio of 7.57% at December 31, 2005 (compared with 7.69% at January 1, 2005).

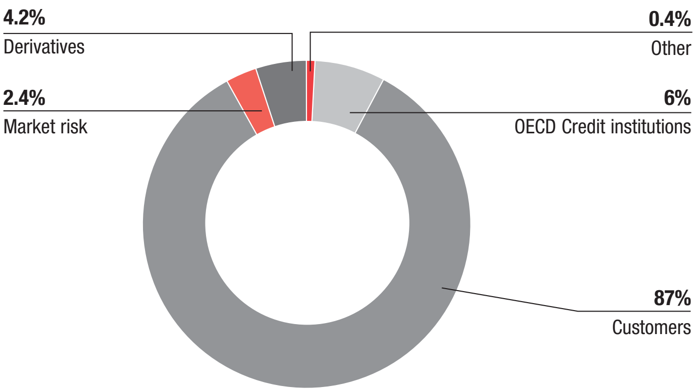
Risk-weighted assets by type of activity break down as follows:

- the increase in risk-weighted assets over 2005 (to EUR 254.8 billion) resulted from the rise in counterparty risks. These accounted for 97.6% of risk-weighted assets, amounting to EUR 248.7 billion at December 31, 2005 (96.8% at December 31, 2004),

- risk-weighted assets relating to market risk accounted for 2.39% of the total, down slightly on 2004 (3.16%).

The credit risk on derivatives essentially relates to instruments with maturities under five years (a detailed analysis of these instruments is included in the notes to the consolidated financial statements on page 187, note 29).

BREAKDOWN OF RISK-WEIGHTED ASSETS BY TYPE OF RISK AT DECEMBER 31, 2005



Total counterparty risk exposure: EUR 248.7 billion (97.6%), of which:

Plain vanilla on- and off-balance sheet items: EUR 238.1 billion (93.4%)

Derivatives (IFAT): EUR 10.6 billion (4.1%)

Total capital market risk exposure: EUR 6.1 billion (2.4%)

Capital adequacy ratio

(CAD ratio)

This ratio replaced the European solvency ratio in 1998, and sets out the minimum capital required to cover counterparty and market risks.

At December 31, 2005, these risks were 143.3% covered by Group equity, excluding any Tier-3 capital (compared with 156.8% at December 31, 2004).

As with the international solvency ratio, the Group's equity requirements principally arise from "plain vanilla" banking activities.

Moreover, as the Société Générale Group has been classified as a financial conglomerate by the French Banking Commission, its equity must be greater than or equal to the sum of the capital requirements applicable to its banking activities and to its insurance activities. At December 31, 2005, the Group met these requirements.

Ratio of large exposures

The ratio of large exposures is calculated on a quarterly basis but is complied with on an ongoing basis by the Société Générale Group:

- the total risk incurred by Société Générale in respect of any debtor taken individually does not exceed 25% of consolidated net equity,
- the total risk incurred by Société Générale in respect of all debtors which, taken individually, represent risks of over 10% of consolidated net equity, does not exceed eight times consolidated net equity.

Liquidity ratio

Société Générale's one-month liquidity ratio, which is used to monitor short-term liquidity, averaged 112.2 % over 2005. At the end of each month in 2005, it was above the minimum regulatory requirement of 100%.

Prudential ratio

(funding ratio)

The prudential ratio, which is used to determine long-term liquidity, measures receivables due in more than five years against funds with a remaining maturity of more than five years. At December 31, 2005, this ratio stood at 76.9%, above the minimum regulatory standard of 60%.

Reform of the international solvency ratio Basel II reforms

As part of the implementation of the new solvency ratio, the Société Générale Group has decided to adopt the Internal Rating Based – Advanced approach (IRBA) in order to manage and monitor its credit risk exposure on most of its portfolios. At the start of 2008, when the new ratio is scheduled to become applicable, the Group will continue to use the standardized or "foundation" approach (IRBF) for some of its commitments (certain transactions, foreign subsidiaries, etc.). However, its long term objective is to eventually roll out the IRBA to all transaction types.

In 2003, Société Générale launched a major Basel II initiative covering all Group activities, the Risk Division and the Finance Department. Monitored by the Group's General Management, the project has the following aims:

- to adapt the existing internal rating system to comply with the Basel II text, notably by developing counterparty rating models based on an estimation of the probability of default at one year and the transaction rating models based on an estimation of loss given default;
- to ensure systematic use of these internal ratings when approving loans and monitoring exposure;
- to organize collection of exhaustive information on defaults and incurred losses in order to control the validity and accuracy of the internal rating models on a regular basis (back testing);
- to adapt existing systems and procedures to the new regulatory requirements, notably for counterparty and transaction ratings, the factoring in of guarantees and collateral and the collection of data on defaults and losses;
- to develop an information system to automatically calculate capital requirements and solvency ratios in accordance with the text published by the Basel Committee;
- to justify the quality of the data used to calculate the ratio by proving its consistency with accounting figures.

In 2005, a major portion of these projects was completed, in particular those relating to corporate clients and financial institutions (overhaul of internal rating models, dissemination of counterparty and commitment rating practices).

Significant progress was also made in upgrading the information system:

- the central calculator of weighted risks entered the final test phase and should be operational by the start of 2006;
- the central collection of data for the calculation of capital requirements was substantially reinforced, with an extension of the scope covered and an improvement in the quality of the data submitted (accounting consistency and exhaustive descriptions of commitments).

Moreover, in preparation for the forthcoming reforms, the functions charged with compiling and validating loan applications successfully implemented a number of change management projects.

The Group is currently focusing on modeling credit risk on individual customers, self-employed professionals and SMEs, and on the preparation of the parallel run which is due to start in 2007 prior to the definitive application of the new international solvency ratio at the start of 2008.

10 FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS

(in millions of euros)		*IFRS[1]*			*IFRS excl. IAS 32-39 & IFRS 4[1]*	
		December 31, 2005	**January 1, 2005**		**December 31, 2004**	**January 1, 2004**
Cash, due from central banks	Note 6	6,186	5,204	Cash, due from central banks	5,206	6,755
Financial assets measured at fair value through profit or loss	Note 7	412,216	283,506	Securities portfolio	217,285	193,357
Hedging derivatives	Note 8	3,742	2,817			
Available for sale financial assets	Note 9	73,559	67,566			
Non current assets held for sale		38	-			
Due from banks	Note 10	53,451	53,337	Due from banks	66,117	60,283
Customers loans	Note 11	227,195	198,891	Customer loans	208,184	191,929
Lease financing and similar agreements	Note 12	22,363	20,633	Lease financing and similar agreements	20,589	17,812
Revaluation differences on portfolios hedged against interest rate risk		187	318			
Held to maturity financial assets	Note 13	1,940	2,230			
Tax assets	Note 14	1,601	1,396	Tax assets	1,374	1,514
Other assets	Note 15	31,054	30,804	Other assets	70,809	56,800
Investments in subsidiaries and affiliates accounted for by the equity method		191	278	Investments in subsidiaries and affiliates accounted for by the equity method	348	562
Tangible and intangible fixed assets	Note 16	10,459	8,970	Tangible and intangible fixed assets	9,110	8,445
Goodwill	Note 17	4,235	2,871	Goodwill	2,333	2,187
Total		**848,417**	**678,821**	**Total**	**601,355**	**539,644**

(1) The Group decided to take advantage of the option available under IFRS 1 not to restate the opening balance sheet at January 1, 2004 in accordance with IAS 32, IAS 39 and IFRS 4 as adopted by the European Union and to apply these three standards for the first time at January 1, 2005. As a result, for comparative 2004 data, financial instruments and transactions covered by IAS 32, IAS 39 and IFRS 4 are recognized and presented under the French accounting principles applied by the Group, in accordance with CRC Regulations 1999-07 and 2000-04. Note 2 highlights the impacts of first-time adoption of IFRS as adopted by the European Union.

LIABILITIES

(in millions of euros)		*IFRS[1]*			*IFRS excl. 32-39 & IFRS 4[1]*	
		December 31, 2005	**January 1, 2005**		**December 31, 2004**	**January 1, 2004**
Due to central banks		2,777	1,504	Due to central banks	1,505	2,827
Financial liabilities measured at fair value through profit and loss	Note 7	286,782	213,352			
Hedging derivatives	Note 8	2,153	3,416			
Due to banks	Note 18	113,207	79,759	Due to banks	92,380	83,620
Customer deposits	Note 19	222,544	192,863	Customer deposits	213,433	196,090
Securitized debt payables	Note 20	84,325	68,830	Securitized debt payables	97,730	82,917
Revaluation differences on portfolios hedged against interest rate risk		797	713			
Tax liabilities	Note 14	1,666	1,074*	Tax liabilities	2,331*	2,423*
Other liabilities	Note 21	33,010	30,206	Other liabilities	109,563	96,295
Underwriting reserves of insurance companies	Note 31	57,828	49,181*	Underwriting reserves of insurance companies	47,065*	41,360*
Provisions	Note 23	3,037	2,941	Provisions	2,854	2,509
Subordinated debt	Note 25	12,571	12,599	Subordinated debt	11,930	10,945
				Preferred shares	2,049	2,120
Total liabilities		**820,697**	**656,438**	**Total liabilities**	**580,840**	**521,106**
SHAREHOLDERS' EQUITY				**SHAREHOLDERS' EQUITY**		
Shareholders' equity, Group share				**Shareholders' equity, Group share**		
Common stock		543	556	Common stock	556	548
Equity instruments and associated reserves		3,359	2,478*	Equity instruments and associated reserves	2,713*	3,061
Retained earnings		13,484	10,954*	Retained earnings	11,874*	12,994*
Net income		4,446	3,281*	Net income	3,281*	-
Sub-total		**21,832**	**17,269**			
Unrealized or deferred capital gains or losses		1,718	1,261			
Sub-total equity, Group share		**23,550**	**18,530**	**Sub-total equity, Group share**	**18,424**	**16,603**
Minority interests		**4,170**	**3,853**	**Minority interests**	**2,091**	**1,935**
Total equity		**27,720**	**22,383**	**Total equity**	**20,515**	**18,538**
Total		**848,417**	**678,821**	**Total**	**601,355**	**539,644**

** Amounts adjusted with respect to the opening balance sheet published at January 1, 2005.*

(1) The Group decided to take advantage of the option available under IFRS 1 not to restate the opening balance sheet at January 1, 2004 in accordance with IAS 32, IAS 39 and IFRS 4 as adopted by the European Union and to apply these three standards for the first time at January 1, 2005. As a result, for comparative 2004 data, financial instruments and transactions covered by IAS 32, IAS 39 and IFRS 4 are recognized and presented under the French accounting principles applied by the Group, in accordance with CRC Regulations 1999-07 and 2000-04. Note 2 highlights the impacts of first-time adoption of IFRS as adopted by the European Union.

CONSOLIDATED INCOME STATEMENT

(in millions of euros)		*IFRS* December 31, 2005	*IFRS excl. IAS 32-39 & IFRS 4* December 31, 2004
Interest and similar income	Note 32	21,107	21,835
Interest and similar expenses	Note 32	(16,656)	(15,704)*
Dividend income		256	396
Dividends paid on preferred shares		-	(144)
Commissions (revenue)	Note 33	7,983	7,106
Commissions (expense)	Note 33	(1,907)	(1,831)
Net gains or losses on financial transactions		7,497	4,222
o/w net gains or losses on financial instruments at fair value through profit and loss	*Note 34*	*7,025*	-
o/w net gains or losses on available-for-sale financial assets	*Note 35*	*472*	-
Income from other activities	Note 36	15,019	14,499
Expenses from other activities	Note 36	(14,129)	(13,989)
Net banking income		**19,170**	**16,390**
Personnel expenses	Note 37	(7,469)	(6,743)
Other operating expenses		(3,990)	(3,651)
Amortization, depreciation and impairment of tangible and intangible fixed assets		(697)	(668)
Gross operating income		**7,014**	**5,328**
Cost of risk	Note 39	(448)	(568)
Operating income		**6,566**	**4,760**
Net income from companies accounted for by the equity method		19	40
Net income/expense from other assets		158	195
Impairment losses on goodwill		(23)	4
Earnings before tax		**6,720**	**4,999**
Income tax	Note 40	(1,795)	(1,376)*
Consolidated net income		**4,925**	**3,623**
Minority interests		(479)	(342)
Net income, Group share		**4,446**	**3,281**
Earnings per share	**Note 41**	**10.88**	**8.04**
Diluted earnings per share	**Note 41**	**10.79**	**7.96**

** Amounts adjusted with respect to the income statement published at December 31, 2004.*

CHANGES IN SHAREHOLDERS' EQUITY

	Capital and associated reserves			*Consolidated reserves*	*Unrealized or deferred capital gains or losses*							
(in millions of euros)	**Common stock**	**Equity instruments and associated reserves**	**Elimination of treasury stock**	**Retained earnings**	**Change in fair value of available for sale assets**	**Change in fair value of hedging derivatives**	**Tax impact**	**Share-holders' equity, Group share**	**Minority interests (5)**	**Unrealized or deferred capital gains or losses, minority interests**	**Share-holders' equity, minority interests**	**Total consolidated share-holders' equity**
Shareholders' equity at January 1, 2004 (excluding IAS 32, 39 and IFRS 4)	**548**	**4,200**	**(1,139)**	**12,994***				**16,603**	**1,935**		**1,935**	**18,538**
Increase in common stock	8	350						358				358
Elimination of treasury stock			(739)	30				(709)				(709)
Issuance of preferred shares												
Equity component of share-based payment plans												
2004 Dividends paid				(1,031)				(1,031)	(190)		(190)	(1,221)
Sub-total of changes linked to relations with shareholders	**556**	**4,550**	**(1,878)**	**11,993**				**15,221**	**1,745**		**1,745**	**16,966**
Change in value of fixed assets having an impact on equity												
Change in value of fixed assets recognized in income statement												
2004 Net income				3,281*				3,281	342		342	3,622
Sub-total	**556**	**4,550**	**(1,878)**	**15,274**				**18,502**	**2,087**		**2,087**	**20,589**
Effect of acquisitions and disposals on minority interests									(14)		(14)	(14)
Change in accounting policies												
Change in equity of associates and joint ventures accounted for by the equity method												
Translation differences and other changes		41		(119)				(78)	18		18	(60)
Shareholders' equity at December 31, 2004 (excluding IAS 32, 39 and IFRS 4)	**556**	**4,591**	**(1,878)**	**15,155**				**18,424**	**2,091**		**2,091**	**20,515**
Impact of the transition to IAS/IFRS (cf. Note 2, § 3)			(235)	(920)	1,374	112	(225)	106	1,737	25	1,762	1,868
Shareholders' equity at January 1, 2005 (including IAS 32, 39 and IFRS 4)	**556**	**4,591**	**(2,113)**	**14,235***	**1,374**	**112**	**(225)**	**18,530**	**3,828**	**25**	**3,853**	**22,383**
Increase in common stock (1)	(13)	(886)						(899)				(899)
Elimination of treasury stock (2)			678	1				679				679
Issuance of equity instruments (3)		1,000		14				1,014				1,014
Equity component of share-based payment plans (4)		89						89				89
2005 Dividends paid				(1,359)				(1,359)	(284)		(284)	(1,643)
Sub-total of changes linked to relations with shareholders	**(13)**	**203**	**678**	**(1,344)**	**0**	**0**	**0**	**(477)**	**(284)**	**0**	**(284)**	**(761)**
Change in value of financial instruments and fixed assets having an impact on equity					700	(45)	(47)	608		17	17	624
Change in value of financial instruments and fixed assets recognized in income					(158)	0	7	(151)		(9)	(9)	(160)
2005 Net income for the period				4,446				4,446	479		479	4,925
Sub-total	**0**	**0**	**0**	**4,446**	**542**	**(45)**	**(40)**	**4,903**	**479**	**8**	**487**	**5,390**
Effect of acquisitions and disposals on minority interests (6)									(84)		(84)	(84)
Change in accounting methods												
Change in equity of associates and joint ventures accounted for by the equity method												
Translation differences and other changes (7)				593				593	198		198	791
Sub-total	**0**	**0**	**0**	**593**	**0**	**0**	**0**	**593**	**114**	**0**	**114**	**707**
Shareholders' equity at December 31, 2005 (including IAS 32, 39 and IFRS 4)	**543**	**4,794**	**(1,435)**	**17,930**	**1,916**	**67**	**(265)**	**23,550**	**4,137**	**33**	**4,170**	**27,720**

(1) At December 31, 2005, Société Générale's fully paid-up capital amounted to EUR 542,860,226.25 and was made up of 434,288,181 shares with a nominal value of EUR 1.25.
In 2005, Société Générale cancelled 18,100,000 shares, reducing its capital by EUR 23 million with EUR 1,329 million of additional paid-in capital.
Société Générale also carried out a capital increase in the amount of EUR 9 million, with additional paid-in capital of EUR 443 million:
• EUR 7 million was subscribed by employees under the Employee Share Ownership Plan, with additional paid-in capital of EUR 351 million,
• EUR 2 million resulted from the exercise by employees of stock options granted by the Board of Directors, with additional paid-in capital of EUR 92 million.

(2) At December 31, 2005, the Group held 29,585,101 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 6.81% of the capital of Société Générale.
The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 1,435 million, including EUR 208 million for shares held for trading purposes.

The change in treasury stock over 2005 breaks down as follows:

(in million of euros)	Trading activities	Buybacks and active management of Shareholders' equity	Total
Cancellation of 18,100,000 shares		1,352	1,352
Purchases net of disposals	(86)	(588)	(674)
	(86)	**764**	**678**
Capital gains net of tax on treasury shares and treasury share derivatives, booked under shareholders' equity	5	(37)	(32)
Related dividends, eliminated from consolidated results	3	30	33
	8	**(7)**	**1**

(3) In January 2005 the Group issued EUR 1 billion of deeply subordinated notes, classified as equity due to discretionary nature of their remuneration.
In 2005, the tax saving on the remuneration to be paid to holders of these securities and booked to reserves amounted to EUR 13.6 million.

(4) Share-based payments settled in equity instruments in 2005 amounted to EUR 84 million, including EUR 63 million for the stock option plans and EUR 21 million for the Global Employee Share Ownership Plan.
An amount of EUR 5 million was booked in 2005 on the revaluation of deferred tax assets relative to TCW stock option plans.

(5) As of January 1, 2005, due to the adoption of IAS 32&39 and in view of the discretionary nature of their remuneration, preferred shares were reclassified as Minority Interests, in the amount of EUR 2,049 million (cf. Note 1).
In 1997, Société Générale issued USD 800 million of preferred shares in the United States via its subsidiary SocGen Real Estate Company llc.
In 2000, Société Générale issued a further EUR 500 million via its subsidiary SG Capital Trust, and USD 425 million via SG Americas in 2001.
In 2003, Société Générale issued a further EUR 650 million of preferred shares in the United States via SG Capital Trust III.
At December 31, 2005, preferred shares amounted to EUR 2,188 million.

(6) The buyback in January 2005 of shares held by minority shareholders of SC Allicante and SC Chassagne had an impact of EUR -152 million.
The purchase of a 24% stake in NSGB, the incorporation of Hanseatic Bank into the consolidation scope and the capital increase of General Bank of Greece had a respective impact of EUR -39 million, EUR 59 million and EUR 44 million.

(7) The variation in Group translation differences for 2005 amounted to EUR 598 million.
This variation was mainly due to the appreciation against the euro of the US dollar (EUR 413 million), the Czech koruna (EUR 49 million), the Canadian dollar (EUR 46 million), the Egyptian pound (EUR 29 million) and the pound sterling (EUR 21 million).
The variation in translation differences attributable to Minority Interests amounted to EUR 198 million.
This was mainly due to the revaluation of the Czech koruna (EUR 30million) and the revaluation of the US dollar linked to the issue of USD-denominated preferred shares (EUR 139 million).

** The reclassification of the Sogecap's capitalization reserve is described in the note on the accounting principles.*

CASH FLOW STATEMENT

(in millions of euros)	*IFRS* December 31, 2005	*IFRS excl. IAS 32-39 & IFRS 4* December 31, 2004
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES		
Net income (I)	**4,925**	**3,623***
Amortization expense on tangible and intangible fixed assets	1,806	1,760
Net allocation to provisions (mainly underwriting reserves of insurance companies)	7,047	4,662*
Net income/loss from companies accounted for by the equity method	(19)	(40)
Deferred taxes	232	34*
Net income from the sale of long term available for sale assets and subsidiaries	(524)	282
Change in deferred income	(230)	(130)
Change in prepaid expenses	(102)	(22)
Change in accrued income	(258)	(135)
Change in accrued expenses	794	211
Other changes	1,479	(182)
Non-monetary items included in net income and other adjustments (not including income on financial instruments measured at fair value through P&L) (II)	**10,225**	**6,440**
Reclassification of income on financial instruments measured at fair value through P&L (1) (III)	**(7,025)**	**(3,687)**
Interbank transactions	34,069	2,528
Customer transactions	2,096	479
Transactions related to other financial assets and liabilities (1)	(42,594)	(10,359)
Transactions related to other non financial assets and liabilities	786	1,837*
Net increase / decrease in cash related to operating assets and liabilities (IV)	**(5,643)**	**(5,515)**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III) + (IV)	**2,482**	**861**
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES		
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	2,356	2,017
Tangible and intangible fixed assets	(3,147)	(1,245)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**(791)**	**772**
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES		
Cash flow from/to shareholders	(865)	(1,574)
Other net cash flows arising from financing activities	(7)	881
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**(872)**	**(693)**
NET OUTFLOW IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**819**	**940**
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at start of the year		
Net balance of cash accounts and accounts with central banks	3,700	3,928
Net balance of accounts, demand deposits and loans with credit establishments	1,237	70
Cash and cash equivalents at end of the year (2)		
Net balance of cash accounts and accounts with central banks	3,409	3,701
Net balance of accounts, demand deposits and loans with credit establishments	2,347	1,237
NET OUTFLOW IN CASH AND CASH EQUIVALENTS	**819**	**940**

(1) Reclassification of unrealized and realized income on financial instruments measured at fair value through P&L as transactions related to other financial assets and liabilities in order to estimate the net cash inflow / outflow related to these instruments over the period.
(2) o/w EUR 736 million of cash related to entities acquired in 2005.
** Amounts restated in relation to comparative data published at December 31, 2004.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated accounts were approved by the Board of Directors on February 15, 2006.

Note 1

Significant accounting principles

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, Société Générale Group ("the Group") prepared its consolidated financial statements for the year ending December 31, 2005 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date.

The standards applied comprise IFRS 1-6 and International Accounting Standards (IAS) 1-41, as well as the interpretations of these standards adopted by the European Union at December 31, 2005.

The Group also made 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 Group opted for an early application of the following amendments, as of January 1, 2005:

- the amendment to IAS 39 on the fair value option,
- the amendment to IAS 39 on cash flow hedge accounting of forecast intragroup transactions.

These consolidated financial statements are presented in euros.

The Société Générale Group's consolidated financial statements for the period until December 31, 2004, were prepared in accordance with the French accounting principles contained in regulations 1999-07 and 2000-04 of the French Accounting Regulation Committee, which differ in some respects from the IFRS framework as adopted by the European Union. Comparative information for 2004, originally prepared under French accounting principles, has been restated to make it compliant with IFRSs except for transactions which fall under the scope of IAS 32, IAS 39 and IFRS 4. Any such transactions in the 2004 comparative periods have been recognized and presented here under French accounting principles, as permitted under IFRS 1 "First-time adoption of IFRS" which allows application of IAS 32, IAS 39 and IFRS 4 to be delayed until January 1, 2005.

These consolidated financial statements also include an opening balance sheet prepared in accordance with IFRS 1.

The effects of this change in accounting standards on the consolidated balance sheet and Group equity as well as on the consolidated income statement are described in note 2. This note describes the methods used to draw up the Group's opening IFRS balance sheets at January 1, 2004 or January 1, 2005 for transactions on financial instruments falling under the scope of IAS 32, 39 as adopted by the European Union and insurance activities-falling under the scope of IFRS 4 as adopted by the European Union. It also describes the quantitative impact on the opening balance sheets of differences with the French accounting principles previously applied.

The main valuation and presentation rules used in drawing up these consolidated financial statements are shown below. These were applied consistently in 2004 and 2005 except those concerning financial instruments and insurance contracts.

USE OF ESTIMATES

Some of the figures booked in these consolidated financial statements are based on estimates and assumptions made by the Management. This applies in particular to the fair value assessment of financial instruments and the valuation of goodwill, intangible assets, impairments of assets and provisions. The main estimates are indicated in the notes to the financial statements. Actual future results may differ from these estimates.

Consolidation principles

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

CONSOLIDATION METHODS

The consolidated financial statements include the financial statements of Société Générale, including the bank's foreign branches, and all significant subsidiaries over which Société Générale exercises control. Companies with a fiscal year ending more than three months before or after that of Société Générale prepare pro-forma statements for a twelve-month period ended

December 31. All significant balances, profits and transactions between Group companies are eliminated.

However, the consolidation scope only includes entities that have a significant impact on the Group's consolidated financial statements. This means companies whose balance sheet assets amount to more than 0.02% of the Group's, for full or proportionate consolidation, or companies in which the Group's share of equity exceeds 0.10% of the consolidated Group's total equity.

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

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

The following consolidation methods are used:

- **Full consolidation**

This method is applied to companies over which Société Générale exercises sole control. Sole control over a subsidiary is defined as the power to govern the financial and operating policies of the said subsidiary so as to obtain benefits from its activities. It is exercised:

- either by directly or indirectly holding the majority of voting rights in the subsidiary;
- or by holding the power to appoint or remove the majority of the members of the subsidiary's governing, management or supervisory bodies, or to command the majority of the voting rights at meetings of these bodies;
- or by the power to exert a controlling influence over the subsidiary through an agreement or provisions in the company's charter or bylaws.

- **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 partners or shareholders for exercising control over the economic activity of the said subsidiary and taking any strategic decisions.

Equity method

Companies over which the Group exercises significant influence are accounted for under the equity method. Significant influence is the power to influence the financial and operating policies of a subsidiary without exercising control over the said subsidiary. In particular, significant influence can result from Société Générale being represented on the board of directors or supervisory board, from involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Société Générale. The Group is assumed to exercise significant influence over the financial and operating policies of a subsidiary when it holds directly or indirectly at least 20% of the voting rights in this subsidiary.

SPECIFIC TREATMENT FOR SPECIAL PURPOSE VEHICLES

The independent legal entities ("special purpose vehicles") that are 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 entity is generally considered to exist if any one of the following criteria applies:

- the SPE's activities are being conducted on behalf of the Group so that the Group obtains benefits from the SPE's operation;
- the Group has the decision-making powers to obtain the majority of the benefits of the SPE, 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 SPE;
- the Group retains the majority of the risks of the SPE.

In consolidating SPEs considered to be substantially controlled by the Group, those parts of entities not held by the Group are recognized as debt in the balance sheet.

TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN CONSOLIDATED ENTITIES

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 average exchange rates for the period. Gains and losses arising from the translation of capital, reserves, retained earnings and income are included in shareholders' equity under *Unrealized or deferred capital gains or losses - Translation differences*. Gains and losses on transactions used to hedge net investments in foreign consolidated entities or their income in foreign currencies, along with gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in consolidated reserves under the same heading.

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

TREATMENT OF ACQUISITIONS AND GOODWILL

The Group uses the purchase method to record its business combinations. The acquisition cost is calculated as the total of fair values at the date of acquisition of all assets given, liabilities incurred or assumed, and equity instruments issued, in exchange for the control of the acquired company plus all costs directly attributable to the business combination.

At the acquisition date, all assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities that are identifiable in the sense of IFRS 3 (business combinations) are valued individually at their fair value regardless of their purpose. The analysis and professional appraisals required for this initial valuation must be carried out within 12 months of the date of acquisition as must any corrections to the value based on new information.

Any surplus in the price paid above the assessed fair value of the proportion of the net assets acquired is booked on the asset side of the consolidated balance sheet under *Goodwill*. Any deficit is immediately recognized in the income statement.

Where the Group increases its percentage holding in an entity that is already controlled, the acquisition of extra shares creates additional goodwill, calculated by comparing the acquisition cost of the securities to the proportional amount of net assets acquired.

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

Goodwill is reviewed regularly by the Group and tested for impairment of value whenever there is any indication that its value may have diminished, and at least once a year. At the acquisition date each item of goodwill is attributed to one or more cash-generating units expected to derive benefits from the acquisition. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating units. Cash-generating units are the finest measurement units used by management to measure return on investment in a particular activity. The Group divides its activities into 14 cash-generating units, which is consistent with the management of the Group by core business lines. The recoverable value of a cash-generating unit is calculated by the most appropriate method, frequently discounted net cash flows after tax, applied across the whole cash-generating unit rather than to individual legal entities.

If the recoverable amount of the cash-generating units is less than their carrying amount an irreversible impairment is booked to the consolidated income statement for the period under *Impairment losses on goodwill*.

SEGMENT REPORTING

The Group is managed on a matrix basis that takes account of its different business lines and the geographical breakdown of its activities. Segment information is therefore presented under both criteria, broken down primarily by business line and secondly by geographical distribution.

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 Center, also includes the yield on capital allocated to it, based on the estimated rate of return on Group capital. On the other hand, the yield on the sub-division's book capital is reassigned to the Corporate Center. Transactions between subdivisions are carried out under identical terms and conditions to those applying to non-Group customers.

The Group is organized into three core business lines:

- Retail Banking and Financial Services includes the French Networks (the domestic networks of Société Générale and Crédit du Nord), Retail Banking outside France and the Group business finance subsidiaries (vendor finance, leasing, consumer credit and life and non-life insurance).
- Global Investment Management and Services including Asset Management, Private Banking, and Securities Services and Online Savings, including Fimat and other securities and employee savings services.
- Corporate and Investment Banking (SGCIB) which covers, on the one hand, Corporate Banking and Fixed Income (structured finance, debt, forex and treasury activities, commodity finance and trading, commercial banking) and, on the other hand, Equity and Advisory activities.

In addition, the Corporate Center acts as the central funding department for the Group's three core businesses.

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

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

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

FROM JANUARY 1, 2005

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

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

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

Accounting policies and valuation methods

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

FROM JANUARY 1 TO DECEMBER 31, 2004

Gains and losses arising from ordinary activities in foreign currencies are booked to the income statement. In accordance with Regulation 89-01 of the French Banking Regulation Committee, outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealized gains and losses are recognized in the income statement. Premiums and discounts resulting from hedged forward foreign exchange transactions, as defined by article 9 of the above-mentioned regulation, are amortized to income on a straight-line basis over the remaining term to maturity of these transactions.

FROM JANUARY 1, 2005

At period-end, monetary assets and liabilities denominated in foreign currencies are converted into euros (the Group's functional currency) at the prevailing spot exchange rate. Realized or unrealized foreign exchange losses or gains are recognized in the income statement.

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

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

DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

FROM JANUARY 1 TO DECEMBER 31, 2004

- **Securities portfolio**

Shares and other variable income securities and bonds and other fixed-income securities held in trading and short-term investment portfolios are valued by comparing their cost to their realizable value. For listed securities, realizable value is defined as the most recent market price.

Securities classified as shares intended for portfolio activity are valued at their value in use determined on the basis of the issuing company's general development prospects and the remainder of the investment horizon (for listed companies, the average share price over the last three months is considered as representative of the value in use).

Investments in non-consolidated subsidiaries and affiliates are valued at their value in use, representing the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. For industrial equity holdings, the main criterion used is the average share price over the last three months.

- **Financial derivatives**

Trading financial derivatives and some debt instruments with embedded derivatives are accounted at their market value at year-end; in the absence of a liquid market, this value is generally determined on the basis of in-house models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (reserve policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a prudential valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated according to the size of the position and intended to cover the risk that the Group will be unable to liquidate the investment in one go due to the size of the holding;
- an adjustment for the reduced liquidity of instruments and for modelling risks in the case of complex products as well as transactions on less liquid markets (less liquid since they have been developed recently or are more specialized).

Furthermore, for over-the-counter transactions in interest rate derivatives, the market value recognizes counterparty risks and the discounted value of future management costs.

FROM JANUARY 1, 2005

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

The first choice basis for 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 those prices represent actual and regularly occuring market transactions on an arm's length basis.

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

If the market for a financial instrument is not active, its fair value is established using a valuation technique (in-house valuation models). Depending on the instrument under consideration, these may use data derived from recent transactions, from the fair value of substantially similar instruments, from discounted cash flow or option pricing models, or from valuation parameters. Where necessary, these valuations are adjusted to take certain factors into account, depending on the instruments in question and the associated risks, particularly the bid or asking price of the net position and the modelling risk in the case of complex products.

These in-house models are regularly tested by independent specialists from the Risk Division, who check the validity of data and parameters used.

If the valuation parameters used are observable market data the fair value is taken as the market price, and any difference between the transaction price and the price given by the in-house valuation model, i.e. the sales margin, is immediately recognized in the income statement. However, if valuation parameters are not observable or the valuation models are not recognized by the market, the fair value of the financial instrument at the time of the transaction is deemed to be the transaction price and the sales margin is then generally recognized in the income statement over the lifetime of the instrument, except for some complex financial instruments for which it is recognized at maturity or in the event of early sale. Where substantial volumes of issued instruments are traded on a secondary market with quoted prices, the sales margin is recognized in the income statement in accordance with the method used to determine the instrument's price. When valuation parameters become observable, any portion of the sales margin that has not yet been booked is recognized in the income statement at that time.

FINANCIAL ASSETS AND LIABILITIES

FROM JANUARY 1 TO DECEMBER 31, 2004

- **Loans and receivables**

Amounts due from banks and customer loans are recognized at cost. They are classified according to initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits in the case of banks; and commercial loans, current accounts and other loans in the case of customers. They also include securities purchased from banks and customers under resale agreements and loans secured by notes and securities.

Interest accrued on these receivables is recorded with these assets as *Related receivables*.

Guarantees and endorsements booked off-balance sheet represent transactions which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

- **Securities portfolio**

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank certificates), shares and other equity securities;
- the purpose for which they were acquired: trading, short-term and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long- term equity investments.

Trading securities

Trading securities are securities for which a liquid market exists and that are acquired with a view to rapid resale (within a maximum period of six months). They also include liquid securities that are held for a period of over six months in the context of market-making activities or in relation to a hedging or arbitrage transaction. They are valued at market price at year-end. Net unrealized gains or losses, together with net gains or losses on disposals, are recognized in the income statement under *Net income from financial transactions*.

Short-term investment securities

Short-term investment securities are all those intended to be held for more than six months, except for those classified as long-term investment securities (see below).

Shares and other equity securities

Equity securities are carried in the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realizable value. For listed securities, realizable value is defined as the most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, without the said provision being offset against any unrealized capital gains. Income from these securities is recorded in *Dividend income*.

Bonds and other debt securities

These securities are carried at cost excluding acquisition expenses and, in the case of bonds, excluding interest accrued and not yet due at the date of purchase. The positive or negative difference between cost and redemption value is amortized to income over the life of the relevant securities. Accrued interest receivable on bonds and other short-term investment securities is recorded in a receivables account against the account *Interest income from available-for-sale financial* assets in the income statement.

At period-end, cost is compared to realizable value or, in the case of listed securities, to their most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, after consideration of gains made on any related hedging transactions.

Allocations to and reversals of provisions for losses on short-term investment fixed-income securities together with gains and losses on sales of these securities are recorded under *Net income from financial transactions* in the consolidated income statement.

Long-term investment securities

Long-term investment securities are debt securities held by the Group, which intends to hold them on a long-term basis, in principle until maturity, and where the Group has the necessary means to:

- either permanently hedge its position against a possible depreciation of the securities' value due to interest rate fluctuations, using interest rate futures;
- or hold the securities on a long-term basis by obtaining funds, including available shareholders' equity, which are matched and used to finance these securities.

When the interest rate or liquidity matching no longer complies with the regulations set by the French Banking Commission, the securities are reclassified as short-term investment securities.

Long-term investments are booked according to the same principles as short-term investment securities, except that no provision is made for unrealized losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of provisions for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under *Net income on other assets*.

Shares intended for portfolio activity

This category of securities covers investments made on a regular basis with the sole aim of realizing a capital gain in the medium term and without the intention of making a long-term investment in the development of the issuing company's business, nor of participating actively in its operational management. The profitability of these investments results mainly from the capital gains realized on disposal. This activity is carried out on a significant and ongoing basis through ad hoc subsidiaries or structures. This category notably includes shares held in the context of venture capital activities.

These securities are recognized in the balance sheet at their purchase price, less acquisition costs. At the end of the period, they are valued at their value in use based on the issuing company's general development prospects and the remaining investment horizon (for listed companies, the average share price over the last three months is considered representative of the value in use). Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, without the said provision being offset against any unrealized capital gains. Allocations to and reversals of provisions for depreciation as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from financial transactions*.

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments

This category of securities covers shares held in non-consolidated subsidiaries and affiliates, when it is deemed useful to the business of the company to hold the said shares in the long term. This notably covers investments that meet the following criteria:

- shares in companies that share directors or senior managers with the holding company, under circumstances where an influence can be exercised over the company in which the shares are held;
- shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the group and ensure that decisions are taken in unison;
- shares representing more than 10% of the voting rights in the capital issued by a bank or a company whose business is directly linked to that of the Group.

This category also includes *Other long-term equity investments*. These are equity investments made by the Group with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the low proportion of attached voting rights.

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price exclusive of acquisition costs. Dividend income earned on these securities is booked in the income statement under *Dividend income*.

At year-end, investments in non-consolidated subsidiaries and affiliates are valued at their value in use, representing the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. Unrealized capital gains are not recognized in the accounts but a provision for depreciation on portfolio securities is booked to cover unrealized capital losses. Allocations to and reversals of provisions for depreciation as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from financial transactions*.

FROM JANUARY 1, 2005

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

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

- **Loans and receivables**

Loans and receivables neither held for trading purposes nor intended for sale from the time they are originated or contributed are recognized in the balance sheet under the *Due from banks* or *Customer loans* and thereafter valued at amortized cost using the effective interest method. An impairment loss may be recorded if appropriate.

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

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

This category also includes non-derivative financial assets and liabilities designated by the Group upon initial recognition to be carired at fair value through profit or loss in accordance with the option available under IAS 39, specified in the amendment to IAS 39 published in June 2005. The Group's aim in using the fair value option is:

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

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

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

- **Held-to-maturity financial assets**

These are non-derivative fixed income assets with a fixed maturity, which the Group has the positive intention and the ability to hold to maturity. They are valued after acquisition at their amortized cost and may be subject to impairment, if appropriate.

The amortized cost includes premiums and discounts as well as transaction costs and they are recognized in the balance sheet under *Held-to-maturity financial assets*.

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

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

DEBT

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

- **Amounts due to banks, customer deposits**

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

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

- **Securitized debt payables**

These liabilities are classified by type of security: loan notes, interbank market certificates, negotiable debt instruments, bonds and other debt securities; but not subordinated notes which are classified under *Subordinated debt*.

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

SUBORDINATED DEBT

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

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

The implementation of these accounting principles at December 31, 2005 did not produce any significant divergence in relation to the implementation of French accounting principles.

FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

FROM JANUARY 1 TO DECEMBER 31, 2004

- **Hedging**

Income and expenses on financial derivatives used as a hedge, and assigned from the beginning to an identifiable item or group of similar items, are recognized in the income statement in the same manner as revenues and expenses on the hedged item. Income and expenses on interest rate instruments are booked as net interest income in the same interest income or expense account as the items hedged. Income and expenses on other instruments such as equity instruments, stock market indexes or currencies are booked as *Net income from financial transactions*.

Income and expenses on financial derivatives used to hedge or manage an overall interest rate risk are recognized in the income statement over the life of the instrument, under *Net income from financial transactions*.

- **Trading transactions**

Trading transactions include instruments traded on organized or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets, together with debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks. These transactions are measured at their market value at the balance sheet date.

The corresponding gains or losses are directly booked as income for the period, regardless of whether they are realized or unrealized, under *Net income from financial transactions*.

Gains or losses corresponding to contracts concluded within the scope of cash management activities managed by the trading room, in order to benefit from any interest rate fluctuations, are recorded when liquidated or over the life of the contract, depending on the type of instrument. Unrealized losses are provisioned at year-end and the corresponding amount is booked under *Net income from financial transactions*.

FROM JANUARY 1, 2005

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

Derivatives are divided into two categories:

- **Trading financial derivatives**

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

- **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, specifying 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 the effectiveness of the hedge. The derivative designated as a hedging instrument must be highly effective in offsetting the variation in fair value or cash flows arising from the hedged risk, both when the hedge is first set up and throughout its life. Derivative hedging instruments are recognized in the balance sheet under *Derivative hedging instruments*.

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

Fair value hedge

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

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

Cash flow hedge

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

Amounts directly recognized in equity under cash flow hedge accounting are reclassified in *Interest income and expenses* in the income statement at the same time as the cash flows being hedged. Accrued interest income or expense on hedging derivatives is booked to the income statement under *Interest income and 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 recognized directly in equity are reclassified to *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 earlier than expected or if the forecast transaction hedged ceases to be highly probable, unrealized gains and losses booked to equity are immediately reclassified in the income statement.

