2007 Registration Document

SOCIETE GENERALE

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

		Page
1	HISTORY AND PROFILE OF SOCIÉTÉ GÉNÉRALE	1
2	GROUP STRATEGY AND BUSINESSES	3
3	FACTS AND FIGURES	13
4	GROUP MANAGEMENT REPORT	23
5	CORPORATE GOVERNANCE	57
6	HUMAN RESOURCES	101
7	CORPORATE SOCIAL RESPONSIBILITY	113
8	COMPLIANCE AND THE PREVENTION OF MONEY LAUNDERING	121
9	RISK MANAGEMENT	125
10	FINANCIAL INFORMATION	151
11	LEGAL INFORMATION	309
12	PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT	325
13	CROSS-REFERENCE TABLE	327

Acronyms used: Millions of euros: EUR million
Billions of euros: EUR billion

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

1 HISTORY AND PROFILE OF SOCIÉTÉ GÉNÉRALE

	Page
History	2
Profile of Société Générale	2

This document is a full translation of the original French text. This original document was filed with the AMF (French Securities Regulator) on March 6, 2007, in accordance with article 212-13 of the General Regulation of the AMF. As such, it may be used to support a financial transaction if accompanied by a prospectus duly approved by the AMF.

This document contains a correction to an error in the graph entitled «Breakdown of doubtful and disputed loans by geographical region at December 31, 2006» on page 132. This amendment was filed with French Securities Regulator, the AMF, at the end of March 2007.

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

Today, Société Générale operates in 77 countries around 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 Europe, operating in 77 countries and employing close to 120,000 staff from 113 different nationalities. The Group boasts a solid financial structure, with a tier one capital ratio of 7.8% at Decembre 31, 2006 and strong financial ratings: AA (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

	Page
A profitable growth strategy	4
The Group's core businesses	5

A PROFITABLE GROWTH STRATEGY

The international macroeconomic environment proved globally favorable in 2006. World economic growth was strong, especially in emerging countries, despite the US economy showing signs of deceleration and European growth remaining at average levels. Inflation remained under control despite the increase in commodities prices which continued to underpin activity in certain regions of the world (Russia, Gulf region). Equity markets were particularly dynamic, whereas the interest rate curve flattened in Europe and inverted in the United States. Against this backdrop, the Group stepped up its profitable growth strategy launched at the end of the 1990s, which aims to gradually re-assign its capital to those divisions and regions that offer high-growth potential (Retail Banking outside France, Specialized Financial Services and Global Investment Management and Services), whilst drawing upon the solid foundations and financing capacities of the French Networks and Corporate and Investment Banking arms.

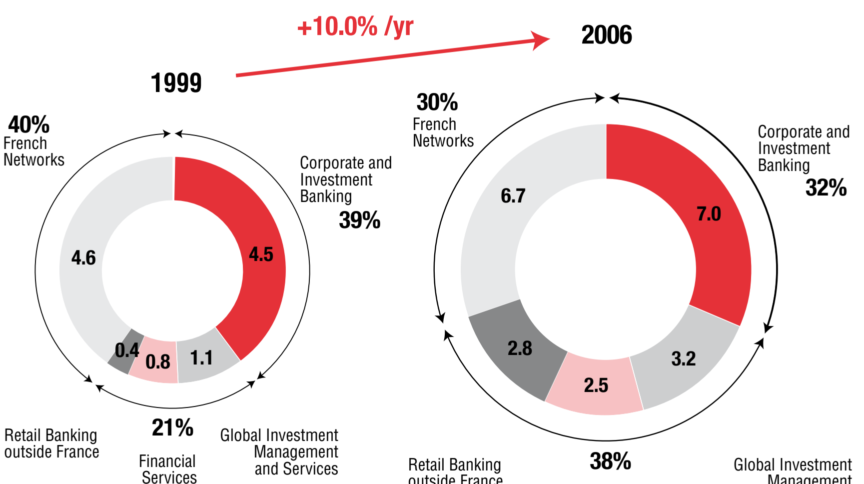
The restructuring underway for some years now is and will continue to be based on the following principles:

- the factoring in of the underlying trends that shape the world economy and financial services industry to best seize on long-term growth opportunities;
- the desire to limit the amount of capital allocated to corporate and investment banking to approximately one third of the total allocated to the bank's core businesses given the more volatile and cyclical nature of these activities;
- the balanced management of the core businesses in order to keep exposure to emerging countries within acceptable limits while at the same time ensuring its regular renewal given the progressive convergence of certain countries towards western economies.

2006 also saw an acceleration of this strategy with the completion of several organic projects and acquisitions within the Group's key growth drivers:

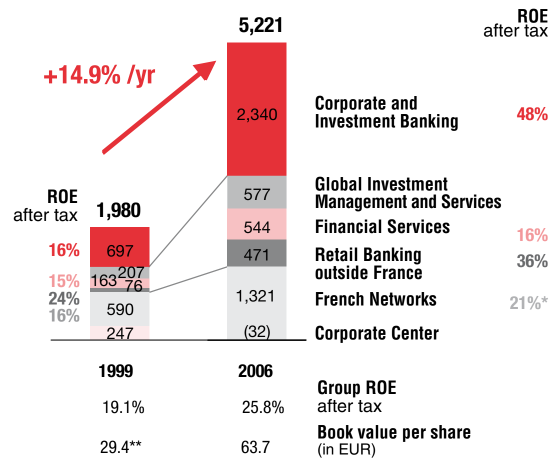
- in Retail Banking outside France, the Group successfully combined the organic growth of its network (significant number of new branch openings) with acquisitions, notably in Croatia and Russia, thereby enabling it to replicate its strong positions in Central and Eastern Europe in other high-growth, buoyant markets, with a view to increasing its market shares and improving its customer equipment rate. Furthermore, the Group is a leading player in the Mediterranean Basin where it also intends to heighten its development. Lastly, the Group continues to rate Asia as a very promising banking market in which it wishes to expand further;

NBI of the core businesses (in billions of euros)



1999 : French standards
2006 : IFRS (including IAS 32 & 39 and IFRS 4)

Net income (in millions of euros)



1999 : French standards
2006 : IFRS (including IAS 32 & 39 and IFRS 4)

** Excluding PEL/CEL savings plans*
*** In accordance with IAS 33, historical share data have been adjusted by a coefficent of 0.99336 (set by Euronext) following the detachment of the preferential subscription rights on Société Générale shares at the time of the capital increase during the final quarter of 2006.*

- the Financial Services division maintained its position as a leading European player in business finance and services. Growth in consumer credit proved particularly buoyant in Central and Eastern Europe (Poland, Russia) as well as in new regions (Brazil, India);
- Asset Management and Private Banking posted strong inflows, thereby confirming the quality of its products and services. In investment services, the acquisition of Unicredito's securities business ranks the Group as the third largest securities custodian in Europe.

In order to maintain an adequate Tier One ratio following these acquisitions and allow the pursuit of its profitable growth strategy, Société Générale Group successfully launched a EUR 2.4 billion capital increase in October 2006.

French Retail Networks and Corporate and Investment Banking once again posted strong performances over the year:

- the French Networks, Société Générale and Crédit du Nord, continued to successfully develop their respective client base - a gauge of the quality of the products and services they have to offer and of the wide coverage of their respective branch networks. This growth will continue thanks to the regular opening of new branches, an effective multi-channel platform and the targeting of high-growth customer segments. At the same time, the geographic reorganization of the different support functions which is now essentially complete will enable the existing platforms to improve their productivity;
- Corporate and Investment Banking posted significant growth in net income in 2006 and a strong increase in profitability following the development of its commercial franchise: targeting of new customer segments and broadening of the division's European and global coverage on identified segments of products and services thanks to some forty cross-business development projects and a selective recruitment policy. Moreover, the division's excellent performance was further buoyed by extremely favorable market conditions during the first half of the year and the ongoing improvement in client risk management, enabling it to fine-tune the exposure and concentration of its credit portfolios. In 2007, the upcoming reorganization of the division aims to further bolster its commercial activity by reinforcing its client/solutions focus. The new model will allow the division to offer integrated and innovative solutions to issuer and investor clients.

These development initiatives have allowed the Group to substantially increase its size and the diversity of its business lines in recent years. A Resources division whose mission will be to increase the Group's efficiency by developing pooling practices and synergies in France and abroad will be created.

The Group's preparations for the Basel II reforms continued in 2006 and will be finalized in 2007 for their implementation at the beginning of 2008.

THE GROUP'S CORE BUSINESSES

Retail Banking and Financial Services comprise all Société Générale Group activities with individual customers, self-employed professionals and small- and medium-sized enterprises. At December 31, 2006, the division provided a comprehensive range of financial and banking services to 22.5 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 over 9 million individual customers and several hundred thousand businesses and professionals, offering an exhaustive selection of financial products and services via a high performance, multi-channel platform. The two networks, which complement each other in terms of their positioning, together operate 2,953 local branches across France, situated primarily in urban areas concentrating a high proportion of the nation's wealth. Thanks to this strategic positioning, and to the skills and commitment of their 37,000 staff, the French networks have consistently expanded their market share across virtually all customer and product segments for the past six years.

2006 saw further increase in network density, with the opening of a net total of 97 full-time branches. Average outstanding sight deposits increased steadily (+9.0% on 2005) to stand at EUR 39.0 billion, whilst outstandings on regulated savings remained globally stable at EUR 41.3 billion: the increase in outstandings on passbook accounts was effectively offset by the outflow of funds from older generations of PEL accounts (housing savings accounts) following the taxation of interest on plans that are more than 12 years old. Thanks to the exhaustive and innovative offers of both the Société Générale and Crédit du Nord networks, most of these funds were reallocated to life insurance products whose average outstandings (expressed as mathematical reserves) were up 15.7% on 2005 to stand at EUR 57.7 billion. Average outstandings on loans increased to EUR 117.5 billion, up 13.6% compared to 2005, including EUR 62.7 billion in the individual customer segment (+14.8%). Average outstandings on housing loans peaked at EUR 53.2 billion, up 17.1% on the previous year. Lastly, outstandings on loans to the business segment increased 12.8% to EUR 52.2 billion bolstered by the growth in investment loans. A survey of over 1,200 companies carried out in April 2006 by CSA ranked Crédit du Nord in 1st position and Société Générale's French network in 3rd position in terms of overall customer satisfaction, an improvement on previous years.

Société Générale Network

The Société Générale network enjoyed a steady increase in activity over 2006, driven by the dynamic sales performance and professionalism of its 28,000 employees and an efficient distribution platform (+43 branches on the end of 2005). Backed by 2,215 branches on December 31, 2006, by high-performance direct banking channels and by an ongoing investment in the training of its teams, the Société Générale network has further improved on the quality of the services it provides and once again demonstrated its ability to win over new customers, both individual and business.

Accordingly, the number of personal current accounts increased 2.8% in 2006, exceeding the 5 million mark during the month of May. The number of products per individual current account continued to rise steadily, coming in at 8.1 at the end of 2006 (compared to 7.8 at the end of 2005 and 7.7 at the end of 2004). The rate of attrition for the year also remained stable, at a low level over the period.

As regards long-term savings products, life insurance policies taken out with the Société Générale network reached the record high of EUR 8.4 billion, 28% of which were unit-linked policies. The bank's UCITS offering underwent extensive change in 2006, as much in terms of guaranteed products (like the Murano range which enables customers to take advantage of upswings on the financial markets whilst at the same time guaranteeing all or part of their capital), as in terms of equity and bonds products (Simbad range) or multi-manager equity portfolios (Darwin range). All told, new money into medium- and long-term UCITS stood at EUR 1.95 billion in 2006.

Société Générale's business customer segment represents major development potential. The bank continued to strengthen its customer base, with the networks' ongoing capacity for innovation resulting in products such as "Jazz Pro", Société Générale's day-to-day banking package for self-employed professionals and very small businesses which has met with tremendous success since its launch in June 2006. Average outstanding sight deposits increased 11.3% to EUR 11.7 billion, whilst outstanding loans grew 13.9% to EUR 43.0 billion.

Crédit du Nord Network

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

2006 saw the continued expansion of the Group, with the opening of 54 new branches taking the total number to 738 and the recruitment of 600 new employees taking Crédit du Nord's payroll to almost 9,000 at the end of the year. These investments, combined with the strengthening of the Group's service offering and heightened innovation, particularly in terms of savings products, enabled it to increase its customer base across each of its three market segments: individuals, self-employed professionals & business customers.

Furthermore, within these three segments, a competitive survey carried out by the CSA in 2006 of the customers of France's leading banking groups ranked Crédit du Nord 1st in terms of customer satisfaction amongst individuals, professionals and small– and medium–sized companies.

Retail Banking outside France

Retail Banking outside France is one of Société Générale's growth drivers. Since its creation in 1998, this business line has been shaped by a strategy of targeted investments to allow for the international deployment of Société Générale's retail banking model in France whilst nonetheless adapting it to incorporate local market characteristics and constraints. 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. Today, it boasts a major presence in Central and Eastern Europe, the Mediterranean basin, Africa and France's overseas territories. On December 31, 2006, the Retail Banking outside France division was present in 32 different locations, with 2,300 branches and close to 35,000 employees in the service of 7.8 million individual customers and over 600,000 businesses.

To complement this strategy, the Group stepped up its investment in organic growth in 2006, notably in Romania, Russia, Morocco and Serbia. As such, following the opening of 399 new branches, the Retail Banking outside France division now employs an additional 2,800 members of staff when adjusted for Group structure over the year. What is more, the major transactions completed in 2006 as part of the Group's targeted acquisitions policy also contributed to the reinforcement of the bank's positioning in Central and Eastern Europe.

Indeed, in April 2006, Société Générale announced its acquisition of Croatian bank, Splitska Banka, for approximately EUR 1 billion. Croatia has a stable economy and a growing banking system thanks to a buoyant tourist industry and its prospective entry within the European Union. A universal bank with a market share of around 8% in loans, Splitska Banka is Croatia's 4th largest banking network with a total of 112 branches. Its 1,200 staff serve 440,000 individual customers and 24,000 self-employed professionals and businesses. In addition, Splitska Banka is one of the leading banks on the Dalmatian Coast – a region which is currently undergoing rapid expansion and one that is strongly positioned in the country's business customer segment. Société Générale fully intends to capitalize on the major synergies to be had with its entities in Serbia (Société Générale Yugoslav Bank), Slovenia (SKB Banka) and Montenegro, as well as with other Group divisions.

Following its acquisition, in June 2006 and for USD 317 million, of a 10% stake in Rosbank, Russia's 2nd largest retail bank, Société Générale increased its stake from 10% to 20% less 1 share for the same price in September. Moreover, Rosbank's majority stakeholder, Interros, granted Société Générale a call option on 30% + 2 shares, thereby giving the Group the possibility of taking over the Russian bank between now and the end of 2008. The strike price for the option was set at USD 1,700 million. With around 700 branches, Rosbank's retail network covers almost 80% of Russia and has a particularly strong presence in fast-growing regions, such as the Urals, Siberia, the Far East and Moscow. One of the most dynamic banking players in Russia, Rosbank has nonetheless been able to sustain a high level of profitability by capturing leading positions in bank cards (4th) and loans to individual customers (within the top 3).

In September 2006, Société Générale announced the acquisition of a 60% stake in Bank Republic, one of Georgia's leading banks. Founded in 1991, Bank Republic holds an 11% market share in deposits and a 7% market share in loans. Over the last two years it has focused its development on the fast-growing retail banking market and today controls 30% of the credit card segment. Bank Republic markets its products and services to more than 110,000 customers via a network of 23 points of sale predominantly based in Tbilissi.

Finally, in October 2006, Société Générale through Komercni Banka, acquired the remaining 60% stake in Modra Pyramida, a Czech establishment that specializes in housing loans, with a view to developing strong synergies with Komercni Banka.

All told, Société Générale Group enjoys a strong positioning in several regions with a very high growth potential. In Central and Eastern Europe, it has a solid presence in Romania where its subsidiary, BRD, with its 600 branches is the country's largest banking group. In the Czech Republic, Komercni Banka, which the Group acquired in 2001, ranks in 3rd position. In the Mediterranean basin, the Group ranks 4th in Morocco. In Egypt, the merger between National Société Générale Bank and MIBank which the Group acquired at the end of 2005 means that the bank now ranks as the country's leading private bank. 2006 also saw Société Générale Group pursue its development in Algeria, and reduce its stake in its Lebanese subsidiary, Société Générale de Banque au Liban, from 50% to 19% at the start of the year. Lastly, the Group reinforced its positions in Africa and France's overseas territories.

At December 31, 2006, customer deposits within the Group's Retail Banking outside France arm totaled EUR 43.5 billion (EUR 21.1 billion in individual customer deposits and EUR 22.4 billion in business customer deposits), with loans coming in at EUR 34.9 billion (EUR 12.5 billion in loans to individual customers and EUR 22.4 billion in loans to business customers).

Financial Services

The Financial Services division comprises business finance and services, consumer credit and insurance. The Group currently operates in 42 countries worldwide and ranks as a European leader in various market segments: No.1 in vendor and equipment finance (SG 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 in 2006, with acquisitions in Russia, Brazil, India, Greece and Latvia as well as the launch of new activities in Portugal, Kazakhstan, Bulgaria, Cyprus and Slovakia. Société Générale Consumer Finance currently provides consumer credit services in 20 countries, ranking amongst the market leaders in France, Italy, Germany, Poland, Russia and Morocco. In the life insurance business, Sogécap Group markets an extensive range of products to customers of the retail banking networks both in France and abroad (Morocco, Egypt and the Czech Republic for instance).

Specialized Financing

Specialized Financing is a key development axis for Société Générale Group. It covers two core activities with broadly comparable revenues and significant international scope: business financing and services and consumer credit.

VENDOR AND EQUIPMENT FINANCE

SG Equipment Finance is the leader in Continental Europe in vendor and equipment finance outstandings (EUR 15.6 billion in outstanding loans excluding factoring at the end of 2006). Its offer encompasses vendor finance and operational and financial leasing. It is present in 21 countries including France, Germany and Italy as well as in the Nordic countries via SG Finans (formerly known as Elcon Finans and acquired in 2004). In 2006, SG Equipment Finance pursued its development, with the launch of a new entity in Ukraine and the acquisition of SKT Leasing in Russia.

OPERATIONAL LEASING & FLEET MANAGEMENT

ALD Automotive is Europe's second largest operational vehicle leasing and fleet management company in terms of the size of its fleet. Its offer covers an extensive number of products, from services for large vehicle fleets to operational leasing. At end-2006, ALD Automotive was present in 35 countries with a fleet of 680,000 vehicles, including 497,000 under operational leasing contracts. As part of its growth strategy to marry acquisitions with new partnerships and organic growth investments, ALD Automotive signed an agreement with RCI Financial Services in the Netherlands and further developed its partnership with Nordea Finance in the Baltic countries in 2006. At the same time, the company also launched brand new operations in Lithuania and Egypt and acquired Ultea in the United States.

IT ASSET LEASING & MANAGEMENT

With approximately 7,000 clients in 12 countries, ECS is the European leader in IT asset leasing & management. In 2006, ECS continued to develop its positioning in Europe with the acquisition of Technoservice Solutions AG in Germany.

CONSUMER CREDIT

Société Générale Consumer Finance is present in 20 countries, with strong positions in France, Italy and Germany and more recent inroads into several high-growth emerging countries (Eurobank in Poland, Rusfinance Bank in Russia and Oster Lizing which is now HitEx in Hungary). In 2006, the Group completed its scope with the acquisition of Chrofin (now SFS HellasFinance) in Greece, SKT Bank in Russia, Apeejay Finance in India and Inserviss Group in Latvia. In the meantime, it has launched new operations in Kazakhstan, Slovakia, Bulgaria, Cyprus and Portugal. At the end of 2006, consumer credit outstandings stood at EUR 15.0 billion, up 12.9% over a year when adjusted for changes in Group structure and at constant exchange rates.

Insurance

Société Générale Group's life insurance business offers a wide range of life insurance and pension products for its individual customers and corporate liabilities cover for its business clients.

This offer is proposed by the Sogécap, Oradéa, Sogelife (France and some EU countries), La Marocaine Vie (Morocco) and Komercni Pojistovna (Czech Republic) subsidiaries as well as by Sogecap Liban and NSGB Life (Egypt). Moreover, the Group has been accelerating its organic investments with inroads into Germany and Slovakia in particular in 2006. Other projects are in the process of being finalized in Europe and Asia.

Inflows for Sogécap reached record levels in 2006, increasing to EUR 9.7 billion versus EUR 8.1 billion the year before. This growth was due to several factors: the quality of the product range (sweeping awards year after year), the reinforcement of the Group's distribution channels and the changes in the taxation on housing savings plans in France which benefited life insurance. At December 31, 2006, life insurance outstandings for Sogécap (expressed as mathematical reserves) totaled EUR 57.9 billion, up 15.6% on the year before.

As regards general insurance, Sogessur continued on its dynamic development trend in 2006, with a client base that now includes over 557,000 clients for 815,000 insurance contracts. As such, the company's revenues increased 16.5% to reach EUR 133 million. Its legal protection insurance policy launched in 2005 also enjoyed tremendous success, notching up over 70,000 new signatures in 2006.

In line with the strong growth in housing loans, the number of policies taken out on Sogessur's householder comprehensive insurance, which goes from a basic student package to the best cover on the market with its "New for Old" policy, increased to over 326,000.

Lastly, the sales drive linked to the Paris auto show, the *Mondial de l'Auto*, resulted in an increase in the number of vehicle insurance policies as well as the development of combined insurance and loans sales, thereby contributing further to Group synergies.

Global Investment Management and Services

Société Générale's Global Investment Management and Services division comprises the Group's asset management (Société Générale Asset Management), private banking (SG Private Banking), securities services (custody, brokerage and clearing on organized markets) through Société Générale Securities Services and online banking (Boursorama). At the end of 2006, assets under management with GIMS amounted to EUR 421.8 billion. This figure does not include EUR 61.0 billion in assets managed by Lyxor Asset Management, a consolidated subsidiary of the Equity & Advisory business line, nor does it include customers managed directly by the French networks with investable assets of over EUR 150,000, which represented approximately EUR 110.0 billion at December 31, 2006. The Group thus consolidated its position as the fourth largest bank-owned asset manager in the euro zone. Assets under custody stood at EUR 2,262 billion at December 31, 2006, and following the acquisition of Unicredit's securities services activities, the Group now ranks as the third largest European securities custodian (Globalcustody.net). Lastly, Boursorama strengthened its position as a major player in direct banking in Europe with the acquisition of CaixaBank France.

Asset Management

Société Générale Asset Management (SGAM) is a global player whose operations span the world's four major investment pools: Continental Europe, the UK, Asia and the United States. At December 31, 2006, assets under management totaled EUR 354 billion, up 8.4% over one year.

SGAM's growth strategy combines targeted acquisitions and partnerships, notably in Asia, with organic growth based on expanding its distribution coverage and focusing its product range on innovation and value-added services for the client.

By cross-selling between its management platforms, Société Générale Asset Management combines client proximity and expert knowledge of local regulations with a portfolio of genuinely international products. In fact, it offers distributors and institutional, business, and individual clients privileged access to a full range of asset classes in all financial markets. SGAM has signed distribution agreements with brokers, banks, insurance companies, financial companies and independent advisors around the world. The company has struck a relatively strong balance, as much in terms of types of investors (individual and institutional), as in terms of product mix (fixed-income, equity and diversified and alternative products) and the geographical breakdown of its assets under management (Europe, United States, Asia).

Société Générale Asset Management is rated AM2+ by FitchRatings since 2000, the best rating attributed to an asset management company for its international business.

Private Banking

Backed by the expertise of specialist teams in estate planning and asset allocation, SG Private Banking offers bespoke solutions to clients with a net worth of over EUR 1 million. The business line has developed rapidly in the past few years, and, at December 31, 2006, had almost 2,400 employees and EUR 67.8 billion in assets under management. Present in 23 countries, mainly across Europe and Asia, SG Private Banking ranks among industry leaders on almost all of its international financial markets.

SG Private Banking has received a number of awards for its renowned professionalism, in particular, *Best Private Bank in Europe* (Private Banker International 2006) and *Best Private Bank in France and Luxembourg* (Euromoney). Private Banker International 2006 also named the CEO of SG Private Banking Asia Pacific *Best Private Banker* for the Asia-Pacific region.

Securities Services

Société Générale Securities Services (SGSS) provides a full array of securities services (custody, execution, clearing) and derivatives (notably futures and options) brokerage services across all financial markets.

In 2006, SGSS significantly reinforced its positions in Europe with the acquisition of the custody, depositary and appraising activities of Unicredit, the second largest Italian player which was also present in Luxembourg, Germany and Ireland. At December 31, 2006, assets under custody amounted to EUR 2,262 billion (+17.7% over one year at constant structure), and the fund administration business covered over 4,100 UCITS. SGSS continued to develop its fund administration activities, and expanded its range of services to provide asset managers with a combined valuation and depository offer for back-office outsourcing. SGSS also strengthened its offer of transfer agency services with the acquisition of European Fund Services (EFS), a Luxembourg company.

Fimat is currently one of the world's premier brokers, offering competitive execution and clearing services for a wide range of cash and derivative products. In line with its strategy to expand its clearing and execution capabilities, Fimat acquired Cube Financial in 2006, a broker operating in London and Chicago and specialized in execution services for derivatives (futures and options). It also won over new global market share in both execution (5.8%) and clearing (7.6%).

Online Banking

With 530,200 direct accounts and EUR 12.2 billion in outstanding savings at December 31, 2006, Boursorama is a major European player in the distribution of financial products online. In France, Boursorama.com is the benchmark portal for online financial information (nearly 5.2 million unique visitors per month), and the country's number one online broker. Outside France, Boursorama's local brands rank among the leading players in Spain (SelfTrade) and the UK (SelfTrade). Finally, Boursorama's acquisition of the French activities of CaixaBank France in 2006 has enabled it to launch an online comprehensive banking offer which is the first of its kind in France.

Corporate and Investment Banking

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

SG CIB is the euro zone's third largest corporate and investment bank in terms of revenues, generating a total of EUR 7 billion in 2006. This figure represents a rise of 25.5% on 2005 at constant structure and exchange rates. At the same time, it has consistently ranked as one of Europe's most profitable players (ROE after tax of 47.6% in 2006).

SG CIB employs over 10,000 staff in 45 countries. A major sector player in Europe, it has continued to reinforce its geographical coverage in recent years and further penetrated the corporate and institutional client segments in particular in the United Kingdom, Spain, Germany and Italy.

Since 2003, SG CIB's profitable growth strategy has aimed to increase and diversify client revenues (about two-thirds of the division's revenues) and pursue its selective investment strategy in order to take advantage of new growth opportunities. The "Turbo Growth Ventures 2008" (TGV 2008) development program launched in 2004 covers SG CIB's three key areas of expertise (derivatives, euro capital markets and structured finance) around three main axes: geographical coverage, clients and products. The development of an offer of ALM solutions for financial institutions, for example, forms part of its client focus. In terms of geographical coverage, for instance, SG CIB has considerably reinforced its commercial positions in Italy in terms of equity derivatives (No. 1 according to Risk Italia), corporate bond issues (No. 2) and securitization (No. 2) according to Thomson Financial. Lastly, as regards its products, SG CIB continues to reinforce its fixed-income activities while making inroads into new segments such as high yield products with the implementation of innovative solutions. Accordingly, in March 2006, the purchase of Europcar from Volkswagen by the investment fund Eurazeo for a total of EUR 3.1 billion was financed through an innovative LBO resulting from the collaboration between the Mergers & Acquisitions (sales mandate), High Yield, Interest Rate Derivatives and Securitization teams.

In order to pursue its profitable growth strategy, SG CIB will enhance its economic model in 2007 (Step Up 2010 project), thus allowing for an approach that is more highly integrated between different asset classes and better adapted to each client segment. In doing so whilst maintaining its strategy, SG CIB will be better placed to respond to market trends, notably that of disintermediation, and meet the needs of its clients. Issuers are seeking more integrated solutions while investors want more innovative products.

Corporate Banking and Fixed Income

In 2006, Corporate Banking and Fixed Income posted record revenue growth (EUR 3.6 billion, up 16.1% on 2005), thanks to the 19% increase in client-driven revenues against a relatively buoyant economic and financial backdrop.

In **Debt Capital Markets**, SG CIB confirmed its No. 5 position on the euro bond markets and jumped from fourth to second place on the corporate bond issues market (Thomson Financial). Awarded the prestigious *Best Debt House in France* by Euromoney, the division's co-leadership of the euro tranche of Axa's equivalent EUR 2.25 billion multi-currency subordinated bond issue in order to finance the acquisition of Winterthur is just one example of its performance in 2006.

In **interest rate, currency, credit or commodities derivatives**, SG CIB ranks among the five leading players in euro inflation swaps and synthetic CDOs (Creditflux Data +) for institutionals, euro interest rate options and exotic currency products for corporate clients (Risk Magazine).

In **Structured Finance**, SG CIB once again confirmed its leading position, earning a number of awards in 2006, and ranked *Best export finance arranger* by Trade Finance Magazine for the fifth year running.

In commodities and energy, SG CIB was singled out as *Best Structured Commodity Bank* for the fourth consecutive year, and, for the first time, was named *Best Commodity Bank* by Trade Finance Magazine for its comprehensive range of products.

SG CIB made its mark in securitization in 2006, ranking third in euro securitization according to Thomson Financial. It was, for example, the sole arranger and bookrunner for the CMBS (Commercial Mortgage Backed Securities) White Tower 2006-3 conduit deal in the UK. This deal of over GBP 1 billion proved extremely successful with investors and strengthened SG CIB's position on the market.

Gaselys, the joint venture created by SG CIB and Gaz de France, earned a Gold Award for Energy Risk Management and a Silver Award for Energy Trading in the 2006 Energy Business Awards.

Stemming from the collaboration between industrial group Rhodia and SG CIB's emissions credits trading capabilities, the Orbeo joint venture was created on the carbon emissions market in 2006 earning Société Générale the Gold Award for the emissions markets from Commodities Now.

Equity & Advisory

Thanks to exceptionally favorable stock market conditions, SG CIB's Equity & Advisory business boasted excellent results in 2006, both in client-driven activities and trading, with a sharp rise in revenues of 31.1% compared to 2005.

Equity & Advisory covers the Equity Derivatives, Secondary and Primary Equity and Mergers & Acquisitions businesses. The business line, which enabled Cowen to continue its development by launching its IPO in July 2006, pursued its diversification strategy by expanding into different client segments and extending its geographical coverage.

In 2006, **Equity Derivatives** confirmed its unrivalled position as market leader, being named *Equity Derivatives House of the Year* by IFR, The Banker and Structured Product and *Best Equity Derivatives Provider in Europe*, *Asia and North America* by Global Finance. Equity Derivatives also consolidated its worldwide leadership in 2006, both in flow activities and structured products. Flow activities include the distribution and market-making of derivatives (such as options and warrants) and ETFs (Exchange Traded Funds), through Lyxor Asset Management (Lyxor AM), SG CIB's asset management subsidiary, to banking networks, institutional investors and corporate clients. Lyxor AM distributes structured funds on a global scale and has developed an Alternative Investment business which provides access to a number of international hedge funds with a high level of transparency, security and liquidity.

Equity Derivatives ranks first worldwide for warrants with an 18.4% market share and first in Europe for ETFs with a 25.1% market share. Out of 59 ETFs currently outstanding, 40 were launched in 2006. At the end of 2006, Lyxor AM's assets under management totaled EUR 61 billion, up 17.9% on the previous year.

For the second time, Société Générale and Lyxor AM won two alternative investment distinctions as a result of a poll of over 16,000 industry participants at the Albourne Awards, thus reflecting SG CIB's expertise in this business.

SG CIB's **Secondary Equity** activities include a global execution service covering the world's equity markets and a pan-European Equity Research unit. As a member of 27 stock markets, SG CIB offers global access to private banking and institutional clients. It has also developed recognized expertise in program trading, trading algorithms and Direct Market Access. In 2006, SG CIB once again ranked No. 1 on the Euronext markets, with a market share of 8.4%.

Société Générale's Cross Asset Research continues to be recognized on the markets. Its Equity Research, which in 2006 covered 420 stocks representing a market capitalization of EUR 9,000 billion, pursued the development of its pan-European reach. For the third year running, SG CIB took the leading position in Equity Research in France according to the Extel survey conducted every year amongst more than 1,000 institutional investors around the world. In 2006, this survey also ranked the teams eighth in pan-European Equity Research, a three-place jump on its spot in 2005.

SG CIB's **Primary Equity** team carries out equity and convertible bond origination transactions for large and medium-sized companies. In 2006, it acted as the global coordinator for Vinci's EUR 2.5 billion capital increase to refinance part of the acquisition of Autoroutes du Sud de la France (ASF) and co-led the EUR 1.8 billion capital increase for Linde in Germany.

In **Mergers & Acquisitions**, SG CIB acted as an advisor for major deals in 2006, notably for the New York Stock Exchange on the merger with Euronext, for Mittal Steel on Arcelor and for Alcatel on Lucent Technologies.

3 FACTS AND FIGURES

	Page
2006 key figures	14
The Société Générale share	16

2006 KEY FIGURES

GROUP CONSOLIDATED FIGURES

	2006	2005(2)	2004(2)	2003(1)	2002(1)
Results *(in millions of euros)*					
Net banking income	22,417	19,166	16,390	15,637	14,573
Operating income	8,035	6,562	4,760	3,843	2,746
Net income before minority interests	5,785	4,916	3,623	2,755	1,651
Net income	5,221	4,402	3,281	2,492	1,397
Retail Banking and Financial Services	*2,336*	*1,898*	*1,576*	*1,377*	*1,243*
Global Investment Management and Services	*577*	*460*	*385*	*290*	*310*
Corporate and Investment Banking	*2,340*	*1,841*	*1,453*	*1,052*	*470*
Corporate Center and other	*(32)*	*203*	*(133)*	*(227)*	*(626)*
Activity *(in billions of euros)*					
Total assets and liabilities	956.8	835.1	601.3	539.4	501.4
Customers loans	263.5	227.2	208.2	177.5	174.2
Customer deposits	267.4	222.5	213.4	160.2	152.8
Assets under management	422	386	315	284	269
Equity *(in billions of euros)*					
Group shareholders' equity	29.1	23	18.4	16.9	15.7
Total consolidated equity	33.4	27.2	20.5	21.3	19.5
Average headcount(3)	**115,134**	**100,186**	**93,359**	**90,040**	**88,278**

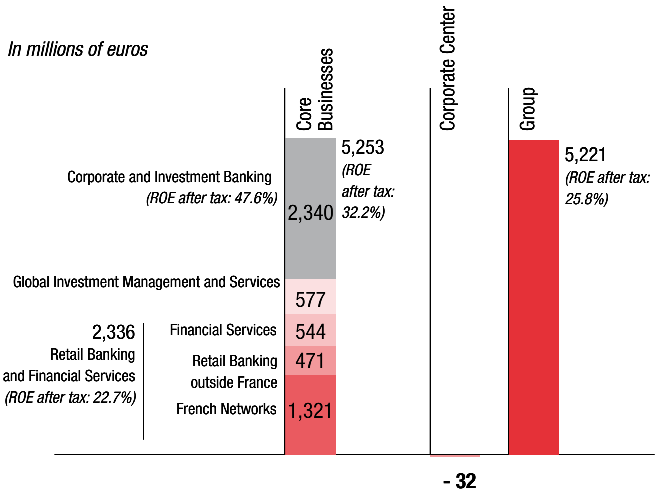
2002-2003: French standards.
2004: IFRS (excluding IAS 32 & 39 and IFRS 4) and after reclassification of Sogécap's capitalization reserve.
2005-2006: IFRS (including IAS 32 & 39 and IFRS 4).
(1) The 2002-2003 figures restated as per the 2006 Registration document.
(2) The 2004-2005 figures restated as per the financial statements.
(3) Including temporary staff.

Strong growth in revenues

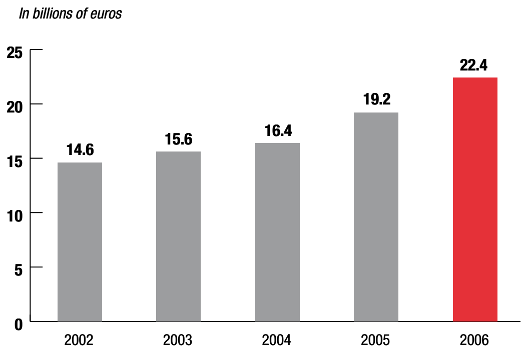
Net income
EUR 5.2 billion:
+18.6%

Operating income
EUR 8.0 billion:
+22.4%

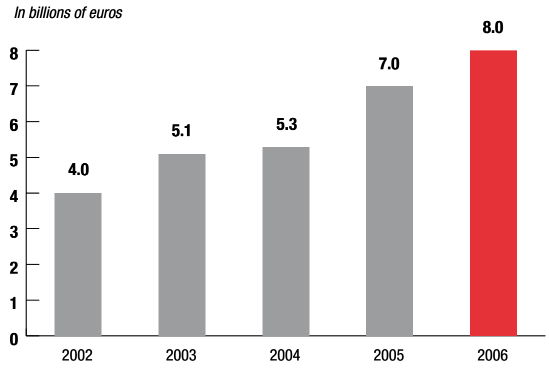
CONTRIBUTION OF CORE BUSINESSES TO NET INCOME



NET BANKING INCOME



GROSS OPERATING INCOME



Growth
in results over the medium term

Solid
fundamentals

Sound Group profitability

ROE after tax:
25.8% (2)

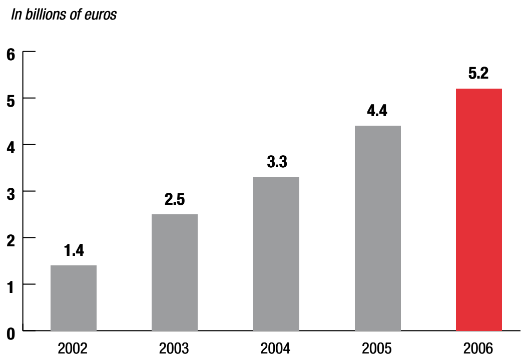
2002-2003: French standards

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

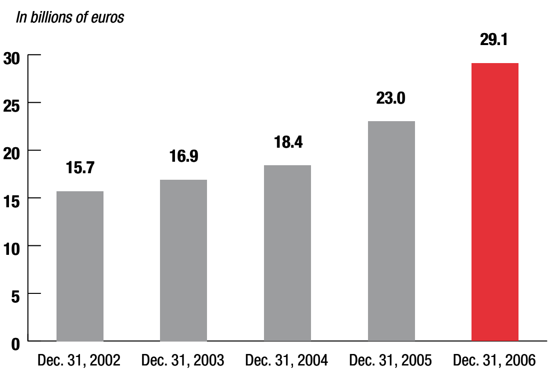
2005, 2006 : IFRS (including IAS 32 & 39 and IFRS 4)

The 2004-2005 figures restated as per financial statements.

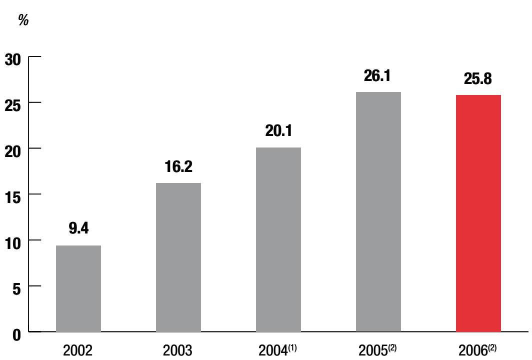
NET INCOME



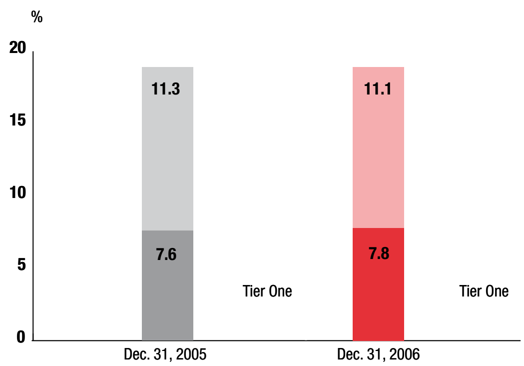
SHAREHOLDERS' EQUITY



ROE AFTER TAX



B.I.S. RATIO



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

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

THE SOCIÉTÉ GÉNÉRALE SHARE

Stock market performance

Société Générale's share price rose by 24.6% in 2006, closing at EUR 128.60. In comparison, the CAC 40 index gained 17.5% and the Euro Stoxx Bank index rose by 22.5% over the period.

At December 31, 2006, the Société Générale Group's stock market capitalization amounted to EUR 59.3 billion, ranking it sixth 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 2006, with an average daily trading volume on the CAC 40 of EUR 230.2 million, representing a daily capital rotation rate of 0.44% (versus 0.39% in 2005). In value terms, Société Générale's shares were the fifth most actively traded in the CAC 40 index.

Stock market indexes

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

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.

Total return* for shareholders

The following table shows the overall return on investment for Société Générale shareholders over different time periods ending December 31, 2006. The figures are given as a cumulative total and an annualized average. For example, an investor holding Société Générale shares from December 31, 2001 to December 31, 2006 (i.e. over five years) would have obtained a cumulative total return* of 160% over the period, or an average of 21.1% per year.

Duation of shareholding	Date	Cumulative total return*	Annualized average total return*
Since privatization	July 8,1987	1,728%	16.1%
15 years	Dec.31,1991	1,249%	18.9%
10 years	Dec.31,1996	815%	24.8%
5 years	Dec.31, 2001	160%	21.1%
4 years	Dec.31, 2002	182%	29.7%
3 years	Dec.31, 2003	111%	28.4%
2 years	Dec.31, 2004	88%	37.3%
1 year	Dec.31, 2005	30%	29.7%

Source: Datastream.

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

Dividend history

Between 2001 and 2006, the dividend paid by Société Générale rose by an average of 20.0% per year.

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

	2006	2005	2004	2003	2002	2001
Net dividend before adjustment	5.20 (2)	4.50	3.30	2.50 (1)	2.10 (1)	2.10 (1)
Net dividend (in EUR)*	5.20 (2)	4.47	3.28	2.48	2.09	2.09
Payout ratio (%) (3)	42.2	41.8	41.1	41.2	61.6	39.3
Net yield (%) (4)	4.0	4.3	4.4	3.6	3.8	3.3

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

**In line with IAS 33, share data for the periods prior to the capital increase in the fourth quarter of 2006 has been adjusted by a Euronext coefficient of 0.99336.*

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

(2) Submitted to the Annual General Meeting of Shareholders.

(3) Net dividend/earnings per share.

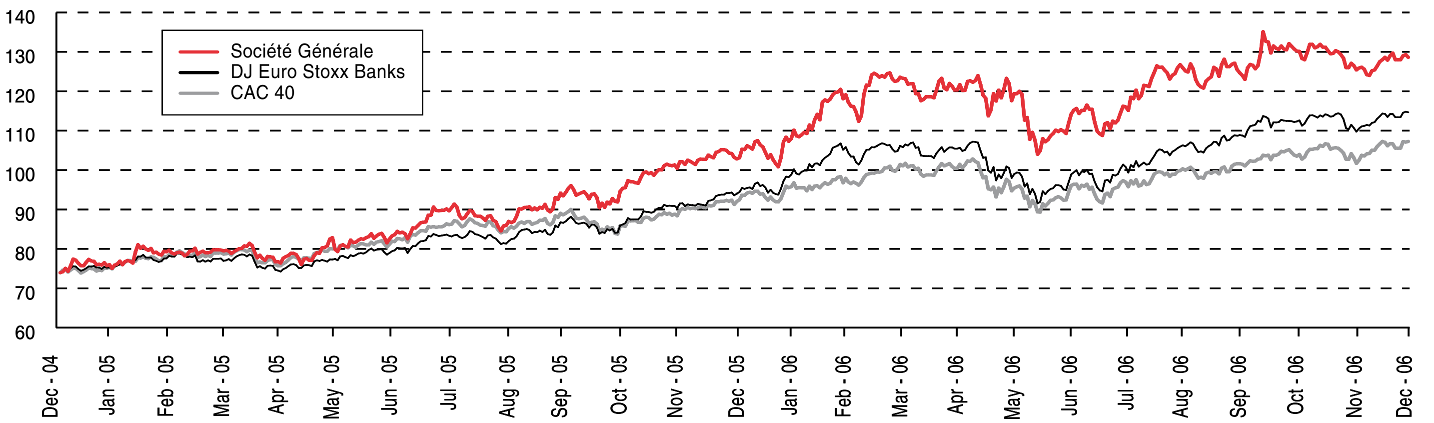
(4) Net dividend/closing price at end-December.

Stock market data		Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2001
Common stock (number of outstanding shares)		461,424,562	434,288,181	445,153,159	438,434,749	430,170,265	431,538,522
Market capitalization (in EUR billion)		59.3	45.1	33.1	30.7	23.9	27.1
Earnings per share* (in EUR)		12.33	10.70	7.98	6.03	3.38	5.31
Book value per share at year-end (in EUR)*		63.7	53.0	44.7	40.7	38.1	38.3
Share price (EUR)*	High	135.1	105.2	75.0	69.5	80.0	74.1
	Low	100.8	74.2	64.5	42.6	37.9	45.6
	Close	128.6	103.2	74.0	69.5	55.1	62.4

2004: IFRS (excluding IAS 32 & 39 and IFRS 4); 2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

**In line with IAS 33, share data for the periods prior to the capital increase in the fourth quarter of 2006 has been adjusted by a Euronext coefficient of 0.99336.*

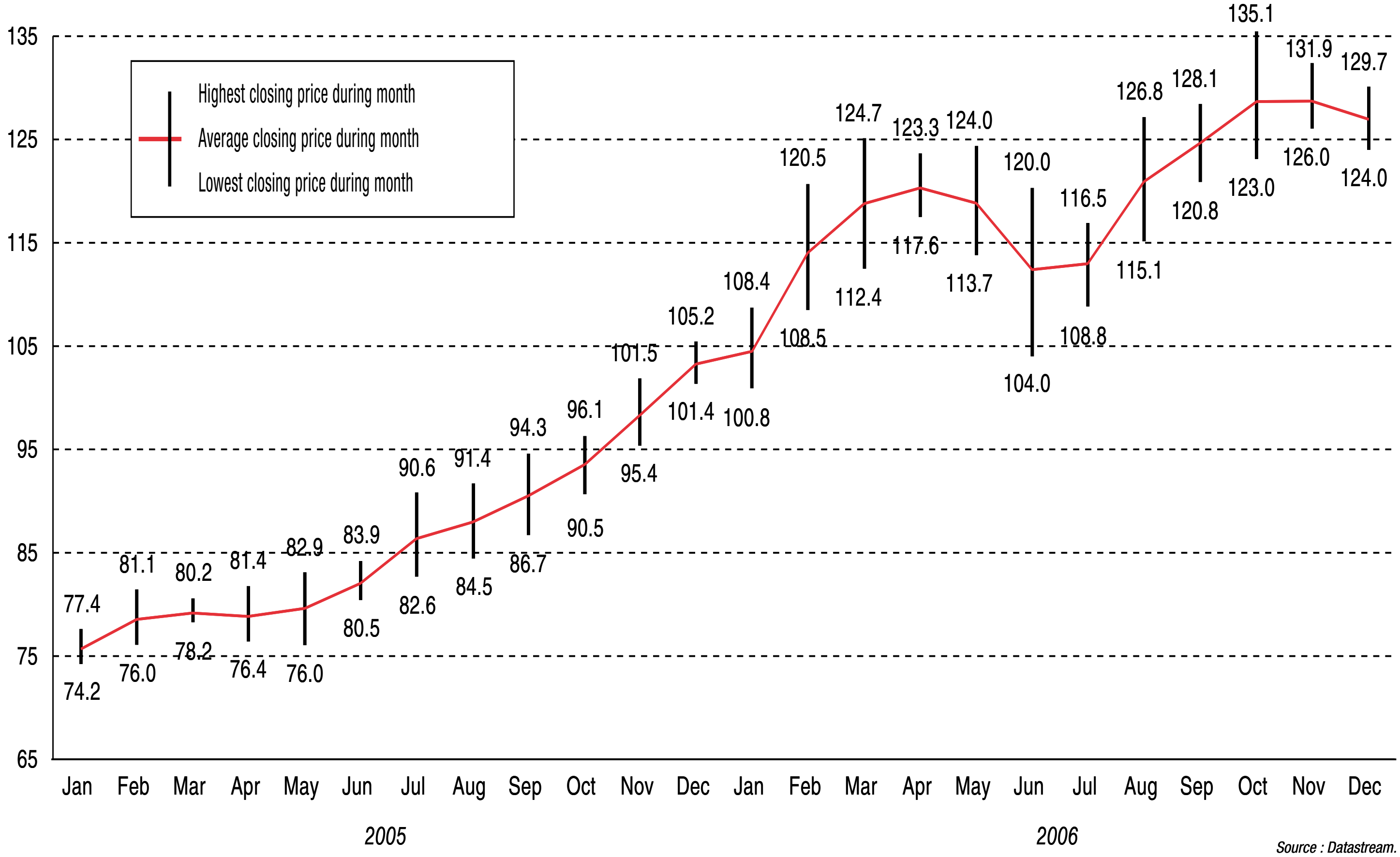
SHARE PERFORMANCE **



Source : Datastream.