Hedging of a net investment in a foreign operation

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

Macro fair value hedge

In this type of hedge, financial derivatives are used to hedge on an overall basis structural interest rate risks usually arising from Retail Banking activities. In 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 the standard.

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 in the balance sheet under *Revaluation differences on portfolios hedged against interest risk* through the income statement.

Embedded derivatives

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

IMPAIRMENT OF FINANCIAL ASSETS

FROM JANUARY 1 TO DECEMBER 31, 2004

According to CRC regulation 2002-03 on accounting for credit risk in companies governed by the CRBF, as soon as a commitment carries an identified credit risk which makes it probable that the Group will fail to recover all or part of the amounts owed by the counterparty under the original terms of the agreement, notwithstanding any guarantees, the outstanding loan is classified as doubtful if one or more payments are more than three months overdue (six months in the case of real estate loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed, if an identified risk can be assumed to exist, or if legal proceedings have been started.

If a loan to a given borrower is classified as doubtful, all outstanding loans or commitments for that borrower are also reclassified as doubtful, regardless of any guarantees.

Provisions for doubtful loans are booked for doubtful loans or for risks in the amount of the probable losses, without discounting to present value. Furthermore, interest on doubtful loans is fully provisioned for. Provisions, write-backs of provisions, losses on bad debts and recovery of depreciated debts are booked under *Cost of risk*, except for net provisions for interest on doubtful loans which are deducted from *Net Banking Income.*

If a loan has been restructured under off-market conditions, the difference between the new conditions and the lesser of market conditions and original ones must be booked under *Cost of risk* when the loan is restructured then reincorporated into net interest income for the remaining term of the loan.

The same criteria and depreciation methods for credit risk are applied to long-term and short-term fixed-income investment securities.

FROM JANUARY 1, 2005

- **Financial assets valued at amortized cost**

The criteria used to decide whether there is an incurred credit risk on individual financial assets are similar to those used under French accounting principles to identify doubtful receivables.

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

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

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

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments a depreciation is recognized without waiting for the risk to individually affect one or more receivables. The amount of depreciation is notably determined on the basis of historical loss experience for assets with credit risk characteristics similar to those in the portfolio, or using hypothetical extreme loss scenarios or, if necessary, *ad-hoc* studies, adjusted to reflect any relevant current economic conditions.

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

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

Where there is objective evidence of long-term impairment to a financial asset available for sale, an impairment loss is recognized through profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in the shareholders' equity account under *Unrealized or deferred capital gains or losses* and subsequent objective evidence of impairment emerges, the Group recognizes the total accumulated unrealized loss previously booked to shareholders' equity in the income statement – under *Cost of risk* for debt instruments and under *Net gains or losses on available-for-sale financial assets* for equity securities.

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

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

LEASE FINANCING AND SIMILAR AGREEMENTS

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

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

Interest included in the lease payments is booked under *Interest and similar income* in the income statement such that the lease generates a constant periodic rate of return on the lessor's net investment. If there has been a reduction in the estimated unguaranteed residual value used to calculate the lessor's gross investment in the finance lease, an expense is recorded to adjust the financial income already recorded.

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

TANGIBLE AND INTANGIBLE FIXED ASSETS

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

Software designed in-house is booked as an asset in the balance sheet at its direct cost of development, calculated as spending on external supplies and services and personnel costs directly attributable to producing the asset and making it ready for use.

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount.

Where one or several components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life, through profit and loss under *Amortization, depreciation and impairment of tangible and intangible fixed assets*.

The Group applied this approach to its operating and investment property, breaking down its assets into at least the following components with their corresponding depreciation periods:

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

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

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

Fixed assets are tested for impairment whenever there is any indication that their value may have diminished and, for intangible assets, at least once a year. Evidence of a loss in value is assessed at every balance sheet date. Impairment tests are carried out on assets grouped by cash-generating unit. Where a loss is established, an impairment loss is booked to the income statement under *Amortization, depreciation and impairment of tangible and intangible fixed assets*. This impairment loss will reduce the depreciable amount of the asset and so also affect its future depreciation schedule.

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

PROVISIONS

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

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

COMMITMENTS UNDER "*CONTRATS ÉPARGNE-LOGEMENT*" (MORTGAGE SAVINGS AGREEMENTS)

FROM JANUARY 1, 2005

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

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

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

This accounting treatment is in accordance with the provisions of the draft Recommendation communicated by the *Conseil National de la Comptabilité* (the French standard setter) on December 20, 2005 on the accounting treatment for *comptes et plans d'épargne-logement*.

Under French accounting principles, no provision was recognized in respect of 2004.

LOAN COMMITMENTS

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

THE LIABILITIES/SHAREHOLDERS' EQUITY DISTINCTION - TREASURY SHARES

FROM JANUARY 1 TO DECEMBER 31, 2004

- **Preferred shares**

In the second half of 1997, Société Générale issued USD 800 million in preferred shares through a wholly owned US subsidiary. These non-voting securities entitle the holder to a fixed non-cumulative dividend equal to 7.64% of nominal value, payable semi-annually by decision of the subsidiary's Board of Directors.

In the first half of 2000, Société Générale issued EUR 500 million in preferred shares through a wholly owned US subsidiary. These securities entitle the holder to a fixed non-cumulative dividend equal to 7.875% of nominal value payable annually, with a step-up clause that comes into effect after 10 years.

In the fourth quarter of 2001, Société Générale issued USD 425 million in preferred shares through a wholly owned US subsidiary, with a step-up clause that comes into effect after 10 years. These shares entitle holders to a non-cumulative dividend, payable quarterly, at a fixed rate of 6.302% of nominal value on USD 335 million of the issue, and at a variable rate of Libor +0.92% on the other USD 90 million.

In the fourth quarter of 2003, Société Générale issued EUR 650 million of preferred shares through a wholly-owned US subsidiary (paying a non-cumulative dividend of 5.419% annually) with a step-up clause that comes into effect after 10 years.

Preferred shares issued by the company are recognized in the balance sheet under *Preferred shares* and their remuneration is booked as an expense under *Dividends paid on preferred shares*.

- **Treasury shares**

In accordance with Recommendation No. 2000-05 of the French National Accounting Standards Board relating to the recognition in the accounts of treasury shares held by companies governed by the French Banking and Financial Regulation Committee, Société Générale shares acquired by the Group for allocation to employees are booked as *Short-term investment securities - Treasury shares* on the assets side of the balance sheet. Société Générale shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are booked under *Trading securities*.

Other Société Générale shares, and in particular those held by certain Group companies for purposes of control or cancellation, are deducted from capital and reserves for the determination of shareholders' equity.

FROM JANUARY 1, 2005

- **Liabilities/shareholders' equity distinction**

Financial instruments issued by the Group are classified 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. The Group has analyzed the substance of these instruments considering the implicit obligation to reimburse the holders.

Given their terms, perpetual subordinated notes (TSDI) issued by the Group, and shares issued by a Group subsidiary as part of the funding of its property leasing activities, are classified as debt instruments. The perpetual subordinated notes can have discretionary features for the payment of interest. However, the contracts include provisions increasing the remuneration by a significant amount after a certain period, encouraging the Group to reimburse these notes. Consequently, while waiting for an IFRIC interpretation, these notes are classified under *Subordinated debt* taking into account the implicit obligation to reimburse.

Preferred shares issued by the Group are classified as equity, due to the discretionary nature of their remuneration, and recognized under *Minority interests*. Remuneration paid to preferred shareholders is recorded under minority interests in the profit and loss account.

In January 2005, the Group issued EUR 1 billion of deeply subordinated notes, paying 4.196% annually for 10 years and, after 2015, 3-month Euribor +1.53% annually. Given the discretionary nature of the remuneration on these securities they have been classified as equity and recognized under *Equity instruments and associated reserves*.

The Group has awarded minority shareholders in some fully consolidated Group subsidiaries commitments to buy out their stakes. For the Group, these buyouts are put options sales. The exercise price for these options is based on a formula agreed at the time of the acquisition that takes into account the future performance of the subsidiaries.

While waiting for an IASB standard or IFRIC interpretation on the matter, the Group has accounted for these options as follows:

- In accordance with IAS 32, the Group booked a liability for put options sold to minority shareholders of the subsidiaries over which it exercises sole control. This liability is initially recognized at the present value of the estimated exercise price of the put options.
- The counterpart of this liability is a write-down in value of the minority interests underlying the options with any balance booked as an increase in goodwill. The obligation to recognize a liability even though the put options have not been exercised suggests that, in order to be consistent, the Group has initially followed the same accounting treatment as the one regarding increases in the Group's percentage holding in subsidiaries under its control. The same approach has been applied for these entities' contribution to the net consolidated result.
- Subsequent variations in this liability linked to changes in the exercise price of the options and the carrying value of minority interests are booked as an increase or decrease in goodwill.
- When the commitment matures, if the stake is not bought, all previously booked entries are reversed. If the stake is bought, the corresponding amount booked under liabilities is cancelled to offset the cash payment for the purchase of the minority interest.

This accounting treatment may change over subsequent fiscal periods depending on the conclusions of the IFRIC's current work.

- **Treasury shares**

Société Générale 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 Société Générale shares as their underlying instrument and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Société Générale shares (other than derivatives) are initially recognized as equity. Premiums paid or received on these financial derivatives classified as equity instruments are booked directly to equity. Changes in the fair value of the derivatives are not recorded.

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

INTEREST INCOME AND EXPENSE

FROM JANUARY 1 TO DECEMBER 31, 2004

Interest income and expenses are recorded in the income statement over the life of the transaction, either through the straight-line or actuarial method depending on the type of financial instrument concerned, for all financial instruments valued at cost while respecting the concept of separate time periods.

FROM JANUARY 1, 2005

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

The effective interest rate is taken to be the rate that discounts the future cash inflows and outflows over the expected life of the instrument to the book value of the financial asset or liability. To calculate the effective interest rate the Group estimates future cash flows as the product of all the contractual provisions of the financial instrument without taking account of possible future loan losses. This calculation includes commissions paid or received between the parties where these are assimilable to interest, transaction costs and all types of premiums and discounts.

When a financial asset or group of similar financial assets has been impaired following an impairment of value, subsequent interest income is booked through profit or loss under *Interest and similar income* using the same interest rate that was used to discount the future cash flows when measuring the loss of value. Provisions that are booked as balance sheet liabilities, except for those related to employee benefits, generate interest expense for accounting purposes. This expense is calculated using the same interest rate as was used to discount to present value the expected outflow of resources that gave rise to the provision.

NET FEES FOR SERVICES

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

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

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

PERSONNEL EXPENSES

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

EMPLOYEE BENEFITS

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

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

Some retired Group workers enjoy other post-employment benefits such as medical insurance.

On December 16, 2004, the IASB published an amendment to IAS 19 on "Employee benefits" which was approved by the European Union on November 8, 2005. The revised standard introduces a new option allowing all actuarial losses and gains on defined benefit retirement schemes to be booked under equity. The Group did not use this option for its financial statements at December 31, 2005.

- **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 the company therefore bears the medium- or long-term risk.

Provisions are booked on the liability side of the balance sheet under *Provisions,* to cover the whole of these retirement obligations. This is assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

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

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

- 10% of the present value of the defined benefit obligation (before deducting plan assets);
- 10% of the fair value of the assets at the end of the previous financial year.

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

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

- additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- expected return on plan assets (gross return);
- amortization of actuarial gains and losses and past service cost;
- settlement or curtailment of plans.

- **Long-term benefits**

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

PAYMENTS BASED ON SOCIÉTÉ GÉNÉRALE SHARES OR SHARES ISSUED BY A CONSOLIDATED ENTITY

Share-based payments include:

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

Share-based payments give rise to a personnel expense booked to *Employee compensation* under IFRS as follows.

- **Stock-option plans**

The Group awards some of its employees stock purchase or subscription options.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, nor for the beneficiaries to exercise their options.

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

For equity-settled share-based payments, the fair value of these options, measured at the assignment date, is spread over the vesting period and booked to *Additional paid-in capital* under shareholders' equity. At each accounting date, the number of options expected to be exercised is revised and the overall cost of the plan as originally determined is adjusted. Expenses booked to *Employee compensation* from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments, the fair value of the options is booked as an expense over the vesting period of the options against a corresponding liabilities entry booked in the balance sheet under *Other liabilities – Accrued social charges*. This payables item is then remeasured at fair value against income until settled.

- **Global Employee Share Ownership Plan**

Every year the Group carries out a capital increase reserved for current and former employees as part of the Global Employee Share Ownership Plan. New shares are offered at a discount with an obligatory five-year holding period. The resultant benefit to the employees is booked by the Group as an expense for the year under *Personnel expenses – Employee profit-sharing and incentives*. The benefit is calculated 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 taking account of the associated legal obligatory holding period, based on interest rates available for beneficiaries to estimate the free disposal ability.

While waiting for an eventual IFRIC interpretation, this accounting treatment is in accordance with the provisions of the CNC statement dated December 21, 2004 on the share ownership plan.

COST OF RISK

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

INCOME TAX

- **Current taxes**

In France, the normal corporate income tax rate is 33.33%. However, until December 31, 2005 long-term capital gains on equity investments are taxed at 15%. Moreover, French companies are subject to a surcharge introduced in 1995 equal to 3% of the tax due before allocation of tax credits, which will be progressively reduced to zero by 2006. Additionally, a *Contribution sociale de solidarité* (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). Dividends from companies in which Société Générale's interest is at least 5% are tax exempt.

The Amended Finance Law for 2004, passed on December 30, 2004, will progressively reduce the tax rate for gains on the disposal of equity investments to 15% or 1.66% depending on the tax qualification of the securities.

In parallel to this reduction, the Law has introduced an exceptional tax on the special reserve for long-term gains recorded by French companies in their individual accounts during previous years for the share of annual net income corresponding to long-term gains on disposal of equity investments. At December 31, 2004, French tax-paying entities recorded the expenses relating to this exceptional tax under *Income tax*, for a consolidated amount of EUR 18 million.

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

- **Deferred tax**

Deferred taxes are recognized whenever the Group identifies a timing difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. The impact of changes to tax rates is booked in the income statement under *Deferred taxes*. Net deferred tax assets are not recorded unless it is probable that the subsidiary that owns the assets is likely to be able to apply them within a set time.

For 2005 and the following years, the normal tax rate applicable to French companies to determine their deferred tax is 34.43%, and the reduced rate is between 1.71% and 15.72% depending on the nature of the taxed transactions and the purpose for which the assets are held.

Deferred taxes are determined separately for each taxable entity and are not discounted to present value.

INSURANCE BUSINESS

FROM JANUARY 1 TO DECEMBER 31, 2004

The Group applies CRC Regulation 2000-05 on the consolidation rules applicable to companies governed by the Insurance Code. The specific accounting rules previously applied to the insurance business are therefore maintained.

The accounts of the Group's fully and proportionately consolidated insurance companies are presented in the corresponding consolidated balance sheet, off-balance sheet and income statement accounts, while still being valued according to the specific rules for insurance companies (see below), except for *Underwriting reserves for insurance companies* which is a separate account in the consolidated financial statements.

- **Investments by insurance companies**

The investments of insurance companies include investments held to guarantee unit-linked policies, as well as other investments made to back life insurance policies and other insurance policies. Investments in the form of securities issued by companies consolidated in the Parent Company accounts are eliminated.

Investments held to guarantee unit-linked policies are marked to market; the total value of these securities corresponds to the total insurance liabilities.

Real estate investments are recorded at their purchase price, less acquisition costs and taxes, and inclusive of the cost of any building or renovation work; buildings are depreciated using the straight-line method over their estimated economic life allowing for separate accounting treatment of their different components. A provision for depreciation of value is booked in the event of a lasting and significant fall in the value of the buildings.

Bonds and other debt securities are stated at cost, exclusive of accrued interest and acquisition costs. If the redemption value of the security differs from the purchase price, the difference for each line of securities is amortized to income using an actuarial method over the term to maturity of these securities. A provision for depreciation is booked if there is a risk that the debtors will be unable to repay the principal or honor the interest payments.

Shares and other variable income securities are booked at their purchase price, exclusive of costs. A provision for impairment is booked in the event of a sustained fall in the value of the securities as determined on the basis of the estimated recoverable value.

- **Underwriting reserves of insurance companies**

Underwriting reserves correspond to the commitments of insurance companies with respect to insured persons and the beneficiaries of policies. Underwriting reserves for unit-linked policies are valued at the balance sheet date on the basis of the market value of the assets underlying these policies. Life insurance underwriting reserves mainly comprise mathematical reserves, which correspond to the difference between the current value of commitments respectively made by the insurer and insured persons, and reserves for outstanding losses.

Non-life insurance underwriting reserves comprise provisions for unearned premiums (share of premium income relating to following fiscal years) and for outstanding losses.

FROM JANUARY 1, 2005

- **Financial assets and liabilities**

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

- **Underwriting reserves of insurance companies**

In accordance with IFRS 4 on insurance contracts, life and non-life underwriting reserves continue to be measured under the same local regulations as used in 2004. Embedded derivatives that are not included in underwriting reserves are booked separately.

Under the "shadow accounting" principles defined in IFRS 4, an allocation to a provision for deferred profit-sharing is booked in respect of insurance contracts that provide discretionary profit-sharing. This provision is calculated to reflect the potential rights of policyholders to unrealized capital gains on financial instruments measured at fair value or their potential liability for unrealized losses.

Under IFRS 4 a liability adequacy test is carried out semi-annually.

Presentation of financial statements

CNC RECOMMENDED FORMAT FOR BANKS' 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 Standard Setter, the CNC, under recommendation 2004 R 03 of October 27, 2004.

RULE ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

A financial asset and liability are offset and a net balance presented in the balance sheet when the group is entitled to do so by law and intends either to settle the net amount or to realize the asset and settle the liability simultaneously.

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

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

CASH AND CASH EQUIVALENTS

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

EARNINGS PER SHARE

Earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, except for Treasury shares. The net profit attributable to ordinary shareholders takes account of dividend rights of preferred shareholders. Diluted earnings per share takes into account the potential dilution of shareholders' interests assuming the issue of all the additional ordinary shares envisaged under stock options plans. This dilutive effect is determined using the share buyback method.

Reclassification of Sogécap's capitalization reserve

In the accounts for the period ending September 30, 2005, the Group noted that the model previously used to determine the provisions for deferred profit-sharing in insurance activities no longer provided an adequate reflection of the expected future use of capital gains on fixed income securities. As a result, the Group increased its life insurance subsidiary's provision for deferred profit-sharing to the same level as its capital gains.

In accordance with IAS 8, the Group restated its financial statements retrospectively to take into account the new accounting treatment. The impact of these changes on shareholders' equity at January 1, 2004 and on the Group's net income for 2004 and the first half of 2005 are shown below:

(in millions of euros)	**Capital, reserves, earnings (incl. minority interests)**
Shareholders' equity under IFRS (excl. IAS 32 & 39 and IFRS 4) at January 1, 2004 as published on June 30, 2005	18,678
Reclassification of the capitalization reserve, net of tax	(140)
Restated shareholders' equity under IFRS (excl. IAS 32 & 39 and IFRS 4) at January 1, 2004	18,538

(in millions of euros)	**Net income**
2004 net income under IFRS (excl. IAS 32 & 39 and IFRS 4) as published on June 30, 2005	3,635
Net allocation to provisions for deferred profit-sharing	(12)
Restated 2004 net income under IFRS (excl. IAS 32 & 39 and IFRS 4)	3,623

This correction had no significant impact (EUR 2 million) on the Group's net income for the first half of 2005.

Note 2

Impact of first-time adoption of IFRSs as adopted by the European Union

This note sets out the principles applied by the Group in drawing up its opening IFRS balance sheet at January 1, 2004 and January 1, 2005 and the quantitative impact of first-time application of IFRSs as adopted by the European Union.

Methods used for first-time adoption at January, 2004 of IFRSs as adopted by the European Union (excluding IAS 32, IAS 39 and IFRS 4)

The first-time application of IFRSs as adopted by the European Union to the Société Générale Group's consolidated financial statements was carried out in accordance with IFRS 1 "First-time adoption of IFRS". In accordance with IFRS 1, International Financial Reporting Standards were applied retrospectively and the impact of the change in accounting principles from the French standards applied until December 31, 2003 was booked to equity in the opening balance sheet for January 1, 2004.

In preparing these consolidated financial statements the Group therefore incorporated the mandatory exceptions required by IFRS 1 regarding the retrospective restatement of some transactions.

IFRS 1 also allows special treatment options for some items on first-time adoption of IFRS. The Société Générale Group opted for the following treatments:

- Business combinations: the Société Générale Group opted not to restate acquisitions made before January 1, 2004, as allowed under IFRS 3. As such, goodwill on acquisitions financed by capital increases before January 1, 2000 was not restated in the opening balance sheet for January 1, 2004, provided that this goodwill was charged against the issue premium prorata the proportion of the acquisition price covered by the capital increase in accordance with the French standards in force at the time.
- Measurement of tangible assets at fair value: the Société Générale Group opted to maintain tangible fixed assets at their historical cost. For tangible fixed assets previously revalued in the 1977 or 1978 regulatory restatements and/or affected by the restructuring and transfer of asset components within the Group on December 31, 1991, historical cost is taken to mean their value as restated at those dates.
- Employee benefits: the Société Générale Group opted, as allowed under IFRS 1, to book the balance of any unrecognized actuarial gains and losses to shareholders' equity at the transition date.
- Accrued translation differences: differences arising on translation of foreign currency financial statements at January 1, 2004 totaling EUR 1,351 million were booked to Retained earnings. This adjustment had no effect on total shareholders' equity in the opening balance sheet at January 1, 2004. Any gains or losses from the future sale of the entities concerned will not include a write-back of translation differences dating from before January 1, 2004 but will include translation differences posted after this date.
- Share-based payments: for equity-settled plans, the Group opted to apply IFRS 2 to plans opened since November 7, 2002, which had not vested at January 1, 2005. For cash-settled plans, the Group opted to apply IFRS 2 to plans that had not yet been settled at January 1, 2005.

Methods used for first-time adoption at January 1, 2005 of IAS 32, IAS 39 and IFRS 4 as adopted by the European Union

The Group decided to take advantage of the option available under IFRS 1 not to restate the opening balance sheet at January 1, 2004 in accordance with IAS 32, IAS 39 and IFRS 4 as adopted by the European Union and to apply these three standards for the first time at January 1, 2005. As a result, for comparative 2004 data, financial instruments and transactions covered by IAS 32, IAS 39 and IFRS 4 are recognized and presented under the French accounting principles applied by the Group, in accordance with CRC Regulations 1999-07 and 2000-04.

In drawing up its opening balance sheet at January 1, 2005, the Group adjusted its treatment as follows:

- reclassification of non-derivative financial instruments into the four categories defined by IAS 39 according to their nature and the purpose for which they are held;
- measurement at fair value of all Group financial derivatives and all non-derivative financial assets or liabilities classified as financial assets or liabilities at fair value through profit or loss or Available-for-sale financial assets;
- reclassification of certain financial instruments issued by the Group as debt or shareholders' equity in accordance with IAS 32.

As required by IFRS 1, the Group applied the provisions for hedge accounting for financial instruments on a prospective basis at January 1, 2005. This entailed the following changes to accounting treatments:

- Relationships designated as hedges under French accounting principles but which are not recognized as such under IAS 39 were not reflected in the opening balance statement. The transactions affected were instead booked in the opening balance sheet as trading transactions.
- Relationships designated as hedges under French accounting principles and of a type recognized as such under IAS 39 and which, at January 1, 2005, fulfill the hedge accounting criteria of IAS 39 as adopted by the European Union were booked in the Group's opening balance sheet as hedging transactions. Since January 1, 2005, the Group has reported these hedging relationships using hedge accounting in accordance with IAS 39 as adopted by the European Union.

The Group decided to limit the scope of retrospective restatement for transactions generating a day-one profit to those originated after October 25, 2002 and still outstanding at December 31, 2004.

Impact on Group shareholders' equity at January 1, 2004 and January 1, 2005

(in million of euros)	Capital, reserves, net income (incl. minority interests)	OCI	Total shareholders' equity	o/w minority interests	Debt (preferred shares and amounts due to minorities)
Shareholders' equity at December 31, 2003 under French standards restated for capitalization reserve*	**18,612**		**18,612**	**1,951**	
Impact of IFRS (excl. IAS 32, 39 and IFRS 4) on reserves	**(74)**		**(74)**	**(16)**	
(a) Provision for employee benefits	(279)		(279)	(14)	
(b) Property, plant and equipment	(103)		(103)		
(c) Fee recognition	(45)		(45)	(8)	
(d) Provisions	36		36	1	
(e) Write-back of General reserve for banking risks	312		312		
Other	5		5	5	
Shareholders' equity under IFRS (excl. IAS 32, 39 and IFRS 4) at January 1, 2004	**18,538**		**18,538**	**1,935**	
Transfers related to shareholders	(1,572)		(1,572)	(190)	
2004 net income	3,623		(3,623)	342	
Other transfers	(74)		(74)	4	
Shareholders' equity under IFRS (excl. IAS 32, 39 and IFRS 4) at December 31, 2004	**20,515**		**20,515**	**2,091**	
Impact of IAS 32 and IAS 39 on reserves	**582**		**582**	**1,737**	**(1,808)**
(f) Impairment	(134)		(134)	(64)	
(g) PEL/CEL provisions	(177)		(177)	(5)	
(h) Restatement of day-one P&L	(574)		(574)		
(i) Impairment of available-for-sale securities (bank equity investments and industrial equity portfolio)	(188)		(188)	(4)	
(j) Treasury shares	(235)		(235)		
(k) Reclassification of minority interests as debt	(241)		(241)	(241)	241
(l) Reclassification of preferred shares as minority interests	2,049		2,049	2,049	(2,049)
Other	82		82	2	
Impact of IAS 32 and IAS 39 on unrealized and deferred gains/losses		**1,286**	**1,286**	**25**	
(m) Restatement of available-for-sale securities – bank equity investments and industrial equity portfolio		595	595		
(m) Restatement of available-for-sale securities – others		654	654		
(n) Restatement of cash-flow hedging derivatives		37	37		
IFRS shareholders' equity at January 1, 2005	**21,097**	**1,286**	**22,383**	**3,853**	**(1,808)**

** without deferred tax*

a) Under one of the options permitted by IFRS 1, the Group booked all previously unrecognized actuarial gains or losses on its defined benefit plans (notably the healthcare plan for French employees) directly to shareholders' equity in the opening balance sheet.

b) Under IAS 12, the Group booked a deferred tax liability for historical revaluation reserves on buildings. This was because revaluation reserves subject to depreciation that had previously been booked directly to equity were definitively incorporated into retained earnings.

c) Under IAS 18, the Group spread the recognition of some service fees over an extended period (basically bank card fees in the retail banking business).

d) Adjustment of provisions to take account of the discounting to present value of payables, resulting in a fall in total provisions.

e) Reclassification of the Group's General Reserve for Banking Risks to retained earnings.

f) Adjustment of credit risk impairment to take account of the discounting to present value of estimated recoverable cash flows, with a consequent increase in impairment losses. The counterpart of this increase is an interest income flow booked to NBI over the remaining life of the doubtful loans.

g) Provisioning of PEL and CEL (mortgage savings scheme) commitments in accordance with the methodology described in Note 1 on significant accounting principles.

h) Effect of changed treatment of day-one profit on certain financial products sold by the Group that, under French accounting principles, had been booked immediately through profit and loss on the trade date.

i) Adjustment of impairment losses on non-consolidated investments in subsidiaries classified under IFRS as available-for-sale securities to reflect differences between the valuation methods applied under IAS 39 and those under French accounting principles.

j) Cancellation through allocation to equity of Société Générale shares held for trading or for employee benefit plans. IAS 32 requires the cancellation of treasury stock irrespective of the reason for holding it (unlike French accounting principles). This figure also includes the impact of derivatives settled in Société Générale shares.

k) Two different changes in accounting treatment:

- restatement of minority interests in a Group entity: the terms for remuneration and repayment of paid-in capital of the shares that constitute the entity's capital mean that they are classified as debt under IAS 32, creating a debt of EUR 109 million at January 1, 2005 in respect of the share of capital not held by the Group.

- under IAS 32 as described in Note 1 on significant accounting principles, put options sold to minority shareholders in Group subsidiaries should give rise to a recognized liability. The IASB and IFRIC are currently considering how these transactions should be treated. In the meantime, as counterpart to this liability, the Group deducted an amount equivalent to the share of minority interests covered by the put option from minority interests and booked the balance to goodwill. The relevant minority interests were accordingly replaced by a EUR 132 million debt representing their fair value at January 1, 2005 and goodwill was increased by EUR 539 million at the same date.

l) Under IAS 32 described in Note 1 on significant accounting principles the Group reclassified as minority interests all preferred shares issued by Group US subsidiaries.

m) Recognition in a specific equity account of the restatement at fair value (excluding impairments booked to retained earnings) of non-derivative financial instruments classified as available for sale in accordance with IAS 39.

n) Recognition in a specific shareholders' equity account of the effective hedge portion of the change in fair value of financial derivatives classified as cash-flow hedges under IAS 39 on cash-flow hedge accounting.

Impact on net income and equity at December 31, 2004

(in million of euros)	*Dec. 31, 2004*	*o/w minority interests*
Net income under French standards restated for capitalization reserve	**3,452**	**340**
(a) Goodwill no longer amortized	190	2
(b) Translation differences	90	
(c) Share-based payments	(50)	(4)
(d) General reserve for banking risks	(28)	
(e) Provisions	(11)	
(f) Property, plant and equipment	(4)	3
(g) Fee recognition	(6)	(1)
(h) Provisions for employee benefits	(4)	(1)
Other	(6)	3
Net income under IAS (excl. IAS 32, 39 and IFRS 4)	**3,623**	**342**

(in million of euros)	*Dec. 31, 2004*	*o/w minority interests*
Shareholders' equity under French standards restated for capitalization reserve	**20,452**	**2,105**
(h) Provisions for employee benefits	(278)	(14)
(f) Property, plant and equipment	(91)	4
(g) Fee recognition	(56)	(15)
(e) Provisions	24	
(d) Write-back of General reserve for banking risks	284	
(a) Goodwill no longer amortized	188	2
Other	(8)	9
Shareholders' equity under IAS (excl. IAS 32, 39 and IFRS 4)	**20,515**	**2,091**

a) Under IFRS 3, goodwill is no longer amortized but is instead subject to an impairment test. The cancellation of goodwill amortization booked under French standards consequently had a positive impact of EUR 190 million.

b) Write-backs of currency translation differences booked prior to January 1, 2004 that, under French standards, were allowed if the consolidated subsidiary that gave rise to them was sold or liquidated, were cancelled under IFRS as the Group opted to transfer all translation differences prior to January 1, 2004 to retained earnings.

c) The EUR 50 million negative impact on net income from the restatement of share-based payments breaks down as a EUR 41 million charge due to the application of IFRS 2 and a EUR 9 million charge for the reclassification of a stock option plan.

d) The write-back from the General Reserve for Banking Risks of EUR 28 million booked under French standards was cancelled following the reclassification of the General Reserve for Banking Risks as retained earnings at January 1, 2004 in the amount of EUR 312 million.

e) Discounting to present value of provisions gave rise to a EUR 11 million charge in respect of the EUR 36 million adjustment made at January 1, 2004.

f) Application of a by-component approach to Group fixed assets and the cancellation of the write-back from reassessment reserves booked when fixed assets were sold under French standards, gave rise to a EUR 4 million charge.

g) The spreading of recognition of some fee income over time under IAS 18 led to a EUR 6 million negative restatement against net income and a EUR 56 million reduction in shareholders' equity.

h) The application of IAS 19 on employee benefits gave rise to an additional EUR 4 million charge against net income and a EUR 278 million reduction in equity.

Note 3

Changes in consolidation scope and business combinations

Consolidation scope

As at December 31, 2005, the Group's consolidation scope included 775 companies:

- **680** fully consolidated companies;
- **74** proportionately consolidated companies;
- **21** companies accounted for by the equity method.

The main changes to the consolidation scope at December 31, 2005 compared with the scope applicable for the accounts at December 31, 2004 were as follows:

- In the first half of 2005:
  - SGBT Finance Ireland Limited, which is wholly owned by the Group, was fully consolidated.
  - The TOPAZ fund, which is wholly owned by Société Générale, was fully consolidated.
  - The Group incorporated Elcon Finance Technology AB, a wholly-owned subsidiary, into its consolidation scope.
  - Société Générale took a 75% stake in the capital of Hanseatic Bank, which was fully consolidated. Agreements enable the price to be reset up to 2009, and minority shareholders holding a 25% stake may sell their securities from 2013 onwards based on the fair value of the company at the disposal date.
  - Fimat Alternative Strategies Inc, wholly owned by the Group, was fully consolidated.
  - SG Algérie, wholly-owned by Société Générale, was fully consolidated.
  - The Penzijni Fund pension fund, 60.35% –owned by the Group, was fully consolidated.
  - The Group increased its stake in National Société Générale Bank SAE by 24%, thereby raising it to 78.38% at June 30, 2005.
  - The stake in TCW* was increased to 74.29%, i.e. a 7.75% increase compared to December 31, 2004. As a reminder, agreements include deferred call and put options exercisable from 2006 on 4.75% of the share capital of TCW. The exercise prices are dependent on future performance. Finally the remaining shares held by employees include deferred call and put options exercisable from 2008. The exercise prices are dependent on future performance.
  - The Group consolidated all of Bank of America's hedge fund-linked structured finance business.
- During the second half of 2005:
  - Société Générale acquired 98.98% of the capital of Eurobank, which was fully consolidated.
  - Squaregain, which is wholly-owned by Société Générale, was fully consolidated.
  - The Group subscribed to the capital increase by General Bank of Greece, increasing its stake by 2.31% to 52.32% at September 30, 2005.
  - Société Générale took a 71.08% stake in MIBank which was fully consolidated.
  - IBK SGAM, which is 50%-owned by the Group, was consolidated using the proportionate method.
  - The Group acquired a further 49% of Rusfinance SAS, bringing its stake to 100% at December 31, 2005.
  - Essox, which is 79.67%-owned by the Group, was incorporated into the consolidation scope.
  - Promek Bank, which is wholly-owned by the Group, was incorporated into the consolidation scope.
  - The Group acquired 100% of Delta Credit, which was provisionally consolidated using the equity method at December 31, 2005 and will be fully consolidated at March 31, 2006.

** While waiting for an interpretation from the IASB or IFRIC, and in accordance with the provisions of IAS 32, the Group booked a liability for put options sold to minority shareholders of the subsidiaries over which it exercises sole control. Its stakes in TCW, banque de Maertelaere, SG Private Banking Suisse SA and Sogessur were increased to 100% and the same approach has been applied for these entities' contribution to the net consolidated result.*

Business combinations

The following section describes the main business combinations created by the Group over the course of 2005.

- **Acquisition of Misr International Bank (MIBank)**

On September 20, 2005, Société Générale acquired the Egyptian retail bank, MIBank, via its subsidiary National Société Générale Bank (NSGB).

At December 31, 2005, NSGB held 90.68% of MIBank (NSGB is 78.38%-owned by Société Générale). With a network of 32 branches and some 1,000 staff, MIBank is the second largest privately-owned universal bank in Egypt, with a client base comprising more than 50,000 individuals and 8,000 corporates.

At the date of the acquisition, MIBank's identifiable assets and liabilities were booked at temporary fair value and essentially comprised loans to banks and customers (EUR 1,795 million), available-for-sale securities (EUR 471 million), and customer deposits (EUR 1,725 million).

The Group booked the following amount of goodwill in its consolidated accounts at the date of the acquisition:

(In million of euros)	*MIBank*
Acquisition price	318
Acquisition costs	2
Subtotal	320
Fair value of net assets acquired by the Group	(32)
Goodwill	**352**

The EUR 352 million of goodwill paid on the acquisition is based on the highly favorable growth prospects and significant opportunities for synergies and cost rationalization offered by the merger of NSGB and MIBank.

The acquisition will substantially reinforce the Group's presence in Egypt and make the newly combined entity one of the leading privately-owned banks in the country.

The goodwill calculation is provisional and may be subject to correction in the 12 months following the acquisition.

MIBank was consolidated by the Group as of September 30, 2005 and contributed a total of EUR 17 million to the Group's full-year 2005 net income.

The acquisition also decreased the Group's cash by EUR 78 million (due to the MIBank deposits at the Central Bank).

MIBank is part of the Other BHFM Cash Generating Unit.

Note 4

Fair value of financial instruments

This section describes the methods the Group has been using since January 1, 2005 to establish the fair value of the financial instruments presented in the following notes: note 7 "Financial assets and liabilities at fair value through profit and loss", note 8 "Derivative hedging instruments", note 9 "Available-for-sale financial assets", note 10 "Due from banks", note 11 "Customer loans", note 12 "Lease financing and similar agreements", note 18 "Due to banks", note 19 "Customer deposits" and note 20 "Securitized debt payables".

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For financial instruments recognized at fair value through profit and loss, fair value is determined, wherever possible, from prices quoted on an actively-traded market, adjusted if no price is available at the balance sheet date. However, for many of the financial instruments held or issued by the group no actively traded market exists. In these cases, fair value is determined through valuation techniques (in-house valuation models) using valuation parameters that reflect market conditions at the balance sheet date and which are heavily influenced by assumptions on issues such as the amount and timing of estimated future cash flows, discount rates, volatility or credit risk. Before being used, the in-house valuation models and the implicit valuation parameters (volatility, correlations, etc) used to calculate fair value are validated independently by the specialists from the market risk department of the Group's Risk Division who also perform subsequent consistency checks (back-testing). The Group's in-house valuation models are based on current valuation techniques used by market participants to value financial instruments, such as discounted future cash flows for swaps or Black & Scholes valuation for some options.

These in-house valuation models are mainly used to value financial derivatives traded over the counter or unlisted non-derivative financial instruments held for trading or carried at fair value through profit and loss under the IFRS fair value option.

Furthermore, the values of the models' parameters, whether derived from observable market data or not, are subject to in-depth monthly checks by specialists from the market risk department of the Group's Risk Division.

The methods below have been used by the Group to establish fair value both for financial instruments recognized at fair value through profit and loss and for instruments recognized at amortized cost in the balance sheet whose fair value is given in the notes for information purposes only.

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

The fair values of financial instruments include, if applicable, any accrued interest.

Loans and lease financing receivables

The fair value of loans and lease financing receivables for large corporates is calculated, in the absence of an actively traded market for these loans, by discounting the future cash flows to present value at a discount rate based on market rates at the balance sheet date for loans with broadly similar terms and the same maturity. These discount rates are adjusted for borrower credit risk.

The fair value of loans and lease financing receivables for retail banking customers, mainly to individuals and small- or medium-sized companies is determined, in the absence of an actively traded market for these loans, by discounting the associated future cash flows to present value at market rates in force at the balance sheet date for each type of loan and each maturity.

For all floating-rate loans and lease financing receivables and fixed-rate loans with an initial maturity of less than one year, fair value is assumed to be the same as book value.

SHARES AND OTHER VARIABLE INCOME SECURITIES

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

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

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

DEBT (FIXED-INCOME) INSTRUMENTS HELD IN PORTFOLIO, ISSUES OF STRUCTURED SECURITIES MEASURED AT FAIR VALUE AND FINANCIAL DERIVATIVES

The fair value of all these financial instruments is determined based on the quoted price at the balance sheet date or prices provided by brokers at the same date, where available. For unlisted financial instruments, fair value is determined using valuation techniques (in-house valuation models) as described in note 1 on *Significant accounting principles*.

CUSTOMER DEPOSITS

The fair value of deposits by retail customers, mainly individuals or small- or medium-sized companies, is assumed to correspond, as there is no actively-traded market in these liabilities, to the value of future cash flows discounted to present value at the market rate prevailing on the balance sheet date.

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

OTHER DEBT AND SUBORDINATED DEBT

For listed financial instruments, fair value is taken as their quoted price at the balance sheet date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates.

Note 5

Managing the risks linked to financial instruments

Risk management is an integral part of Société Générale's corporate culture. Its main purpose is to contribute to the Group's development by optimizing its overall risk-adjusted return.

This note describes the main risks linked to financial instruments and the way in which they are managed by the Group.

The main risks incurred on banking activities are the following:

- credit risks: risk of loss arising from a counterparty's inability to meet its financial commitments;
- market risks: risk of loss resulting from changes in market prices and interest rates, in correlations between these elements and their volatility;
- structural risks: risk of loss or of residual depreciation in the bank's balance sheet arising from variations in interest or exchange rates;
- liquidity risk: the risk of the Group not being able to meet its commitments at their maturities.

Organization, procedures and methods

Risks are inherent to all banking activities and must therefore be taken into account from the inception of a transaction through to its completion. As such, responsibility for risk management lies first with the operating divisions.

In accordance with current regulations, Société Générale's Risk Division is an independent division. It reports directly to the Group's General Management and its role is to contribute to the development and profitability of the Group by ensuring that the risk management framework in place is both sound and effective. The division employs risk modeling teams, information system project managers, industry experts and economic research teams, and is responsible for:

- defining and validating the methods used to analyze, assess, approve and monitor risks;
- the critical review of sales strategies for high-risk areas;
- contributing to the independent assessment of credit risks by commenting on transactions proposed by sales managers and monitoring them from start to finish;
- identifying all Group risks and monitoring the adequacy and consistency of risk management information systems.

A systematic review of the bank's key risk management issues is carried out during the monthly Risk Committee meetings, which bring together the members of the Executive Committee and Risk Division managers.

This Committee meets to review all core strategic issues: risk-taking policies, measuring methods, material and human resources, analyses of portfolios and the cost of risk, market and credit concentration limits and crisis management.

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

Credit Risks

RISK-TAKING – GENERAL PRINCIPLES

Approval of a credit risk must be based on sound knowledge of the customer, the Group's risk strategy, the purpose, nature and structure of the transaction and the sources of repayment. It assumes that the return on the transaction will sufficiently reflect the risk of loss in the event of default.

The risk approval process is based on four core principles:

- all transactions giving rise to a counterparty risk (debtor risk, non-settlement or non-delivery risk, issuer risk) must be authorized in advance;
- all requests for authorizations relating to a specific client or client group must be handled centrally by a single operating division. The centralizing division is designated on a case-by-case basis in order to ensure a consistent approach to risk management and permanent control of the Group's potential exposure to major clients;
- responsibility for analyzing and approving risk is delegated to the most appropriate section of the business lines or credit risk units;
- risk assessment departments are fully independent at each decision-making level.

The Risk Division has a specialized department for financial institutions, which aims to increase the Group's expertise on this client segment by centralizing, in Paris and New York, the teams in charge of analyzing the quality of the Group's counterparties and approving the exposure limits allocated to all locations and business lines.

The definition of country risk limits is intended to assign an appropriate exposure limit to each emerging market, on the basis of the risk incurred and the expected return on transactions in each country. The allocation of limits is subject to final approval by Group General Management and is based on a process that takes due account of those business lines exposed to risk and the Risk Division.

The Group also has specific procedures to manage any credit crises that could arise with respect to a counterparty, industry, country or region.

CREDIT RISK EXPOSURE

The table below outlines the credit risk exposure of the Group's financial assets before any bilateral netting agreements and collateral (notably any cash, financial or non-financial assets received as collateral and any guarantees received from corporates).

(in millions of euros)	January 1, 2005	December 31, 2005
Financial assets at fair value through profit and loss (excluding equity securities)	226,349	325,751
Hedging derivatives	2,817	3,742
Available for sale financial assets (excluding equity securities)	58,261	64,493
Due from banks	53,337	53,451
Customer loans	198,891	227,195
Lease financing and similar agreements	20,633	22,363
Held-to-maturity financial assets	2,230	1,940
Exposure on balance sheet commitments net of depreciation	**562,518**	**698,935**
Loan commitments granted	107,231	149,350
Commitments granted	46,629	59,880
Provisions for guarantees and endorsements	(242)	(183)
Exposure on off-balance sheet commitments net of depreciation	**153,618**	**209,047**
Total net exposure	**716,136**	**907,982**

HEDGING CREDIT RISK

Minimizing risk is an integral part of the sales process, with hedges made as and when loans are issued and then in accordance with the life of a loan from the moment it is approved up until its final end payment.

- **Guarantees and collateral**

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

- **Credit derivatives**

The Group uses credit derivatives in the management of its corporate loan portfolios (for which positions are almost exclusively buy positions). They not only serve to reduce individual, sector or geographic exposure but also allow for dynamic risk management.

At end-December 2005, the nominal value of credit derivatives stood at EUR 8.5 billion: EUR 6.9 billion in Credit Default Swaps (CDS) and EUR 1.6 billion in Collateralized Debt Obligations (CDO) with an average residual maturity of 3.9 years versus a nominal value of EUR 6.5 billion with an average residual maturity of 2.9 years on December 31, 2004.

Credit derivatives are also used in trading activities (both buy and sell positions). The nominal positions within these portfolios cannot be used to assess the level of risk, which is why they are subject to VaR measurement.

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

- **Master netting agreements**

In order to reduce its credit risk exposure, Société Générale Group has signed a number of master netting agreements with various counterparties (ISDA contracts governing financial derivatives transactions). In the majority of cases, these agreements do not result in any netting of assets or liabilities on the books, but the credit risk attached to the financial assets covered by a master netting agreement is reduced insofar as, in the event of a default, the amounts due are settled on the basis of their net value.

- **Depreciation**

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

In collaboration with the other division heads, the Risk Division draws up standard portfolio-based provisions which are reviewed each quarter. The aim of these provisions is to factor in any credit risks incurred on other similar portfolio segments before any depreciation at an individual level.

Market risks linked to trading activities

The organization of market risk management has been continually adjusted with a view to harmonizing existing procedures within the Group and guaranteeing that risk management teams remain independent from the operating divisions.

Although the front-office managers naturally assume primary responsibility for managing risk exposure, responsibility for the system of supervision lies with an independent structure: the Market Risk unit of the Risk Division. This unit carries out the following functions:

- daily analysis (independently from the front office) of the exposure and risks incurred by all the Group's market activities and comparison of these exposure and risks with the limits set;
- defining risk measurement methods and control procedures, approving the valuation methods used to calculate risks and results and establishing provisions for market risks (reserves and adjustments to earnings);
- developing the databases and systems used to assess market risks;
- preparing the limit applications based on the requests of the operating divisions, within the global limits set by the General Management, and monitoring their use;
- centralizing, consolidating and reporting the Group's market risks.

At the proposal of this department, the Group's Risk Committee sets the levels of authorized risk by type of activity and takes the main decisions concerning Group risk management. Within each entity that incurs market risk, risk managers are designated to implement the first level of risk control. The main tasks of these managers, who are independent of the front offices, include:

- constant analysis of exposure and results, in collaboration with front offices;
- verification of the market parameters used to calculate risks and results;
- daily calculation of market risks, based on a formal and secure procedure;
- daily limit monitoring for each activity, and constant checking that appropriate limits have been set for each activity.

In the major trading rooms in France and abroad, these specialized market risk managers report directly to the Risk Division.

METHODS OF MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

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

- the 99% "Value at Risk" (VaR) method, in accordance with the regulatory model, a composite indicator for day-to-day monitoring of the market risks incurred by the bank, in particular as regards the regulatory perimeter of its trading activities. The method used is the "historical simulation" method, which implicitly takes into account the correlation between different markets;
- a stress-test measurement, based on a decennial shock-type indicator. Stress-test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary limits (sensitivity, nominal, concentration or holding period, etc.), which ensure coherency between the total risk limits and the operational limits used by the front office. These limits also enable risks only partially detected by VaR or stress-test measurements to be controlled.

BREAKDOWN OF TRADING VaR BY TYPE OF RISK - CHANGE BETWEEN 2004 AND 2005

(in millions of euros)	Year-end		Average		Minimum		Maximum	
1-day, 99%	2005	2004	2005	2004	2005	2004	2005	2004
Equity price risk	(10)	(15)	(11)	(14)	(4)	(7)	(21)	(28)
Interest rate risk	(16)	(17)	(17)	(18)	(11)	(11)	(25)	(30)
Credit risk	(13)	(11)	(12)	(16)	(8)	(10)	(16)	(23)
Exchange rate risk	(1)	(2)	(1)	(1)	(1)	(1)	(4)	(4)
Commodity price risk	(2)	(2)	(2)	(2)	(1)	(1)	(5)	(4)
Compensation effect	23	26	24	27	NM*	NM*	NM*	NM*
Total	**(19)**	**(21)**	**(19)**	**(25)**	**(12)**	**(18)**	**(32)**	**(35)**

** Compensation is not material since the potential minimum and maximum losses do not occur on the same date.*

Compensation is defined as the difference between the total VaR and the sum of the VaR by type of risk. It reflects the extent of elimination between the different type of risks (interest rate, equity, foreign exchange, commodities).

- **Method used to calculate VaR**

This method was introduced at the end of 1996. It is constantly being improved with the addition of new risk factors and the extension of the scope covered by the VaR. Today, the market risks on almost all the investment banking activities are monitored using the VaR method, in particular those relating to more complex activities and products, as well as certain overseas retail banking and private banking activities.

The method used is the “historical simulation” method, which is based on the following principles:

- the creation of a database containing risk factors which are representative of Société Générale’s positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). The VaR is calculated using a database of several thousand risk factors;
- the definition of 250 scenarios, corresponding to one-day variations in these market parameters over a sliding one year period;
- the application of these 250 scenarios to the market parameters of the day;
- the revaluation of daily positions, on the basis of the adjusted daily market parameters and on the basis of a revaluation taking into account the new linearity of these positions.

The 99% Value at Risk is the biggest loss that would be incurred after eliminating the top 1% of most unfavorable occurrences. Over one year, or 250 scenarios, it corresponds to the average of the second and third largest losses observed.

- **Limitations of the VaR assessment**

The VaR assessment is based on a certain number of assumptions and approximations:

- the standard VaR assumptions such as the use of “1 day” shocks, the 99% confidence interval or the fact that intra-day fluctuations are not taken into account;
- certain approximations such as the use of benchmark indexes instead of certain risk factors and the non-integration of all of the risk factors linked to a given activity which can be due to daily data not always being available.

The Group controls the limitations therein by:

- systematically assessing the relevance of the model by back-testing to verify that the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval, which has been the case at Group level since the VaR system was introduced;
- complementing the VaR system with stress-test measurements.

Moreover, work is constantly carried out on the internal model to improve its quality.

Structural interest rate and exchange rate risks

The application of regulations 1997-02, 2001-01 and 2004-02 of the French Banking and Financial Regulation Committee on internal control provided the Société Générale Group with the opportunity to formally define the principles for monitoring the Group’s exposure to interest rate and exchange rate risks which had been in force for several years.

Structural interest rate and exchange rate risks are incurred in commercial and proprietary activities (transactions involving shareholders’ equity, investments, bond issues).

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

Wherever possible, commercial transactions are hedged against interest rate and exchange rate risks, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within a treasury department).

Interest rate and exchange rate risks on proprietary transactions must also be hedged as far as possible.

Consequently, structural interest rate and exchange rate risks are only borne on the residual positions remaining after this hedging.

ORGANIZATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The principles and standards for managing these risks are defined at Group level. The operating entities assume primary responsibility for the management of their risk exposure, while the Group's Asset and Liability Management Department (ALM Department) carries out a second level of control on the management of these risks performed by the entities.

- The Group's Finance Committee, chaired by the General Management and attended by members of the Executive Committee and Finance Department:
  - validates the basic principles for the organization and management of the Group's structural risks;
  - sets the limits for each operating entity;
  - examines the reports on these risks provided by the ALM Department;
  - validates the transformation policy of the French Networks;
  - validates the hedging programs implemented by Société Générale Métropole.
- The ALM Department, which is part of the Group Finance Department:
  - defines standards for the management of structural risks (organization, monitoring methods);
  - validates the models used by the entities;
  - informs the entities of their respective limits;
  - centralizes, consolidates and reports on structural risk exposure, and carries out second level controls (independently of the operating divisions supervising the entities).
- The operating entities are responsible for controlling structural risks.

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

Each entity has its own structural risk manager, attached to the entity Finance Department, who is responsible for conducting first level controls and for reporting the entity's structural risk exposure to the Group ALM Department via a shared IT system.

The retail banking entities both in France and abroad generally have an ad-hoc ALM Committee which validates the maturities of non-contractual commitments (sight deposits, etc.) and therefore determines the corresponding transformation strategy, reviews structural interest and exchange rate positions and validates the associated hedging programs in accordance with Group standards.

STRUCTURAL INTEREST RATE RISKS

Structural interest rate risk arises from residual gaps in each entity's fixed-rate positions with future maturities.

- **Objective of the Group**

The Group's principal aim is to reduce each entity's exposure to interest rate risk as much as possible once the transformation policy has been decided.

For this, any residual structural interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. Said sensitivity defines the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficits on assets and liabilities) for a 1% parallel shift in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit for the overall Group is EUR 500m (which equates to 2.5% of shareholders' equity).

- **Measurement and monitoring of structural interest rate risk**

In order to quantify its exposure to structural interest rate risks, the Group analyzes all fixed-rate assets and liabilities with future maturities to identify any gaps. These positions come from operations remunerated or charged at fixed rates and from their maturities.

Assets and liabilities are generally analyzed independently, without any a piori matching. Maturities on outstanding positions are determined on the basis of the contractual terms governing transactions, models of historical client behavior patterns (special savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and sight deposits). Options exposure is analyzed through its delta equivalent.

Once the Group has identified the gaps in its fixed rate positions (surplus or deficit), it calculates their sensitivity (as defined above) to variations in interest rates. The current stress test used corresponds to an immediate parallel shift of 1% in the yield curve.

In addition to this analysis, analyses are also performed on scenarios of potential variations in net interest income, which factor in assumptions as to how assets and liabilities are likely to evolve in the future.

Throughout 2005, the Group's global sensitivity to interest rate risk remained below 1% of Group shareholders' equity and well within the EUR 500 million limit.

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

- Within the domestic retail banking division, outstanding customer deposits, generally considered to be fixed-rate funds, exceed fixed-rate loans for maturities over 6 months. Indeed, thanks to macro-hedging essentially using receiving fixed-rate swaps or caps, the French Networks' sensitivity to interest rate risk (on the basis of the adopted scenarios) has been kept to a minimum. At end-December 2005, the sensitivity of the Société Générale Network in France, defined as the variation in the net present value of residual fixed-rate positions denominated in euros for a 1% parallel shift in interest rates, was less than EUR 150 million.
- Transactions with large corporates are match-funded (on an individual basis), and therefore present no interest rate risk.
- Transactions with clients of the Specialized Financial Services subsidiaries are generally macro-hedged and therefore present only a small residual risk.
- Client transactions at subsidiaries and branches located in countries with weak currencies can generate limited structural interest rate risk. Indeed, due to the lack of long-term fixed-rate loans, investment possibilities and hedging instruments such as swaps in these countries, the entities in question may have difficulty investing their excess deposits over a sufficiently long horizon.
- Proprietary transactions are generally well hedged. Residual positions are limited and arise primarily from shareholders' equity that has not yet been reinvested in interest rate instruments with the desired maturities.

STRUCTURAL EXCHANGE RATE RISKS

Structural exchange rate risks essentially arise from:

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

- **Objective of the Group**

The Group's policy is to immunize its solvency ratio against fluctuations in strong currencies (USD, CZK, GBP, JPY, etc.). To do this, it may decide to purchase currencies to finance very long term foreign currency-denominated investments, thus creating foreign exchange structural positions. Any valuation differences on these structural positions are subsequently booked as translation differences.

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

- **Measurement and monitoring of structural exchange rate risk**

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

As commercial transactions are hedged against exchange rate risk, the Group's residual exposure results primarily from proprietary transactions.

The Group's Asset and Liability Management Department monitors structural exchange rate positions and manages the currency sensitivity of the solvency ratio.

In 2005, the Group successfully neutralized the sensitivity of its solvency ratio to fluctuations in strong currencies using structural positions in these currencies. Moreover, its positions in other currencies remained very limited.

Hedging interest rate and exchange rate risk

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

In order to qualify these transactions as accounting hedges, the Group documents said hedge transactions in detail, specifying the risk covered, the risk management strategy and the method used to measure the effectiveness of the hedge from its inception. This effectiveness is verified when changes in the fair value or cash flow of the hedged instrument are almost entirely offset by changes in the fair value or cash flow of the hedging instrument – the expected ratio between the two changes in fair value being within the range 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 HEDGE

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

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

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

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

CASH FLOW HEDGES

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 aim of such a hedge is to protect against unfavorable changes in future cash flow that are liable to impact on the income statement.

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

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

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

(in millions of euros)

Residual maturity	Up to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Floating cash flow hedged	67	29	130	336	562
Highly probable forecast transactions	134	127	24	3	288
Total	**201**	**156**	**154**	**339**	**850**

HEDGING OF A NET INVESTMENT IN A FOREIGN 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.

Liquidity risk

Liquidity risk management covers all areas of Société Générale's business, from market transactions to structural transactions (commercial or proprietary transactions).

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

ORGANIZATION OF THE MANAGEMENT OF LIQUIDITY RISK

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

The Group's Finance Committee, chaired by the General Management and attended by members of the Executive Committee and Finance Department:

- validates the basic principles for the organization and management of the Group's liquidity risk;
- examines the reports on liquidity risk provided by the ALM Department;
- reviews the liquidity crisis scenarios;

- validates the Group's financing programs.
- The ALM Department, which is part of the Group Finance Department:
- defines the standards for the management of liquidity risks;
- validates the models used by the entities;
- centralizes, consolidates and reports on liquidity risk exposure, and carries out second level controls (independently of the operating divisions supervising the entities);
- constructs the liquidity crisis scenarios;
- defines the Group's financing programs.
- The Treasury Department in the Corporate Banking Division is responsible for managing short-term liquidity (less than one year).
- The operating entities are responsible for managing their own liquidity risk.

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

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

• Objective of the Group

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

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

- as far as possible, central management of liquidity (mainly in Paris, New York, London, etc.);
- diversification of sources of funding, both in terms of geographical regions and sectors of activity;
- limitation of the number of issuers within the Group (Société Générale, SG Acceptance NV, SG North America, etc.);
- management of short-term liquidity in accordance with the regulatory framework;
- issuance of financial instruments to achieve the target prudential capital ratio.

• Measurement and monitoring of liquidity risk

The Group's liquidity management system comprises two main processes:

- assessment of the Group's financing requirements on the basis of budget forecasts in order to plan appropriate funding solutions;
- analysis of liquidity risk exposure using liquidity crisis scenarios.

The risk analysis is conducted using reports submitted by the different entities, listing their respective on and off-balance sheet items according to currency of denomination and residual maturity. Maturities on outstanding assets and liabilities are determined on the basis of the contractual terms of the transactions, models of historical client behavior patterns (special savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and sight deposits).

In 2005, the Group continued to maintain a surplus of long-term liquidity. Indeed, through its retail banking activities, Société Générale has a large and diversified deposits base which serves as a permanent resource in financing its domestic activities. This surplus is used to finance credit transactions with international clients.

Given the stability of the Group's resources, Société Générale has mainly issued bonds via subordinated loans or structured issues intended to meet specific commercial requirements in recent years. At the same time, use of the overnight market is deliberately restricted, to protect the Group from near-term risks.

The regulatory 1-month liquidity coefficient is calculated on a monthly basis, and concerns Société Générale Métropole (which comprises the head office in mainland France and all French branches and activities). In 2005, Société Générale systematically maintained a liquidity coefficient above the resquested minimum.

Note 6

Cash, due from central banks

(in millions of euros)	December 31, 2005	January 1, 2005
Cash	1,654	1,373
Due from central banks	4,532	3,831
Total	**6,186**	**5,204**

Note 7

Financial assets and liabilities at fair value through profit and loss

	December 31, 2005		January 1, 2005	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities
Trading portfolio				
Treasury notes and similar securities	40,881		31,835	
Bonds and other debt securities	80,590		43,066	
Shares and other equity securities (1)	70,154		42,123	
Other financial assets	63,435		24,624	
Sub-total trading assets	**255,060**		**141,648**	
o/w securities on loan	13,283		6,970	
Securitized debt payables		34,482		21,596
Amounts payable on borrowed securities		16,193		8,542
Bonds and other debt instruments sold short		41,342		24,772
Shares and other equity instruments sold short		4,229		5,150
Other financial liabilities		42,398		29,766
Sub-total trading liabilities		**138,644**		**89,826**
Interest rate instruments				
Firm instruments				
Swaps	61,260	64,369	66,750	66,604
FRA	147	144	248	213
Options				
Options on organized markets	912	98	494	1,201
OTC options	6,091	6,605	4,305	4,049
Caps, floors, collars	3,693	3,849	3,413	3,343
Foreign exchange instruments				
Firm instruments	*10,191*	*9,600*	*5,185*	*5,145*
Options	*2,979*	*2,218*	*3,002*	*2,394*
Equity and index instruments				
Firm instruments	*511*	*594*	*57*	*74*
Options	*26,675*	*33,697*	*18,996*	*22,114*
Commodity instruments				
Firm instruments-Futures	*6,030*	*6,032*	*4,343*	*4,307*
Options	*7,302*	*7,848*	*3,046*	*3,479*
Credit derivatives	**1,792**	**1,843**	**980**	**1,010**
Other forward financial instruments				
On organized markets	357	141	120	25
OTC	1,686	524	959	489
Sub-total trading derivatives	**129,626**	**137,562**	**111,898**	**114,447**
Sub-total trading portfolio	**384,686**	**276,206**	**253,546**	**204,273**
Financial assets at fair value through P&L				
Treasury notes and similar securities	1,201		1,035	
Bonds and other debt securities	8,803		12,464	
Shares and other equity securities (1)	16,311		15,034	
Other financial assets	1,215		1,423	
Sub-total of financial assets measured using fair value option through P&L	**27,530**		**29,956**	
Sub-total of separate assets relating to employee benefits	**-**		**4**	
Sub-total of financial liabilities measured using fair value option through P&L (2)		**10,576**	**-**	**9,079**
Total financial instruments measured at fair value through P&L	**412,216**	**286,782**	**283,506**	**213,352**
o/w valued by valuation techniques based on non-observable market data	**1,082**	**32,502**	**854**	**23,118**

(1) Including UCITS

(2) Mainly indexed EMTNs whose refund value, taking into account the index, is not fundamentally different from the fair value. The variation in fair value attributable to the Group's own credit risk is not material over the period.

Financial liabilities measured using fair value option through P&L

(in millions of euros)			December 31, 2005			January 1, 2005
	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity
Total of financial liabilities measured using fair value option through P&L (2)	10,576	10,694	(118)	9,079	9,108	(29)

(2) Mainly indexed EMTNs whose refund value, taking into account the index, is not fundamentally different from the fair value.
The variation in fair value attributable to the Group's own credit risk is not material over the period.

Note 8

Hedging derivatives

	December 31, 2005		January 1, 2005	
(in millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
FAIR VALUE HEDGE				
Interest rate instruments:				
Firm instruments				
Swaps	2,555	1,804	2,076	3,036
Forward Rate Agreements (FRA)	-	1	-	1
Options				
Options on organized markets	-	-	15	-
OTC options	268	-	238	-
Caps, floors, collars	224	-	3	-
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	163	75	90	79
Forward foreign exchange contracts	37	39	-	-
Equity and index instruments				
Equity and stock index options	60	1	39	38
CASH-FLOW HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	432	225	356	262
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	2	-	-	-
Forward foreign exchange contracts	1	8	-	-
Total	**3,742**	**2,153**	**2,817**	**3,416**

Note 9

Available for sale financial assets

(in millions of euros)	December 31, 2005	January 1, 2005
Current assets		
Treasury notes and similar securities	***10,549***	***9,704***
Listed	9,136	8,606
Unlisted	1,223	910
Related receivables	214	188
Provisions for impairment	(24)	-
Bonds and other debt securities	***53,944***	***48,557***
Listed	48,550	45,010
Unlisted	4,629	2,822
Related receivables	823	798
Provisions for impairment	(58)	(73)
Shares and other equity securities (1)	***4,136***	***3,529***
Listed	2,711	2,148
Unlisted	1,471	1,473
Provisions for impairment	(46)	(92)
Sub-total	**68,629**	**61,790**
Long-term equity investments		
Listed	3,269	4,418
Unlisted	2,449	2,514
Provisions for impairment	(792)	(1,159)
Related receivables	**4**	**3**
Sub-total	**4,930**	**5,776**
Total available for sale financial assets	**73,559**	**67,566**
o/w securities on loan	4	3

(1) Including UCITS

Changes in available for sale financial assets

(in millions of euros)	2005
Balance at January 1, 2005	**67,566**
Acquisitions	134,101
Disposals/redemptions	(131,035)
Reclassification and change in scope	(1,333)
Gains and losses on changes in fair value	830
Change in impairment	(9)
Impairment losses	413
Change in related receivables	52
Translation differences	2,974
Balance at December 31, 2005	**73,559**

Note 10

Due from banks

(in millions of euros)	December 31, 2005	January 1, 2005
Deposits and loans		
Demand and overnights		
Current accounts	10,926	8,756
Overnight deposits and loans and others	570	612
Loans secured by overnight notes	14	9
Term		
Term deposits and loans (1)	17,682	12,563
Subordinated and participating loans	690	713
Loans secured by notes and securities	178	100
Related receivables	355	203
Gross amount	**30,415**	**22,956**
Provisions for impairment		
- provisions for individually impaired loans	(71)	(77)
- provisions for groups of homogenous receivables	(115)	(97)
Revaluation of hedged items	**-**	**12**
Net amount(2)	**30,229**	**22,794**
Securities purchased under resale agreements	23,222	30,543
Total	**53,451**	**53,337**
Fair value of amounts due from banks	**53,659**	**53,456**

(1) At December 31, 2005, the amount of receivables with incurred credit risk was EUR 98 million compared with EUR 127 million at January 1, 2005.
(2) The entities acquired in 2005 had a total impact of EUR 1,675 million on amounts due from banks.

Note 11

Customer loans

(in millions of euros)	December 31, 2005	January 1, 2005
Customer loans		
Trade notes	11,431	8,325
Other customer loans (1) (2)		
– Short-term loans	54,765	46,336
– Export loans	3,796	3,166
– Equipment loans	40,795	34,829
– Housing loans	55,315	46,122
– Other loans	41,426	35,487
Sub-total	**196,097**	**165,940**
Overdrafts	13,923	12,078
Related receivables	1,204	918
Gross amount	**222,655**	**187,261**
Provisions for impairment		
- provisions for individually impaired loans	(6,275)	(6,433)
- provisions for groups of homogenous receivables	(824)	(871)
Revaluation of hedged items	141	134
Net amount (3)	**215,697**	**180,091**
Loans secured by notes and securities	103	59
Securities purchased under resale agreements	11,395	18,741
Total amount of customer loans	**227,195**	**198,891**
Fair value of customer loans	**228,510**	**200,980**

(1) Breakdown of other customer loans by customer type

(in millions of euros)	December 31, 2005	January 1, 2005
Non-financial customers		
– Corporate	88,478	76,967
– Individual Customers	72,384	59,203
– Local authorities	7,706	7,577
– Self-employed professionals	7,624	7,268
– Governments and central administrations	2,591	2,013
– Others	3,861	3,632
Financial customers	13,453	9,280
Total	**196,097**	**165,940**

(2) At December 31, 2005, the amount of receivables with incurred credit risk was EUR 9,981 million compared with EUR 9,733 million at January 1, 2005.
(3) Entities acquired in 2005 had a EUR 4,138 million impact on net customer loans.

Note 12

Lease financing and similar agreements

(in millions of euros)	December 31, 2005	January 1, 2005
Real estate lease financing agreements	5,881	5,783
Non-real estate lease financing agreements	16,600	14,879
Related receivables	88	164
Gross amount (1)	**22,569**	**20,826**
Provisions for individually impaired loans	(231)	(219)
Revaluation of hedged items	25	26
Net amount	**22,363**	**20,633**
Fair value of receivables on lease financing and similar agreements	**22,374**	**20,716**

(1) At December 31, 2005, the amount of receivables with incurred credit risk was EUR 537 million compared with EUR 381 million at January 1, 2005

(in millions of euros)	December 31, 2005	January 1, 2005
Gross investments	**24,205**	**22,905**
- less than one year	5,540	5,226
- 1-5 years	13,570	12,625
- more than five years	5,095	5,054
Present value of minimum payments receivable	**21,713**	**20,000**
- less than one year	5,021	4,612
- 1-5 years	12,484	11,477
- more than five years	4,208	3,911
Unearned financial income	**1,636**	**2,079**
Unguaranteed residual values receivable by the lessor	**856**	**826**

Note 13

Held to maturity financial assets

(in millions of euros)	December 31, 2005	January 1, 2005
Treasury notes and similar securities	**1,880**	**2,162**
Listed	1,831	1,964
Unlisted	7	149
Related receivables	42	49
Bonds and other debt securities	**60**	**68**
Listed	59	66
Related receivables	1	2
Total held to maturity financial assets	**1,940**	**2,230**
Fair value of held to maturity financial assets	**1,988**	**2,290**

Note 14

Tax assets and liabilities

(in millions of euros)	December 31, 2005	January 1, 2005
Current tax assets	770	553
Deferred tax assets	831	843
- o/w on balance sheet items	1,050	1,000
- o/w on items credited or charged to shareholders' equity for unrealized gains or losses	(219)	(157)
Total	**1,601**	**1,396**

(in millions of euros)	December 31, 2005	January 1, 2005
Current tax liabilities	1,325	793
Deferred tax liabilities	341	281
- o/w on balance sheet items	287	207
- o/w on items credited or charged to shareholders' equity for unrealized gains or losses	54	74
Total	**1,666**	**1,074***

** Amounts adjusted with respect to the opening balance sheet published at January 1, 2005.*

Note 15

Other assets

(in millions of euros)	December 31, 2005	January 1, 2005
Guarantee deposits paid	10,582	6,522
Settlement accounts on securities transactions	2,206	1,817
Prepaid expenses	776	684
Miscellaneous receivables	17,691	21,987
Gross amount	**31,255**	**31,010**
Provisions for impairment	(201)	(206)
Net amount	**31,054**	**30,804**

Note 16

Tangible and intangible fixed assets

(in millions of euros)	Gross book value at January 1, 2005	Acquisitions	Disposals	Changes in consolidation scope and reclassifica-tions (1)	Gross value at December 31, 2005	Accumulated depreciation and amortization of assets at January 1, 2005	Allocations to amortization in 2005	Impairment of assets 2005	Write-backs from amortization in 2005	Changes in consolidation scope and reclassifica-tions (1)	Net book value at December 31, 2005	Net book value at January 1, 2005
Intangible assets												
Software, EDP development costs	933	100	(2)	(17)	1,014	(665)	(120)	-	2	17	248	268
Internally generated assets	784	22	-	178	984	(566)	(139)	-	-	(13)	266	218
Assets under development	242	188	(1)	(132)	297	-	-	-	-	-	297	242
Others	216	12	(4)	23	247	(61)	(13)	-	2	(14)	161	155
Sub-total	**2,175**	**322**	**(7)**	**52**	**2,542**	**(1,292)**	**(272)**	**-**	**4**	**(10)**	**972**	**883**
Operating tangible assets												
Land and buildings	3,019	61	(12)	50	3,118	(841)	(82)	9	3	29	2,236	2,178
Assets under development	172	190	(2)	(203)	157	-	-	-	-	-	157	172
Lease assets of specialised financing companies	6,128	3,134	(1,889)	167	7,540	(1,714)	(1,102)	(3)	962	(35)	5,648	4,414
Others	3,706	263	(94)	96	3,971	(2,639)	(338)	2	73	60	1,129	1,067
Sub-total	**13,025**	**3,648**	**(1,997)**	**110**	**14,786**	**(5,194)**	**(1,522)**	**8**	**1,038**	**54**	**9,170**	**7,831**
Investment property												
Land and buildings	301	49	(12)	33	371	(60)	(12)	-	4	(1)	302	241
Assets under development	15	6	-	(6)	15	-	-	-	-	-	15	15
Sub-total	**316**	**55**	**(12)**	**27**	**386**	**(60)**	**(12)**	**-**	**4**	**(1)**	**317**	**256**
Total tangible and intangible fixed assets	**15,516**	**4,025**	**(2,016)**	**189**	**17,714**	**(6,546)**	**(1,806)**	**8**	**1,046**	**43**	**10,459**	**8,970**

(1) Including translation differences arising from the conversion of financial statements denominated in foreign currencies: gross amount: EUR 202 million, amortization: EUR (98) million

Leasing activities

(in millions of euros)	December 31, 2005
Breakdown of minimum payments receivable	
- due in less than one year	861
- due in 1-5 years	1,299
- due in more than five years	8
Total minimum future payments receivable	**2,168**

Note 17

Goodwill

(in millions of euros)	**RETAIL BANKING**			**CORPORATE & INVESTMENT BANKING**		**GLOBAL INVESTMENT MANAGEMENT & SERVICES**				
	French Networks	**Retail Banking outside France**	**Specialized Financing**	**Corporate Banking and Fixed Income**	**Equity and Advisory**	**Asset Management**	**Private Banking**	**SGSS & Boursorama**	**Corporate Center**	**GROUP TOTAL**
Gross book value at January 1, 2005	53	994	444	-	50	937	343	50	-	2,871
Acquisitions and other increases	-	431	403	5	41	198	21	69	68	1,236
Disposals and other decreases	-	-	(22)	-	-	-	(1)	(19)	-	(42)
Change	-	42	4	-	5	139	3	-	-	193
Gross value at December 31, 2005	**53**	**1,467**	**829**	**5**	**96**	**1,274**	**366**	**100**	**68**	**4,258**
Impairment of goodwill at January 1, 2005	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	(13)	-	-	-	(10)	(23)
Impairment of goodwill at December 31, 2005	**-**	**-**	**-**	**-**	**(13)**	**-**	**-**	**-**	**(10)**	**(23)**
Net goodwill at January 1, 2005	53	994	444	-	50	937	343	50	-	2,871
Net goodwill at December 31, 2005	**53**	**1,467**	**829**	**5**	**83**	**1,274**	**366**	**100**	**58**	**4,235**

Breakdown of main sources of goodwill by CGU

(in millions of euros)

Entities	**Goodwill (net book value at 31/12/2005)**	**Allocation (CGU)**	**Business Unit**
TCW Group Inc	1,229	Asset Management	Asset Management
Komercni Banka	776	BHFM EU + pre EU	Retail Banking Outside France
MIBank	360	Other BHFM	Retail Banking Outside France
SG Private Banking (Suisse) SA	276	Private Banking	Private Banking
Eurobank	169	Individual Financial Services	Specialised Financing
Gefa Bank	155	Business Financial Services	Specialised Financing
Hanseatic Bank	131	Individual Financial Services	Specialised Financing

Note 18

Due to banks

(in millions of euros)	December 31, 2005	January 1, 2005
Demand and overnight deposits		
Demand deposits and current accounts	8,579	7,519
Overnight deposits and borrowings and others	17,364	11,673
Sub-total	**25,943**	**19,192**
Term deposits		
Term deposits and borrowings	76,605	47,837
Borrowings secured by notes and securities	405	144
Sub-total	**77,010**	**47,981**
Related payables	479	319
Revaluation of hedged items	(15)	(1)
Securities sold under repurchase agreements	9,790	12,268
Total (1)	**113,207**	**79,759**
Fair value of debts due to banks	**113,116**	**79,108**

(1) Entities acquired in 2005 had a EUR 844 million impact on amounts due to banks.

Note 19

Customer deposits

(in millions of euros)	December 31, 2005	January 1, 2005
Regulated savings accounts		
Demand	27,405	25,188
Term	21,186	21,471
Sub-total	**48,591**	**46,659**
Other demand deposits		
Businesses and sole proprietors	34,804	29,190
Individual customers	30,033	26,042
Financial customers	13,001	12,451
Others	11,901	6,875
Sub-total	**89,739**	**74,558**
Other term deposits		
Businesses and sole proprietors	24,064	18,536
Individual customers	14,626	12,067
Financial customers	19,451	17,279
Others	9,016	3,848
Sub-total	**67,157**	**51,730**
Related payables	1,040	940
Revaluation of hedged items	107	23
Total customer deposits (1)	**206,634**	**173,910**
Borrowings secured by notes and securities	226	1,626
Securities sold to customers under repurchase agreements	15,684	17,327
Total	**222,544**	**192,863**
Fair value of customer deposits	**222,582**	**192,911**

(1) Entities acquired since December 31, 2004 accounted for EUR 3,492 million in customer deposits.

Note 20

Securitized debt payables

(in millions of euros)	December 31, 2005	January 1, 2005
Term savings certificates	2,351	2,039
Bond borrowings	2,603	1,928
Interbank certificates and negotiable debt instruments	78,785	64,571
Related payables	767	509
Sub-total	**84,506**	**69,047**
Revaluation of hedged items	(181)	(217)
Total (1)	**84,325**	**68,830**
o/w floating rate securities	20,720	16,565
Fair value of securitized debt payables	**83,357**	**68,643**

(1) Entities acquired in 2005 had a EUR 1,242 million impact on securitized debt payables.

Note 21

Other liabilities

(in millions of euros)	December 31, 2005	January 1, 2005
Guarantee deposits received	12,279	10,233
Settlement accounts on securities transactions	3,208	1,487
Other securities transactions	35	96
Accrued social charges	2,448	1,836
Deferred income	1,654	1,884
Miscellaneous payables	13,386	14,670
Total	**33,010**	**30,206**

Note 22

PEL/CEL mortgage savings accounts

Outstanding deposits in PEL/CEL accounts

(in millions of euros)	December 31, 2005	January 1, 2005
PEL accounts		
less than 4 years old	5,938	5,184
between 4 and 10 years old	2,084	2,183
more than 10 years old	9,666	10,877
Sub-total	**17,688**	**18,244**
CEL accounts	2,351	2,356
Total	**20,039**	**20,600**

Outstanding housing loans granted with respect to PEL/CEL accounts

(in millions of euros)	December 31, 2005	January 1, 2005
less than 4 years old	292	432
between 4 and 10 years old	319	389
more than 10 years old	67	74
Total	**678**	**895**

Provisions for commitments linked to PEL/CEL accounts (1)

(in millions of euros)	January 1, 2005	Allocations	Reversals	December 31, 2005
PEL accounts				
less than 4 years old	12	8	12	8
between 4 and 10 years old	-	-	-	-
more than 10 years old	261	83	74	270
Sub-total	**273**	**91**	**86**	**278**
CEL accounts	1	41	1	41
Total	**274**	**132**	**87**	**319**

(1) Provisions are booked in provisions for other risks and commitments (Note 23)

Methods used to establish the parameters for valuing provisions

The parameters used for estimating the future behavior of customers are derived from historical observations of customer behavior patterns over periods of between 10 and 15 years. The values of these parameters can be adjusted if any changes are subsequently made to regulations that might undermine the effectiveness of past data as an indicator of future customer behavior.

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

The discount rates used are derived from the zero coupon swaps vs. 3-month Euribor yield curve at the date of valuation, averaged over a 12-month period.

Note 23

Provisions and impairment

Impairment of assets

(in millions of euros)	Impairment losses at January 1, 2005	Impairment losses	Write-backs available	Net impairment losses	Write-backs used	Currency and scope effects	Impairment losses at December 31, 2005
Banks	77	5	(16)	**(11)**	(2)	7	**71**
Customer loans	6,433	1,752	(1,291)	**461**	(901)	282	**6,275**
Lease financing and similar agreements	219	105	(73)	**32**	(21)	1	**231**
Provisions for groups of homogenous receivables	967	254	(335)	**(81)**	-	53	**939**
Available for sale assets (1)	1,325	29	(523)	**(494)**	-	89	**920**
Others (1)	289	123	(101)	**22**	(31)	23	**303**
Total	**9,310**	**2,268**	**(2,339)**	**(71)**	**(955)**	**455**	**8,739**

(1) including a EUR -6 million net allocation for identified risks

Provisions

(in millions of euros)	Provisions at January 1, 2005	Allocations	Write-backs available	Net allocation	Write-backs used	Effect of discounting	Currency and scope effects	Provisions at December 31, 2005
Provisions for off-balance sheet commitments to banks	14	1	(5)	**(4)**	-	-	-	**10**
Provisions for off-balance sheet commitments to customers	228	94	(112)	**(18)**	-	-	(37)	**173**
Provisions for employee benefits	1,218	294	(246)	**48**	-	-	(15)	**1,251**
Provisions for tax adjustments	434	90	(15)	**75**	-	5	(2)	**512**
Provisions for restructuring	22	3	(15)	**(12)**	-	-	(3)	**7**
Provisions for other risks and commitments	1,025	185	(165)	**20**	(88)	2	125	**1,084**
Total	**2,941**	**667**	**(558)**	**109**	**(88)**	**7**	**68**	**3,037**

The employees of our Greek subsidiary, Geniki Bank, are insured by IKA, the main Greek pension fund. Geniki Bank's current obligations are limited to its employees' contributions to the scheme in accordance with the scheme's Articles of Incorporation. In July 2005, a new law was enacted in Greece permitting certain bank employee pension schemes to merge with state-sponsored pension funds at the decision of the bank's employees. If this occurs, Geniki Bank may be required to make a one-off contribution to the state-sponsored fund to cover any losses in the supplementary pension schemes that have merged with it. At present, it is not possible to determine the consequences for Geniki if its employees decide on the dissolution of the current scheme and its merger with the state-sponsored one.

The consequences, as assessed on December 31, 2005, of those disputes and fiscal risks that are liable to have or have recently had a significant impact on the financial position of the Group, its results or its business activity have been provisioned in the Group's financial statements.