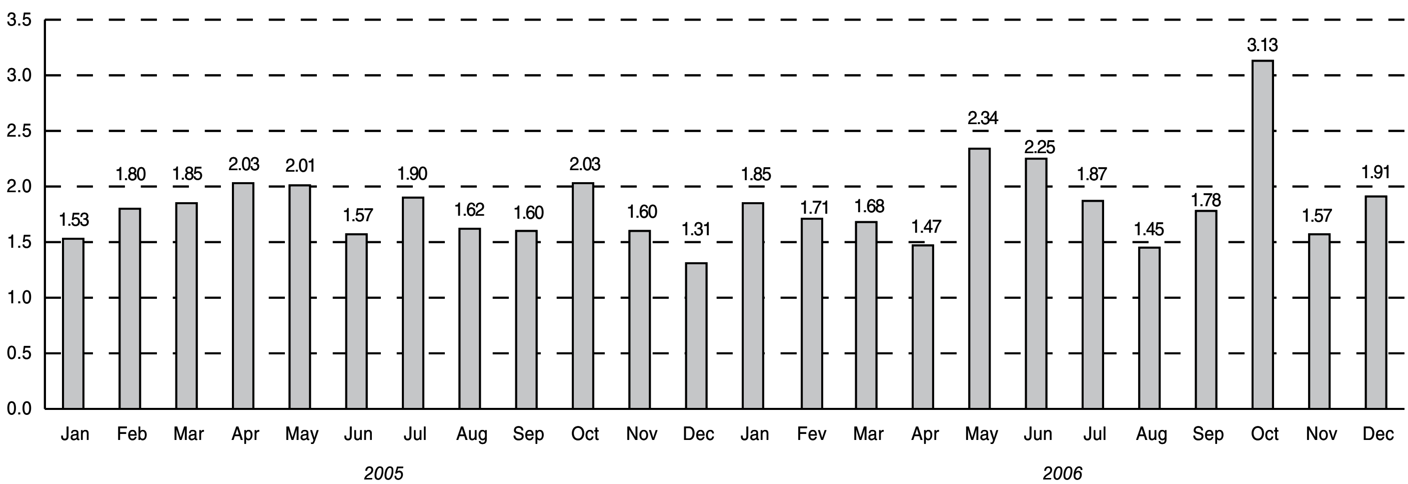
*** Historical series adjusted for the impact of the capital increase carried out in the fourth quarter of 2006.*

MONTHLY EVOLUTION OF SHARE PRICE*



Source : Datastream.

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



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

Source : Datastream.

Common stock

At December 31, 2006, the Group's common stock comprised 461 million shares with a nominal value of EUR 1.25 per share.

This increase of 27.1 million in the number of outstanding shares during 2006 breaks down as follows:

- the issuance of 4.0 million shares subscribed by Group employees as part of the Global Employee Share Ownership Plan;
- the issuance of 22.0 million shares for the company capital increase with preferred subscription rights;
- the exercise of stock options issued by the company on 1.1 million shares.

Special report on share buybacks

Since the launch of its share buyback program in September 1999, Société Générale has bought back 90.7 million of its own shares, for a total net amount of EUR 6.4 billion. In 2002, it cancelled 7.2 million shares representing a total of EUR 438 million and, in February 2005, cancelled a further 18.1 million shares for a total amount of EUR 1,352 million.

Over the course of 2006, Société Générale Group bought back 10,286,238 shares for a total EUR 1,263,855,744.12 and sold or transferred 14,321,114 shares with a book value of EUR 1,449,155,395.75.

- In May 2006, Société Générale changed the method used to cover its 2005 and 2006 stock option purchase plans. As such, the Group allocated 4,206,776 shares - previously set aside for its stock options plans - to acquisitions and at the same time acquired 5,532,056 purchase options on its shares. 4,174 options were exercised in 2006 for attribution to the Group's employees and are booked under repurchased shares. Lastly, following its capital increase with preferential subscription rights in October 2006, the total number of options held by the Group on its own shares stood at 5,564,923 for an average strike price that dropped to EUR 82.94.
- In 2006, the Group acquired 6,209,534 shares under its share buyback program (excluding shares purchased under the liquidity contract), at a cost of EUR 765,625,988.72:
  - 4,912,551 shares were set aside for cancellation;
  - 115,251 shares were allocated to the Group's acquisitions and 4,322,027 shares were transferred for the settlement of these acquisitions;
  - 1,181,732 shares were allocated to cover share purchase and subscription options granted to employees and for the attribution of free shares.
- Moreover, in 2006, the Group purchased 4,076,704 shares under its liquidity contract representing a total of EUR 498,229,755.40 and sold 4,139,756 shares for a total of EUR 505,136,632.70.

The expenses incurred on the above transactions, combined with the management fees for the liquidity contract, amounted to EUR 549,995.46.

January, 1 to December 31, 2006

	Purchases			Disposals/Exercise of stock options				
	Number		Purchase price	Number		Purchase price		Sale price
Cancellation	4,912,551	127.75	627,597,494.19					
Acquisitions	115,251	116.68	13,447,597.70	4,322,027	66.61	287,892,076.42	114.57	495,176,092.50
Attribution to employees	1,181,732	105.42	124,580,896.83	5,859,331	69.65	408,123,988,52	76.60	448,842,670.55
Liquidity contract	4,076,704	122.21	498,229,755.40	4,139,756	121.94	504,801,564.48	122.02	505,136,632.70
TOTAL	**10,286,238**		**1,263,855,744.12**	**14,321,114**		**1,200,817,629.42**		**1,449,155,395.75**

Share buybacks and treasury shares

At December 31, 2006, the Group held 13,952,815 of its own shares, representing 3.02% of share capital, and 8,987,016 treasury shares representing 1.95% of the share capital. In total, the Group holds 22,939,831 of its own shares either directly or indirectly (excluding shares held under trading operations), with a net book value of EUR 1,289,240,055.17 and a nominal value of EUR 28,674,788.75. Of this total, 8,937,775 shares with a market value of EUR 495,769,216.28 have been allocated to cover stock options and free shares granted to employees.

VALUE OF TREASURY SHARES AND BUYBACKS AT DECEMBER 31, 2006

Percentage of capital held directly or indirectly	**4.97%**
Number of shares cancelled over the last 24 months	18,100,000
Number of shares held directly	13,952,815
Net book value of shares held directly	EUR 1,135,562,055
Market value of shares held directly	EUR 1,794,332,009

At Dec. 31, 2006	**Number of shares**	**Nominal value (in EUR)**	**Net book value (in EUR)**
Société Générale	13,952,815	17,441,018.8	1,135,562,055.2
Subsidiaries	8,987,016	11,233,770.0	153,678,000.0
Finareg	*4,944,720*	*6,180,900.0*	*93,073,000.0*
Gene-act1	*2,210,112*	*2 ,762,640.0*	*23,934,000.0*
Vouric	*1,832,184*	*2,290, 230.0*	*36,671,000.0*
Total	**22,939,831**	**28,674,788.8**	**1,289,240,055.2**

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

	At December 31, 2006			At December 31, 2005			At December 31, 2004		
	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	32,424,638	7.03%	11.44%	32,831,211	7.56%	12.74%	33,024,632	7.42%	13.57%
Groupama	13,724,235	2.97%	5.06%	13,267,276	3.05%	5.61%	13,210,916	2.97%	2.92%
Meiji Yasuda Life Insurance Cy	11,069,312	2.40%	4.21%	11,069,312	2.55%	4.75%	11,069,312	2.49%	4.73%
CDC[2]	9,360,014	2.03%	2.86%	8,107,520	1.87%	2.96%	8,340 696	1.87%	3.10%
Fondazione CRT	4,874,295	1.06%	1.85%	7,367,414	1.70%	1.58%	7,367,414	1.66%	1.63%
Dexia	5,235,000	1.13%	0.99%	6,417,404	1.48%	1.38%	6,417,000	1.44%	1.42%
CNP	5,213,047	1.13%	1.27%	5,393,022	1.24%	1.49%	n.a.	[3]	[3]
Aviva	n.a.	[3]	[3]	n.a.	[3]	[3]	6,184,451	1.39%	1.37%
Free float	356,584,190	77.28%	67.95%	322,860,315	74.35%	69.49%	320,200 819	71.92%	71.26%
Buybacks	13,952,815	3.02%	2.66%	17,987,691	4.14%	0.00%	30,350,903	6.82%	0.00%
Treasury stock	8,987,016	1.95%	1.71%	8,987,016	2.07%	0.00%	8,987,016	2.02%	0.00%
Total		100.00%	100.00%		100.00%	100.00%		100.00%	100.00%
Number of outstanding shares		461,424,562	526,251,548		434,288,181	465,977,455		445,153,159	452,307,138

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

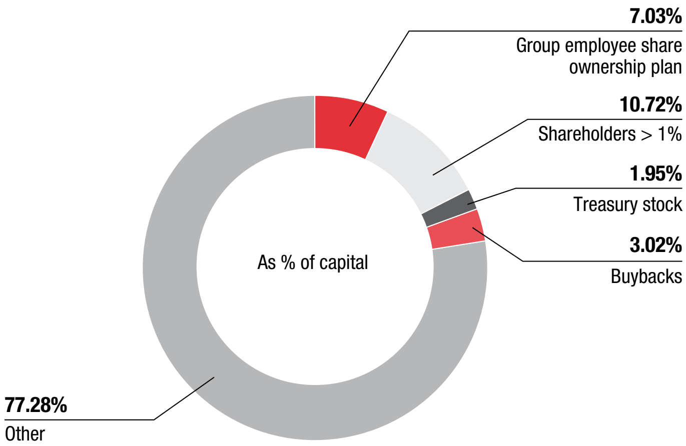
**As of 2006 and in accordance with article 223-11 of the General Regulation of the AMF, the total number of voting rights is calculated on the basis of all shares with voting rights attached, as well as those with no voting rights attached such as buybacks and treasury stock.*

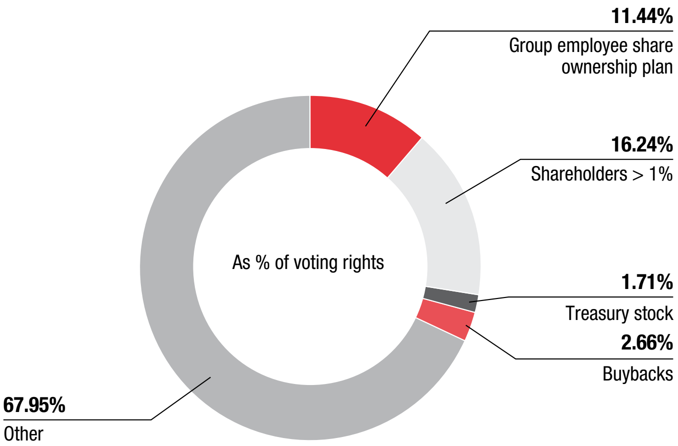
(1) Including double voting rights (article 14 of Société Générale's by-laws). Since January 1, 1993, double voting rights have been allocated to shares registered in the name of the Shareholder for two years.

(2) CDC (general section only).

(3) Shareholders with less than 1% of the capital or voting rights.

SHARE OWNERSHIP STRUCTURE AT DECEMBER 31, 2006





4 GROUP MANAGEMENT REPORT

	Page
Société Générale Group main activities	24
Group activity and results	26
Activity and results of the core businesses	28
Summary of results and profitability by core business	30
Financial policy	46
Significant new products or services	47
Major investments	48
Recent developments and future prospects	49
Post-closing events	50
Implementation of the Basel II reform	52
Analysis of the consolidated balance sheet	53
Property and equipment	55

SOCIÉTÉ GÉNÉRALE GROUP MAIN ACTIVITIES

SIMPLIFIED ORGANIZATIONAL CHART AT DECEMBER 31, 2006

Société Générale Group

Retail Banking and Financial Services

	Retail Banking	Financial Services	Asset Management
France	**Société Générale*** **Crédit du Nord Group** 80% **Compagnie Générale d'Affacturage** 100% **Sogéfinancement** 100% **Sogéfimur** 100% **Sogelease France** 100% **Sogébail** 47.96% **Groupama Banque** 20% **SG Capital Développement** 100% **Banque de Polynésie** 72% **Société Générale Calédonienne de Banque** 90% **Banque Française Commerciale "Océan Indien"** 50% **SG de Banque aux Antilles** 100% **Microcred** 35%	**Franfinance Group** 100% **CGI Group** 100% **ECS Group** 100% **Sogécap** 100% **Sogessur** 65% **Temsys** 100%	**SG Asset Management Group (SGAM)** 100% **BAREP Group** 100%
Europe	**SKB Banka** *Slovenia* 99.58% **BRD - SG Group** *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 Cyprus Ltd** 51% **SG Yugoslav Bank** *Serbia* 100% **Podgoricka Banka** *Montenegro* 87% **Delta Credit** *Russia* 100% **Rosbank** *Russia* 20% **Splitska Banka** *Croatia* 99.75% **Bank Republic** *Georgia* 60%	**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 Finance Group** 100%	**SGAM Group Ltd** *United Kingdom* 100% **SG Russell Asset Management** *Ireland* 50%
Americas			**TCW Group Inc.** *United States* 95.2% **SGAM Inc.** *United States* 100%
Middle East & Africa	**SG Marocaine de Banques** 53% **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** 19% **National Société Générale Bank** *Egypt* 77.17% **SG de Banques en Guinée** 53% **Sogelease Egypt** 80% **SG – SSB Limited** *Ghana* 51% **Sogelease Maroc** 100% **BFV SG** *Madagascar* 70% **SG de Banques au Sénégal** 58% **SG Algérie** 100% **SG de Banques au Burkina** 43% **SG de Banques en Guinée Equatoriale** 57.2% **SG Tchadienne de Banque** 66%	**Eqdom** *Morocco* 54% **La Marocaine Vie** 87%	
Asia, Australia			**SGAM Japan** 100% **SGAM Singapore** 100% **IBK-SGAM** *Korea* 50%

** Parent company.*
(1) Subsidiary of SGBT Luxembourg.
(2) As well as its private banking activities, Société Générale Bank Trust Luxembourg also provides retail and corporate and investment banking services for its business customers.

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% **Boursorama Group** 57% **Euro VL** 98%	**Société Générale*** **CALIF** 100% **SG Securities (Paris) SAS** 100% **Lyxor Asset Management** 100% **Gaselys** 49% **Orbeo** 50%	**Généfimmo** 100% **Généfim** 100% **Sogéprom** 100% **SG Option Europe** 100% **Clickoptions** 100%
Société Générale Bank & Trust Luxembourg (2) 100% **SG Private Banking Suisse SA** 77.62% (1) **SG Private Banking (Belgique)** 98.83% **SG Hambros Bank & Trust Ltd** *United Kingdom* 100% **SG Bank & Trust Monaco** 100% (1)	**FIMAT Frankfurt branch** 100% **FIMAT Banque UK** 100% **FIMAT Madrid branch** 100% **2S Banca Spa** *Italy* 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 Americas Securities, LLC** *United States* 100% **SG Canada** 100%	**Banco SG Brasil SA** 100% **Société Générale*** **Branches in:** **New York** *United States* **Montréal** *Canada*
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% **SG Asia (Hong Kong) Ltd** 100% **SG Australia Holding Ltd** 100%	**Société Générale*** **Branches in:** **Singapore** **Tokyo** *Japan* **Hong Kong** **Sydney** *Australia*

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 RESULTS

The figures and financial indicators for 2006 and 2005 comparative data have been prepared in accordance with IFRS (International Financial Reporting Standards) adopted by the European Union and applicable at these dates.

These principles and accounting methods have been applied constantly across 2005 and 2006, with the exception of the change in the accounting method for the acquisition of minority interests of controlled subsidiaries and of puts granted to minority shareholders of controlled subsidiaries, and the reclassification of undated subordinated notes as Group shareholders' equity. The figures and financial indicators for 2005 and 2006 have been restated accordingly (cf. the notes on methodology).

In 2006, the strong global economic and financial environment underpinned all of Société Générale Group's businesses. In Europe, the economic recovery was more robust than expected and in the United States, despite a slowdown at the end of the year, growth remained strong. The main stock market indices ended the year at five-year highs, notwithstanding tensions due to higher oil prices. Against a backdrop of divergence between European and US short-term interest rates, the dollar maintained its moderate downward trend against the euro. The investment banking business benefited from a combination of exceptional positive factors with rising equity markets, active derivative markets, record issuance volumes, a surge in liquidity and good performance by hedge funds. The banking sector remained underpinned by a favorable credit cycle. Finally, the yield curve flattened in Europe and inverted in the USA.

Against this backdrop, the Group delivered an excellent performance. Gross operating income stood at EUR 8,714 million for the year, up by 22.2%* on 2005, while net income rose by 18.6% to EUR 5,221 million.

The Group's ROE after tax came out at 25.8% in 2006 compared with 26.1% in 2005.

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

SUMMARY CONSOLIDATED INCOME STATEMENT

(in millions of euros)	2004	2005	2006	Change 2006/2005	
Net banking income	16,390	19,166	22,417	+17.0%	+15.7%*
Operating expenses	(11,062)	(12,156)	(13,703)	+12.7%	+11.8%*
Gross operating income	**5,328**	**7,010**	**8,714**	**+24.3%**	**+22.2%***
Net allocation to provisions	(568)	(448)	(679)	+51.6%	+42.6%*
Operating income	**4,760**	**6,562**	**8,035**	**+22.4%**	**+20.9%***
Net income from companies accounted for by the equity method	40	19	18	-5.3%	
Net income from other assets	195	148	43	-70.9%	
Impairment losses on goodwill	4	(23)	(18)	-21.7%	
Income tax	(1,376)	(1,790)	(2,293)	+28.1%	
Net income before minority interests	3,623	4,916	5,785	+17.7%	
Minority interests	342	514	564	+9.7%	
Net income	**3,281**	**4,402**	**5,221**	**+18.6%**	**+17.3%***
C/I ratio	67.5%	63.4%	61.1%		
Average allocated capital	16,324	16,756	20,107	+20.0%	
ROE after tax	**20.1%**	**26.1%**	**25.8%**		

** When adjusted for changes in Group structure and at constant exchange rates.*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

Net banking income

2006 net banking income rose sharply by 15.7%* on 2005 (+17.0% in absolute terms) to EUR 22,417 million, fuelled by sustained growth across the board. The Group's growth drivers (Retail Banking outside France, Financial Services and Global Investment Management and Services) all recorded a significant rise in revenues. The Corporate and Investment Banking division posted exceptional results in a favorable environment and the French Networks also put in a very strong performance.

Operating expenses

Operating expenses grew at a much slower pace than revenues, rising by +11.8%* on 2005. This reflects a combination of investment in organic growth, tight cost control and a rise in performance-based pay due to strong business performances.

The Group made further gains in operating efficiency in 2006, reducing its cost/income ratio to a low level of 61.1%, compared to 63.4% in 2005.

Operating income

Annual gross operating income rose by a substantial 22.2%* on 2005, reaching a total of EUR 8,714 million.

The Group's cost of risk for the year stood at 25 bp of risk-weighted assets, due both to a continued favorable credit environment and factors specific to the Group: a policy of diversification of the portfolio of businesses, improved risk management techniques and hedging of high-risk exposure.

The Group's operating income for the year increased by a sharp 20.9%* on 2005 (+22.4% in absolute terms) to a total of EUR 8,035 million.

Net income

Net income after tax and minority interests for 2006 (the Group's effective tax rate was 28.4% vs. 26.7% in 2005) grew by a substantial 18.6% on 2005, amounting to EUR 5,221 million. Group ROE after tax remained at a high 25.8%, compared to 26.1% last year. For 2006, net earnings per share stood at EUR 12.33, up 15.2%(1) on 2005.

(1) In accordance with IAS 33, historical data per share have been adjusted by a factor of 0.99336 (supplied by Euronext) following the detachment of the preferential subscription right to Société Générale shares for the capital increase in the fourth quarter of 2006.

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 Service and Online Savings. The Securities Services division, created in February 2004, includes the activities of Fimat, the Group's brokerage arm specializing in derivatives markets, together with the securities and employee savings business;
- **Corporate and Investment Banking,** 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 loss on goodwill. Furthermore, income from the Group's industrial equity and real estate investment portfolios, as well as from its equity investment in banks, is allocated to the Corporate Center, as are income and expenses that do not relate directly to the activity of the core businesses.

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

Allocation of capital

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

Capital is allocated as follows:

- in 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 shareholders' equity under IFRS[1] after payment of the dividend).

Net banking income

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

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

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

SUMMARY OF RESULTS AND PROFITABILITY BY CORE BUSINESS

Income statement by core business

2006 saw sustained growth in all the core businesses: a significant rise in revenues in the Group's growth drivers (Retail Banking outside France, Specialized Financial Services and Global Investment Management and Services), exceptional results in Corporate and Investment Banking and a very strong performance in the French Networks.

(in millions of euros)	Retail Banking and Financial Services			Global Investment Management and Services			Corporate and Investment Banking			Corporate Center			Group		
	2004	**2005**	**2006**	**2004**	**2005**	**2006**	**2004**	**2005**	**2006**	**2004**	**2005**	**2006**	**2004**	**2005**	**2006**
Net banking income	9,668	10,661	12,023	2,265	2,584	3,195	4,727	5,697	6,998	(270)	224	201	16,390	19,166	22,417
Operating expenses	(6,374)	(6,833)	(7,384)	(1,638)	(1,852)	(2,298)	(2,924)	(3,320)	(3,890)	(126)	(151)	(131)	(11,062)	(12,156)	(13,703)
Gross operating income	**3,294**	**3,828**	**4,639**	**627**	**732**	**897**	**1,803**	**2,377**	**3,108**	**(396)**	**73**	**70**	**5,328**	**7,010**	**8,714**
Net allocation to provisions	(589)	(614)	(763)	(7)	(6)	(8)	61	145	93	(33)	27	(1)	(568)	(448)	(679)
Operating income	**2,705**	**3,214**	**3,876**	**620**	**726**	**889**	**1,864**	**2,522**	**3,201**	**(429)**	**100**	**69**	**4,760**	**6,562**	**8,035**
Net income from companies accounted for by the equity method	5	(3)	(1)	0	0	0	26	22	24	9	0	(5)	40	19	18
Net income from other assets	19	7	11	2	0	(1)	16	(11)	30	158	152	3	195	148	43
Impairment losses on goodwill	0	0	0	0	0	0	0	(13)	0	4	(10)	(18)	4	(23)	(18)
Income tax	(935)	(1,070)	(1,252)	(191)	(223)	(273)	(447)	(668)	(902)	197	171	134	(1,376)	(1,790)	(2,293)
Net income before minority interests	1,794	2,148	2,634	431	503	615	1,459	1,852	2,353	(61)	413	183	3,623	4,916	5,785
Minority interests	218	250	298	46	43	38	6	11	13	72	210	215	342	514	564
Net income	**1,576**	**1,898**	**2,336**	**385**	**460**	**577**	**1,453**	**1,841**	**2,340**	**(133)**	**203**	**(32)**	**3,281**	**4,402**	**5,221**
C/I ratio	65.9%	64.1%	61.4%	72.3%	71.7%	71.9%	61.9%	58.3%	55.6%	NM	NM	NM	67.5%	63.4%	61.1%
Average allocated capital	8,022	8,849	10,299	721	894	1,086	3,523	4,148	4,914	4,059**	2,865**	3,808**	16,324	16,756	20,107
ROE after tax	**19.6%**	**21.4%**	**22.7%**	**53.4%**	**51.5%**	**53.1%**	**41.2%**	**44.4%**	**47.6%**	**NM**	**NM**	**NM**	**20.1%**	**26.1%**	**25.8%**

** *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 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

Retail Banking and Financial Services

(in millions of euros)	2004	2005	2006	Change 2006/2005	
Net banking income	9,668	10,661	12,023	+12.8%	+9.9%*
Operating expenses	(6,374)	(6,833)	(7,384)	+8.1%	+5.8%*
Gross operating income	**3,294**	**3,828**	**4,639**	**+21.2%**	**+17.3%***
Net allocation to provisions	(589)	(614)	(763)	+24.3%	+16.5%*
Operating income	**2,705**	**3,214**	**3,876**	**+20.6%**	**+17.5%***
Net income from companies accounted for by the equity method	5	(3)	(1)	-66.7%	
Net income from other assets	19	7	11	+57.1%	
Income tax	(935)	(1,070)	(1,252)	+17.0%	
Net income before minority interests	1,794	2,148	2,634	+22.6%	
Minority interests	218	250	298	+19.2%	
Net income	**1,576**	**1,898**	**2,336**	**+23.1%**	**+19.9%***
C/I ratio	65.9%	64.1%	61.4%		
Average allocated capital	8,021	8,849	10,299	+16.4%	
ROE after tax	**19.6%**	**21.4%**	**22.7%**		

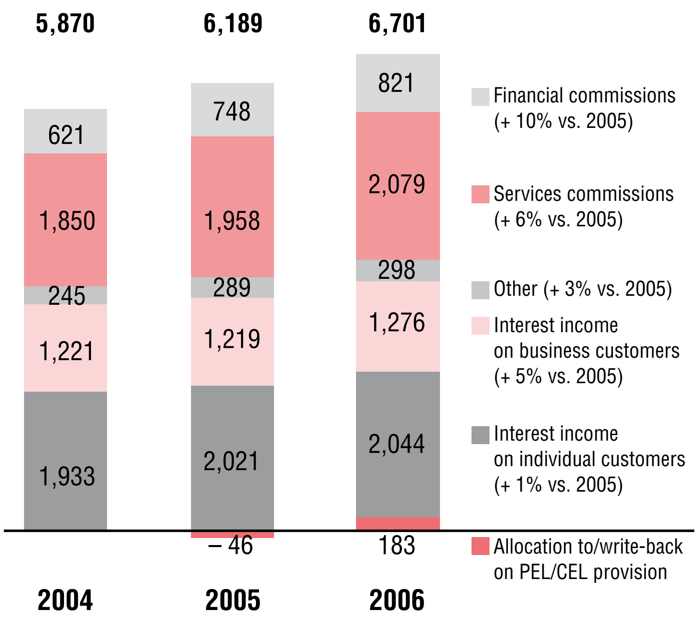
** When adjusted for changes in Group structure and at constant exchange rates.*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

French Networks

(in millions of euros)	2004	2005	2006	Change 2006/2005
Net banking income	5,870	6,189	6,701	+8.3%(a)
Operating expenses	(4,069)	(4,212)	(4,354)	+3.4%
Gross operating income	**1,801**	**1,977**	**2,347**	**+18.7%**
Net allocation to provisions	(292)	(282)	(274)	-2.8%
Operating income	**1,509**	**1,695**	**2,073**	**+22.3%**
Net income from companies accounted for by the equity method	2	1	2	x 2.0
Net income from other assets	5	2	5	x 2.5
Income tax	(529)	(594)	(707)	+19.0%
Net income before minority interests	987	1,104	1,373	+24.4%
Minority interests	45	45	52	+15.6%
Net income	**942**	**1,059**	**1,321**	**+24.7%**
C/I ratio	69.3%	68.1%	65.0%	
Average allocated capital	4,756	5,084	5,645	+11.0%
ROE after tax	**19.8%**	**20.8%**	**23.4%**	

(a) +4.5% excluding impact of changes in PEL/CEL provisions.
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

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



2004: IFRS (excluding IAS 32&39 and IFRS4).
2004 and 2006: IFRS (including IAS 32&39 and IFRS4).

The Société Générale and Crédit du Nord networks posted strong results in 2006 with NBI up 4.5% (excluding the impact of provisions for PEL/CEL housing savings accounts) against the backdrop in France of a continued rise in equity markets, higher short-term interest rates and stronger demand for business loans. Demand in the housing market remained strong except at the end of the year. Competition became stiffer, particularly for loans to individual customers.

The Group pursued its selective growth strategy via 97 full-time net branch openings during the year and an overhaul of its distribution platforms (4D project for the Société Générale network and Optimum for the Crédit du Nord network), thereby enabling a further increase in the product penetration rate among its individual customers (7.9 products per personal current account at end 2006). Restructuring of the back-offices also continued in 2006, in order to optimize productivity while emphasizing the overall quality of service for customers.

Regarding individual customers, sales performance remained satisfactory throughout the year. The indicator used to assess the individual customer base, expressed as the number of personal current accounts, rose sharply by 2.9% over the year (+171,000) to stand at over 6.0 million accounts. In May 2006, the Société Générale network rose above the five million threshold in terms of the number of personal current accounts. The Group pursued its policy of focusing on customer segments displaying the strongest potential (in particular young people with a +29,000 increase in the number of personal current accounts, up +3.6% on 2005). Growth in sight deposits remained strong at +7.8%. New housing loans reached a very high level of EUR 17.4 billion, while the rate of growth gradually declined during the year due to stiff competition and the continued rise in property prices. As in previous years, the Group continued to focus its sale drive in this market on the most attractive long-term customer segments.

As a result of a change in the tax treatment of housing savings accounts, savers switched into life insurance products and guaranteed funds (PEL savings account outstandings down 10.8% in 2006 versus a 20.7% increase in inflows into life insurance products). After Sogecristal, which was closed to subscriptions in early 2006, the Murano, Simbad and Darwin funds, offering either a guarantee on the initial investment amount, access to the Group's range of funds or to other fund managers[(1)], were a great success, recording inflows of EUR 1.95 billion in 2006.

In 2006, the business customer segment recorded sustained growth underpinned by a favorable economic environment (moderate inflation and continued low interest rates), notwithstanding higher commodity prices. At the same time, corporates continue to post a low level of indebtedness ratio. These trends and the Group's strong sales performances produced a 15.6% increase in investment loans while operating loans rose by 5.0%. Furthermore, sight deposits increased by 10.7%. These strong sales results were achieved through the innovative capacity of the Group's networks. For example, in the Société Générale network, "Jazz Pro", the new offering in day-to-day banking aimed at professional and small business customers, has been highly successful since it was launched in June 2006.

From a financial perspective, the Société Générale and Crédit du Nord networks posted a sharp increase in consolidated net banking income[(2)], over the year (+8.3% on 2005) which rose to EUR 6,701 million.

However, to truly assess the performance of the division, these figures need to be adjusted for the effect of the provision on PEL/CEL accounts: for the year as a whole, the Group booked an EUR 183 million write-back on this provision (versus an allocation of EUR 46 million in 2005). Neutralizing the effect of the provision for PEL/CEL accounts, NBI growth comes out at 4.5% for the year. Net interest income was up +2.5% on 2005 excluding the impact of the provision for PEL/CEL accounts. Higher volumes in

(1) Darwin is the first multi-manager fund distributed by the Société Générale Network.
(2) The revenue of the Société Générale Network does not include that of the Private Banking business in France, which is booked under the Global Investment Management & Services division.

2006 offset the continued decline in net interest margin due to a shift in the balance sheet structure (faster increase in loans than in deposits and, within loans, predominant share of mortgages with lower margins).

Commission income rose 7.2% on 2005. Financial commissions increased by +9.8% in 2006, notwithstanding a high base in 2005 (due to privatization deals). These strong results were mainly achieved through stock market orders and the success of the sales drive in life insurance products. Service commissions were up 6.2%, driven by transaction volume in means of payment, electronic payments and products specifically aimed at business customers.

This increase mainly reflects the positive impact of the sales drive, with a modest, sub-inflation price effect, as both networks kept a close eye on their price competitiveness.

The increase in operating expenses remained moderate (+3.4% on 2005) and the C/I ratio came out at 65.0%: excluding the provision for PEL/CEL accounts, it was almost 1 point lower than last year at 66.8% (versus 67.6% in 2005).

The net cost of risk remained low in 2006, standing at 27 bp of risk-weighted assets, i.e. unchanged compared to 2005: this reflects the quality of the base of individual, professional and business customers.

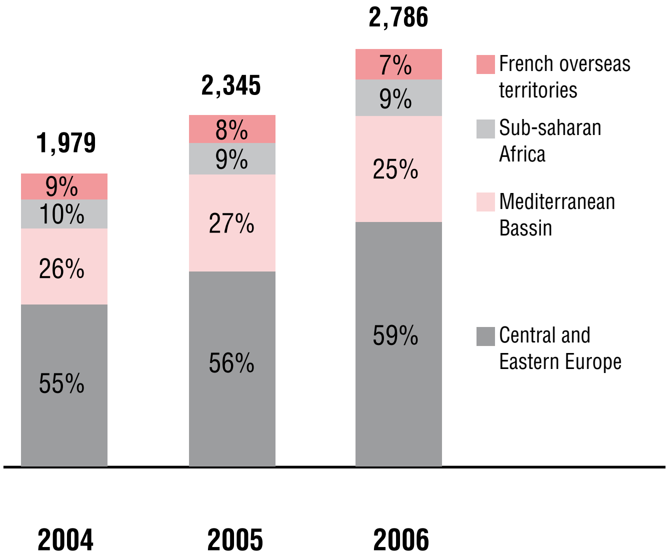
Net income for the French Networks amounted to EUR 1,321 million for the year (i.e. around one quarter of net income for the Group as a whole), up by 24.7% on 2005. ROE after tax was 23.4% for the year (21.3% excluding the provision for PEL/CEL savings accounts).

Retail Banking outside France

(in millions of euros)	**2004**	**2005**	**2006**	**Change 2006/2005**	
Net banking income	1,979	2,345	2,786	+18.8%	+13.6%*
Operating expenses	(1,223)	(1,419)	(1,644)	+15.9%	+11.6%*
Gross operating income	**756**	**926**	**1,142**	**+23.3%**	**+16.6%***
Net allocation to provisions	(161)	(131)	(215)	+64.1%	+67.2%*
Operating income	**595**	**795**	**927**	**+16.6%**	**+8.3%***
Net income from companies accounted for by the equity method	3	4	11	x 2.8	
Net income from other assets	15	5	7	+40.0%	
Income tax	(190)	(224)	(242)	+8.0%	
Net income before minority interests	423	580	703	+21.2%	
Minority interests	165	194	232	+19.6%	
Net income	**258**	**386**	**471**	**+22.0%**	**+10.9%***
C/I ratio	61.8%	60.5%	59.0%		
Average allocated capital	803	959	1,316	+37.2%	
ROE after tax	**32.1%**	**40.3%**	**35.8%**		

** When adjusted for changes in Group structure and at constant exchange rates.*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

BREAKDOWN OF NET BANKING INCOME BY GEOGRAPHICAL ZONE (IN MILLIONS OF EUROS)



2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

Retail Banking outside France is one of the Group's main growth drivers, combining acquisitions in targeted geographical regions (Central and Eastern Europe, Mediterranean Basin) and stepped-up organic growth in areas where the Group has a presence.

2006 saw continued strong growth and high profitability: sales performance and financial results were again high and are noteworthy as they were achieved in a tougher environment regarding credit control policy in some Central and Eastern European countries.

The Group extended its global platform via small or medium-sized acquisitions and increased investment in order to exploit expected medium and long-term growth opportunities in the banking sector in Central and Eastern Europe. The Group thus acquired Bank Republic in Georgia and announced the acquisition of Mobiasbanca in Moldavia in January 2007 (this entity will be managed in synergy with the BRD network in neighboring Romania). On a larger scale, the acquisition of Splitska Banka, the 4th largest retail banking network in Croatia, increases the coverage of the Balkan region and offers local and international customers a unique network in the region. In the Czech Republic, the Group acquired full control of Modra Pyramida, a network specializing in housing loans in which it had a 40% stake.

Finally, in 2006 the Group acquired a 20% stake in Rosbank, the second largest Russian retail banking network, with an option to acquire a controlling stake by the end of 2008.

Conversely, in the first quarter of 2006, the Group reduced its stake in its Lebanese subsidiary Société Générale de Banque au Liban from 50% to 19%.

The Group also continued to open a large number of branches in order to exploit the growth potential of the banking sector in markets in which it already has a presence: 399 branches were opened in 2006 (on a like-for-like basis). A large number of these branch openings were made in Romania (274 new branches in 2006), while 18 branches were also opened in the Czech Republic, 16 in Russia, 16 in Morocco, 13 in Egypt and 9 in Algeria. The global network outside France now includes 2,300[(3)] branches. Similarly, the overall headcount continued to rise (recruitment of over 2,800 employees in one year at constant structure), mainly in order to increase the sales force. Retail Banking outside France employs around 35,000 persons. On a like-for-like basis, the Group added a further 766,000 individual customers between the end of 2005 and end 2006 (representing an annual growth rate of 13.2%): Europe accounted for +503,900 new customers (+361,000 in Romania and +46,000 in the Czech Republic), together with Egypt (+123,000), Algeria (+44,300), Russia (+43,000) and Morocco (+37,000). From 2001 to 2006, the total number of individual customers in Retail Banking outside France grew by a factor of 2.2 to stand at 7.8 million[(3)] at the end of 2006.

Growth in outstanding deposits and loans accelerated further on 2005. The annualized rate of growth in individual customer loans stood at 43.5%*, reflecting strong growth in housing and consumer loans in the Eastern and Central European subsidiaries. Deposits recorded a 13.9%* increase. In the business customer segment, growth rates for outstanding loans and deposits were 20.6%* and 16.6%* respectively. The division's contribution to Group results is rising steadily: annual revenues were up by 13.6%* on 2005.

Operating expenses increased by 11.6%*, reflecting continued investments: excluding development costs, this increase would have been only 5.9%*.

Gross operating income rose sharply (+16.6%*) and the C/I ratio improved significantly (59.0% in 2006, versus 60.5% for the previous year).

The division allocated EUR 215 million to its risk provisions over the year, up on 2005, but at a reasonable level compared to risk-weighted assets (55 basis points vs. 47 bp in 2005) and slightly below mid-cycle expectations.

Annual operating income was up by 8.3%* on 2005.

The division's net income for the year was up by 22.0% on 2006.

ROE after tax came out at a high level of 35.8% in 2006, versus 40.3% a year earlier.

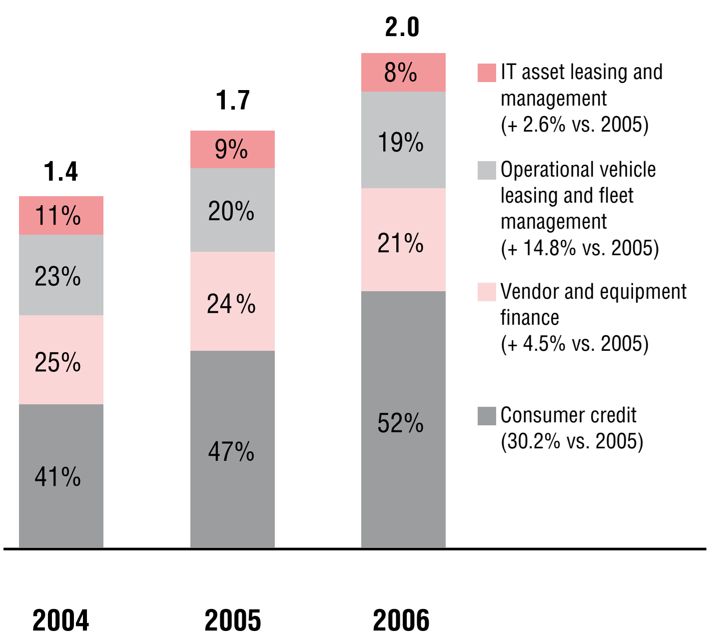
(3) Excluding Rosbank (Russia).

Financial Services

(in millions of euros)	2004	2005	2006	Change 2006/2005	
Net banking income	1,819	2,127	2,536	+19.2%	+10.7%*
Operating expenses	(1,082)	(1,202)	(1,386)	+15.3%	+7.5%*
Gross operating income	**737**	**925**	**1,150**	**+24.3%**	**+14.9%***
Net allocation to provisions	(136)	(201)	(274)	+36.3%	+10.3%*
Operating income	**601**	**724**	**876**	**+21.0%**	**+15.9%***
Net income from companies accounted for by the equity method	0	(8)	(14)	+75.0%	
Net income from other assets	(1)	0	(1)	NM	
Income tax	(216)	(252)	(303)	+20.2%	
Net income before minority interests	384	464	558	+20.3%	
Minority interests	8	11	14	+27.3%	
Net income	**376**	**453**	**544**	**+20.1%**	**+15.9%***
C/I ratio	59.5%	56.5%	54.7%		
Average allocated capital	2,462	2,806	3,338	+19.0%	
ROE after tax	**15.3%**	**16.1%**	**16.3%**		

** When adjusted for changes in Group structure and at constant exchange rates.*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

SPECIALIZED FINANCING BREAKDOWN OF NET BANKING INCOME FOR (IN BILLIONS OF EUROS)



2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

The Financial Services division essentially comprises the Group's Specialized Financing and life insurance activities.

Along with Retail Banking outside France, Specialized Financing is one of the Group's main growth areas. It is comprised of four business lines: consumer credit for 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.

Specialized Financing

The consumer credit business put in a very strong performance last year, with new loans up 10.8%*. France, Italy, Russia, Poland and Morocco delivered the best results.

Margins remained high but varied depending on geographical areas: in Western Europe, they declined moderately as a result of stiff competition in these regions whereas in Central and Eastern Europe, they remained at higher levels. For this reason the Group pursued its development in these regions while maintaining total exposure at a reasonable level (74% of NBI of the consumer credit business is still generated in France, Italy and Germany). The consumer credit business has enabled the Group to establish itself in countries where development or acquisition of a retail banking network does not seem feasible in the short term due to the competitive environment.

The consumer credit platform expanded significantly in 2006:

- in Central and Eastern Europe, the Group acquired Oster Lizing in Hungary (renamed HitEx), SKT Bank in Russia (this entity merged with Rusfinance in 2006), and Inserviss Group in Latvia. The existing networks also grew: in Poland, Eurobank (an entity acquired in 2005) saw its branch network grow from 160 branches at the end of 2005 to 200 at the end of 2006. Finally, new entities were established (CrediAgora in Portugal, CrediBul in Bulgaria, Essox SK in Slovakia and Prostokredit in Kazakhstan);
- outside Europe, the Group made acquisitions in Brazil (Banco Pecùnia) and India (Apeejay Finance).

Outstanding consumer loans stood at EUR 15 billion at the end of 2006, up 12.9%* on end 2005.

Regarding loans and services to business customers, new lending by SG Equipment Finance, the European leader in vendor and equipment finance, rose sharply (+12.4%*), both in its leasing and factoring businesses. Transport and manufacturing equipment were the best-performing segments. However margins declined slightly due to stiffer competition and the lag between changes in market rates and adjustment in rates charged to customers. In 2006, SG Equipment Finance continued to expand through the establishment of an entity in Ukraine and the acquisition of SKT Leasing in Russia.

In operational vehicle leasing and fleet management, ALD Automotive continued to expand its fleet under management which rose to 680,000 vehicles in 2006 (+10.0% on 2005 like-for-like) in 35 countries. ALD Automotive's fleet ranks second in Europe. The Group continued to develop its partnerships with major car manufacturers and focused on synergies with the French Networks and Retail Banking outside France.

Overall revenues in Specialized Financing rose by 7.8%* in 2006 (+18.7% in absolute terms), notwithstanding the decline in margins in major European countries.

Life insurance

In Life Insurance, premiums rose by 19.5%* on 2005 and were underpinned in particular by new inflows in the Société Générale network, with over 30% of investments in unit-linked policies. Outstandings, expressed as mathematical reserves, rose by 15.4%* on the previous year.

Overall revenues in **Financial Services** rose by 10.7%* on 2005 (+19.2% in absolute terms). Operating expenses were up 7.5%* (+15.3% in absolute terms). Gross operating income was therefore up sharply for the year at +14.9%* (+24.3% in absolute terms).

The net cost of risk for the year increased by 10.3%* (36.3% in absolute terms), mainly due to a shift in the product mix towards consumer credit in Eastern and Central Europe.

Operating income for the year was up 15.9%* (+21.0% in absolute terms) and net income rose by 20.1%. ROE after tax came out at 16.3%, up on 2005 (16.1%).

Global Investment Management & Services

(in millions of euros)	2004	2005	2006	Change 2006/2005	
Net banking income	2,265	2,584	3,195	+23.6%	+19.6%*
Operating expenses	(1,638)	(1,852)	(2,298)	+24.1%	+19.0%*
Gross operating income	**627**	**732**	**897**	**+22.5%**	**+21.1%***
Net allocation to provisions	(7)	(6)	(8)	+33.3%	+14.3%*
Operating income	**620**	**726**	**889**	**+22.5%**	**+21.2%***
Net income from other assets	2	0	(1)	NM	
Income tax	(191)	(223)	(273)	+22.4%	
Net income before minority interests	431	503	615	+22.3%	
Minority interests	46	43	38	-11.6%	
Net income	**385**	**460**	**577**	**+25.4%**	**+24.4%***
C/I ratio	72.3%	71.7%	71.9%		
Average allocated capital	721	894	1,086	+21.5%	

** When adjusted for changes in Group structure and at constant exchange rates.*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

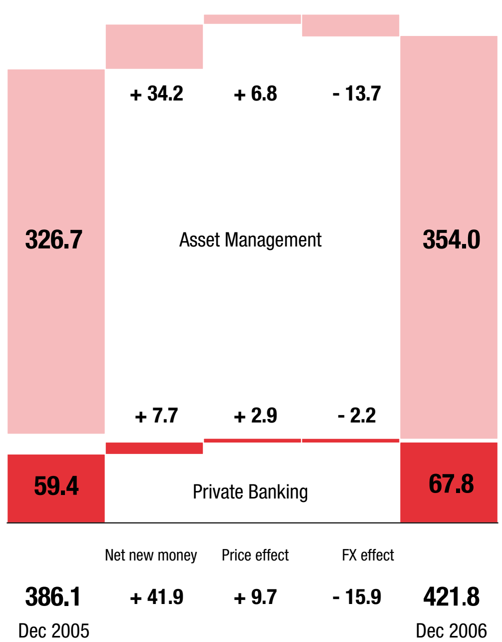
Global Investment Management and Services is comprised of Asset Management (Société Générale Asset Management - SGAM), Private Banking (SG Private Banking), Société Générale Securities Services (SGSS) and online savings (Boursorama).

Along with Retail Banking outside France and Specialized Financing, Global Investment Management and Services is one of the Group's growth drivers. In 2006, activity was particularly strong: net inflows stood at EUR 41.9 billion, up sharply on 2005 (EUR 33.7 billion). Assets under management stood at EUR 421.8 billion[4] at the end of the year. Assets under custody increased 17.7% over the year (at constant structure) to stand at EUR 2,262 billion at the end of 2006.

The Group's organic growth was completed by two significant acquisitions: firstly 2S Banca which propelled SGSS to third place among European custodian[5], and secondly CaixaBank France whose integration enabled Boursorama to strengthen its sales platform.

The division recorded a strong increase in operating income, which rose by +21.2%* (+22.5% in absolute terms) in 2006 to stand at EUR 889 million. Net income amounted to EUR 577 million, up by 25.4% on 2005.

ASSETS UNDER MANAGEMENT (IN BILLIONS OF EUROS)



(4) This figure does not include assets held by customers of the French Networks (approximately EUR 110 billion with investable assets exceeding EUR 150,000) or assets managed by Lyxor Asset Management, whose results are consolidated in the Equity & Advisory business line (EUR 61.0 billion at December 31, 2006).
(5) Source: Globalcustody.net, January 2007.