Note 24

Employee benefits

Post-employment defined contribution plans

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

Post-employment defined benefit plans and other long term benefits

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	December 31, 2005				January 1, 2005			
	Post employment benefits		Other long term benefits		Post employment benefits		Other long term benefits	
(in millions of euros)	Pension plans	Others		Total	Pension plans	Others		Total
Reminder of gross liabilities	2,310	156	363	**2,829**	2,026	153	338	**2,517**
Reminder of assets	(1,754)	-	(49)	**(1,803)**	(1,537)	-	(47)	**(1,584)**
Deficit in the plan	**556**	**156**	**314**	**1,026**	**489**	**153**	**291**	**933**
Breakdown of the deficit in the plan								
Present value of defined benefit obligations	2,176	-	83	**2,259**	1,854	-	72	**1,926**
Fair value of plan assets	(1,924)	-	(49)	**(1,973)**	(1,757)	-	(47)	**1,804**
Actuarial deficit (net balance) (A)	252	-	34	**286**	97	-	25	**122**
Present value of unfunded obligations (B)	308	159	280	**747**	242	156	266	**664**
Other items recognized in balance sheet (C)								
Unrecognized items								
Unrecognized past service cost	54	-	-	**54**	40	-	-	**40**
Unrecognized net actuarial gains/losses	120	3	-	**123**	30	3	-	**33**
Separate assets	(1)	-	-	**(1)**	(5)	-	-	**(5)**
Plan assets impacted by change in asset ceiling	(169)	-	-	**(169)**	(215)	-	-	**(215)**
Total unrecognized items (D)	4	3	-	7	(150)	3	-	(147)
Deficit in the plan (Net balance) (A)+(B)+(C)-(D)	**557**	**156**	**314**	**1,026**	**489**	**153**	**291**	**933**

1. For pensions and other post-employment plans, actuarial gains and losses, which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortized over the estimated average remaining working life of the employees participating in the plan in accordance with the option under IAS 19.
2. Pension plans include pension benefits as annuities and end of career payments. Pension benefit annuities are paid additionally to pension state plans.
The Group grants 98 pension plans located in 33 countries. 10 pension plans located in France, the UK, Germany, the US and Switzerland represents 85% of gross liabilities of these pension plans.
Other post employment benefit plans are healthcare plans. These 11 plans are located in 7 countries of which France represents 90% of gross liabilities.
Other long-term employee benefits include deferred bonuses, flexible working provisions (compte épargne temps) and long-service awards. There are 84 schemes located in 24 countries. 60% of gross liabilities relate to schemes located in France.
3. The present values of defined benefit obligations have been valued by independant qualified actuaries.
4. Information regarding plan assets
The breakdown of the fair value of plan assets is as follows: 47% bonds, 37% equities, 7% money market instruments and 9% others.
For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 170 million, including EUR 169 million unrecognized.

AMOUNTS RECOGNIZED IN THE INCOME STATEMENT

	Post employment benefits							
	Pension plans		Others		Other long term benefits		Total	
(in millions of euros)	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Current service cost including social charges	68	51	6	3	52	77	**126**	131
Employee contributions	(2)	(2)	-	-	-	-	**(2)**	(2)
Interest cost	102	94	7	7	6	6	**115**	107
Expected return on plan assets	(102)	(80)	-	-	(3)	(3)	**(105)**	(83)
Expected return on separate assets	-	-	-	-	-	-	**-**	-
Past service cost recognized	30	3	-	-	-	-	**30**	3
Actuarial losses/gains	31	-	(1)	-	4	-	**34**	-
Settlement, curtailment	2	-	-	-	4	-	**6**	-
Transfer of non recognized assets	-	-	-	-	-	4	**-**	4
Total charges	**129**	**66**	**12**	**10**	**63**	**84**	**204**	**160**

Actual return on plan:

	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Plan assets	204	112	-	-	7	4	211	116

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS INCLUDED IN THE BALANCE SHEET

	Post employment benefits			
2005	Pension plans	Others	Other long term benefits	Total
At January 1	489	153	291	**933**
Foreign exchange adjustment	9	1	6	**16**
Amounts recognized in the income statement	129	12	63	**204**
Employer contributions to plan assets	(41)	-	(5)	**(46)**
Unfunded benefit payments	(35)	(10)	(50)	**(95)**
Acquisition of subsidiaries	5	-	-	**5**
Transfers and others	-	-	9	**9**
At December 31	**556**	**156**	**314**	**1,026**

	Post employment benefits			
2004	Pension plans	Others	Other long term benefits	Total
At January 1	456	151	236	**843**
Foreign exchange adjustment	(3)	-	(4)	**(7)**
Amounts recognized in the income statement	65	10	85	**160**
Employer contributions to plan assets	(40)	-	(4)	**(44)**
Unfunded benefit payments	(18)	(8)	(22)	**(48)**
Acquisition of subsidiaries	29	-	-	**29**
Transfers and others	-	-	-	**-**
At December 31	**489**	**153**	**291**	**933**

MAIN ACTUARIAL ASSUMPTIONS

	December 31, 2005	December 31, 2004
Discount rate		
Europe	2.25% - 5.35%	2.25% - 5.43%
Americas	2.88% - 5.71%	2.55% - 6.07%
Asia-Oceania	0.68% - 5.31%	0.78% - 5.40%
Expected return on plan assets (separate and plan assets)		
Europe	3.14% - 7.29%	2.84% - 7.40%
Americas	6.5% - 6.5%	6.50% - 6.50%
Asia-Oceania	1.25% - 3.5%	1.25% - 1.25%
Rate of increase in salaries (net of inflation)		
Europe	0.5% - 3.20%	0.5% - 3.46%
Americas	2% - 2%	2% - 2%
Asia-Oceania	0.5% - 6%	1% - 4%
Rate of increase in healthcare costs		
Europe	4.5% - 10%	4.55% - 10%
Americas	NA	NA
Asia-Oceania	0.8% - 2.46%	0.8% - 2.3%
Average remaining lifetime of employees (in years)		
Europe	2.6 - 24	2.6 - 21.6
Americas	9.1 - 10	9.6 - 21.5
Asia-Oceania	5.2 - 19.8	5.2 - 19.7

1. The range in discount rates is due to various post-employment benefit plan durations and to different levels of interest rates used in the same geographical area such as Europe and Asia.
2. The range of expected returns on plan assets is due to the current composition of plan assets.
3. Average remaining lifetime of employees is calculated taking into account turnover assumptions.

ANALYSIS OF SENSITIVITY OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS TO CHANGES IN MAIN ASSUMPTIONS

	2005			2004		
(% of measured item)	Pension plans	Post employment healthcare plans	Other plans	Pension plans	Post employment healthcare plans	Other plans
Variation of +1% in discount rate						
Impact on defined benefit obligations at Dec.31	(14%)	(15%)	(6%)	(11%)	(15%)	(3%)
Impact on total expenses	(19%)	(7%)	(77%)	(6%)	(8%)	(37%)
Variation of +1% in expected return on plan assets						
Impact on plan assets at Dec.31	1%	1%	1%	1%	1%	1%
Impact on total expenses	(14%)	NA	(4%)	(11%)	NA	0%
Variation of +1% in future salary increases						
Impact on defined benefit obligations at Dec.31	5%		6%	6%	NA	2%
Impact on total expenses	16%	NA	93%	14%	NA	39%
Variation of +1% in rate of increase in healthcare costs						
Impact on defined benefit obligations at Dec.31		18%			13%	
Impact on total expenses		29%			16%	

Note 25

Subordinated debt

(in millions of euros)

Currency of issue	2006	2007	2008	2009	2010	Beyond 2010	Undated [1]	Outstanding at December 31, 2005	Outstanding at January 1, 2005
Subordinated notes									
EUR	268	450	121	313	617	6,216	306	8,291	8,415
USD	678	-	-	-	-	377	812	1,867	1,824
GBP	-	-	-	-	-	876	146	1,022	993
Other currencies	45	-	54	-	-	89	220	408	336
Sub-total	**991**	**450**	**175**	**313**	**617**	**7,558**	**1,484**	**11,588**	**11,568**
Subordinated debt									
EUR	-	-	-	-	8	-	21	29	29
USD	-	-	-	-	-	-	30	30	56
Other currencies	-	-	-	-	-	-	-	-	2
Sub-total	**-**	**-**	**-**	**-**	**8**	**-**	**51**	**59**	**87**
Related payables	262	-	-	-	-	-	-	262	276
Total excluding revaluation of hedged items	**1,253**	**450**	**175**	**313**	**625**	**7,558**	**1,535**	**11,909**	**11,931**
Revaluation of hedged items								662	668
Total								**12,571**	**12,599**

(1) The characteristics of undated subordinated notes are detailed in note 1.

The fair value of subordinated debt securities stood at EUR 12,727 million at December 31, 2005.

Note 26

Ordinary shares, treasury shares, shares held by employees

Number of shares	December 31, 2005	January 1, 2005
Ordinary shares	434,288,181	445,153,159
Including treasury shares (without voting rights)	26,911,655	39,337,919
Including shares held by employees	32,831,211	33,024,632

Note 27

Commitments

Commitments granted and received

COMMITMENTS GRANTED

(in millions of euros)	December 31, 2005	January 1, 2005
Loan commitments		
to banks	13,493	9,074
to customers (1)		
Issuance facilities	82	91
Confirmed credit lines	134,722	97,285
Others	1,053	781
Guarantee commitments		
on behalf of banks	4,938	1,733
on behalf of customers (1) (2)	54,942	44,896
Securities commitments		
Securities to deliver	30,151	14,617

COMMITMENTS RECEIVED

(in millions of euros)	December 31, 2005	January 1, 2005
Loan commitments		
from banks	10,643	8,574
from customers		
Guarantee commitments		
from banks	59,367	35,908
other commitments (3)	44,073	39,082
Securities commitments		
Securities to be received	40,922	15,717

(1) As at December 31, 2005, credit lines and guarantee commitments granted to securitization vehicles and other special purpose vehicles amounted to EUR 27.6 billion and EUR 0.7 billion respectively.
(2) Including capital and performance guarantees given to the holders of units in mutual funds managed by entities of the Group.
(3) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 30.7 billion as at December 31, 2005 and EUR 17.5 billion as at January 1, 2005. The remaining balance corresponds mainly to securities and assets received as guarantees.

Forward financial instrument commitments (notional amounts)

	December 31, 2005		January 1, 2005	
(in millions of euros)	**Trading transactions**	**Hedging transactions**	**Trading transactions**	**Hedging transactions**
Interest rate instruments				
Firm instruments				
Swaps	4,130,243	118,101	3,272,967	112,841
Interest rate futures	1,132,152	175	975,692	1,076
Options	*1,930,518*	*912*	*1,445,148*	*5,029*
Foreign exchange instruments				
Firm instruments	*567,435*	*11,870*	*522,465*	*2,961*
Options	*378,819*	-	*351,719*	-
Equity and index instruments				
Firm instruments	*89,741*	-	*26,119*	
Options	*588,982*	*173*	*330,613*	*7,741*
Commodity instruments				
Firm instruments	*152,097*	-	*112,833*	-
Options	*231,016*	-	*80,992*	-
Credit derivatives	348,086	-	131,547	
Other forward financial instruments	13,608	-	15,398	50

Credit risk equivalent

The credit risk equivalent on these transactions, determined in accordance with the methods recommended by the Basel Committee for the calculation of the international solvency ratio, breaks down as follows:

(in millions of euros)	December 31, 2005	January 1, 2005
OECD member governments and central banks	674	758
OECD member banks and local authorities	19,116	15,786
Customers	12,948	8,825
Non-OECD member banks and central banks	526	590
TOTAL (after netting agreements)	**33,264**	**25,959**

Netting agreements reduced the credit risk equivalent by EUR 96,677 million at December 31, 2005 compared with a reduction of EUR 71,687 million at January 1, 2005.

SECURITIZATION TRANSACTIONS

The Société Générale Group carries out securitization transactions on behalf of customers or investors, and as such provides credit enhancement and short-term loan facilities to the securitization vehicles.

As the Group does not control these vehicles, they are not consolidated in the Group's financial statements.

As at December 31, 2005, there were 6 non-consolidated vehicles (Barton, Antalis, Asset One, Homes, ACE Australia, ACE Canada) structured by the Group on behalf of customers or investors. Total assets held by these vehicles and financed through the issuance of commercial papers amounted to EUR 17,567 million on this date.

The default risk on these assets is borne by the transferors of the underlying receivables or by third parties. The Société Générale Group provides an additional guarantee as a credit enhancement through the issuance of letters of credit in the amount of EUR 695 million. Furthermore, the Group had granted these vehicles short-term loan facilities in the amount of EUR 27,350 million at this date.

Note 28

Assets pledged as security

(in millions of euros)	December 31, 2005	January 1, 2005
Assets pledged as security		
Book value of assets pledged as security for liabilities	11,091	3,355
Book value of assets pledged as security for transactions in financial instruments	10,306	6,421
Book value of assets pledged as security for off-balance sheet commitments	341	253
Total	**21,738**	**10,029**
Assets received as security and available for the entity		
Fair value of reverse repos	**34,812**	**49,284**

Note 29

Breakdown of assets and liabilities by term to maturity

Maturities of financial assets and liabilities

(in millions of euros at December 31, 2005)	less than 3 months	3 months to 1 year	1-5 years	more than 5 years	Total
ASSETS					
Cash, due from central banks	5,683	202	259	42	6,186
Financial assets at fair value through profit and loss	275,218	109,227	7,024	20,747	412,216
Hedging derivatives	3,742	-	-	-	3,742
Available for sale financial assets	13,360	9,570	15,326	35,303	73,559
Due from banks	38,388	3,891	9,826	1,346	53,451
Customer loans	63,907	26,533	82,023	54,732	227,195
Lease financing and similar agreements	2,091	3,665	11,142	5,465	22,363
Revaluation differences on portfolios hedged against interest rate risk	187	-	-	-	187
Held to maturity financial assets	89	562	583	706	1,940
Total Assets	**402,665**	**153,650**	**126,183**	**118,341**	**800,839**
LIABILITIES					
Due to central banks	2,775	1	1	-	2,777
Financial liabilities at fair value through profit and loss	200,114	44,614	19,642	22,412	286,782
Hedging derivatives	2,153	-	-	-	2,153
Due to banks	93,924	7,686	5,414	6,183	113,207
Customer deposits	182,616	8,933	19,213	11,782	222,544
Securitized debt payables	44,887	25,810	6,026	7,602	84,325
Revaluation differences on portfolios hedged against interest rate risk	797	-	-	-	797
Total Liabilities	**527,266**	**87,044**	**50,296**	**47,979**	**712,585**

Maturities of commitments on financial derivatives

(in millions of euros at December 31, 2005)	less than 1 year	1-5 years	more than 5 years	Total
Interest rate instruments				
Firm instruments				
Swaps	1,390,781	1,743,241	1,114,322	**4,248,344**
Interest rate futures	890,341	241,091	895	**1,132,327**
Options	*891,182*	*714,030*	*326,218*	***1,931,430***
Forex instruments				
Firm instruments	*428,590*	*103,186*	*47,529*	***579,305***
Options	*348,656*	*25,284*	*4,879*	***378,819***
Equity and index instruments				
Firm instruments	*61,578*	*27,591*	*572*	***89,741***
Options	*317,759*	*254,549*	*16,847*	***589,155***
Commodity instruments				
Firm instruments	*132,900*	*17,592*	*1,605*	***152,097***
Options	*185,182*	*45,332*	*502*	***231,016***
Credit derivatives	20,092	271,557	56,437	***348,086***
Other forward financial instruments	12,982	606	20	***13,608***

Note 30

Foreign exchange transactions

(in millions of euros)	December 31, 2005				January 1, 2005			
	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered	Assets	Liabilities	Currencies bought, not yet received *	Currencies sold, not yet delivered*
EUR	499,754	478,804	9,831	7,950	415,779	399,070	6,168	6,686
USD	211,653	226,056	12,937	15,242	155,238	179,072	11,334	14,964
GBP	26,831	34,765	1,400	2,250	21,870	24,940	1,801	2,013
JPY	30,535	29,146	2,757	2,065	19,829	14,397	7,587	3,420
Other currencies	79,644	79,646	5,284	5,258	66,105	61,342	4,179	4,122
Total	**848,417**	**848,417**	**32,209**	**32,765**	**678,821**	**678,821**	**31,069**	**31,205**

** Amounts adjusted with respect to the opening balance sheet published at January 1, 2005 in order to include only spot foreign exchange commitments.*

Note 31

Insurance activities

Underwriting reserves of insurance companies

(in millions of euros)	December 31, 2005	January 1, 2005
Underwriting reserves for unit-linked policies	17,738	14,657
Life insurance underwriting reserves	39,885	34,383*
- o/w provisions for deferred profit sharing	3,177	2,251
Non-life insurance underwriting reserves	205	141
Total	**57,828**	**49,181**
Attributable to reinsurers	328	232
Underwriting reserves of insurance companies net of the part attribuable to reinsurers	57,500	48,949

**Amounts adjusted with respect to the opening balance sheet published at January 1, 2005.*

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, 2005	**14,657**	**34,383**	**141**
Allocation to insurance reserves	1,402	2,683	64
Revaluation of policies	1,736	28	-
Charges deducted from policies	(90)	4	-
Transfers and arbitrage	(228)	135	-
New customers	92	230	-
Profit sharing	45	2,353	-
Others	124	69	-
Reserves at December 31, 2005	**17,738**	**39,885**	**205**

Net investments of insurance companies

(in millions of euros)	December 31, 2005	January 1, 2005
Financial assets at fair value through P&L	**23,819**	19,140
Treasury notes and similar securities	348	342
Bonds and other debt securities	8,283	7,927
Shares and other equity securities	15,188	10,871
Available for sale financial assets	**36,287**	31,556
Treasury notes and similar securities	655	402
Bonds and other debt securities	33,005	29,033
Shares and other equity securities	2,627	2,121
Investment property	**238**	**189**
Total	**60,344**	**50,885**

Technical income from insurance companies

(in millions of euros)	December 31, 2005	December 31, 2004 (1)
Earned premiums	9,015	7,488
Cost of benefits (including changes in reserves)	(10,388)	(7,785)
Net income from investments	2,260	1,083
Other net technical income (expense)	(578)	(532)
Contribution to operating income before elimination of intercompany transactions	**309**	**254**
Elimination of intercompany transactions (2)	**175**	**228**
Contribution to operating income after elimination of intercompany transactions	**484**	**482**

(1) IFRS excl. IAS 32 & 39 and IFRS 4.
(2) This essentially concerns the elimination of commissions paid by the insurance companies to the distribution networks and the elimination of financial income on investments made in other Group companies.

Net fee income (2)

(in millions of euros)	December 31, 2005	December 31, 2004 (1)
Fees received		
- acquisition fees	179	160
- management fees	440	343
- others	45	37
Fees paid		
- acquisition fees	(141)	(117)
- management fees	(190)	(146)
- others	(23)	(21)
Total fees	**310**	**256**

(1) IFRS excl. IAS 32 & 39 and IFRS 4.
(2) Fees are presented in this table before elimination of intercompany transactions.

Note 32

Interest income and expense

(in millions of euros)	December 31, 2005	December 31, 2004 [1]
Transactions with banks	**3,052**	**4,008**
Demand deposits and interbank loans	1,683	1,599
Securities purchased under resale agreements and loans secured by notes and securities	1,369	2,409
Transactions with customers	**10,945**	**12,145**
Trade notes	885	692
Other customer loans [2]	8,658	7,626
Overdrafts	696	626
Securities purchased under resale agreements and loans secured by notes and securities	706	1,544
Other income [3]	-	1,657
Transactions in financial instruments	**5,922**	**3,993**
Available-for-sale financial assets	2,297	N/A
Held-to-maturity financial assets	185	N/A
Securities lending	79	N/A
Hedging derivatives	3,361	N/A
Leases financing agreements	**1,188**	**1,689**
Real estate lease financing agreements	281	491
Non-real estate lease financing agreements	907	1,198
Total interest income	**21,107**	**21,835**
Transactions with banks	**(4,160)**	**(4,884)**
Interbank borrowings	(3,603)	(2,391)
Securities sold under resale agreements and borrowings secured by notes and securities	(557)	(2,493)
Transactions with customers	**(6,626)**	**(6,064)**
Regulated savings accounts	(1,307)	(1,224)
Other customer deposits	(4,268)	(2,433)*
Securities sold under resale agreements and borrowings secured by notes and securities	(1,051)	(2,407)
Transactions in financial instruments	**(5,862)**	**(4,751)**
Securitized debt payables	(2,224)	N/A
Subordinated and convertible debt	(631)	N/A
Securities borrowing	(40)	N/A
Hedging derivatives	(2,967)	N/A
Other interest expense	**(8)**	**(5)**
Total interest expense	**(16,656)**	**(15,704)**

**Amounts adjusted with respect to the income statement at December 31, 2004 under IFRS.*
(1) IFRS excl. IAS 32 & 39 and IFRS 4.
(2) Breakdown of "Other customer loans"

(in millions of euros)	December 31, 2005	December 31, 2004 [3]
– short-term loans	2,795	2,216
– export loans	261	211
– equipment loans	1,623	1,622
– housing loans	2,393	2,194
– other customer loans	1,586	1,383
Total	**8,658**	**7,626**

(3) Other income on transactions with customers are coupon payments received on the fixed income trading portfolio. As of January 1, 2005 this income is included in Net Income from financial transactions under IFRS.

Note 33

Fee income and expense

(in millions of euros)	December 31, 2005	December 31, 2004 [1]
Fee income from		
Transactions with banks	123	145
Transactions with customers	1,967	1,624
Securities transactions	785	590
Primary market transactions	270	224
Foreign exchange transactions and financial derivatives	604	509
Loan and guarantee commitments	489	459
Services	3,560	3,307
Others	185	248
Total fee income	**7,983**	**7,106**
Fee expense on		
Transactions with banks	(163)	(164)
Securities transactions	(365)	(381)
Foreign exchange transactions and financial derivatives	(468)	(383)
Loan and guarantee commitments	(182)	(341)
Others	(729)	(562)
Total fee expense	**(1,907)**	**(1,831)**

(1) IFRS excl. IAS 32 & 39 and IFRS 4.

Note 34

Net income and expense from financial instruments measured at fair value through P&L

(in millions of euros)	December 31, 2005
Net gain/loss on non-derivative financial assets held for trading	16,861
Net gain/loss on financial assets measured using fair value option	(201)
Net gain/loss on non-derivative financial liabilities held for trading	(7,690)
Net gain/loss on financial liabilities measured using fair value option	304
Net gain/loss on derivative instruments and revaluation of hedged items	(2,818)
Net gain/loss on foreign exchange transactions	569
Total	**7,025**

Note 35

Net gains or losses on available for sale financial assets

(in millions of euros)	December 31, 2005
Current activities	
Gains on sale	122
Losses on sale	(41)
Impairment of equity investments	(1)
Capital gain on the disposal of available-for-sale financial assets, after payment of profit-sharing to policy holders (insurance business)	11
Sub-total	**91**
Long-term equity investments	
Gains on sale	430
Losses on sale	(4)
Impairment of equity investments	(45)
Sub-total	**381**
Total	**472**

Note 36

Income and expense from other activities

(in millions of euros)	December 31, 2005	December 31, 2004 (1)
Income from other activities		
Real estate development	58	155
Real estate leasing	83	118
Equipment leasing	2,909	2,842 *
Other activities (including income on insurance activity)	11,969	11,384 *
Sub-total	**15,019**	**14,499**
Expenses on other activities		
Real estate development	-	(115)
Real estate leasing	(33)	(359)
Equipment leasing	(2,448)	(2,762)*
Other activities (including expenses on insurance activitiy)	(11,648)	(10,753)*
Sub-total	**(14,129)**	**(13,989)**
Net total	**890**	**510**

(1) IFRS excl. IAS 32 & 39 and IFRS 4.
**Amounts adjusted with respect to the income statement at December 31, 2004 under IFRS.*

Note 37

Personnel expenses

(in millions of euros)	December 31, 2005	December 31, 2004 (1)
Employee compensation (2)	(5,328)	(4,862)*
Social security charges and payroll taxes (2)	(977)	(859)*
Retirement expenses - defined contribution plans	(435)	(438)*
Retirement expenses - defined benefit plans	(115)	(61)
Other social security charges and taxes	(303)	(313)*
Employee profit sharing and incentives	(311)	(210)
Total	**(7,469)**	**(6,743)**

** Amounts adjusted with respect to the income statement at December 31, 2004 under IFRS.*
(1) IFRS excl. IAS 32 & 39 and IFRS 4.
(2) o/w variable remuneration of EUR (1,719) million at December 31, 2005 compared with EUR (1,538) million at December 31, 2004.

Average headcount	December 31, 2005	December 31, 2004
- France	52,809	51,753
- Outside France	47,377	41,606
Total	**100,186**	**93,359**

Note 38

Share-based payment plans

Expenses recorded in the income statement

	December 31, 2005			December 31, 2004		
(in millions of euros)	Cash settled plans	Equity settled plans	Total plans	Cash settled plans	Equity settled plans	Total plans
Net expenses from stock purchase plans		21.5	21.5		7.3	7.3
Net expenses from stock option plans	148.4	62.4	210.8	1.6 *	35.4	37.0

** Amounts adjusted with respect to the income statement published at December 31, 2005.*

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

Main characteristics of Société Générale stock-option plans

EQUITY-SETTLED STOCK OPTION PLANS FOR GROUP EMPLOYEES FOR THE YEAR ENDED DECEMBER 31, 2005 ARE BRIEFLY DESCRIBED BELOW:

Issuer	Société Générale	Société Générale	Société Générale	Société Générale
Year of attribution	**2002**	**2003**	**2004**	**2005**
Type of plan	**stock option**	**stock option**	**stock option**	**stock option**
Shareholders agreement	05/13/1997	04/23/2002	04/23/2002	04/29/2004
Board of Directors decision	01/16/2002	04/22/2003	01/14/2004	01/13/2005
Number of stock-options granted	3,543,977	3,891,579	3,788,300	4,040,000
Contractual life of the options granted	7 years	7 years	7 years	7 years
Settlement	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares
Vesting period	01/16/02 - 01/16/05	04/22/03 - 04/22/06	01/14/04 - 01/14/07	01/13/2005 - 01/13/2008
Performance conditions	no	no	no	no
Resignation from the Group	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited
Retirement	maintained	maintained	maintained	maintained
Death	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period
Share price at grant date (in EUR) (average of 20 days prior to grant date)	62.50	52.00	70.00	75.00
Discount	0%	0%	0%	0%
Exercise price (in EUR)	62.50	52.00	70.00	75.00
Options authorised but not attributed	0	0	0	0
Options exercised	460,275	1,500	0	0
Options forfeited at December 31, 2005	279,486	141,048	63,950	35,051
Options outstanding at December 31, 2005	2,804,216	3,749,031	3,724,350	4,004,949
Number of shares reserved at December 31, 2005	2,804,216	3,749,031	3,724,350	4,004,949
Share price of shares reserved (in EUR)	64.11	52.00	51.17	65.95
Total value of shares reserved (in EUR million)	180	195	191	264
First authorised date for selling the shares	01/16/2006	04/22/2007	01/14/2008	01/13/2009
Delay for selling after vesting period	1 year	1 year	1 year	1 year
Fair value (% of the share price at grant date)	28%	25%	21%	17%
Valuation method used to determine the fair value	binomial model	binomial model	binomial model	binomial model

STATISTICS CONCERNING SOCIÉTÉ GÉNÉRALE STOCK-OPTION PLANS

Main figures concerning Société Générale stock-option plans, for the year ended December 31, 2005

	Options granted in 2002	Options granted in 2003	Options granted in 2004	Options granted in 2005	Weighted average remaining contractual life	Weighted average fair value at grant date (EUR)	Weighted average share price at exercise date (EUR)	Range of exercise prices (EUR)
Options outstanding on 01/01/2005	3,270,670	3,811,183	3,768,300	0				
Options granted in 2005	0	0	0	4,040,000				
Options forfeited in 2005	6,359	60,652	43,950	35,051				
Options exercised in 2005	460,095	1,500	0	0			79.8	52-75
Options expired in 2005	0	0	0	0				
Outstanding options on 12/31/2005	2,804,216	3,749,031	3,724,350	4,004,949	57 months	14.36		
Exercisable options on 12/31/2005	2,804,216	2,000	2,000	2,000				

Notes:

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

	2002-2004	2005
Risk-free interest rate	3.8%	3.3%
Implicit share volatility	27%	21%
Forfeited rights rate	0%	0%
Expected dividend (yield)	4.3%	4.3%
Expected life (after grant date)	5 years	5 years

2. The implicit volatility used is that of Société Générale 5-year share options traded OTC, which was 21% in 2005. This implicit volatility reflects the future volatility more than the historic volatility.

3. The fair value reflects the performance conditions linked to the share price.

Other stock-option plans - TCW company

STOCK OPTION PLANS FOR TCW GROUP EMPLOYEES FOR THE YEAR-ENDED DECEMBER 31, 2005 ARE BRIEFLY DESCRIBED BELOW:

Issuer	**TCW**	**TCW**	**TCW**	**TCW**
Year of attribution	**2001**	**2002**	**2003**	**2005**
Type of plan	***stock option***	***stock option***	***stock option***	***stock option***
Shareholders agreement	07/07/2001	07/07/2001	07/07/2001	07/01/2005
Board of Directors decision	07/07/2001	01/01/2002	02/19/2003	07/01/2005
		07/16/2002	03/31/2003	
			06/27/2003	
Number of stock-options granted	1,343,320	1,417,980	1,268,350	2,753,708
Contractual life of the options granted	10 years	10 years	10 years	7 years
Settlement	SG shares	SG shares	SG shares	SG shares
Vesting period	07/07/2001 - 07/07/2003	01/01/2002 - 07/15/2008	02/19/2003 - 06/26/2009	07/01/2005 - 06/30/2010
Performance conditions	no	no	no	no
Resignation from the Group	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited
Retirement	forfeited	forfeited	forfeited	forfeited
Death	Partially maintained and *accelerated* vesting	Partially maintained and *accelerated* vesting	Partially maintained and *accelerated* vesting	Partially maintained and *accelerated* vesting
Share price at grant date (in EUR)	22.23	18.14	15.50	41.35
Discount	3.29	2.69	2.30	13.48
Exercise price (in EUR)	18.93	15.45	13.21	27.87
Options authorised but not attributed	0	0	0	0
Options exercised	1,283,590	582,120	208,900	0
Options forfeited at December 31, 2005	0	0	223,830	0
Options outstanding at December 31, 2005	59,730	835,860	835,620	2,753,708
Number of shares reserved at December 31, 2005 (3)				
Share price of shares reserved (in EUR)				
Total value of shares reserved (in EUR million)				
First authorised date for selling the shares	08/07/2003	02/01/2003	03/18/2005	08/01/2007
Delay for selling after vesting period	none	none	none	none
Fair value (% of the share price at grant date)	42%	56%	51%	66%
Valuation method used to determine the fair value	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes

STATISTICS CONCERNING TCW STOCK-OPTION PLANS

Main figures concerning TCW stock-option plans, for the year ended December 31, 2005

	Total no. of options	Options granted in 2001	Options granted in 2002	Options granted in 2003	Options granted in 2005	Weighted average remaining contractual life	Weighted average fair value at grant date (EUR)	Weighted average share price at exercise date (EUR)	Range of exercise prices (EUR)
Options outstanding on 01/01/2005	3,805,820	1,343,320	1,417,980	1,044,520	0				
Options granted in 2005	2,753,708	0	0	0	2,753,708				
Options forfeited in 2005	0	0	0	0	0				
Options exercised in 2005	2,074,610	1,283,590	582,120	208,900	0			24.37	23.79-25.38
Options expired in 2005	0	0	0	0					
Options outstanding on 12/31/2005	4,484,918	59,730	835,860	835,620	2,753,708	66 months	13.65		
Exercisable options on 12/31/2005	522,364	29,864	283,596	208,904	0				

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

	2001 to 2003	Plan 2005
Risk-free interest rate	4%	4%
Implicit share volatility	39%	31%
Forfeited rights rate	0%	5%
Expected dividend (yield)	0%	0%
Expected life (after grant date)	5 years	5 years

2. The implicit volatility has been estimated using the average historical volatility of US listed companies that belong to the same segment over the past 5 years. The fair value reflects the future performances of the Company.
3. Due to the terms of this plan, which is settled in Société Générale shares, no coverage has been specifically allocated.

CHANGES DURING 2005

Following a split in the capital of TCW in 2005, the stock option plans for 2001, 2002 and 2003 were modified:

The number of options granted was multiplied by 1,000 and the par value of each option was divided by 1,000.

No additional changes were made to these plans.

Information on other plans

GRANT OF SOCIÉTÉ GÉNÉRALE DISCOUNTED SHARES

In 2005, Société Générale granted 5,663,174 shares to employees of the Group, with a maximum discount of 20%, as part of its employee shareholding policy.

The Group recorded a EUR 21.5 million expense for this operation, taking into account the qualified 5-year holding period.

The valuation model used, which complies with the communiqué issued by 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 charge that the 5-year holding period represents to the employee (valued at EUR 62.8 million).

STOCK-OPTION PLANS GRANTED BY UNLISTED COMPANIES

A number of Group companies have granted stock options to employees and chief executive officers. These plans are settled in cash. The contractual life of the options granted is generally 6 years and the last option will be exercised in 2008 at the latest. In these companies, no new options were granted during 2005.

When the shares are sold, they are generally bought by another subsidiary of the Group, in accordance with the global equity-control policy of the Société Générale Group.

The related impact on the 2005 income statement is a net expense of EUR 5.9 million, resulting from a difference between the exercise price and the value of the shares to be delivered.

BOURSORAMA STOCK-OPTION PLAN

In June 2004, Boursorama set up a stock-option plan, settled in Boursorama shares, for employees of companies within its consolidation scope.

Under this plan, a total of 1,419,354 options with a life of 10 years were granted to employees. In 2005, 26,450 of these options were forfeited.

The vesting period is 3 years, followed by a qualified 1-year holding period.

The total cost of the plan was estimated at EUR 1.2 million. The stock options were valued using the Black & Scholes method due to a lack of historical data as Boursorama is a relatively recent company.

OTHER COMPENSATION INDEXED ON SG SHARES

In 2005, several business lines in the Group granted performance related compensation indexed to Société Générale shares, to be settled in cash.

Amendments to existing plans: no plans were modified during 2005

Note 39

Cost of risk

(in millions of euros)	December 31, 2005	December 31, 2004 [1]
Counterparty risk	**(373)**	**(333)**
Net allocation to impairment losses	(373)	(333)
Losses not covered	**(229)**	**(218)**
Losses on bad loans	(205)	(194)
Losses on other risks	(24)	(24)
Amounts recovered	**174**	**111**
Amounts recovered on provisioned loans	173	107
Amounts recovered on other risks	1	4
Other risks	**(20)**	**(128)**
Net allocation to other provisions	(20)	(128)
Total	**(448)**	**(568)**

(1) IFRS excl. 32 & 39 and IFRS 4

Note 40

Income tax

(in millions of euros)	December 31, 2005	December 31, 2004 (1)
Current taxes	(1,563)	(1,342)
Deferred taxes	(232)	(34)*
Total taxes(2)	**(1,795)**	**(1,376)**

** Amounts adjusted with respect to the 2004 IFRS income statement.*
(1) IFRS excl. 32 & 39 and IFRS 4.
(2) Reconciliation of the difference between the Group's normative tax rate and its effective tax rate:

	December 31, 2005	December 31, 2004
Income before tax and net income from companies accounted for by the equity method (in millions of euros)	6,723	4,955
Normal tax rate applicable to French companies (including 3.3% and 1.5% tax contributions)	34.93%	35.43%
Permanent differences	(1.57%)	(1.20%)
Differential on items taxed at reduced rate	(0.84%)	(0.48%)
Tax rate differential on profits taxed outside France	(3.37%)	(3.37%)
Impact of non-deductible losses and use of tax loss carry-forwards	(2.46%)	(2.62%)
Group effective tax rate	**26.69%**	**27.76%**

Note 41

Earnings per share

(in millions of euros)	December 31, 2005	December 31, 2004 (1)
Net earnings per share	4,446	3,281
Net earnings attributable to shareholders (2)	4,421	3,281
Weighted average number of shares outstanding (3)	406,196,138	408,309,458
Earnings per share (in EUR)	**10.88**	**8.04**

(in millions of euros)	December 31, 2005	December 31, 2004 (1)
Net earnings per share	4,446	3,281
Net earnings attributable to shareholders (2)	4,421	3,281
Weighted average number of shares outstanding (3)	406,196,138	408,309,458
Average number of shares used to calculate dilution	3,637,416	3,699,956
Weighted average number of shares used to calculate diluted net earnings per share	409,833,554	412,009,414
Diluted earnings per share (in EUR)	**10.79**	**7.96**

(1) IFRS excl. 32 & 39 and IFRS 4
(2) The variation reflects interest after tax paid to holders of deeply subordinated notes
(3) Excluding treasury shares

Note 42

Transactions with related parties

Senior managers

In accordance with the definitions provided under IAS 24, the Group's related parties comprise the following: directors and chief executive officers, their respective spouses and any children residing in the family home, and the following subsidiaries: subsidiaries which are controlled exclusively or jointly by the Group, companies over which Société Générale exercises significant influence.

REMUNERATION OF THE GROUP'S MANAGERS

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

(in millions of euros)	December 31, 2005	December 31, 2004
Short-term benefits	11.04	10.24
Post-employment benefits	1.84	0.02
Long-term benefits	0.00	0.00
Termination benefits	0.00	0.00
Share-based payments	2.47	1.67
Total	**15.35**	**11.93**

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

RELATED PARTY TRANSACTIONS

The transactions with directors, chief executive officers and members of their families included in this note comprise loans and guarantees outstanding at December 31, 2005, in a total amount of EUR 1.5 million. All other transactions with these individuals are insignificant.

TOTAL AMOUNTS PROVISIONED OR BOOKED BY THE SOCIÉTÉ GÉNÉRALE GROUP FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS.

The total amount provisioned or booked by the Société Générale Group at December 31, 2005 under IFRS 2 for the payment of pensions and other benefits to Société Générale's chief executive officers and directors (Messrs. Bouton, Citerne, Viénot and the 3 staff-elected directors) was EUR 35.7 million.

Principal subsidiaries and affiliates (1)

OUTSTANDING ASSETS WITH RELATED PARTIES

(in millions of euros)	December 31, 2005	January 1, 2005
Financial assets at fair value through profit and loss	4,779	2,265
Other assets	1,067	600
Total outstanding assets	**5,846**	**2,865**

OUTSTANDING LIABILITIES WITH RELATED PARTIES

(in millions of euros)	December 31, 2005	January 1, 2005
Liabilities at fair value through profit and loss	2,188	352
Customer deposits	313	189
Other liabilities	3,460	2,424
Total outstanding liabilities	**5,961**	**2,965**

(1) Entities consolidated using the proportionate method.