Asset Management

(in millions of euros)	2004	2005	2006	Change 2006/2005	
Net banking income	1,047	1,152	1,281	+11.2%	+11.8%*
Operating expenses	(642)	(715)	(805)	+12.6%	+13.2%*
Gross operating income	**405**	**437**	**476**	**+8.9%**	**+9.4%***
Net allocation to provisions	0	(2)	1	NM	NM
Operating income	**405**	**435**	**477**	**+9.7%**	**+10.2%***
Net income from other assets	(2)	0	(1)	NM	
Income tax	(137)	(147)	(162)	+10.2%	
Net income before minority interests	266	288	314	+9.0%	
Minority interests	35	31	16	NM	
Net income	**231**	**257**	**298**	**+16.0%**	**+16.4%***
C/I ratio	61.3%	62.1%	62.8%		
Average allocated capital	281	298	280	-6.0%	

** When adjusted for changes in Group structure and at constant exchange rates.*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

Société Générale Asset Management (SGAM) has a complete, high quality offering and its innovative capability is recognized by the market. In 2006, SGAM confirmed its positioning:

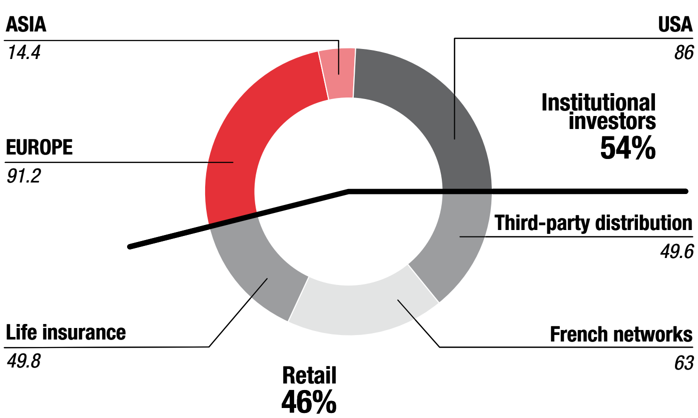
- as an innovative player by launching the first leveraged ETFs offering partial capital protection and reverse exposure to the index, as well as the first collateralized fund obligations (CFOs) on funds of hedge funds; and
- as the leading player in the CDO market with TCW (the number one player in cash CDOs[6]) and SGAM AI (number 2 worldwide in synthetic CDOs[7]).

This offering and positioning enabled SGAM to book record sales performance in 2006, with net inflows at EUR 34.2 billion (10% of assets under management on an annual basis). As in 2005, this performance was mainly due to a strong sales focus on structured products such as CDOs (EUR 14.9 billion), representing 44% of net inflows for the year. At the end of December 2006, SGAM managed a total of EUR 354.0 billion of assets, versus EUR 326.7 billion one year earlier. This reasserts the Group's position as the fourth largest bank-owned asset manager in the euro zone.

The shift in the product mix towards interest rate products, which are less profitable than equity products, and the larger share of institutional clients produced a small decline in the gross margin on assets under management which stood at 38 bp in 2006 versus 39 bp in 2005.

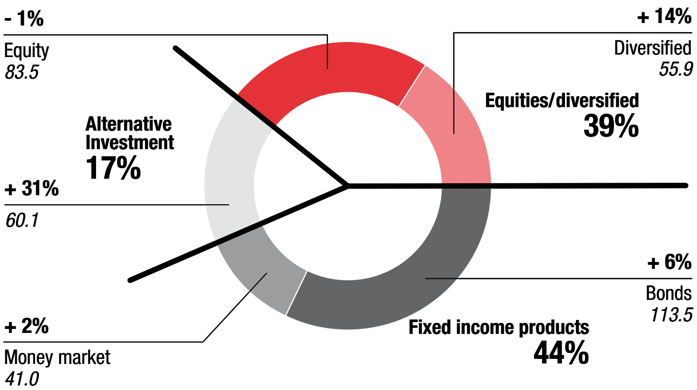
Net banking income for the year rose by 11.8%* on 2005 to stand at EUR 1,281 million, while operating expenses, due to the increase in variable remuneration, rose by 13.2%* to EUR 805 million. Operating income for the year thus rose by 10.2%* on 2005 to stand at EUR 477 million.

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



(6) Source: Standard & Poor's, June 2006.
(7) Source: Creditflux, January 2007

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY PRODUCT IN BILLIONS OF EUROS (% CHANGE VS. 2005)



Private Banking

(in millions of euros)	2004	2005	2006	Change 2006/2005	
Net banking income	463	540	658	+21.9%	+22.3%*
Operating expenses	(334)	(376)	(434)	+15.4%	+15.7%*
Gross operating income	**129**	**164**	**224**	**+36.6%**	**+37.4%***
Net allocation to provisions	(7)	(1)	(4)	NM	NM
Operating income	**122**	**163**	**220**	**+35.0%**	**+35.8%***
Net income from other assets	(1)	0	0	NM	
Income tax	(23)	(33)	(49)	+48.5%	
Net income before minority interests	98	130	171	+31.5%	
Minority interests	8	8	12	+50.0%	
Net income	**90**	**122**	**159**	**+30.3%**	**+31.4%***
C/I ratio	72.1%	69.6%	66.0%		
Average allocated capital	243	317	378	+19.2%	

** When adjusted for changes in Group structure and at constant exchange rates.*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

SG Private Banking is now a recognized player across the world. It was designated by Euromoney as the best private bank in France and Luxembourg and best global private bank in structured products, and was named best private bank in Europe by Private Banker International. Finally, SG Private Banking is also a recognized player in Asia, with the CEO of SG Private Banking Asia Pacific named Best Private Banker for the Asia-Pacific region (Private Banker International 2006).

This dynamic business performance produced record net inflows of EUR 7.7 billion (13% of assets under management on an annual basis), up 22.2% on 2005. Total assets under management amounted to EUR 67.8 billion at the end of December 2006, compared to EUR 59.4 billion a year earlier.

The business line recorded a 22.3%* rise in net banking income on 2005, as gross margins reached a high level (103 basis points).

Operating expenses (+15.7%* on 2005) rose less than net banking income. This increase includes the impact of continued investment in sales and infrastructure, as well as the rise in performance-linked pay resulting from increased business volumes.

Annual operating income was therefore up sharply (+35.8%*) on 2005 at EUR 220 million.

Société Générale Securities Services and Online Savings

(in millions of euros)	2004	2005	2006	Change 2006/2005	
Net banking income	755	892	1,256	+40.8%	+27.6%*
Operating expenses	(662)	(761)	(1,059)	+39.2%	+25.7%*
Gross operating income	**93**	**131**	**197**	**+50.4%**	**+38.3%***
Net allocation to provisions	0	(3)	(5)	+66.7%	+25.0%*
Operating income	**93**	**128**	**192**	**+50.0%**	**+38.7%***
Net income from other assets	5	0	0	NM	
Income tax	(31)	(43)	(62)	+44.2%	
Net income before minority interests	67	85	130	+52.9%	
Minority interests	3	4	10	x 2.5	
Net income	**64**	**81**	**120**	**+48.1%**	**+37.9%***
C/I ratio	87.7%	85.3%	84.3%		
Average allocated capital	197	279	428	+53.4%	

** When adjusted for changes in Group structure and at constant exchange rates.*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

The market environment was extremely favorable for capital and commodities markets, underpinning robust sales volumes at SGSS. The business line either completed or announced it was holding exclusive discussions involving significant transactions in line with its strategic focus and the current trend towards concentration in the sector.

FIMAT confirmed its excellent positioning, strengthening its share of the global market[8] (6.7% for the clearing and execution of listed derivatives in 2006, versus 5.3% last year). Cube Financial, the UK derivative product broker acquired in 2006, contributed to this strong growth. Moreover Fimat announced that it was holding exclusive discussions with Calyon Financial aimed at establishing a leading player in the sector. If this transaction is completed, it will enable the new group to extend its coverage of global securities markets, broaden its offering and enhance the return on the IT investments required to handle the growth of the business.

The Global Custodian subdivision saw a 17.7% increase at a constant structure in assets under custody on 2005 and an 8% rise in the number of funds under administration. In 2006, SGSS finalized its acquisition of Unicredit's securities services business: this transaction enabled SGSS to increase its size (3rd largest European player with EUR 2,262 billion under custody at end 2006).

Boursorama confirmed its number one ranking in online brokerage in France and number 2 in the UK[9], recording strong growth in its business in 2006 (number of orders executed +33.4% at a constant structure). Moreover, the Group acquired CaixaBank France and launched a new online bank offering.

Annual net banking income at SGSS and Boursorama stood at EUR 1,256 million, up 27.6%* on 2005.

Operating expenses were up 25.7%* on 2005, accompanying the business' organic growth and recent acquisitions, while enabling a decline in the cost/income ratio (from 85.3% in 2005 to 84.3% in 2006).

Operating income for the year recorded a 38.7%* increase on 2005.

(8) On major derivatives exchanges of which FIMAT is a member.
(9) Source: Compeer.

Corporate and Investment Banking

(in millions of euros)	2004	2005	2006	Change 2006/2005	
Net banking income	4,727	5,697	6,998	+22.8%	+25.5%*
Operating expenses	(2,924)	(3,320)	(3,890)	+17.2%	+21.1%*
Gross operating income	**1,803**	**2,377**	**3,108**	**+30.8%**	**+31.2%***
Net allocation to provisions	61	145	93	-35.9%	-35.4%*
Operating income	**1,864**	**2,522**	**3,201**	**+26.9%**	**+27.4%***
Net income from companies accounted for by the equity method	26	22	24	+9.1%	
Net income from other assets	16	(11)	30	NM	
Impairment losses on goodwill	0	(13)	0	NM	
Income tax	(447)	(668)	(902)	+35.0%	
Net income before minority interests	1,459	1,852	2,353	+27.1%	
Minority interests	6	11	13	+18.2%	
Net income	**1,453**	**1,841**	**2,340**	**+27.1%**	**+27.6%***
C/I ratio	61.9%	58.3%	55.6%		
Average allocated capital	3,523	4,148	4,914	+18.5%	
ROE after tax	**41.2%**	**44.4%**	**47.6%**		

** When adjusted for changes in Group structure and at constant exchange rates.*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

The Corporate and Investment Banking division posted strong revenue growth across all its businesses in 2006, up 25.5%* on 2005, as equity and financing markets proved generally positive. The business was underpinned both by client-driven activity and trading activity which were bolstered by extremely favorable market conditions, particularly in the first half. In 2006, client-driven revenues accounted for 66% of total revenues excluding Cowen. The two business lines (Corporate Banking and Fixed Income and Equity and Advisory) made an evenly balanced contribution to the division's revenues (respective contributions of 53% and 47% of NBI excluding Cowen). This growth momentum was mainly due to the implementation of a targeted recruitment policy (+490 net front office staff recruited in 2006, up +10.9%) and through a strategy based on selective growth of the division's risk-weighted assets (+10.5%*). Similarly to previous years, Société Générale Corporate & Investment Banking (SGCIB) posted strong operating profitability in 2006 and one of the highest levels of profitability among its European competitors (ROE after tax of 47.6% in 2006).

In July 2006, SG CIB launched the IPO of Cowen & Co.

In early 2007, SG CIB improved its organizational structure through the Step Up 2010 project, in order to strengthen the client/solution approach. This development is aimed at responding to market developments, such as continued disintermediation and growth in European capital markets. SG CIB is now organized under 4 divisions: a coverage division which includes mergers and acquisitions and offers the full range of products to the Group's clients, while three divisions are in charge of tailoring solutions for each client category:

- "Capital raising and Financing" includes product expertise in the equity-debt product range for issuers;
- "Fixed Income, Currencies and Commodities", dedicated to investors, includes integrated financial engineering and a sales force covering both flow and structured products;
- "Global Equity and Derivatives Solutions" offers investors the full range of Cash Equity and Equity Derivative products and services.

Strong recognition by clients of the quality of products and solutions offered by SG CIB was reflected in 2006 by the many awards from specialist magazines and through higher rankings in the league tables:

- in **derivative products,** The Banker (for the 4th year in a row), and IFR (for the 3rd year in a row) named Société Générale as Global Equity Derivatives House of the Year. The Group ranked number1 worldwide in warrants with a market share of 18.4%. Its asset management subsidiary Lyxor recorded a 17.9% increase in assets under management (EUR 61.0 billion at end 2006) partly through the launch of 40 new ETFs;
- in the **euro capital markets,** the Group confirmed its number 5 ranking in euro debt markets (for the third year in a row). It ranked number 2 in France and has been among the top three in Spain since 2004, and continued to rise from 4th to 2nd rank in the corporate euro debt market, ranking number one in France and Italy (Thomson Financial). Moreover SG CIB was named "Best Debt House in France" by Euromoney and also emerged as a major player in securitization activities (ranked number 3 in euro securitization by Thomson Financial);
- in **structured finance,** SG CIB confirmed its strong position by winning many awards in 2006. The Group was designated "Best Export Finance Arranger" for the 5th year in a row by Trade Finance Magazine. In commodities, the bank was designated "Best Commodity Bank" in 2006 and "Best structured Commodity Bank" for the 4th year in a row (Trade Finance magazine).

Corporate Banking and Fixed Income

(in millions of euros)	2004	2005	2006	Change 2006/2005	
Net banking income	2,698	3,143	3,649	+16.1%	+16.3%*
Operating expenses	(1,569)	(1,786)	(2,128)	+19.1%	+19.3%*
Gross operating income	**1,129**	**1,357**	**1,521**	**+12.1%**	**+12.4%***
Net allocation to provisions	106	132	102	-22.7%	-22.1%*
Operating income	**1,235**	**1,489**	**1,623**	**+9.0%**	**+9.4%***
Net income from companies accounted for by the equity method	27	22	20	-9.1%	
Net income from other assets	18	(10)	30	NM	
Impairment losses on goodwill	0	0	0	NM	
Income tax	(297)	(377)	(462)	+22.5%	
Net income before minority interests	983	1,124	1,211	+7.7%	
Minority interests	6	11	8	-27.3%	
Net income	**977**	**1,113**	**1,203**	**+8.1%**	**+8.5%***
C/I ratio	58.2%	56.8%	58.3%		
Average allocated capital	3,168	3,751	4,296	+14.5%	
ROE after tax	**30.8%**	**29.7%**	**28.0%**		

** When adjusted for changes in Group structure and at constant exchange rates.*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

Corporate Banking and Fixed Income saw a hefty 16.3%* increase in revenues on last year, mainly due to market activities, in particular fixed income, credit and commodities. The business line also posted a sharp annual increase in client-driven revenues (up 19%).

Equity and Advisory

(in millions of euros)	2004	2005	2006	Change 2006/2005	
Net banking income	2,029	2,554	3,349	+31.1%	+37.8%*
Operating expenses	(1,355)	(1,534)	(1,762)	+14.9%	+23.6%*
Gross operating income	**674**	**1,020**	**1,587**	**+55.6%**	**+56.2%***
Net allocation to provisions	(45)	13	(9)	NM	NM
Operating income	**629**	**1,033**	**1,578**	**+52.8%**	**+53.4%***
Net income from companies accounted for by the equity method	(1)	0	4	NM	
Net income from other assets	(2)	(1)	0	NM	
Impairment losses on goodwill	0	(13)	0	NM	
Income tax	(150)	(291)	(440)	+51.2%	
Net income before minority interests	476	728	1,142	+56.9%	
Minority interests	0	0	5	NM	
Net income	**476**	**728**	**1,137**	**+56.2%**	**+57.0%***
C/I ratio	66.8%	60.1%	52.6%		
Average allocated capital	355	398	618	+55.3%	
ROE after tax	**134.1%**	**182.9%**	**184.0%**		

** When adjusted for changes in Group structure and at constant exchange rates.*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

The **Equity and Advisory** business line delivered excellent performance in 2006 (revenues up by a sharp 37.8%* on 2005), driven by sustained client activity and strong results in trading activities which benefited from the favorable trading environment in the first half. The Cash Equity and Advisory businesses also exploited the rise in secondary market activity in Europe.

Operating expenses in the **Corporate and Investment Banking** division were up 21.1%* on 2005, well below the rate of revenue growth. The division continued its strategy of targeted investments reflecting its profitable growth strategy.

The cost to income ratio thus came out at a low of 55.6% for the year, while gross operating income rose sharply by 31.2%* on 2005.

The credit risk environment remained favorable, enabling the division to book a net write-back of EUR 93 million from its provisions over the year (write-back of EUR 145 million in 2005). Few new loans required provisioning and provision write-backs were limited.

Strong revenue growth was achieved against a backdrop of tight market risk control. Average VaR for the year stood at EUR 24.7 million versus EUR 19.5 million in 2005 (+26.7%).

The Corporate and Investment Banking division made a very high contribution of EUR 2,340 million, representing a 27.1% increase on 2005.

For the last four years, the division has posted after tax profitability in excess of 30%: ROE after tax came out at 47.6% for 2006, versus 44.4% in 2005.

Corporate Center

(in millions of euros)	2004	2005	2006
Net banking income	(270)	224	201
Operating expenses	(126)	(151)	(131)
Gross operating income	**(396)**	**73**	**70**
Net allocation to provisions	(33)	27	(1)
Operating income	**(429)**	**100**	**69**
Net income from companies accounte for by the equity method	9	0	(5)
Net income from other assets	158	152	3
Impairment losses on goodwill	4	(10)	(18)
Income tax	197	171	134
Net income before minority interests	(61)	413	183
Minority interests	72	210	215
Net income	**(133)**	**203**	**(32)**

** When adjusted for changes in Group structure and at constant exchange rates.*
2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005 and 2006: IFRS (including IAS 32 & 39 and IFRS 4).

The Corporate Center recorded negative net income of EUR 32 million for the year (EUR +203 million in 2005).

Net capital gains from the equity portfolio, now booked under NBI, amounted to EUR +296 million for the year, versus EUR 253 million in 2005. At December 31 2006, the IFRS net book value of the industrial portfolio, excluding unrealized capital gains, stood at EUR 1.1 billion, representing market value of EUR 1.8 billion.

While gross operating income remained virtually stable between 2005 and 2006, the decline in the annual result of the Corporate Center on 2005 was mainly due to high net gains from asset disposals booked in 2005 (sale of the Group's retail banking business in Argentina and disposal of its 19% stake in United Arab Bank) and an increase in the effective tax rate (28.4% in 2006 vs. 26.7% in 2005).

Methodology

1. The Group has retrospectively modified the accounting method for the acquisition of minority interests of controlled subsidiaries and put options granted to minority shareholders in controlled subsidiaries and in 2006 reclassified undated subordinated notes as Group shareholders' equity.

- From a 'goodwill to a 'shareholders' equity' approach:
  - where an additional stake is taken in one of our controlled subsidiaries (e.g. purchase of minority interests), all goodwill is now recognized as Group shareholders' equity, rather than assets => impact on balance sheet;
  - where the partial sale of a subsidiary occurs without resulting in the loss of control, the gains or losses from the sale are directly entered into shareholders' equity => impact on P&L: restatement of net income on other assets.
- Change in accounting method for put options granted to minority shareholders:
  - goodwill arising from the valuation of these puts in the Group's balance sheet is now recognized as Group shareholders' equity, rather than assets, in accordance with the abovementioned approach => Impact on shareholders' equity;
  - net income (loss) for the full year relative to these puts is now incorporated into minority income instead of being accounted for under Group net income => impact on P&L: restatement of minority interests.
- The Group has restated undated subordinated notes as Group shareholders' equity instead of debt(10)=> impact on shareholders' equity and P&L (restatement of NBI).

The impact of this restatement since January 1, 2005 on Group shareholders' equity is as follows:

(in millions of euros)	01/01/2005	06/30/2005	12/31/2005	06/30/2006
Group shareholders' equity before restatement	**18,530**	**20,904**	**23,550**	**24,666***
Change in accounting methodology for minority interests and minority puts	(585)	(750)	(984)	(937)
Reclassification of undated subordinated notes	450	484	477	451
Group shareholders' equity after restatement	**18,395**	**20,638**	**23,043**	**24,180**

** This amount differs from the amount published on June 30, 2006 which already included the restatement of two undated subordinated notes.*

(10) Due to the existence of discretionary clauses relating to the interest payments on these notes. Reclassification of two undated subordinated notes on June 30 2006, and of two others on December 31, 2006.

The impact of the restatement on Group net income since January 1, 2005 is as follows:

(in millions of euros)	Q1 05	Q2 05	Q3 05	Q4 05	2005	Q1 06	Q2 06	Q3 06	Q4 06	2006
Net Banking Income	**1**	**3**	**(5)**	**(3)**	**(4)**	**(4)**	**0**	**4**	**0**	**0**
o.w. Corporate Centre	1	3	(5)	(3)	(4)	(4)		4		0
Net gains or losses on other assets	**0**	**0**	**0**	**(10)**	**(10)**	**0**	**0**	**0**	**0**	**0**
o.w. Corporate Centre				(10)	(10)					0
Minority interests	**8**	**7**	**7**	**13**	**35**	**10**	**6**	**5**	**6**	**27**
o.w. Global Investment Management & Services	10	8	9	9	36	9	6	3	6	24
o.w. Financial Services	(1)	(1)	(1)	1	(2)					0
o.w. Corporate Centre	(1)		(1)	3	1	1		2	0	3
Net income	**(7)**	**(5)**	**(10)**	**(22)**	**(44)**	**(12)**	**(6)**	**(3)**	**(6)**	**(27)**
o.w. Global Investment Management & Services	(10)	(8)	(9)	(9)	(36)	(9)	(6)	(3)	(6)	(24)
o.w. Financial Services	1	1	1	(1)	2					0
o.w. Corporate Centre	2	2	(2)	(12)	(10)	(3)		0	0	(3)

2. Group ROE is calculated on the basis of average Group shareholders' equity under IFRS excluding (i) unrealized or deferred capital gains or losses booked directly under shareholders' equity except translation reserves (ii) deeply subordinated notes, (iii) undated subordinated notes recognized as shareholders' equity, and deducting (iv) interest to be paid to holders of deeply subordinated notes and of the restated, undated subordinated notes. The net income used to calculate ROE excludes interest, net of tax impact, to be paid to holders of deeply subordinated notes for the period and, as of 2006, to the holders of restated, undated subordinated notes (i.e. EUR 41 million for the year vs. EUR 25 million in 2005).

3. Earnings per share (EPS) is the ratio of (i) net income for the period (under IFRS excl. IAS 32 & 39 and IFRS 4 for 2004 and IFRS incl. IAS 32 & 39 and IFRS 4 for 2005 and 2006) after deduction (as of 2005) of the interest, net of tax, to be paid to holders of deeply subordinated notes (EUR 25 million for 2005, EUR 28 million for 2006) and, as of 2006, the interest, net of tax, to be paid to holders of undated subordinated notes which were reclassified from debt to shareholders' equity (EUR 13 million for 2006), (ii) the average number of shares outstanding excluding treasury shares, but taking into account (a) trading shares held by the Group, and (b) shares held under the liquidity contract. In accordance with IAS 33, historical data per share have been adjusted by a factor of 0.99336 (supplied by Euronext) following the detachment of the preferential subscription right to Société Générale shares for the capital increase in the fourth quarter of 2006.

4. Net assets are comprised of Group shareholders' equity, excluding (i) deeply subordinated notes (EUR 1 billion), undated subordinated notes previously recognized as debt (EUR 0.4 billion), and (ii) interest to be paid to holders of deeply subordinated notes and undated subordinated notes, but reinstating the book value of trading shares held by the Group and shares held under the liquidity contract. The number of shares used to calculate book value per share is the number outstanding at December 31 2006, excluding treasury shares, but taking into account (a) trading shares held by the Group, and (b) shares held under the liquidity contract. In accordance with IAS 33, historical data per share have been adjusted by a factor of 0.99336 (supplied by Euronext) following the detachment of the preferential subscription right to Société Générale shares for the capital increase in the fourth quarter of 2006.

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.

Following the capital increase in October 2006, the Tier-one ratio at the end of 2006 was 7.8%, due to respective changes in available capital and its use over the year. The Group aims to maintain a Tier-one ratio at the top end of a 7% to 7.5% range between now and 2008.

Capital base

At December 31, 2006, Group shareholders' equity amounted to EUR 29.1 billion(1) and book value per share to EUR 63.7, including EUR 4.9 per share of unrealized capital gains. Risk-weighted assets were pushed up by 11.8%* year-on-year (+12.1% in absolute terms) reflecting strong organic growth in all the Group's businesses. However, this was lower than the pace of revenue growth.

In October 2006, the Group implemented a EUR 2.4 billion capital increase which enabled it to finance acquisitions underway while pursuing its profitable growth strategy and strengthening its capital base. The Tier one ratio stood at 7.8% at December 31 2006, up from the level of 7.6% at December 31, 2005.

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 6.2 million shares in 2006. As of December 31, 2006, Société Générale held 22.9 million treasury shares (i.e. 5.0% of its capital), excluding those held for trading purposes.

Emphasising the Group's capacity to consistently deliver profitable growth, its risk control and financial strength, Standard & Poor's and Fitch raised their long-term rating for Société Générale from AA- to AA in 2006 (Moody's rating: Aa2).

Generation and use of capital in 2006

The main changes in shareholders' equity over 2006 were as follows:

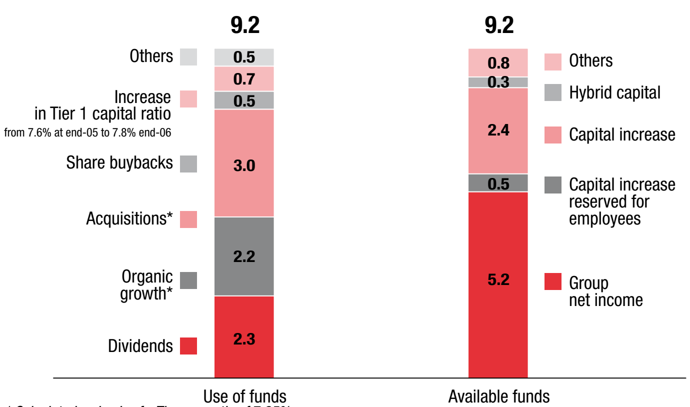
Available funds:

- attributable net income of EUR 5.2 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 0.3 billion;
- additional paid-in capital from the capital increase in the amount of EUR 2.4 billion;
- various items, including changes in reserves, in the amount of EUR 0.8 billion.

Use of funds:

- financing of organic growth: EUR 2.2 billion in 2006 at constant exchange rates, reflecting growth in all the Group's businesses;
- financing of acquisitions: EUR 3.0 billion in 2006;
- the dividend for 2006 which is subject to the approval of the General Meeting, up 16% on 2005 (pay-out ratio of 42% in 2006);
- share buybacks intended to dilute the impact of capital increases reserved for employees, corresponding to the purchase of 6.2 million shares in 2006 (EUR 0.5 billion).

In billions of euros



** Calculated on basis of a Tier-one ratio of 7.25%*

Financing of the main investments currently underway

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

(1) This figure includes (i) EUR 1 billion from the issue of deeply subordinated notes in January 2005, EUR 0.4 billion in undated subordinated notes and (ii) EUR 2.2 billion of unrealized capital gains.

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 2006, the most significant of which are listed below:

Business Division	New product or service	
French Networks	Transfers by mobile phone	Free service offered by Société Générale allowing customers to transfer money between their own accounts or to third-party accounts using their mobile phone.
	Jazz Pro	A tailor-made Société Générale service for everyday banking designed for professionals.
	Cycléa@Cautions	A Société Générale service allowing business customers to request, issue and manage market guarantees.
	Etoile Court Terme Absolue	Crédit du Nord extended its range of dynamic money-market funds for institutional investors and businesses with the launch of this fund, which targets absolute performance at the short end of the yield curve.
	Etoile Top 2006	Crédit du Nord launched a guaranteed fund giving access to equity markets via a basket of 4 investment funds with attractive taxation, and offering a capital guarantee at maturity.
Retail Banking outside France	New Komercni Banka credit card for students	Komercni Banka launched a new credit card for students and raised its overdraft limit.
Financial Services	“Shopping & More” card	New revolving credit offer from Hanseatic Bank (specialized in consumer credit in Germany) linked to a Visa credit card and distributed by its partner, the mail order group, Otto.
Asset Management	ETF range	The ETF range was extended, in particular by the first ETFs offering partial capital protection or with a leverage effect.
	SGAM Fund range	The SGAM Fund launched an equity subfund focused on Asia, combining two investment strategies, called Equities Asia Pac Dual Strategies (growth potential and attractive dividends).
Securities Services	Carré VIP	SGSS launched a new top-end service for options management and securities services. This new solution is designed for issuers who want their major shareholder/option-holder managers to benefit from a personalized and differentiated management service.
Corporate and Investment Banking	Certificates range	The range of products was enriched with the 100% certificates which can be used to invest in water, solar power, bioenergy, the Privex (listed private equity) index, emerging markets (India) as well as in a wide range of raw materials (precious metals, base metals, energy, agricultural materials, etc.).
	Long and short Turbos range	The launch of the first range of long and short Turbos products, which are perpetual with a security threshold to limit risk to the investment. Turbos offer much higher leverage for limited investments.
	Lyxor ETF range extended into Asia	Lyxor launched its first ETF in Asia: Lyxor ETF MSCI Asia Pacific ex Japan and Lyxor ETF China Enterprise on the Singapore stock exchange.
	Acquisition financing	Launch of acquisition financing and leverage financing business in the Asia Pacific region, offering debt restructuring, underwriting and bookrunning services.
	Orbeo	Creation of a joint venture combining the expertise of Société Générale and Rhodia which plays a major role in the Credit emissions market (CER) by increasing liquidity with 100 millions CERs generated by Rhodia in the framework of the Clean Development Mechanism.
	Egret Capital LLP	Creation of an independent CLO (Collateralized Loan Obligation) management company dedicated to taking advantage of leveraged loans as an asset class.

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

MAJOR INVESTMENTS

As part of its strategy to increase it customer base and secure its long-term growth, the Group made further targeted acquisitions in 2006, notably in its designated growth drivers: Retail Banking outside France, Financial Services, Global Investment Management & Services.

Business Division	Description of the investment
2006	
Retail Banking outside France	Acquisition of a 99.75% stake in HVB Splitska Banka d.d., Croatia's 4th banking network.
	Acquisition of a 20% stake less one share in Rosbank (Russia's No.2 Retail Banking network). Interros has granted Société Générale a call option on 30% plus 2 shares of Rosbank to gain control before the end of 2008.
	Full control by Komercni Banka (Czech Republic) of Modra Pyramida (increase in stake from 40% to 100%).
	Acquisition of a 60% stake in Bank Republic, one of the leading Georgian banks.
Financial Services	Acquisition by Rusfinance, a wholly-owned Société Générale subsidiary, of SKT Bank (Russia), a specialist in financing via car dealers.
	Acquisition of Chrofin, a Greek company specialized in car financing and leasing.
	Acquisition of 100% of Oster Lizing, a Hungarian consumer credit company specialized in car financing.
	Acquisition by ALD International of Ultea, a fleet-management specialist based in the US.
	Acquisition of a first tranche of 45% stake in Apeejay Finance (India), specialized in financing a large range of products including cars, utility and commercial vehicles, two-wheeled vehicles and consumer goods.
	Acquisition of Inserviss Group, a Latvian company with a wide range of consumer credit products.
Asset Management	Acquisition of a 20.65% stake in TCW.
Securities Services and Online Savings	Acquisition by Boursorama of CaixaBank France, the French subsidiary of CaixaHolding.
	Acquisition by Fimat of Cube Financial, a London and Chicago-based broker specialized in the execution of derivatives.
	Acquisition of Unicredit's securities services business (2S Banca S.p.a.), the second largest custodian in Italy.
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 Montenegro (13.3% market share).
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 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.
Securities Services and Online Savings	Acquisition by Fimat of PreferredTrade (US) in order to extend its service offering in all cash equities and equity 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.

RECENT DEVELOPMENTS AND FUTURE PROSPECTS

In 2007, the Group will continue to roll out its profitable growth strategy, which it has successfully developed since 1999.

The strategic priorities will remain unchanged:

- to maintain a portfolio which is evenly balanced between the businesses and risk;
- to improve operating efficiency;
- to develop both the Group's positions in geographic regions and the businesses with the best long-term growth prospects.

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 talents of the network staff, and through ongoing improvements in the operating platforms designed to further improve our response to customers' requirements and enhance productivity.

The Corporate and Investment Banking division, capitalizing on its leadership positions in derivatives, structured finance and euro capital markets, launched its 'Step Up 2010' project at the beginning of 2007. The purpose of this plan is to accelerate the momentum in its businesses by developing both client relations and the product offering in order to provide its clients with the best service and the most innovative solutions.

The Group's growth drivers, Specialized Financial Services, Retail Banking outside France, Global Investment Management and Services, will continue to make a substantial contribution to the increase in the Group's results by further developing their dynamic organic growth policy.

The organic growth strategy, which is being rolled out at international level, will be underpinned by a sustained pace of recruitment, both in and outside France and across all businesses.

In parallel to this organic growth, the Group will continue to look for acquisitions and partnerships that meet its criteria in terms of risk, creation of value and integration.

The Group will continue its strict risk management policy, in particular as regards exposure to emerging markets.

Efficient capital management will be used to maintain the Tier-one ratio at the top end of a 7% to 7.5% bracket until 2008.

Lastly, the pooling of resources and the strengthening of synergies the businesses and foreign subsidiaries will be stepped up by the newly created Corporate Resources division.

Given the growth recorded within the Retail Banking outside France and Specialized Financing divisions, Société Générale is reviewing their respective structures in order to facilitate their future development. The Group's Retail Banking activities which up until now have been regrouped within the same division, are to be separated into three different entities: Retail Banking in France, Retail Banking outside France and Specialized Financial Services. This pooling of resources and heightened synergies between business lines and geographic locations will be stepped up under the supervision of the Group's newly-established Resources Department. This restructuring, announced on September 27, 2006, is to be implemented over the first half of 2007 after consultation with the different staff representative bodies.

Finally, conscious of the impact of the Financial Instruments Market (FIM) directive on its different activities, the Group has for several months now been actively working on the changes that need to be made internally following its implementation. This work to ensure the Group's compliance with the provisions of the directive, brings together operational staff from Société Générale's retail and investment banking, asset management and securities divisions and staff from the Group's Corporate Center functions, particularly its Legal and Compliance departments.

POST-CLOSING EVENTS

The main post-closing events are as follows:

Acquisition of over 70% of Mobiasbanca

On January 4, 2007, Société Générale acquired 70.57% of Mobiasbanca for EUR 18.4 million during a public offering.

Founded in 1990, Mobiasbanca is the leading network in the capital, Chisinau, and the third banking network in Moldavia, with 63 branches and 505 staff. The leader in consumer loans with 20% market share, Mobiasbanca offers products and services to over 47,000 individual customers and 6,000 business customers of which 5,700 are small- and medium-sized companies. Thanks to its dynamism and solid customer base, Mobiasbanca posted a significant increase in activity in 2005.

This acquisition strengthens Société Générale's position as a major player in Central and Eastern Europe, where the Group has a strong presence with over 1,450 branches and 4.7 million individual customers.

Announcement of planned merger between Fimat and Calyon Financial

On January 8, 2007, Société Générale and Calyon entered into exclusive negotiations regarding a possible merger of their brokerage activities, currently carried out by Fimat and Calyon Financial respectively.

The newly formed entity would be a world leader in execution and clearing of listed financial futures and options (potentially number 3 in the US in particular)[(1)]. This combined group would provide access to more than 70 derivatives exchanges to an international base of institutional clients. It would also be a major player in interdealer brokerage of OTC derivatives and securities, as well as offering prime brokerage services.

The combination of both parties' customer base, as well as their respective products and services, would ensure the new group's competitiveness in the coming years and create a strong potential for cross-selling.

The proposed new group would be controlled equally by Société Générale and Calyon, with headquarters located in Paris.

The prospects for the newly-created group will be presented upon the signing of the agreement, and the project submitted for the prior approval ot the various staff representative bodies.

Announcement of the acquisition of 51% of Banque Internationale d'Investissement in Mauritania

On January 17, 2007, Société Générale announced the acquisition of 51% of the capital of Banque Internationale d'Investissement (BII). This operation has been approved by the Central Bank of Mauritania.

Société Générale, alongside European investors with significant experience in the Mauritanian market – the French group Ballouhey SA (36.75%) and the European Investment Bank (12.25%) – has confirmed its commitment to turning BII into a benchmark for the Mauritanian banking sector. Recently founded in Nouakchott, BII provides an offer dedicated to corporate clients with services in international trade, e-banking and savings. Backed by the financial solidity of a large international group with expertise in universal banking, BII aims to play an active role in the development of a country with favorable growth prospects due to natural mining and oil resources.

The move will strengthen Société Générale's positions in North and West Africa, where the Group is a leading player.

Fimat signs an agreement with Himawari with a view to acquiring Himawari CX's commodities business

Fimat, one of the world's leading global brokerage organizations, and Himawari CX, Inc. a Japanese commodity futures commission merchant and a subsidiary of Himawari Holdings Inc., announced on February 16, 2007, that they had agreed to enter into exclusive negotiations to finalize an asset purchase agreement for the acquisition by Fimat of the key assets of the Himawari CX, Inc. wholesale execution and clearing business. The acquisition will be subject to approval from the relevant regulatory authorities.

(1) Rating established on the basis of the customer segregated funds on US markets and customer accounts required on foreign markets as at December 31, 2006. (Source: Commodity Futures Trading Commission).

Announcement of the acquisition of Banco Cacique in Brazil

Société Générale has announced the acquisition of Banco Cacique, a major player in consumer credit in Brazil. Upon completion of this transaction, which was signed on February 25 and which is subject to approval by the Brazilian Central Bank, Société Générale Group will own 100% of Banco Cacique.

Banco Cacique, whose head offices are in São Paulo, employs 1,800 people and serves 600,000 customers with 200,000 active cards. The bank currently boasts a network of 150 directly-owned branches and 1,800 prescriptors and its extensive network is set to increase twofold in the next four years, thereby covering the main Brazilian states and adding to Banco Cacique's presence in the states of São Paulo, Rio de Janeiro, Minas Gerais, Parana, Rio Grande do Sul and Santa Catarina.

This transaction enhances Société Générale Consumer Finance's existing operation and is in keeping with the Société Générale Group's intention of strengthening its presence in specialized financial services in Brazil where the fleet of ALD Automotive (long-term vehicle leasing) already exceeds the 1,000-vehicle mark, just one year after the business was launched.

Significant changes in the Group's financial or trading position

There have been no significant changes in the Group's financial or trading position since the end of 2006.

IMPLEMENTATION OF THE BASEL II REFORM

Entry into effect of the Basel II Agreement

The Basel agreement signed in June 2004 provides for new regulations which change the manner in which minimum capital requirements are calculated in order to better adjust them to different banking risks (Pillar I). In particular, the agreement provides for specific capital requirements in order to cover operational risks. Basel II also aims to reinforce prudential and supervisory review procedures (Pillar II) as well as disclosure requirements (Pillar II).

The European Capital Requirement Directive, which was adopted in June 2006 and which transposes the texts of the Basel Committee, entered into effect in 2007. Its transposition into French law is in the process of completion.

The aim of Société Générale Group is to obtain the authorization of the French Banking Commission to apply the agreement's advanced measurement approaches (IRBA, AMA) as of January 2008.

Organization of the adaptation of Société Générale Group to the principles of Basel II

Within Société Générale, a group wide program was implemented as of February 2003 which is headed up by a director who reports to the Group's General Management. A management committee meets once a quarter to discuss the program whose operational aspects are overseen by the Chief Financial Officer and Chief Risk Officer.

In concrete terms, this program deals with the analysis of the Basel texts and their transposition at a national and European level, as well as their interpretation and practical application. In particular, it verifies the compliance of ratings models and systems with the new requirements of the agreement and their effective deployment.

It also covers the coordination in operational terms of the adaptation of Group systems and processes, and monitors the quality of the tests in place in the production of ratios and reporting.

The program also incorporates Credit Risk and Operational Risk projects, each of which deals with a series of areas, is managed by a specific unit and is allocated specific resources. Basel II project committees have been set up within each of the Group's business lines as well as within the relevant functional departments, notably the Risk and Finance Departments.

Lastly, the measures in place to ensure the successful adaptation of the Group's banking practices to the requirements of the Basel agreement also include a number of training and communication initiatives.

Progress made in transposing the reform within the Group

As soon as the first Basel texts were published, Société Générale began a series of analyses and studies into their impact for the Group in order to enable it to set up the relevant projects and begin the necessary adaptation, particularly as regards counterparty and transaction ratings models, banking practices and information systems.

The general training programs that took place in 2005 and 2006 were completed by more specific training geared towards the Group's different business lines and the use of new tools.

Specifications have been defined at both a Group and division level. The adaptation of the central data system and creation of a central calculator have allowed Société Générale to carry out the first real scale tests (production of the ratio and reporting) and to prepare for the official production of the Basel II ratio as of 2008 alongside the data required under existing legislation.

This system is currently under review by the French Banking Commission.

ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

(in billions of euros)	01.01.2005*	12.31.2005*	12.31.2006	Change 12.31.2006/ 12.31.2005
Cash, due from central banks	5.2	6.2	**9.4**	51%
Financial assets at fair value through profit or loss	278.4	400.4	**453.2**	13%
Hedging derivatives	2.8	3.7	**3.7**	-2%
Available-for-sale financial assets	67.2	73.0	**78.7**	8%
Due from banks	53.4	53.5	**68.2**	28%
Customer loans	198.9	227.2	**263.5**	16%
Lease financing and similar agreements	20.6	22.4	**25.0**	12%
Revaluation differences on portfolios hedged against interest rate risk	0.3	0.2	**0.0**	NM
Held-to-maturity financial assets	2.2	1.9	**1.5**	-25%
Tax assets and other assets	32.2	32.7	**36.0**	10%
Tangible, intangible assets and other	11.5	13.9	**17.6**	27%
Total	**672.7**	**835.1**	**956.8**	**15%**

LIABILITIES

(in billions of euros)	01.01.2005*	12.31.2005*	12.31.2006	Change 12.31.2006/ 12.31.2005
Due to central banks	1.5	2.8	**4.2**	51%
Financial liabilities at fair value through profit or loss	208.2	275.0	**298.7**	9%
Hedging derivatives	3.4	2.2	**2.8**	31%
Due to banks	79.8	113.2	**129.8**	15%
Customer deposits	192.9	222.5	**267.4**	20%
Securitized debt repayables	68.8	84.3	**100.4**	19%
Revaluation differences on portfolios hedged against interest rate risk	0.7	0.8	**0.1**	-82%
Tax liabilities and other liabilities	31.3	34.7	**41.2**	19%
Underwriting reserves of insurance companies	48.8	57.3	**64.6**	13%
Other provisions	2.9	3.0	**2.6**	-15%
Subordinated debt	12.1	12.1	**11.5**	-5%
Group shareholders' equity	18.4	23.0	**29.1**	26%
Minority interests	3.9	4.2	**4.4**	5%
Total	**672.7**	**835.1**	**956.8**	**15%**

** Amounts adjusted with respect to the published financial statements.*

At December 31, 2006, the consolidated balance sheet stood at EUR 956.8 billion, representing an increase of EUR 121.7 billion (+14.6%) versus December 31, 2005 (EUR 835.1 billion). The change in the dollar, yen and pound sterling exchange rates affected the balance sheet in the amount of EUR -23.9 billion, EUR -3.5 billion and EUR +0.6 billion respectively.

The main changes in the Group's structure over the course of 2006 were the acquisition of a 99.75% stake in the capital of HVB Splitska Banka, of 100% of CaixaBank France, of the securities service business of Unicredit (2S Banca), along with an increased stake in Modra Pyramida (from 40% to 100%) and the consolidation of SGB Guinée Équatoriale. These changes in scope added EUR +10.9 billion to the Group's consolidated balance sheet.

Main changes in the consolidated balance sheet

The fair value of financial assets booked through profit and loss (EUR 453.2 billion at December 31, 2006) increased by EUR 52.8 billion in relation to December 31, 2005, including an impact of EUR -14.6 billion from the dollar. EUR 48.5 billion of this rise is attributable to an increase in the value of the trading portfolio (EUR +26 billion for the equity portfolio, EUR +8.2 billion for the bond portfolio, EUR +16.3 billion for securities purchased under resale agreements and EUR -2.5 billion for public notes). It is also attributable to a EUR 6 billion rise in the value of the portfolio of financial assets measured using fair value option. However, there was a EUR -1.7 billion decrease in the value of trading derivatives (EUR +4 billion for premiums on equity and index derivatives, EUR +2 billion for the value of commodity futures and options, EUR +4 billion for credit derivatives, EUR -2.3 billion for currency instruments and EUR -8.3 billion on interest rate futures and options).

Similarly, the fair value of financial liabilities booked through profit and loss (EUR 298.7 billion at December 31, 2006) increased by EUR 23.7 billion in relation to 2005, including an impact of EUR -7 billion from the dollar. The rise is attributable to a EUR 18.7 billion increase in the value of trading liabilities, including EUR +5.4 billion on securitized debt payables, EUR +1.6 billion on securities sold on repurchase agreements and EUR +12.7 billion on borrowed securities and debt and equity instruments sold short. It is also attributable to a EUR 5.7 billion rise in the portfolio of financial liabilities measured using fair value option. However, there was a EUR 0.7 billion decline in the value of trading derivatives (EUR +4 billion on equity and index derivatives and options, EUR +1 billion on commodity futures and options, EUR +4 billion on credit derivatives, EUR -2.6 billion on currency instruments and EUR -7.3 billion on interest rate futures and options).

Debts from banks increased by EUR 14.7 billion, including an impact of EUR -2.4 billion from the currency effect. Most of this rise is attributable to securities purchased under resale agreements (EUR +7.6 billion), overnight loans (EUR +2.2 billion) and sight accounts (EUR +3.8 billion).

Debts to banks increased by EUR 16.6 billion, including an impact of EUR -5.2 billion from the currency effect. Most of this rise is attributable to borrowings secured by notes – overnight (EUR +4.6 billion), time deposits and borrowings (EUR +6.3 billion) and securities sold under repurchase agreements (EUR +2.7 billion).

Customer loans stood at EUR 263.5 billion at December 31, 2006, including securities purchased under resale agreements, representing a rise of EUR 36.4 billion or 16% versus December 31, 2005, and including an impact of EUR -4.1 billion from the dollar and EUR +5.6 billion from changes in the consolidation scope (CaixaBank France: EUR 2.2 billion and Splitska Banka: EUR 2.1 billion).

This increase mainly reflects the following:

- increased housing loan issuance (EUR +12 billion), linked to the buoyant property market;
- growth in short-term credit facilities (EUR +9.6 billion) primarily for business customers (EUR +6.2 billion) and individual customers (EUR +2.4 billion);
- a rise in equipment loans (EUR +5.2 billion);
- the increase in borrowings secured by notes and securities sold under repurchase agreements (EUR +5.5 billion).

Outstanding customer deposits, including securities sold under repurchase agreements, stood at EUR 267.4 billion at December 31, 2006, up by EUR 44.9 billion (+20.2%) versus December 31, 2005. This rise incorporates a EUR -5.3 billion impact from changes in the dollar exchange rate, and a EUR +6.5 billion impact from changes in the consolidation scope (Modra Pyramida (EUR 2 billion), 2S Banca (EUR 1.8 billion), Splitska Banka (EUR 1.5 billion), and CaixaBank France (EUR 1.2 billion).

This increase primarily reflects the increase in demand regulated savings accounts (EUR +2 billion), current accounts (EUR +14 billion), overnight loans for financial customers (EUR +10.2 billion), securities sold under purchase agreements (EUR +11.1 billion) and other time deposits (EUR +6.6 billion).

Group shareholders' equity stood at EUR 29.1 billion at December 31, 2006 versus EUR 23.0 billion at December 31, 2005, mainly reflecting the following:

- 2006 net income: EUR +5.2 billion;
- the capital increase carried out in October 2006: EUR +2.4 billion;
- variation in treasury stock: EUR -0.2 billion;

- 2005 dividend payment: EUR -2 billion;
- variation in unrealized capital gains and losses: EUR +0.4 billion.

After taking into account minority interests (EUR 4.4 billion), total shareholders' equity amounted to EUR 33.4 billion at December 31, 2006.

This represented a B.I.S. ratio of 11.11% at December 31, 2006. The Tier-one ratio stood at 7.82% of risk-weighted assets (EUR 286 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, 2006, customer deposits and insurance deposits accounted for EUR 308 billion (*i.e.* 32% of the Group's liabilities), while debt instruments, interbank deposits and funds generated through the refinancing of securities portfolios amounted to EUR 448 billion (i.e. 46.3% of the Group's liabilities).
The balance of refinancing requirements was met through a combination of shareholders' equity, derivatives, bonds and other financial accounts and provisions. On the other hand, the Group manages the maturity and currency composition of its debt with a view to minimizing its exposure to currency and mismatch risk.

PROPERTY AND EQUIPMENT

The gross book value of the Société Générale Group's tangible fixed assets amounted to EUR 16.7 billion at December 31, 2006. This figure essentially comprises land and buildings (EUR 3.2 billion), assets rented out by specialized financing companies (EUR 9.1 billion), and other tangible assets (EUR 4.3 billion).

The gross book value of the Group's investment property amounted to EUR 582 million at December 31, 2006.

The net book value of tangible fixed assets and investment property amounted to EUR 10.9 billion at December 31, 2006, representing just 1.10% of the consolidated balance sheet. Due to the nature of the Group's activities, the weighting of property and equipment in 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

	Page
Board of Directors at December 31, 2006	58
General Management	68
Executive Committee at January 1, 2007	70
Group Management Committee at January 1, 2007	71
Information on corporate governance	72
Report of the Chairman on Internal Control procedures	89
Report of the Statutory Auditors on Internal Control procedures	99

BOARD OF DIRECTORS AT DECEMBER 31, 2006

Daniel BOUTON

Date of birth: April 10, 1950

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF SOCIÉTÉ GÉNÉRALE

Member of the Nomination Committee

Holds 120,000 shares

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

Other mandates held in listed companies:
Director: 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

DIRECTOR AND CO-CHIEF EXECUTIVE OFFICER OF SOCIÉTÉ GÉNÉRALE

Holds 43,124 shares

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

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

Other mandates held in unlisted companies: Chairman: Systèmes Technologiques d'Échange 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. Rosbank since December 26, 2006.

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

Marc VIÉNOT

Date of birth: November 1, 1928

HONORARY CHAIRMAN AND DIRECTOR OF SOCIÉTÉ GÉNÉRALE

Holds 43,750 shares

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

Other mandates held in listed companies: Director: Alcatel (until November 2006), Ciments français. Member of the Supervisory Board: Groupe Barrière.

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.

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 and the Compensation Committee

Holds 600 shares

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

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

Other mandates held in unlisted companies: Chairman of the Supervisory Board: Edmond de Rothschild Multi Management SAS. 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, and Equity Vision.

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

Elie COHEN

Date of birth: December 8, 1946

PROFESSOR AT THE UNIVERSITE PARIS-DAUPHINE

Independent Director, Member of the Audit Committee

Holds 630 shares

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

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

Robert A. DAY

Date of birth: December 11, 1943

CHAIRMAN OF THE TRUST COMPANY OF THE WEST (TCW)

Holds 3,034,171 shares

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

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

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

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

COMPANY DIRECTOR

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

Holds 1,217 shares

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

Other mandates held in listed companies: Director: AGF, Gécina, Total SA, Kaufman & Broad S.A. Chairman of the Supervisory Board: Euro Disney Sca. Chairman of the Board of Directors (Non-Executive): SNA Group, Lebanon. 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 Gécina from 2001 to 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 1,000 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.

Gianemilio OSCULATI

Date of birth: May 19, 1947

CHAIRMAN OF MCKINSEY'S MEDITERRANEAN OFFICE

Independent Director, Member of the Audit Committee since August 1, 2006.

Holds 1,000 shares

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

Other mandates held in unlisted companies: Chairman: SAIAG-Comital Spa, Valore Spa. Director: Miroglio Spa.

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

Patrick RICARD

Date of birth: May 12, 1945

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF PERNOD-RICARD

Member of the Nomination Committee and the Compensation Committee

Holds 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; Chairman: Austin Nichols and Co Inc. Vice-Chairman of the Supervisory Board: Société Paul Ricard S.A. Member of the Supervisory Board: Wyborowa S.A. Agros Holding S.A. Director: Pernod Ricard Finance S.A., Chivas Brothers Pernod Ricard Ltd, Fratelli Ramazzotti Spa Distillery, Irish Distillers Group Ltd, Pernod Ricard Swiss S.A., Polairen Trading Ltd, Sankaty Trading Ltd, Peri Mauritius Ltd, Populous Trading Ltd, World Brands Duty Free Ltd. PR acquisitions II Corp, Suntory Allied Ltd. Permanent representative of Pernod Ricard on the Board of Directors: Cusenier S.A., JFA S.A., Pernod Ricard Europe S.A., Pernod S.A., Ricard S.A., Santa Lina S.A. until November 7, 2006, Ets Vinicoles champenois (E.V.C.) Galibert et Varon. Permanent representative of Santa Lina on the Board of Directors: Cie Financière des Produits Orangina (C.F.P.O.) S.A.. Permanent representative of Martel/Mumm Perrier-Jouet on the Board of Directors: Renault Bisquit S.A.

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

Luc VANDEVELDE

Date of birth: February 26, 1951

CHAIRMAN OF CARREFOUR'S SUPERVISORY BOARD

Founder and Managing Director of Change Capital Partners

Independent Director

Holds 788 shares

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

Other mandates held in listed companies: Director: Vodafone.

Other mandates held in unlisted companies: Director: Comet BV*, Citra SA*.

Biography: A Belgian national. He has as extensive global experience in the agri-food and major retail sectors having worked as finance director and then general manager for a number of major companies (Kraft, Promodès, Carrefour, Marks and Spencer) in several European countries and the United States.

Anthony WYAND

Date of birth: November 24, 1943

COMPANY DIRECTOR

Chairman of the Audit Committee

Holds 1,050 shares

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

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: 2009

Biography: Société Générale employee since 1971.

** Until January 2007*

Gérard RÉVOLTE

Date of birth: March 3, 1946

HEAD OF EMPLOYEE RELATIONS - ORLEANS

Director elected by employees

Holds 534 shares

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

Biography: Société Générale employee since 1968.

Non-voting director

Kenji MATSUO

Chairman of Meiji Yasuda Life Insurance

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

Biography: A Japanese national. He joined the Meiji Group in 1973 and was appointed Chairman in 2005.

Profile of directors

	Main sector of activity		
DIRECTORS	**Banking, Finance and Insurance**	**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)
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 - Banking White & Cy, TCW in 1971
Antoine JEANCOURT-GALIGNANI	x		Since 1994 - Insurance (AGF 2001, Gécina until 2006)
Elisabeth LULIN		x	Since 1998 - Consulting: Public policy benchmarking
Gianemilio OSCULATI	x		Since 1987 - Banking (Banca d'America ed'Italia) and Strategic consulting (McKinsey)
Patrick RICARD		x	Since 1978 - Industry (Pernod Ricard)
Luc VANDEVELDE		x	Since 1971 - Major retail (Kraft Group, Carrefour)
Anthony WYAND	x		Since 1971 - Insurance (Commercial Union-CGU-Aviva)
Philippe PRUVOST	x		Since 1971 - Banking (Société Générale)
Gérard RÉVOLTE	x		Since 1973 - Banking (Société Générale)

Directors whose mandate expires in 2007

Daniel BOUTON

Date of birth: April 10, 1950

Chairman and Chief Executive Officer

Member of the Nomination Committee

Marc VIÉNOT

Date of birth: November 1, 1928

Honorary Chairman and Director of Société Générale

Anthony WYAND

Date of birth: November 24, 1943

Company Director

Chairman of the Audit Committee

Directors whose mandates are to be proposed for renewal at the General Meeting of Shareholders of May 14, 2007

Daniel Bouton

Anthony Wyand

Director whose appointment is subject to the approval of the General Meeting of Shareholders of May 14, 2007

Jean-Martin FOLZ

Date of birth: January 11, 1947

Education: Graduate of the Ecole polytechnique

Began his career at the French Ministry of Industry (1972-1978)

1978-1984: worked for Rhône Poulenc

1984-1987: Deputy Chief Executive Officer and then Chairman and Chief Executive Officer of Jeumont-Schneider

1987: Chief Executive Officer of Pechiney

1991: Chief Executive Officer of Eridania Béghin-Say; Chairman of Béghin-Say

1995: Joined PSA Peugeot Citroën Group; Chairman of PSA Peugeot Citroën from 1997 to February 2007

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 and their private interests and/or other duties. Conflicts of interests are governed by article 9 of the Board's internal rules. None of the Board members have been selected pursuant to an arrangement or understanding with major shareholders, customers, suppliers or other parties. However, as one of the conditions for the acquisition by 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. Excluding the Chairman and Chief Executive Officer and the Co-Chief Executive Officer, three directors carry out functions within the Group:

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

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

Start	End	Name	2006	2005	2004	2003	2002
1997	2007	**Daniel BOUTON** Chairman and Chief Executive Officer *Professional address:* 17, cours Valmy, 75886 Paris – Cedex 18.	*Director:* Total SA, Véolia Environnement.	*Director:* Schneider Electric SA, Total SA, Véolia Environnement.	*Director*: Schneider Electric SA, Total SA, Véolia Environnement.	*Director*: Arcelor, Schneider Electric SA, Total SA, Véolia Environnement.	*Director*: Arcelor, Schneider Electric SA,Total-Fina-Elf SA. *Member of the Supervisory Board:* Vivendi Environnement.
2001	2008	**Philippe CITERNE** Director and Co-Chief Executive Officer *Professional address:* 17, cours Valmy, 75886 Paris – Cedex 18.	*Chairman:* Systèmes Technologiques d'Échanges et de Traitement (STET). *Director:* Accor, Crédit du Nord, Généval, Grosvenor, Sopra. Continental Europe, SG Hambros Bank & Trust Ltd, Trust Company of the West TCW Group, Rosbank.	*Chairman:* Systèmes Technologiques d'Échanges et de Traitement (STET). *Director:* Accor since January 9, 2006, Crédit du Nord, Généval, Grosvenor Continental Europe, SG Hambros Bank & Trust Ltd, Trust Company of the West TCW Group, Unicredito Italiano Spa up to December 16, 2005. *Member of the Supervisory Board:* Sopra. *Permanent representative of Société Générale on the Board of Directors* of Accor up to January 9, 2006.	*Chairman:* Systèmes Technologiques d'Échanges et de Traitement (STET). *Director:* Crédit du Nord, Généval, Grosvenor Continental Europe, SG Hambros Bank & Trust Ltd, Trust Company of the West TCW Group, Unicredito Italiano Spa. *Member of the Supervisory Board:* Sopra Group. *Permanent representative of Société Générale on the Board of Directors* of Accor.	*Director:* Crédit du Nord, Généval, SG Hambros Bank & Trust Ltd, Trust Company of the West TCW Group, Unicredito Italiano. *Member of the Supervisory Board:* Sopra Group. *Permanent representative of Société Générale on the Board of Directors* of Accor and 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 of:* TF 1, Answork.
1986	2007	**Marc VIÉNOT** Honorary Chairman and Director	*Director:* Alcatel (up to November 2006), Ciments français. *Member of the Supervisory Board:* Groupe Barrière, Société Générale Marocaine de Banques	*Director:* Alcatel, Ciments français. *Member of the Supervisory Board:* Groupe Barrière, Société Générale Marocaine de Banques	*Director:* Alcatel, Ciments français. *Member of the Supervisory Board:* Groupe Barrière, Société Générale Marocaine de Banques	*Director:* Alcatel, Ciments français, SG Marocaine de Banques *Member of the Supervisory Board:* Aventis.	*Director:* Alcatel, Ciments français, SG Marocaine de Banques, Vivendi Universal. *Member of the Supervisory Board:* Aventis.
2003	2009	**Jean AZEMA** Chief Executive Officer of Groupama Director *Professional address:* 8, 10 rue d'Astorg, 75008 Paris.	*Director:* Médiobianca, Véolia Environnement. Permanent representative of Groupama on the *Board of Directors:* Bolloré Investissement. *Chief Executive Officer:* Groupama Holding, Groupama Holding 2, Chairman of Groupama International.	Director: Médiobianca, Véolia Environnement. *Permanent representative of Groupama on the Board of Directors:* 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

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

Start	End	Name	2006	2005	2004	2003	2002
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.	*Member of the Supervisory Board:* Publicis. *Chairman of the Supervisory Board:* Edmond de Rothschild Multi Managment SAS. *Chairman of the Board of Directors:* ERS, Edmond de Rothschild SGR Spa (Italy) Edmond de Rothschild SIM Spa (Italy). *Director:* La Compagnie Benjamin de Rothschild (Geneva), Edmond de Rothschild Ltd (London), La Compagnie Financière holding Edmond et Benjamin de Rothschild (Geneva), Cdb Web Tech (Italiy), Bouygues Télécom, 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.	*Member of the Supervisory Board:* Publicis. *Chairman of the Supervisory Board:* Edmond de Rothschild Multi Managment SAS. *Chairman of the Board of Directors:* ERS, Edmond de Rothschild SGR Spa (Italy) Edmond de Rothschild SIM Spa (Italy). *Director:* La Compagnie Benjamin de Rothschild (Geneva), Edmond de Rothschild Ltd (London), La Compagnie Financière holding Edmond et Benjamin de Rothschild (Geneva), Cdb Web Tech (Italy) Bouygues Télécom, 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

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

Start	End	Name	2006	2005	2004	2003	2002
2003	2010	**Elie COHEN** Director *Professional address:* Université de Paris Dauphine, Place du Maréchal de Lattre de Tassigny, 75116 Paris.	None	None	None	None	None
2002	2010	**Robert A. DAY** Chairman of the Trust Company of the West TCW Director *Professional address:* 865 South Figueroa Street, suite 1800, Los Angeles, California 90071, United States.		*Chairman and CEO:* TCW Group. *Chairman:* Oakmont Corporation. *Director:* Freeport, Freeport McMoran Copper and Gold Inc, McMoran Exploration Cy, Foley Timber & Land Co. LP.	*Chairman:* Oakmont Corporation. *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** Director		Chairman of Gecina. *Director:* AGF, Gécina, Kaufman et Broad,Oddo & Cie SCA. Chairman of the *Supervisory Board:* Euro Disney Sca.Member of the Supervisory Board: Hypo Real Estate Holding AG.	*Chairman:* Gécina. *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 CEO:* Gécina. *Chairman of the Board of Directors:* Simco *Chairman:* AGF, AGF IARD, AGF Vie, AGF International. *Director:* AGF, TOTAL SA, Kaufman et Broad, Oddo & Cie SCA.Chairman of the *Supervisory Board:* Euro Disney Sca.	Chairman and CEO: AGF. *Director:* TOTAL FINA ELF SA, Kaufman et Broad. *Chairman of the Supervisory Board:* Euro Disney SCA.
2003	2009	**Elisabeth LULIN** Founder and CEO of Paradigmes et Caetera Director *Professional address:* 11 rue Surcouf, 75007 Paris.	None	None	*Director:* Doma Viva SA.	*Director:* Doma Viva SA.	*Director:* Doma Viva SA.
2006	2010	**Gianemilio OSCULATI** Chairman of McKinsey's Mediterranean Office Director *Professional address:* Piazza Duomo 31 20122 Milan Italy.	*Chairman:* SAIAG-Comital Spa, Valore Spa. Director: Miroglio Spa	None	*Director:* Doma Viva SA.	*Director:* Doma Viva SA.	*Director:* Doma Viva SA.

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

Start	End	Name	2006	2005	2004	2003	2002
2003	2009	**Patrick RICARD** Chairman and Chief Executive Officer Pernod-Ricard Director *Professional address:* 12 , place des Etats-Unis, 75016 Paris.	*Chairman of the Board of Directors:* Comrie Plc, *Chairman:* Austin Nichols and Co Inc. *Vice-Chairman of the Supervisory Board:* Société Paul Ricard S.A. *Member of the Supervisory Board:* Wyborowa S.A. Agros Holding S.A.. *Director:* Provimi, Altadis. Pernod Ricard Finance S.A., Chivas Brothers Pernod Ricard Ltd, Fratelli Ramazzotti Spa Distillery, Irish Distillers Group Ltd, Pernod Ricard Swiss S.A., Polairen Trading Ltd, Sankaty Trading Ltd, Peri Mauritius Ltd, Populous Trading Ltd, World Brands Duty Free Ltd. PR acquisitions II Corp, Suntory Allied Ltd. Permanent representative of Pernod Ricard on *the Board of Directors:* Cusenier S.A., JFA S.A., Pernod Ricard Europe S.A., Pernod S.A., Ricard S.A., Santa Lina S.A up to November 7, 2006, Ets Vinicoles champenois (E.V.C.) Galibert et Varon. *Permanent representative of Santa Lina on the Board of Directors:* Cie Financière des Produits Orangina (C.F.P.O.) S.A.. *Permanent representative of Martel/ Mumm Perrier-Jouet 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 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, Fratelli Ramazzotti Spa Distillery, 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.	*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., Fratelli Ramazzotti Spa Distillery, 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, Fratelli Ramazzotti Spa Distillery, 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 an C° Inc, Autin Nichols (International) Inc, Ramsey-SAIS Inc, Aberlour Glenlivet Distillery Ltd, Boulevard Distillers and Importers Inc., Boulevard Export Sales Inc, Peribel., Fratelli Ramazzotti Spa Distillery, 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 SA. *Permanent representative of Santa Lina on the Board of Directors:* Cie Financière des Produits Orangina (C.F.P.O.) S.A., Société Immobilière et Financière pour l'alimentation (S.I.F.A.) S.A., Société Industrielle A. de la Somme Matières Premières Alimentation (SIAS-MPA).

Start	End	Name	2006	2005	2004	2003	2002
2006	2008	**Luc VANDEVELDE** Chairman of the Supervisory Board of Carrefour Director *Professional address:* 26 quai Michelet, TSA 20016, 92695 Levallois Perret Cedex.	*Director:* Vodafone, Comet BV, Citra SA. Managing Director of Change Capital Partners	None	None	None	None
2002	2007	**Anthony WYAND** Director	*Chairman:* Grosvenor Continental Europe SAS. *Director:* Aviva Participations, Unicredito Italiano Spa, Société Foncière Lyonnaise. *Member of the Supervisory Board:* Aviva France. *Non-Executive Director:* Grosvenor Group Holding Ltd.	*Director:* Unicredito italiano SPA, Société Foncière Lyonnaise, Atis real, Aviva Participations. *Permanent representative of 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, North Mercantile Insurance Cy Ltd, Norwch Union Overseas Holding BV, Norwich Union Overseas Ltd, The Road Transport and General Insurance Cy Ltd, Scottish Insurance Corporation Ltd., The Yorkshire Insurance Compagny Ltd. Abeille Assurances, Abeille Vie SA, CGU Group BV, CGU Insurance Plc, CGU International Holding BV, Commercial Union Finance BV, Commercial Union Holding (France) Ltd., Commercial Union International Holding Ltd., Delta Lloyd NV, Eurofil SA, General Accident Plc, Northen Assurance Compagny Ltd., Norwich Union Plc, Royal St George Banque SA. *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 Compagny SA, Commercial Union Polska Towarzyshwo Ubezpieczen Na Zycie SA, Commercial Union Polska Towarzyshwo Ubezpieczen Ogolnych Spo Ka Akcyina.	*Executive Director:* Aviva. *Chairman of the Supervisory Board:* CGU France. *Director:* Unicredito italiano, Société Foncière Lyonnaise. *Non-Executive Director:* Grosvenor Group Holding Ltd. Executive *Vice President:* Victoire Asset Management. *Director:* Abeille Assurances, Abeille Vie Sa, CGU Courtage SA, CGU Group BV, CGU Insurances, CGU International Holding BV, Commercial Union Finance BV, Commercial Holdings (France) Ltd, Commercial Union International Holdings Ltd., Delta NV, Eurofil SA, General Accident Plc, Northern Assurance Company Ltd., Northern Union Plc., Royal George Banque SA. *Director and Vice-President:* International Insurance Plc. Member of the Supervisory Board: Commercial Union Polska General Insurance Compagny SA, Commercial Union Polska Life Assurance Compagny SA, Commercial Union Polska Towarzyshwo Ubezpieczen Na Zycie SA, Commercial Union Polska Towarzyshwo Ubezpieczen Ogolnych Spo Ka 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.

Start	End	Name	2006	2005	2004	2003	2002
2000	2009	**Philippe PRUVOST** Director elected by employees *Professional address:* 17, cours Valmy, 75886 Paris – Cedex 18.	None	None	None	None	None
2006	2009	**Gérard RÉVOLTE** Director elected by employees *Professional address:* 17, cours Valmy, 75886 Paris – Cedex 18.	None	None	None	None	None

GENERAL MANAGEMENT

Daniel BOUTON

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF SOCIÉTÉ GÉNÉRALE

(see page 58)

Philippe CITERNE

DIRECTOR AND CO-CHIEF EXECUTIVE OFFICER OF SOCIÉTÉ GÉNÉRALE

(see page 58)

Didier ALIX

Date of birth: August 16, 1946

CO-CHIEF EXECUTIVE OFFICER OF SOCIÉTÉ GÉNÉRALE

Since September 26, 2006

Holds 5,030 shares

Biography: Joined Société Générale in 1971. Worked as an Auditor for the General Inspection Department from 1972 to 1979 before being appointed Manager of Central Risk Control (1980), Group General Manager (1984-1991), Chief Executive Officer of Franfinance (1991-1993), Deputy Chief Executive and then Chief Executive of the French Network (1993-1998), Chief Executive of the Retail Banking division (1998) and, finally, Co-Chief Executive Officer on September 26, 2006.

MANDATES HELD OVER THE LAST FIVE YEARS

	2006	2005	2004	2003	2002
Didier ALIX Co-Chief Executive Officer *Professional address:* 17 cours Valmy, 75886 Paris Cedex 18.	*Chairman and Chief Executive Officer:* Sogébail; *Chairman of the Supervisory Board:* Komercni Banka. *Director:* Franfinance, Yves Rocher, Banque Roumaine de Développement, National Société Générale Bank S.A.E. (NSGB), Société Générale de Banque au Cameroun, Société Générale de Banques au Sénégal, Société Générale au Liban, MISR International Bank (until December 2006), Sogessur (until November 2006), Fiditalia (until December 2006). *Director and Vice-Chairman:* Société Générale de Banque en Côte d'Ivoire. *Member of the Supervisory Board:* Société Générale Marocaine de Banques, Groupama Banque (until October 2006). *Permanent representative for Salvepar on the Board of Directors:* Latécoère	*Chairman and Chief Executive Officer:* Sogébail; *Chairman of the Supervisory Board:* Komercni Banka. *Director:* Franfinance, Yves Rocher, Banque Roumaine de Développement, National Société Générale Bank S.A.E. (NSGB), Société Générale de Banques au Cameroun, Société Générale de Banques au Sénégal, Société Générale au Liban, MISR International Bank, Sogessur, Fiditalia. *Director and Vice-Chairman:* Société Générale de Banques en Côte d'Ivoire. *Member of the Supervisory Board:* Société Générale Marocaine de Banques, Groupama Banque. *Permanent representative for Salvepar on the Board of Directors:* Latécoère	*Chairman and Chief Executive Officer:* Sogébail; *Chairman of the Supervisory Board:* Komercni Banka. *Director:* Franfinance, Yves Rocher, Sogessur, Fiditalia, Banque Roumaine de Développement, National Société Générale Bank S.A.E. (NSGB), Société Générale de Banques au Cameroun, Société Générale de Banques au Sénégal, Société Générale au Liban. *Director and Vice-Chairman:* Société Générale de Banques en Côte d'Ivoire. *Member of the Supervisory Board:* Société Générale Marocaine de Banques, Groupama Banque.	*Chairman and Chief Executive Officer:* Sogébail; *Chairman of the Supervisory Board:* Komercni Banka. *Director:* Franfinance, Yves Rocher, Sogessur, Fiditalia, Banque Roumaine de Développement, National Société Générale Bank S.A.E. (NSGB), Société Générale de Banques au Cameroun, Société Générale Marocaine de Banques, Société Générale de Banques au Sénégal, Société Générale au Liban. *Director and Vice-Chairman:* Société Générale de Banque en Côte d'Ivoire. *Member of the Supervisory Board:* Groupama Banque.	*Chairman and Chief Executive Officer:* Sogébail; *Chairman of the Supervisory Board:* Komercni Banka. *Director:* Franfinance, Yves Rocher, Sogelife, Sogessur, Banque Roumaine de Développement, Fiditalia, National Société Générale Bank S.A.E. (NSGB), Société Générale de Banques au Cameroun, Société Générale Marocaine de Banques, Société Générale de Banques au Sénégal, Société Générale au Liban, *Director and Vice-Chairman:* Société Générale de Banque en Côte d'Ivoire. *Member of the Supervisory Board:* Groupama Banque.

EXECUTIVE COMMITTEE AT JANUARY 1, 2007

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

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

Didier ALIX

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

Séverin CABANNES

Philippe COLLAS

Chief Executive Officer, Société Générale Global Investment Management and Services

Didier HAUGUEL

Head of Group Risk Management

Hugues LE BRET

Head of Group Communications

Anne MARION-BOUCHACOURT

Senior Executive Vice-President, Corporate Resources and Human Relations

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

Jean-François SAMMARCELLI

Head of Retail Banking Société Générale France

Christian SCHRICKE

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

Attends meetings on subjects within his domain of competence

Christian POIRIER

Senior Advisor to the Chairman

GROUP MANAGEMENT COMMITTEE AT JANUARY 1, 2007

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

Director and Co-Chief Executive Officer of Société Générale

Didier ALIX

Co-Chief Executive Officer of Société Générale

Séverin CABANNES

Philippe COLLAS

Chief Executive Officer, Global Investment Management and Services

Anne MARION-BOUCHACOURT

Senior Executive Vice-President, Corporate Resources and Human Relations

Jean-Pierre MUSTIER

Chief Executive Officer, Corporate and Investment Banking

Frédéric OUDÉA

Senior Executive Vice-President, Group Chief Financial Officer

Alain PY

Chairman and Chief Executive Officer, Crédit du Nord

Christian SCHRICKE

Senior Executive Vice-President, Corporate Secretary and Head of the Compliance function

Christian POIRIER

Senior Advisor to the Chairman

Thierry AULAGNON

Co-Head of the Corporates, Institutions and Advisory Division

Marc BREILLOUT

Co-Head of the Fixed Income, Currencies and Commodities Division

Yannick CHAGNON

Head of SG Payment Services

Alain CLOSIER

Global Head of Securities Services

Alain CLOT

Chairman and Chief Executive Officer, SG Asset Management

Michel DOUZOU

Deputy Head of Retail Banking, Société Générale France

Jean-François GAUTIER

Head of Specialized Financial Services

Didier HAUGUEL

Head of Group Risk Management

Maurice KOUBY

Head of Information Systems, Société Générale Retail Banking

Hugues LE BRET

Head of Group Communications

Albert LE DIRAC'H

Deputy Head of Group Human Resources

Jean-Pierre LESAGE

Head of Resources, Corporate and Investment Banking

Jean-Louis MATTEI

Head of International Retail Banking

Inès MERCEREAU

Head of Corporate Strategy

Christophe MIANNÉ

Deputy Chief Executive Officer, Corporate and Investment Banking

Philippe MIÉCRET

Head of Group Internal Audit

Jean-Jacques OGIER

Chief Executive Officer, SG Americas

Benoît OTTENWAELTER

Co-Head of the Corporates, Institutions and Advisory Division

Jean-François SAMMARCELLI

Head of Retail Banking, Société Générale France

Patrick SOULARD

Deputy Chief Executive Officer, Corporate and Investment Banking

Catherine THÉRY

Chief Operating Officer, Securities Services

Yves THIEFFRY

Deputy Head of Resources, Corporate and Investment Banking

Daniel TRUCHI

Global Head of Private Banking

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 down the compliance rules applicable to the Directors of Société Générale and is included in an appendix to this document together with the company's internal rules and by-laws.

This section contains three sections and has been submitted to the relevant Committees and to the Board of Directors. In accordance with articles L. 225-23, L. 225-37 and L. 225-51 of the French Commercial Code, the first two sections are devoted to the rules used to determine the compensation and benefits in kind of Board directors and comprise the Chairman's report. The third section outlines the Group's relations with its statutory auditors.

Chairman's report

Board of Directors

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. This decision was upheld by the Board once again at the start of 2007 following further analysis of the Group's operations. The composition of the Board of Directors and its committees, their operational scope and the manner in which the Chairman exercises his functions and his relations with the Board guarantee a sufficient balance in powers. Hence the Board's intention to uphold this structure when it appoints its Chairman after the General Meeting of 2007 were it to renew the mandate of Daniel Bouton. The Chairman, Daniel Bouton, also carries out the functions of Chief Executive Officer and is assisted by Philippe Citerne in his capacity as Co-Chief Executive Officer and, since September 2006, by a second Co-Chief Executive Officer, Didier Alix.

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

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

Composition of the Board of Directors (at December 31, 2006)

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 mandates of the two directors elected by the employees of the Group are renewed every three years.

The Board of Directors has fifteen members (one woman and fourteen men), two of whom are representatives elected by employees. Four directors are non-French nationals and the average age of directors is 59. In 2006, the composition of the Board changed as follows:

- renewal of the mandates of Messrs Cohen and Day;
- appointment of Messrs Osculati and Vandevelde;
- resignation of Mr Baird;
- expiry of the mandate of Mr Cannac;
- election of Messrs Pruvost and Révolte.

Moreover, since January 18, 2006, Mr Matsuo has replaced Mr Kaneko as a non-voting director for Meiji Yasuda Life.

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, 2006 against the criteria set out in the aforementioned report. In particular, it examined the banking and advisory relations between the Group and the companies that its directors manage, with a view to determining whether these relationships were of such nature and importance as to color the directors' judgment. This analysis was based on a thorough examination that factored in a number of criteria, including the company's overall debt and liquidity, the ratio of bank loans to total debt, Société Générale's total exposure and the ratio of this exposure to total bank loans, advisory mandates, other commercial relations, etc. The Board of Directors also analyzed the situation of those Directors with ties to groups that hold Société Générale shares.

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

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.

Seven out of fifteen directors were therefore independent at December 31, 2006 (i.e. 47% of the Board of Directors and 54% of directors appointed by the General Meeting). Where the General Meeting approves the proposal by the Board to appoint Mr Folz to replace Mr Viénot, eight out of fifteen directors shall be independent, namely 53% of the Board of Directors and 61.5% of the directors appointed by the General Meeting.

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

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

Directors

The Group's directors hold a significant number of shares 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. 87% of directors comply with this recommendation. For 2007, the Board is to propose to the General Meeting that the statutory minimum for directors appointed by the latter be increased to 600 shares. The amount and distribution of attendance fees are stipulated below in the section on directors' compensation.

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. Furthermore, directors are required to inform the AMF of any transactions they or persons close to them have carried out on Société Générale shares.

Duties and powers of the Board

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

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

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

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

Functioning of the Board

Internal rules govern how the Board of Directors operates. The Board is convened by the Chairman or at the request of one-third of 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 2006

The Board of Directors met ten times in 2006, with meetings lasting an average of two and a half hours. The attendance rate of directors was 80%, compared with 77% in 2005 and 84% in 2004.

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

The Board examined the 2006 budget.

It decided to implement a capital increase for the first time since 1993.

In accordance with its internal rules, the Board discussed a number of strategic projects notably within the following:

- retail banking outside France (Russia, Croatia);
- securities services (acquisition of Unicredit's securities services business) and investor services (project of a joint venture between FIMAT and Calyon Financial);
- Corporate and Investment Banking in the USA (disposal of Cowen by way of IPO).

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

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

- private banking (including the impact of the acquisition of Compagnie Bancaire de Genève);
- debt and financing;
- securities brokerage and financial analysis;
- means of payment within the framework of the SEPA (Single European Payments Area) project.

The Board reviewed the Group's risk exposure and in particular its risk function, and approved the global annual limits for market risks. 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.

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

The Board prepared the resolutions submitted to the General Meeting, as well as the answers to the questions drafted.

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

Made up of four directors, including Mrs Lulin, Mr Cannac (up until the 2006 General Meeting) then Mr Osculati (since the 2006 General Meeting) and Messrs Cohen and Wyand, three of whom are independent members, and chaired by Mr Wyand, the Audit Committee is responsible for:

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

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

Activity report of the Audit Committee for 2006

The Audit Committee met ten times in 2006, with an attendance rate of 97% (100% in 2005).

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 any comments by the Head of Group Risk Management and the Corporate Secretary. 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. To this end, the Committee held a two-day meeting in the New York office in 2006.

In 2006, the Committee reviewed the draft annual, half-yearly and quarterly consolidated financial statements before their presentation to the Board, and submitted its opinion to the Board on these statements. It continued to pay particular attention to the evolution of operating expenses and the cost/income ratio.

It also reviewed the Group's proprietary trading activities.

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 major on- and off-balance sheet items. The Committee reviews the procedures used to control certain market risks and is consulted on the annual revision of market risk limits as well as on the annual report on risk assessment and monitoring procedures submitted to the French Banking Commission. In 2006, the Committee examined the first mapping of operational risk as well as the measures implemented to analyze and prevent said risk.

It was informed of the progress made in the preparations for the Basel II capital adequacy framework and its foreseeable consequences.

The Committee also monitored the adaptation of Group's internal control processes in line with the amendments made to the relevant French banking regulations, notably as regards periodic controls, conformity controls and permanent supervision and was kept informed of any significant events in this respect. It reviewed the annual report on internal control drawn up by the French Banking Commission as well as the internal audit schedule and the effective application of the rules governing subsidiary audit committees.

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

The Committee examined the Group's policy regarding the use of shareholders' equity as well as the financial aspects of the planned acquisitions submitted to the Board of Directors.

It also examined several cross-business issues (IT expenditure, management of major Group projects, cross-business savings).

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

The Committee discussed the Statutory Auditors' work schedule and fees for 2006. It also proposed special dispensations to internal rules for assignments liable to be entrusted to Statutory Auditors in order to comply with the new code of compliance applying to the profession.

Compensation Committee

Made up of three directors, Messrs Cicurel, Jeancourt-Galignani and Ricard (two of which were independent on December 31, 2006), this Committee shall integrate a fourth member as of May 1, 2007, namely Mr Vandevelde, who is an independent director. Chaired by Mr Jeancourt-Galignani, who is also an independent director, this 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 chief executive officers;
- prepares the annual appraisals of the chief executive officers and meets with the Group's outside directors to discuss these appraisals;
- prepares Board decisions regarding employee savings schemes.

Activity report of the Compensation Committee for 2006

The Compensation Committee met eight times in 2006. The attendance rate was 77% (69% in 2005).

During its meetings, the Compensation Committee set the method to be used by the Board in determining the variable portion of the chief executive officers' compensation. It was informed of the remuneration of the members of the Executive Committee, reviewed the situation of the chief executive officers and submitted proposals for changes therein to the Board of Directors (see "Senior management remuneration", page 77).

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

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

Lastly, the Committee proposed a stock option plan to the Board (see "Stock option plans") as well as a plan 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 event of an unexpected absence.

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 and submits proposals concerning the presentation of Board members in the Registration Document, 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 also informed of the list of replacements for these senior managers.

Activity report of the Nomination Committee for 2006

The Nomination Committee met five times in 2006, with an attendance rate of 82% (73% in 2005).

It prepared the Board's review of the corporate governance section of the 2006 Registration Document, in particular the section concerning the assessment of directors' independence (see below). It reviewed the composition of the Board in the medium term and made a proposal to the Board for the appointment of the directors submitted to the 2006 General Meeting for approval. 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 informed upstream by the Chairman and Chief Executive Officer of the proposed appointment of a second Chief Executive Officer and of the appointment of two new members of the Executive Committee made at the end of 2006/start of 2007 as well as of the proposed restructuring of the Group.

Appraisal of the Board of Directors and chief executive officers

Each year since 2000, the Board of Directors has devoted part of a meeting to debating its scope and operations on the basis of the answers provided by the directors in a questionnaire. Every three years, this questionnaire is highly detailed and the directors are required to provide their answers during an in-depth interview, either with a specialized consultant or with the Board Secretary. For the other two years, the questionnaire comes in abridged format and the directors submit written answers. In both instances, the answers are presented anonymously in a document that serves as a basis for debate by the Board.

At the end of 2006, the answers collected during the individual interviews with the new Secretary of the Board resulted in the editing of a summary document which was debated by the

Board in its meeting of January 19, 2007. This introspective indicated a strong level of satisfaction with the way the Board operates and prepares its work, as well as with the format of its debates and the quality of relations with its Chairman. The Board concluded that the Group's monistic management structure with a Chairman that also carries out the duties of Chief Executive Officer remained the appropriate option for the company in its present situation and should be maintained upon the renewal of the Chairman's mandate insofar as Daniel Bouton's directorship is also renewed.

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

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

Remuneration policy

Chief executive officer remuneration policy

ANNUAL REMUNERATION

In 2006, the following remuneration was awarded to the Group's chief executive officers:

- 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. The Board of Directors has set this performance-linked bonus based on two elements:
  - first, targets linked to earnings per share (EPS), which are set in absolute value terms for the coming financial year. Bonuses tied to this indicator may vary between 0% and 110% 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,
  - second, qualitative indicators based on key objectives underpinning the success of the company's strategy and set ahead of the financial year to which they apply. Bonuses linked to this indicator may vary between 0 and 70% of the basic salary.

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.

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

At the start of 2007, the Board of Directors decided, at the proposal of the Compensation Committee, to review the different elements used to quantify this variable remuneration as of financial year 2007. The aim of the Board was to not only make this remuneration more objective by introducing criteria that compare Société Générale's performance with those of its main competitors, but also more variable and incentivizing by allowing for a stronger correlation (both upwards and downwards) between this remuneration and the average performance of the Group's key competitors. The quantitative criteria applied shall henceforth compare the Group's performance with a sample of fourteen other major listed European banks in terms of the annual variation in EPS. The variable remuneration linked to this quantitative analysis may vary between 0 and 140% of the basic salary. The lowest rate corresponds to a variation of EPS which is at least 15 points lower than the average, and the highest rate corresponds to a variation of EPS which is at least 25 points higher than the average, with a level of variation of EPS that is in line with averages corresponding to a rate of 50%. In the event of a particularly low, even negative, variation of the EPS, the amount resulting from the rates indicated above may be lowered by the Board.

The qualitative component remains based on the key objectives underpinning the success of the company's strategy, that are set ahead of the financial year and are measured using relevant indicators. The variable remuneration linked to this component may vary between 0 and 100% of the basic salary.

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

BENEFITS AWARDED AFTER THE END OF THE DIRECTORS' MANDATES

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

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

of their basic salary. The pension paid by the company is equal to the difference between the total pension defined above and all other retirement benefits linked to the salaried status of the beneficiaries. 60% of said pension shall be paid to any surviving spouse in the event of the death of a beneficiary.

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

Accordingly, at January 1, 2007, Mr Bouton's pension rights to be covered by the company equated to 56.5% of his basic salary and 20.4% of his current global monetary remuneration. On the same date, Mr Citerne's pension rights to be covered by the company equated to 46.1% of his basic salary and 16.7% of his current global monetary remuneration while those of Mr Alix equated to 46.8% and16.9% respectively.

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

STOCK OPTIONS

Société Générale's chief executive officers are regularly awarded stock options in the plans approved by the Board of Directors, the characteristics of which are outlined on page 83 of the present document.

2006 Plan

See page 83.

2007 Plan

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

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

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

- the maximum number of options is acquired where the annualized TSR booked between the fourth quarter of 2006 and the final quarter of 2009 exceeds the average TSR of the sample of the fourteen other European banks used in determining the quantitative component of the variable remuneration by at least 15 points over the same period;
- where the variation is equal to the average variation, the number of options acquired will be equal to 35% of the maximum;
- where the variation falls short of this average by at least 10 points no conditional options will be acquired.

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

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

SHARE OWNERSHIP OBLIGATIONS OF THE GROUP'S CHIEF EXECUTIVE OFFICERS

In 2002, the Board of Directors decided that the Group's chief executive officers should hold the following minimum number of Société Générale shares:

Chairman: 8,500

Chief Executive Officer: 4,500

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

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

Remuneration paid for 2006

For 2006, the Chairman of Société Générale Group's basic salary amounted to EUR 1,250,000. As regards his performance-linked bonus, the Board of Directors, at the proposal of the Compensation Committee, set the bonus tied to EPS targets at EUR 1,375,000, as Group EPS exceeded the set target over the year. The bonus corresponding to qualitative indicators was set at EUR 800,000, the chief executive officers having outperformed the targets they were set. Remuneration for Mr Citerne equated to 60% of that of Mr Bouton over the year, while that of Mr Alix amounted to 40% of that of Mr Bouton for the period during which he effectively exercised the functions of chief executive officer.

The Chairman's total remuneration package therefore increased 3.8% on 2005, compared with the 13.2% and 18.2% increases in EPS and GNI respectively over 2006.

CHANGE IN REMUNERATION SINCE 2002

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

	2002				2003			
	Basic salary	PLB (*)	Total	o.w. SG (**)	Basic salary(*)	PLB (*)	Total	o.w. SG (**)
Mr. BOUTON	1.00	0.80	1.80	1.70	1.00	1.95	2.95	2.80
Mr. CITERNE	0.55	0.44	0.99	0.94	0.55	1.07	1.62	1.58
Mr. ALIX (1)								
TOTAL	**1.55**	**1.24**	**2.79**	**2.64**	**1.55**	**3.02**	**4.57**	**4.38**

	2004				2005				2006			
	Basic salary(*)	PLB (*)	Total	o.w. SG (**)	Basic salary(*)	PLB (*)	Total	o.w. SG (**)	Basic salary(*)	PLB (*)	Total	o.w. SG (**)
Mr. BOUTON	1.00	2.10	3.10	2.94	1.00	2.30	3.30	3.18	1.25	2.18	3.43	3.30
Mr. CITERNE	0.58	1.15	1.73	1.67	0.60	1.27	1.87	1.87	0.75	1.31	2.06	2.00
Mr. ALIX (1)									0.13	0.22	0.35	0.35
TOTAL	**1.58**	**3.25**	**4.83**	**4.61**	**1.60**	**3.57**	**5.17**	**5.05**	**2.13**	**3.71**	**5.84**	**5.65**

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

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

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

OPTIONS HELD BY CHIEF EXECUTIVE OFFICERS

At january 31, 2007

Date of award	Strike price	Unit value IFRS 2(*)	Number of options awarded	Options exercised in 2006	Number of options awarded	Options exercised in 2006	Number of shares awarded	Number of options awarded	Options exercised in 2006
Ordinary options			**Mr Bouton**		**Mr Citerne**			**Mr Alix**	
September 8, 1999	48.50		160,000	73,000					
January 12, 2001	65.56		250,731	138,531	137,846	137,846			
January 16, 2002	62.08	17.33	90,611	875	50,339	50,339			
April 22, 2003	51.65	13.28	109,739	0	60,272	20,000		38,227	4,538
January 14, 2004	69.53	14.92	120,814	0	66,448	0		45,306	0
January 13, 2005	74.50	12.82	120,814	0	66,448	0		42,789	0
January 18, 2006	104.85	16.63	120,914	0	66,503	0	2,006	29,788	0
January 19, 2007	130.30	25.24	60,000	0	36,000	0		24,000	0
Performance-linked options									
January 19, 2007	130.30	13.06	90,000	0	54,000	0		36,000	0

(*) Value used to determine the expense recognized under IFRS2. This value is calculated on the date the stock option is awarded using a Monte Carlo model which factors in trends in exercising options noted at Société Générale for ordinary options and the performance probabilities for conditional options.

Statutory auditors

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

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

The Board effectively decided that continuity was a priority, particularly given the changeover to IFRS and the new Basel II capital adequacy framework which require major changes to be made to the 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 past. However, in accordance with the requirements for mandate renewals, Ernst & Young has replaced Mr Christian Mouillon, who spent six years as a Statutory Auditor, by Mr Philippe Peuch-Lestrade, who previously audited the Group's accounts up to 2002 as an employee of Barbier Frinault et Associés (Arthur Andersen).

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

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

The Board meeting held on November 5, 2003 noted these changes and adopted the new rules governing the relations between Group companies and Ernst & Young Audit, Deloitte et Associés and their respective networks. These rules are more stringent than the law in that they state that the Statutory Auditors may only provide services that are not directly linked to their audit assignments to Group subsidiaries outside of France and with prior authorization of the Audit Committee.

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

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

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

FEES PAID TO STATUTORY AUDITORS IN 2006

	Ernst & Young Audit				Deloitte & Associés			
	Amount		%		Amount		%	
(in thousands of euros)	2006	2005	2006	2005	2006	2005	2006	2005
Audit								
Statutory audit, certification, examination of parent company and consolidated accounts								
Issuer	2,108	2,671			3,433	4,228		
Fully consolidated subsidiaries	8,884	8,347			6,393	6,157		
Related assignments								
Issuer	2,029	731			1,340	1,623		
Fully consolidated subsidiaries	724	771			575	209		
SUB-TOTAL	**13,746**	**12,520**	**98.14%**	**96.65%**	**11,741**	**12,216**	**99.98%**	**99.47%**
Other services								
legal, tax, social	12	45			0	66		
Other	248	389			3	0		
SUB-TOTAL	**260**	**434**	**1.86%**	**3.35%**	**3**	**66**	**0.02%**	**0.53%**
TOTAL	**14,006**	**12,955**	**100.00%**	**100.00%**	**11,744**	**12,282**	**100.00%**	**100.00%**

Remuneration, options and free shares

Attendance fees paid to Company directors

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

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.

As of January 1, 2007, the Chairmen of the Audit, Nomination and Compensation Committees shall each receive an additional share. Work meeting attendance shall also be taken into account in the distribution of the balance.

TABLE OF DIRECTORS' INDIVIDUAL REMUNERATION *amount received in 2006 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 2006 *(in %)*
Daniel Bouton	1,250,000	2,300,000	38,400(1)	Car	100
Philippe Citerne	750,000	1,265,000	31,024(1)	Car	100
Didier Alix	441,113	530,000*	0	Car	NA
Jean Azéma			29,180(2)		30
Euan Baird			19,960		71
Gérard Baude			32,868(3)		100
Yves Cannac			70,946		92
Michel Cicurel			29,180		70
Elie Cohen			70,946		100
Robert A. Day			19,960		50
Kenjiro Hata			3,144(4)		–
Antoine Jeancourt-Galignani			43,932		91
Elisabeth Lulin			70,946		95
Philippe Pruvost			29,180(3)		100
Patrick Ricard			38,400		75
Marc Sonnet			23,649(5)		43
Marc Viénot			31,024		100
Anthony Wyand			67,258		90
Non-voting director			**Attendance fees**		
Ryotaro Kaneko			5,045(4)		

(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 Cy.

(5) Paid to the Société Générale CFDT trade union.

** Total remuneration paid in 2006 including for the period prior to his appointment as Co-Chief Executive Officer.*

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

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

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

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

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

For 2006, remuneration as expressed in millions of euros was as follows:

	Basic salary	Performance-linked bonus*	Total remune-ration	Total remune-ration paid by the Group
Other members of the executive Committee(1)	2.16	11.01	13.18	13.18

(1) These amounts includes the salaries of Mr Alix for the period before he was appointed director, of Mrs Marion-Bouchacourt and of Messrs de Talancé and Sammarcelli for the period during which they were members of the Executive Committee.

** Performance-linked bonus for 2006 paid in March 2007*

Since 2002, Executive Committee members must hold at least 2,500 Société Générale shares.

Shares may be held directly or indirectly through the company's employee share ownership plan.

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

At December 31, 2006, 87,773 Société Générale shares were held by Executive Committee members that are not chief executive officers, resulting in an average 12,539 shares per person.

Stock-option plans and free shares

GENERAL POLICY

Following the approval of the General Meeting in 2005, the Board of Directors may allocate shares to the chief executive officers and senior managers of the Group on top of any options to purchase or subscribe to 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 employees. The first category comprises executives who have made a significant contribution to the Group's results with respect to their responsibilities. The second category is made up of high-potential executives, whose expertise is highly sought-after on the labor market, and the third category is aimed at executives whose work has proved extremely valuable for the company.

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

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

2006 PLANS

At its meeting of January 18, 2006, the Board of Directors elected, following a proposal by the Compensation Committee, to award new stock options in application of resolution sixteen of the General Meeting of April 29,2004 and free shares in application of resolution eleven of the General Meeting of May 9, 2005.

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, with 1,275 beneficiaries (49%) awarded shares or options for the first time. Moreover, on April 25, 2006 the Board of Directors awarded 137,364 options to 143 employes of TCW Group (United States).

2007 PLANS

At the proposal of the Compensation Committee, the Board of Directors, at its meeting of January 19, 2007, approved the new allocation of stock options and attributed free shares to certain members of personnel in application of resolutions twenty and twenty one of the General Meeting of May 30, 2006.