NET BANKING INCOME FROM RELATED PARTIES

(in millions of euros)	December 31, 2005
Interest and similar income	(2)
Commissions	34
Net income from financial transactions	61
Net income from other activities	(42)
Net banking income	**51**

COMMITMENTS TO RELATED PARTIES

(in millions of euros)	December 31, 2005	January 1, 2005
Loan commitments granted	2	2
Guarantee commitments granted	408	349
Forward financial instrument commitments	12,605	5,656

Note 43

Companies included in the consolidation scope

		METHOD*	Group ownership interest		Group voting interest	
	COUNTRY		December 2005	December 2004	December 2005	December 2004
FRANCE						
BANKS						
Banque de Polynésie	France	FULL	72.10	80.00	72.10	80.00
Barep (1)	France	FULL	100.00	100.00	100.00	100.00
BFCOI	France	FULL	50.00	50.00	50.00	50.00
Calif	France	FULL	100.00	100.00	100.00	100.00
Crédit du Nord (1)	France	FULL	80.00	80.00	80.00	80.00
Génébanque	France	FULL	100.00	100.00	100.00	100.00
Groupama Banques	France	PROP	40.00	40.00	40.00	40.00
SG Calédonienne de Banque	France	FULL	90.10	100.00	90.10	100.00
SG de Banque aux Antilles	France	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
Barep Gestion	France	FULL	100.00	100.00	100.00	100.00
Euro VL (1)	France	FULL	100.00	100.00	100.00	100.00
FCP Morgan Stanley Aktien (2)	France	FULL	99.00	-	99.00	-
IEC	France	FULL	100.00	100.00	100.00	100.00
Interga S.A.S (2)	France	FULL	100.00	-	100.00	-
Jetstream (2)	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

**FULL: Full consolidation; PROP: Proportionate consolidation; EQUITY: Equity method.*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2005	December 2004	December 2005	December 2004
Lyxor Strategium N°1	France	FULL	100.00	100.00	100.00	100.00
Nofirec	France	FULL	100.00	100.00	100.00	100.00
SGAM Index	France	FULL	100.00	100.00	100.00	100.00
Primafair SAS	France	FULL	100.00	100.00	100.00	100.00
SG Asset Management	France	FULL	100.00	100.00	100.00	100.00
SGAM AI	France	FULL	100.00	100.00	100.00	100.00
SGAM Finance (1)	France	FULL	100.00	100.00	100.00	100.00
SGAM HDG Investment	France	FULL	100.00	100.00	100.00	100.00
SGAM RTO (2)	France	FULL	100.00	-	100.00	-
SPECIALIZED FINANCING						
Airbail	France	FULL	100.00	100.00	100.00	100.00
ALD France (1)	France	FULL	100.00	100.00	100.00	100.00
Bull Finance	France	FULL	51.35	51.35	51.35	51.35
Cafirec	France	FULL	100.00	100.00	100.00	100.00
Cofranteg (4)	France	FULL	-	100.00	-	100.00
C.G.I (1)	France	FULL	99.73	99.73	99.73	99.73
Dalarec	France	FULL	100.00	100.00	100.00	100.00
Diebold Computer Leasing (3)	France	FULL	-	100.00	-	100.00
Disponis (2)	France	FULL	99.87	-	100.00	-
Evalparts	France	FULL	100.00	100.00	100.00	100.00
Fenwick Lease	France	FULL	100.00	100.00	100.00	100.00
Fontanor (1)	France	FULL	100.00	100.00	100.00	100.00
Franfinance SA (1)	France	FULL	99.99	99.99	99.99	99.99
Franfinance Location	France	FULL	99.99	99.99	100.00	100.00
French Supermarkets 1	France	FULL	100.00	100.00	100.00	100.00
Génécal	France	FULL	100.00	89.08	100.00	89.08
Génécomi	France	FULL	50.09	56.52	50.09	56.52
Haoroa SAS (3)	France	FULL	-	100.00	-	100.00
Ipersoc SAS	France	FULL	100.00	100.00	100.00	100.00
Linden SAS	France	FULL	100.00	100.00	100.00	100.00
Orpavimob SA	France	FULL	100.00	100.00	100.00	100.00
Promopart	France	FULL	100.00	100.00	100.00	100.00
Rusfinance SAS (1)	France	FULL	100.00	51.01	100.00	51.01
Sagem Lease	France	FULL	100.00	100.00	100.00	100.00
SAS IPF	France	FULL	100.00	100.00	100.00	100.00
SCP Clémence	France	FULL	100.00	100.00	100.00	100.00

**FULL: Full consolidation; PROP: Proportionate consolidation; EQUITY: Equity method.*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2005	December 2004	December 2005	December 2004
SCP Cygne	France	FULL	100.00	100.00	100.00	100.00
SCP de la Prose	France	FULL	100.00	100.00	100.00	100.00
SCP Muscade	France	FULL	100.00	100.00	100.00	100.00
SCP Philibert	France	FULL	100.00	100.00	100.00	100.00
SCP Salomé	France	FULL	100.00	100.00	100.00	100.00
SG Services	France	FULL	100.00	100.00	100.00	100.00
SNC Athena Investissements	France	FULL	100.00	100.00	100.00	100.00
SNC Cofininvest	France	FULL	100.00	100.00	100.00	100.00
SNC Distinvest	France	FULL	100.00	100.00	100.00	100.00
SNC Financières Valmy Investissements	France	FULL	100.00	100.00	100.00	100.00
SNC Fininva	France	FULL	100.00	100.00	100.00	100.00
SNC Finovadis	France	FULL	100.00	100.00	100.00	100.00
SNC Paris Strasbourg	France	FULL	100.00	100.00	100.00	100.00
SNC Sirius	France	FULL	100.00	100.00	100.00	100.00
Sofinabail (4)	France	FULL	-	100.00	-	100.00
Sofom	France	FULL	100.00	100.00	100.00	100.00
Sofrafi	France	FULL	100.00	100.00	100.00	100.00
Sogéfimur	France	FULL	100.00	100.00	100.00	100.00
Sogéfinancement	France	FULL	100.00	100.00	100.00	100.00
Sogéfinerg	France	FULL	100.00	100.00	100.00	100.00
Sogéga PME	France	FULL	100.00	100.00	100.00	100.00
Sogelease France	France	FULL	100.00	100.00	100.00	100.00
Solocvi	France	FULL	100.00	100.00	100.00	100.00
Valmyfin	France	FULL	100.00	100.00	100.00	100.00
Varoner 2	France	FULL	100.00	100.00	100.00	100.00
PORTOFOLIO MANAGEMENT						
Aurelec	France	FULL	100.00	100.00	100.00	100.00
Ezépart (8)	France	FULL	-	100.00	-	100.00
Fimat Americas S.A.S (2)	France	FULL	100.00	-	100.00	-
Finareg	France	FULL	100.00	100.00	100.00	100.00
Finecorp	France	FULL	100.00	100.00	100.00	100.00
Fonvalor2	France	FULL	100.00	100.00	100.00	100.00
Geforpat	France	FULL	100.00	100.00	100.00	100.00
Géné Act 1	France	FULL	100.00	100.00	100.00	100.00
Généfinance (4)	France	FULL	100.00	100.00	100.00	100.00
Généval	France	FULL	100.00	100.00	100.00	100.00
Geninfo	France	FULL	100.00	100.00	100.00	100.00

**FULL: Full consolidation; PROP: Proportionate consolidation; EQUITY: Equity method.*

	COUNTRY	METHOD*	Group ownership interest December 2005	Group ownership interest December 2004	Group voting interest December 2005	Group voting interest December 2004
Libécap	France	FULL	100.00	100.00	100.00	100.00
Megaval	France	FULL	100.00	100.00	100.00	100.00
Salvépar	France	FULL	51.42	51.42	51.42	51.42
SCI Foncière Défense	France	FULL	99.99	99.99	100.00	100.00
SG Capital Developpement	France	FULL	100.00	100.00	100.00	100.00
SG Consumer Finance [2]	France	FULL	100.00	-	100.00	-
SG Financial Services Holding	France	FULL	100.00	100.00	100.00	100.00
SHTV Holding	France	FULL	100.00	100.00	100.00	100.00
Sivalparts	France	FULL	100.00	100.00	100.00	100.00
Sogéfim	France	FULL	100.00	100.00	100.00	100.00
Sogénal Participations	France	FULL	100.00	100.00	100.00	100.00
Sogéparts	France	FULL	100.00	100.00	100.00	100.00
Sogéparticipations (ex-Sogenal) [1]	France	FULL	100.00	100.00	100.00	100.00
Sogéplus	France	FULL	100.00	100.00	100.00	100.00
Soginnove	France	FULL	100.00	100.00	100.00	100.00
Sté Rue Edouard- VII	France	FULL	99.91	99.91	99.91	99.91
Vouric	France	FULL	100.00	100.00	100.00	100.00
BROKERS						
Boursorama [1]	France	FULL	70.71	71.03	70.71	71.03
Clickoptions	France	FULL	100.00	100.00	100.00	100.00
Fimat Banque	France	FULL	100.00	100.00	100.00	100.00
Fimat SNC Paris	France	FULL	100.00	100.00	100.00	100.00
Gaselys	France	PROP	49.00	49.00	49.00	49.00
SG Energie [1]	France	FULL	100.00	100.00	100.00	100.00
SG Euro CT	France	FULL	100.00	100.00	100.00	100.00
SG Options Europe	France	FULL	100.00	100.00	100.00	100.00
SG Securities Paris	France	FULL	100.00	100.00	100.00	100.00
REAL ESTATE AND REAL ESTATE FINANCING						
Galybet	France	FULL	100.00	100.00	100.00	100.00
Généfim [1]	France	FULL	100.00	100.00	100.00	100.00
Généfimmo [1]	France	FULL	100.00	100.00	100.00	100.00
Sogébail	France	FULL	100.00	100.00	100.00	100.00
Sogéprom [1]	France	FULL	100.00	100.00	100.00	100.00
Sophia-bail	France	FULL	51.00	51.00	51.00	51.00
SERVICES						
CGA	France	FULL	100.00	100.00	100.00	100.00

**FULL: Full consolidation; PROP: Proportionate consolidation; EQUITY: Equity method.*

	COUNTRY	METHOD*	Group ownership interest December 2005	Group ownership interest December 2004	Group voting interest December 2005	Group voting interest December 2004
ECS (1)	France	FULL	100.00	100.00	100.00	100.00
Parel	France	FULL	100.00	100.00	100.00	100.00
Socogéfi	France	FULL	100.00	100.00	100.00	100.00
GROUP REAL ESTATE MANAGEMENT COMPANIES						
CFM (1)	France	FULL	100.00	100.00	100.00	100.00
Eléaparts	France	FULL	100.00	100.00	100.00	100.00
Génégis 1	France	FULL	100.00	100.00	100.00	100.00
Génégis 2	France	FULL	100.00	100.00	100.00	100.00
Génévalmy	France	FULL	100.00	100.00	100.00	100.00
SC Alicante 2000	France	FULL	100.00	71.52	100.00	100.00
SC Chassagne 2000	France	FULL	100.00	71.52	100.00	100.00
SCI Opéra 72	France	FULL	99.99	99.99	100.00	100.00
SI 29 Haussmann	France	FULL	100.00	100.00	100.00	100.00
Société Immobilière de Strasbourg	France	FULL	100.00	100.00	100.00	100.00
Sogé Colline Sud	France	FULL	100.00	100.00	100.00	100.00
Sogé Perival 1	France	FULL	100.00	100.00	100.00	100.00
Sogé Perival 2	France	FULL	100.00	100.00	100.00	100.00
Sogé Perival 3	France	FULL	100.00	100.00	100.00	100.00
Sogé Perival 4	France	FULL	100.00	100.00	100.00	100.00
Sogéfontenay	France	FULL	100.00	100.00	100.00	100.00
Soginfo (1)	France	FULL	100.00	100.00	100.00	100.00
STIP	France	FULL	99.99	99.99	100.00	100.00
Valminvest	France	FULL	100.00	100.00	100.00	100.00
INSURANCE						
Génécar	France	FULL	100.00	100.00	100.00	100.00
Oradéa Vie (2)	France	FULL	100.00	-	100.00	-
Sogécap (1)	France	FULL	100.00	100.00	100.00	100.00
Sogessur	France	FULL	100.00	65.00	65.00	65.00
EUROPE						
BANKS						
Banca Romana Pentru Devzvoltare (1)	Romania	FULL	58.32	58.32	58.32	58.32
General Bank of Greece (1)	Greece	FULL	52.32	50.01	52.32	50.01
Komercni Banka (1)	Czech Republic	FULL	60.35	60.35	60.35	60.35
SG Bank Nederland NV	Netherlands	FULL	100.00	100.00	100.00	100.00
SG Express Bank	Bulgaria	FULL	97.95	97.95	97.95	97.95
SG Hambros Bank Limited (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Private Banking (Suisse) (1)	Switzerland	FULL	100.00	77.62	77.62	77.62

**FULL: Full consolidation; PROP: Proportionate consolidation; EQUITY: Equity method.*

	COUNTRY	METHOD*	Group ownership interest December 2005	Group ownership interest December 2004	Group voting interest December 2005	Group voting interest December 2004
SG Yougoslav Bank AD	Serbia	FULL	100.00	100.00	100.00	100.00
SG Vostok (1)	Russia	FULL	100.00	100.00	100.00	100.00
SGBT Luxembourg (1)	Luxembourg	FULL	100.00	100.00	100.00	100.00
SGBT Monaco	Monaco	FULL	100.00	100.00	100.00	100.00
SKB Banka (1)	Slovenia	FULL	99.58	99.58	99.58	99.58
Société Générale Cyprus Ltd	Cyprus	FULL	51.00	51.00	51.00	51.00
Sogéparticipations Belgique (1)	Belgium	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
Amber (11)	Great Britain	FULL	100.00	-	100.00	-
Euro-VL Luxembourg	Luxembourg	FULL	100.00	100.00	100.00	100.00
Fond Telecom Italia (2)	Italy	FULL	100.00	-	100.00	-
Horizon Equity Sarl (1)	Luxembourg	FULL	100.00	100.00	100.00	100.00
IVEFI (2)	Luxembourg	FULL	100.00	-	100.00	-
Lightning Finance Company Ltd	Ireland	FULL	51.00	51.00	51.00	51.00
LFL Asset Finance Ltd (2)	Ireland	FULL	51.00	-	51.00	-
Lyxor Master Funds	Jersey	FULL	100.00	100.00	100.00	100.00
Parsifal (2)	Jersey	FULL	100.00	-	100.00	-
SGA Societe Generale Acceptance N.V.	Dutch West Indies	FULL	100.00	100.00	100.00	100.00
SG Asset Management Group Ltd (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SGAM Iberia	Spain	FULL	100.00	100.00	100.00	100.00
SGBF (2)	Belgium	FULL	100.00	-	100.00	-
SG Effekten	Germany	FULL	100.00	100.00	100.00	100.00
SG Finance Ireland	Ireland	FULL	100.00	100.00	100.00	100.00
SG Investment UK Ltd (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Russel Asset Management	Ireland	PROP	50.00	50.00	50.00	50.00
SG Securities London	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Wertpapierhandelsgesellschaft Mbh (1)	Germany	FULL	100.00	100.00	100.00	100.00
SPECIALIZED FINANCING						
ALD Belgium (1)	Belgium	FULL	100.00	100.00	100.00	100.00
ALD Danmark	Denmark	FULL	100.00	100.00	100.00	100.00
ALD Finland	Finland	FULL	100.00	100.00	100.00	100.00
Axus Italiana S.R.L	Italy	FULL	100.00	100.00	100.00	100.00
ALD Nederland	Netherlands	FULL	100.00	100.00	100.00	100.00
ALD Norway	Norway	FULL	100.00	100.00	100.00	100.00
ALD Sweden	Sweden	FULL	100.00	100.00	100.00	100.00
Adria Leasing Spa (groupe GEFA-ALD)	Italy	FULL	100.00	100.00	100.00	100.00
ALD Germany (groupe GEFA-ALD) (1) (7)	Germany	FULL	100.00	100.00	100.00	100.00

**FULL: Full consolidation; PROP: Proportionate consolidation; EQUITY: Equity method.*

	COUNTRY	METHOD*	Group ownership interest December 2005	Group ownership interest December 2004	Group voting interest December 2005	Group voting interest December 2004
ALD UK (groupe GEFA-ALD) (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
ALD Czech Republic	Czech Republic	FULL	100.00	100.00	100.00	100.00
ALD International Gmbh (1)	Germany	FULL	100.00	100.00	100.00	100.00
ALD International S.A.	Germany	FULL	100.00	100.00	100.00	100.00
ALD Lease Finanz Gmbh (1) (2) (7)	Germany	FULL	100.00	-	100.00	-
ALD Portugal	Portugal	FULL	100.00	100.00	100.00	100.00
ALD Spain (1)	Spain	FULL	100.00	100.00	100.00	100.00
Delta Credit Mortgage Finance BV (1) (2)	Netherlands	EQUITY	100.00	-	100.00	-
Essox (2)	Czech Republic	FULL	79.67	-	99.87	-
Eurobank (2)	Poland	FULL	98.98	-	98.98	-
Fiditalia Spa	Italy	FULL	100.00	100.00	100.00	100.00
Fraer Leasing Spa (groupe GEFA-ALD)	Italy	FULL	67.75	67.75	67.75	67.75
SGEF Czech Republic	Czech Republic	FULL	100.00	100.00	100.00	100.00
Franfinance Leasing Italia Spa (groupe GEFA-ALD)	Italy	FULL	100.00	100.00	100.00	100.00
SGEF Polska (groupe GEFA-ALD)	Poland	FULL	100.00	99.01	100.00	99.01
Gefa Bank (groupe GEFA-ALD)	Germany	FULL	100.00	100.00	100.00	100.00
Gefa Leasing Gmbh (groupe GEFA-ALD)	Germany	FULL	100.00	100.00	100.00	100.00
Hanseatic Bank (2)	Germany	FULL	75.00	-	75.00	-
LocatRent S.P.A	Italy	PROP	50.00	50.00	50.00	50.00
Montalis Investment BV	Netherlands	FULL	100.00	100.00	100.00	100.00
Promopart Snc	Luxembourg	FULL	100.00	100.00	100.00	100.00
OOO Rusfinance (9)	Russia	FULL	-	51.01	-	100.00
SGBT Finance Ireland Limited (2)	Ireland	FULL	100.00	-	100.00	-
SG Capital Europe Fund III (2)	Great Britain	FULL	46.94	-	46.94	-
SGEF International GMBH (1)	Germany	FULL	100.00	100.00	100.00	100.00
SGEF Schwitzerland	Switzerland	FULL	100.00	100.00	100.00	100.00
SGEF SA & CO KG	Germany	FULL	100.00	100.00	100.00	100.00
SG Factoring Spa	Italy	FULL	100.00	100.00	100.00	100.00
SGEF Scandinavia (1)	Norway	FULL	100.00	100.00	100.00	100.00
SG Holding de Valores y Participationes	Spain	FULL	100.00	100.00	100.00	100.00
Sogega Pme Snc	Luxembourg	FULL	100.00	100.00	100.00	100.00
Sogelease BV Nederland (1)	Netherlands	FULL	100.00	100.00	100.00	100.00
BROKERS						
Succursale Fimat Francfort	Germany	FULL	100.00	100.00	100.00	100.00
Succursale Fimat Londres	Great Britain	FULL	100.00	100.00	100.00	100.00
Succursale Fimat Madrid	Spain	FULL	100.00	100.00	100.00	100.00

**FULL: Full consolidation; PROP: Proportionate consolidation; EQUITY: Equity method.*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2005	December 2004	December 2005	December 2004
INSURANCE						
Généras	Luxembourg	FULL	100.00	100.00	100.00	100.00
Inora Life	Ireland	FULL	100.00	100.00	100.00	100.00
Komercni Pojistovna	Czech Republic	FULL	80.57	60.35	100.00	100.00
Sogelife	Luxembourg	FULL	100.00	100.00	100.00	100.00
OTHERS						
Glassbeads SARL (2)	Luxembourg	FULL	36.89	-	78.60	-
Sovitec Group (2)	Luxembourg	FULL	33.20	-	90.00	-
AFRICA AND THE MIDDLE-EAST						
BANKS						
BFV-SG (Madagascar)	Madagascar	FULL	70.00	70.00	70.00	70.00
MIBANK (2)	Egypt	FULL	71.08	-	90.68	-
National SG Bank SAE	Egypt	FULL	78.38	54.33	78.38	54.33
SG Algérie (2)	Algeria	FULL	100.00	-	100.00	-
SGB Cameroun	Cameroon	FULL	58.08	58.08	58.08	58.08
SG Banques en Côte-d'Ivoire (1)	Côte d'Ivoire	FULL	68.20	68.20	68.20	68.20
SG Banque en Guinée	Guinea	FULL	52.94	52.94	52.94	52.94
SG Banque au Liban (1)	Lebanon	FULL	50.00	50.00	50.00	50.00
SG Banques au Sénégal	Senegal	FULL	57.72	57.73	57.72	57.73
SG Marocaine de Banques (1)	Morocco	FULL	51.91	51.91	51.91	51.91
SSB Bank Ghana	Ghana	FULL	51.00	51.00	51.00	51.00
United Arab Bank (5)	United Arab Emirates	EQUITY	-	20.00	-	20.00
Union International de Banque	Tunisia	FULL	52.34	52.32	52.34	52.32
SPECIALIZED FINANCING						
ALD Marocco	Morocco	FULL	42.79	42.79	50.00	50.00
Eqdom	Morocco	FULL	44.64	44.64	53.61	53.61
Sogelease Egypt	Egypt	FULL	71.35	61.73	80.00	80.00
Sogelease Maroc	Morocco	FULL	71.15	71.15	100.00	100.00
INSURANCE						
La Marocaine Vie	Morocco	FULL	73.44	73.44	87.07	87.07
AMERICAS						
BANKS						
Banco Société Générale SA (5)	Argentina	FULL	-	99.53	-	99.45
Banco Société Générale Brazil SA (1)	Brazil	FULL	100.00	100.00	100.00	100.00
SG Canada (1)	Canada	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
SG Americas Inc (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 2005	December 2004	December 2005	December 2004
SG Capital Trust (1)	United States	FULL	-	-	100.00	100.00
SG Cowen Asset Management	United States	FULL	100.00	100.00	100.00	100.00
SG Warrants Limited	United States	FULL	100.00	100.00	100.00	100.00
SocGen Real Estate Company L.L.C.	United States	FULL	50.31	50.31	100.00	100.00
TCW Group (1)	United States	FULL	100.00	66.54	89.89	86.83
TOBP (10)	United States	FULL	-	-	-	-
TOPAZ Fund (2)	Cayman Islands	FULL	100.00	-	100.00	-
Tourmaline (2)	Cayman Islands	FULL	100.00	-	100.00	-
Turquoise	Cayman Islands	FULL	100.00	100.00	100.00	100.00
BROKERS						
Fimat Alternatives Strategies Inc. (2)	United States	FULL	100.00	-	100.00	-
Fimat Canada Inc.	Canada	FULL	100.00	100.00	100.00	100.00
Fimat Futures USA LLC	United States	FULL	100.00	100.00	100.00	100.00
Fimat Preferred LLC (2)	United States	FULL	100.00	-	100.00	-
SERVICES						
Fimat Facilities Management	United States	FULL	100.00	100.00	100.00	100.00
SPECIALIZED FINANCING						
Cousto Investments LP	United States	FULL	100.00	100.00	55.00	55.00
Makatea JV Inc	United States	FULL	100.00	100.00	60.00	60.00
Mehetia Inc	United States	FULL	100.00	100.00	51.00	51.00
Rexus LLC	United States	FULL	100.00	100.00	70.83	70.83
SG Ariki Inc (1)	United States	FULL	100.00	100.00	100.00	100.00
SG Astro Finance LP	United States	FULL	100.00	100.00	100.00	100.00
SG Astro Finance Trust	United States	FULL	100.00	100.00	100.00	100.00
SG Constellation Canada LTD	Canada	FULL	100.00	100.00	100.00	100.00
SG Equity Finance LLC	United States	FULL	100.00	100.00	100.00	100.00
SG Finance Inc	United States	FULL	100.00	100.00	100.00	100.00
SG Preferred Capital III LLC (1)	United States	FULL	100.00	100.00	100.00	100.00
Sorbier Investment Corp	United States	FULL	100.00	100.00	60.00	60.00
Surzur Overseas Ltd (3)	Cayman Islands	FULL	-	100.00	-	100.00
PORTOFOLIO MANAGEMENT						
SG Tandem (2)	United States	FULL	100.00	-	100.00	-
Sofital (5)	Argentina	FULL	-	99.90	-	99.90
ASIA AND OCEANIA						
BANKS						
SG Australia Holdings (1)	Australia	FULL	100.00	100.00	100.00	100.00
SG Private Banking (Japan) Limited	Japan	FULL	100.00	100.00	100.00	100.00

**FULL: Full consolidation; PROP: Proportionate consolidation; EQUITY: Equity method.*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2005	December 2004	December 2005	December 2004
SG Securities North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
IBK SGAM (2)	South Korea	PROP	50.00	-	50.00	-
SG Asset Management Singapore Ltd	Singapore	FULL	100.00	100.00	100.00	100.00
SGAM Japan	Japan	FULL	100.00	100.00	100.00	100.00
Société Générale Asia Ltd (Hong-Kong)	Hong-Kong	FULL	100.00	100.00	100.00	100.00
Sogeko	South Korea	PROP	41.35	41.35	42.15	42.15
Onyx Trust (6)	South Korea	FULL	-	100.00	-	100.00
SPECIALIZED FINANCING						
Sogelease Malaysia (5)	Malaysia	FULL	-	50.00	-	50.00
PORTFOLIO MANAGEMENT						
S.G. Asset Management North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
BROKERS						
Fimat Asia Pte Limited	Singapore	FULL	100.00	100.00	100.00	100.00
Fimat Futures Hong-Kong	Hong-Kong	FULL	100.00	100.00	100.00	100.00
SG Securities Asia Int. Holdings (1)	Singapore	FULL	100.00	100.00	100.00	100.00
Succursale Fimat Sydney	Australia	FULL	100.00	100.00	100.00	100.00

**FULL: Full consolidation; PROP: Proportionate consolidation; EQUITY: Equity method.*

(1) Companies carrying out sub-consolidation.
(2) Consolidated for the first time in 2005.
(3) Entities deconsolidated during 2005.
(4) Dissolution of Sofinabail and Cofranteg by a merger of assets with Généfinance.
(5) Entities sold in 2005.
(6) Entity wound up in 2005.
(7) Spin-off of ALD Autoleasing Gmbh.
(8) Dissolution of Ezepart by a merger of assets with SG Metropole.
(9) Entity now sub-consolidated within Rusfinance SAS.
(10) Special purpose vehicle substantially controlled by the Group.
(11) Since the restructuring of Amber Fund, the Société Générale Group only consolidates the sub-fund which it owns.

Note 44

Sector information by business line

	Retail Banking and Financial Services						Global Investment Management & Services					
	French Networks		Retail Banking outside France		Specialized Financing companies		Asset Management		Private Banking		SGSS and Online Savings	
(in millions of euros)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)
Net banking income	6,189	5,870	2,345	1,979	2,127	1,819	1,152	1,047	540	463	892	755
Operating expenses (2)	(4,212)	(4,069)	(1,419)	(1,223)	(1,202)	(1,082)	(715)	(642)	(376)	(334)	(761)	(662)
Gross operating income	**1,977**	**1,801**	**926**	**756**	**925**	**737**	**437**	**405**	**164**	**129**	**131**	**93**
Cost of risk	(282)	(292)	(131)	(161)	(201)	(136)	(2)	-	(1)	(7)	(3)	-
Net income from companies accounted for by the equity method	1	2	4	3	(8)	-	-	-	-	-	-	-
Net income/expense from other assets	2	5	5	15	-	(1)	-	(2)	-	(1)	-	5
Impairment losses on goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Earnings before tax	**1,698**	**1,516**	**804**	**613**	**716**	**600**	**435**	**403**	**163**	**121**	**128**	**98**
Income tax	(594)	(529)	(224)	(190)	(252)	(216)	(147)	(137)	(33)	(23)	(43)	(31)
Net income before minority interests	**1,104**	**987**	**580**	**423**	**464**	**384**	**288**	**266**	**130**	**98**	**85**	**67**
Minority interests	(45)	(45)	(194)	(165)	(13)	(8)	(3)	(35)	-	(8)	(4)	(3)
Net income, Group share	**1,059**	**942**	**386**	**258**	**451**	**376**	**285**	**231**	**130**	**90**	**81**	**64**

(1) IFRS excl. IAS 32 & 39 and IFRS 4
(2) Including depreciation and amortization

	Corporate & Investment Banking							
	Corporate Banking and Fixed Income		Equity and Advisory		Corporate Center		Société Générale Group	
(in millions of euros)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)
Net banking income	3,143	2,698	2,554	2,029	228	(270)	19,170	16,390
Operating expenses (2)	(1,786)	(1,569)	(1,534)	(1,355)	(151)	(126)	(12,156)	(11,062)
Gross operating income	**1,357**	**1,129**	**1,020**	**674**	**77**	**(396)**	**7,014**	**5,328**
Cost of risk	132	106	13	(45)	27	(33)	(448)	(568)
Net income from companies accounted for by the equity method	22	27	-	(1)	-	9	19	40
Net income/expense from other assets	(10)	18	(1)	(2)	162	158	158	195
Impairment losses on goodwill	-	-	(13)	-	(10)	4	(23)	4
Earnings before tax	**1,501**	**1,280**	**1,019**	**626**	**256**	**(258)**	**6,720**	**4,999**
Income tax	(377)	(297)	(291)	(150)	166	197	(1,795)	(1,376)
Net income before minority interests	**1,124**	**983**	**728**	**476**	**422**	**(61)**	**4,925**	**3,623**
Minority interests	(11)	(6)	-	-	(209)	(72)	(479)	(342)
Net income, Group share	**1,113**	**977**	**728**	**476**	**213**	**(133)**	**4,446**	**3,281**

(1) IFRS excl. IAS 32 & 39 and IFRS 4
(2) Including depreciation and amortization

	Retail Banking and Financial Services					Corporate & Investment Banking			
	French Networks	Retail Banking outside France	Specialized Financing		Division total	Corporate Banking and Fixed Income	Equity and Advisory		Division total
(in millions of euros)	December 31, 2005	December 31, 2005	December 31, 2005	December 31, 2005	January 1, 2005	December 31, 2005	December 31, 2005	December 31, 2005	January 1, 2005
Sector assets	128,913	38,586	94,488	261,987	224,305	373,877	145,659	519,536	401,250
Sector liabilities *	107,979	40,535	65,507	214,021	190,209	417,872	113,995	531,867	415,527

** Sector liabilities correspond to total liabilities except equity*

	Global Investment Management & Services								
	Asset Management	Private Banking	SGSS & Online Savings		Division total	Corporate Center		Société Générale Group	
(in millions of euros)	December 31, 2005	December 31, 2005	December 31, 2005	December 31, 2005	January 1, 2005	December 31, 2005	January 1, 2005	December 31, 2005	January 1, 2005
Sector assets	16,608	15,390	18,744	50,742	39,800	16,152	13,466	848,417	678,821
Sector liabilities *	9,028	22,954	30,691	62,673	43,247	12,136	7,455	820,697	656,438

** Sector liabilities correspond to total liabilities except equity*

Sector information by geographical region

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME

	France		Europe		Americas		Asia		Africa		Oceania		Total	
(in millions of euros)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)	December 31, 2005	December 31, 2004 (1)
Net interest and similar income	2,226	2,414	1,923	1,957	271	1,493	(44)	66	453	354	(122)	99	4,707	6,383
Net fee income	3,638	3,100	1,009	830	1,046	998	166	153	195	168	22	26	6,076	5,275
Net income/(expense) from financial transactions	4,273	3,559	1,092	314	1,380	(30)	498	350	32	33	222	(4)	7,497	4,222
Other net operating income	287	(172)	643	636	(44)	33	(2)	3	8	11	(2)	(1)	890	510
Net banking income	**10,424**	**8,901**	**4,667**	**3,737**	**2,653**	**2,494**	**618**	**572**	**688**	**566**	**120**	**120**	**19,170**	**16,390**

(1) IFRS excl. IAS 32 & 39 and IFRS 4

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS

	France		Europe		Americas		Asia		Africa		Oceania		Total	
(in millions of euros)	December 31, 2005	January 1, 2005	December 31, 2005	January 1, 2005	December 31, 2005	January 1, 2005	December 31, 2005	January 1, 2005	December 31, 2005	January 1, 2005	December 31, 2005	January 1, 2005	December 31, 2005	**January 1, 2005**
Sector assets	537,751	443,450	142,453	106,035	119,376	93,025	23,954	19,989	12,409	7,897	12,474	8,425	848,417	678,821
Sector liabilities *	517,537	425,931	138,856	103,640	116,731	91,396	23,575	19,818	11,669	7,349	12,329	8,304	820,697	656,438

** Sector liabilities correspond to total liabilities except equity*

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2005

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of Société Générale,

Following our appointment as statutory auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Société Générale for the year ended December 31, 2005.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit. These financial statements have been prepared for the first time in accordance with IFRSs as adopted by the EU. They include comparative information restated in accordance with the same standards in respect of financial year 2004 except for IAS 32, IAS 39 and IFRS 4 which have been applied as of January 1, 2005, pursuant to the option included in IFRS 1.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2005 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the EU.

Without qualifying our opinion, we draw attention to note 1 of the notes to the financial statements, which explains the correction of the accounting treatment of the capitalization reserve for insurance activities and the impact of this change on the shareholders' equity as at January 1, 2004 and on the Group 2004 net income..

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

ACCOUNTING PRINCIPLES

- We have reviewed the accounting treatments retained by Société Générale for operations which are not the subject of particular provisions in the IFRS framework as adopted in the EU (treatment of undated subordinated debt, discount on issue of capital and puts held by minority shareholders on consolidated subsidiaries) and we have ensured that the information provided in note 1 of the notes is appropriate in this respect.

ACCOUNTING ESTIMATES

- As detailed in note 1 of the notes to the financial statements, your Company records provisions to cover the credit risks inherent to its activities. In the context of our assessment of the significant accounting estimates performed by the Group in its year-end process, we have reviewed and tested the procedures implemented by the Management for identifying and assessing these risks and determining the amount of individual and collective provisions considered necessary.
- As detailed in note 1 of the notes to the financial statements, your Company records provisions to cover potential negative global interest rate risks on the épargne-logement contracts (mortgage saving plans and agreements). The calculation method of this provision has been set-up pursuant to the CNC release dated December 12, 2005. We have examined, on a test basis, the accuracy of the calculation method.

- As detailed in note 1 of the notes to the financial statements, your Company uses internal models to value financial instruments that are not listed on liquid markets. As such, we have reviewed the control procedures related to the valuation models, assessed the data and assumptions used and the inclusion of the risks associated to these instruments. Furthermore, we have reviewed and tested the processes implemented by the Management to:
  - (i) identify and defer at inception day one profits on financial instruments calculated in accordance with valuation techniques based on non-observable market data or valued by valuation models that are not recognized by the market
  - (ii) record subsequently these profits in the income statement.
- In its year-end process, significant accounting estimates are performed by the Société Générale, as described in note 1 of the notes to the financial statements, related in particular to the assessment of the fair value of financial instruments accounted at amortized cost, of goodwill and pension plans and other post-employment benefits . We have reviewed the underlying assumptions and valuation parameters and ensured that these accounting estimates are based on documented methods in accordance with the accounting principles described in note 1 of the notes to the financial statements.

We carried out the assessment of the reasonableness of these estimates.

These assessments were made in the context 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

In accordance with professional standards applicable in France, we have also verified the information given in the group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris – La Défense and Neuilly, March 1, 2006

The Statutory Auditors
French original signed by

DELOITTE et ASSOCIÉS	**ERNST & YOUNG Audit**
José-Luis GARCIA	Christian MOUILLON

PARENT COMPANY FINANCIAL STATEMENTS

Société Générale financial statements

SUMMARY BALANCE SHEET OF SOCIÉTÉ GÉNÉRALE

ASSETS

(in billions of euros at December 31)	2005	2004	Change
Interbank and money market assets	91.7	69.0	22.7
Customer loans	170.7	142.5	28.2
Securities	323.8	220.5	103.3
of which securities purchased under resale agreements	*85.7*	*54.2*	*31.5*
Other assets	128.3	80.4	47.9
of which option premiums	*95.1*	*51.7*	*43.4*
Long-term investments	1.2	1.2	0.0
Total assets	**715.7**	**513.6**	**202.1**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in billions of euros at December 31)	2005	2004	Change
Interbank and money liabilities (1)	266.3	192.2	74.1
Customer deposits	153.1	124.3	28.8
Bonds and subordinated debt (2)	16.7	14.2	2.5
Securities	126.8	83.4	43.4
of which securities sold under repurchase agreements	*61.4*	*44.4*	*17.0*
Other liabilities and provisions	135.5	82.4	53.1
of which option premiums	*99.0*	*53.2*	*45.8*
Equity and general reserve for banking risks	17.3	17.1	0.2
of which general reserve for banking risks	0.0	*0.3*	*(0.3)*
of which shareholders' equity	*17.3*	*16.8*	*0.5*
Total liabilities and shareholders' equity	**715.7**	**513.6**	**202.1**

(1) including negotiable debt instruments
(2) including undated subordinated capital notes

At December 31, 2005, Société Générale Parent Company's total assets and liabilities amounted to EUR 715.7 billion, up 39.4% on December 31, 2004. The development of its activities was reflected in the key balance sheet figures.

- The increase in customer loans (+19.8%) which amounted to EUR 170.7 billion at December 31, 2005, was essentially driven by rises in loans to financial institutions (EUR +8.5 billion), housing loans (EUR +6.2 billion), short-term credit facilities (EUR +4.8 billion) and equipment loans (EUR +4.6 billion). Loans to individual customers rose by 15.6%, due primarily to increased housing loan issuance.
- Securities carried on the asset side of the balance sheet, excluding securities purchased under resale agreements, amounted to EUR 238.1 at December 31, 2005, up 43.2% on year-end 2004. This increase was notably due to a rise in the value of the trading portfolio (EUR +73 billion).
- Premiums on the purchase of options increased by EUR 43.4 billion on December 31, 2004 following a sharp increase in volumes. The same trend was seen in premiums on sales of options.
- Customer deposits amounted to EUR 153.1 billion at December 31, 2005, up EUR 28.8 billion (+23.2%) on December 31, 2004. This growth essentially reflects increases in the term deposits of business customers (EUR +14.2 billion), in sight deposits (EUR +8.6 billion), in the term deposits of financial institutions (EUR +4.4 billion) and in the balance of deposits in special savings accounts (EUR +1.4 billion).
- Securities carried on the liabilities side of the balance sheet, excluding securities sold under repurchase agreements, rose by 67.7% on 2004. This growth principally stemmed from the rise in short sales of securities (EUR +21.9 billion) and in borrowed securities (EUR 4.5 billion).

Société Générale's funding strategy reflects the need to finance a growing balance sheet (+39.4% since December 2004), and is based on two fundamental principles: diversification of the sources of funding, and matching of assets and liabilities according to maturity and currency in order to minimize exchange rate and transformation risk.

Société Générale parent company's funding comes from three main sources:

- Stable resources, comprising shareholder's equity and subordinated debt, the fund for general banking risks and other reserves and provisions. These resources account for 23% of Société Générale's balance sheet funding.
- Customer resources, in the form of deposits (EUR 153.1 billion) and repurchase agreements (EUR 39.4 billion) which total EUR 192.5 billion, or 27% of balance sheet funding.
- Resources collected from the financial markets, through the issue of securities (EUR 73.6 billion), interbank deposits (EUR 194.1 billion) or repurchase agreements (EUR 87.5 billion). These resources account for 50% of total balance sheet funding, or EUR 355.2 billion.

Société Générale intends to maintain this strategy to ensure balanced growth in its assets and liabilities.

SUMMARY INCOME STATEMENT OF SOCIÉTÉ GÉNÉRALE

(in millions of euros at December 31)	2005						2004		
	France	*05/04 (%)*	International	*05/04 (%)*	Société Générale	*05/04 (%)*	France	International	Société Générale
Net Banking Income	**7,651**	***22.7***	**1,904**	***14.1***	**9,555**	***20.9***	**6,235**	**1,669**	**7,904**
Operating expenses	(5,375)	*8.7*	(1,078)	*16.1*	(6,453)	*9.8*	(4,947)	(929)	(5,876)
Gross operating income	**2,276**	***76.7***	**826**	***11.6***	**3,102**	***52.9***	**1,288**	**740**	**2,028**
Cost of risk	(531)	*8,750*	212	*283.6*	(319)	*(747.5)*	(6)	55	49
Operating income	**1,745**	***36.1***	**1,038**	***30.5***	**2,783**	***34.0***	**1,282**	**795**	**2,077**
Net income from long-term investments	248	*36.3*	1	*48.3*	249	*36.1*	182	1	183
Operating income before tax	**1,993**	***36.1***	**1,039**	***30.5***	**3,032**	***34.1***	**1,464**	**796**	**2,260**
Exceptional items	-	*NM*	-	-	-	*NM*	-	-	-
Income tax	(25)	*(116.2)*	(222)	*58.1*	(247)	*(1,913.8)*	154	(140)	14
Net reversal from general reserve for banking risks	284	*879.3*	-	-	284	*879.3*	29	-	29
Net income	**2,252**	*36.7*	**817**	*24.6*	**3,069**	*33.3*	**1,647**	**656**	**2,303**

Parent company net income for the 2005 financial year stood at EUR 3,069 million, up 33.3% on 2004. The breakdown of results for Société Générale in France and abroad is given, in the above table.

The principal changes in the income statement were as follows:

- Gross operating income came out at EUR 3,102 million, up 52.9% on 2004:

- Net banking income amounted to EUR 9,555 million, up 20.9% on 2004, reflecting excellent performances in all the core businesses:

– The French Networks posted strong performances despite a mixed environment in domestic retail banking in 2005.

– The number of individual customer accounts, used as an indicator for the size of the customer base, rose by 3.1% year-on-year (+179,000), compared with a 2.2% rise in 2004. Sales of strategic products – i.e. those that combine major benefits for customers with long-term value creation for the bank – increased sharply. For example, a total of EUR 16.7 billion of new housing loans were issued over the year (+30% on 2004), saving inflows into life insurance products totaled EUR 8.2 billion (compared with EUR 7.3 billion in 2004), with 31% of this total going into unit-liked policies (versus 17% last year), while outstanding investment loans to business customers rose by 8.1%.

– Corporate and Investment Banking posted exceptional revenues in 2005. The fixed income business put in a strong performance, notably in client-driven activities in the bond, credit and commodity markets, while the structured finance business reported a sharp increase in revenues. Equity derivative and trading activities, notably arbitrage, were also boosted by the favorable environment.

- Operating expenses came to EUR 6,453 million, up 9.8% on 2004:

– This rise reflected continued investments to secure future growth, but remained well below the rate of growth in revenues thanks to a policy of firm cost control.

- Concerning the cost of risk, with the application of IFRS to the consolidated accounts, and notably IAS 39 on the provisioning of credit risk, Société Générale was required to re-examine its general provisions and reclassify them according to the new accounting standards. This new classification for general provisions is compatible with the French accounting regulations applicable to parent company accounts, but there is still some uncertainty over whether or not they are tax deductible. As a result, Société Générale chose to maintain the country risk reserve in its parent company accounts, and calculated the amount of the provision in accordance with those methods defined by the French authorities which are not being under review. These general provisions have been reclassified in the consolidated accounts. Société Générale therefore booked the following provisions in its parent company accounts:

  - an additional allocation to the country risk reserve of EUR 121 million,
  - a net allocation to general provisions of EUR 214 million, calculated in accordance with the methodology used for consolidated accounts,
  - an allocation of EUR 70 million to provisions for contingencies and disputes,
  - a write-back of EUR 93 million from provisions for counterparty risks.

- Net income from long-term investments came out at EUR 249 million in 2005. It included losses of EUR 10 million on the disposal of shares in certain subsidiaries and EUR +257 million stemming from the write-back of provisions for other shares in consolidated subsidiaries.

- Income tax in 2005 amounted to EUR 247 million compared with a gain of EUR 14 million in 2004. This increase of EUR 261 million is due to a reduction in the gains from tax consolidation (EUR 310 million), including EUR 122 million from the suppression in 2005 of the “précompte” tax (tax on divided payouts), and EUR 134 million from the elimination in 2004 of the capital gains from disposals within the Société Générale parent company tax group.

- The fund for general banking risks, which amounted to EUR 283.6 million at December 31, 2004, was written back in full over the course of 2005, due to the convergence of parent company accounts with consolidated accounts, prepared under IFRS as of January 1, 2005, when permitted by French standards.

FINANCIAL STATEMENTS

ASSETS

(in millions of euros)	December 31 2005	2004	2003
Cash, due from central banks and post office accounts	1,573	1,810	2,468
Due from banks	138,970	99,080	88,619
Customer loans	207,312	164,475	152,784
Lease financing and similar agreements	259	278	135
Treasury notes and similar securities	42,532	30,921	23,532
Bonds and other debt securities	102,029	65,121	51,490
Shares and other equity securities	63,841	43,870	39,401
Affiliates and other long term securities	804	941	775
Investments in subsidiaries	27,856	23,651	22,954
Tangible and intangible fixed assets	1,186	1,173	1,193
Treasury stock	1,073	1,831	1,141
Accruals, other accounts receivable and other assets	128,308	80,451	55,714
Total	**715,743**	**513,602**	**440,206**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in millions of euros)	December 31 2005	2004	2003
Due to central banks and post office accounts	1,302	388	424
Due to banks	216,179	147,485	124,352
Customer deposits	192,560	150,682	143,720
Liabilities in the form of securities issued	73,553	63,844	51,734
Accruals, other accounts payable and other liabilities	191,250	116,028	88,565
Allowances for general risks and commitments	9,676	5,320	3,955
Long-term subordinated debt and notes	13,931	12,785	11,979
Fund for general banking risks	-	284	312
SHAREHOLDERS' EQUITY			
Common stock	543	556	548
Additional paid-in capital	5,169	6,048	5,698
Retained earnings	8,511	7,879	7,535
Net income	3,069	2,303	1,384
Sub-total	**17,292**	**16,786**	**15,165**
Total	**715,743**	**513,602**	**440,206**

OFF-BALANCE SHEET ITEMS

(in millions of euros)	December 31 2005	2004	2003
Commitments received			
Loan commitments received	9,034	3,819	5,810
Guarantee commitments received	42,470	33,826	28,178
Commitments received on securities	17,490	13,553	7,663
Foreign exchange transactions	370,568	350,968	284,774
Commitments granted			
Loan commitments granted	135,977	94,517	90,140
Guarantee commitments granted	167,319	116,884	98,967
Commitments made on securities	15,160	11,450	9,195
Foreign exchange transactions	371,665	349,240	283,485
Forward financial instrument commitments	**9,557,040**	**7,023,884**	**5,713,518**

INCOME STATEMENT

	December 31		
(in millions of euros)	2005	2004	2003
Net interest income from:			
Transactions with banks	(1,386)	(639)*	(1,279)*
Transactions with customers	3,322	2,532	2,349
Bonds and other debt securities	35	112	304
Other interest and similar revenues	2	(224)	257
Net income from lease financing and similar agreements	19	14	6
Sub-total	**1,992**	**1,795**	**1,637**
Dividend income	1,758	1,157	1,050
Net interest and similar income	**3,750**	**2,952**	**2,687**
Net fee income	**2,426**	**2,014**	**2,188**
Net income from financial transactions	**3,306**	**2,797***	**2,775***
Other net operating income	**73**	**141**	**55**
Net banking income	**9,556**	**7,904**	**7,705**
Personnel expenses	(4,181)	(3,679)	(3,587)
Other operating expenses	(1,972)	(1,898)	(1,839)
Depreciation and amortization	(300)	(299)	(299)
Total operating expenses	**(6,453)**	**(5,876)**	**(5,725)**
Gross operating income	**3,103**	**2,028**	**1,980**
Cost of risk	(319)	49	(722)
Operating income	**2,784**	**2,077**	**1,258**
Net income from long-term investments	249	183	90
Operating income before tax	**3,033**	**2,260**	**1,348**
Exceptional items	-	-	43
Income tax (loss)	(247)	14	97
Net allocation to the general reserve for banking risks and regulatory provisions	284	29	(104)
Net income	**3,069**	**2,303**	**1,384**

** Amounts restated in relation to those given in the 2003 and 2004 annual reports.*

CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Capital Stock	Additional paid-in-capital	Reserves, unappropriated retained earnings	Net worth	General reserve for banking risks	Shareholders' equity
At December 31, 2003	**548**	**5,698**	**8,919**	**15,165**	**312**	**15,477**
Increase in capital stock.	8	350	-	**358**	-	358
Net income for the period	-	-	2,303	**2,303**	-	2,303
Dividends paid [1]	-	-	(1,031)	**(1,031)**	-	(1,031)
Others movements [2]	-	-	(9)	**(9)**	(28)	(37)
At December 31, 2004	**556**	**6,048**	**10,182**	**16,786**	**284**	**17,070**
Increase in capital stock	(13)	(886)	-	**(899)**	-	(899)
Net income for the period	-	-	3,069	**3,069**	-	3,069
Dividends paid [3]	-	-	(1,359)	**(1,359)**	-	(1,359)
Others movements [2] [4]	-	7	(312)	**(305)**	(284)	(589)
At December 31, 2005	**543**	**5,169**	**11,580**	**17,292**	**-**	**17,292**

(1) After elimination of treasury stock dividend: EUR 65 million.
(2) Reversals in the amount of EUR 28 million in 2004 were made from the general reserve for banking risks to cover charges and allowances linked to a fraud affecting Cowen's former private client brokerage division.
(3) After elimination of treasury stock dividend: EUR 110 million.
(4) The other changes for 2005 correspond to the effects of the changes in accounting principles, booked in the opening balance sheet and shown below. See Note 1 to the parent company accounts, "Changes in accounting policies and account comparability" for a full description of these changes.

	Gross	Deferred taxes	Net
Employee benefits	(179.1)	52.3	(126.8)
Fixed Assets - Application of a component-based approach	5.0	(1.5)	3.5
Discounting to present value of provisions	(25.2)	9.5	(15.7)
Securities Portfolio	2.5	-	2.5
Provisions for housing savings accounts (épargne-logement)	(237.3)	82.9	(154.4)
Commissions	(33.0)	11.5	(21.5)
Total	**(467.1)**	**154.7**	**(312.4)**

FIVE-YEAR FINANCIAL SUMMARY OF SOCIÉTÉ GÉNÉRALE

	2005	2004	2003	2002	2001
Financial position at year-end					
Capital stock (in millions of euros) (1)	543	556	548	538	539
Number of outstanding shares (2)	434,288,181	445,153,159	438,434,749	430,170,265	431,538,522
Results of operations (in millions of euros)					
Gross banking and other income (3)	26,697	22,403	18,943	21,261	23,251
Earnings before tax, depreciation, amortization, provisions, employee profit sharing and general reserve for banking risks	3,641	3,296	2,667	3,298	3,210
Employee profit sharing	20	-	15	(1)	1
Income tax	247	(14)	(97)	(350)	(119)
Net income	3,069	2,303	1,384	1,868	2,007
Total dividends paid	1,954**	1,469	1,096	903	891*
Earnings per share (in euros)					
Earnings after tax but before depreciation, amortization and provisions	7.77	7.44	6.27	8.48	7.71
Net income	7.07	5.17	3.16	4.34	4.65
Dividend paid per share	4.50	3.30	2.50	2.10	2.10
Personnel					
Number of employees	40,303	39,648	39,102	39,713	38,989
Total payroll (in millions of euros)	2,621	2,476	2,436	2,270	2,266
Employee benefits (Social Security and other) (in millions of euros)	1,339	1,123	1,055	970	931

** After impact of the cancellation of 7,200,000 shares decided by the Board of Directors at its meeting of February 20, 2002.*

*** After impact of the cancellation of 18,100,000 shares decided by the Board of Directors at its meeting of February 09, and November 16, 2005.*

(1) In 2005, Société Générale carried out a capital reduction of EUR 22.6 million through the cancellation of 18,100,00 shares, combined with a reduction in additional paid-in capital of EUR 1,329.4 million. Over the period, Société Générale also increased its capital stock by EUR 9.0 million, with EUR 443.1 million of additional paid-in capital, as follows:

- EUR 7.08 million, with EUR 350.68 million of additional paid-in capital, was the result of employees subscribing for shares under the Employee Share Ownership Plan.

- EUR 1.96 million, with EUR 92.39 million of additional paid-in capital, resulted from employees exercising options granted by the Board of Directors.

(2) At December 31, 2005, Société Générale's common stock comprised 434,288,181 shares with a nominal value of EUR 1.25 per share.

(3) Gross banking and other income is made up of interest income, dividend income, fee income, income from financial transactions and other operating income.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Significant accounting principles

The parent company financial statements for Société Générale were drawn up in accordance with the provisions of regulation 91-01 of the French Banking Regulation Committee (CRB) applicable to credit establishments, and with the accounting principles generally accepted in the French banking industry. As the financial statements of foreign branches were prepared using accounting principles generally accepted in their respective countries, they were subsequently adjusted to comply with the accounting principles applicable in France. The presentation of the financial statements complies with regulation 2000-03 of the French Accounting Regulation Committee (CRC) on parent company financial statements for enterprises governed by the French Banking and Financial Regulation Committee (CRBF).

Changes in accounting policies and account comparability

The main changes in accounting policies with respect to the previous financial year are as follows:

- As of January 1, 2005, Société Générale applied Recommendation 2003-R.01 of the French National Accounting Standards Board (CNC), dated April 1, 2003, on the accounting treatment and valuation of retirement and similar benefits. This change is designed to provide greater accounting transparency and also standardizes the accounting treatment used for these commitments with that used in the 2005 consolidated accounts which were prepared for the first time under IFRS. This change of accounting policy had an impact of EUR -126.8 million, net of tax, on the value of shareholders' equity in the opening balance sheet at January 1, 2005, arising from differences in valuation methods, and an impact of EUR -70.1 million, net of tax, on net income for the period due to the fiscal rules applicable to the expenses in question.
- As of January 1, 2005, Société Générale applied CRC regulation 2002-10 dated December 12, 2002 (amended by CRC regulation 2003-07 dated December 12, 2003) on the amortization and depreciation of assets, and CRC regulation 2004-06 dated December 12, 2002, on the definition, accounting treatment and valuation of assets. The impact of this change in accounting policy, in the amount of EUR 3.5 million net of tax, was booked to shareholders' equity in the opening balance sheet at January 1, 2005.
- As of January 1, 2005, Société Générale applied the provisions of article 13 of CRC regulation 2002-03 on the accounting treatment of credit risk in companies governed by the CRBF, which requires that expected future cash flows be discounted to present value in order to calculate provisions for credit risk. The impact of this change, in the amount of EUR -15.7 million, net of tax, was booked to shareholders' equity in the opening balance sheet at January 1, 2005.
- As of January 1, 2005, Société Générale applied in advance CRC regulation 2005-03 dated November 3, 2005 which amended CRC regulation 2002-03. This new regulation had no impact on opening shareholders' equity as at January 1, 2005.
- As of January 1, 2005, Société Générale applied in advance CRC regulation 2005-01 dated November 3, 2005 on the accounting treatment of share transactions, issued in amendment to CRB regulation 90-01 dated February 23, 1990. The impact of this change, in the amount of EUR 2.5 million, was booked under shareholders' equity in the opening balance sheet at January 1, 2005.
- Subsequent to the communiqué issued by the CNC on December 20, 2005, Société Générale applied as of January 1, 2005 the provisions of the draft Recommendation on the accounting treatment of housing savings plans (PEL) by establishments authorized to receive housing savings deposits and grant housing savings loans. These new stipulations ensure greater accounting transparency and the impact, in the amount of EUR -154.4 million, net of tax, was booked under shareholders' equity in the opening balance sheet at January 1, 2005.
- As of January 1, 2005, Société Générale decided to modify the accounting treatment used for certain commissions (notably on bank cards) in order to improve financial information. This income is now spread out in the accounts over the duration of the service provided and is no longer booked in the income statement when it is actually received. This change of accounting policy had an impact of EUR -21.5 million, net of tax, on shareholders' equity in the opening balance sheet at January 1, 2005. However, it had no significant impact on net earnings for the period.

Accounting principles and valuation methods

In accordance with the accounting principles applicable to French banks, the majority of transactions are recorded using valuation methods that take into account the purpose for which they were made.

In financial intermediation transactions, assets and liabilities are generally carried at historical cost, and provisions are booked where counterparty risk arises. Revenues and expenses arising from these transactions are recorded over the life of the transaction in accordance with the time period concept. Transactions on forward financial instruments carried out for hedging purposes or to manage the bank's overall interest rate risk are accounted for using the same principles.

Trading transactions are generally marked to market at year-end, except for loans, borrowings and short-term investment securities which are recorded at nominal value (see below). When instruments are traded on illiquid markets, the market value used is reduced for reasons of prudence. Moreover, a provision for risks is booked to cover valuations established on the basis of in-house models (*Reserve Policy*), which is determined according to the complexity of the model used and the life of the financial instrument.

Translation of foreign currency financial statements

The on- and off-balance sheet items of branches reporting in foreign currencies are translated at the official exchange rate prevailing at year-end. Income statement items of these companies are translated at average exchange rates for the year. Gains and losses arising from the translation of reserves, retained earnings and net income are included in shareholders' equity under *Translation differences*. Gains and losses from transactions used to hedge translations of net income in foreign currencies of branches are also included in shareholders' equity under the same heading.

Gains and losses arising from the translation of the capital contribution of foreign branches are included under *Other accounts payable* or *Other accounts receivable*.

In accordance with CNC recommendation 98-01, translation differences relating to branches in the euro zone are retained in shareholders' equity and are only booked to the income statement when these entities are sold.

Amounts due from banks, customer loans, guarantees and endorsements

Amounts due from banks and customer loans are classified according to their initial duration and type into: demand deposits (current accounts and overnight transactions) and term deposits in the case of banks; and commercial loans, overdrafts and other loans in the case of customers. They also include securities purchased from banks and customers under resale agreements, and loans secured by notes and securities.

Only amounts due and customer loans which meet the following criteria are offset on the balance sheet: those with the same counterparty, due date, currency and accounting entity, and those for which an agreement exists with the counterparty allowing the company to combine the accounts and exercise the right of offset.

Interest accrued on these receivables is recorded as *Related receivables* and booked to the income statement.

Guarantees and endorsements booked off-balance sheet represent transactions which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

Under CRC regulation 2002-03, if a commitment carries an identified credit risk which makes it probable that Société Générale will not recover all or part of the amounts due under the counterparty's commitment in accordance with the original terms of the contract, despite the existence of a guarantee, the corresponding outstanding loan is classified as a doubtful loan. Moreover, any loan will be classified as doubtful if one or more repayments are more than three months overdue (six months for housing loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed, if it can be assumed that there is an identified risk, or if legal proceedings have been started.

If a loan to a given borrower is classified as doubtful, all outstanding loans or commitments to that borrower are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Provisions for doubtful loans are booked for doubtful loans or for risks in the amount of the probable losses. As of January 1, 2005, this provision for depreciation is equal to the difference between the carrying amount of the asset and the present value of estimated future recoverable cash flows, taking into account any guarantees, discounted at the financial assets' original effective interest rate. Furthermore, this provision for depreciation may not be less than the full amount of the accrued interest on the doubtful loan.

Provisions for depreciation, write-backs of provisions for depreciation, losses on bad debts and recovery of depreciated debts are booked under *Cost of risk*, along with write-backs of provisions linked to the passage of time.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, a provision for depreciation is recognized without waiting for the risk to individually affect one or more receivables. The amount of depreciation is notably determined on the basis of historical data on rates of default and incurred losses for assets with credit risk characteristics similar to those in the portfolio, adjusted to reflect any relevant current economic conditions and, where necessary, the opinion of an expert.

Doubtful loans can be reclassified as performing loans when the credit risk has been definitively eliminated and regular repayments have been resumed according to the original terms of the contract. Similarly, doubtful loans which have been restructured can be reclassified as performing loans. When a loan is restructured, a discount is applied to any differences between the cash flows expected to be received under the initial terms of the contract and the present value of the future flows of capital and interest expected to be received under the new terms, discounted at the original effective interest rate. The amount deducted is booked under *Cost of risk* and, if the restructured loan is subsequently reclassified as a performing loan, it is reincorporated into net interest income over the remaining term of the loan.

When a borrower's solvency is such that even after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, the loan is identified as a non-performing loan. A loan is classified as non-performing in the event of an early termination of the contract and in any case one year after it was classified as doubtful, except where the original terms of the contract have been respected or where the loan is covered by guarantees which ensure its recovery. Loans which have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

Securities portfolio

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank securities), shares and other equity securities;
- the purpose for which they were acquired: trading, short-term and long-term investment, shares intended for portfolio activity, investments in consolidated subsidiaries and affiliates, and other long-term equity investments.

Purchases and sales of securities are recorded in the balance sheet at the date of settlement-delivery.

All securities in each category are accounted for using similar methods, as follows:

TRADING SECURITIES

Trading securities are securities acquired or incurred principally for the purpose of selling or repurchasing them in the near-term, or held for the purpose of market-making activities. These securities are traded in active markets, and the available market price reflects frequent buying and selling under normal conditions of competition. Trading securities also include securities held in the context of market-making activities and securities purchased or sold for the specialized management of a trading portfolio containing forward financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

They are marked to market at the end of the financial period. Net unrealized gains or losses, together with gains or losses on disposals, are recognized in the income statement, under *Net income from financial transactions*. Coupon payments received on fixed-income securities in the trading portfolio are recorded in the income statement under *Net interest income from bonds and other debt securities*.

SHORT-TERM INVESTMENT SECURITIES

Short-term investment securities are all those that are not classified as trading securities, long-term investment securities, or investments in consolidated subsidiaries and affiliates.

• Shares and other equity securities

Equity securities are carried on the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realizable value. For listed securities, realizable value is defined as the most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, without the said provision being offset against any unrealized capital gains. Income from these securities is recorded in *Dividend income*.

• Bonds and other debt securities

These securities are carried at cost excluding acquisition expenses and, in the case of bonds, excluding interest accrued and not yet due at the date of purchase. The positive or negative difference between cost and redemption value is amortized to income over the life of the relevant securities, using the actuarial method. Accrued interest on bonds and other short-term investment securities is recorded as *Related receivables* and under *Net interest income from bonds and other debt securities* in the income statement.

At year-end, cost is compared to realizable value or, in the case of listed securities, to their most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of provisions for losses on short-term investment fixed-income securities together with gains and losses on sales of these securities are booked to *Net income from financial transactions in the income statement*.

LONG-TERM INVESTMENT SECURITIES

Long-term investment securities are acquired debt securities or reclassified short-term investment securities which Société Générale intends to hold until maturity, where it has the financial capacity to do so and is not subject to any legal or other form of constraint that might undermine its ability to hold the securities until maturity.

These instruments may be designated as hedged items in hedging transactions using forward financial instruments used to hedge the interest rate risk on identifiable items or groups of similar items.

Long-term investments are booked according to the same principles as short-term investment securities, except that no provision is made for unrealized losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of provisions for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under *Net income from long-term investments*.

INVESTMENTS IN CONSOLIDATED SUBSIDIARIES AND AFFILIATES, AND OTHER LONG-TERM EQUITY INVESTMENTS

This category of securities covers shares held in consolidated subsidiaries and affiliates, when it is deemed useful to Société Générale's business to hold the said shares in the long term. This notably covers investments that meet the following criteria:

- shares in companies that share directors or senior managers with Société Générale, under circumstances where an influence can be exercised over the company in which the shares are held;
- shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the group and ensure that decisions are taken in unison;
- shares representing more than 10% of the voting rights in the capital issued by a bank or a company whose business is directly linked to that of Société Générale.

This category also includes *Other long-term equity investments*. These are equity investments made by Société Générale with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the low proportion of attached voting rights.

Investments in consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price exclusive of acquisition costs. Dividend income earned on these securities is booked in the income statement under *Dividend income*.

At year-end, investments in consolidated subsidiaries and affiliates are valued at their value in use, representing the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. Unrealized capital gains are not recognized in the accounts but a provision for depreciation on portfolio securities is booked to cover unrealized capital losses.

Allocations to and reversals of provisions for depreciation as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from long-term investments.*

Premises, equipment and other fixed assets

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

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

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount.

Where one or several components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life, through the income statement under *"Depreciation and amortization"*. Société Générale applied this approach to its operating property, breaking down its assets into at least the following components with their corresponding depreciation periods:

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

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

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

Amounts due to banks, customer deposits

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

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

Securitized debt payables

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

Interest accrued is recorded as *Related payables* and as an expense in the income statement. Bond issuance and redemption premiums are amortized using the straight-line or actuarial method over the life of the related borrowings. The resulting expense is recorded in the income statement under *Net income from bonds and other debt securities*.

Bond issuance costs accrued over the period are booked as expenses for the period, under *Net income from bonds and other debt securities*.

Subordinated debt

This item includes all dated or undated borrowings, whether or not in the form of securitized debt, which in the case of liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Interest accrued and payable in respect of long-term subordinated debt, if any, is booked as *Related payables* and as an expense in the income statement.

Provisions for general risks and commitments

These provisions include:

- provisions for country risks considered as a reserve, which are made up on a lump-sum basis based on estimates by Société Générale of its risks on the related countries and on debtors located in these countries at the balance sheet date, using criteria such as estimates of the country's economic, financial and sociopolitical situation, or the discount rate on the secondary market;

- provisions for commitments;
- provisions for contingencies and disputes.

A description of contingencies and disputes is provided in the Risk Management report.

Provisions for contingencies and disputes are defined as liabilities without a precisely defined amount or due date. They are only booked if the company has an obligation to a third party that will probably or necessarily lead to a transfer of funds to the third party, without compensation for at least an equivalent amount being expected from this third party.

CRB regulation 99-06 defines the funds necessary for the deposit guarantee fund. These resources comprise certificates of association acquired by each entity, together with annual subscription fees. CRB regulation 99-08 sets the total amount of these subscription fees which were payable over the period 1999 through 2002 in order to endow the fund. Half of the said fees were paid in the form of guarantee deposits. Certificates of association and guarantee deposits are booked on the balance sheet under *Other sundry debtors*. A provision was booked at the end of 1999 under *Exceptional items* for all subscription fees to be paid by Société Générale over the 2000-2002 period for the initial endowment of the guarantee fund. Subsequent fees were booked under *Other operating expenses*.

A provision is booked to cover share subscription or purchase options allocated to employees at year-end, for an amount determined on the basis of the value of the Société Générale share, and charged to *Personnel expenses*.

Commitments under *contrats épargne-logement* (housing savings agreements)

The *comptes d'épargne-logement* (CEL or housing savings accounts) and *plans d'épargne-logement* (PEL or housing 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 housing loans. Under the current regulation, this last phase is subject to the previous existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are booked at amortized cost.

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

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

Provisions are calculated for each generation of housing savings plans (PEL), with no netting between different PEL generations, and for all housing 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 observed past behavior of the 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 observed past behavior of customers.

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

General reserve for banking risks

In accordance with CRB regulations 90-02 and 92-05, a general reserve for banking risks was set up in 1993 via a transfer from the country risk reserve, net of related deferred taxes.

Additional allocations were made in 1996 and 2003. During the 2002, 2003 and 2004 financial years, Société Générale's subsidiary, SG Cowen, recorded charges and exceptional provisions intended to cover the various consequences of a fraud committed over a period of ten years, which affected the former retail brokerage activity of this company. The full amount of the fund at the start of 2005 was written back to the income statement over the course of the financial year.

Treasury shares

In accordance with CNC recommendation 2000-05 relating to the recognition in the accounts of treasury shares held by companies governed by the CRBF, Société Générale shares acquired for allocation to employees are booked as *Short-term investment securities - Treasury shares* on the assets side of the balance sheet.

Société Générale shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are booked under *Trading securities*.

Transactions denominated in foreign currencies

Gains and losses arising from ordinary activities in foreign currencies are booked to the income statement. In accordance with CRB regulation 89-01, outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealized gains and losses are recognized in the income statement. Premiums and discounts resulting from hedged forward foreign exchange transactions, as defined by article 9 of the above-mentioned regulation, are amortized to income on a straight-line basis over the remaining term to maturity of these transactions.

Forward financial instruments

Forward financial instruments relating to interest rates, foreign exchange or equities are used for trading and hedging purposes and are accounted for in compliance with CRB regulations 88-02 and 92-04 and directive 88-01 of the French Banking Commission (CB). Nominal commitments on forward financial instruments are recorded as one off-balance sheet item. This amount represents the volume of outstanding transactions and does not represent the potential gain or loss associated with the market or counterparty risk on these transactions. Credit derivatives purchased to hedge credit risks on financial assets which are not valued at market value are classified and treated as guarantee commitments received.

The accounting treatment of income or expenses on these forward financial instruments depends on the purpose for which the transaction was concluded, as follows:

HEDGING TRANSACTIONS

Income and expenses on forward financial instruments used as a hedge and assigned from the beginning to an identifiable item or group of similar items, are recognized in the income statement in the same manner as revenues and expenses on the hedged item. Income and expenses on interest rate instruments are booked as *Net interest income* in the same interest income or expense account as the items hedged. Income and expenses on other instruments such as equity instruments, stock market indexes or currencies are booked as *Net income from financial transactions*, under *Net income from forward financial instruments*.

Income and expenses on forward financial instruments used to hedge or manage an overall interest rate risk are recognized in the income statement over the life of the instrument, under *Net income from financial transactions*, in the caption *Net income from forward financial instruments*.

TRADING TRANSACTIONS

Trading transactions include instruments traded on organized or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets, together with debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks. These transactions are measured at their market value at the balance sheet date. If there is no liquid market for the instruments, this value is generally determined on the basis of in-house models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a prudential valuation of all the instruments, regardless of the liquidity of the corresponding market,
- a reserve calculated according to the size of the position and intended to cover the risk that Société Générale will be unable to liquidate the investment in one go due to the size of the holding,
- an adjustment for the reduced liquidity of instruments and modeling risks in the case of complex products as well as transactions on less liquid markets (less liquid since they have been developed recently or are more specialized).

Furthermore, for over-the-counter transactions on forward interest rate instruments, the market value takes into account counterparty risks and the discounted value of future management costs.

The corresponding gains or losses are directly booked as income for the period, regardless of whether they are realized or unrealized. They are recognized in the income statement as *Net income from financial transactions*.

Gains or losses corresponding to contracts concluded within the scope of cash management activities managed by the trading room, in order to benefit from any interest rate fluctuations, are recorded when liquidated or over the life of the contract, depending on the type of instrument. Unrealized losses are provisioned at year-end and the corresponding amount is charged to *Net income from financial transactions.*

Personnel expenses

The *Personnel expenses* account includes all expenses related to personnel, notably the cost of the legal employee profit sharing and incentive plans for the year, as well as the cost of internal restructuring operations.

Employee benefits

Société Générale in France, and its branches in foreign countries, may award their employees:

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

Some retired workers enjoy other post-employment benefits such as medical insurance.

POST-EMPLOYMENT BENEFITS

Pension plans may be defined contribution or defined benefit.

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

Defined benefit plans commit Société Générale, either formally or constructively, to pay a certain amount or level of future benefits, and the company therefore bears the medium- or long-term risk.

Provisions are booked on the liability side of the balance sheet under *Provisions* to cover the whole of these retirement obligations. This is assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

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

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

- 10% of the present value of the defined benefit obligation (before deducting plan assets),
- 10% of the fair value of the assets at the end of the previous financial year.

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

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

- additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- expected return on plan assets (gross return);
- amortization of actuarial gains and losses and past service cost;
- settlement or curtailment of plans.

LONG-TERM BENEFITS

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

TERMINATION BENEFITS

Société Générale signed a CATS agreement for its staff (*Cessation Anticipée d'Activité des Travailleurs Salariés*, or early retirement agreement), which is applicable from January 1, 2002 to March 31, 2006. The company booked a provision for this agreement based on the amounts it has agreed to pay for staff departures.

Cost of risk

The item *Net cost of risk* is limited to net allocations to provisions for counterparty risks, country risks and disputes. Net allocations to provisions for risks and commitments are classified by type of risk in the corresponding accounts in the income statement.

Net income from long-term investments

This item covers capital gains or losses realized on disposals, as well as the net allocation to provisions for investments in non-consolidated subsidiaries and affiliates, long-term investment securities and offices and other premises. Income from real-estate holdings excluding offices is booked under *Net banking income*.

Income tax

CURRENT TAXES

In the 1989 financial year, Société Générale opted to apply a tax consolidation regime. At December 31, 2005, 190 subsidiaries had signed a tax consolidation agreement with the company, under which they are required to book in their accounts the charge they would have paid had they not been consolidated with Société Générale for tax purposes. In 2005, the difference booked by Société Générale between the corporation tax levied on the tax group and the tax charge it would have paid in the absence of this tax consolidation regime amounted to EUR 67.8 million.

In France, the normal corporate income tax rate is 33.33%. However, until December 31, 2005 long-term capital gains on equity investments are taxed at 15%. Moreover, Société Générale is subject to a surcharge introduced in 1995 equal to 3% of the tax due before allocation of tax credits, which will be progressively reduced to zero by 2006. Additionally, a *Contribution sociale de solidarité* (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). Dividends from companies in which Société Générale's interest is at least 5% are tax exempt.

The Amended Finance Law for 2004, enacted on December 30, 2004, will progressively reduce the tax rate for gains on the disposal of equity investments to 15% or 1.66% depending on the tax qualification of the securities. In parallel to this reduction, the Law has introduced an exceptional tax on the special reserve for long-term gains recorded by French companies in their individual accounts during previous years for the share of annual net income corresponding to long-term gains on disposal of equity investments. At December 31, 2004, in accordance with the provisions of the Amended Finance Law and Directive 2005-A dated February 2, 2005 of the CNC Emergency Committee, Société Générale deducted the expenses relating to this exceptional tax from *Retained earnings*, in the amount of EUR 5 million.

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

DEFERRED TAX

Société Générale has opted to apply the option allowing it to book deferred taxes in its parent company accounts.

Deferred taxes are booked when there is a timing difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. The impact of changes to tax rates is booked in the income statement under *Deferred taxes*. Net deferred tax assets are not recorded unless it is probable that the subsidiary that owns the assets is likely to be able to apply them within a set timeframe.

For 2005 and the following years, the normal tax rate applicable to French companies to determine their deferred tax is 34.43%, and the reduced rate is between 1.71% and 15.72% depending on the nature of the taxed transactions and the purpose for which the assets are held.

Deferred taxes are determined separately for each taxable entity and are not discounted to present value when the corresponding effect is not significant or when a precise timetable has not been drawn up.

Exceptional items

This caption includes income earned and expenses incurred by Société Générale that are considered to be exceptional in view of either the amount or the manner in which they were generated. In most cases, the said income or expenses are reproduced by events that fall outside Société Générale's activity.

Activities of principal subsidiaries and affiliates

(in thousands of euros or local currencies) Company/Head Office		Registered capital (local currency)	Shareholders' equity other than capital and net income for the period (local currency)[1]	Share of capital held (%)	Book value of shares held Gross (EUR)	Book value of shares held Net (EUR)
I - Information on investments with a book value in excess of 1% of Société Générale's capital						
A) Subsidiaries (more than 50% owned by Société Générale)						
SG Americas Inc. 1221 avenue of the Americas - New York 10020 - USA	USD	-	3,176,459	100,00	2,942,890	2,478,871
Généval 29, boulevard Haussmann, 75009 Paris - France	EUR	538,630	1,378,426	100,00	1,910,368	1,910,368
Ipersoc 12, rue de la Mare à Guillaume, 94210 Fontenay /s Bois - France	EUR	48	1,816,355	100,00	1,801,338	1,801,338
Généfinance 29, boulevard Haussmann, 75009 Paris - France	EUR	1,600,000	260,486	100,00	1,736,024	1,736,024
SG Asset Management 17, cours Valmy, 92800 Puteaux - France	EUR	301,766	1,400,428	100,00	1,705,557	1,705,557
SG Financial Services Holding (Ex Généfitec) 29, boulevard Haussmann, 75009 Paris - France	EUR	844,083	338,300	100,00	1,333,563	1,333,563
Linden 17, cours Valmy, 92800 Puteaux - France	EUR	100	980,578	100,00	1,001,040	1,001,040
Ald International SA 15, allée de l'Europe, 92110 Clichy sur Seine - France	EUR	550,038	385	100,00	804,000	804,000
Généfimmo 29, boulevard Haussmann, 75009 Paris - France	EUR	392,340	9,970	100,00	651,732	651,732
SG Hambros Ltd. Exchange House - Primrose St. - London EC2A 2HT - United Kingdom	GBP	282,185	17,829	100,00	418,144	418,144
SG Ariki Inc. Corporation Trust Center, 1209 Orange street, Wilmington - New Castel - Delaware - USA	USD	344,158	(4,565)	100,00	291,910	291,910
Soginfo 29, boulevard Haussmann, 75009 Paris - France	EUR	232,303	269,536	100,00	265,797	265,797
Valminvest 29, boulevard Haussmann, 75009 Paris - France	EUR	248,877	(30,290)	100,00	249,426	249,426
Fiditalia SPA Via G. Ciardi, 9 - 20148 - Milan - Italy	EUR	63,278	152,596	100,00	224,318	224,318
SG Securities North Pacific Ark Mori Building - 13-32 Akasaka 1 - Chome, Minato+Ku - 107-6015 Tokyo - Japan	JPY	14,203,000	8,706,000	100,00	215,445	215,445
Génégis I 29, boulevard Haussmann, 75009 Paris - France	EUR	192,900	3,775	100,00	196,055	196,055
Société Générale Canada Montréal Québec H3B 3A7 - Canada	CAD	250,772	96,715	100,00	172,403	172,403
Nofirec 17, cours Valmy, 92800 Puteaux - France	EUR	202,929	16,180	100,00	223,227	161,927
Orpavimob SA 29, boulevard Haussmann, 75009 Paris - France	EUR	141,253	4,091	100.00	141,253	141,253

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency)(1)(2)	Net income (loss) for the last fiscal year (local currency)(1)	Dividends received by the Company during the year (in EUR)	Remarks/revaluation difference
-	-	791,777	251,233	-	Capital = USD 1 EUR 1 = USD 1.1797
-	-	77,270	135,867	149,133,00	
-	-	90,593	86,082	-	
4,614,948	-	287,749	141,797	180,000	
137,498	-	575,138	174,358	131,242	
2,291,857	-	378,935	229,531	260,206	
-	1,001,000	55,333	48,523	48,335	of which 2005 interim dividend of 25,700
-	-	2,897	612	-	
60,000	-	23,336	18,808	54,027	
-	-	74,236	17,225	7,391	EUR 1 = GBP 0.6853
-	-	26,074	9,470	39,816	EUR 1 = USD 1.1797
-	2,000	22,061	15,591	9,002	
-	-	6,716	2,107	-	
-	-	235,022	40,691	-	
-	-	22,541,000	7,020,000	-	EUR 1 = JPY 138.90
-	14,134	155,112	1,943	1,286	
-	65,139	45,072	5,082	-	EUR 1 = CAD 1.3725
-	-	8,740	(47,036)	4,329	of which 2005 interim dividend of 4,329
-	-	7,010	2,518	353	

(in thousands of euros or local currencies) Company/Head Office		Registered capital (local currency)	Shareholders' equity other than capital and net income for the period (local currency)(1)	Share of capital held (%)	Book value of shares held Gross (EUR)	Book value of shares held Net (EUR)
Fimat Banque SA 50, boulevard Haussman, 75009 Paris - France	EUR	102,655	70,497	100.00	116,464	116,464
SG Securities Asia Intl Hold Ltd. 41/F Edinburgh Tower - 15 Queen's Road Central, Hong Kong	USD	109,990	38,816	100.00	106,375	106,375
Delta Crédit Mortgage Finance Netherland BV 1012 KK Amsterdam, Rokin 55 - Netherlands	EUR	NC	NC	100.00	90,913	90,913
Société Immobilière 29 Haussmann 29, boulevard Haussman, 75009 Paris - France	EUR	90,030	8,668	100.00	89,992	89,992
Fontanor 17, cours Valmy, 92800 Puteaux - France	EUR	40	106,189	100.00	84,933	84,933
Compagnie Foncière de la Méditerranée 29, boulevard Haussmann, 75009 Paris - France	EUR	76,627	1,052	100.00	155,837	83,893
Banco SG Brazil Rua Verbo Divino 1207, Châcara Santo Antonio, São Paulo CEP 04719-002, Brazil	BRL	319,771	(62,268)	100.00	123,369	80,155
Société Générale Finance (Ireland) Ltd. 31/32 Morisson Chambers, Nassau street, Dublin 2 - Ireland	EUR	77,454	15,495	100.00	79,559	79,559
Eléaparts 29, boulevard Haussmann, 75009 Paris - France	EUR	42,040	(2,848)	100.00	48,070	48,070
SG Asia Ltd. 42/F Edinburgh Tower - 15 Queen's Road Central, Hong Kong	HKD	400,000	349,007	100.00	43,479	43,479
SG Yugoslav Bank AD STR Vladimira Popovica 3 Belgrade - Yugoslavia	CSD	3,009,947	402,148	100.00	39,631	39,631
SG Algérie 75, chemin Cheikh Bachir Ibrahimi, El-Biar, 16010 Algiers - Algeria	DZD	2,500,000	137,034	100.00	34,986	34,986
SG Wertpapierhandelsgesellschaft mbH Mainze Landstrasse 36 - D60325 Frankfurt am Main - Germany	EUR	55	(7,622)	100.00	31,590	31,590
SG Consumer Finance 59, Avenue de Chatou 92853 Rueil Malmaison - France	EUR	30,037	(1)	100.00	30,037	30,037
Société Générale Australia Holding Ltd. 350, George Street - Sydney NSW 3000 - Australia	AUD	21,500	161,965	100.00	22,789	22,789
Géninfo Les Miroirs, Bt. C, 18, avenue d'Alsace, 92400 Courbevoie - France	EUR	18,524	31,736	100.00	20,477	20,477
SNC Sirius 40-42, quai du point du jour, 92100 Boulogne Billancourt - France	EUR	30	(42)	100.00	19,030	19,030
Inora Life Ltd. (ex Lyxor Life Ltd.) 6, Exchange Place, International Financial Services Center, Dublin 1 - Ireland	EUR	15,000	(3,246)	100.00	15,000	15,000
SG Energie 17, cours Valmy, 92800 Puteaux - France	EUR	13,000	1,011	100.00	14,785	14,785
Sogé Colline Sud 29, boulevard Haussmann, 75009 Paris - France	EUR	14,250	450	100.00	14,483	14,483
Société Générale Bank Nederland N.V. Museumplein 17 1071 DJ Amsterdam - Netherlands	EUR	7,714	(17)	100.00	8,042	8,042
Soge Périval IV 29, boulevard Haussmann, 75009 Paris - France	EUR	6,405	1,623	100.00	6,704	6,704

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency)(1)(2)	Net income (loss) for the last fiscal year (local currency)(1)	Dividends received by the Company during the year (in EUR)	Remarks/revaluation difference
-	-	181,634	30,901	44,024	
-	12,719	101,839	46,796	65,542	EUR 1 = USD 1.1797
-		NC	NC	-	EUR 1 = USD 1.1797
-	-	7,467	2,697	1,951	
-	-	159	14,627	-	
-	-	5,255	3,488	1,346	
-	-	(7,177)	(36,055)	-	EUR 1 = BRL 2.60194
-	-	3,954	3,828	-	
-	-	1,795	2,771	-	
-	-	249,035	47,871	10,206	EUR 1 = HKD 9.1474
59,169	51,686	2 719,364	913,114	-	EUR 1 = CSD 86.7006
-	-	1,949,798	1,463 675	-	EUR 1 = DZD 86.112202
-	-	54,206	30,354	-	
-	-	3,426	(3,308)	-	
-	-	14,353	6,508	-	EUR 1 = AUD 1.6109
-	-	1,148	1,105	-	
-	-	113,339	(21)	-	
-	-	4,863	104	-	
-	-	6,006	6,306	4,138	
-	-	2,885	979	-	
-	9,892	2,606	1,481	1,696	
2,396	-	1,701	578	-	