As regards stock options, 1,260,956 options were allocated to 1,076 managers, chief executive officers included, representing 0.28% of the share capital. The strike price of these options was set at EUR 130.30, representing no discount on the rounded average market price of the Société Générale share during the twenty trading days preceding the meeting of the Board of Directors. Of the 1,076 beneficiaries, 253 (23%) were managers under the age of thirty-five, 673 (63%) were aged between 35 and 55 and 150 (14%) were over 55 years of age. 214 (20%) beneficiaries

SOCIÉTÉ GÉNÉRALE STOCK OPTION PLANS AT DECEMBER 31, 2006

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

Dec 31, 2006

		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
Sept. 8, 1999	EUR 48,50	714	3,502,400	Sept. 8, 2002	Sept. 8, 2004	Aug. 7, 2006
o.w. Executive Committee		9	502,000			
Aug. 2, 2000	EUR 51,00	1,477	2,268,000	Aug. 2, 2003	Aug. 2, 2005	Aug. 1, 2007
o.w. Executive Committee		0	0			
Jan. 12, 2001	EUR 66,00	258	3,116,500	Jan. 12, 2004	Jan. 12, 2005	Jan. 11, 2008
o.w. Executive Committee		9	743,500			
Jan. 16, 2002	EUR 62,50	1,092	3,543,977	Jan. 16, 2005	Jan. 16, 2006	Jan. 15, 2009
o.w. Executive Committee		9	313,000			
Apr. 22, 2003	EUR 52,00	1,235	3,891,579	Apr. 22, 2006	Apr. 22, 2007	Apr. 21, 2010
o.w. Executive Committee		9	331,000			
Jan. 14, 2004	EUR 70,00	1,550	3,788,300	Jan. 14, 2007	Jan. 14, 2008	Jan. 13, 2011
o.w. Executive Committee		9	469,250			
Jan. 13, 2005	EUR 75,00	1,767	4,040,000	Jan. 13, 2008	Jan. 13, 2009	Jan. 12, 2012
o.w. Executive Committee		9	468,500			
Jan. 18, 2006	EUR 105,65	1,065	1,536,149	Jan. 18, 2009	Jan. 18, 2010	Jan. 17, 2013
o.w. Executive Committee		9	462,579			
Apr. 25, 2006	EUR 122,45	143	137,364	Apr. 25, 2009	Apr. 25, 2010	Apr. 25, 2013
o.w. Executive Committee		0	0			
Total			25,686,905			
o.w. Executive Committee			3,289,829			

N.B: In 2001, awards were made in the form of stock subscription options. In 1999, 2000 and from 2002 to 2006, they took the form of stock purchase options.
The strike price corresponds to the average 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.

were women, with subsidiary employees accounting for almost 54% of all beneficiaries.

As regards free shares, 824,406 shares were allocated to 2,801 Group senior managers, representing 0.18% of the share capital. Of the 2,801 beneficiaries, 1,017 (36%) were managers under the age of thirty-five, 1,563 (56%) were aged between 35 and 55 and 221 (8%) were over 55 years of age. 753 (27%) beneficiaries were women, with subsidiary employees accounting for almost 24% of all beneficiaries. For the 360 principal beneficiaries, half of said allocation was subject to them meeting minimal profitability targets, namely that the average ROE over the vesting period remain above 15%.

All told, shares and options were allocated to 3,491 Group senior managers, with 1,763 managers (51%) awarded shares or options for the first time.

Options exercised											
in 2000	in 2001	in 2002	in 2003	in 2004	in 2005	in 2006	(**) Additional adjustment	Options cancelled	Options outstanding at end 2006	(*) Unit value IFRS2	Potential dilutive effect
11,200	8,400	13,150	92,505	1,043,085	1,451,741	656,719		225,600	0		
0	0	0	32,000	79,650	314,850	75,500					
0	0	0	8,754	72,896	1,144,504	433,218	2,716	284,832	326,512		
0	0	0	0	0	0	0					
	0	0	0	44,250	1,117,434	1,138,411	6,871	210,000	613,276		0.13%
	0	0	0	0	261,500	351,077					
		0	0	180	460,095	1,625,947	9,572	283,574	1,183,753	17.33	
		0	0	0	28,500	148,214					
			0	0	1,500	1,057,563	19,083	186,146	2,665,453	13.23	
			0	0	0	24,538					
				0	0	2,000	25,726	91,870	3,720,156	14.92	
				0	0	0					
					0	4,000	27,716	92,533	3,971,183	12.82	
					0	0					
						2,174	12,069	22,037	1,524,007	16.63	
						0					
						0	1,139	680	137,823	20.89	
						0					
11,200	8,400	13,150	101,259	1,160,411	4,175,274	4,920,032	104,892	1,397,272	14,142,163		
0	0	0	32,000	79,650	604,850	599,329					0.13%

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

(**) This adjustment was made on October 19, 2006 to offset the dilutive effect of the removal of pre-emptive subscription rights linked to the capital increase.

The strike prices for options not exercised on October 6, 2006, have been adjusted to factor in the removal of pre-emptive subscription rights and are thus:

Date of allocation	Former strike price	New strike price
Aug. 2, 2000	EUR 51.00	EUR 50.66
Jan. 12, 2001	EUR 66.00	EUR 65.56
Jan. 16, 2002	EUR 62.50	EUR 62.08
Apr. 22, 2003	EUR 52.00	EUR 51.65
Jan. 14, 2004	EUR 70.00	EUR 69.53
Jan. 13, 2005	EUR 75.00	EUR 74.50
Jan. 18, 2006	EUR 105.65	EUR 104.85
Jan. 25, 2006	EUR 122.45	EUR 121.52

SOCIÉTÉ GÉNÉRALE FREE SHARES AT DECEMBER 31, 2006

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

Dec. 12, 2006

Date of award	Shares awarded: Number of beneficiaries	Shares awarded: Number of rights	Additional(**) adjustment of October 19, 2006	Final acquisition as of	Shares transferable as of	Shares acquired in 2006	Shares cancelled	Shares Outstanding at end 2006	Unit Value IFRS 2(*)
Jan. 18, 2006	2,058	360,173	3,805	Mar. 31, 2008	Mar. 31, 2010	120	13,484	350,374	91.47
Jan. 18, 2006	2,058	360,173	2,515	Mar. 31, 2009	Mar. 31, 2011	120	13,483	349,085	86.24
o.w. Executive Committee *(on the two dates)*	6	8,650							
TOTAL		**720,346**	**6,320**			**240**	**26,967**	**699,459**	

These free shares were allocated on October 19, 2006 to offset the dilutive effect of the removal of pre-emptive subscription rights.
(*) Value used to determine the expense recognized under IFRS 2.
(**) Adjustment linked to the capital increase at October 19, 2006.

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

Date of award	Options allocated: Strike price	Options allocated: Number of beneficiaries	Options allocated: Number of options	Options excercisable as of	Shares transferable as of	Expiry date of options	Unit value(*)
Ordinary options							
Jan. 19, 2007	130.30	1,076	1,080,956	Jan. 19, 2010	Jan. 19, 2011	Jan. 18, 2014	25.24
o.w. Executive Committee		11	531,027				
Performance-linked options							
Jan. 19, 2007	130.30	3	180,000	Jan. 19, 2010	Jan. 19, 2011	Jan. 18, 2014	13.06
o.w. Executive Committee		3	180,000				

(*) Value used to determine the expenses to be recognized under IFRS 2. This value is calculated on the date the stock option is awarded using a Monte Carlo model which factors in trends in exercising options noted at Société Générale for ordinary options and the performance probabilities for conditional stock options.

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

Date of award	Shares allocated – Number of beneficiaries	Shares allocated – Number of shares	Final acquisition as of	Shares transferable as of	Unit value(*)
Jan. 19, 2007	2,801	412,203	Mar. 31, 2010	Mar. 31, 2011	112.98
Jan. 19, 2007	2,801	412,203	Mar. 31, 2011	Mar. 31, 2012	105.88
o.w. Executive Committee *(on the two dates)*	9	9,808			

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

SOCIÉTÉ GÉNÉRALE STOCK OPTION GRANTED TO EMPLOYEES

Plan	Total of 10 largest option awards per plan
1999	272,000
2000	22,000
2001	476,000
2002	251,375
2003	308,125
2004	354,000
2005	358,000
2006	319,673

SOCIÉTÉ GÉNÉRALE FREE SHARES GRANTED TO EMPLOYEES

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

GROUP STATISTICS

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

	Number of options	Weighted average price
Options granted in 2006 by a Group company	319,673	105.65
Options exercised in 2006 on the stock of a Group company	482,106	59.36

TRANSACTIONS PERFORMED BY GROUP DIRECTORS ON THE SOCIÉTÉ GÉNÉRALE SHARE

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

Daniel BOUTON, Chairman and Chief Executive Officer, performed 19 transactions on the following dates:

Acquisition of shares	Disposal of shares	Acquisition of other financial instruments	Subscription to other financial instruments	Subscription to shares
March 17, 2006	March 17, 2006	December 20, 2006	August 30, 2006	October 6, 2006
March 17, 2006	April 12, 2006	December 20, 2006		
April 12, 2006	May 30, 2006			
May 30, 2006	June 30, 2006			
May 30, 2006	September 29, 2006			
September 29, 2006	November 30, 2006			
September 29, 2006	December 20, 2006			
November 30, 2006				

Philippe CITERNE, Director and Co-Chief Executive Officer, performed 9 transactions on the following dates:

Acquisition of shares	Disposal of shares	Acquisition of other financial instruments	Disposal of other financial instruments
December 28, 2006	January 5, 2006	July 3, 2006	October 9, 2006
December 28, 2006	July 3, 2006	July 3, 2006	
	December 28, 2006		
	December 28, 2006		

Didier ALIX, Co-Chief Executive Officer since September 26, 2006, performed 2 transactions on the following dates:

Acquisition of shares	Disposal of other financial instruments
October 9, 2006	October 9, 2006

Robert A. DAY, Director, performed 2 transactions on the following dates:

Acquisition of other financial instruments	Disposal of shares
October 26, 2006	January 13, 2006

Related parties linked to Robert A. DAY, Director, performed 4 transactions on the following dates:

Disposal of shares	Disposal of other financial instruments
April 5, 2006	October 5, 2006
	October 6, 2006
	October 10, 2006

Elisabeth LULIN, Director, performed 1 transaction on the following date:

Subscription to shares
October 6, 2006

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

Disposal of other financial instruments
October 9, 2006

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

Subscription to other financial instruments
October 26, 2006

REPORT OF THE CHAIRMAN ON INTERNAL CONTROL PROCEDURES

This report has been prepared in compliance with article L. 225-37 of the French Commercial Code, 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. Moreover, the chairman of each French company with limited liability issuing financial securities to the public, 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 business. It forms part of a strict regulatory framework defined at a national level, and is also the focus of various projects at an international level (Basel Committee). 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:

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

As part of its functions, the Audit Committee is entitled to question, as it sees fit, the chief executive officers of the Company, the Statutory Auditors and the managers in charge of the accounts, internal control, risk management and ethical compliance (see "Corporate Governance", page 57).

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 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 and, 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. 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 development plans are, both in terms of cost synergies and earnings growth;
- the conditions for integration and the follow-up of this integration.

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

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

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. To this end, Compagnie Bancaire de Genève was reviewed in 2006.

The departments involved in internal control

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

The first level of responsibility for permanent supervision 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 a Group Finance Department. They make sure that accounts are prepared correctly at a 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.

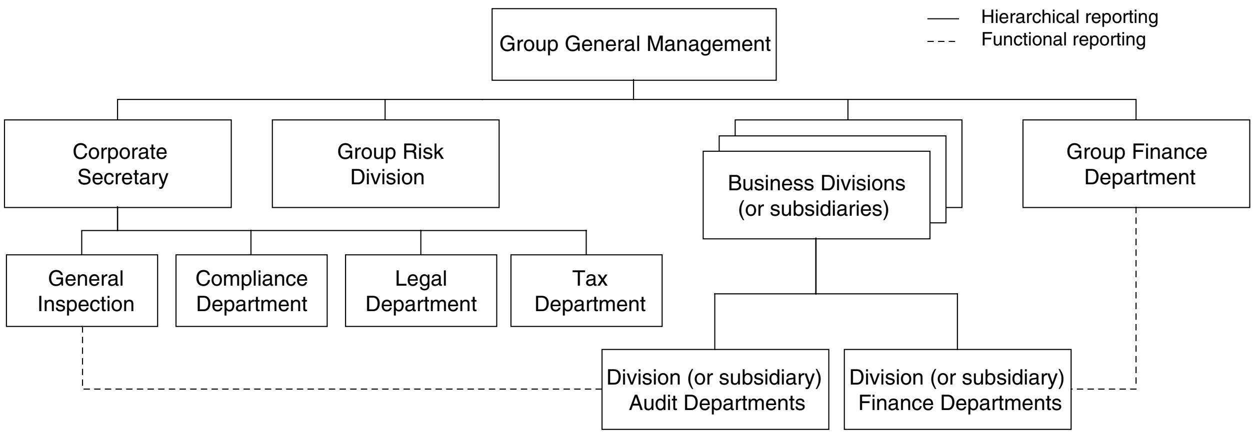
With the exception of the Division Finance Departments, all of these functional departments report directly to the Group's General Management or Corporate Secretary. They are also responsible for submitting any information required by the Executive Committee for the strategic management of the Company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

The periodic control structure consists of:

- the Internal Audit Departments, which are hierarchically attached to the division managers and functionally attached to the General Inspection Department;
- the General Inspection Department.

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

ORGANIZATIONAL CHART OF THE DEPARTMENTS INVOLVED IN INTERNAL CONTROL



Risks: 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 and 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).

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 regularly analyzed in-depth by the Board of Directors and, in particular, its Audit Committee.

Almost 2,000 staff dedicated to reviewing and controlling risk exposure on a permanent basis

Société Générale Group's risk function comprises some 2,000 staff dedicated to risk management activities.

The Risk Division at Société Générale Parent Company employs nearly 600 staff, while a further 1,400 are employed throughout the Group to monitor risk exposure within the French network branches and subsidiaries.

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

The Risk Division is completely 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 department that has in-depth knowledge of the client;
- the business lines and Risk Division submit all commitment files for analysis and approval to the team best suited to deal with the type of risk incurred.

Procedures for **market risk:**

- 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.

Liquidity risk management covers all areas of Société Générale's business, from market transactions to structural transactions (commercial proprietary transaction). The Group manages this exposure using specific system designed to manage liquidity risk both under normal day-to-day conditions and the event of a potential liquidity crisis.

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 regulators, the Group's General Management has adopted a rigorous and coherent approach to reinforcing the management of this type of risk throughout the businesses. This approach comprises two main elements.

The reinforcement of the operational risk function. This function now comprises the Operational Risk unit (attached to the Risk Division) and teams in charge of operational risk management and control within the operating and functional divisions.

The function's mission is to:

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

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

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

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

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

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

Methodology and information systems

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

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 and adapted to take into account the new regulations linked to the implementation of the Basel II reforms.

For this, Basel II models on evaluating counterparty and trading risk were developed for the whole of the Group's credit business, taking into account the specific characteristics of each client and the nature of the commitments made. Used in conjunction with the economic risk indicators such as risk-adjusted return on capital (RAROC) or economic value-added (EVA), these models constitute a decision-making tool for the issue and pricing of loans and will serve as a basis for calculating the amount of equity required to offset credit risk as defined in the Basel II regulations. This project mobilizes significant resources used for business modeling and adapting information systems. All models used by the Group have either already been validated or are currently being validated by the Risk Division teams.

More generally, a program is currently underway to improve the quality of the monitoring tools incorporated into the risk information system. This has been reinforced with the introduction of a number of new Basel II mechanisms (tools and procedures) both at a 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, monitoring and communication initiatives. A security network is coordinated by a Group Information Systems Security Manager who has relays within the Group's different operating divisions and who operates a central unit that monitors security levels and manages alerts at a Group level. Campaigns are regularly conducted to raise staff awareness of the different measures and steps to take, depending on the employee's role, in order to be prepared for the risks linked to information systems. The security system and related standards and instructions are regularly enhanced and updated in order to factor in technological developments and any new related risks.

Compliance controls

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

The compliance of the Group's operations is monitored on a regular basis 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. They 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, over and above its usual regular initiatives, Société Générale continues to make targeted efforts to raise awareness among staff and provide training in the prevention of compliance risks.

The permanent supervision of activities at a local level by operational staff forms the cornerstone of ongoing control within 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 ongoing 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 governing all transactions carried out;
- **formal supervision**: management is required to make regular checks using written procedures to verify that staff are complying with the rules and procedures for processing transactions and for ensuring effective day-to-day security.

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

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

The Internal Audit Departments cover all entities within the Group

The 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 1,090 members of staff.

The Group employs almost 920 auditors, 73% of whom are employed in Retail Banking, 12% in Corporate and Investment Banking, 9% 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 172 members of staff including 140 inspectors and controllers.

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

Each Group division has its own Internal Audit Department and Head of Audit, who reports directly to the division manager. The Head of Audit for the division 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, highest-risk entities are audited around once a year.

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

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

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

The General Inspection Department audits the business activities and operations of all entities within the Group. It reports its findings, conclusions and recommendations to the General Management, and covers all Group entities without exception. In the course of its assignments, it makes a certain number of recommendations, the implementation of which is monitored on a quarterly basis by the Group Executive Committee. The department's activity is defined by an annual audit plan validated by the 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 and, through these checks, evaluates the efficiency of the permanent control system;
- assesses the quality of the work carried out by the Audit Departments. To this end, it is furnished with copies of all reports submitted by the auditors and appraises their quality. It also conducts specific inspections of the Group Audit Departments themselves (2 assignments in 2006) and assesses the quality of the work carried out by said departments in the entities concerned;
- validates the audit plans submitted by the Audit Departments;
- the Head of Group Internal Audit exercises functional control over the Head of Audit for each division 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 periodic control section of the annual report on the internal control system, as specified in article 42 of amended regulation 97/02. The Audit Committee examines the Group internal audit plan and comments on the organization and functioning of the periodic controls.

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

Control of the production and publication of financial and management information

The departments involved

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

- the middle office in the Corporate and Investment Banking division validates the valuations of financial instruments. It also reconciles the economic results produced by the front office with the accounting results produced by the back office;
- the back office is responsible for all support functions relating to transactions carried out by the front offices. It checks that financial transactions are economically justified, records transactions in the accounts and manages means of payment;

- the subsidiary and branches' finance divisions 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, based on the IFRS adopted by the European Union. The Group Finance Department has its own standards unit, which monitors the applicable regulations and drafts new internal standards to comply with any changes in the regulatory framework.

Procedures for producing financial and accounting data

Each entity within the Group compiles its own accounting and management statements on a monthly basis. The information is then consolidated each month at Group level and published for the markets on a quarterly basis. The 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 heavily invested in the major overhaul of its transaction processing system, which will be rolled out between now and 2010.

Internal control procedures governing the production of accounting and financial data

ACCOUNTING DATA ARE COMPILED INDEPENDENTLY FROM THE FRONT OFFICES

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

- daily verification of the economic reality of the reported information;
- reconciliation, within the specified deadlines, of accounting and management data using specific procedures;
- 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 the Group's financial activities and organizations, staff training and IT tools are reviewed on a permanent basis to check that the production and verification of financial and management accounting data are effective and reliable.

SCOPE OF CONTROL

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

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

payments and other items generated by transactions are exhaustive and adequate.

SECOND-LEVEL CONTROL BY THE 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 issues 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.

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:

- audits of any areas where financial information is deemed to be most sensitive, to verify that accounting standards are correctly applied;
- provision of technical and methodological expertise to the generalist Division Audit Departments or to the General Inspection Department;
- preventive intervention at entities that are to be integrated into the Group in the near future, in order to evaluate the impact of the application of Group accounting standards;
- maintenance of links with the Group Statutory Auditors and monitoring of 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 2006, the General Inspection Department conducted audits on the Group's central accounting department which is responsible for preparing the parent company and consolidated financial statements, the Group's regulatory reports and the management control system for Corporate and Investment Banking.

Developments underway

Under the Basel II project, 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 completed the alignment of its internal control structures to comply with the new specifications of regulation 97-02 which were enforced on January 1, 2006. The separation of permanent and periodic control activities is now effective and the structuring and deployment of compliance procedures within the branches and subsidiaries are complete.

Specific procedures have been implemented to examine outsourcing projects and control all outsourced activities.

In order to reinforce the coherence of the permanent control system at Group level, since October 2006, the Operational Risk unit of the Risk Division has been responsible for coordinating the permanent supervision procedures and consolidating the summary results statements published by the different Group entities. This approach will give the Group's General Management greater insight, through the Internal Control Coordination Committee, into the work carried out as part of the control procedures, the main lessons learnt and the corrective measures taken.

REPORT OF THE STATUTORY AUDITORS ON INTERNAL CONTROL PROCEDURES

Société Générale S.A.
Year ended December 31, 2006

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

Statutory auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Code (*Code de Commerce*), on the report prepared by the Chairman of the Board of 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 Commercial Code (*Code de Commerce*), we report to you on the report prepared by the President of your company in accordance with Article L.225-37 of the French Commercial Code (*Code de Commerce*) for the year ended December 31, 2006.

In his report, the Chairman reports, in particular, on the conditions for the preparation and organization of the Board of Directors' work and the internal control procedures implemented by the Company.

It is our responsibility to report to you our observations on the information and assertions set out in the Chairman's report on the internal control procedures relating to the preparation and treatment 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 underlying work performed to support the information given in the report.

On the basis of our 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, set forth in the report of the Chairman of the Board of Directors, prepared in accordance with Article L.225-37 of the French Commercial Code (*Code de Commerce*).

Paris-La Défense and Neuilly-sur-Seine, March 6, 2007

The Statutory Auditors,
French original signed by

ERNST & YOUNG Audit
Philippe Peuch-Lestrade

DELOITTE & ASSOCIÉS
José-Luis Garcia

6 HUMAN RESOURCES [1]

Page

	Page
Employment	102
Remuneration	104
Profit-sharing and the Global Employee Share Ownership Plan	105
Diversity and Equality in the workplace	106
Employee relations and collective bargaining	106
Health and safety in the workplace	107
Career management and training	107
Employment and integration of disabled workers	108
The Group's contribution to local and regional development	108
2006 NRE Appendix - Social section	110

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

Société Générale Group's headcount increased twofold between 1996 and 2003, and has since continued to rise in line with the Group's domestic and international expansion. Société Générale now operates in 77 countries around the globe, employing 120,000 staff from a wide variety of cultural and professional backgrounds, in a range of activities and businesses. In the face of this diversity, 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:

- keep pace with the Group's development and the increasing diversification of its different activities;
- recognize and encourage staff diversity and dynamism;
- strengthen the Group's appeal as an employer, in order to attract new talent and integrate and retain existing staff;
- foster solidarity by promoting shared values whilst integrating an international outlook;
- continue to focus on the management and personal development of staff.

These Human Resources initiatives also aim to foster cross-business co-operation, the pooling of knowledge and synergies between the practices and expertise of the different Group divisions.

EMPLOYMENT

Total headcount

At the end of 2006 [2], the Group employed a total of 119,779 staff, representing a 16% rise on 2005.

	2006	2005	2004	2003	2002
Group headcount (at end of period, excluding temporary staff)	119,779	103,555	92,000	88,000	83,220

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

- acquisitions, notably that of HVB Splitska Banka in Croatia (1,230 employees), SKT Bank in Russia (1,104) and 2S Banca Spa in Italy (409);
- organic growth (recruitment, see below for further details).

The Group is continuing to widen its international scope with, for the first time, the majority of its workforce (51.4%) located outside mainland France (46% in 2005) and spread over 76 countries. Development has been particularly marked in Europe, where the proportion of employees in Central and Eastern Europe increased from 24% to 30% of the Group's total European workforce, which is in line with its sustained development in this region.

Breakdown of staff by region and activity

	Western Europe *(of which France)*	Central and Eastern Europe	Africa + Middle East	Americas	Asia + Oceania	Total	% of total
Retail Banking	52,611 *(45,319)*	30,227	12,019	158	599	95,614	79.8%
GIMS	8,172 *(4,528)*	47	68	1,539	985	10,811	9%
Corporate and Investment Banking	7,034 *(5,456)*	143		1,806	1,436	10,419	8.7%
Corporate Departments	*2,935 (2,935)*					2,935	2.5%
Total	**70,752 *(58,238)***	**30,417**	**12,087**	**3,503**	**3,020**	**119,779**	**100%**
% of total	59.1%	25.4%	10.1%	2.9%	2.5%	100%	

(2) Data as at November 30, 2006.

Breakdown of staff by contract type and gender

At the end of 2006, 91.5% of staff were employed on permanent contracts.

Women account for 55.5% of the total payroll, up slightly on 2005 (+3.5%).

In France, Société Générale Parent Company (SGPM) employed 40,158 staff (96.2% of the total headcount) on permanent contracts at the end of 2006. The number of fixed-term contracts amounted to 1,592, and included 1,439 young persons on work-study, vocational training contract or apprenticeship schemes. Over the course of 2006, 435 fixed-term contracts were converted into permanent contracts. 38.7% of the Company's employees have executive status, and 61.3% employee status (banking technicians). The proportion of female employees on the payroll has continued to rise, and currently stands at 54.5%.

Breakdown of staff by age bracket (*)

AGE BRACKET	MEN	WOMEN	TOTAL
Under 24	3,118	4,641	7,759
24 to 29	7,409	11,294	18,703
30 to 34	6,373	7,414	13,787
35 to 39	5,260	6,398	11,658
40 to 44	4,967	5,878	10,845
45 to 49	4,656	5,267	9,923
50 to 54	5,567	6,083	11,650
55 and over	6,544	4,562	11,106
Total	**43,894**	**51,357**	**95,431**

Recruitment

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 2006 financial year, the Group once again stepped up its recruitment, hiring a total of 14,671 staff on permanent contracts (up 39% on 2005), 55% of which are women, and 9,369 staff on fixed-term contracts.

Breakdown of new hires on permanent contracts by region and activity

	Western Europe *(of which France)*	Central and Eastern Europe	Africa + Middle East	Americas	Asia + Oceania	Total	% of total
Retail Banking	4,098 *(3,422)*	4,753	1,469	20	18	10,358	70.6%
GIMS	1,385 *(612)*	7	16	367	291	2,066	14.1%
Corporate and Investment Banking	1,292 *(1,051)*	4		378	308	1,982	13.5%
Corporate Departments	265 *(265)*					265	1.8%
Total	**7,040** ***(5,350)***	**4,764**	**1,480**	**765**	**617**	**14,671**	**100%**
% of total	48 *(36)*	32.5%	10.1%	5.2%	4.2%	100%	

(*) Data as at September 30, 2006, for 80% of the Group's scope.

In France (SGPM), a total of 3,610 new staff were recruited on permanent contracts, including 1,843 executives, and 1,378 on fixed-term contracts (including 971 young people on work-study programs).

With this sustained pace of recruitment, the Group makes a major contribution to the French economy through job-creation and employment. With 7,493 hires across all Group entities (of which 71.4% were fixed-term contracts), up 25% on 2005, the Group is confirming its position as one of the leading recruiters on the French market. At the same time, these recruitments are also helping to balance the age distribution of staff, notably in Retail Banking which will be hit by a wave of retirements over the next ten years (see Departures section below).

Departures

In 2006, a total of 10,971 staff on permanent contracts left the Group (8,513 in 2005). The main reasons for departure were, in descending order of importance: resignations (6,447), retirements (1,759) and dismissals (992).

The Group's overall staff turnover was low at 6.2%. Individual rates vary, however, depending on the business, activity or market in question.

Over the year, the number of dismissals totaled 992 and included 255 economic redundancies, with the latter concentrated primarily in the Retail Banking outside France networks (186 in Central and Eastern Europe, 25 in Western Europe) and the GIMS division (44).

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

In France, a total of 1,385 Société Générale and Crédit du Nord staff retired, which is a significant increase on 2005, while a further 971 took early retirement under the CATS scheme [3]. Retirements are expected to peak in 2010 and 2011 (linked to the major recruitment drive from 1965-1970, notably in Retail Banking) and average around 1,800 per year Société Générale Parent Company (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, drawing up market surveys of remuneration levels to assess the competitiveness of the packages they offer, particularly in the case of specialized posts.

Average gross annual remuneration is not calculated for the Group as a whole, as this is not meaningful given the broad diversity of activities and geographical locations.

However, at Société Générale Parent Company, the average gross annual remuneration [4] was EUR 43,833 in 2006 (+2.6% compared with 2005).

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 36, page 222).

(3) Under the CATS agreements (Cession 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 retirement at the age of 60. The Société Générale agreement expired on March 31, 2006.
(4) 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 new Société Générale scheme (SGPM), valid 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. 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. The company makes additional top-up contributions to the fund on behalf of employees choosing to invest. The range of mutual funds available to invest in has been broadened by the new scheme, with five new funds now available in addition to the four which existed previously.

In 2006, a total of EUR 94 million in profits from 2005 was distributed to Société Générale staff, up 42.9% on the amount distributed in the previous year(5).

The average amount of company shares held by Société Générale France employees stood at EUR 80,000 at the end of 2006.

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 progressively been opened up to a broader scope of employees. In 2006, the scheme was made available to 189 Group entities in 54 countries. 75% of those eligible in France (Société Générale and the Group's French subsidiaries) subscribed to the scheme and 34% abroad, representing an overall subscription rate of 59%. 4.04 million new shares were created and a total of EUR 396.2 million was invested(6) (compared to EUR 357.7 million in 2005 and EUR 302.9 million in 2004). More than 70,000 employees and former employees around the globe are now Société Générale shareholders, accounting for 7% of the Group's share capital at end-2006.

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.

(5) This amount includes additional profit-sharing in the amount of EUR 15.4 million for previous years. Excluding this additional profit-sharing, growth in profit-sharing from the schemes stood at almost 87% (EUR 94 million versus EUR 50.4 million for the 2004 financial year).

(6) Profit-sharing: EUR 102.2 million. Other voluntary contributions: EUR 187.2 million. Top-up contribution: EUR 88.8 million.

DIVERSITY AND EQUALITY IN THE WORKPLACE

Diversity is a source of dynamism which fosters innovation and creativity, both of which are essential attributes in the competitive sectors in which Société Générale operates. A key element in its development, the Group's focus on diversity is reflected in its constant aim to recognize and promote all talent, regardless of ethnic origin, gender, age, culture or profile.

Beyond the figures which illustrate the importance the Group attaches to diversity in real terms (120,000 employees in 77 countries, 113 nationalities and 55.5% women), Société Générale has undertaken a number of concrete initiatives to promote its development:

- through the implementation of a Group Diversity Council, created at the end of 2005, which meets twice a year and whose composition is representative of the Group's diversity (five women and eight men, with nine nationalities from eleven different countries and who work in each of the Group's different sectors of activity);
- in its recruitment policies. In France, the Group works in partnership with the French Employment Agency (ANPE) in hiring people with some business experience, even if they do not have the relevant qualifications. It participates in the ANPE's "National young graduates platform" project which fights discrimination against young university graduates from poorer areas, and has implemented the PARE (Returning to work) project in partnership with the French unemployment agency, the ASSEDIC. The Group also runs open recruitment campaigns for young graduates but also experienced candidates and high school graduates with some business experience;
- through the Company's collective agreements: Société Générale signed an agreement on equal opportunities in the workplace in 2005 and, in June 2006, integrated a number of specific provisions (in favor of candidates with no qualifications and/or job security) in its vocational training agreement.

The Group's desire to assume its corporate and social responsibility also took concrete form in the creation of a foundation for solidarity and professional integration (Fondation d'Entreprise Société Générale pour la solidarité et l'insertion professionnelle) in October 2006, which was notably set up to help young people get their careers off the ground and fight against illiteracy.

The equal opportunities agreement signed by Société Générale and SGAM in June 2005 is the concrete application of the Group's policy in this respect. Part of a wider approach to stamp out discrimination and promote diversity in all its forms within the company, it includes a range of concrete, quantifiable measures to foster the professional development of women throughout their careers.

The first report on this agreement, drafted in June 2006, detailed the results of the implementation of these measures, including:

- a level of recruitment of female employees which was slightly higher in proportion to the number of applications from women;
- an increase in the proportion of women who hold executive positions from 34.3% to 36.5% (between December 2004 and April 2006), for a target of 40% by 2008;
- the number of women promoted since July 1, 2005 stands at 55.4%, which is higher than the percentage of women in the workforce.

EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING

In 2006, the Group signed some 212 agreements with employee representatives, including 75 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.

An agreement on professional training was signed on June 14, 2006, which enables the French Banking Association agreement of July 8, 2005 on training to be adapted to Société Générale (see below).

An agreement on the new company health insurance scheme, managed by the Mutuelle SG (health insurance company), was signed on July 12, 2006 and approved by the company's General Meeting of November 7, 2006 for implementation on January 1, 2007. The aim of this agreement is to maintain a lasting, balanced health insurance cover within the Mutuelle SG, both for employees and those who have retired, and within an ever-changing demographic, fiscal and accounting framework.

HEALTH AND SAFETY IN THE WORKPLACE

In France, 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 check-ups, permanent medical unit at the head office, specific monitoring of the health of expat employees, etc.);
- information and screening as part of public health programs (tobacco, sleeping disorders, etc.).

The Group also keeps a permanent eye out for any risks liable to affect the health of its staff, anywhere in the world.

Staff throughout 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

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. In a universe as complex and diverse as Société Générale Group, the aim is to offer employees a coherent, varied and motivating career path which benefits both employee and company.

Over 81,400 Group employees (57% of which are female) received some form of training in 2006, representing a total of 3.2 million hours.

In France, Société Générale devotes 3.8% of its total payroll to the provision of training, which equates to EUR 2,366 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.

In France, Société Générale also offers employees the opportunity to enroll in in-house training programs, *Cursus TMB* (*Techniciens des Métiers de la Banque*) and *Cursus Cadres* (an internal promotion scheme), and in external courses leading to professional qualifications. Out of 234 employees registered on these courses, 76 graduates managed to obtain management positions within the different divisions in 2006 following a two-year training period – a set-up which is unique to the banking world. In addition, the number of employees registered on *Cursus TMB* is increasing steadily (322 in 2006), which is proof of the extent of employee commitment to this system which enables them to develop professionally.

The company agreement on training, signed on June 14, 2006 between Société Générale and all of its trade unions, sets out the various ways in which training initiatives must comply with the Company's training plan and an individual's right to training (DIF) under French law.

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 performance of its staff. Every employee must therefore have at least one performance appraisal per year by their respective managers.

EMPLOYMENT AND INTEGRATION OF DISABLED WORKERS

Société Générale Group is working to increase the number of disabled persons on its payroll, particularly in France where it collaborates actively with an inter-company 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 1,693 disabled staff around the world, 1,292 of which are located in France (note that it is difficult to obtain accurate figures for certain countries as there is no precise definition of the concept).

THE GROUP'S CONTRIBUTION TO LOCAL AND REGIONAL DEVELOPMENT

Relationships with educational establishments and employment associations

The Group has an active policy of training young people and students (work-study contracts, internships, company volunteer programs, etc.) and seeks to develop partnerships with educational establishments, both in France and abroad. In 2006, it took on a total of 9,738 students around the world on company internships, an increase of 12% on 2005.

In France, the Group based its approach on pre-recruitment through work-study contracts (professionalization and apprenticeship contracts) in targeted business areas and sales training (*BTS*, *Dut* and *DESS* diplomas in Banking and Finance, etc.). As a result, Société Générale took on over 1,400 young people on work-study contracts in 2006, mostly in Retail Banking in France. Long-term relationships with educational establishments were also developed in 2006: new partnerships with business schools (*ESCP-EAP, ESSCA*), with the *Ecole centrale de Paris*, support for Sciences Po's priority conventions and *ESSEC*'s *"Une grande école, pourquoi pas moi"* (Higher education, why not?) program, etc.

Foreign subsidiaries were are also very active in this area and forged several partnerships with universities and local schools, designed to facilitate the integration of interns, and to have employers participate in forums and on panels and even lecture in class.

Société Générale was ranked the third most attractive company to work for by business school students and thirteenth by engineering school students (TNS Sofres survey – May 2006). In Eastern Europe, Komercni Banka was voted the most attractive employer by students in the Czech Republic for the fourth year running.

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.

2006 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, 2006: 119,779 (including 10,218 on fixed-term contracts)

Société Générale (SGPM) headcount: 41,750 (including 1,592 on fixed-term contracts)

Recruitment

Total recruitments: 24,040

Recruitments on fixed-term contracts: 9,369

Recruitments on permanent contracts: 14,671

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

Dismissals

Total number of dismissals: 992

Of which economic redundancies: 255

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, 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: 6,090

Monthly average number of temporary workers: 517 (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 5,952 staff (i.e. 5% of the workforce) work part-time within the Group as a whole (including 4,590 in France and 3,391 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 legislation, and the reporting scope for this indicator is therefore limited to France.

At November 30, 2006, the total number of hours of overtime reported by staff at the French entities was 102,480, or an average of 1.86 hours per employee.

Within this total, the number of hours of overtime recorded by SGPM over the period was 58,967, or an average of 1.54 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: 4.25%

Main causes: illness (2.45%), maternity (1.64%)

Rate of absenteeism for the Group: 5.2% (illness 2.65%, maternity 1.53%)

Number of accidents in the workplace (Group): 852

Employee remuneration, social security charges

Average gross annual remuneration (SGPM): EUR 43,833

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 36, page 222.

7 CORPORATE SOCIAL RESPONSIBILITY

	Page
Corporate Social Responsibility	114
2006 NRE Appendix - Environmental section	117

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 forms part of 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 2006. But none of this would have been possible without this trust - a value that forms the very basis of our activities and can only be achieved by taking into account the needs and concerns of all of the company's stakeholders.

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.

It derives from our commitment to constant progress and is based on the 10 principles of the United Nations' Global Compact to which we conform once again this year.

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."

Société Générale Group's corporate social responsibility is based on five core principles that have already proved their merit and are continually being reinforced:

- a client-focused **quality approach;**
- a robust system of **corporate governance**, which is continually being adapted to the demands of society, and is regularly improved 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 all 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 company complies fully with the obligations of the *Nouvelles Régulations Économiques*, notably article 116 which requires listed companies to report on how they integrate social and environmental considerations into the way they do business.

It has agreed to observe the OECD Guidelines for Multinational Enterprises and, 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. Furthermore, Société Générale Asset Management signed the Principles for Responsible Investment defined by the UNEP. Aware of the importance of climate change, the Group also joined the Carbon Disclosure Project in 2006.

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 listed in the world's main sustainable development indexes (FTSE4Good, ASPI, Ethibel, Dow Jones Sustainability Index, etc.) and included in most of the French Socially Responsible Investment funds. Moreover, it is firmly committed to maintaining and improving these performances.

In terms of corporate and social responsibility, the Group's aim is to put its commitments into practice and to continually look for ways to improve its contribution. Its policy 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 102 and onwards 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 by that reconciling professional development with personal fulfilment and motivational remuneration policies designed to give employees a stake in the performance and results of the Group.

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

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 and the optimisation 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 calls for 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. Since 2005, it also published an annual "branch satisfaction survey", which questions a selection of 100,000 customers on the treatment they receive at the branches and the quality of their relationships with customer advisers. For customers requiring a more tailored approach (businesses or private banking clients), Société Générale Group organizes personalized appraisal meetings to assess their expectations and levels of satisfaction. The results of these surveys are then analyzed and followed up with targeted action plans.

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

- the optimization of operating efficiency in all major business processes

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

The Group's operating divisions and corporate departments are responsible for adjusting and implementing CSR policies, according to the specific characteristics of their respective activities, and for ensuring these methods are correctly observed. They have appointed their own CSR contributors (around fifty throughout the Group), who help define action plans for the departments, monitor CSR practices and report their findings to the Sustainable Development Department.

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

Throughout the year, Steering Committees bring together CSR contributors from the various divisions and corporate departments to report on and assess the progress made in their respective initiatives.

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

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

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

For further information go to http://rse.socgen.com

2006 NRE APPENDIX - ENVIRONMENTAL SECTION

Article 2 of decree No. 2002-221 of February 20, 2002 enacting article L. 225-102-1 of the French Commercial Code.

Water consumption

1,407,887m^3 for 74,699 people (the 2006 reporting scope covered 99,521 people in 30 countries). Several entities (representing 24,822 people) were not, however, able to determine their water consumption because it is materially impossible to measure their individual consumption. This is notably the case when buildings are jointly owned and occupied and the cost of water consumption is included in the charges linked to the management of the building.

As a result of efforts made by building managers at the Group's central premises, water consumption only amounted to 13.7m^3/person (27% less than the Group average). Flow reducers have been installed on all sanitary systems throughout the premises, and performance-based maintenance contracts have led to a reduction in the consumption of running water.

The accounting of Retail Banking outside France has led to a marked rise in the total water consumption for the Group (twice the collection scope on 2005).

Change in reporting scope	2006	2005	2004	2003	2002
Water in m^3	1,407,887	783,735	628,315	547,710	488,608
Water per person in m^3	18.8	15.2	16.0	18.6	18.4
Scope in number of people	74,699 (99,521*)	51,582	39,285	29,416	26,502

** Many entities which represent 24,822 people are not able to determine their water consumption for material reasons (no individual meters, cost of water consumption included in charges, etc.).*

Energy consumption

Electricity consumption	441,660 MWh for 98,200 people in 41 countries, i.e. data for a scope representing over 82% of the Group's headcount.
Gas consumption	95,351 MWh for 98,200 people in 41 countries.
Fuel and other energy fluid consumption (steam, ice water)	98,676 MWh for 98,200 people in 41 countries.
Air conditioning	74% of buildings are air conditioned (73% of branches in France, 94% of central buildings and 68% of subsidiaries which submitted data). Nearly all air conditioning systems in France are dry refrigeration systems (99.4% of Société Générale network branches' equipments). Two new central premises opened in 2005 were equipped with new, more efficient air conditioning systems to replace the old equipment: 50,600 m^2 in 2005.

Measures taken to improve energy efficiency	All central buildings and network branches in France have automatic regulation systems (notably climate control). At the administrative headquarters since 1995: climate control, automatic closing of blinds, switching-off of lights at set times, etc. The same system was installed at the Hong Kong offices in 2004. All French branches are equiped 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 covers 95% of the energy required to heat the Tour Société Générale at La Défense; - since 1995, the Group'sIT 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. In 2005, cathode-ray tube screens were replaced with flat screens throughout the central buildings, in order to reduce the consumption of electricity and use of air conditioning. Several subsidiaries are progressively implementing good environmental practices as part of local action plans. - In 2006, the use of low energy light bulbs was standardized in several entities:SG Calédonienne de banque, SG Express Bank, SG de banque en Guinée, SGB Antilles, SGBT Luxembourg. - SG de banque Côte d'Ivoire set up energy committees in order to manage consumption in each of its buildings.
Use of renewable energy sources	As of 2003, part of the Tour Société Générale's energy requirements were met using renewable energy. Since 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 24% of its electricity consumption in France in 2006, and the Renewable Energy Certificate System (RECS) issued the company with the corresponding "Green" certification. Since October 2006, SG Zurich has been using certified 100% Naturmade electricity, which guarantees that the electricity comes from 100% renewable sources.

	2006	2005	2004	2003	2002
Electricity in MWh	441,660	388,737	302,989	282,651	207,200
Gas in MWh	95,351	86,054	82,924	89,240	32,360
Fuel and steam in MWh	98,676*	98,941	66,057	30,545	24,639
Energy per person in MWh	6.5	6.8	7.3	7.2	6.5
Scope in number of people	98,200	83,931	61,669	55,727	40,582
Scope in terms of surface (m^2)	2,879,285	2,305,000	1,836,000	1,789,000	1,005,000
Energy per m^3 in kWh	221**	260	226	225	263

** Including the energy consumed in the production of ice water since 2006.*

*** Sharp fall of the ratio due to the increase of the surface area per occupant (addition of African and Eastern European subsidiaries).*

Consumption of raw materials

Paper consumption	Since October 2006, the French Retail Banking network has been offering customers electronic statements. As of the end of 2006, this option had been adopted by over 140,000 customers. Société Générale became a founding shareholder in EcoFolio in 2006. EcoFolio is an environmental body whose main aim is to enable companies to respect new French legislation governing issuers of printing for business purposes. Since 2004, measures have been adopted to reduce the environmental impact of sending statements to customers: use of completely recycled envelopes (including plastic window) for account statements sent to customers in France (120 million sent out per year), discontinuation of the printout of electronic customer files (1.1 million per year in 2005). 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. In addition, Société Générale's Payment Services department continued its efforts to reduce paper consumption in 2006 by discontinuing the printout of customer files. 6,944 tons of paper was used by the Group in 2006 (for 98,335 occupants). At the central buildings, recycled paper consumption is increasing and stood at 21% of total paper consumption at the end of 2006 for the central buildings (21,758 people) and at 11% for the Group. Moreover, several Société Générale Group entities are adopting good environmental practices in response to the challenges of their respective businesses: - double-sided printing is generally standard for internal documents in foreign subsidiaries (Banco SG Brasil, Banque de Polynésie, SG Bombay, SG Taipei, SG Milan, etc.); - much of the paper documentation is now in electronic format (ALD Automotive Group PLC, Banque de Polynésie, BFCOI, Dubaï Commercial Office, Factoring KB, Fimat Futures USA INC); - the use of eco-label paper is also increasing steadily (100% of paper at the SG London office comes from sustainably managed forests); - in 2007, the General Management decided to set up a steering committee on "sustainable paper" to promote good practices among all entities of the Group to reduce paper consumption and to use recycled paper.

Waste

Waste production stood at 2,715 tons in 2006 for the central buildings in Paris (132 kg per person). Waste is broken down into sixteen categories, which are each treated accordingly. Agreements with service providers have been in place since 1994 for the collection, sorting and recycling of all waste.

Directives on the systematic recycling of fluorescent tubes were issued in 2004.

Employees are also making efforts to separate waste:

- 17,500 new divided recycling trash cans were installed in 2006;
- for several years, systems have been in place for collecting used batteries and toner cartridges.

Environmental management system

Steps taken to obtain environmental assessment or certification	Certification by the Statutory Auditors that the sustainable development information published in the Corporate and Social Responsibility Report is consistent with our actual structure and processes (document hereinafter). In 2005, the implementation of a CSR reporting tool enabled the monitoring of environmental indicators to be improved. In 2006, the scope covered represented 84% of the Group's headcount at the end of 2006, i.e. 101,262 people. 678 contributors present in more than 280 entities (subsidiaries, representative offices, central buildings, regional offices) in 57 countries participated in the annual CSR indicator collection campaign. The reporting process for this information was reviewed by the Statutory Auditors.
Measures taken to limit the impact of the Company's activities in line with the relevant legal and statutory provisions	The departments in charge of managing Group buildings are responsible for applying the necessary legal and regulatory provisions in those areas that come under their responsibility.
Expenditure to prevent the Company's activities causing any environmental damage	Spending not itemized in the entities' operating budgets.

Existence of internal environmental management departments within the Company	Société Générale Group has adopted a decentralized organization in this respect. There is a department in charge of managing the central buildings and dedicated departments in each French or foreign branch and subsidiary. The environment forms an integral part of their mission brief. The creation of a Group property committee in 2003 is helping to improve the pooling of these initiatives.
Staff training and information	A brochure on sustainable development has been distributed to 80,000 employees in France and abroad. As part of the fourth sustainable development week which took place in June 2006, 46,000 copies of the *Petit Livre Vert* published by the Nicolas Hulot Foundation for Nature and Man were distributed. Moreover, an Intranet site (in French an English) enables employees to find out about sustainable development issues in general and within the banking sector in particular, and about the initiatives taken by Société Générale in this respect. An area dedicated to raising employee awareness about sustainable development has been set up on the ground floor of the Tour Société Générale, and conferences on various sustainable development issues are organized for employees on a regular basis. Posters and panels on best practices in terms of environmentally-friendly behavior are regularly displayed throughout our buildings, and training workshops are offered to employees at the Quality, Innovation and Sustainable Development Department meetings held every six months.

Transport

Travel to and from work	Proximity to a public transport hub (La Défense, Val de Fontenay) was a key factor when determining the location of Société Générale's head offices. 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 also encouraged to limit the need for business travel. An initiative carried out in 2006 provided recommendations in order to continue and encourage their use. Since April 2006, Société Générale, in partnership with its subsidiary ALD Automotive, has been testing four electric vehicles under real conditions. In 2006, about 90,000 employees have travelled a total of 416,000,000 km for business purposes (train, plane, car).

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 CO2 equivalent for 8,695 people). Société Générale's CO_2 emissions for 2006 are estimated at 223,948 tons for approximately 95,000 people (i.e. 2.3 tons of CO_2 per person) and include direct and indirect energy emissions, transport and paper consumption, etc. Estimations are made by applying the GHG Protocol calculation method on all data declared in the central reporting tool. R22 refrigeration systems at the Tour Société Générale were replaced in 2006 with R134a systems in order to reduce our CO_2 emissions. The new measures taken enabled the Group to reduce its energy consumption used for refrigeration by 10%, representing a saving of 1 GWh per year.
Sound and olfactory pollution	Not meaningful in the Company's activity.
Measures taken to limit any harm to the ecological balance, natural environment, and protected animal and plant species	Asbestos: Société Générale commissioned a certified body to carry out tests on the Group's potential damage to the ecological balance, and on the presence of asbestos in its buildings in accordance with decree 96-97 of February 7, 1996 and decree 97-855 of September 12, 1997 on the protection of the public against health risks associated with exposure to asbestos in buildings. These controls were performed on the buildings concerned in 1997 and 1998, and were followed up by steps to remove asbestos and protect the public where necessary. Those buildings qualifying as IGH (high-rise buildings) and ERP (public buildings) in accordance with the decree of 2000 were checked by the independent control body, Véritas. No specific work is required in this area.

For further information, please consult the CSR website at http://rse.socgen.com

8 COMPLIANCE AND THE PREVENTION OF MONEY LAUNDERING

	Page
Compliance and the prevention of money laundering	122

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.

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

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

In the banking sector, compliance practices are based on the following core principles:

- refusing to work with customers or counterparties that are not well known to the company;
- knowing how to assess the economic legitimacy of a transactions;
- 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 actions 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 customer needs.

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 observed 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

Within Société Générale, specific tools exist to filter client files and international money transfers (SAM and LABO) and thereby detect any persons suspected of involvement in terrorist activities.

In addition, in 2006, 67 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).

2006 Highlights

Reinforcement of our compliance structure for financial market activities

Compliance within the Corporate and Investment Banking Division was reinforced with the appointment in Paris of eight compliance officers to the trading rooms, where they work in close proximity to front-office staff. In 2006, these officers were provided with new IT tools to improve the efficiency of their controls, notably when it comes to detecting market abuse.

Further officers were also appointed outside France, notably in Italy, Spain, Poland, India, and China as well as Dubai to cover all of the Gulf States.

Additional resources for the prevention of money laundering

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

- the Paris-based team currently employs 12 officers plans to take on additional staff during the course of 2007;
- in investment banking as a whole, anti-money laundering correspondents have joined the business lines;
- drafting of new anti-money laundering procedures to immediately comply with the new regulations following the transposition of the 2nd European directive on the prevention of the use of financial systems for money laundering purposes;
- training initiatives that began in 2005 continued successfully in 2006.

All these efforts strongly contributed to both the sharp increase in the volume of cases handled by the anti-money laundering cell and the effective prevention of operational risks linked to anti-money laundering and the financing of terrorism.

Substantial increases in human resources

The central Compliance Department increased its headcount from 32 to 39 in 2006, and plans to take on additional staff in 2007. In total, the Group now has some 525 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

Société Générale's internal control structures were modified in January, 2006 in line with regulation 97-02 of the French Banking and Financial Regulation Committee (CBRF) which was amended in March, 2005. The Group's permanent control structures were separated from its periodic control structures, and the coordination between the two entrusted to the Chief Executive Officer assisted by the Internal Control Coordination Committee (CCCI) which meets each quarter. An independent Compliance set-up was deployed within the Group's different core businesses worldwide to identify and provide training in the prevention of compliance risks. The Group's Corporate Secretary is Group Head of Compliance (RCOG). He chairs a Group Compliance Committee (CCG) which meets on a monthly basis. Each branch, business line or major subsidiary has the same type of pyramid structure which is managed by clearly designated individual compliance officers (RCOs). The RCOs of the various branches report to the Group Head of Compliance and are part of the CCG alongside the heads of the Group's functional divisions. The RCOs contribute to the identification and prevention of compliance risks, the validation of new products, the analysis and reporting of anomalies and the implementation of corrective measures, staff training and the promotion of compliance values throughout the Group.

9 RISK MANAGEMENT

	Page
Credit risks	127
Market risks	133
Structural interest rate and exchange rate risks	138
Liquidity risk	140
Operational risks	142
Legal risks	143
Environmental risks	145
Insurance for operational risks	145
Other risks	146
Regulatory ratios	147

The main risks incurred on banking activities are the following:

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

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 Réglementation Bancaire et Financière*):

- the risk assessment departments are completely independent of their operating divisions;
- a consistent approach to risk assessment and monitoring is applied throughout the Group.

The Group's risk function comprises more than 2,000 staff dedicated to risk management activities.

The Risk Division at Société Générale Parent Company employs nearly 600 staff members, while a further 1,400 are employed throughout the Group, charged with monitoring risk exposure within the French Network branches and subsidiaries.

The Risk Division is completely independent from the Group's operating entities and reports directly to the General Management. Its role is to contribute to the development and profitability of the Group by ensuring that the risk management framework in place is both sound and effective. It employs various teams specializing in the operational management of credit and market risk as well as risk modeling teams, IT project managers, industry experts and economic research teams.

This Division:

- defines and validates the methods used to analyze, assess, approve and monitor credit risks, country risks, market risks and operational risks;
- conducts a critical review of sales strategies for high-risk areas and permanently seeks to improve the forecasting and management of all such risks;
- contributes to the independent assessment by validating credit risk transactions and by taking position on obligors proposed by sales managers;
- identifies all Group risks and monitors the adequacy and consistency of risk management information systems.

A systematic review of the bank's key risk management issues is carried out during the monthly Risk Committee meetings, gathering members of the Executive Committee, the heads of the business lines and the Risk Division managers.

This Committee meets to review all core strategic issues: risk-taking policies, measuring methods, material and human resources, analyses of portfolios and the cost of risk, market and credit concentration limits (by product, country, sector, region, etc.) and crisis management.

All new products and activities or products under development must be submitted to the New Product Committee of the relevant division. 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 exposure must be based on sound knowledge of the customer, the Group's risk strategy, the purpose, nature and structure of the transaction and the sources of repayment. It assumes that the return on the transaction will sufficiently reflect the risk of loss in the event of default.

The risk approval process is based on five core principles:

- all transactions giving rise to a counterparty risk (debtor risk, non-settlement or non-delivery risk, issuer risk) must be authorized in advance;
- all requests for authorizations relating to a specific client or client group must be handled centrally by a single operating division. The centralizing division is designated on a case-by-case basis in order to ensure a consistent approach to risk management and permanent control of the Group's potential exposure to major clients;
- the systematic checking of internal counterparty ratings upstream of the approval of all credit. These ratings are put forward by the operating divisions and validated by the risk function. They are listed in each loan application and are factored in when approving all new loans;
- responsibility for analyzing and approving risk is delegated to the most appropriate section of the business lines or credit risk units;
- risk assessment departments are fully independent at each decision-making level.

The Risk Division has a specialized department for financial institutions, which aims to heighten the Group's expertise 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 entities and business lines.

The Risk Committee regularly carries out a cross-business line assessment of existing or potential concentrations within the Group's portfolio. The management of the Group's concentration risks is based on procedures that include a system for analyzing exposure by risk category, correlation studies and stress-test models that estimate the potential losses on different segments of the portfolio in the event of a crisis.

The Risk Division submits recommendations to the Risk Committee on the concentration limits it deems appropriate, at any given moment, for particular countries, 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's General Management and is based on a process that takes due account of those business lines exposed to risk and the Risk Division.

The Group also has specific procedures to manage any credit crises that could arise with respect to a counterparty, industry, country or region.

Risk management and audit

All Group operating units, including the trading rooms, are equipped with information systems enabling them to check, on a daily basis, that the exposure limits set for each counterparty have not been exceeded.

In addition to this day-to-day management of risks, a second level of control is performed by the head office operating divisions, using the Group-wide risk information system developed in recent years. This system centralizes nearly all commitments borne by the operating entities in a single database, consolidates exposure by counterparty and reconciles this exposure with the corresponding authorizations. It also provides source data for the portfolio analyses (by country, industry, type of counterparty, etc.), which are fundamental to an active risk management strategy.

Changes in the quality of outstanding commitments are reviewed at regular intervals and at least once a quarter, as part of the "watch list" and provisioning procedures. These reviews are based on contradictory analyses performed by the operating divisions and the risk function. The Risk Division also carries out file reviews or risk audits in the Group's operating divisions and, finally, 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 and internal ratings

In order to provide the credit function with the necessary tools for deciding on, structuring and pricing transactions, Société Générale Group undertook to create internal models for quantitative risk measurement and risk-adjusted return on capital in the middle of the 1990s.

These models, some of which were rolled out as of 1998, have since been adapted to comply with new regulatory documents. Today, they cover almost all of the Group's credit portfolio (retail and corporate banking).

The Group's rating system is based on three fundamental pillars:

- the internal ratings models used by both the sales function, which proposes the ratings, and the risk function which validates them. These models are used to quantify the following risks:
  - counterparty risk (expressed as a probability of default by the borrower within one year);
  - transaction risk (expressed as the amount that will be lost should a borrower default);
- a body of procedures which regroups banking principles and rules for using the models (scope, frequency of rating revision, procedure for approving ratings, etc.);
- the judgment of those involved in the ratings process who apply the models in compliance with the relevant banking principles and whose expertise is necessary in drawing up the final ratings.

Since 2000, the Group has progressively developed its credit risk management policy, with ratings now forming an integral part of its day-to-day operational processes.

Loan issuance

Société Générale Group systematically performs a quantitative analysis of the counterparty and transaction risks in all loan applications and these two parameters, along with all of the other elements of a loan application, are factored in by those approving the loan.

The instructions governing loan applications have therefore been revised, with counterparty ratings now taken into consideration when determining the loan approval limits that apply to employees of the operational divisions and the risk function.

Portfolio analysis

The portfolio analyses and studies carried out by the risk function have, for several years now, been based on common rating scales that apply throughout the Group (with respect to transaction, counterparty, country, sector, business line or to the portfolio as a whole).

Quantifying this risk allows for regular stress tests to establish the bank's policy priorities in the event of a downturn in the economic and financial climate (proactive management of the portfolio, assessment of provisioning needs, etc.).

The results of these analyses are submitted to the Risk Committee on a regular basis, enabling it to substantially improve on the management (follow-up, control), of the risks to which the bank is exposed.

Group rating system governance

Given the important role it will play in determining regulatory capital requirements following the implementation of Basel II, Société Générale Group has defined a governing structure for its internal ratings system that is based on four key players:

- the Management bodies (Board of Directors and Executive Committee) which ensure that the bank's credit risk management is sufficiently adapted to its risk profile;
- the Divisions which are responsible for submitting the rating and for the development of certain ratings models and tools;
- a credit risk control unit which is part of the Risk Division and which designs and monitors the performance of the rating system and reports to the Management bodies;
- the audit departments which carry out a second level of control.

The governing structures for all operational aspects therein take the form of regular committees attended by both the business lines and the Risk Division.

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 that have a positive value, and represents the loss for 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.

Société Générale uses two indicators to characterize the subsequent given distribution:

- one indicator that reflects the average risk incurred, the current average risk. This indicator is particularly suited to an analysis of the risk exposure on a portfolio of clients or on a particular sector;
- a 99% probability indicator representing the largest loss that would be incurred in 99% of cases. This indicator, referred to as the Credit VaR (or CVaR), is used to define replacement risk limits for individual counterparties.

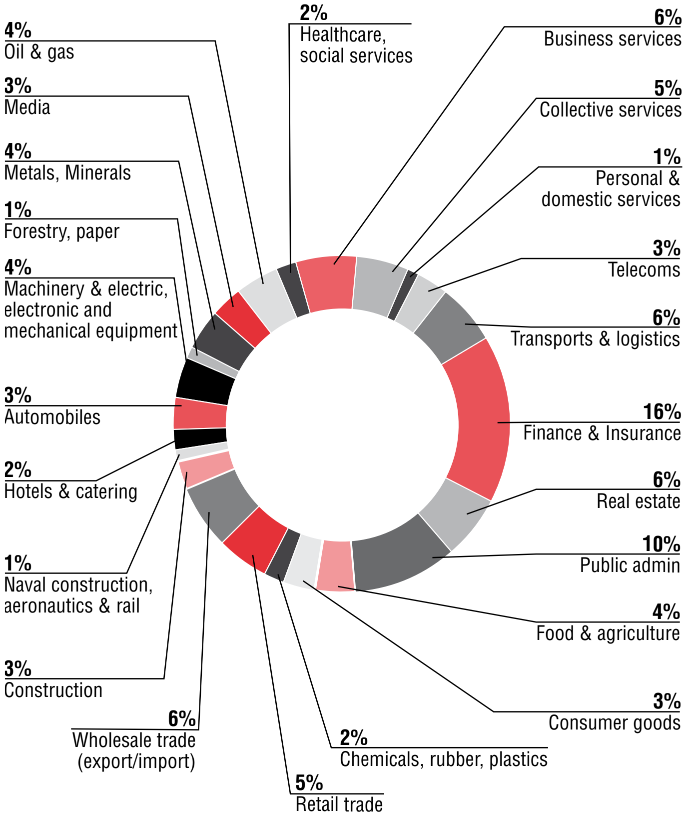
Credit portfolio analysis

Outstanding on individual and business customers

At December 31, 2006, 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 411 billion (including EUR 279 billion in outstanding balance sheet loans).

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

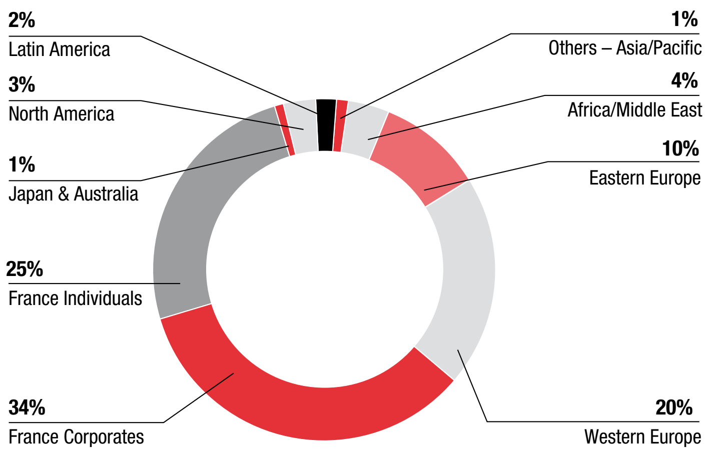
BREAKDOWN OF SOCIÉTÉ GÉNÉRALE COMMERCIAL OUTSTANDING BY INDUSTRY AT DECEMBER 31, 2006 (EXCLUDING INDIVIDUALS)



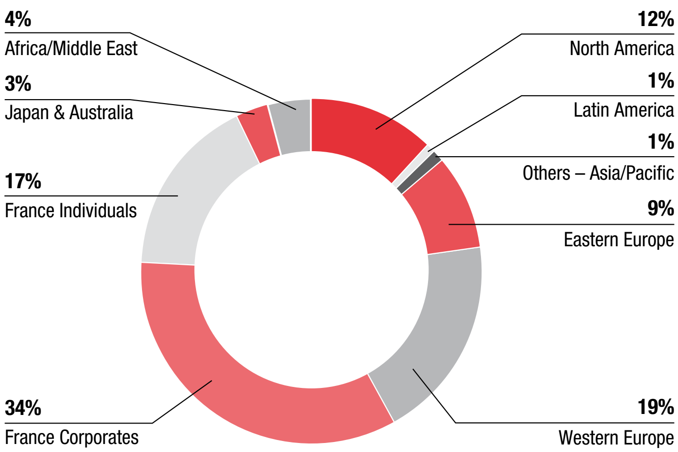
The Group's loan portfolio is highly diversified in terms of sectors, and generally matches the structure of world GDP. Only one sector accounts for more than 10% of total Group outstanding (finance excluding banks), and is characterized by a moderate cost of risk.

BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP LOANS TO NON-BANKING CUSTOMERS BY GEOGRAPHICAL REGION AT DECEMBER 31, 2006 (INCLUDING INDIVIDUALS)

BALANCE SHEET COMMITMENTS (EUR 279 BILLION):

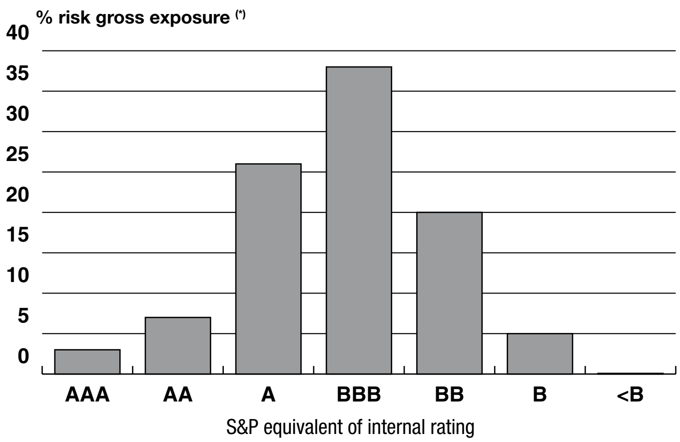


ON- AND OFF-BALANCE SHEET COMMITMENTS (EUR 411 BILLION):



At December 31, 2006, 85% of the Société Générale Group's on- and off-balance sheet outstanding was concentrated in the major industrialized countries. Half of the global amount of loans were to French customers (34% to corporates and 17% to individual customers).

BREAKDOWN OF RISK BY RATING FOR SGCIB CORPORATE CLIENTS AT DECEMBER 31, 2006



** Borrower, issuer and replacement risk, excluding equity, doubtful loans and commitments under syndication at Dec. 31, 2006.*

The above chart shows SG CIB'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.

The scope includes all SG CIB performing clients except for central banks, financial institutions and sovereigns.

The gross amount of commitments gives the total counterparty risk (borrower, issuer, replacement) incurred on these client groups. At year-end 2006, it stood at EUR 145 billion excluding equity investments (EUR 0.9 billion) and commitments under syndication at December 31, 2006 (EUR 4.7 billion).

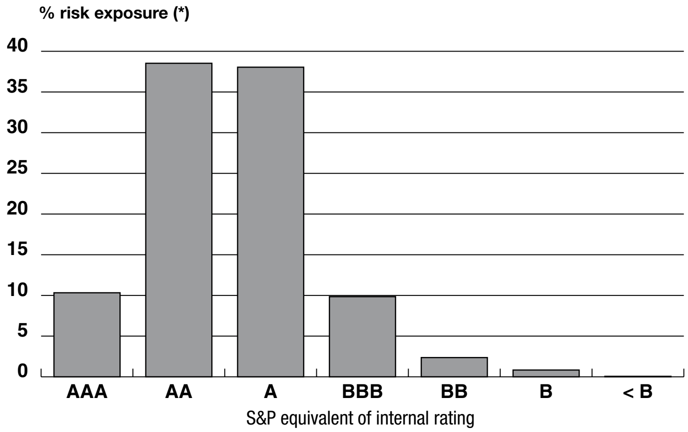
At December 31, 2006, the majority of the portfolio (74%) was investment grade.

Transactions with counterparties qualified as speculative grade are usually secured by guarantees and collateral in order to reduce the level of risk.

Commitments on banking counterparties

At December 31, 2006, on- and off-balance sheet banking commitments (excluding securities purchased under resale agreements) amounted to EUR 26 billion (excluding issuer, delivery and replacement risk).

BREAKDOWN OF RISK(*) BY RATING FOR GROUP BANKING CUSTOMERS AT DECEMBER 31, 2006



** Borrower, issuer and replacement risk, net of collateral and excluding doubtful loans.*

Central banks no longer fall within the scope of banking counterparties, triggering a slight improvement in the quality of bank portfolios. The majority of these outstanding commitments (97%) relate to banks rated investment grade by rating agencies.

Outstanding on emerging markets

The Group's outstanding on corporate and individual customers in emerging markets is subject to limits validated on an annual basis by the General Management. These commitments account for less than 9% of Société Générale's overall loan book, 2% of which is linked to countries that joined the EU on January 1, 2007, namely Romania and Bulgaria.

At December 31, 2006, nearly 65% of the Group's unprovisioned outstanding loans were to customers of the Retail Banking division (which has good risk diversification), with the remainder relating to its Corporate and Investment Banking arm.

RETAIL BANKING

In Retail Banking, the Group net outstanding totaled EUR 18.7 billion on December 31, 2006, up from EUR 10.9 billion on December 31, 2005 (including EUR 6.6 billion for those countries that joined the EU on January 1, 2007). This amount includes off-balance sheet commitments and takes into account the integration of Splitska Banka in Croatia as well as the partial removal from the Group's consolidation scope of Société Générale de Banque au Liban (combined impact of the 2 transactions: EUR +1.7 billion).

Furthermore, commitments in the amount of EUR 1.6 billion are covered by specific provisions. This portfolio covers 16 countries in 3 geographical regions (Eastern Europe, the Mediterranean Basin and French-speaking Africa). The majority of the corresponding commitments are denominated in their local currency and refinanced locally.

CHANGE IN NON-BANKING EXPOSURE ON EMERGING MARKETS (1) (IN BILLIONS OF EUROS AND INCLUDING NEW ACQUISITIONS) RETAIL BANKING

	Dec. 31, 06	Dec. 31, 05
Individual customers	7.4	3.2
Business customers	11.3	7.7
Total	**18.7**	**10.9**

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 10.4 billion at December 31, 2006 (70% of which were loans to counterparties in investment grade countries) versus a figure of EUR 9.2 billion in 2005.

CHANGE IN NON-BANKING EXPOSURE ON EMERGING MARKETS (2) (IN BILLIONS OF EUROS) CORPORATE AND INVESTMENT BANKING

	Dec. 31, 06	Dec. 31, 05
Reduced country risk(3)	2.5	2.5
Standard country risk(4)	2.2	1.9
Strong country risk	5.7	4.8
Total	**10.4**	**9.2**

Outstanding loans covered by specific provisions on December 31, 2006, amounted to EUR 0.1 billion.

Provisions, provisioning policy and hedging of credit risk

Management of the credit portfolio

ORGANIZATION

Seven years ago, the Group's Corporate and Investment Banking Division set up a 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.

CREDIT DERIVATIVES

The Group uses credit derivatives in the management of its corporate loan portfolios. They not only serve to reduce individual, sector and geographic exposure but also allow for dynamic risk and capital management.

The notional value of credit derivatives thus purchased is booked in the off-balance sheet commitments under guarantee commitments received (positions are almost exclusively buy positions).

In 2006, the total nominal value of credit derivatives increased by EUR 17.9 billion to stand at EUR 26.4 billion at year-end and includes EUR 15.6 billion in Credit Default Swaps (CDS) and EUR 10.8 billion in Collateralized Debt Obligations (CDO).

The increase in size of the portfolio is due in equal proportions to individual name CDS's and structured transactions covering pools of exposures.

All new transactions concerned protection purchase, none being sold in 2006. All transactions were carried out with banking counterparties with ratings of A+ or above, the average being between AA and AA-.

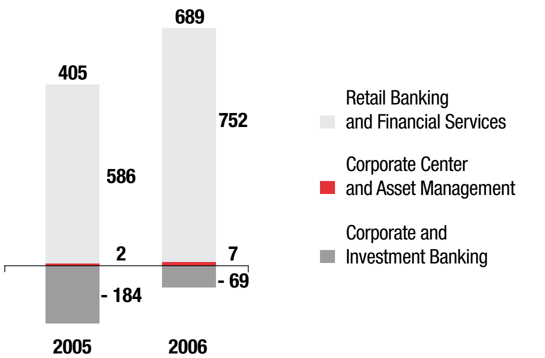
(1) On- and off-balance sheet net of specific provisions.
(2) On- and off-balance sheet net of specific provisions and guarantees (ECA, Cash collateral).
(3) Transactions where the structure reduces the country risk, without eliminating it (export prefinancing with offshore payment, political risk insurance, participation in financing extended by international financial institutions).
(4) Short-term transactions or transactions partially covered (contribution to financing by international financial institutions, covered by non G10 ECA).

Provisions for credit risks at December 31, 2006

The Group's total provisions for cost of risk (excluding provisions for legal disputes) amounted to EUR 689 million in 2006, compared with EUR 405 million at December 31, 2005.

The cost of risk stays at a low level thanks to the structural improvement of risk and profile and a favourable credit environment: allocation of capital between businesses, hange in the loan book at the retail networks, hedging of the loan book through credit derivatives and sale of loans in the secondary market.

CHANGE IN THE GROUP'S PROVISIONING IN 2006 (EXCLUDING PROVISIONS FOR LEGAL DISPUTES)



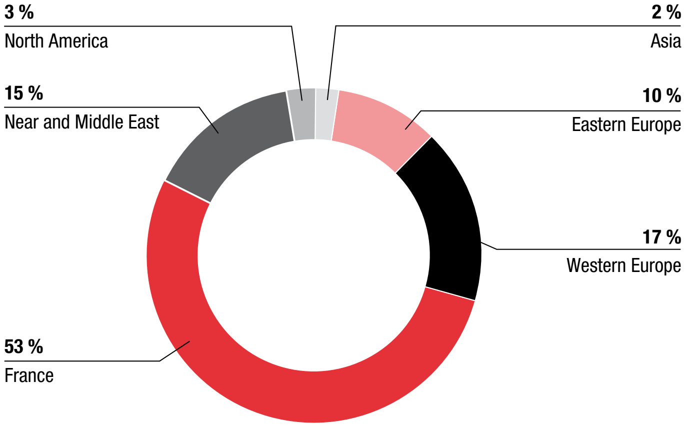
Year on year, the main changes in cost of risk were as follows:

- French Retail networks: stable;
- Financial Services: increase reflecting the change of scope and the development of the consumer credit activity;
- Retail Banking outside France: progressive return to normal cost of risk;
- Corporate and Investment banking: limited level of gross provisionning and slowdown in write-backs.

Specific provisions for credit risks

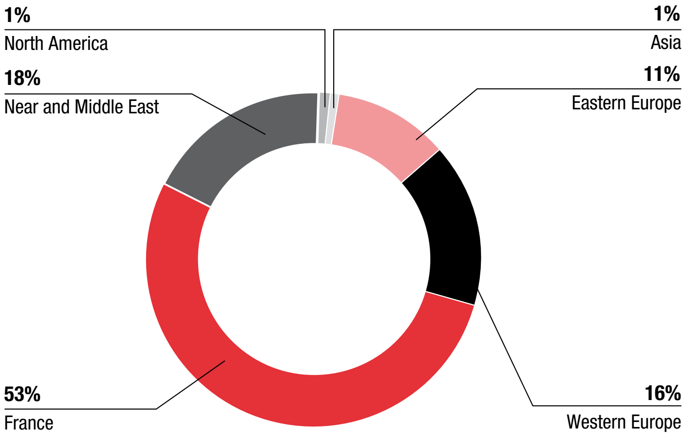
Provisions for credit risk are primarily booked for doubtful and disputed loans. At December 31, 2006, these amounted to EUR 10.6 billion.

BREAKDOWN OF DOUBTFUL AND DISPUTED LOANS BY GEOGRAPHICAL REGION AT DECEMBER 31, 2006



Total doubtful and disputed loans EUR 10.6 billion
Doubtful and disputed loans for Latin America are minimal (0.3%).

BREAKDOWN OF THE STOCK OF PROVISIONS BY GEOGRAPHICAL REGION AT DECEMBER 31, 2006



Total provisions excluding portfolio-based provisions: EUR 6.7 billion

These loans were provisioned in the amount of EUR 6.7 billion at December 31, 2006, giving a coverage ratio of 63%.

Portfolio-based provisions

At December 31, 2006, the Group's total portfolio-based provisions amounted to EUR 1,033 million against EUR 948 million at December 31, 2005.

The strengthening of the prudential hedging concerns mainly the Corporate and Investment Banking portfolio.

Portfolio-based provisions are collective provisions booked:

- for groups of receivables with homogenous sensitivity to risk factors (lists of counterparties in financial difficulty and identified as sensitive);

- for portfolio segments which have suffered an impairment in value following a deterioration in risk (country or sector risk).

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

Portfolio-based provisions are reviewed quarterly by the Risk Division.

HEDGE FUNDS

Growth in assets managed by hedge funds resumed in 2006, with Société Générale continuing to develop its relations with them and without the difficulties encountered by some funds (the Amaranth fund being one of the ones that suffered most) resulting in credit problems for the Group's activities. Hedge funds are still major players in the financial markets and therefore an important client segment for our business lines. The Group also sells hedge funds to its clients as investment vehicles.

Hedge funds generate specific risks due to the lack of regulations governing their activities and the strong correlation between credit and market risk. As a result, Société Générale has adopted a specific risk management system based on the following four components:

- stress tests to measure market risk and the risk associated with financing transactions guaranteed with shares in hedge funds;
- due diligence 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 and reviewed each year;
- the centralization of all risk exposure on hedge funds with the Risk Division which monitors counterparty and market risk on a daily basis.

Throughout the Group, all activities with hedge funds are governed by two global limits set by the Chairman:

- a credit VaR limit which controls the maximum replacement risk;
- a stress test limit governing market risk and risks related to financing transactions guaranteed by shares in hedge funds.

MARKET RISKS

Organization

The Group's market risk management structures are continually adjusted in a bid to harmonize existing procedures and ensure that the risk management teams remain independent from the operating divisions.

Although the front-office managers naturally assume primary responsibility when it comes to risk exposure, its global management lies with an independent structure, the Market Risk unit of the Risk Division. This unit carries out the following functions:

- daily analysis (independently from the front office) of the exposure and risks incurred by the Group's market activities and comparison of said exposure and risks with the limits set;
- definition of the risk-measurement methods and control procedures, approval of the models used to calculate risks and results and setting of provisions for market risks (reserves and adjustments to earnings);
- definition of the functionalities of the databases and systems used to assess market risks;
- approval of the limit applications submitted by the operating divisions, within the global authorization limits set by the General Management and monitoring of their use;
- centralization, consolidation and reporting of the Group's market risks.

At the proposal of this department, the Group's Risk Committee sets the levels of authorized risk by type of activity and takes the main decisions concerning Group risk management. Within each entity that incurs market risk, risk managers are designated to implement the first level of risk control. The main tasks of these managers, who are independent of the front offices, include:

- the ongoing analysis of exposure and results, in collaboration with the front offices;

- the verification of the market parameters used to calculate risks and results;
- the daily calculation of market risks, based on a formal and secure procedure;
- the daily monitoring of the limits for each activity, and constant control that appropriate limits have been set for each activity.

In the major trading rooms in France and abroad, these specialized market risk managers report directly to the Risk Division.

Methods of measuring market risk and defining exposure limits

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

- the 99% «Value at Risk» (VaR) method: compliant with the regulatory model, this composite indicator for the day-to-day monitoring of the market risks incurred by the bank, in particular as regards the regulatory scope of its trading activities.
- a stress test measurement based on a decennial shock-type indicator. Stress test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary limits (sensitivity, nominal, concentration or holding period, etc.), which ensure coherency between the total risk limits and the operational limits used by the front office. These limits also allow for the control of risks that are only partially detected by VaR or stress test measurements.

The 99% Value at Risk (VaR) method

This method was introduced at the end of 1996 and it is constantly improved with the addition of new risk factors and the extension of the scope covered by the VaR. Today, the market risks on almost all investment banking activities are monitored using the VaR method, in particular those relating to more complex activities and products, as well as on certain overseas retail and private banking activities.

The method used is the «historical simulation» method, which implicitly takes into account the correlation between different markets. It is based on the following principles:

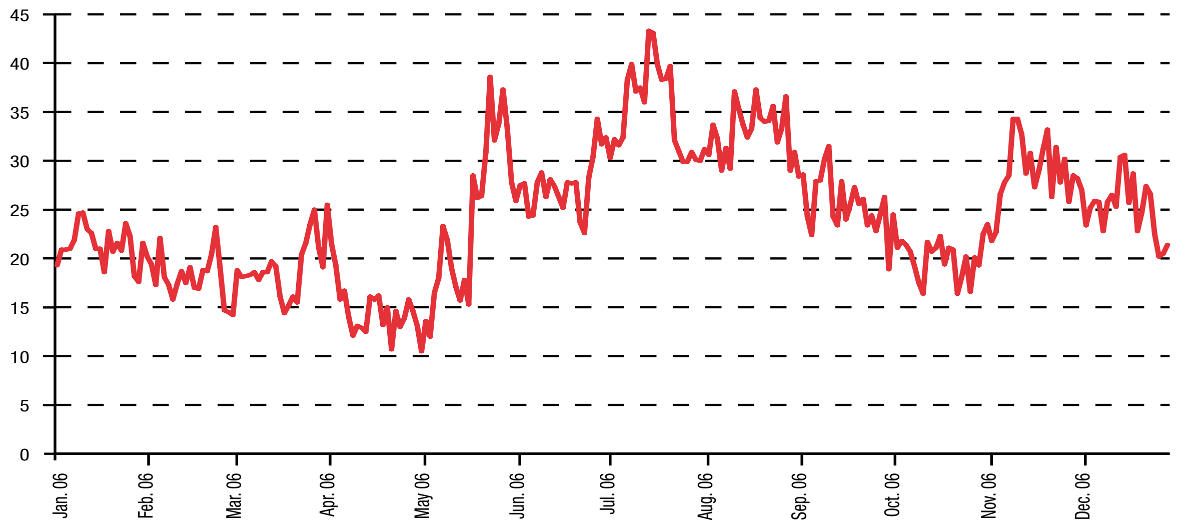
- the creation of a database containing risk factors which are representative of Société Générale's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). The VaR is calculated using a database of several thousand risk factors;
- the definition 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.

The VaR is first and foremost designed to monitor market activity in the bank's trading portfolios. In 2006, 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 2006:

TRADING VAR (TRADING PORTFOLIOS)
CHANGES IN THE TRADING VAR DURING 2006 (1 DAY, 99%) IN MILLIONS OF EUROS



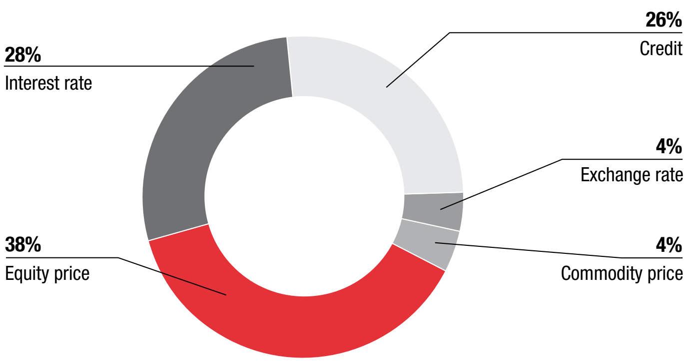
BREAKDOWN OF TRADING VAR BY TYPE OF RISK - CHANGE BETWEEN 2005 AND 2006 IN MILLIONS OF EUROS

	Year-end		Average		Minimum		Maximum	
1-day, 99%	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Equity price risk	(25)	(10)	(21)	(11)	(7)	(4)	(38)	(21)
Interest rate risk	(9)	(16)	(15)	(17)	(9)	(11)	(20)	(25)
Credit risk	(18)	(13)	(14)	(12)	(9)	(8)	(24)	(16)
Exchange rate risk	(3)	(1)	(2)	(1)	(1)	(1)	(5)	(4)
Commodity price risk	(2)	(2)	(2)	(2)	(1)	(1)	(5)	(5)
Compensation effect	35	23	29	24	NM (*)	NM (*)	NM (*)	NM (*)
Total	**(22)**	**(19)**	**(25)**	**(19)**	**(11)**	**(12)**	**(44)**	**(32)**

** Compensation is not material since the potential minimum and maximum losses do not occur on the same date.*

Between 2005 and 2006, the average VaR went from EUR 19 million to EUR 25 million, namely back to its 2004 levels. The EUR 10 million increase in equities results from the integration of more volatile scenarios throughout 2006. The impact was tamed by better compensations between the various risk elements of the bank.

BREAKDOWN OF TRADING VAR BY TYPE OF RISK - 2006

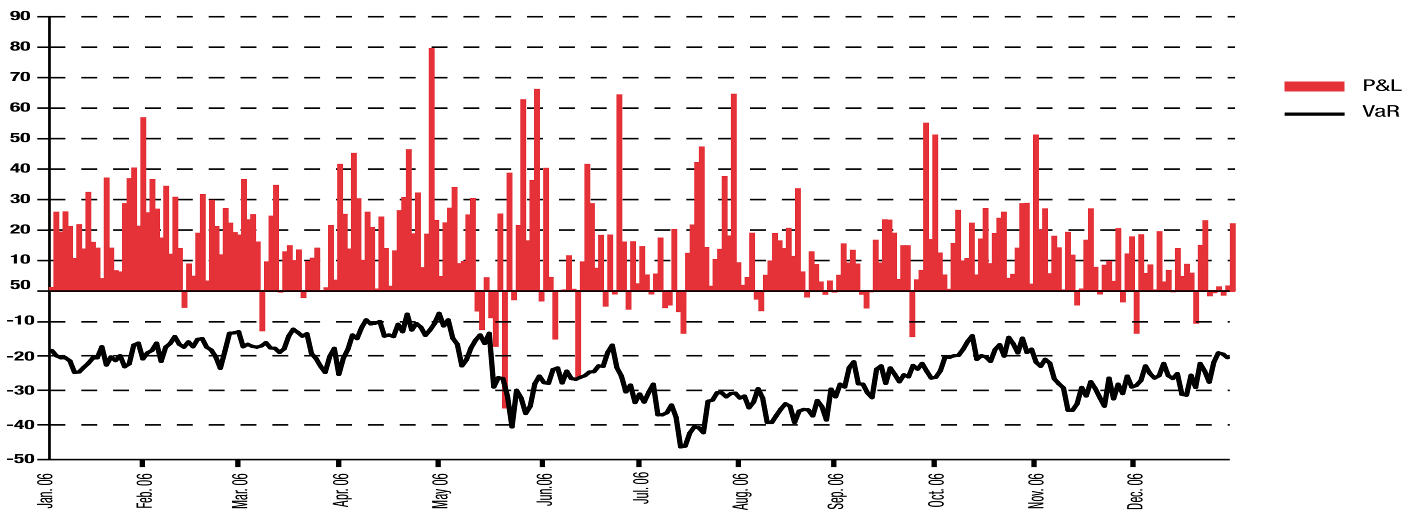


Limitations of the VaR assessment

The VaR assessment is based on a model and a certain number of assumptions and approximations. Its main limitations are as follows:

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

VAR BACK-TESTING USING THE REGULATORY SCOPE DURING 2006 – VAR (1-DAY, 99%) IN MILLIONS OF EUROS



The Group counters these limitations by:

- systematically assessing the relevance of the model by back-testing to verify that the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval, 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 2006, the total daily loss exceeded the VaR on two occasions which, statistically, is compatible with the 99% confidence interval used (2 to 3 occasions per year);
- supplementing the VaR system with stress-test measurements.

The Stress Test model

Alongside the internal VaR model, 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. Alongside the VaR model, the stress test is one of the main pillars of our risk management system and is based on the following principles:

- risks are calculated every day for each of the bank’s market activities (all products), 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 permissible 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 used was reviewed in 2006. No scenarios were withdrawn or added as a result of this review.

HISTORICAL STRESS TESTS

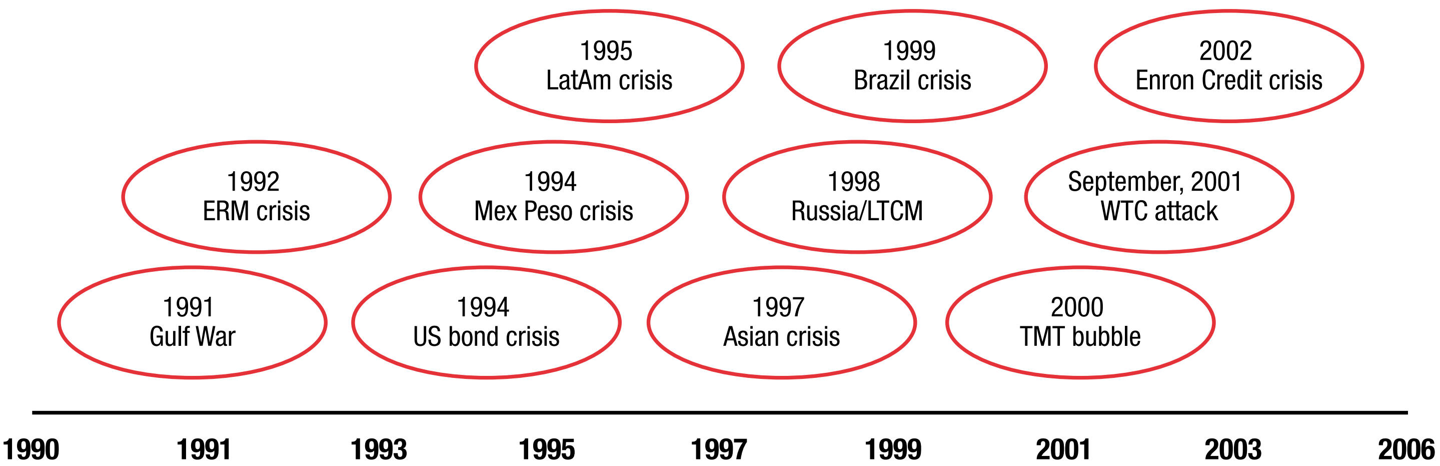
This method consists in an analysis of the major economic crises that have affected the financial markets since 1990: changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises are analyzed in order to define scenarios for potential 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 are 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.

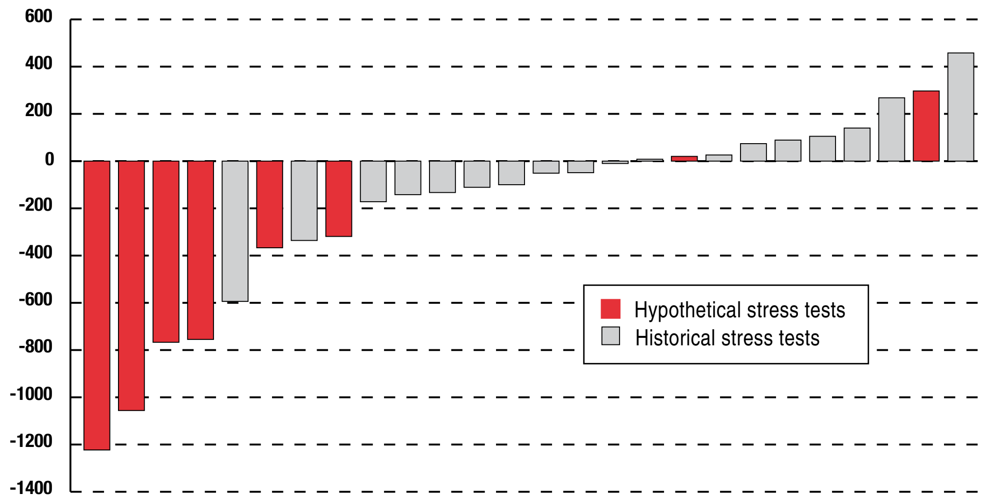
Results at December 31, 2006

Société Générale applied each of these scenarios to its trading positions at December 31, 2006 and obtained the results indicated in the chart below:



The highest potential loss (around EUR 1,000 million) corresponds to very severe or extreme shocks to the prices of all asset classes held by the bank (*e.g.* fall of between 15% and 30% in the global stock market indexes, etc.). Moreover, the probability of such stress scenarios, which involve simultaneous shocks to the prices of all financial assets over a period of a few days, is several times lower than that of a decennial shock.

STRESS TESTS AS AT DECEMBER 31, 2006



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 through macro-hedging techniques (hedging of portfolios of similar commercial transactions within a treasury department).

Interest rate and exchange rate risks on proprietary transactions must also be hedged as far as possible.

Consequently, structural interest rate and exchange rate risks are only borne on the residual positions remaining after this hedging.

Organization of the management of structural interest rate and exchange rate risks

The principles and standards for managing these risks are defined at the Group level. The operating entities assume primary responsibility for the management of their risk exposure, while the Group's Asset and Liability Management Department (ALM Department) carries out a second level of control on the management of these risks performed by the entities.

The Group'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 the standards for the management of structural risks (organization, monitoring methods);
- validates the models used by the entities;
- informs the entities of their respective limits;
- centralizes, consolidates and reports on structural risk exposure, and carries out second level controls (independently of the operating divisions supervising the entities).

The operating entities are responsible for controlling structural risks

The operating entities are required to follow standards defined at the Group level for the management of risk exposure, but also develop their own models, measure their exposure and implement the required hedges.

Each entity has its own structural risk manager, attached to the entity Finance Department, who is responsible for conducting first level controls and for reporting the entity's structural risk exposure to the Group ALM Department via a shared IT system.

Retail Banking entities both in France and abroad generally have an ad-hoc ALM Committee which validates the maturities of non-contractual commitments (sight deposits, etc.) and therefore determines the corresponding transformation strategy, reviews structural interest and exchange rate positions and validates the associated hedging programs in accordance with Group standards.

Structural interest rate risks

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

Objective of the Group

The Group's principal aim is to reduce each entity's exposure to interest rate risk as much as possible once the transformation policy has been decided.

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 over 20 years) residual fixed-rate positions (surplus or deficits on assets and liabilities) for a 1% parallel shift in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit for the overall Group is EUR 500 million (which equates to less than 1.7% of shareholders' equity).

Measurement and monitoring of structural interest rate risks

In order to quantify its exposure to structural interest rate risks, the Group analyzes all fixed-rate assets and liabilities with future maturities to identify any gaps. These positions come from operations remunerated or charged at fixed rates and from their maturities.

Assets and liabilities are generally analyzed independently, without any a piori matching. Maturities on outstanding positions are determined on the basis of the contractual terms governing transactions, models based on historical client behavior patterns (special savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and sight deposits). Options exposure is analyzed through its delta equivalent.

Once the Group has identified the gaps in its fixed rate positions (surplus or deficit), it calculates their sensitivity (as defined above) to variations in interest rates. This sensitivity is defined as the variation in the net present value of fixed-rate position corresponding to an immediate parallel shift of 1% in the yield curve.

Analyses are also performed on scenarios of potential variations in net interest income, which factor in assumptions as to how assets and liabilities are likely to evolve in the future.

Throughout 2006, the Group's global sensitivity to interest rate risk remained below 1% of Group shareholders' equity and well within the EUR 500 million limit.

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

- within the domestic Retail Banking division, outstanding customer deposits, generally considered to be fixed-rate funds, exceed fixed-rate loans for maturities over 2 years. Indeed, thanks to macro-hedging essentially using interest rate swaps or caps, the French Networks' sensitivity to interest rate risk, on the basis of the adopted assumptions, has been kept to a minimum.

At end-December 2006, the sensitivity of the French networks (Société Générale and Crédit du Nord) based on their assets and liabilities denominated in euros stood at less than EUR 100 million;

- transactions with large 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 fully reinvested with the desired maturities.

Structural exchange rate risks

Structural exchange rate risks essentially arise from:

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

Objective of the Group

The Group's policy is to immunize its solvency ratio against fluctuations in strong currencies (USD, CZK, GBP, JPY, etc.). To do this, it may decide to purchase currencies to finance very long term foreign currency-denominated investments, thus creating foreign exchange structural positions. Any valuation differences on these structural positions are subsequently booked as translation differences.

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

Measurement and monitoring of structural exchange rate risks

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

As commercial transactions are hedged against exchange rate risk, the Group's residual exposure results primarily from proprietary transactions.

The Group's Asset and Liability Management Department monitors structural exchange rate positions and the currency sensitivity of the solvency ratio.

In 2006, the Group successfully neutralized the sensitivity of its solvency ratio to fluctuations in strong currencies using structural positions in these currencies. Moreover, its positions in other currencies remained limited.

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 a Group level. The operating entities are responsible for managing their own liquidity and for respecting the applicable regulatory constraints. The ALM Department, for its part, manages liquidity for the overall Group, in conjunction with the treasury department of the Corporate Banking Division.

- The Group'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 of the Corporate Banking Division is responsible for managing short-term liquidity (less than one year).
- The operating entities are responsible for managing their own liquidity risk.

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

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

Objective of the Group

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

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

- as far as possible, central management of liquidity (mainly in Paris, New York, London, etc.);
- diversification of sources of funding, in terms of both geographical regions and sectors of activity;
- limitation of the number of issuers within the Group (Société Générale, SG Acceptance NV, SG North America, etc.);
- management of short-term liquidity in accordance with the regulatory framework.

Measurement and monitoring of Liquidity risk

The Group's liquidity management system comprises two main processes:

- the assessment of the Group's financing requirements on the basis of budget forecasts in order to plan appropriate funding solutions;
- the analysis of liquidity risk exposure using liquidity crisis scenarios.

The risk analysis is conducted using reports submitted by the different entities, listing their respective on- and off-balance sheet items according to currency of denomination and residual maturity. The principle here is to list asset and liability due dates by maturity. Maturities on outstanding positions are determined on the basis of the contractual terms governing transactions, models of historical client behavior patterns (special savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and sight deposits).

In 2006, the Group continued to maintain a surplus of long-term liquidity. Indeed, through its retail banking activities, Société Générale has a large and diversified deposits base which serves as a permanent resource in financing its domestic activities and credit transactions with its Financial Services Clients abroad.

To cover its medium-term financing needs as well as drive its prudential capital ratio, Société Générale has issued senior debt and subordinated notes as well as perpetual subordinated bond (TSDI).

The regulatory 1-month liquidity coefficient is calculated on a monthly basis, and applies to the entire Société Générale Group (activities in France and all overseas subsidiaries). In 2006, 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 activities. It is managed through a system of prevention, control and cover 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 consistent approach designed to reinforce the control and active management of its operational risks.