(in thousands of euros or local currencies) Company/Head Office		Registered capital (local currency)	Shareholders' equity other than capital and net income for the period (local currency)[1]	Share of capital held (%)	Book value of shares held Gross (EUR)	Book value of shares held Net (EUR)
Société de la rue Edouard-VII 29, boulevard Haussmann, 75009 Paris - France	EUR	11,396	12,284	99.88	59,614	12,199
SG Financial Inc. Corporation Trust Center, 1209 Orange street, Wilmington - New Castel - Delaware - USA	USD	2,230,000	(1,658)	99.70	1,885,225	1,885,225
Sogéfontenay 17, cours Valmy, 92800 Puteaux - France	EUR	4,200	(655)	99.00	9,055	9,055
Société Générale Investments (UK) Ltd. SG House, 41 Tower Hill, EC3N 4SG London - United Kingdom	GBP	157,883	5,822	98.96	230,783	230,783
SG Expressbank 92, Bld Vl Varnentchik, 9000 Varna - Bulgaria	BGN	28,530	76,825	97.95	34,256	34,256
SKB Banka Adjovscina,4 - 1513 Ljubljana - Slovenia	SIT	12,649,200	29,579,522	97.43	219,593	219,593
SG Vostok 5, Nikitsky Pereulok, 103009 Moscow - Russia	RUB	478,000	690,108	95.35	43,470	43,470
SG Equity Finance LLC 1221, avenue of the Americas, New York, NY 10020 - USA	USD	2,000,000	(46,427)	95.00	1,610,579	1,610,579
Soge Périval I 29, boulevard Haussmann, 75009 Paris - France	EUR	7,701	1,839	94.98	7,313	7,313
Soge Périval III 29, boulevard Haussmann, 75009 Paris - France	EUR	7,473	1,894	94.83	7,095	7,095
Soge Périval II 29, boulevard Haussmann, 75009 Paris - France	EUR	7,816	2,196	94.75	7,402	7,402
Crédit du Nord 28, place Rihour, 59800 Lille - France	EUR	740,263	357,708	79.99	584,255	584,255
National Société Générale Bank 5, rue Champollion - Cairo - Egypt	EGP	660,000	406,141	78.38	109,487	109,487
Podgoricka Banka 8 a Novaka Miloseva Street, 81000 Podgorica - Serbia and Montenegro	EUR	NC	NC	74.44	16,406	16,406
Banque de Polynésie Bd Pomare, BP 530, Papeete, Tahiti - French Polynesia	XPF	1,380,000	4,982,365	72.10	12,397	12,397
Boursorama (ex Fimatex) 11, rue de Prony, 75848 Paris - France	EUR	27,435	106,465	70.73	300,705	300,705
BFV - SG 14, Lalana Jeneraly Rabehevitra, BP 196, Antananarivo 101 - Madagascar	MGA	14,000,000	5,086,417	70.00	7,614	7,614
Société Générale de Banques en Côte d'Ivoire 5 & 7, avenue J. Anoma, 01 BP 1355, Abidjan 01 - Côte d'Ivoire	XAF	15,555,555	37,769,257	66.79	26,454	26,454
Sogessur 2, rue Jacques-Daguerre, 92565 Rueil-Malmaison - France	EUR	25,500	(9,520)	65.00	74,940	15,260
Komercni Banka Centrala Na Prokope 33 - Postovni Prihradka 839 - 114 07 Prague 1 - Czech Republic	CZK	19,004,926	19,895,673	60.35	1,253,223	1,253,223
Makatéa Inc. 1221, avenue of the Americas, New York, NY 10020 - USA	USD	1,502,000	2,873	60.00	847.673	847,673

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency)(1)(2)	Net income (loss) for the last fiscal year (local currency)(1)	Dividends received by the Company during the year (in EUR)	Remarks/revaluation difference
-	-	435	202	223	Difference = 16,509
-	-	115,215	99,564	83,398	EUR 1 = USD 1.1797
8,906	-	1,905	(272)	249	
-	-	17,234	18,393	-	EUR 1 = GBP 0.6853
-	17,876	71,698	28,729	-	EUR 1 = BGN 1.9563
-		17,224,723	4,195,086	-	EUR 1 = SIT 239.50
-	330,310	2,175,115	398,177	-	EUR 1 = RUB 33.92
-	-	55,298	55,171	41,353	EUR 1 = USD 1.1797
2,458	-	1,860	650	-	
2,396	-	1,865	657	-	
2,396	-	1,863	628	-	
-	4,922,571	903,044	180,834	107,330	
-	86,546	765,819	486,377	14,400	EUR 1 = EGP 6.770004
-	-	NC	NC	-	
-	106,456	6,937,539	1,792,829	4,896	EUR 1 = XPF 119.33174
-	-	103,077	18,600	-	
-	26,475	43,380,201	15,471,728	1,600	EUR 1 = MGA 2,609.60
-	99,151	36,921,889	9,213,117	14,277	Difference = 5,166 EUR 1 = XAF 655.957
-		110,348	1,537	-	
-	308,597	24,125,997	8,150,364	75,803	EUR 1 = CZK 29
-		91,381	59,397	49,688	of which 2005 interim dividend of 49,688 EUR 1 = USD 1.1797

(in thousands of euros or local currencies) Company/Head Office		Registered capital (local currency)	Shareholders' equity other than capital and net income for the period (local currency)(1)	Share of capital held (%)	Book value of shares held Gross (EUR)	Book value of shares held Net (EUR)
AIG Sorbier 50, Danbury Road, Wiltom - USA	USD	1,500,000	5,117	60.00	678,986	678,986
Sogéparts 29, boulevard Haussmann, 75009 Paris - France	EUR	17,600	4,675	60.00	11,253	11,253
Banque Roumaine de Développement A, Doamnei street, 70016 Bucharest 3, Romania	RON	696,902	616,644	58.32	213,019	213,019
Société Générale de Banques au Cameroun Rue Joss - Douala - Cameroon	XAF	6,250,000	22,633,773	58.08	16,940	16,940
Société Générale de Banques au Sénégal 19, avenue Léopold Sédar Senghor, Dakar - Senegal	XAF	4,527,600	25,442,301	57.72	5,855	5,855
Généfim 29, boulevard Haussmann, 75009 Paris - France	EUR	72,779	74,115	57.62	89,846	89,846
Union Internationale de Banque Union Internationale de Banque 65, avenue Habib Bourguiba, 1000A Tunis - Tunisia	TND	106,000	12,161	52.33	87,283	87,283
Général Bank of Greece 109, Messogion Avenue, 11510 Athens - Greece	EUR	336,900	(81,576)	52.32	184,402	184,402
Société Générale Marocaine de Banques 55, boulevard Abdelmoumen, Casablanca - Morocco	MAD	1,170,000	1,317,797	51.91	71,866	71,866
Méhétia Inc. 1105, North Market Street Wilmington - De 19 890, Delaware - USA	USD	2,559,917	6,230	51.00	1,271,647	1,271,647
Socgen Real Estate Company 1221, avenue of the Americas, New York, NY 10020 - USA	USD	800,000	804,320	50.31	686,634	686,634
B) Affiliates (10 to 50% owned by Société Générale)						
Société Générale Calédonienne de Banque 56, rue de la Victoire, Nouméa, New Caledonia	XPF	1,068,375	6,212,304	20.60	16,268	16,268
Crédit Logement 50, boulevard Sébastopol, 75003 Paris - France	EUR	1,253,975	65,669	13.50	171,036	171,036
Bank Muscat (S.A.O.G.) Po Box 134, Ruwi, Post Code 112 - Oman	OMR	75,666	164,997	10.08	26,724	26,724

(1) For foreign subsidiaries and affiliates, shareholders' equity booked in the Group consolidated accounts. For French subsidiaries and affiliates, according to French accounting standards.

(2) For banking and finance subsidiaries, revenues refers to Net Banking Income.

(in thousands of euros)	Book value of shares held Gross	Book value of shares held Net
II - INFORMATION CONCERNING OTHER SUBSIDIARIES AND AFFILIATES		
A) Subsidiaries not included in 1:		
1°) French subsidiaries	23,993	21,820
2°) Foreign subsidiaries	82,291	31,038
B) Affiliates not included in 1:		
1°) French companies	25,572	4,586
2°) Foreign companies	79,640	11,790

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency)(1)(2)	Net income (loss) for the last fiscal year (local currency)(1)	Dividends received by the Company during the year (in EUR)	Remarks/revaluation difference
-		74,897	48,542	40,123	of which 2005 interim dividend of 40,123 EUR 1 = USD 1.1797
-		739	459	845	
-		1,340,068	512,164	25,397	EUR 1 = RON 3.6802
-	58,475	26,648,628	8,487,094	3,010	Difference = 1,675 EUR 1 = XAF 655.957
-		34,902,692	7,093,134	2,868	Difference = 1,447 EUR 1 = XAF 655.957
-	5,542	46,572	26,870	10,327	
-	-	90,030	20,602	-	EUR 1 = TND 1.608816
-	-	169,777	(40,985)	-	
-	229,851	1,900,080	438,626	7,469	Difference = 1,142 EUR 1 = MAD 10.886272
-	-	143,554	93,262	77,501	of which 2005 interim dividend of 77,500 EUR 1 = USD 1.1797
-	-	6,501	6,214	-	EUR 1 = USD 1.1797
-	59,162	7,103,639	2,643,432	7,327	EUR 1 = XPF 119.33174
792,055	-	232,648	61,025	6,306	
-	-	101,332	45,444	4,771	EUR 1 = OMR 0.45385

Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Dividends received by the Company during the year	Remarks/revaluation difference
6,926,710	257,494	100,273	Difference = 2,158
-	86,768	714	Difference = 4
-	-	279	Difference = 0
-	1,638	4,207	Difference = 0

INFORMATION ON COMMON STOCK

Changes in common stock

	Date of record or completion	Change in number of shares	Total number of shares after operation	Common stock (in EUR m)	Change in common stock resulting from operation (%)
Exercise of stock options (2nd half 2000)	Jan. 16, 2001	249,120	423,248,418	529,060,522.50	0.06
Increase through contribution of assets by Sogénal	May 4, 2001	2,685,156	425,933,574	532,416,967.50	0.63
Increase through 2001 Company Savings Plan	May 16, 2001	4,747,048	430,680,622	538,350,777.50	1.11
Exercise of stock options (1st half 2001)	Jul. 16, 2001	286,060	430,966,682	538,708,352.50	0.07
Exercise of stock options (2nd half 2002)	Jan. 11, 2002	571,840	431,538,522	539,423,152.50	0.13
Cancellation of shares	Feb. 20, 2002	7,200,000	424,338,522	530,423,152.50	1.67
Exercise of stock options (1st half 2002)	Aug. 1, 2002	566,080	429,791,220	537,239,025.00	1.28
Increase through 2002 Company Savings Plan		4,886,618			
Exercise of stock options (2nd half 2002)	Jan. 28, 2003	379,045	430,170,265	537,712,831.25	0.09
Exercise of stock options (1st half 2003)		152,130			
Increase through 2003 Company Savings Plan	Jul. 16, 2003	7,346,674	437,669,069	547,086,336.25	1.71
Exercise of stock options (2nd half 2003)	Jan 26, 2004	765,680	438,434,749	548,043,436.25	0.17
Exercise of stock options (1st half 2004)		836,443			
Increase through 2004 Company Savings Plan	Jul. 16, 2004	5,222,573	444,493,765	555,617,206.25	1.38
Exercise of stock options (2nd half 2004)	Jan. 13, 2005	659,394	445,153,159	556,441,448.75	0.15
Cancellation of shares	Feb. 9, 2005	11,000,000	434,153,159	542,691,448.75	2.47
Exercise of stock options (1st half 2005)		808,946			
Increase through 2005 Company Savings Plan	Jul. 21, 2005	5,663,174	440,625,279	550,781,598.75	1.49
Cancellation of shares	Nov. 22, 2005	7,100,000	433,525,279	541,906,598.75	-1.61
Exercise of stock options (2nd half 2005)	Dec. 31, 2005 recorded on Jan. 11, 2006	762,902	434,288,181	542,860,226.25	0.18

Amount of common stock

At December 31, 2005, Société Générale's paid-up common stock (as recorded on January 11, 2006) amounted to EUR 542,860,226.25 and comprised 434,288,181 shares with a nominal value of EUR 1.25 per share, all eligible for dividends paid out of income earned from January 1, 2005.

If all vested stock options were to be exercised, 1,744,816 shares would be issued, representing a maximum potential dilution of 0.40%. The Group's common stock would then amount to EUR 545,041,246.30, divided into 436,032,997 shares.

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

Under the authorization granted to it by the Extraordinary General Meeting of May 13, 1997, the Board of Directors, during its meetings of June 24, 1998, and January 12, 2001 granted stock subscription options to certain employees and officers of the Company. Moreover, following a recommendation by the Compensation Committee, the Board of Directors granted additional stock options on September 8, 1999, August 2, 2000 and January 16, 2002.

Under the authorization granted to it by the Extraordinary General Meeting of April 23, 2002, the Board of Directors granted stock purchase options during its meetings of April 22, 2003 and January 14, 2004.

Under the authorization granted to it by the Extraordinary General Meeting of April 29, 2004, the Board of Directors granted stock purchase options during its meeting of January 13, 2005.

At December 31, 2004, there were 1,744,816 subscription options outstanding, which could result in the issuance of 1,744,816 new shares representing additional nominal common stock of EUR 2.18 million (see "Stock Options" on page 68).

The Joint General Meeting of April 23, 2002 authorized the Board of Directors to carry out capital increases up to a maximum nominal amount of EUR 100 million for a period of five years, reserved for:

- Société Générale employees and former employees who are retired or on early retirement, and are members of the Company Savings Plan.
- Employees and former employees of Société Générale and other affiliated companies or groups of companies under the regulations in force, who are retired or on early retirement and who are members of the Company or Group Savings Plans that provide the opportunity to participate in Société Générale capital increases reserved for employees, in accordance with the provisions of articles L. 225-129 and L. 225-138 of the French Commercial Code and L. 443-1 et seq. of the French Labor Code.

The purpose of this authorization is to enable qualifying employees to subscribe for new Société Générale shares, either directly or indirectly through one or more mutual funds, at a price defined in accordance with the provisions of article L. 443-5 of the French Labor Code.

A first operation was carried out under this authorization in 2003 for a nominal amount of EUR 9.2 million, a second operation in 2004 for a nominal amount of EUR 6.5 million, and a third in 2005 for a nominal amount of EUR 7.1 million.

Breakdown of capital and voting rights

Double voting rights

(extract of article 14 of the by-laws)

As of January 1, 1993, double voting rights, in relation to the share of capital stock they represent, are allocated to all those shares which are fully paid up and which have been registered in the name of the same shareholder for two years. Double voting rights are also allocated to new registered shares that may be allocated free of charge to a shareholder in respect of the shares with double voting rights already held by him, on the occasion of an increase in capital stock by incorporation of reserves, unappropriated retained earnings, net income or additional paid-in capital.

(legal provisions)

These double voting rights are rendered null and void ipso jure if the shares are converted into bearer form or if ownership of the shares is transferred. Nevertheless, transfers through inheritance, the liquidation of marital assets, or transfers to a spouse or direct parent do not result in the loss of rights and do not affect the minimum two-year holding period.

Limitation of voting rights

(extract of article 14 of the by-laws)

The number of votes at General Meetings to be used by one shareholder, either individually or by a proxy, may not exceed 15% of total voting rights at the date of the Meeting.

This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for which they act as proxy complies with the rule stipulated above.

For the purposes of applying these limits, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L. 233-7 and following of the French Commercial Code.

This limit ceases to apply when a shareholder acquires - either directly or indirectly or jointly with another person - more than 50.01% of the company's voting rights following a public share exchange offer.

Declaration of shareholdings exceeding statutory limits

(extract of article 6 of the by-laws)

Any shareholder acting on his own or jointly, who comes to hold directly or indirectly at least 1.5% of the capital or voting rights, must inform the Company within fifteen days of the time at which he exceeds this threshold, and must also indicate in his declaration the number of securities he holds which may give rise to his holding capital stock in the future. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage. Beyond the initial 1.5%, shareholders are obliged to notify the Company, under the aforementioned conditions, whenever their holding of capital or voting rights exceeds an additional 0.5%.

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

Any shareholder acting on his own or jointly, is also required to inform the Company within fifteen days if the percentage of his capital or voting rights falls below each of the thresholds described in paragraph 2 above.

Authorization to carry out stock market dealings in own shares

The Joint General Meeting of May 9, 2005 authorized the Company to buy or sell its own shares on the stock market with a view to canceling bought-back shares, granting or honoring stock options or otherwise allocating free shares to employees and senior officers of the Group, honoring commitments linked to convertible debt securities, holding and subsequently using the shares in exchange or as payment for acquisitions and continuing the liquidity contract set up in 2004.

Duration of authorization

Eighteen months. The next General Meeting of Shareholders will be asked to renew this authorization.

Identification of holders of bearer shares (article 6 of the by-laws)

The Company may, at any time, in accordance with current laws and regulations, request that the organization in charge of clearing transactions in its shares provide information regarding those shares and other securities that confer on their owners an immediate or deferred voting right at shareholders' meetings and the holders of such shares and securities.

Information on the portion of capital held by employees under the Company and Group Savings Plans

In accordance with article L225-102 of the French Commercial Code, it is hereby declared that at December 31, 2005, employees of Société Générale and Crédit du Nord and its subsidiaries held a total of 32,831,211 of Société Générale's shares, representing 7.56% of common stock, through the mutual fund created under the Société Générale Company and Group Savings Plans.

Shareholder agreements

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

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

This pre-emptive clause was published by the French Financial Markets Council in Decision No. 201C1417 dated November 30, 2001. This agreement was still in place at December 31, 2005. However, at this date, Santander Central Hispano no longer held any shares in Société Générale.

LIST OF AUTHORIZATIONS OUTSTANDING IN 2005 AND THEIR USE

Type of authorization	Purpose of the authorization	Period of validity	Nominal limit	Use over 2004	Use over 2005	Use in 2006 (up to 02/16/2006)
Share buybacks	Authorization to buy and sell Société Générale shares	**Granted by:** AGM of May 9, 2005, under its 8th resolution **For a period of:** 18 months **Expiry:** November 9, 2006	10% of capital	Previous authorization	3.52% of capital	0.28% of capital
Capital increases governed by common law	Authorization to increase capital stock through the issue of securities with an immediate or deferred equity component.	**Granted by:** AGM of April 29, 2004, under its 12th resolution **For a period of:** 26 months **Expiry:** June 29, 2006	EUR 900 million for shares EUR 6 billion for debt securities with an equity component	None	None	None
	Authorization to increase capital stock through the issue of securities without pre-emptive subscription rights and with an immediate or deferred equity component.	**Granted by:** AGM of April 29, 2004, under its 13th resolution **For a period of:** 26 months **Expiry:** June 29, 2006	EUR 300 million for shares EUR 6 billion for debt securities with an equity component Note: These limits are added to the overall limit set under the 12th resolution of *the AGM of April 29, 2004*	None	None	None
	Authorization to increase capital stock through the incorporation of reserves, retained earnings or additional paid-in capital	**Granted by:** AGM of April 29, 2004, under its 12th resolution **For a period of:** 26 months **Expiry:** June 29, 2006	EUR 1.2 billion	None	None	None
Transactions for employees	Authorization to increase capital stock through the issue of shares or other securities with an equity component, reserved for employees subscribing to a Société Générale Company or Group savings plan.	**Granted by:** AGM of April 29, 2004, under its 15th resolution **For a period of:** 26 months **Expiry:** June 29, 2006	EUR 25 million (20 million shares)	Previous authorization	5,663,174 shares (28.31% of the amount authorized)	Transaction decided in principle by the Board of Directors of February 15, 2006
	Authorization to grant share purchase or subscription options to employees and senior officers of the company.	**Granted by:** AGM of April 29, 2004, under its 16th resolution **For a period of:** 26 months **Expiry:** June 29, 2006	5% of capital *(at the date of authorization = 21.9 million shares)*	Previous authorization	4,040,000 share purchase options (18.4% of the amount authorized)	1,550,000 share purchase options (7.1% of the amount authorized)
	Authorization to grant issued shares free of charge to employees and senior officers of the company.	**Granted by:** AGM of May 9, 2005, under its 11th resolution **For a period of:** 14 months **Expiry:** July 9, 2006	1% of capital (at the date of authorization = 44.5 million shares)	NA	None	822,000 shares (18.5% of the amount authorized)
Remuneration of share contributions	Authorization to increase capital in order to pay for share contributions	**Granted by:** AGM of May 9, 2005, under its 12th resolution **For a period of:** 14 months **Expiry:** July 9, 2006	10% of capital Note: This limit is added to the overall limit set under the 12th resolution of the AGM of April 29, 2004	NA	None	None
Cancellation of shares	Authorization to cancel shares acquired as part of a share buyback program	**Granted by:** AGM of April 29, 2004, under its 17th resolution **For a period of:** 26 months **Expiry:** June 29, 2006	10% of capital per 24-month (at the date of authorization = 43.8 million shares)	None	18,100,000 shares (41.3% of the amount authorized)	None

MAIN CHANGES IN THE INVESTMENT PORTFOLIO IN 2005

In 2005, the following transactions affected Société Générale's investment portfolio:

OUTSIDE FRANCE	IN FRANCE
Creation of	**Creation of**
Acquisition of interest in	**Acquisition of interest in**
Acquisition of Delta Credit Mortgage Finance Netherlands – Podgoricka Banka	**Acquisition of**
Increase of interest in NSGB Le Caire – General Bank of Greece – SG Securities Hong Kong	**Increase of interest in**
Subscription to capital increase SGAI- Banco SG Brasil – SG Yougoslav Bank – SG Algérie	**Subscription to capital increase** SGAM – ORPAVIMOB - SG Consumer Finance (GALOREC) – SOGESSUR
Disposal of total interest in UNITED ARAB BANK – Banco SG Argentine – BANCA SAI	**Disposal of total interest in** Sechilienne SIDEC
Reduction of interest in SG Calédonienne de Banque – Banque de Polynésie (Polybank), MTS Portugal	**Reduction of interest in**

In accordance with Article L. 233.6 of the French Commercial Code, the following table summarizes the significant changes in Société Générale's investment portfolio in 2005.

Increase				Decrease			
		% of capital				% of capital	
Declaration threshold	Company	Dec. 31, 2005	Previously	Declaration threshold	Company	Dec. 31, 2005	Previously
5%				5%	UTA WUHAN China	-	5%
					MTS Portugal	4.7%	5.4%
				10%	SGOP HOLDING	-	7.09%
10%						-	
20%				20%	UNITED ARAB BANK		20%
					BANCA SAI		30%
					SG Calédonienne de Banque	20.6%	30.5%
33%			37.5%	33%			
50%	NSGB LE CAIRE	78.9%	54.30%	50%			
	GENERAL BANK OF GREECE	52.3%	50%				
	PODGORICKA BANKA	74.4%	-		BANCO SG ARGENTINE	-	90.6%
	DELTA CREDIT	100%	-				
					Banque de Polynésie	72.1%	80%

ACTIVITIES OF PRINCIPAL SUBSIDIARIES AND AFFILIATES

Amounts in millions of euros at December 31 (company accounts of subsidiaries or sub-groups under local accounting standards, before consolidation adjustments)

Company name and location	Activities	Year end	% interest	Total assets
RETAIL BANKING NETWORKS and affiliates				
France				
Groupe Crédit du Nord	French	Dec. 31, 2004	80.0%	29,098.9
France	Networks	Dec. 31, 2005	80.0%	31,942.6
Banque de Polynésie (BDP)	Retail Banking	Dec. 31, 2004	80.0%	954.5
French Polynesia	outside France	Dec. 31, 2005	72.1%	1,026.2
Société Générale Calédonienne de Banque (SGCB)	Retail Banking	Dec. 31, 2004	100.0%	846.0
New Caledonia	outside France	Dec. 31, 2005	90.1%	936.6
Société Générale de Banque aux Antilles (SGBA)	Retail Banking	Dec. 31, 2004	100.0%	289.7
French West Indies	outside France	Dec. 31, 2005	100.0%	308.0
Banque Française Commerciale "Océan Indien" (BFCOI)	Retail Banking	Dec. 31, 2004	50.0%	794.3
Reunion	outside France	Dec. 31, 2005	50.0%	906.8
Central and Eastern Europe				
Komercni Banka A.S. (KB)	Retail Banking	Dec. 31, 2004	60.4%	14,715.2
Czech Republic	outside France	Dec. 31, 2005	60.4%	17,022.3
BRD - SG Group	Retail Banking	Dec. 31, 2004	58.3%	2,942.0
Romania	outside France	Dec. 31, 2005	58.3%	5,229.0
SKB Banka	Retail Banking	Dec. 31, 2004	99.6%	1,615.6
Solvenia	outside France	Dec. 31, 2005	99.6%	1,929.2
General Bank of Greece (GBG)	Retail Banking	Dec. 31, 2004	50.0%	3,526.0
Greece	outside France	Dec. 31, 2005	52.3%	3,507.0
SG Express Bank	Retail Banking	Dec. 31, 2004	98.0%	399.8
Bulgaria	outside France	Dec. 31, 2005	98.0%	554.8
Banque SG Vostok	Retail Banking	Dec. 31, 2004	100.0%	400.6
Russia	outside France	Dec. 31, 2005	100.0%	892.3
Middle East and Africa				
Société Générale Marocaine de Banques (SGMB)	Retail Banking	Dec. 31, 2004	51.9%	2,488.0
Morocco	outside France	Dec. 31, 2005	51.9%	3,086,0
Société Générale de Banque au Liban (SGBL)	Retail Banking	Dec. 31, 2004	50.0%	1,976.8
Lebanon	outside France	Dec. 31, 2005	50.0%	2,406.9
National Société Générale Bank (NSGB)	Retail Banking	Dec. 31, 2004	54.3%	1,750.0
Egypt	outside France	Dec. 31, 2005	78.4%	2,498.0
MIBank *	Retail Banking	Dec. 31, 2004	0.0%	2,654.0
Egypt	outside France	Dec. 31, 2005	71.1%	2,363.0

Shareholders' equity (1)	Customer deposits	Customer loans	Mathematical/ technical reserves (2)	Sales (3)	Net banking income	Net income	Employees
1,371.0	15,166.3	18,248.8	-	-	1,313.8	233.1	7,759
1,492.3	16,277.7	20,132.9	-	-	1,381.2	250.1	7,791
61.6	728.7	756.4	-	-	57.6	11.1	307
67.1	781.3	810.1	-	-	57.2	15.0	296
87.0	652.4	659.2	-	-	54.9	25.5	273
73.9	731.7	745.8	-	-	57.4	20.2	272
10.4	154.4	232.1	-	-	14.2	(6.4)	143
10.2	160.7	256.2	-	-	17.9	2.3	140
27.6	616.4	616.6	-	-	45.4	5.4	390
31.5	653.5	768.5	-	-	49.9	8.8	368
1,434.7	11,882.4	5,049.0	-	-	712.1	291.6	7,309
1,734.5	12,758.4	6,347.3	-	-	786.0	307.0	7,432
221.3	2,206.7	1,658.5	-	-	266.8	88.7	4,438
298.8	4,080.0	2,675.0	-	-	367.4	153.1	5,257
121.1	1,043.9	904.6	-	-	75.1	0.7	972
136.3	1,091.5	1,122.6	-	-	71.1	13.0	960
180.0	2,332.0	2,711.0	-	-	158.0	(85.0)	2,285
214.0	2,457.0	2,387.0	-	-	167.0	(41.0)	2,284
61.7	307.0	274.1	-	-	33.2	11.3	914
75.1	412.2	350.9	-	-	36.8	13.3	987
35.3	206.1	268.5	-	-	16.7	(8.2)	442
46.4	429.8	617.1	-	-	61.7	11.8	872
233.0	1,843.0	1,418.0	-	-	154.0	19.0	2,097
268.0	2,269.0	1,759.0	-	-	173.0	40.0	2,184
35.0	1,605.1	645.3	-	-	59.3	2.0	1,010
52.2	1,969,5	735.7	-	-	74.9	16.4	1,042
176.0	1,502.0	900.0	-	-	95.0	50.0	1,009
228.0	1,976.0	1,028.0	-	-	106.0	66.0	1,195
180.0	2,282.0	1,065.0	-	-	96.0	21.0	1,273
-33.0	2,114.0	1,059.0	-	-	26.0	16.0	1,081

Amounts in millions of euros at December 31 (company accounts of subsidiaries or sub-groups under local accounting standards, before consolidation adjustments)

Company name and location	Activities	Year end	% interest	Total assets
Union Internationale de Banques (UIB)	Retail Banking	Dec. 31, 2004	52.3%	1,031.6
Tunisia	outside France	Dec. 31, 2005	52.3%	1,110.7
Société Générale de Banques en Côte d'Ivoire (SGBCI)	Retail Banking	Dec. 31, 2004	66.8%	632.4
Côte d'Ivoire	outside France	Dec. 31, 2005	66.8%	648.4
Société Générale de Banques au Sénégal (SGBS)	Retail Banking	Dec. 31, 2004	57.7%	573.9
Senegal	outside France	Dec. 31, 2005	57.7%	610.3
Société Générale de Banques au Cameroun (SGBC)	Retail Banking	Dec. 31, 2004	58.1%	493.0
Cameroon	outside France	Dec. 31, 2005	58.1%	545.0
SG-SSB Limited	Retail Banking	Dec. 31, 2004	51.0%	198.1
Ghana	outside France	Dec. 31, 2005	51.0%	270.7
SG Algérie	Retail Banking	Dec. 31, 2004	100.0%	218.0
Algeria	outside France	Dec. 31, 2005	100.0%	442.0
Affiliates				
Sogébail	Real estate lease finance	Dec. 31, 2004	45.3%	1,437.7
France		Dec. 31, 2005	46.2%	1,367.1
Sogéfimur	Real estate lease finance	Dec. 31, 2004	100.0%	1,010.3
France		Dec. 31, 2005	100.0%	1,028.4
Sogelease France	Real estate lease finance	Dec. 31, 2004	100.0%	1,895.9
France		Dec. 31, 2005	100.0%	2,081.0
Compagnie Générale d'Affacturage (CGA)	Factoring	Dec. 31, 2004	100.0%	1,836.6
France		Dec. 31, 2005	100.0%	2,127.9
FINANCIAL SERVICES				
GEFA GmbH	Equipment finance	Dec. 31, 2004	100.0%	5,009.9
Germany		Dec. 31, 2005	100.0%	4,986.4
GEFA Leasing GmbH	Equipment finance	Dec. 31, 2004	100.0%	1,719.0
Germany		Dec. 31, 2005	100.0%	1,880.5
Groupe Franfinance	Specialized financing	Dec. 31, 2004	100.0%	4,572.9
France		Dec. 31, 2005	100.0%	4,898.1
Fiditalia Spa	Consumer	Dec. 31, 2004	100.0%	3,609.4
Italy	credit	Dec. 31, 2005	100.0%	4,569.5
Rusfinance SAS	Consumer	Dec. 31, 2004	51.0%	62.1
Russia	credit	Dec. 31, 2005	100.0%	361.4
Eqdom	Consumer	Dec. 31, 2004	53.6%	432.2
Morocco	credit	Dec. 31, 2005	53.6%	498.3
Hanseatic Bank *	Consumer	Feb. 28, 2005	0.0%	1,141.9
Germany	credit	Dec. 31, 2005	75.0%	1,388.5
Eurobank *	Consumer	Dec. 31, 2004	0.0%	384.4
Poland	credit	Dec. 31, 2005	99.0%	522.3

Shareholders' equity (1)	Customer deposits	Customer loans	Mathematical/ technical reserves (2)	Sales (3)	Net banking income	Net income	Employees
101.5	786.3	889.5			40.3	50.0	1,435
102.8	851.1	987.7	-	-	46.2	0.0	1,325
76.4	471.3	391.7	-	-	58.1	7.3	746
91.2	480.5	378.1	-	-	56.1	9.6	711
51.6	419.0	391.0	-	-	46.5	10.6	610
59.9	454.1	478.5	-	-	53.0	14.4	609
30.0	407.1	329.0	-	-	37.8	11.5	563
34.0	432.0	383.0	-	-	41.0	13.0	582
35.1	128.3	60.5	-	-	34.9	9.1	707
42.8	165.8	115.1	-	-	38.5	8.0	669
23.0	127.0	89.0	-	-	12.0	2.0	236
46.0	268.0	200.0	-	-	21.0	6.0	416
195.4	-	1,305.0	-	-	22.4	11.5	-
194.9	-	1,247.8	-	-	22.3	11.4	-
66.3	-	911.2	-	-	10.5	4.1	-
66.4	-	934.5	-	-	11.2	5.3	-
269.2	-	1,674.7	-	-	31.7	17.8	-
289.7	-	1,857.7	-	-	33.6	19.9	-
36.9	-	1,790.6	-	73.2	46.9	10.2	186
43.0	-	2,070.9	-	77.4	53.1	11.7	195
531.7	167.6	4,791.7	-	-	208.2	134.5	736
477.2	63.4	4,879.6	-	-	54.7	-	758
51.1	-	1,611.7	-	-	52.1	-	-
51.1	-	1,793.6	-	-	45.2	-	-
329.0	-	4,405.6	-	-	239.1	61.6	1,279
322.7	-	4,681.3	-	-	275.9	69.6	1,281
228.7	-	3,206.8	-	-	184.4	32.8	672
265.4	-	4,086.0	-	-	221.4	36.7	719
43.1	-	11.0	-	-	0.8	(2.4)	541
147.9	59.1	182.1	-	-	36.3	(10.9)	2,335
91.5	-	496.3	-	-	45.5	12.8	310
99.7	-	551.0	-	-	47.5	14.2	323
138.1	1,020.8	1,386.0	-	-	73.5	31.7	329
132.4	879.6	1,322.3	-	-	87.9	25.9	326
17.6	270.5	200.2	-	-	27.8	(9.6)	1,124
46.7	374.0	304.6	-	-	50.3	(3.4)	1,450

Amounts in millions of euros at December 31 (company accounts of subsidiaries or sub-groups under local accounting standards, before consolidation adjustments)

Company name and location	Activities	Year end	% interest	Total assets
Temsys	Vehicle leasing	Dec. 31, 2004	100.0%	1,341.2
France	and finance	Dec. 31, 2005	100.0%	1,639.4
ALD Autoleasing GmbH	Vehicle leasing	Dec. 31, 2004	100.0%	1,823.6
Germany	and finance	Dec. 31, 2005	100.0%	836.1
Compagnie Générale de Location d'Equipements (CGL-CGI)	Vehicle	Dec. 31, 2004	99.7%	2,758.6
France	finance	Dec. 31, 2005	99.7%	3,119.0
Sogécap	Life insurance	Dec. 31, 2004	100.0%	46,735.5
France		Dec. 31, 2005	100.0%	54,035.5
Sogessur	Property insurance	Dec. 31, 2004	65.0%	121.5
France		Dec. 31, 2005	65.0%	158.3
Europe Computer Systèmes (Groupe ECS)	IT asset leasing	Dec. 31, 2004	100.0%	676.6
France	and management	Dec. 31, 2005	100.0%	813.8
CORPORATE AND INVESTMENT BANKING				
Société Générale (Canada)	Corporate and	Dec. 31, 2004	100.0%	4,131.4
Canada	investment banking	Dec. 31, 2005	100.0%	3,663.3
Korean French Banking Corporation-Sogéko	Corporate and	Dec. 31, 2004	41.4%	167.4
South Korea	investment banking	Dec. 31, 2005	41.4%	296.8
Genefim	Real estate lease finance	Dec. 31, 2004	100.0%	1,225.4
France		Dec. 31, 2005	100.0%	1,284.3
SG Cowen & Co. Llc	Corporate banking	Dec. 31, 2004	100.0%	569.4
United States		Dec. 31, 2005	100.0%	670.5
SG Americas Securities Llc	Corporate banking	Dec. 31, 2004	100.0%	20,963.8
United States		Dec. 31, 2005	100.0%	29,594.9
SG Asia (Hong Kong) Ltd	Corporate banking	Dec. 31, 2004	100.0%	219.8
Hong Kong		Dec. 31, 2005	100.0%	147.5
SG Securities (Paris) SAS	Securities brokerage	Dec. 31, 2004	100.0%	103.9
France		Dec. 31, 2005	100.0%	117.4
SG Securities (North Pacific), Tokyo Branch	Securities brokerage	Dec. 31, 2004	100.0%	4,793.0
Japan		Dec. 31, 2005	100.0%	5,033.0
SG Securities Asia International Holdings Ltd.	Securities brokerage	Dec. 31, 2004	100.0%	363.0
Hong Kong		Dec. 31, 2005	100.0%	529.0
GLOBAL INVESTMENT MANAGEMENT AND SERVICES				
Groupe SG Asset Management (SGAM)	Asset management	Dec. 31, 2004	100.0%	2,020.4
France		Dec. 31, 2005	100.0%	2,517.8
TCW Group Inc.	Asset management	Dec. 31, 2004	66.5%	406.6
United States		Dec. 31, 2005	74.3%	617.3
Société Générale Bank & Trust (SGBT)	Private banking	Dec. 31, 2004	100.0%	20,769.1
Luxembourg		Dec. 31, 2005	100.0%	28,656.1

Shareholders' equity (1)	Customer deposits	Customer loans	Mathematical/ technical reserves (2)	Sales (3)	Net banking income	Net income	Employees
68.8	7.0	-	-	470.4	81.3	(0.6)	658
84.2	1.5	-	-	456.6	67.7	15.3	666
180.3	15.1	-	-	170.7	97.0	11.4	615
45.9	13.3		-	222.1	43.6	4.1	375
191.9	35.0	1,710.0	-	-	144.0	33.2	552
226.0	31.4	1,934.5	-	-	141.6	42.8	636
1,020.3	-	-	42,178.2	6,607.9	232.8	100.7	398
1,463.5	-	-	48,497.4	7,679.8	263.3	120.1	446
12.3	-	-	72.6	93.4	12.6	(8.4)	216
17.5	-	-		114.5	24.9	1.5	254
110.2	-	-	-	1,729.4	156.3	19.7	1,082
115.1	-	-	-	1,788.1	154.9	16.3	1,149
192.4	1,647.8	2,309.4	-	-	37.4	13.6	119
238.0	1,733.9	2,683.1	-	-	40.8	10.4	137
52.9	20.0	86.9	-	-	7.7	21.3	59
94.8	118.5	124.4	-	-	16.1	13.6	59
165.0	-	1,159.1	-	-	38.9	23.7	41
173.8	-	1,216.9	-	-	46.6	26.9	40
214.7	-	-	-	-	292.8	17.8	521
316.9	-	-	-	-	209.6	54.1	482
291.7	-	-	-	-	175.0	52.6	335
473.5	-	-	-	-	328.0	130.9	388
75.5	-	18.1	-	-	31.8	4.8	71
86.7	-	8.5	-	-	28.4	10.9	78
20.7	-	-	-	72.5	47.3	2.8	119
20.0	-	-	-	88.9	56.0	5.4	109
161.0	1.2	3,145.5	-	-	129.5	18.2	227
221.3	10.9	808.3	-	-	192.4	42.9	253
244.0	-	-	-	121.5	124.6	126.0	123
233.0	-	-	-	82.0	82.0	39.0	112
1,679.9	-	-	-	485.6	-	133.4	731
1,875.3	-	-		575.3	-	173.1	861
294.8	-	-	-	387.3	-	43.9	583
434.9	-	-	-	473.1	-	85.5	613
1,749.6	7,232.2	7,182.1	-	-	339.0	145.9	922
1,897.9	11,388.3	12,359.4	-	-	476.2	193.4	1,137

Amounts in millions of euros at December 31 (company accounts of subsidiaries or sub-groups under local accounting standards, before consolidation adjustments)

Company name and location	Activities	Year end	% interest	Total assets
Groupe Société Générale Hambros Bank & Trust Ltd. (SGHBT)	Private banking	Dec. 31, 2004	100.0%	3,735.7
United Kingdom		Dec. 31, 2005	100.0%	4,529.1
SG Banque De Maertelaere (SGBDM)	Private banking	Dec. 31, 2004	95.7%	515.3
Belgium		Dec. 31, 2005	95.7%	578.0
Banque de Réescompte et de Placement (BAREP)	Specialized bank	Dec. 31, 2004	100.0%	2,563.7
France		Dec. 31, 2005	100.0%	2,782.1
SECURITIES SERVICES & ONLINE SAVINGS				
Groupe Fimat	Derivatives brokerage	Dec. 31, 2004	100.0%	12,617.6
France		Dec. 31, 2005	100.0%	17,952.1
Parel	Securities clearing	Dec. 31, 2004	100.0%	522.7
France		Dec. 31, 2005	100.0%	1,007.1
Boursorama	Online brokerage	Dec. 31, 2004	71.0%	762.8
France		Dec. 31, 2005	70.7%	914.2

(1) Shareholders' equity including results for the year.
(2) For insurance companies.
(3) For stockbrokers, insurance and service companies to which this notion applies.
** Company acquired in 2005 (2004 data is indicative only). The figures given for 2004 and 2005 are full-year figures.*
Subsidiaries for which no staff numbers are given do not have any dedicated employees.