The target system is based on a consistent body of procedures combined with a series of measurement, management and reporting tools. It complies with the Basel Committee's 2003 publication "Sound Practices for the Management and Supervision of Operational Risk" and meets the new regulatory requirements concerning the solvency ratio to be implemented on January 1, 2008. 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 system is the responsibility of the Risk Division. Its practical application is the responsibility of the operating divisions and corporate departments, while the audit and General Inspection teams verify the integrity and solidity of the system and may use elements of it 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 report functionally 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 as well as the proposed corrective action plans. In 2005, the Group implemented an IT tool to collect data on losses from the various entities. Each quarter, a report 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. Accordingly, the risks inherent in each activity are defined in a risk map, and the quality and efficiency of the corresponding prevention and control procedures are verified on a regular basis so as to be able to map any residual risk. This methodology was deployed across the Group between September 2005 and June 2006 and the results were presented to the Audit Committee in September 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 covering.

New simulations were carried out in 2006 which integrated loss data, insurance covering and high-severity scenarios in order to provide more stable and reliable results.

LEGAL RISKS

Dependency

Société Générale is not dependent on any patent or licence, 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 litigation, including securities class actions lawsuits in the U.S., and to regulatory investigations. The consequences, as assessed on December 31, 2006, 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 pled 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 Société Générale 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 but this matter has been settled.

  Société Générale has established a provision for all the reasonably anticipated financial consequences of this matter, provision which has been partly 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 and this decision has been confirmed by the Court of appeals.

  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. A provision has been made.
- After conducting investigations on tax frauds allegedly committed by buyers of certain types of companies in Belgium since 1997, the Belgian State and the liquidator of some of these companies have brought actions against the various participants in these transactions in an attempt to recuperate the eluded tax or to seek damages. Société Générale and one of its affiliate were implicated because of the role played as counsel in several transactions by an ex-employee of the bank, now deceased, who concealed from 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 CB". The objections related to an alleged secret and anticompetitive agreement on bank payment cards by which the banks, colluding with the "Groupement des cartes bancaires", were alleged to have agreed to erect entrance barriers to the French market of 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 have severely limited the scope for lower card prices and technical innovation. Société Générale had answered to these allegations which it considered unjustified. In July 2006, the Commission withdrew its claims against the banks.
- In October 2005, the official receivers in charge of the restructuring plans of Moulinex and Brandt, companies that have been put into bankruptcy in 2001, have initiated a lawsuit against banks members of syndicated loans granted to Moulinex in 1997 and to Brandt in 1998. They are seeking compensatory damages to indemnify the creditors for the banks' alleged improper financial support to the aforementioned companies. 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 ground of serious and credible recovery plans, the banks have been the first victims of Moulinex and Brandt collapses. All reasonably anticipated expenses relating to the management of these proceedings have been taken into account.
- By her order of July 20, 2006, a French investigating Magistrate indicted Société Générale (corporate entity), its chairman and three other employees and sent them before the Paris criminal court for trial for "aggravated money laundering" in the so-called "Sentier" case. Charges against four other employees of the Bank under investigation have been withdrawn. This decision goes against the State prosecutor's formal written demand for dismissal of the suit; he had asked for Société Générale and all its executives or employees to be cleared on the grounds that there were insufficient charges against them following an investigation that had lasted over six years. Three other banks and more than 130 individuals, including executives and top management of these banks, have also been referred to the court to be judged. The hearings might take place in 2008.

  Société Générale's behaviour cannot be assimilated to a "deliberate" omission constitutive of money-laundering according to the judge: it has always been similar to other French banks' practices with respect to the control of cheques and Société Générale did not have sufficiently precise knowledge of the nature and identity of these networks nor of the origin of the funds to identify money-laundering networks or the indicted launderers and to take more effective measures than it did.

  The question of the duties of banks with respect to verifying cheques concerns all banking institutions in France, as well as the regulatory authorities. At the request of the French Banking Federation, a new regulation issued by the *Comité de la Règlementation Bancaire et Financière (Banking and Financial Regulatory Committee)* came into force on April 26, 2002 that imposed vigilance obligations in terms of cheques in order to fight against money-laundering.

  No civil action for damages has been brought against Société Générale or its employees.
- On November 23, 2006, Manulife Securities International Ltd served an action against Société Générale Canada, Société Générale, Lyxor Asset Management and Société Générale Securities Inc. for payment of damages (CAD 1,630 billion) in front of the Superior Court of Justice of Ontario (Canada). It seeks compensation from these Group entities in connection with Notes issued by Société Générale Canada, guaranteed by Société Générale and subscribed by trusts managed by Portus with funds received from private investors. It is alleged that these trusts had never been created, which allowed Portus to partially misappropriate some of the customers funds it received. Portus has since been put into bankruptcy. The plaintiff seeks, within the framework of a "class action", to have the Société Générale entities declared responsible for these misappropriations and any other customer losses. The Société Générale entities have fulfilled, and will continue to fulfill their commitments related to the Notes, and intend to vigorously oppose the action.
- Société Générale and numerous other banks, insurance carriers and brokers are subject to investigations by the Internal Revenue Service, the Securities and Exchange Commission and the Antitrust Division of the Department of Justice for alleged practices not complying with various regulations regarding Notes issued by various governmental issuers and Guaranteed Investment Contracts (GIC). Société Générale fully cooperates with the investigating authorities.

ENVIRONMENTAL RISKS

See pages 113 to 120.

INSURANCE FOR OPERATIONAL RISKS

Description of insurance policies

General policy

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.

As for all large companies, the overall market insurance offering is restricted to the main insurance programs.

In the case of traditional guarantees, the Group was able to renew the majority of the policies bought on the market.

While the market remains limited with regard to other risks, notably those linked to financial activities, the Group was able to take 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 a number 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. This approach contributes to the improvement of the Group's knowledge and management of its risks.

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.

Lastly, each time that insurance services are outsourced, the Group is very attentive to the technical quality and rating of its insurers.

Description of cover

General risks

1. Buildings and their contents, including IT equipment, are insured at their replacement value. In 2006, a guarantee was implemented covering acts of terrorism abroad. In France, the budget amounted to EUR 2.38 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 1.49 million.

Risks arising from activity

Insurance is only one of the financing methods that can be used to offset the consequences of the risks inherent 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.

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 "Market Risk Valuation Method", p. 134).

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 11.11% at December 31, 2006, excluding Tier-3 capital, compared with 11.30% at end-December 2005.

RISK-BASED CAPITAL, RISK-WEIGHTED ASSETS AND SOLVENCY RATIOS

(in millions of euros)	Dec. 31, 2006	Dec. 31, 2005(*)
Risk based capital		
Group shareholders' equity	29,054	23,043
Dividends	(2,323)	(1,874)
Iminority interests after appropriation of net income	2,040	1,812
Preferred shares	2,080	2,188
Prudential deductions (1)	(8,524)	(5,890)
Total Tier-1 capital	22,327	19,279
Total Tier-2 capital	11,987	11,420
Other deductions (2)	(2,602)	(1,910)
Total risk-based capital	31,712	28,789
Risk-weighted assets	285,525	254,753
International solvency ratio (B.I.S. ratio) (%)	11.11	11.30
Tier-1 ratio (in%)	7.82	7.57

(1) Essentially goodwill and intangible assets and IFRS prudential deductions.
(2) Holdings in non-consolidated financial companies or those accounted for the equity method.
** Amounts restated in relation to financial statements published.*

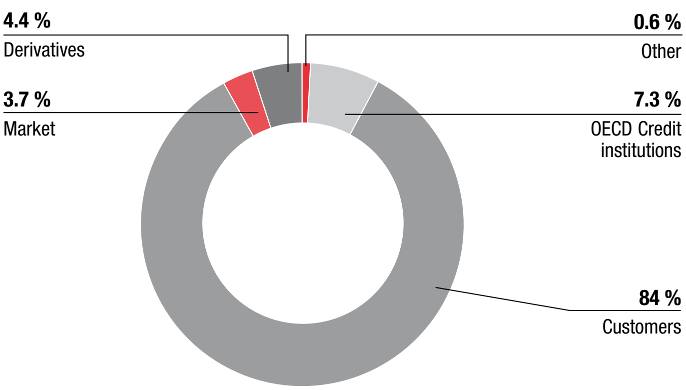
Group shareholders' equity at end-December 2006 totaled EUR 29.1 billion (compared with EUR 23 billion in 2005). After taking into account minority interests of preferred shares, the general reserve for banking risks and prudential deductions, total Tier-1 capital stood at EUR 22.3 billion, giving a Tier-1 ratio of 7.82% at December 31, 2006 (compared with 7.57% at December 31, 2005).

Risk-weighted assets by type of activity break down as follows:

- the increase in risk-weighted assets over 2006 (EUR 285.5 billion) resulted from the rise in counterparty risks. These accounted for 96.3% of risk-weighted assets, amounting to EUR 275 billion at December 31, 2006 (97.6% at December 31, 2005);
- risk-weighted assets relating to market risk accounted for 3.7% of the total, up on 2005 (2.4%).

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 214, note 28).

BREAKDOWN OF RISK-WEIGHTED ASSETS BY TYPE OF RISK AT DECEMBER 31, 2006



Total counterparty risk exposure: EUR 275 billion (96.3%) of which:

- plain vanilla on- and off-balance sheet items: EUR 262.4 billion (91.9%);
- derivatives: EUR 12.6 billion (4.4%).

Total capital market risk exposure: EUR 10.5 billion (3.7%).

Capital adequacy ratio

(CAD ratio)

This ratio replaced the European solvency ratio in 1998, and sets out the minimum capital required to cover counterparty and market risks.

At December 31, 2006, these risks were 141.9% covered by Group equity, excluding any Tier-3 capital (compared with 143.2% at December 31, 2005).

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, 2006, 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% over 2006. At the end of each month in 2006, 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, 2006, this ratio stood at 70.1%, 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 approach 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 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 transaction rating models based on an estimation of loss given default;
- to ensure the systematic use of these internal ratings for the majority of portfolios and by the majority of Group entities, particularly upon this issue of loans and when monitoring exposure;
- to ensure the complete and systematic collection of 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 define and adapt the systems and procedures to the new regulatory requirements, notably when it comes to counterparty and transaction ratings, factoring in guarantees and collateral and collecting data on defaults and losses;
- to develop an information system to automatically calculate capital requirements and solvency ratios in accordance with the texts published by the Basel Committee;
- to justify the quality of the data used to calculate the ratio by proving its consistency with accounting figures.

The majority of the work outlined above is complete. The Group will now focus on preparing the parallel run period which will extend over in 2007 prior to the definitive application of the new international solvency ratio at the start of 2008.

The change management projects within those functions charged with compiling and validating loan applications will be maintained over this period. The same shall apply to the technical platforms used to collect and process data and which are due to be upgraded once again in 2007.

Lastly, all of the work carried out by the Group will be controlled by the French supervisor and some of its overseas counterparts over the course of the year.

10 FINANCIAL INFORMATION

	Page
Consolidated financial statements	152
Notes to the consolidated financial statements	159
Statutory auditors' report on the consolidated financial statements	246
Parent company financial statements	248
Notes to the parent company financial statements	255
Statutory Auditors' report on the annual financial statements	301
Information on common stock	303
Main changes in the investment portfolio in 2006	308

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS

(in millions of euros)		IFRS (1) December 31, 2006	IFRS (1) December 31, 2005*	IFRS (1) January 1, 2005*	IFRS excl. IAS 32-39 & IFRS 4 (1)	December 31, 2004*
Cash, due from central banks	Note 5	9,358	6,186	5,204	Cash, due from central banks	5,206
Financial assets measured at fair value through profit and loss	Note 6	453,207	400,438	278,361	Securities portfolio	217,285
Hedging derivatives	Note 7	3,668	3,742	2,817		
Available-for-sale financial assets	Note 8	78,754	73,028	67,202		
Non current assets held for sale		34	38	-		
Due from banks	Note 9	68,157	53,451	53,337	Due from banks	66,117
Customers loans	Note 10	263,547	227,195	198,891	Customer loans	208,184
Lease financing and similar agreements	Note 11	25,027	22,363	20,633	Lease financing and similar agreements	20,589
Revaluation differences on portfolios hedged against interest rate risk		(20)	187	318		
Held-to-maturity financial assets	Note 12	1,459	1,940	2,230		
Tax assets	Note 13	1,503	1,601	1,396	Tax assets	1,374
Other assets	Note 14	34,514	31,054	30,804	Other assets	70,809
Investments in subsidiaries and affiliates accounted for by the equity method		646	191	278	Investments in subsidiaries and affiliates accounted for by the equity method	348
Tangible and intangible fixed assets	Note 15	12,072	10,459	8,970	Tangible and intangible fixed assets	9,110
Goodwill	Note 16	4,915	3,261	2,286	Goodwill	2,286
Total		**956,841**	**835,134**	**672,727**	**Total**	**601,308**

** Amounts adjusted with respect to the published financial statements.*

(1) The Group decided to take advantage of the option available under IFRS 1 not to adjust the opening balance sheet at January 1, 2004 in accordance with IAS 32, IAS 39 and IFRS 4 as adopted by the European Union and to apply these three standards for the first time at January 1, 2005. As a result, for comparative 2004 data, financial instruments and transactions covered by IAS 32, IAS 39 and IFRS 4 are recognized and presented under the French accounting principles applied by the Group, in accordance with CRC Regulations 1999-07 and 2000-04.

LIABILITIES

(in millions of euros)		IFRS [1] December 31, 2006	IFRS [1] December 31, 2005*	IFRS [1] January 1, 2005*	IFRS excl. IAS 32-39 & IFRS 4 [1]	December 31, 2004
Due to central banks		4,183	2,777	1,504	Due to central banks	1,505
Financial liabilities measured at fair value through profit and loss	Note 6	298,693	275,027	208,242		
Hedging derivatives	Note 7	2,826	2,153	3,416		
Due to banks	Note 17	129,835	113,207	79,759	Due to banks	92,380
Customer deposits	Note 18	267,397	222,544	192,863	Customer deposits	213,433
Securitized debt payables	Note 19	100,372	84,325	68,830	Securitized debt payables	97,730
Revaluation differences on portfolios hedged against interest rate risk		143	797	713		
Tax liabilities	Note 13	1,959	1,677	1,086	Tax liabilities	2,331
Other liabilities	Note 20	39,326	33,028	30,184	Other liabilities	109,563
Underwriting reserves of insurance companies	Note 30	64,583	57,279	48,805	Underwriting reserves of insurance companies	47,065
Provisions	Note 22	2,579	3,037	2,941	Provisions	2,854
Subordinated debt	Note 24	11,513	12,083	12,136	Subordinated debt	11,930
					Preferred shares	2,049
Total liabilities		**923,409**	**807,934**	**650,479**	**Total liabilities**	**580,840**
SHAREHOLDERS' EQUITY					**SHAREHOLDERS' EQUITY**	
Shareholders' equity, Group share					**Shareholders' equity, Group share**	
Common stock		577	543	556	Common stock	556
Equity instruments and associated reserves		6,294	3,809	2,928	Equity instruments and associated reserves	2,713
Retained earnings		14,773	12,142	10,476	Retained earnings	11,934
Net income		5,221	4,402	3,281	Net income	3,281
Sub-total		**26,865**	**20,896**	**17,241**	**Sub-total**	**18,484**
Unrealized or deferred capital gains or losses		2,189	2,147	1,154	Unrealized or deferred capital gains or losses	(107)
Sub-total equity, Group share		**29,054**	**23,043**	**18,395**	**Sub-total equity, Group share**	**18,377**
Minority interests		**4,378**	**4,157**	**3,853**	**Minority interests**	**2,091**
Total equity		**33,432**	**27,200**	**22,248**	**Total equity**	**20,468**
Total		**956,841**	**835,134**	**672,727**	**Total**	**601,308**

** Amounts adjusted with respect to the published financial statements.*

(1) The Group decided to take advantage of the option available under IFRS 1 not to adjust the opening balance sheet at January 1, 2004 in accordance with IAS 32, IAS 39 and IFRS 4 as adopted by the European Union and to apply these three standards for the first time at January 1, 2005. As a result, for comparative 2004 data, financial instruments and transactions covered by IAS 32, IAS 39 and IFRS 4 are recognized and presented under the French accounting principles applied by the Group, in accordance with CRC Regulations 1999-07 and 2000-04.

CONSOLIDATED INCOME STATEMENT

(in millions of euros)		IFRS December 31, 2006	IFRS December 31, 2005*	IFRS excl. IAS 32-39 & IFRS 4 December 31, 2004*
Interest and similar income	Note 31	30,056	21,101	21,835
Interest and similar expenses	Note 31	(26,944)	(16,656)	(15,704)
Dividend income		293	256	396
Dividends paid on preferred shares		-	-	(144)
Commissions (income)	Note 32	9,242	8,004	7,106
Commissions (expenses)	Note 32	(2,389)	(1,922)	(1,831)
Net gains or losses on financial transactions		10,984	7,498	4,222
o/w net gains or losses on financial instruments at fair value through profit and loss	*Note 33*	*10,360*	*7,026*	-
o/w net gains or losses on avalaible-for-sale financial assets	*Note 34*	*624*	*472*	-
Income from other activities	Note 35	16,763	14,788	14,499
Expenses from other activities	Note 35	(15,588)	(13,903)	(13,989)
Net banking income		**22,417**	**19,166**	**16,390**
Personnel expenses	Note 36	(8,350)	(7,469)	(6,743)
Other operating expenses		(4,635)	(3,990)	(3,651)
Amortization, depreciation and impairment of tangible and intangible fixed assets		(718)	(697)	(668)
Gross operating income		**8,714**	**7,010**	**5,328**
Cost of risk	Note 38	(679)	(448)	(568)
Operating income		**8,035**	**6,562**	**4,760**
Net income from companies accounted for by the equity method		18	19	40
Net income/expense from other assets		43	148	195
Impairment losses on goodwill		(18)	(23)	4
Earnings before tax		**8,078**	**6,706**	**4,999**
Income tax	Note 39	(2,293)	(1,790)	(1,376)
Consolidated net income		**5,785**	**4,916**	**3,623**
Minority interests		564	514	342
Net income, Group share		**5,221**	**4,402**	**3,281**
Earnings per share	**Note 40**	**12.33**	**10.70**	**7.98**
Diluted earnings per share	**Note 40**	**12.16**	**10.61**	**7.91**

** Amounts adjusted with respect to the published financial statements.*

CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Capital and associated reserves			Consolidated reserves		Unrealized or deferred capital gains or losses							
	Common stock	Equity instruments and associated reserves	Elimination of treasury stock	Retained earnings	Translation reserves	Change in fair value of assets available-for-sale	Change in fair value of hedging derivatives	Tax impact	Shareholders' equity, Group share	Minority interests[5]	Unrealized or deferred capital gains or losses, minority interests	Shareholders' equity, minority interests	Total consolidated shareholders' equity
Shareholders'equity at December 31, 2004 (excluding IAS 32, 39 and IFRS 4)	**556**	**4,591**	**(1,878)**	**15,215**	**(107)**				**18,377**	**2,076**	**15**	**2,091**	**20,468**
Impact of adopted IAS 32&39 and IFRS 4 standards		450	(235)	(1,458)		1,374	112	(225)	18	1,737	25	1,762	1,780
Shareholders' equity at January 1st 2005 (including IAS 32, 39 and IFRS 4)	**556**	**5,041**	**(2,113)**	**13,757**	**(107)**	**1,374**	**112**	**(225)**	**18,395**	**3,813**	**40**	**3,853**	**22,248**
Increase in common stock	(13)	(886)							(889)				(899)
Elimination of treasury stock			678	2					680				680
Issuance of preferred shares[3]		1,000		14					1,014				1014
Equity component of share-based payment plans		89							89				89
2005 Dividends paid				(1,359)					(1,359)	(284)		(248)	(1,643)
Effect of acquisitions and disposals on minority interests[6]				(266)					(266)	(133)		(133)	(399)
Sub-total of changes linked to relations with shareholders	**(13)**	**203**	**678**	**(1,609)**		**-**	**-**	**-**	**(741)**	**(417)**	**-**	**(417)**	**(1,158)**
Change in value of fixed assets having an impact on equity						700	(45)	(47)	608		17	17	625
Change in value of fixed assets recognized in income statement						(158)	0	7	(151)		(9)	(9)	(160)
2005 Net income[7]				4,402					4,402	514		514	4,916
Sub-total	**-**	**-**	**-**	**4,402**		**542**	**(45)**	**(40)**	**4,859**	**514**	**8**	**522**	**5,381**
Translation differences and other changes[9]				(6)	536				530	1	198	199	729
Sub-total	**-**	**-**	**-**	**(6)**	**536**	**-**	**-**	**-**	**530**	**1**	**198**	**199**	**729**
Shareholders' equity at December 31st 2005 (including IAS 32, 39 and IFRS 4)	**543**	**5,244**	**(1,435)**	**16,544**	**429**	**1,916**	**67**	**(265)**	**23,043**	**3,911**	**246**	**4,157**	**27,200**
Increase in common stock[1]	34	2,791							2,825				2,825
Elimination of treasury stock[2]			(425)	217					(208)				(208)
Issuance of equity instruments[3]				22					22				22
Equity component of share-based payment plans[4]		119							119				119
2006 Dividends paid				(1,966)					(1,966)	(415)		(415)	(2,381)
Effect of acquisitions and disposals on minority interests[6][8]				(44)					(44)	106		106	62
Sub-total of changes linked to relations with shareholders	**34**	**2,910**	**(425)**	**(1,771)**		**-**	**-**	**-**	**748**	**(309)**	**-**	**(309)**	**439**
Change in value of financial instruments and fixed assets having an impact on equity						830	(39)	(14)	777		53	53	830
Change in value of financial instruments and fixed assets recognized in income						(392)	-	37	(355)		(7)	(7)	(362)
2006 Net income for the period[7]				5,221					5,221	564		564	5,785
Sub-total	**-**	**-**	**-**	**5,221**		**438**	**(39)**	**23**	**5,643**	**564**	**46**	**610**	**6,253**
Change in equity of associates and joint ventures accounted for by the equity method						1			1				1
Translation differences and other changes[9]					(381)				(381)		(80)	(80)	(461)
Sub-total	**-**	**-**	**-**	**0**	**(381)**	**1**	**-**	**-**	**(380)**	**-**	**(80)**	**(80)**	**(460)**
Shareholders' equity at December 31, 2005 (including IAS 32, 39 and IFRS 4)	**577**	**8,154**	**(1,860)**	**19,994**	**48**	**2,355**	**28**	**(242)**	**29,054**	**4,166**	**212**	**4,378**	**33,432**

(3) (4) (5) (6) (7) (8) and (9) See next page.

(1) At December 31, 2006, Société Générale's fully paid-up capital amounted to EUR 576,780,702.50 and was made up of 461,424,562 shares with a nominal value of EUR 1.25.
In 2006, Société Générale operated several capital increases for 34 MEUR with EUR 2,791 million of issuing premiums:
- *EUR 5 million subscribed by employees under the Employee Share Ownership Plan, with EUR 391 million of issuing premiums;*
- *EUR 2 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 73 million issuing premiums;*
- *EUR 27 million for the capital increase using preferred subscription rights, with EUR 2,344 million issuing premiums. The EUR 17 million expenses linked to the capital increase were deducted from the amount of the issuing premium.*

(2) At December 31, 2006, the Group held 26,661,684 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 5.78% of the capital of Société Générale.
The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 1,860 million, including EUR 349 million for shares held for trading purposes.

The change in treasury stock over 2006 breaks down as follows:

(In millions of euros at December 2005)	Transaction-related activities	Buybacks and active management of Shareholders' equity	Total
Purchases net of disposals	(141)	(285)	**(425)**
	(141)	**(285)**	**(425)**
Capital gains net of tax on treasury shares and treasury share derivatives, booked under shareholders' equity	32	164	**196**
Related dividends, removed from consolidated results	(19)	40	**21**
	13	**204**	**217**

(3) Movements relative to the indefinite subordinated loans and the four undated subordinated notes which were adjusted retroactively under shareholders' equity in 2006 (see § 6) are detailed below:

(in millions of euros)	Super Subordinated Notes	Undated Subordinated Notes	Total
Tax savings on the remuneration to be paid to shareholders and booked under reserves,	15	7	**22**
Remuneration paid booked under dividends (2006 Dividends paid line)	42	17	**59**

(4) Share-based payments settled in equity instruments in 2006 amounted to EUR 119 million, including EUR 32 million for the stock option plans, EUR 21 million for the free shares attribution plan and EUR 66 million for Global Employee Share Ownership Plan.

(5) As of January 1, 2005, due to the adoption of IAS 32&39 and in view of the discretionary nature of their remuneration, preferred shares were reclassified as Minority Interests, in the amount of EUR 2,049 million.
In 1997, Société Générale issued USD 800 million of preferred shares in the United States via its subsidiary SocGen Real Estate Company llc.
In 2000, Société Générale issued a further EUR 500 million via its subsidiary SG Capital Trust, and USD 425 million via SG Americas in 2001.
In 2003, Société Générale issued a further EUR 650 million of preferred shares in the United States via SG Capital Trust III.
At December 31, 2006, preferred shares amounted to EUR 2,080 million.

(3)(6) The impacts at December 31, 2004, January 1, 2005 and December 31, 2005 of the reclassification of certain undated subordinated notes from debt to shareholders' equity and the change in accounting methods governing the buyback of minority interests outlined in note 1 are summarized below.

(in millions of euros)	Capital, reserve, income (o/w minority interest)
Shareholders' equity under IFRS (excluding IAS 32&39 and IFRS 4) as at December 31, 2004 as published at December 31, 2005	**20,515**
Adjustment of minority interest buybacks	(47)
Shareholders' equity under IFRS (excluding IAS 32&39 and IFRS 4) adjusted at December 31, 2004	**20,468**

(in millions of euros)	Capital, reserve, income (o/w minority interest)
Shareholders' equity under IFRS (including IAS 32&39 and IFRS 4) as at January 1, 2005 as published at December 31, 2005.	**22,383**
Adjustment of four undated subordinated notes	450
Adjustment of minority interest buybacks	(585)
Shareholders' equity under IFRS (including IAS 32&39 and IFRS 4) adjusted at January 1, 2005	**22,248**

(in millions of euros)	Capital, reserve, income (o/w minority interest)
Shareholders' equity under IFRS (excluding IAS 32&39 and IFRS 4) as at December 31, 2005 as published at December 31, 2005	**27,720**
Adjustment of four undated subordinated notes	450
Exchange rate effect on undated subordinated notes denominated in USD and JPY	28
Adjustment of minority interest buybacks	(908) [(a)]
Exchange rate effect on minority interest buybacks	(90)
Shareholders' equity under IFRS (including IAS 32&39 and IFRS 4) adjusted at December 31, 2005	**27,200**

The Group reclassified four undated subordinated notes as equity instruments, their interest payments being subject to discretionary clauses.
This reclassification was applied retroactively to consolidated shareholders' equity at January 1, 2005.
In compliance with the accounting principles indicated in note 1, transactions relative to minority interests were treated for accounting purposes as equity transactions. Accordingly:
- capital gains and losses on the disposal of fully-consolidated subsidiaries which do not lead to a loss of exclusive control are booked under shareholders' equity;
- additional goodwill linked to buyback commitments afforded to minority shareholders in fully-consolidated subsidiaries and minority interest buybacks following the acquisition of exclusive control is booked under shareholders' equity.

(a) Adjustments details

Adjustment at January 1, 2005	(585)
Gains on sales cancellation	(7)
Minority interests buybacks not subject to any put options	(60)
Transactions on put options granted to minority shareholders	(256)
Adjustment at December 31, 2005	(908)

(7) In application of the principles described above, 2005 net income was restated as follows:

	Group Shares	Minority interests	Total
Income statement at December 31, 2005 as published in the 2006 registration document	4,446	479	**4,925**
Adjustments	(44)	35[(b)]	**(9)**
Adjusted 2005 Income Statement	4,402	514	**4,916**

(b) In the balance sheet, net income attributable to the minority interests of shareholders holding a put option on their Group shares was allocated to consolidated reserves.
At December 31, 2006, net income for the period attributable to the minority interests of shareholders holding a put option on their Group shares was allocated to consolidated reserves in the amount of EUR 30 million.

(8) Movements booked in the amount of EUR 106 million under minority interest reserves correspond to:
- *EUR 98 million in capital increases by Boursorama, NSGB, LFL Asset Finance and SG Cyprus;*
- *EUR 38 million in changes in scope over the period (mainly TCW Funds in the amount of EUR 51 million, the acquisition of the stake in SG Capital Europe Fund III in the amount of EUR 22 million; and the consolidation using the equity method of SG de Banque de Liban following the disposal of 31% of its stake for EUR -29 million);*
- *EUR -30 million in the reclassification of net income attributable to the minority interests of shareholders with a put option on their Group shares from consolidated reserves to minority interest reserves.*

(9) Translation adjustments previously disclosed in consolidated reserves are now booked in unrealized or deffered capital gains or losses.
The variation in Group translation differences for 2006 amounted to EUR -381 million.
This variation was mainly due to the depreciation against the euro of the US dollar (EUR -281 million), the Japanese Yen (EUR -49 million), the Canadian dollar (EUR -30 million), the Egyptian pound (EUR -23 million).
The variation in translation differences attributable to Minority Interests amounted to EUR -80 million. This was mainly due to the revaluation of the US dollar against Euro linked to the issue of USD-denominated preferred shares (EUR 108 million).

CASH FLOW STATEMENT

(in millions of euros)	IFRS December 31, 2006	IFRS December 31, 2005*	IFRS ex. IAS 32-39 & IFRS 4 December 31, 2004*
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES			
Net income (I)	**5,785**	**4,916**	**3,623**
Amortization expense on tangible fixed assets and intangible assets	2,138	1,806	1,760
Depreciation and net allocation to provisions (mainly underwriting reserves of insurance companies)	7,885	7,263	4,662
Net income/loss from companies accounted for by the equity method	(18)	(19)	(40)
Deferred taxes	194	227	34
Net income from the sale of long term available-for-sale assets and subsidiaries	(494)	(524)	282
Change in deferred income	274	(230)	(130)
Change in prepaid expenses	(361)	(103)	(22)
Change in accrued income	(668)	(285)	(135)
Change in accrued expenses	509	795	211
Other changes	2,986	1,179	(182)
Non-monetary items included in net income and others adjustments (not including income on financial instruments measured at fair value through P&L) (II)	**12,445**	**10,109**	**6,440**
Income on financial instruments measured at fair value through P&L(1) (III)	**(10,360)**	**(7,026)**	**(3,687)**
Interbank transactions	1,844	34,784	2,528
Customers transactions	8,555	1,041	479
Transactions related to other financial assets and liabilities	(10,267)	(42,042)	(10,359)
Transactions related to other non financial assets and liabilities	(165)	1,047	1,837
Net increase/decrease in cash related to operating assets and liabilities (IV)	**(33)**	**(5,170)**	**(5,515)**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III) + (IV)	**7,837**	**2,829**	**861**
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES			
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	(1,284)	2,023	2,017
Tangible and intangible fixed assets	(3,511)	(3,161)	(1,245)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**(4,795)**	**(1,138)**	**772**
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES			
Cash flow from/to shareholders	236	(865)	(1,574)
Other net cash flows arising from financing activities	(170)	(7)	881
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**66**	**(872)**	**(693)**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**3,108**	**819**	**940**
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at start of the year			
Net balance of cash accounts and accounts with central banks	3,409	3,700	3,928
Net balance of accounts, demand deposits and loans with banks	2,347	1,237	70
Cash and cash equivalents at end of the year(2)			
Net balance of cash accounts and accounts with central banks	5,175	3,409	3,701
Net balance of accounts, demand deposits and loans with banks	3,689	2,347	1,237
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS	**3,108**	**819**	**940**

** Amounts adjusted with respect to the published financial statements.*

(1) Income on financial instruments measured at fair value through P&L includes realized and unrealized income.

(2) o/w EUR 194 million cash related to entities acquired in 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on February 13, 2007.

Note 1

Significant accounting principles

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, Société Générale Group ("the Group") prepared its consolidated financial statements for the year ending December 31, 2006 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date.

The standards comprise IFRS 1 to 6 and International Accounting Standards (IAS) 1 to 41, as well as the interpretations of these standards adopted by the European Union as at December 31, 2006.

The Group also continued to make use of the provisions of IAS 39 as adopted by the European Union for applying macro-fair value hedge accounting (IAS 39 "carve-out").

IFRS AND IFRIC INTERPRETATIONS APPLIED BY THE GROUP AS OF JANUARY 1, 2006

Three amendments to existing standards, adopted by the European Union, became applicable as of January 1, 2006 and were applied retrospectively by the Group as of that date.

- **Financial guarantee contracts issued**

IAS 39 "Financial Instruments: recognition and measurement", and IFRS 4 "Insurance Contracts" were amended to specify the accounting treatment of financial guarantee contracts issued by companies. Under the new amendments, these contracts must be recognized as financial instruments in accordance with the provisions of IAS 39, except where they qualify as insurance contracts and the Group has declared it intends to recognize them as such. In this case, the contracts must be recognized in accordance with IFRS 4. These amendments, adopted by the European Union on January 11, 2006, had no impact on the Group's financial statements.

- **Limited revision of IAS 19 "Employee Benefits"**

On November 8, 2005, the European Union adopted a limited revision to IAS 19 "Employee Benefits" regarding actuarial gains and losses, group plans and the information to be disclosed. The revision notably introduced a new option allowing companies to book all actuarial gains and losses on defined benefit post-employment plans to shareholders' equity. As the Group has chosen not to apply this option, the application of the amendment had no impact on its financial statements.

- **Net investment in a foreign operation**

On May 8, 2006, the European Union adopted an amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates" concerning net investments in a foreign operation. The application of this amendment had no impact on the Group's financial statements.

In addition, as of January 1, 2006, the Group applied retrospectively four interpretations issued by the IFRIC and adopted by the European Union.

- **IFRIC 4 "Determining Whether an Arrangement Contains a Lease"**

The application of this interpretation, adopted by the European Union on November 8, 2005 and relating to the conditions which an arrangement must meet to qualify as a lease and therefore to be recognized in accordance with IAS 17 "Leases", had no impact on the Group's financial statements.

- **IFRIC 7 "Applying the Restatement Approach under IAS 29 - Financial Reporting in Hyperinflationary Economies"**

The early application of this interpretation, adopted by the European Union on May 8, 2006, had no impact on the Group's financial statements.

- **IFRIC 8 "Scope of IFRS 2"**

The early application of this interpretation, adopted by the European Union on September 8, 2006, had no impact on the Group's financial statements.

- **IFRIC 9 "Reassessment of Embedded Derivatives"**

The early application of this interpretation adopted by the European Union on September 8, 2006, had no impact on the Group's financial statements given the accounting treatment already adopted by the Group as of January 1, 2005 in accordance with IAS 39 "Financial instruments: recognition and measurement".

The consolidated financial statements are presented in euros.

The Société Générale Group's consolidated financial statements for the period until December 31, 2004, were prepared in accordance with the French accounting principles contained in regulations 1999-07 and 2000-04 of the French Accounting Regulation Committee, which differ in some respects from the IFRS framework as adopted by the European Union. Comparative information for 2004, originally prepared under French accounting principles, has been restated to make it compliant with IFRS except for transactions which fall under the scope of IAS 32, IAS 39 and IFRS 4. Any such transactions in the 2004 comparative periods have been recognized and presented here under French accounting principles, as permitted under IFRS 1 "First-time adoption of IFRS" which allows application of IAS 32, IAS 39 and IFRS 4 to be delayed until January 1, 2005. The effects of this change in accounting standards on the consolidated balance sheet and Group consolidated equity, as well as on the consolidated income statement, have already been presented in the Group's annual report for 2005.

The main valuation and presentation rules used in drawing up the consolidated financial statements are shown below. These accounting methods and principles were applied consistently in 2005 and 2006, except for the change in accounting policies governing the treatment of the acquisition of minority interests in subsidiaries over which the Group exercises sole control, the changes in presentation linked to the offsetting of fair value for certain derivative financial instruments as well as the restatement under equity of some perpetual subordinated debts (TSDI).

USE OF ESTIMATES

Some of the figures booked in these consolidated financial statements are based on estimates and assumptions made by the Management. This applies in particular to the fair value assessment of financial instruments and the valuation of goodwill, intangible assets, impairments of assets and provisions. The main estimates are indicated in the notes to the financial statements. Actual future results may differ from these estimates.

1. Consolidation principles

The consolidated financial statements of Société Générale include the financial statements of the Parent Company and of the main French and foreign companies making up the Group. Since the financial statements of foreign subsidiaries are prepared in accordance with accepted accounting principles in their respective countries, any necessary restatements and adjustments are made prior to consolidation so that they comply with the accounting principles used by the Société Générale Group.

CONSOLIDATION METHODS

The consolidated financial statements comprise the financial statements of Société Générale, including the bank's foreign branches, and all significant subsidiaries over which Société Générale exercises control. Companies with a fiscal year ending more than three months before or after that of Société Générale prepare pro-forma statements for a twelve-month period ended December 31. All significant balances, profits and transactions between Group companies are eliminated.

When determining voting rights for the purpose of establishing the Group's degree of control over a company and the appropriate consolidation methods, potential voting rights are taken into account where they can be freely exercised or converted at the time the assessment is made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

The results of newly acquired subsidiaries are included in the consolidated financial statements from the date the acquisition became effective and results of subsidiaries disposed of are included up to the date where the Group relinquished control.

The following consolidation methods are used:

- **Full consolidation**

This method is applied to companies over which Société Générale exercises sole control. Sole control over a subsidiary is defined as the power to govern the financial and operating policies of the said subsidiary so as to obtain benefits from its activities. It is exercised:

- either by directly or indirectly holding the majority of voting rights in the subsidiary;
- or by holding the power to appoint or remove the majority of the members of the subsidiary's governing, management or supervisory bodies, or to command the majority of the voting rights at meetings of these bodies;
- or by the power to exert a controlling influence over the subsidiary by virtue of an agreement or provisions in the company's charter or by laws.

- **Proportionate consolidation**

Companies over which the Group exercises joint control are consolidated by the proportionate method.

Joint control exists when control over a subsidiary run jointly by a limited number of partners or shareholders is shared in such a way that the financial and operating policies of the said subsidiary are determined by mutual agreement.

A contractual agreement must require the consent of all controlling partners or shareholders as regards the economic activity of the said subsidiary and any strategic decisions.

- **Equity method**

Companies over which the Group exercises significant influence are accounted for under the equity method. Significant influence is the power to influence the financial and operating policies of a subsidiary without exercising control over the said subsidiary. In particular, significant influence can result from Société Générale being represented on the board of directors or supervisory board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Société Générale. The Group is assumed to exercise significant influence over the financial and operating policies of a subsidiary when it holds directly or indirectly at least 20% of the voting rights in this subsidiary.

SPECIFIC TREATMENT FOR SPECIAL PURPOSE VEHICLES

Independent legal entities ("special purpose vehicles") set up specifically to manage a transaction or group of similar transactions are consolidated whenever they are substantially controlled by the Group, even in cases where the Group holds none of the capital in the entities.

Control of a special purpose vehicle is generally considered to exist if any one of the following criteria applies:

- the SPV's activities are being conducted on behalf of the Group so that the Group obtains benefits from the SPV's operation;
- the Group has the decision-making powers to obtain the majority of the benefits of the SPV, whether or not this control has been delegated through an "autopilot" mechanism;
- the Group has the ability to obtain the majority of the benefits of the SPV;
- the Group retains the majority of the risks of the SPV.

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

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

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

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

TREATMENT OF ACQUISITIONS AND GOODWILL

The Group uses the purchase method to record its business combinations. The acquisition cost is calculated as the total fair value, at the date of acquisition, of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired company plus all costs directly attributable to the business combination.

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

All excess of the price paid over the assessed fair value of the proportion of net assets acquired is booked on the assets side of the consolidated balance sheet under *Goodwill.* Any deficit is immediately recognized in the income statement.

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

As of financial year 2006, the Group retrospectively changed its accounting treatment of increases in Group stakes in entities over which it already exercises sole control: the difference between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired is henceforth booked under the Group's *consolidated reserves.* Similarly, any reduction in the Group's stake in an entity over which it keeps sole control is treated as an equity transaction in the accounts. The impact of this retrospective change in accounting treatment with respect to previous comparable financial years is indicated in the note on changes in shareholders' equity.

Goodwill is reviewed regularly by the Group and tested for impairment of value whenever there is any indication that its value may have diminished, and at least once a year. At the acquisition date, each item of goodwill is attributed to one or more cash-generating units expected to derive benefits from the acquisition. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating units.

If the recoverable amount of the cash-generating units is less than their carrying amount, an irreversible impairment is booked to the consolidated income statement for the period under *Impairment losses on goodwill.*

COMMITMENTS TO BUY OUT MINORITY SHAREHOLDERS IN FULLY CONSOLIDATED SUBSIDIARIES

The Group has awarded minority shareholders in some fully consolidated Group subsidiaries commitments to buy out their stakes. For the Group, these buyouts commitments are put options sales. The exercise price for these options is based on a formula agreed at the time of the acquisition of the shares of the company that takes into account the future performance of the subsidiaries.

At its meeting of November 2006, the IFRIC confirmed that put options granted to the minority shareholders of a fully consolidated subsidiary enabling them to sell their shares to the parent company or forwards to acquire securities held by the shareholders of a fully consolidated subsidiary should lead to the recognition of a financial liability. However, during the meeting, the IFRIC did not rule on the counterpart of this financial liability: whilst acknowledging that it is likely that practices differ, it decided not to add the item to its working agenda on the basis that it would not be able to establish the way in which the counterpart for financial liabilities should be presented on a timely basis.

Accordingly, and given the absence of IASB standards or IFRIC interpretations on the subject, and in order to provide financial data that is in accordance with the prevailing accounting standards within its sector of activity, the Group decided, as of 2006, to retrospectively modify its accounting treatment of commitments to buy out minority shareholders in fully consolidated subsidiaries. The impact of this retrospective change in accounting treatment with respect to previous comparable financial years is indicated in the note on changes in shareholders' equity.

The commitments are booked in the accounts as follows:

- in accordance with IAS 32, the Group booked a liability for put options granted to minority shareholders of the subsidiaries over which it exercises sole control. This liability is initially recognized at the present value of the estimated exercise price of the put options under *"Other liabilities"*;
- the obligation to recognize a liability even though the put options have not been exercised means that, in order to be consistent, the Group has followed the same accounting treatment as that applied to transactions on minority interests. As a result, the counterpart of this liability is a write-down in value of the minority interests underlying the options with any balance deducted from the Group's *consolidated reserves*;
- subsequent variations in this liability linked to changes in the exercise price of the options and the carrying value of minority interests are booked in full in the Group's *consolidated reserves*;
- if the stake is bought, the liability is settled by the cash payment linked to the acquisition of minority interests in the subsidiary in question. However if, when the commitment reaches its term, the purchase has not occurred, the liability is written off against the minority interests and the Group's *consolidated reserves*;
- whilst the options have not been exercised, the results linked to minority interests with a put option are recorded under *Minority interests* on the Group's *consolidated income statement*.

The accounting principles outlined above are likely to be revised over the coming years in line with the work carried out by the IASB and IFRIC.

SEGMENT REPORTING

The Group is managed on a matrix basis that takes account of its different business lines and the geographical breakdown of its activities. Segment information is therefore presented under both criteria, broken down primarily by business line and secondly by geographical region.

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

The Group is organized into three core business lines:

- Retail Banking and Financial Services which includes the French Networks (the domestic networks of Société Générale and Crédit du Nord), Retail Banking outside France and the Group business finance subsidiaries (vendor finance, leasing, consumer credit and life and non-life insurance);
- Global Investment Management and Services including Asset Management, Private Banking and Boursorama, and Securities Services and Online Savings, including Fimat and other securities and employee savings services;
- Corporate and Investment Banking (SGCIB) which covers, on the one hand, Corporate Banking and Fixed Income (structured finance, debt, forex and treasury activities, commodity finance and trading, commercial banking) and, on the other hand, Equity and Advisory activities.

In addition, the Corporate Center acts as the central funding department for the Group's three core businesses.

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

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

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

FROM JANUARY 1, 2005

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

Any negative differences between the fair value less cost to sell of non-current assets and groups of assets held for sale and their net carrying value is recognized as an impairment loss in profit or loss. Moreover, non-current assets classified as held for sale are no longer depreciated.

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

2. Accounting policies and valuation methods

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

FROM JANUARY 1 TO DECEMBER 31, 2004

Gains and losses arising from ordinary activities in foreign currencies are booked to the income statement. In accordance with CRB regulation 89-01, outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealized gains and losses are recognized in the income statement. Premiums and discounts resulting from hedged forward foreign exchange transactions, as defined by article 9 of the above-mentioned regulation, are amortized to income on a straight-line basis over the remaining term to maturity of these transactions.

FROM JANUARY 1, 2005

At period-end, monetary assets and liabilities denominated in foreign currencies are converted into euros (the Group's functional currency) at the prevailing spot exchange rate. Realized or unrealized foreign exchange losses or gains are recognized in the income statement.

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

Non-monetary financial assets denominated in foreign currencies, including shares and other variable income securities that are not part of the trading portfolio, are converted into euros at the exchange rate applying at the end of the period. Currency differences arising on these financial assets are only recognized in the income statement when sold or impaired or where the currency risk is fair value hedged. In particular, non-monetary assets funded by a liability denominated in the same currency are converted at the spot rate applying at the end of the period by booking the impact of exchange rate fluctuations to income subject to a hedging relationship existing between the two financial instruments.

DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

FROM JANUARY 1 TO DECEMBER 31, 2004

- **Securities portfolio**

Shares and other variable income securities and bonds and other fixed-income securities held in trading and short-term investment portfolios are valued by comparing their cost to their realizable value. For listed securities, realizable value is defined as the most recent market price.

Securities classified as shares intended for portfolio activity are valued at their value in use determined on the basis of the issuing company's general development prospects and the remainder of the investment horizon (for listed companies, the average share price over the last three months is considered as representative of the value in use).

Investments in non-consolidated subsidiaries and affiliates are valued at their value in use, representing the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. For industrial equity, the main criterion used is the average share price over the last three months.

- **Financial derivatives**

Trading financial derivatives and some debt instruments with embedded derivatives are accounted at their market value at year-end. In the absence of a liquid market, this value is generally determined on the basis of in-house models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a prudential valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated according to the size of the position and intended to cover the risk that Group will be unable to liquidate the investment in one go due to the size of the holding;
- an adjustment for the reduced liquidity of instruments and modeling risks in the case of complex products as well as transactions on less liquid markets (that have been developed recently or are more specialized).

Furthermore, for over-the-counter transactions in interest rate derivatives instruments, the market value takes into account counterparty risks and the discounted value of future management costs.

FROM JANUARY 1, 2005

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

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

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

When the financial instrument is traded in several markets to which the Group has immediate access, the fair value is the price at which a transaction would occur in the most advantageous active market. Where no price is quoted for a particular instrument but its components are quoted, the fair value is the sum of the various quoted components incorporating bid or asking prices for the net position as appropriate.

If the market for a financial instrument is not active, its fair value is established using a valuation technique (in-house valuation models). Depending on the instrument under consideration, these may use data derived from recent transactions, from the fair value of substantially similar instruments, from discounted cash flow or option pricing models, or from valuation parameters. Where necessary, these valuations are adjusted to take certain factors into account, depending on the instruments in question and the associated risks, namely the bid or asking price of the net position and the modeling risk in the case of complex products.

These in-house models are regularly tested by independent specialists from the Risk Division, who check the validity of the data and parameters used.

If the valuation parameters used are observable market data, the fair value is taken as the market price, and any difference between the transaction price and the price given by the in-house valuation model, i.e. the sales margin, is immediately recognized in the income statement. However, if valuation parameters are not observable or the valuation models are not recognized by the market, the fair value of the financial instrument at the time of the transaction is deemed to be the transaction price and the sales margin is then generally recognized in the income statement over the lifetime of the instrument, except for some complex financial instruments for which it is recognized at maturity or in the event of early sale. Where substantial volumes of issued instruments are traded on a secondary market with quoted prices, the sales margin is recognized in the income statement in accordance with the method used to determine the instruments price. When valuation parameters become observable, any portion of the sales margin that has not yet been booked is recognized in the income statement at that time.

FINANCIAL ASSETS AND LIABILITIES

FROM JANUARY 1 TO DECEMBER 31, 2004

- **Loans and receivables**

Amounts due from banks and customer loans are recognized at cost. They are classified according to initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits in the case of banks; and commercial loans, current accounts and other loans in the case of customers. They also include securities purchased from banks and customers under resale agreements, and loans secured by notes and securities.

Interest accrued on these receivables is recorded with these assets as Related receivables.

Guarantees and endorsements booked off-balance sheet represent transactions which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

- **Securities portfolio**

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank securities), shares and other equity securities;
- the purpose for which they were acquired: trading, short-and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments.

Trading securities

Trading securities are securities for which a liquid market exists and that are acquired with a view to rapid resale (within a maximum period of six months). They also include liquid securities that are held for a period of over six months in the context of market-making activities or in relation to a hedging or arbitrage transaction. They are marked to market at the end of the financial period. Net unrealized gains or losses, together with net gains or losses on disposals, are recognized in the income statement under *Net income from financial transactions*.