• MIBank

This company was acquired by Société Générale in September 2005 (2004 data is indicative only). The reduction in net worth under local accounting standards over 2005 reflects additional provisions for loans, commitments to employees and investments in non-consolidated subsidiaries and affiliates. The lack of adequate provisioning noted during the acquisition was anticipated in the opening balance sheet of MIBank, integrated into the Société Générale Group's accounts.

• Gefa Bank GmbH

An agreement was signed in 2005 for the transfer of GEFA GmbH's total net income to Société Générale Equipment Finance SA & CO.KG.

• Gefa Leasing GmbH

Given the existence of an agreement for the transfer of Gefa Leasing's results to Gefa GmbH, the data given above for Gefa Leasing are not representative of its actual business.

Shareholders' equity (1)	Customer deposits	Customer loans	Mathematical/ technical reserves (2)	Sales (3)	Net banking income	Net income	Employees
451.5	3,164.2	571.5	-	-	78.5	20.1	441
464.6	3,779.1	718.8	-	-	89.4	27.0	458
39.7	447.0	41.1	-	-	36.0	9.3	196
48.8	495.6	40.2	-	-	46.0	9.5	207
43.1	811.4	1,107.2	-	-	9.4	3.7	64
46.4	1.164.1	1,093.1	-	-	9.9	6.7	54
211.7	11,863.1	254.1	-	-	415.9	39.4	1,249
345.6	17,455.3	437.6	-	-	484.1	149.4	1,476
21.6	-	-	-	14.7	15.6	2.7	53
21.8	-	-	-	14.7	16.2	2.9	50
151.1	426.6	27.0	-	101.1	77.9	9.0	365
152.5	491.6	43.5	-	132.5	103.1	18.6	523

- **Rusfinance SAS**

Rusfinance is a subsidiary of the Group which was set up in August 2004. In July 2005, it acquired Promek Bank.

- **Hanseatic Bank**

This company was acquired by Société Générale at the end of February 2005.

The 2004 fiscal year - which ended on February 28, 2005 - is included for information purposes only and covers a 12 month period.

As a result, the 2005 fiscal year which ended on December 31, 2005 only covers 10 months.

- **ALD Autoleasing GmbH**

As of May 2005, ALD Autoleasing GmbH's consumer credit activities were transferred to ALD Lease Finanz GmbH (Germany).

11 LEGAL INFORMATION

ADDITIONAL INFORMATION

General information

Corporate name

Société Générale

Head office

29, boulevard Haussmann, 75009 Paris

Administrative office

17, cours Valmy, 92972 Paris-La Défense

Telephone number

+33 (0) 1 42 14 20 00

Website

www.socgen.com

Legal form

Société Générale is a limited liability corporation *(Société Anonyme)* established under French law and having the status of a bank.

Governing law

Subject to the legal and regulatory provisions relating to credit institutions, notably the applicable articles of the *Code monétaire et financier* (French Monetary and Financial Code), the Company is governed by commercial legislation, in particular articles 210-1 et seq. of the *Code de commerce* (French Commercial Code).

Société Générale is a credit institution authorized to act as a bank. As such, it can carry out all banking transactions. It is notably authorized to provide all investment services or related services described in articles L.321-1 and L.321-2 of the French Monetary and Financial Code. In its capacity as an investment services provider, Société Générale is subject to regulations applicable to the same. It must notably comply with a number of prudential rules and is subject to the controls carried out by the *Commission Bancaire* (French Banking Commission). Its management and all employees are bound by rules governing professional secrecy, violation of which is punishable by law. Société Générale also acts as an insurance broker.

Date of formation and duration

Société Générale was incorporated by deed approved by the decree of May 4, 1864. The company will expire on December 31, 2047, unless it is wound up or its duration extended.

Corporate purpose

(article 3 of the By-laws)

The purpose of Société Générale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals and corporate entities, in France and abroad:

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

Société Générale may also engage on a regular basis in all transactions other than those listed above, including in particular insurance brokerage, under the conditions set by the *Comité de la réglementation bancaire et financière* (French Banking and Financial Regulation Committee).

Generally, Société Générale may also carry out, on its own account, on behalf of third parties or in a joint venture, all financial, commercial, industrial or agricultural personalty and realty transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

Registration number

552 120 222 RCS Paris.

ISIN code (International Securities Identification Number): FR 0000130809

APE code (business activity code): 651C

Company reports and documents

All Société Générale's reports and documents, including in particular its By-laws, financial statements and reports submitted to shareholders' meetings by the Board of Directors and the Statutory Auditors, may be inspected at the Company's administrative offices at Tour Société Générale, 17, Cours Valmy, 92972 Paris-La-Défense Cedex, France.

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

Fiscal year

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

Allocation and distribution of income

(article 18 of the By-laws)

Net income for the year is determined in accordance with currently applicable laws and regulations.

At least 5% of net income for the year, less any previous losses, must be set aside by law to form a legal reserve until the said reserve reaches one-tenth of total capital stock.

Net income available after this transfer, increased by any net income brought forward, constitutes income available for distribution to be carried forward or allocated to ordinary, extraordinary or special reserves in those amounts which the General Meeting may deem useful, upon the recommendation of the Board of Directors. The remaining balance is then paid out to shareholders in proportion to their shareholding.

The General Meeting called to approve the financial statements for the year may, in respect of all or part of final or interim dividends proposed for distribution, offer each shareholder the option to receive payment of the final or interim dividend in cash or in shares, under the conditions laid down by current regulations. Shareholders who exercise this option must do so for all the final or interim dividends attributable to their shareholding.

Except in cases of a reduction in capital stock, no distribution to shareholders may take place if shareholders' equity is, or will be as a result of such distribution, less than an amount equal to the sum of capital stock and those reserves that cannot be distributed by law or under the Company's By-laws.

Convocation of, admission to and organization of shareholders' meetings

(from article 14 of the By-laws)

The General Meeting is made up of all Société Générale shareholders.

It is called and deliberates as provided for by legal provisions in force.

The Meeting may be publicly broadcast if decided by the Board of Directors and announced in the notice of meeting and/or convocation.

It meets at the Company's head office or in any other place in mainland France indicated in the convocation notice.

Such meetings are chaired by the Chairman of the Board or, in his absence, by a Director appointed for the purpose by the Chairman of the Board.

Regardless of the number of shares held, all shareholders have the right, upon proof of their identity, to participate in the General Meetings, by personally attending them, by returning their ballot by mail or by a representative, provided that:

- in the case of holders of registered shares, their names are entered in the Company registry;
- in the case of holders of bearer shares, they have deposited at the place mentioned in the convocation notice, a certificate delivered by a qualified person stating that the shares in their account are unavailable for sale up to the date of the Meeting;
- where applicable, they provide the Company with proof of their identity, in line with the legal provisions in force.

These formalities must be completed at least two days, or a shorter period if mentioned in the meeting notice, before the meeting is held, unless the regulations in force shorten this period.

The registration and non-transferability of shares may only be revoked in accordance with the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication authorized by the law, subject to the conditions set by the law and when stipulated in the meeting notice.

In all General Meetings of Shareholders, the voting right attached to shares that entail an usufructuary right is exercised by the usufructuary.

Documents

Société Générale's By-laws are included in the present document by reference. All reports, letters and other documents, historical financial data, assessments and declarations established by external experts at the request of the issuer and included in part or referred to in the present document, and all financial data on Société Générale and its subsidiaries for the fiscal periods preceding the publication of this document can be consulted on the Société Générale Group's website or at its head offices.

BY-LAWS

Name - Registered office - Purpose

Article 1

The Company, named Société Générale, is a joint-stock company incorporated by deed approved by the Decree of May 4, 1864, and is approved as a bank.

The duration of Société Générale, previously fixed at 50 years with effect from January 1, 1899, was then extended by 99 years with effect from January 1, 1949.

Under the legislative and regulatory provisions relating to credit institutions, notably the articles of the Monetary and Financial Code that apply to them, the Company is subject to the commercial laws, in particular articles L. 210-1 and following of the French Commercial Code, as well as by the current By-laws.

Article 2

Société Générale's registered office is at
29, boulevard Haussmann - Paris 9e.

In accordance with current legal and statutory provisions it may be transferred to any other location.

Article 3

The purpose of Société Générale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals or corporate entities, in France or abroad:

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

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

Generally, Société Générale may carry out, on its own behalf, on behalf of a third party or jointly, all financial, commercial, industrial or agricultural personalty or realty transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

Capital - Shares

Article 4

The share capital amounts to EUR 542,860,226.25. It is divided into 434,288,181 shares of EUR 1.25 par value each fully paid up.

The capital may be increased, reduced or divided into shares of different par value on decision of the competent meeting or meetings of shareholders.

Article 5

Each share gives right, in the ownership of the Company's assets and in the liquidating surplus, to a percentage equal to that fraction of the registered capital that it represents.

All shares which make up or which will make up the registered capital will be given equal rank as regards taxes. Consequently, all taxes which for whatever reason may become payable on account of capital reimbursement for certain of them only, either during the life of the Company or during its liquidation, shall be divided between all the shares making up the capital during such reimbursement so that, while allowing for the par and non-amortized value of the shares and for their respective rights, all present or future shares shall carry entitlement for their owners to the same effective advantages and to the right to receive the same net sum.

Whenever it is necessary to possess a certain number of shares in order to exercise a right, it is incumbent on shareholders who own fewer shares than the total number required to assemble the necessary number of shares.

Article 6

Shares may, in accordance with the holder's wishes, be registered or bearer shares. Such shares shall be freely negotiable unless otherwise stipulated by law.

Any shareholder acting on his own or jointly, who comes to hold directly or indirectly at least 1.5% of the capital or voting rights, must inform the Company within fifteen days of the time at which he exceeds this threshold, and must also indicate in his declaration the number of securities he holds which may give rise to his holding capital stock in the future. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage. Beyond the initial 1.5%, shareholders are obliged to notify the Company, under the aforementioned conditions, whenever their holding of capital or voting rights exceeds an additional 0.5%.

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

Any shareholder acting on his own or jointly, is also required to inform the Company within fifteen days if the percentage of his capital or voting rights falls below each of the thresholds described in paragraph 2 above.

The Company can at any time, in accordance with current legal and regulatory provisions, request that the organization responsible for securities clearing provide information relating to the shares giving the right to vote in its General Meetings, either immediately or over the long term, as well as to holders of the said shares.

The rights of shareholders shall comply with applicable statutory and regulatory provisions.

Board of Directors

Article 7

I - DIRECTORS

The Company is administered by a Board of Directors made up of two categories of Directors:

1. Directors appointed by the Shareholders' Ordinary General Meeting

There are at least nine of these Directors, and thirteen at the most.

The functions of directors appointed by the Ordinary General Meeting shall expire four years after the approval of the current article. This provision does not apply to Directors in office at the time of this approval.

When, in application of current legal and statutory provisions, a Director is appointed to replace another, then his term of office shall not exceed that term of office remaining to be served by his predecessor.

2. Directors elected by personnel

The status and methods of electing these Directors are laid down by Articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as by these By-laws.

There are currently three staff-elected directors, one to represent the executives and two to represent all other staff. When the mandates of the current Directors expire in 2006, the number of staff-elected Directors shall be reduced to two, that is one to represent the executives and one to represent all other Company personnel.

In any event, their number may not exceed one-third of the Directors appointed by the General Meeting.

Their term of office is three years.

Regardless of the appointment procedure, the duties of a Director cease at the end of the Ordinary General Meeting called to approve the financial statements of the previous fiscal year and held during the year in which his term of office expires.

Directors may be re-elected, as long as they meet the legal provisions, particularly with regard to age.

Each Director must hold at least two hundred shares.

II - METHODS OF ELECTING DIRECTORS ELECTED BY PERSONNEL

For each seat to be filled, the voting procedure is that set forth by law.

The first Directors elected by the staff will begin their term of office during the Board of Directors' meeting held after publication of the full results of the first elections.

Subsequent Directors shall take up office on expiration of the out-going Directors' terms of office.

If, in any circumstances and for any reason whatsoever, there shall remain in office less than the statutory number of Directors before the normal end of the term of office of such Directors, vacant seats shall remain vacant until the end of such term of office and the Board shall continue to meet and take decisions validly until that date.

Elections shall be organized every three years so that a second vote may take place at the latest fifteen days before the normal end of the term of office of out-going Directors.

For both the first and second ballot, the following deadlines should be adhered to:

- posting of the date of the election at least eight weeks before the date of polling;
- posting of the lists of the electors at least six weeks before the date of polling;
- registration of candidates at least five weeks before the date of polling;
- posting of lists of candidates at least four weeks before the date of polling;
- sending of documents required for absentee voting at least three weeks before the date of polling.

The candidatures or lists of candidates other than those entered by a representative trade union should be accompanied by a document including the names and signatures of one hundred employees presenting the candidates.

Polling takes place the same day, in the workplace, and during working hours. Nevertheless, the following may enter absentee votes:

- employees not present on the day of polling;
- employees working abroad;
- employees of a department or office, or seconded to a subsidiary in France, who do not have access to a polling station, or who cannot vote in another office.

Each polling station consists of three elective members, with the Chairman being the oldest one among them. The Chairman is responsible for seeing that voting operations proceed correctly.

Votes are counted in each polling station, and immediately after closing of the polls; the report is drawn up as soon as the counting has been completed.

Results are immediately sent to the Head Office of Société Générale, where a centralized results station will be set up with a view to drafting the summary report and announcing the results.

Methods of polling not specified by Articles L. 225-27 to L. 225-34 of the French Commercial Code or these By-laws, are decreed by the General Management after consulting with representative trade unions.

These methods may include electronic voting. In the event of the use of electronic voting, the specifications for the practical organization of the election described herein may be changed as necessary.

III - NON-VOTING DIRECTORS *(CENSEURS)*

On the proposal of the Chairman, the Board of Directors may appoint one or two non-voting directors or *censeurs*.

Censeurs are convened and attend Board of Directors' meetings in a consultative capacity.

They are appointed for a period not exceeding four years and the Board can renew their terms of office or put an end to it at any time.

They may be selected from among the shareholders or non-shareholders, and receive an annual remuneration determined by the Board of Directors.

Article 8

The Board of Directors determines the Company's strategy and ensures its implementation. Subject to the powers expressly attributed to the General Meeting and within the scope provided for in the corporate purpose, it considers all matters that affect the Company's operations and settles by its decisions matters which concern it.

It carries out all the controls and verifications it deems appropriate. The Chairman or Chief Executive Officer is required to furnish each Director with all documents required to carry out their function.

Article 9

The Board of Directors elects a Chairman from among its natural person members, determines his remuneration and sets the duration of his term of office, which may not exceed that of his term of office as Director.

No member of 70 years of age or more shall be appointed Chairman. If the Chairman in office reaches the age of 70, his duties shall cease at the end of the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

The Chairman organizes and manages the work of the Board of Directors and reports on its activities to the General Meeting of Shareholders. He ensures the Company's bodies operate correctly and in particular ensures that the Directors are able to fulfill their functions.

Article 10

The Board of Directors meets as often as is required by the interests of the Company, upon convocation by the Chairman, either at the registered office or in any other place indicated in the convocation. The Board examines the questions placed on the agenda.

It also meets when at least one third of Board members or the Chief Executive Officer submits a request to the Chairman for a meeting with a specific agenda.

If the Chairman is unable to attend, the Board of Directors can be convened either by one third of its members, or by the Chief Executive Officer or a Chief Executive Officer délégué provided they are members of the Board.

Except where specified otherwise in the By-laws, Directors are called to meetings by letter or by any other means. In any event, the Board may always deliberate validly if all its members are present or represented.

Article 11

Board meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Director designated for this purpose at the beginning of the meeting.

Every Director may give his proxy to another Director, but a Director may act as proxy for only one other Director and a proxy can only be given for one specific meeting of the Board.

In all cases, deliberations of the Board are valid only if at least half the members are present.

The Chief Executive Officer attends meetings of the Board.

One or more delegates of the Central Works Council attend Board meetings, under conditions laid down by the legislation in force.

At the request of the Chairman of the Board of Directors, members of the General Management, the Statutory Auditors or other persons from outside the Company with specific expertise in the items on the agenda may attend all or part of a Board meeting.

Resolutions are adopted by a majority vote of the Directors present or represented. In the event of a tie, the Chairman holds a casting vote.

A member of management staff named by the Chairman serves as Secretary of the Board.

Minutes are prepared and copies or extracts certified and delivered in accordance with the law.

Article 12

Members of the Board may receive Director's fees in the form of a global sum set by the General Meeting and distributed by the Board among its members as it sees fit.

General Management

Article 13

The General Management of the Company is the responsibility of either the Chairman of the Board of Directors, or any other individual appointed by the Board of Directors to act as Chief Executive Officer.

The Board of Directors may choose between the two general management structures, and its decision is only valid if:

- the agenda with respect to this choice is sent to members at least 15 days before the date of the Board Meeting;
- at least two-thirds of Directors are present or represented.

Shareholders and third parties shall be informed of this decision in accordance with the regulations in force.

When the Chairman of the Board of Directors assumes responsibility for the general management of the Company, the provisions relating to the Chief Executive Officer shall be applicable to him.

The Chief Executive Officer shall be granted exhaustive powers to act on behalf of the Company in all matters. He shall exercise these powers within the scope of the Company's purpose and subject to those powers expressly assigned by law to meetings of shareholders and Boards of Directors. He shall represent the company vis-à-vis third parties.

The Board of Directors sets the Chief Executive Officer's remuneration and term of office, which may not exceed that of the dissociation of the functions of Chairman and Chief Executive Officer nor, where applicable, the term of his Directorship.

No person aged 70 or more shall be appointed Chief Executive Officer. If the Chief Executive Officer in office reaches the age of 70, his duties shall cease at the end of the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

On recommendation by the Chief Executive Officer, the Board of Directors can appoint up to five persons to assist the Chief Executive Officer, who shall have the title Chief Executive Officer *délégué*.

In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to Chief Executive Officers *délégués*. The Board of Directors sets their remuneration. With respect to third parties, Chief Executive Officers *délégués* have the same powers as the Chief Executive Officer.

General Meeting of Shareholders

Article 14

The General Meeting is made up of all Société Générale shareholders.

It is called and deliberates as provided for by the legal provisions in force.

The meeting may be publicly broadcast if decided by the Board of Directors and announced in the notice of meeting and/or convocation.

It meets at the Company's head office or in any other place in mainland France indicated in the convocation notice.

Such meetings are chaired by the Chairman of the Board or, in his absence, by a Director appointed for the purpose by the Chairman of the Board.

Regardless of the number of shares held, all shareholders have the right, upon proof of their identity, to participate in the General Meetings, by personally attending them, by returning their ballot by mail or by a representative, provided that:

- in the case of holders of registered shares, their names are entered in the Company registry;
- in the case of holders of bearer shares, they have deposited at the place mentioned in the convocation notice, a certificate delivered by a qualified person stating that the shares in their account are unavailable up to the date of the Meeting; where applicable, they provide the Company with proof of their identity, in line with the legal provisions in force.

These formalities must be completed at least two days, or a shorter period if mentioned in the meeting notice, before the meeting is held, unless the regulations in force shorten this period.

The registration and non-transferability of shares may only be revoked in accordance with the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication authorized by the law, subject to the conditions set by the law and when stipulated in the meeting notice.

As of January 1, 1993, double voting rights, in relation to the share of capital stock they represent, are allocated to all those shares which are fully paid up and which have been registered in the name of the same shareholder for two years. Double voting rights are also allocated to new registered shares that may be allocated free of charge to a shareholder in respect of the shares with double voting rights already held by him, on the occasion of an increase in capital stock by incorporation of reserves, unappropriated retained earnings, net income or additional paid-in capital.

The number of votes at General Meetings to be used by one shareholder, either individually or by a proxy, may not exceed 15% of total voting rights at the date of the Meeting.

This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for which they act as proxy complies with the rule stipulated above.

For the purposes of applying these limits, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L. 233-7 and following of the French Commercial Code.

This limit ceases to apply when a shareholder acquires - either directly or indirectly or jointly with another person - more than 50.01% of the company's voting rights following a public share exchange offer.

In all General Meetings of Shareholders the voting right attached to shares which entail an usufructuary right, is exercised by the usufructuary.

Special meetings

Article 15

When different categories of shares exist, special meetings must be convened for the holders of shares in such categories to discuss and vote under the conditions provided for by the regulations in force.

They meet at the head office or in any other place in mainland France indicated on the convocation notice.

They are chaired in the same manner as the General Meetings and the right to vote at these meetings is exercised under the same terms.

Auditors

Article 16

Auditors are appointed and discharged of their duties according to the applicable statutory and regulatory provisions.

Annual accounts

Article 17

The fiscal year is the calendar year.

The Board prepares the financial statements for the year under the conditions fixed by the applicable laws and regulations.

All other documents prescribed by the applicable laws and regulations are also drawn up.

Article 18

Net income for the year is determined in accordance with currently applicable laws and regulations.

At least 5% of net income for the year, less any previous losses, must be set aside by law to form a legal reserve until the said reserve reaches one-tenth of total capital stock.

Net income available after this transfer, increased by any net income brought forward, constitutes income available for distribution to be carried forward or allocated to ordinary, extraordinary or special reserves in those amounts which the General Meeting may deem useful, upon the recommendation of the Board of Directors.

The remaining balance is then paid out to shareholders in proportion to their share holding.

The General Meeting called to approve the financial statements for the year may, in respect of all or part of final or interim dividends proposed for distribution, offer each shareholder the option to receive payment of the final or interim dividend in cash or in shares, under the conditions laid down by current regulations. Shareholders who exercise this option must do so for all the final or interim dividends attributable to their shareholding.

Except in cases of a reduction in capital stock, no distribution to shareholders may take place if shareholders' equity is, or will be as a result of such distribution, less than an amount equal to the sum of capital stock and those reserves that cannot be distributed by law or under the Company's By-laws.

Dissolution

Article 19

In the event Société Générale is wound up and unless otherwise provided for by law, the General Meeting determines the method of liquidation, appoints the liquidators at the proposal of the Board of Directors and continues to exercise its assigned powers during said liquidation until completion thereof.

The net assets remaining after repayment of the par value of the shares are distributed among the shareholders, in proportion to their share of the capital.

BOARD'S INTERNAL RULES (1)

(Updated on November 16, 2005)

Changes made by the Board of Directors' meetings of August 3, and November 16, 2005 appear in bold italics.

Preamble:

The Board of Directors of Société Générale functions in accordance with the corporate governance principles set out in the 1995, 1999 and 2002 AFEP-MEDEF reports on corporate governance. The Board's organization and operating procedures are defined in these Internal Rules, a copy of which is included in the Company's annual report.

Article 1: Powers

The Board shall deliberate on any question coming under its legal or regulatory functions.

Moreover, the Board:

a) shall approve the Group's strategic direction and review the Group's strategy at least once a year;

b) shall approve strategic investment projects and all transactions, notably acquisitions or disposals, liable to have a material impact on the Group's earnings, its balance sheet structure or its risk profile.

Except where precluded by justified reasons of urgency, this prior approval process concerns:

- *organic growth operations where these represent a unit amount in excess of EUR 250 million and have not already been approved within the framework of the annual budget or the strategic plan;*
- *acquisitions for a unit amount exceeding 3% of the Group's consolidated shareholders' equity or 1.5% of consolidated shareholders' equity where the acquisition does not fit in with the development priorities approved in the strategic plan;*
- *disposals for a unit amount exceeding 1.5% of the Group's consolidated shareholders' equity;*
- *partnerships involving a cash payment exceeding 1.5% of the Group's consolidated shareholders' equity;*
- transactions that would result in a substantial deterioration of the Group's risk profile.

(1) This document does not form part of Société Générale's By-laws. It is not enforceable against third parties. It may not be cited by third parties or shareholders as evidence against Société Générale or its Chief Executive Officers.

If, for reasons of urgency, it is not possible to convoke a meeting of the Board to deliberate on a transaction that falls under the aforementioned categories, the Chairman shall do his utmost to obtain the opinion of all Directors before taking a decision.

The Chairman assesses on a case-by-case basis the appropriateness of convoking the Board to deliberate on a transaction that does not fall under the aforementioned categories.

During each Board meeting, the Chairman shall give a report on the transactions concluded since the previous meeting, as well as on the main projects in progress that are liable to be concluded before the next Board meeting.

The Board shall receive copies of all press releases relating to acquisition or disposals prior to their release to the press, save where justified by reasons of urgency.

c) shall deliberate on modifications to the Group's management structures prior to their occurrence and shall be informed of the principal changes to its organization;

d) shall deliberate on the Company's exposure to all types of risk at least once a year;

e) shall approve the report of the Board and the Board committees to be included in the Company's annual report;

f) shall approve the presentation of the Directors to be included in the annual report, including the list of independent Directors and the criteria used, based on the proposal made by the Nomination Committee;

g) shall set the compensation of the Chairman and the Company's Chief Executive Officers based on the proposal made by the Compensation Committee;

h) shall approve the management report, as well as those sections of the annual report dealing with corporate governance and presenting the Company's remuneration and stock options policy.

Article 2: Meetings

The Board shall meet at least five times a year. At least once a year, it shall devote an item of its agenda to an evaluation of the Board's performance.

***Directors participating in the Board meeting via videoconferencing or any other telecommunications equipment which enables them to be identified and to participate actively, shall be considered present for the calculation of quorum and majority. The nature and conditions of such videoconferencing and telecommunications equipment shall be as determined by a* décret en Conseil d'Etat.**

This provision is not valid where the Board has been convened to establish and approve the parent company and consolidated financial statements and the management report.

Notices to attend Board meetings issued by the Secretary of the Board or the Corporate Secretary may be sent by letter, telex, telegram, fax or electronic mail, or be given verbally.

Article 3: Information of the Board of Directors

Each Director shall receive all information necessary for him to complete his mission and may request that all documents he deems useful be provided to him.

Prior to the Board meetings, each Director shall be sent a file containing agenda items requiring special analysis and prior reflection, whenever confidentiality rules allow.

Moreover, between meetings, the Directors shall receive any pertinent information, including criticism, about significant events or transactions for the Company. In particular, they shall receive copies of all press releases issued by the Company.

The Board shall be informed at least once a year, and shall discuss from time to time, the general direction of the Group's policies regarding human resources, information systems and organization.

Article 4: Training of Directors

Each Director may benefit, either at the time of his appointment or during the term of his mandate, from any training that he deems necessary for the exercise of his duties.

This training shall be organized and proposed by the Company, which shall bear its cost.

Article 5: The Board's Committees

For certain fields, the Board's resolutions are prepared by specialized Committees composed of Directors appointed by the Board, who examine the issues within their competencies and submit their advice and proposals to the Board.

The Committees may, in the course of their respective duties and after informing the Chairman, hear reports from the Group's management executives and request that external technical studies be conducted, at the expense of the Company. They subsequently report on the information obtained and the advice collected.

There are three permanent Committees:

- the Audit Committee,
- the Compensation Committee,
- the Nomination Committee.

The Board may create one or more ad hoc committees.

The Committees shall be chaired by a Director appointed by the Board of Directors on the basis of a proposal by the Nomination Committee.

The secretarial functions for each Committee shall be provided by a person appointed by the Chairman of the Committee.

Article 6: The Compensation Committee

The Compensation Committee:

a) proposes to the Board the criteria for determining the compensation of the Company's Chief Executive Officers *(mandataires sociaux)*, as well as the amount of this compensation, including benefits in kind, welfare benefits or retirement benefits, and any compensation received from Group companies; the Committee ensures that these criteria are correctly applied, in particular as regards the calculation of the variable component;

b) prepares the annual performance appraisal of the Chairman and the Company's Chief Executive Officers and convokes the outside Directors to deliberate on the same;

c) submits a proposal to the Board of Directors for the stock options policy and formulates an opinion on the list of beneficiaries;

d) prepares the decisions of the Board relating to the employee savings plan;

e) is informed of the Group's compensation policy, in particular with respect to senior managers;

f) gives the Board of Directors its opinion on the section of the annual report dealing with these issues;

g) produces an annual activity report which is submitted for the approval of the Board and is intended for inclusion in the Company's annual report.

It is made up of at least three Directors, who may not be senior officers of the Company, nor members of the Audit Committee, and may not be linked to the Company or one of its subsidiaries by an employment contract. At least two-thirds of its members shall be independent as per the definition given in the Company's corporate governance rules.

The Company's Chief Executive Officers may be present during meetings on issues that do not concern them.

Article 7: The Nomination Committee

This Committee is assigned the task of submitting proposals to the Board for the nomination of Directors and for the appointment of successors to the Chief Executive Officers, especially where a position becomes vacant unexpectedly.

The Committee carries out preparatory work for the examination by the Board of Directors of corporate governance issues. It is responsible for conducting the evaluation of the performance of the Board of Directors, which shall be carried out at least once every three years.

It submits a proposal to the Board of Directors for the presentation of the Board of Directors to be included in the annual report and notably the list of independent Directors.

It recommends candidates to the Board for Board membership, after carrying out any necessary inquiries.

It produces an annual activity report which is submitted for the approval of the Board and is intended for inclusion in the Company's annual report.

The Nomination Committee is informed prior to the appointment of any member of the Group's Executive Committee and any head of a corporate department who does not sit on this Committee. It is informed of the plan for replacing these senior managers.

It is composed of the members of the Compensation Committee and the Chairman of the Board. Its Chairman is also the Chairman of the Compensation Committee.

Article 8: The Audit Committee

This Committee's mission is:

- to examine the drafts of the accounts to be submitted to the Board, with a view to verifying how they have been drawn up and to ensuring the pertinence and permanence of the principles and methods of accounting applied;
- to examine the choice of account consolidation principles;
- to examine the consolidation scope of Group companies and the corresponding justification;
- to examine the consistency of the mechanisms set in place for internal control of procedures, risks, and ethics;
- to manage the procedure for selecting the Statutory Auditors and provide the Board of Directors with an opinion on the appointment of the Statutory Auditors, as well as on their remuneration;
- to verify the independence of the Statutory Auditors, in particular by analyzing the breakdown of fees paid by the Group to the Statutory Auditors, as well as to the network to which they belong, and by approving prior to commencement all assignments that do not fall within the strict framework of statutory audit work but which are a consequence or corollary of the same, with all other assignments being prohibited;
- to examine the work schedule of the Statutory Auditors;
- to examine the Group's internal audit program and the annual report on internal control drawn up in accordance with banking regulations, and to formulate an opinion on the organization and functioning of the internal control departments;
- to examine the follow-up letters sent by the French Banking Commission and formulate an opinion on draft responses to these letters;

- to examine the risk management policy and the policy for monitoring off-balance sheet commitments, notably in view of the memos produced to this end by the Finance Department, the Risk Division and the Statutory Auditors.

To this end, it may, as it sees fit, consult with the Chairman and the Company's Chief Executive Officers, the Statutory Auditors and the executive staff in charge of preparing the accounts, internal control, risk management and ethical compliance. The Statutory Auditors shall attend meetings of the Audit Committee, unless the Committee decides otherwise.

The Chairman of the Committee reports the Committee's work to the Board.

The Committee produces an annual activity report which is submitted for the approval of the Board and is intended for inclusion in the Company's annual report.

The Audit Committee is made up of at least three Directors appointed by the Board, who may not be senior officers of the Company, nor members of the Compensation Committee, and may not be linked to the Company or one of its subsidiaries by an employment contract. At least two-thirds of its members shall be independent as per the definition given in the Company's corporate governance rules.

Article 9: Conflicts of interest

Any Director in a conflict of interest situation, even a potential situation, especially when it concerns his responsibilities to another company, should inform the Board and abstain from voting on the corresponding resolution.

The Chairman may invite him to refrain from participating in deliberations.

Article 10: Directors' fees

One-third of total directors' fees is split equally between all the Directors. The Members of the Audit Committee each receive three portions. For directors whose term of office did not cover the whole year, their portion is calculated according to the duration of their mandate over the period, on a pro-rata basis.

The remainder of the total is split, at the end of the year, according to the number of Board or Committee meetings each Director attended.

The compensation paid to the Non-Voting Directors *(Censeurs)* for their participation in Board meetings is equal to the attendance fees paid to Directors who are not members of a Committee, according to the terms defined above.

This article will take effect for the payment of directors' fees in respect of the 2005 financial year.

Article 11: Professional secrecy

Each Director or Non-Voting Director *(Censeur)* should consider himself bound by professional secrecy with regard to confidential information received in his capacity as Director or Non-Voting Director, and the meaning of the opinions expressed by each Board member.

DIRECTOR'S CHARTER[(1)]

(Updated on January 13, 2005)

Article 1: Representation

The Board of Directors represents all shareholders and acts in the best interests of the Company. Each Director represents all the Company's shareholders, regardless of the manner in which he was appointed.

Article 2: Mission

Each Director undertakes to improve his knowledge of the Company and its sector of activity on an ongoing basis. He assumes an obligation of vigilance, circumspection and confidentiality.

Each Director undertakes to preserve his independence of analysis, judgement, decision and action in all circumstances.

(1) This document does not form part of Société Générale's By-laws. It is not enforceable against third parties. It may not be cited by third parties or shareholders as evidence against Société Générale.

Each Director undertakes not to seek, nor to accept, any benefit liable to compromise his independence.

Article 3: Knowledge of rights and obligations

When a new Director or Non-Voting Director *(Censeur)* is appointed, the Corporate Secretary provides him with a file containing the By-laws, the provisions enacted by the Board governing its functioning, and a presentation of the legal principles as regards the responsibilities of Directors.

Each Director or Non-Voting Director *(Censeur)* may consult with the Corporate Secretary, at any time, regarding the scope of these documents and his rights and obligations as Director or Non-Voting Director *(Censeur)*.

Article 4: Personally-owned shares

It is recommended that each Director nominated by the General Meeting (be it as an individual or as a permanent representative of a corporation) holds the equivalent of at least 600 shares, either directly or indirectly via the E-Fund where applicable.

Article 5: Insider trading rules

Each Director or Non-voting Director *(Censeur)* shall refrain from carrying out transactions on the shares of companies where (and insofar as) he has access in his capacity as Board member to privileged information not yet publicly disclosed.

Article 6: Transactions in Société Générale shares and related securities (2)

The Directors and Non-Voting Directors *(Censeur)* shall abstain from acting on the stock market during the 30 calendar days prior to the publication of Société Générale's quarterly, half-yearly and annual results.

The Directors and Non-Voting Directors *(Censeurs)* shall abstain from carrying out speculative or leveraged transactions in these securities, and, to this end:

- shall conserve the acquired securities for at least two months as of their date of purchase;
- shall abstain from using financial instruments likely to allow them to carry out speculative transactions. This specifically applies to options transactions, except when they correspond to hedging.

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

(2) Related securities means: on the one hand, securities giving the buyer the right, however this right may be exercised, to buy or sell Société Générale shares or to receive a sum calculated by referral to the current share price upon exercising this right; on the other hand, assets composed primarily of Société Générale shares or related securities, for example units in the E-fund (Société Générale's employee share ownership plan).

The Directors and Non-Voting Directors *(Censeurs)* shall bring any difficulty they may encounter in enforcing this provision to the attention of the Corporate Secretary.

Article 7: Transparency

The Directors of Société Générale shall register all new Société Générale securities acquired on or after June 1, 2002. It is recommended that they register any Société Générale securities held previously.

In accordance with articles L.621-18-2 of the French Monetary and Financial Code and articles 222-14 and 222-15 of the General Regulations of the *Autorité des Marchés Financiers* (AMF) and in compliance with the AMF statement of December 27, 2004, Directors must report, as soon as possible, all transactions involving the acquisition, disposal, subscription or exchange of (i) Société Générale shares (ii) warrants or securities convertible into Société Générale shares, (iii) forward financial instruments based on Société Générale shares, (iv) shares in mutual funds invested mainly in Société Générale shares. Acquisitions or disposals by means of donations or inter-vivus gifts and legacies are not to be declared.

Directors must report all transactions carried out by themselves, by any dependent children living with them and by their legal spouse. They must also disclose transactions carried out by proxies (except for discretionary portfolio management services where the principal takes no part in the management of the mandate) or by a company or entity controlled by themselves.

Each transaction must be declared to the Secretary of the Board of Directors and declarations are filed at the Corporate Secretariat.

Each reported transaction will be published in a statement posted on the AMF and Société Générale websites within five trading days of receipt of the transaction disclosure form.

Article 8: Conflicts of interest

Each Director or Non-voting Director *(Censeur)* shall inform the Board of any real or potential conflict of interest to which he may be directly or indirectly exposed. He shall refrain from participating in any discussion and voting on such matters.

Article 9: Regular attendance

Each Director or Non-voting Director *(Censeur)* shall dedicate the time needed to fulfil his duties. In the event a Director or Non-voting Director *(Censeur)* accepts a new directorship or changes his professional responsibilities, he shall inform the Chairman of the Nomination Committee of the same.

The annual report shall indicate the rate of attendance at Board meetings and Committee meetings.

Each Director shall strive to attend Annual General Meetings of Shareholders.

SPECIAL REPORT OF THE STATUTORY AUDITORS ON CERTAIN RELATED PARTY TRANSACTIONS

(Free translation of the French original)

To the Shareholders,

In our capacity as statutory auditors of your Company, we are required to report on certain contractual agreements with certain related parties of which we have been advised. We are not required to ascertain whether such agreements exist.

Agreements concluded in the year ended December 31, 2005

We are required to report on certain contractual agreements with certain related parties concluded in the year ended December 31, 2005.

We hereby inform you that we have not been advised of any agreements covered by Article L. 225-38 of French Company Law (Code de Commerce).

Agreement authorized with regards to the year ending December 31, 2006 and subject to approval by the Shareholders' meeting of May 30, 2006

We are required to report on contractual agreements entered into with certain related parties during the year ending December 31, 2006.

In accordance with Article L.225-40 of French Company Law (Code de Commerce), we have been advised of the following contractual agreement which was authorized by your Board of Directors. Your Board of Directors wished to submit it to your approval before the Annual Meeting of Shareholders to be held with respect to the December 31, 2006 financial statements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of agreements indicated to us. It is not our role to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of Article 92 of the March 23, 1967 Decree, to evaluate the benefits resulting from these agreements prior to their approval.

We conducted our work in accordance with French professional standards. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

Supplementary pension plan of Mr. Bouton, Chairman and Chief Executive Office, and Mr. Citerne, Deputy Chief Executive Officer.

Mr. Bouton and Mr. Citerne, as Chief Executive Officers, are beneficiaries of the supplementary pension plan for senior Group managers set up January 1, 1986. In a meeting held January 18, 2006, your Board of Directors decided to align the calculation of their pension rights on the same basis as for the other beneficiaries of this plan, that is 105% of the annual basic salary, with retrospective effect starting January 1, 2005.

Neuilly-sur-Seine and Paris - La Défense, March 1, 2006

The Statutory Auditors

DELOITTE et ASSOCIÉS
José-Luis GARCIA

ERNST & YOUNG Audit
Christian MOUILLON

12 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr. Daniel Bouton

Chairman of the Board of Directors of Société Générale

CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Having taken all reasonable care to ensure that such is the case, I hereby certify that the information set out in the updated Registration Document is, to the best of my knowledge, true and there are no omissions that could impair its meaning. I have obtained from the Statutory Auditors, Ernst & Young Audit and Deloitte et Associés, a letter certifying that they have verified all information contained in the Registration Document relating to the Group's financial position and accounts, and moreover, I have read the entire document.

The Chairman
Daniel Bouton

PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Statutory Auditors

Name: Ernst & Young Audit
represented by Christian Mouillon

Address: 11, allée de l'Arche - 92400 Courbevoie, France

Date of first appointment: April 18, 2000

Term of mandate: six fiscal years

End of current mandate: at the close of the Ordinary General Meeting which will approve the financial statements for the year ended December 31, 2005.

Name: Deloitte et Associés
represented by José-Luis Garcia

Address: 185, avenue Charles-de Gaulle - 92200 Neuilly-sur-Seine, France

Date of first appointment: April 18, 2003

Term of mandate: 3 fiscal years

End of current mandate: at the close of the Ordinary General Meeting which will approve the financial statements for the year ended December 31, 2005.

Substitute Statutory Auditors

Gabriel Galet

Alain Pons

13 CROSS-REFERENCE TABLE

In accordance with the requirements of Article 28 of EC regulation 809/2004 dated April 29, 2004, the following elements are enclosed by reference:

- the consolidated accounts for the year ended December 31, 2004, the related statutory auditors' report and the Group management report presented respectively on pages 164 to 208, page 209 and pages 115 to 132 of the registration document No. D05-0246 submitted to the AMF on March 21, 2005;
- the consolidated accounts for the year ended December 31, 2003, the related statutory auditors' report and the Group management report presented respectively on pages 138 to 183, page 185 and pages 91 to 110 of the registration document No. D.04-0311 submitted to the AMF on March 22, 2004.

The chapters of the registration documents Nos. D.05-0246 and D04-0311 not mentioned above either do not apply to investors or are covered in another part of the present update.

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