Short-term investment securities

Short-term investment securities are all those intended to be held for more than six months, except for those classified as long-term investment securities.

Shares and other equity securities

Equity securities are carried on the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realizable value. For listed securities, realizable value is defined as the most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, without the said provision being offset against any unrealized capital gains. Income from these securities is recorded under *Dividend income.*

Bonds and other debt securities

These securities are carried at cost excluding acquisition expenses and, in the case of bonds, excluding interest accrued and not yet due at the date of purchase. The positive or negative difference between cost and redemption value is amortized to income over the life of the relevant securities. Accrued interest receivable on bonds and other short-term investment securities is recorded in a receivables account against the account *Interest income from available-for-sale financial* assets in the income statement.

At period-end, cost is compared to realizable value or, in the case of listed securities, to their most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of provisions for losses on short-term investment fixed-income securities together with gains and losses on sales of these securities are recorded under *Net Income from financial transactions* in the consolidated income statement.

Long-term investment securities

Long-term investment securities are debt securities held by the Group, which intends to hold them on a long-term basis and for which it has the necessary means to:

- either permanently hedge its position against a possible depreciation of the securities' value due to interest rate fluctuations, using interest rate futures;
- or hold the securities on a long-term basis by obtaining funds, including available shareholders' equity, which are matched and used to finance these securities.

When the interest rate or liquidity matching no longer complies with the regulations set by the French Banking Commission, the securities are reclassified as short-term investment securities.

Long-term investments are booked according to the same principles as short-term investment securities. However, at year-end, no provision is made for unrealized losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of provisions for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under *Net income on other assets*.

Shares intended for portfolio activity

This category of securities covers investments made on a regular basis with the sole aim of realizing a capital gain in the medium term and without the intention of making a long-term investment in the development of the issuing company's business, nor of participating actively in its operational management. The profitability of these investments results mainly from the capital gains realized on disposal. This activity is carried out on a significant and ongoing basis through ad hoc subsidiaries or structures. This category notably includes shares held in the context of venture capital activities.

These securities are recognized in the balance sheet at their purchase price, less acquisition costs. At the end of the period, they are valued at their value in use based on the issuing company's general development prospects and the remaining investment horizon (for listed companies, the average share price over the last three months is considered representative of the value in use). Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, without the said provision being offset against any unrealized capital gains. Allocations to and reversals of provisions for depreciation as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from financial transactions.*

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments

This category of securities covers shares held in non-consolidated subsidiaries and affiliates, when it is deemed useful to the business of the company to hold the said shares in the long term. This notably covers investments that meet the following criteria:

- shares in companies that share directors or senior managers with the holding company, in instances where influence can be exercised over the company in which the shares are held;
- shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the group and ensure that decisions are taken in unison;
- shares representing more than 10% of the voting rights in the capital issued by a bank or a company whose business is directly linked to that of the Group.

This category also includes *Other long-term equity investments.* These are equity investments made by the Group with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the low proportion of attached voting rights.

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price exclusive of acquisition costs. Dividend income earned on these securities is booked in the income statement under *Dividend income.*

At year-end, investments in non-consolidated subsidiaries and affiliates are valued at their value in use, representing the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average quoted price over the last three months. For industrial equity, the main criterion used is the average quoted price over the last three months. Unrealized capital gains are not recognized in the accounts but a provision for depreciation on portfolio securities is booked to cover unrealized capital losses. Allocations to and reversals of provisions for depreciation as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from financial transactions.*

FROM JANUARY 1, 2005

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

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

- **Loans and receivables**

Loans and receivables neither held for trading purposes nor intended for sale from the time they are originated or contributed are recognized in the balance sheet under *Due from banks* or *Customer loans* depending on the type of counterpart. Thereafter, they are valued at amortized cost using the effective interest method and an impairment loss may be recorded if appropriate.

- **Financial assets and liabilities at fair value through profit and loss**

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

This category also includes non-derivative financial assets and liabilities designated by the Group upon initial recognition to be carried at fair value through profit or loss in accordance with the option available under IAS 39, specified in the amendment to the standard published in June 2005. The Group's aim in using the fair value option is:

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

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

  The Group also books at fair value through profit or loss the financial assets held to guarantee unit-linked policies of its life insurance subsidiaries to ensure their financial treatment matches that of the corresponding insurance liabilities. Under IFRS 4, insurance liabilities have to be recognized according to local accounting principles. The revaluations of underwriting reserves on unit-linked policies, which are directly linked to revaluations of the financial assets underlying their policies, are therefore recognized in the income statement. The fair value option thus allows the Group to record changes in the fair value of the financial assets through the income statement so that they match fluctuations in value of the insurance liabilities associated with these unit-linked policies;

- second so that the Group can book certain compound financial instruments at fair value thereby avoiding the need to separate out embedded derivatives that would otherwise have to be booked separately. This approach is notably used for valuation of the convertible bonds held by the Group.

- **Held-to-maturity financial assets**

These are non-derivative fixed income assets with a fixed maturity, which the Group has the intention and ability to hold to maturity. They are valued after acquisition at their amortized cost and may be subject to impairment as appropriate. The amortized cost includes premiums and discounts as well as transaction costs and they are recognized in the balance sheet under *Held-to-maturity financial assets*.

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

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

DEBT

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

- **Amounts due to banks, customer deposits**

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

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

Securitized debt payables

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

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

SUBORDINATED DEBT

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

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

FROM JANUARY 1 TO DECEMBER 31, 2004

- **Hedging transactions**

Income and expenses on financial derivatives used as a hedge, and assigned from the beginning to an identifiable item or group of similar items, are recognized in the income statement in the same manner as revenues and expenses on the hedged item. Income and expenses on interest rate instruments are booked as net interest income in the same interest income or expense account as the items hedged. Income and expenses on other instruments such as equity instruments, stock market indexes or currencies are booked as *Net income from financial transactions.*

Income and expenses on financial derivatives used to hedge or manage an overall interest rate risk are recognized in the income statement over the life of the instrument, under *Net income from financial transactions.*

- **Trading transactions**

Trading transactions include instruments traded on organized or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets, together with debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks. These transactions are measured at their market value at the balance sheet date.

The corresponding gains or losses are directly booked as income for the period, regardless of whether they are realized or unrealized, under *Net income from financial transactions.*

Gains or losses corresponding to contracts concluded within the scope of cash management activities managed by the trading room, in order to benefit from any interest rate fluctuations, are recorded when liquidated or over the life of the contract, depending on the type of instrument. Unrealized losses are provisioned at year-end and the corresponding amount is booked under *Net income from financial transactions.*

FROM JANUARY 1, 2005

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

Derivatives are divided into two categories:

- **Trading financial derivatives**

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

- **Derivative hedging instruments**

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

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

Fair value hedge

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

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

Cash flow hedge

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

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

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

Hedging of a net investment in a foreign operation

As with the cash flow hedge, the effective portion of the changes in the fair value of the hedging derivative designated for accounting purposes as hedging a net investment is recognized in equity under *Unrealized or deferred capital gains or losses* while the ineffective portion is recognized in the income statement.

Macro-fair value hedge

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

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

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

Embedded derivatives

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

IMPAIRMENT OF FINANCIAL ASSETS

FROM JANUARY 1 TO DECEMBER 31, 2004

According to CRC regulation 2002-03 on accounting for credit risk in companies governed by the CRBF, as soon as a commitment carries an identified credit risk which makes it probable that the Group will fail to recover all or part of the amounts owed by the counterparty under the original terms of the agreement, notwithstanding any guarantees, the outstanding loan is classified as doubtful if one or more payments are more than three months overdue (six months in the case of real estate loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed, if an identified risk can be assumed to exist, or if legal proceedings have been started.

If a loan to a given borrower is classified as doubtful, all outstanding loans or commitments to that borrower are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Provisions for doubtful loans are booked for doubtful loans or for risks in the amount of the probable losses, without discounting to present value. Furthermore, interest on doubtful loans is fully provisioned. Provisions, write-backs of provisions, losses on bad debts and recovery of depreciated debts are booked under *Cost of risk,* except for net provisions for interest on doubtful loans which are deducted from *Net Banking Income.*

If a loan has been restructured under off-market conditions, the difference between the new conditions and the lesser of market conditions and original ones must be booked under *Cost of risk* when the loan is restructured then reincorporated into net interest income for the remaining term of the loan.

The same criteria and depreciation methods for credit risk are applied to long-term and short-term fixed-income investment securities.

FROM JANUARY 1, 2005

- **Financial assets valued at amortized cost**

The criteria used to decide whether there is an incurred credit risk on individual financial assets are similar to those used under French accounting principles to identify doubtful receivables.

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

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

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

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, a depreciation is recognized without waiting for the risk to individually affect one or more receivables. The amount of depreciation is notably determined on the basis of historical loss for assets with credit risk characteristics similar to those in the portfolio, or using hypothetical extreme loss scenarios or, if necessary, *ad-hoc* studies. These factors are then adjusted to reflect any relevant current economic conditions.

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

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

Where there is objective evidence of long-term impairment to a financial asset that is available-for-sale, an impairment loss is recognized through profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in the shareholders' equity account under *Unrealized or deferred capital gains or losses* and subsequent objective evidence of impairment emerges, the Group recognizes the total accumulated unrealized loss previously booked to shareholders' equity in the income statement under *Cost of risk* for debt instruments and under *Net gains or losses on available-for-sale financial assets* for equity securities.

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

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

LEASE FINANCING AND SIMILAR AGREEMENTS

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

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

Interest included in the lease payments is booked under *Interest and similar income* in the income statement such that the lease generates a constant periodic rate of return on the lessor's net investment. If there has been a reduction in the estimated unguaranteed residual value used to calculate the lessor's gross investment in the finance lease, an expense is recorded to adjust the financial income already recorded.

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

TANGIBLE AND INTANGIBLE FIXED ASSETS

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

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

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount.

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

Infrastructure	Major structures	50 years
	Doors and windows, roofing	20 years
	Façades	30 years
Technical installations	Elevators	10 to 30 years
	Electrical installations	
	Electricity generators	
	Air conditioning, extractors	
	Technical wiring	
	Security and surveillance installations	
	Plumbing	
	Fire safety equipment	
Fixtures and fittings	Finishings, surroundings	10 years

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

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

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

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

PROVISIONS

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

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

COMMITMENTS UNDER *"CONTRATS ÉPARGNE-LOGEMENT"* (MORTGAGE SAVINGS AGREEMENTS)

FROM JANUARY 1, 2005

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

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

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

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

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

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

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

This accounting treatment is in accordance with the provisions of the draft Recommendation published by the Conseil National de la Comptabilité (the French National Accounting Standards Board - CNC) on December 20, 2005 on the accounting treatment for "*comptes et plans d'épargne-logement*". The Recommendation No. 2006-02 published by the CNC on March 31, 2006, governing the accounting treatment for "*comptes et plans d'épargne-logement*" has confirmed the December 20, 2005 draft Recommendation.

Under French accounting principles, no provision was recognized in respect of 2004.

LOAN COMMITMENTS

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

FINANCIAL GUARANTEES ISSUED

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

LIABILITIES/SHAREHOLDERS' EQUITY DISTINCTION – TREASURY SHARES

FROM JANUARY 1 TO DECEMBER 31, 2004

- **Preferred shares**

In the second half of 1997, Société Générale issued USD 800 million in preferred shares through a wholly-owned US subsidiary. These non-voting securities entitle the holder to a fixed non-cumulative dividend equal to 7.64% of their nominal value, payable semi-annually by decision of the subsidiary's Board of Directors.

In the first half of 2000, Société Générale issued EUR 500 million in preferred shares through a wholly-owned US subsidiary. These securities entitle the holder to a fixed non-cumulative dividend equal to 7.875% of nominal value payable annually, with a step-up clause that comes into effect after 10 years.

In the fourth quarter of 2001, Société Générale issued USD 425 million in preferred shares through a wholly-owned US subsidiary, with a step-up clause that comes into effect after 10 years. These shares entitle holders to a non-cumulative dividend, payable quarterly, at a fixed rate of 6.302% of nominal value on USD 335 million of the issue, and at a variable rate of Libor +0.92% on the other USD 90 million.

In the fourth quarter of 2003, Société Générale issued EUR 650 million of preferred shares through a wholly-owned US subsidiary (paying a non-cumulative dividend of 5.419% annually) with a step-up clause that comes into effect after 10 years.

Preferred shares issued by the Group are recognized in the balance sheet under *Preferred shares* and their remuneration is booked as an expense under *Dividends paid on preferred shares*.

- **Treasury shares**

In accordance with Recommendation No. 2000-05 of the French National Accounting Standards Board relating to the recognition in the accounts of treasury shares held by companies governed by the French Banking and Financial Regulation Committee, Société Générale shares acquired by the Group for allocation to employees are booked as *Short-term investment securities - Treasury shares* on the assets side of the balance sheet. Société Générale shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are booked under *Trading securities*.

Other Société Générale shares, and in particular those held by certain Group companies for purposes of control or cancellation, are deducted from the capital and reserves when determining shareholders' equity.

FROM JANUARY 1, 2005

- **Liabilitiess/shareholders' equity distinction**

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

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

Due to the discretionary nature of the decision to pay dividends to shareholders, preferred shares issued by the Group are classified as equity and recognized under *Minority interests*. Remuneration paid to preferred shareholders is recorded under minority interests in the income statement.

In January 2005, the Group issued EUR 1 billion of deeply subordinated notes, paying 4.196% annually for 10 years and, after 2015, 3-month Euribor +1.53% annually. Given the discretionary nature of the decision to pay dividends to shareholders, they have been classified as equity and recognized under *Equity instruments and associated reserves*.

- **Treasury shares**

Société Générale shares held by the Group and shares in subsidiaries over which the Group exercises sole control are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is eliminated from the consolidated income statement.

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

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

INTEREST INCOME AND EXPENSES

FROM JANUARY 1 TO DECEMBER 31, 2004

Interest income and expenses are recorded in the income statement over the life of the transaction, using either the straight-line or actuarial method depending on the type of financial instrument concerned, for all financial instruments valued at cost while respecting the concept of separate time periods.

FROM JANUARY 1, 2005

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

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

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

NET FEES FOR SERVICES

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

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

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

PERSONNEL EXPENSES

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

EMPLOYEE BENEFITS

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

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

Some retired Group workers enjoy other post-employment benefits such as medical insurance.

- **Post-employment benefits**

Pension plans may be defined contribution or defined benefit.

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

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the medium- or long-term risk.

Provisions are booked on the liabilities side of the balance sheet under *Provisions,* to cover the whole of these retirement obligations. This is assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

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

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

- 10% of the present value of the defined benefit obligation (before deducting plan assets);
- 10% of the fair value of the assets at the end of the previous financial year.

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

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

- the additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- the expected return on plan assets (gross return);
- the amortization of actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

- **Long-term benefits**

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

PAYMENTS BASED ON SOCIÉTÉ GÉNÉRALE SHARES OR SHARES ISSUED BY A CONSOLIDATED ENTITY

Share-based payments include:

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

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

- **Stock option plans**

The Group awards some of its employees stock purchase or subscription options.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, nor for the beneficiaries to exercise their options.

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

For equity-settled share-based payments, the fair value of these options, measured at the assignment date, is spread over the vesting period and booked to *Additional paid-in capital* under shareholders' equity. At each accounting date, the number of options expected to be exercised is revised and the overall cost of the plan as originally determined is adjusted. Expenses booked to *Employee compensation* from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments, the fair value of the options is booked as an expense over the vesting period of the options against a corresponding liabilities entry booked in the balance sheet under *Other liabilities - Accrued social charges.* This payables item is then remeasured at fair value against income until settled.

- **Global Employee Share Ownership Plan**

Every year the Group carries out a capital increase reserved for current and former employees as part of the Global Employee Share Ownership Plan. New shares are offered at a discount with an obligatory five-year holding period. The resultant benefit to the employees is booked by the Group as an expense for the year under *Personnel expenses - Employee profit-sharing and incentives.* This benefit is measured as the difference between the fair value of each security acquired and the acquisition price paid by the employee, multiplied by the number of shares subscribed. The fair value of the acquired securities is measured taking account of the associated legal obligatory holding period using market parameters (notably the borrowing rate) applicable to market participants which benefits from these not negotiable shares to estimate the free disposal ability.

This accounting treatment is in accordance with the provisions of the CNC statement dated December 21, 2004 on the share ownership plan.

COST OF RISK

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

INCOME TAX

- **Current taxes**

In France, the normal corporate income tax rate is 33.33%. However, until December 31, 2006, long-term capital gains on equity investments were taxed at 8%. Additionally, a *Contribution sociale de solidarité* (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). Dividends from companies in which Société Générale's interest is at least 5% are tax exempt.

The Amended Finance Law for 2004, enacted on December 30, 2004, will progressively reduce the tax rate for gains on the disposal of equity investments to 15% or 1.66% depending on the tax qualification of the securities. In parallel to this reduction, the Law has introduced an exceptional tax on the special reserve for long-term gains recorded by French companies in their individual accounts during previous years for the share of annual net income corresponding to long-term gains on disposal of equity investments. At December 31, 2004, French tax-paying entities recorded the expenses relating to this exceptional tax under *Income tax,* for a consolidated amount of EUR 18 million.

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

- **Deferred tax**

Deferred taxes are recognized whenever the Group identifies a timing difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. The impact of changes to tax rates is booked in the income statement under *Deferred taxes* or as shareholders' equity according to the principle of symmetry used. Net deferred tax assets are not recorded unless it is probable that the subsidiary that owns the assets is likely to be able to apply them within a set time.

From 2006 onwards, the normal tax rate applicable to French companies to determine their deferred tax is 34.43%. The reduced rate is 1.72% taking into account the nature of the taxed transactions.

Deferred taxes are determined separately for each taxable entity and are not discounted to present value.

INSURANCE ACTIVITIES

FROM JANUARY 1 TO DECEMBER 31, 2004

The Group applies CRC Regulation 2000-05 on the consolidation rules applicable to companies governed by the Insurance Code. The specific accounting rules previously applied to the insurance business are therefore maintained.

The accounts of the Group's fully and proportionately consolidated insurance companies are presented in the corresponding consolidated balance sheet, off-balance sheet and income statement accounts, while still being valued according to the specific rules for insurance companies (see below), except for *Underwriting reserves for insurance companies* which is a separate account in the consolidated financial statements.

- **Investments by insurance companies**

The investments of insurance companies include investments held to guarantee unit-linked policies, as well as other investments made to back life insurance policies and other insurance policies. Investments in the form of securities issued by companies consolidated in the Parent Company accounts are eliminated.

Investments held to guarantee unit-linked policies are marked to market; the total value of these securities corresponds to the total insurance liabilities.

Real estate investments are recorded at their purchase price, less acquisition costs and taxes, and inclusive of the cost of any building or renovation work; buildings are depreciated using the straight-line method over their estimated economic life allowing for the separate accounting treatment of their different components. A provision for depreciation of value is booked in the event of a lasting and significant fall in the value of the buildings.

Bonds and other debt securities are stated at cost, exclusive of accrued interest and acquisition costs. If the redemption value of the security differs from the purchase price, the difference for each line of securities is amortized to income using an actuarial method over the term to maturity of these securities. A provision for depreciation is booked if there is a risk that the debtors will be unable to repay the principal or honor the interest payments.

Shares and other variable income securities are booked at their purchase price, exclusive of costs. A provision for impairment is booked in the event of a sustained fall in the value of the securities as determined on the basis of the estimated recoverable value.

- **Underwriting reserves of insurance companies**

Underwriting reserves correspond to the commitments of insurance companies with respect to insured persons and the beneficiaries of policies. Underwriting reserves for unit-linked policies are valued at the balance sheet date on the basis of the market value of the assets underlying these policies. Life insurance underwriting reserves mainly comprise mathematical reserves, which correspond to the difference between the current value of commitments made respectively by the insurer and insured persons, and reserves for outstanding losses.

Non-life insurance underwriting reserves comprise provisions for unearned premiums (share of premium income relating to following financial years) and for outstanding losses.

FROM JANUARY 1, 2005

- **Financial assets and liabilities**

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

- **Underwriting reserves of insurance companies**

In accordance with IFRS 4 on insurance contracts, life and non-life underwriting reserves continue to be measured under the same local regulations as used in 2004. Embedded derivatives that are not included in underwriting reserves are booked separately.

Under the "shadow accounting" principles defined in IFRS 4, an allocation to a provision for deferred profit-sharing is booked in respect of insurance contracts that provide discretionary profit-sharing. This provision is calculated to reflect the potential rights of policyholders to unrealized capital gains on financial instruments measured at fair value or their potential liability for unrealized losses.

Under IFRS 4 a liability adequacy test is carried out semi-annually.

3. Presentation of financial statements

CNC RECOMMENDED FORMAT FOR BANKS' SUMMARY FINANCIAL STATEMENTS

As the IFRS accounting framework does not specify a standard model, the format used for the financial statements is consistent with the format proposed by the French National Accounting Standards Board, the CNC, under Recommendation 2004 R 03 of October 27, 2004.

RULE ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

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

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

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

As of 2006, the Group also recognizes in its balance sheet for their net amount the fair value of options on indexes traded on organized markets and whose underlyings are securities within a single legal entity, provided these options meet the following criteria:

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

CASH AND CASH EQUIVALENTS

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

EARNINGS PER SHARE

Earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, except for treasury shares. The net profit attributable to ordinary shareholders takes account of dividend rights of preferred shareholders. Diluted earnings per share takes into account the potential dilution of shareholders' interests assuming the issue of all the additional ordinary shares envisaged under stock options plans. This dilutive effect is determined using the share buyback method.

COMPARATIVE FIGURES

Certain comparative figures have been restated to comply with the accounting presentation adopted for the 2006 financial year.

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

ACCOUNTING STANDARDS OR AMENDMENTS ADOPTED BY THE EUROPEAN UNION

- **IFRS 7 "Financial Instruments: Disclosures"**

The European Union adopted IFRS 7 on January 11, 2006. Applicable as of January 1, 2007, this standard relates exclusively to the disclosure of financial information and in no way affects the valuation and recognition of financial instruments. It incorporates, and therefore supersedes, IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" and IAS 32 "Financial Instruments: Presentation" on the information to be provided on financial instruments, and requires the disclosure of additional quantitative and qualitative data, notably on credit risk. The application of this standard by the Group as of January 1, 2007 will consequently have no effect on its net income or shareholders' equity.

- **Information on capital**

In addition to IFRS 7, on January 11, 2006 the European Union also adopted an amendment to IAS 1 "Presentation of Financial Statements", applicable as of January 1, 2007, which requires the Group to disclose additional quantitative and qualitative information on its capital. As this amendment only relates to information disclosure, it will have no impact on net income or shareholders' equity when applied by the Group as of January 1, 2007.

INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION ON DECEMBER 31, 2006

- **IFRIC 10 "Interim financial reporting and impairment"**

This application of this interpretation published by the IASB on July 20, 2006, shall only be mandatory for financial years beginning after November 1, 2006. It had not been adopted by the European Union on December 31, 2006, and was not therefore applied by the Group in 2006.

This interpretation specifies that the provisions of standards IAS 36 "Impairment of assets" and IAS 39 "Financial instruments: recognition and measurement" take precedence over the provisions of standard IAS 34 "Interim financial reporting" as regards the impairment of goodwill and the impairment of equity instruments classified as available-for-sale financial assets. As the Group has not reversed any impairment on goodwill or available-for-sale equity instruments in its interim reporting in past financial years, the prospective application of this interpretation should not have any impact on its net income or shareholders' equity.

- **IFRIC 11 "IFRS 2 – Group and treasury share transactions"**

This interpretation of IFRS 2 "Share-based payment" published by the IASB on November 2, 2006, shall only be mandatory for financial years beginning after March 1, 2007. It had not been adopted by the European Union on December 31, 2006, and was not therefore applied by the Group in 2006.

This interpretation outlines the accounting treatment of share-based payments that involve two or more entities within a same group (parent company or other entity of a same group) in the individual or separate financial statements of each entity within a group that benefits from the goods or services in question. As the application of this interpretation governing the individual or separate financial statements of group entities in no way modifies the accounting treatment at a Group level, its application by the Group will have no impact on its net income or shareholders' equity.

Note 2

Changes in consolidation scope and business combinations

1. Consolidation scope

As at December 31, 2006, the Group's consolidation scope includes 813 companies:

- 699 fully consolidated companies;
- 82 proportionately consolidated companies;
- 32 companies accounted for by the equity method.

The consolidation scope only includes entities that have a significant impact on the Group's consolidated financial statements. This means companies whose balance sheet assets amount more than 0.02% of the Group's, for full or proportionate consolidation, or companies in which the Group's share of equity exceeds 0.10% if the consolidated Group's total equity.

The main changes to the consolidation scope at December 31, 2006 compared with the scope applicable for the accounts at December 31, 2005 were as follows:

- In the first half of 2006:

- Société Générale took a 99.75% stake in the capital of HVB Splitska Banka, which was fully consolidated. This business combination is presented in paragraph 2 of this note,
- the Group acquired 100% of CaixaBank France, which was fully consolidated. The agreement governing the acquisition of CaixaBank France by Boursorama includes a put option whereby Société Générale undertakes to repurchase all new Boursorama shares issued for the transaction. In accordance with IAS 32, the Group booked this options commitment as a liability,
- Raeburn Overseas Partners Ltd. funds, wholly-owned by the Group, was fully consolidated,
- the stake in TCW was increased to 95.06%, i.e. a 20.77% increase compared to December 31, 2005. As a reminder, the remaining shares held by employees include deferred call and put options exercisable in 2007 and 2008. The exercise prices are dependent on future performance,
- the Group sold 50% of its stake in Groupama Banque, leaving it with an overall stake of 20% at end-June 2006. Groupama Banque is now consolidated using the equity method,
- NF Fleet Finland OY, which is 80%-owned by the Group, was fully consolidated,
- the Group's stake in SG de Banque de Liban was reduced from 50% to 19% at the end of March 2006. Since then, SG de Banque de Liban has been consolidated using the equity method,
- SGB Guinée équatoriale, which 52.44%-owned by Société Générale, was fully consolidated,
- Telci, which is 99.97%-owned by the Group, was incorporated into the consolidation scope;

- During the second half of 2006:

- the Group acquired 100% of 2S Banca S.p.A. which includes UniCredito Group's securities business since September 28, 2006. This business combination is presented in paragraph 2 of this note,
- the Group acquired a 20% stake, less one share, in Rosbank, which is now consolidated using the equity method. The total acquisition price of this 20% stake was EUR 501 million. Rosbank is a powerful player in the Russian banking sector (number 2 in Retail Banking). With 705 branches, its retail network covers more than 80% of Russia, with a high focus on fast-growing regions, such as the Urals, Siberia, the Far East and Moscow. Rosbank's contribution to income from companies accounted for by the equity method at December 31, 2006 stood at EUR 6 million (for 3 months of business). Société Générale also has a call option on 30% of Rosbank plus two shares in order to take control of the bank by the end of 2008. The exercise of this option is subject to approval by the Russian supervisory authorities,
- the Group acquired a further 60% of Modra Pyramida, bringing its stake to 100% at December 31, 2006. Modra Pyramida was fully consolidated,
- Cube Financial, which is wholly-owned by Société Générale, was incorporated into the consolidation scope,
- SAS Orbéo, which is 50%-owned by Société Générale, was consolidated using the proportionate method,
- STK Bank, which is wholly owned by Société Générale, was incorporated into the consolidation scope,
- NF Fleet Sweden AB, which is 80%-owned by the Group, was fully consolidated,
- Technoservice Solutions AG was incorporated into the consolidation scope. Technoservice Solutions AG, which is wholly-owned by the Group, was fully consolidated,
- First Lease Ltd., which is wholly-owned by the Group, was incorporated into the consolidation scope,
- ALD Automotive Turizm Ticaret A.S., 50.98%-owned by the Group, was incorporated into the consolidation scope,
- both subsidiaries NSGB and MIBank merged at the end of November 2006. Following this operation, the stake of SG Group in the new combination decreased by 1.22% from 78.39% to 77.17%.

2. Business combinations

The following section describes the main business combinations created by the Group over the course of 2006. The goodwill values have been determined on a temporary basis and could be adjusted during the 12 months following the purchase date.

ACQUISITION OF HVB SPLITSKA BANKA

On June 30, 2006, the Société Générale Group purchased 99.75% of HVB Splitska Banka's capital from Bank Austria Creditanstalt AG. During the last quarter 2006, the Group took part in HVB Splitska Banka capital increase, increasing his stake to 99.76%.

HVB Splitska Banka is a universal bank which holds a 9% share of the Croatian market. It operates the fourth largest banking network in the country, with 112 branches and around 1,100 staff, and serves a total of 460,000 individual customers and 2,000 business customers.

At the date of the acquisition, HVB Splitska Banka's identifiable assets and liabilities essentially comprised customer loans (EUR 2,043 million) and deposits (EUR 1,434 million).

The table below shows the provisional amount of goodwill booked in the Group's consolidated financial statements at the date of the acquisition, under the Retail Banking outside France – EU and Pre-EU:

(in millions of euros)	
Acquisition price	1,007
Acquisition costs	5
Sub-total	1,012
Fair value of net assets acquired by the Group	254
Goodwill	**758**

This goodwill provision of EUR 758 million reflects HVB Splitska Banka's strong positioning in Croatia, which is part of a fast-growing region.

The acquisition will also allow Société Générale Group to develop synergies with its other core businesses, bolstering its leadership in the region where it now has close to one million customers and 238 branches across Slovenia, Serbia and Montenegro.

HVB Splitska Banka was consolidated at June 30, 2006 and consequently had an impact of EUR 21 million on consolidated net income for the period (Net Banking Income: EUR 65 million and Gross Operating Income: EUR 27 million).

The Purchase price net of the acquired cash amounts to EUR 902 million at June 30, 2006.

ACQUISITION OF 2S BANCA

On September 28, 2006, Société Générale Group acquired 100% of the capital of 2S Banca via its SG Milan branch, thereby also acquiring the securities services of Unicredit in Italy and Pioneer in Luxembourg, Hamburg and Dublin.

This transaction enabled Société Générale Securities Services (SGSS) to reinforce its European network in Italy, Luxembourg, Germany and Ireland where it provides custody, clearing, settlement and delivery, depository banking, transfer agency and fund administration services. This acquisition adds a further EUR 593 billion in assets under custody in Italy and means that SGSS now ranks as the second largest custodian in Europe, with over EUR 2,000 billion in assets under administration.

At the date of acquisition, the assets and liabilities of 2S Banca were essentially made up of current account overdrafts and deposits in the amounts of EUR 1,415 million and EUR 1,412 million respectively.

The Group booked the following amount of goodwill in its consolidated accounts at the date of the acquisition, under the "SGSS and Online Savings":

(in millions of euros)	
Acquisition price	579
Acquisition costs	9
Sub-total	588
Fair value of net assets acquired by the Group	193
Goodwill	**395**

At the date of acquisition, an intangible asset in the amount of EUR 106 million linked to a contract with Unicredit was identified. This intangible asset, which has a fixed life, is amortized using the straight-line method over the duration of the contract (10 years).

Goodwill is based on a very favorable growth outlook for business, which is partly secured by a long-term contract with Unicredit and by strong potential synergies and cost-cutting, notably following the Europe-wide roll-out of the Siti and Alfas IT platforms.

2S Banca was consolidated by the Group as of September 30, 2006 and contributed a total of EUR 7 million to the Group's full-year 2006 net income (Net Banking Income: EUR 32 million and Gross Operating Income: EUR 10 million).

The Purchase price net of the acquired cash amounts to EUR 536 million.

Note 3

Fair value of financial instruments

This section specifies the valuation methods the Group has been using since January 1, 2005 to establish the fair value of the financial instruments presented in the following notes: note 6 “Financial assets and liabilities at fair value through profit and loss”, note 7 “Hedging derivatives”, note 8 “Available-for-sale financial assets”, note 9 “Due from banks”, note 10 “Customer loans”, note 11 “Lease financing and similar agreements”, note 12 “Held-to-maturity financial assets”, note 17 “Due to banks”, note 18 “Customer deposits” and note 19 “Securitized debt payables”.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. For financial instruments recognized at fair value through profit and loss, fair value is determined primarily on the basis of the prices quoted on an actively-traded market which are adjusted if no quoted prices are available on the balance sheet date. However, for many of the financial instruments held or issued by the Group no actively-traded market exists. In these cases, fair value is determined through valuation techniques (in-house valuation models) using valuation parameters that reflect market conditions on the balance sheet date and which are heavily influenced by assumptions regarding the amount and timing of estimated future cash flows, discount rates, volatility or credit risk. Before being used, the in-house valuation models and implicit valuation parameters (volatility, correlations, etc.) used to calculate fair value are validated independently by the specialists from the market risk department of the Group’s Risk Division who also carry out subsequent consistency checks (back-testing). The Group’s in-house valuation models are based on current valuation techniques used by market participants to value financial instruments, such as discounted future cash flows for swaps or the Black & Scholes valuation model for some options.

These in-house valuation models are mainly used to value financial derivatives traded over-the-counter or unlisted non-derivative financial instruments held for trading or carried at fair value through profit and loss under the IFRS fair value option.

Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are subject to exhaustive monthly checks by specialists from the market risk department of the Group’s Risk Division.

The methods below have been used by the Group to establish fair value both for financial instruments recognized at fair value through profit and loss and for instruments recognized at amortized cost in the balance sheet whose fair value is given in the notes for information purposes only.

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

The fair values of financial instruments, if applicable, include any accrued interest.

Loans, receivables and lease financing agreements

The fair value of loans, receivables and lease financing transactions for large corporates is calculated, in the absence of an actively-traded market for these loans, by discounting future cash flows to present value based on the market rates on the balance sheet date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

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

For all floating-rate loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity of less than one year, fair value is taken to be the same as book value.

Financial guarantees issued

Given the nature of the financial guarantees issued by Société Générale Group, fair value is taken to be the same as book value.

Shares and other variable income securities

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

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

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

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

The fair value of these financial instruments is determined based on the quoted price on the balance sheet date or prices provided by brokers on the same date, where possible. For unlisted financial instruments, fair value is determined using valuation techniques (in-house valuation models) as described in note 1 "Significant accounting principles".

Customer deposits

The fair value of retail customer deposits, mainly comprised of individuals and small- or medium-sized companies, in the absence of an actively-traded market for these liabilities, is taken to be the same as the value of future cash flows discounted to present value at the market rates prevailing on the balance sheet date.

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

Other debt and subordinated debt

For listed financial instruments, fair value is taken as their quoted price on the balance sheet date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates.

Note 4

Managing the risks linked to financial instruments

Risk management is an integral part of Société Générale's corporate culture. Its main purpose is to contribute to the Group's development by optimizing its overall risk-adjusted return.

This note describes the main risks linked to financial instruments and the way in which they are managed by the Group.

The main risks incurred on banking activities are the following:

- credit risks: risk of loss arising from a counterparty's inability to meet its financial commitments;
- market risks: risk of loss resulting from changes in market prices and interest rates, in the correlation between these elements and in their volatility;
- structural risks: risk of loss or of residual depreciation in the bank's balance sheet arising from variations in interest or exchange rates;
- liquidity risk: risk of the Group not being able to meet its commitments at their maturities.

Organization, procedures and methods

Risks are inherent to all banking activities and must therefore be taken into account from the inception of a transaction through to its completion. As such, responsibility for risk management lies first with the operating divisions.

In accordance with current regulations, Société Générale's Risk Division is an independent division. It reports directly to the Group's General Management and its role is to contribute to the development and profitability of the Group by ensuring that the risk management framework in place is both sound and effective.

The Risk Division ensures a consistent approach to risk assessment and management applied on a group wide basis.

The division employs risk modeling teams, information system project managers, industry experts and economic research teams, and is responsible for:

- defining and validating the methods used to analyze, assess, approve and monitor risks;
- the critical review of sales strategies for high-risk areas;
- contributing to the independent assessment of credit risks by commenting on transactions proposed by sales managers and monitoring them from start to finish;
- identifying all Group risks and monitoring the adequacy and consistency of risk management information systems.

A systematic review of the bank's key risk management issues is carried out during the monthly Risk Committee meetings, which bring together the members of the Executive Committee and Risk Division managers.

This Committee meets to review all core strategic issues: risk-taking policies, measuring methods, material and human resources, analyses of portfolios and the cost of risk, market and credit concentration limits and crisis management.

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

Credit risks

RISK-TAKING – GENERAL PRINCIPLES

Approval of a credit risk must be based on sound knowledge of the customer, the Group's risk strategy, the purpose, nature and structure of the transaction and the sources of repayment. It assumes that the return on the transaction will sufficiently reflect the risk of loss in the event of default.

The risk approval process is based on five core principles:

- all transactions giving rise to a counterparty risk (debtor risk, non-settlement or non-delivery risk, issuer risk) must be authorized in advance;
- all requests for authorizations relating to a specific client or client group must be handled centrally by a single operating division. The centralizing division is designated on a case-by-case basis in order to ensure a consistent approach to risk management and the permanent control of the Group's potential exposure to major clients;
- systematic recourse to internal risk ratings upstream of all credit decisions. These ratings are provided by the Operating divisions and validated by the risk function: they are included in all loan applications and are to be factored in for all decisions regarding the issue of a loan;
- responsibility for analyzing and approving risk is delegated to the most appropriate section of the business lines or credit risk units;
- risk assessment departments are fully independent at each decision-making level.

The Risk Division has a specialized department for financial institutions, which aims to increase the Group's expertise in this client segment by centralizing the analysis of the quality of the Group's counterparties and the approval of exposure limits allocated to all locations and business lines within two teams in Paris and New York.

The definition of country risk limits is intended to assign an appropriate exposure limit to each emerging market, on the basis of the risk incurred and the expected return on transactions in each country. The allocation of limits is subject to final approval by the Group's General Management and is based on a process that takes due account of those business lines exposed to risk and the Risk Division.

The Group also has specific procedures to manage any credit crises that may arise with respect to a counterparty, industry, country or region.

RISK MEASUREMENT AND INTERNAL RATINGS

In order to provide the credit function the necessary tools for deciding on, structuring and pricing transactions, Société Générale Group undertook to create internal models for quantitative risk measurement and risk-adjusted return on capital in the middle of the 1990s.

These models, some of which were rolled out as of 1998, have since been adapted in order to comply with new regulatory documents. Today, they cover almost all of the Group's credit portfolio (retail and corporate banking).

The Group's rating system is based on three fundamental pillars:

- the internal rating models used by both the sales function, which proposes the ratings, and the risk function which validates them. These models are used to quantify the following risks:
  - counterparty risk (expressed as a probability of default by the borrower within one year),
  - transaction risk (expressed as the amount that will be lost should a borrower default);
- a body of procedures which regroups banking principles and the rules for using the models (scope, frequency of rating revision, procedure for approving ratings, etc.);
- the human judgment of those involved in the ratings process who apply the models in compliance with the relevant banking principles and whose expertise is invaluable in drawing up the final ratings.

Since 2000, the Group has progressively developed its credit risk management policy, with ratings now forming an integral part of its day-to-day operational processes.

CREDIT RISK EXPOSURE

The table below outlines the credit risk exposure of the Group's financial assets before any bilateral netting agreements and collateral (notably any cash, financial or non-financial assets received as collateral and any guarantees received from corporates).

(in millions of euros)	January 1, 2005*	December 31, 2005*	December 31, 2006
Financial assets at fair value through profit and loss (excluding variable income securities)	221,204	313,973	337,193
Derivative hedging instruments	2,817	3,742	3,668
Available-for-sale financial assets (excluding variable income securities)	57,897	63,962	67,042
Due from banks	53,337	53,451	68,157
Customer loans	198,891	227,195	263,547
Lease financing and similar agreements	20,633	22,363	25,027
Held-to-maturity financial assets	2,230	1,940	1,459
Exposure to balance sheet commitments, net of depreciation	**557,009**	**686,626**	**766,093**
Loan commitments granted	107,231	149,350	167,299
Guarantee commitments granted	46,629	59,880	98,808
Provisions for commitments granted and endorsements	(242)	(183)	(128)
Exposure to off-balance sheet commitments, net of depreciation	**153,618**	**209,047**	**265,979**
Total net exposure	**710,627**	**895,673**	**1,032,072**

** Amounts restated with respect to the financial statements published.*

HEDGING CREDIT RISK

Minimizing risk is an integral part of the sales process, with hedges made as and when loans are issued and then in accordance with the life of a loan from the moment it is approved up until its final end payment.

- **Guarantees and collateral**

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

- **Credit derivatives**

The Group uses credit derivatives in the management of its corporate loan portfolios (for which positions are almost exclusively buy positions). They not only serve to reduce individual, sector or geographic exposure but also allow for dynamic risk and capital management.

At December 31, 2006, the nominal value of credit derivatives stood at EUR 26.4 billion: EUR 15.6 billion in Credit Default Swaps (CDS) and EUR 10.8 billion in Collateralized Debt Obligations (CDO) with an average residual maturity of 4.5 years versus a nominal value of EUR 8.5 billion with an average residual maturity of 3.9 years on December 31, 2005.

Credit derivatives are also used in trading activities (both buy and sell positions). The nominal positions within these portfolios cannot be used to assess the level of risk, which is why they are subject to VaR measurement.

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

- **Master netting agreements**

In order to reduce its credit risk exposure, Société Générale Group has signed a number of master netting agreements with various counterparties (ISDA contracts governing financial derivatives transactions). In the majority of cases, these agreements do not result in any netting of assets or liabilities on the books, but the credit risk attached to the financial assets covered by a master netting agreement is reduced insofar as, in the event of a default, the amounts due are settled on the basis of their net value.

- **Depreciation**

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

In collaboration with the other division heads, the Risk Division draws up standard portfolio-based provisions which are reviewed each quarter. The aim of these provisions is to factor in any credit risks incurred on other similar portfolio segments before any depreciation at an individual level.

Market risks linked to trading activities

The Group's market risk management structures are continually adjusted to harmonize existing procedures and ensure that the risk management teams remain independent from the operating divisions.

Although the front-office managers naturally assume primary responsibility for managing risks exposure, its global management lies with an independent structure: the Market Risk unit of the Risk Division. This unit carries out the following functions:

- daily analysis (independently from the front office) of the exposure and risks incurred by the Group's market activities and comparison of said exposure and risks with the limits set;
- definition of the risk-measurement methods and control procedures, approval of the valuation methods used to calculate risks and results and definition of the provisions for market risks (reserves and adjustments to earnings);
- development of the databases and systems used to assess market risks;
- approval of the limit applications submitted by the operating divisions, within the global authorization limits set by the General Management, and monitoring of their use;
- centralization, consolidation and reporting of the Group's market risks.

At the proposal of this department, the Group's Risk Committee sets the levels of authorized risk by type of activity and takes the main decisions concerning Group risk management. Within each entity that incurs market risk, risk managers are designated to implement the first level of risk control. The main tasks of these managers, who are independent of the front offices, include:

- the ongoing analysis of exposure and results, in collaboration with the front offices;
- the verification of the market parameters used to calculate risks and results;
- the daily calculation of market risks, based on a formal and secure procedure;
- the daily monitoring of the limits set for each activity, and constant control that appropriate limits have been set for each activity.

In the major trading rooms in France and abroad, these specialized market risk managers report directly to the Risk Division.

METHODS OF MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

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

- the 99% "Value at Risk" (VaR) method: compliant with the regulatory model, this composite indicator is used for the day-to-day monitoring of the market risks incurred by the bank, in particular as regards the regulatory scope of its trading activities. The method used is the "historical simulation" method, which implicitly takes into account the correlation between different markets;
- a stress-test measurement, based on a decennial shock-type indicator. Stress-test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary limits (sensitivity, nominal, concentration or holding period, etc.), which ensure coherency between the total risk limits and the operational limits used by the front office. These limits also enable the control of risks that are only partially detected by VaR or stress-test measurements.

BREAKDOWN OF TRADING VaR BY TYPE OF RISK – CHANGE BETWEEN 2005 AND 2006

(in millions of euros)	Year-end		Average		Minimum		Maximum	
1-day, 99%	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Equity price risk	(25)	(10)	(21)	(11)	(7)	(4)	(38)	(21)
Interest rate risk	(9)	(16)	(15)	(17)	(9)	(11)	(20)	(25)
Credit risk	(18)	(13)	(14)	(12)	(9)	(8)	(24)	(16)
Exchange rate risk	(3)	(1)	(2)	(1)	(1)	(1)	(5)	(4)
Commodity price risk	(2)	(2)	(2)	(2)	(1)	(1)	(5)	(5)
Compensation effect	35	23	29	24	NM*	NM*	NM*	NM*
Total	**(22)**	**(19)**	**(25)**	**(19)**	**(11)**	**(12)**	**(44)**	**(32)**

** Compensation is not material since the potential minimum and maximum losses do not occur on the same date.*

Compensation is defined as the difference between the total VaR and the sum of the VaR by type of risk. It reflects the extent of elimination between the different type of risks (interest rate, equity, foreign exchange, commodities).

- **Method used to calculate VaR**

This method was introduced at the end of 1996 and it is constantly improved with the addition of new risk factors and the extension of the scope covered by the VaR. Today, the market risks on almost all investment banking activities are monitored using the VaR method, in particular those relating to more complex activities and products, as well as certain overseas retail banking and private banking activities.

The method used is the "historical simulation" method, which is based on the following principles:

- the creation of a database containing risk factors which are representative of Société Générale's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). The VaR is calculated using a database of several thousand risk factors;
- the definition of 250 scenarios, corresponding to one-day variations in these market parameters over a sliding one-year period;
- the application of these 250 scenarios to the market parameters of the day;
- the revaluation of daily positions, on the basis of the adjusted daily market parameters and on the basis of a revaluation taking into account the new linearity of these positions.

The 99% Value at Risk is the biggest loss that would be incurred after eliminating the top 1% of most unfavorable occurrences. Over one year, or 250 scenarios, it corresponds to the average of the second and third largest losses observed.

- **Limitations of the VaR assessment**

The VaR assessment is based on a certain number of assumptions and approximations:

- the standard VaR assumptions such as the use of "1 day" shocks, the 99% confidence interval or the fact that intra-day fluctuations are not taken into account;
- certain approximations such as the use of benchmark indexes instead of certain risk factors and the non-integration of all of the risk factors linked to a given activity which can be due to daily data not always being available.

The Group controls the limitations therein by:

- systematically assessing the relevance of the model by back-testing to verify that the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval, which has been the case at Group level since the VaR system was introduced;
- complementing the VaR system with stress-test measurements.

Moreover, work is constantly carried out on the internal model to improve its quality.

Structural interest rate and exchange rate risks

The application of regulations 1997-02, 2001-01 and 2004-02 of the French Banking and Financial Regulation Committee on internal control provided Société Générale Group with the opportunity to formally define the principles for monitoring the Group's exposure to interest rate and exchange rate risks which had been in force for several years.

Structural interest rate and exchange rate risks are incurred in commercial and proprietary activities (transactions involving shareholders' equity, investments, bond issues).

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

Wherever possible, commercial transactions are hedged against interest rate and exchange rate risks, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within a treasury department).

Interest rate and exchange rate risks on proprietary transactions must also be hedged as far as possible.

Consequently, structural interest rate and exchange rate risks are only borne on the residual positions remaining after this hedging.

ORGANIZATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The principles and standards for managing these risks are defined at Group level. The operating entities assume primary responsibility for the management of their risk exposure, while the Group's Asset and Liability Management Department (ALM Department) carries out a second level of control on the management of these risks performed by the entities.

- The Group's Finance Committee, chaired by the General Management and composed of members of the Executive Committee and Finance Department:
  - validates the basic principles for the organization and management of the Group's structural risks;
  - sets the limits for each operating entity;
  - examines the reports on these risks provided by the ALM Department;
  - validates the transformation policy of the French Networks;
  - validates the hedging programs implemented by Société Générale Métropole.
- The ALM Department, which is part of the Group Finance Department:
  - defines the standards for the management of structural risks (organization, monitoring methods);
  - validates the models used by the entities;
  - informs the entities of their respective limits;
  - centralizes, consolidates and reports on structural risk exposure, and carries out second level controls (independently of the operating divisions supervising the entities).
- The operating entities are responsible for controlling structural risks.

The operating entities are required to follow the standards defined at Group level for the management of risk exposure, but also develop their own models, measure their exposure and implement the required hedges.

Each entity has its own structural risk manager, attached to the entity Finance Department, who is responsible for conducting first level controls and for reporting the entity's structural risk exposure to the Group ALM Department via a shared IT system.

Retail banking entities both in France and abroad generally have an ad-hoc ALM Committee which validates the maturities of non-contractual commitments (sight deposits, etc.) and therefore determines the corresponding transformation strategy, reviews structural interest and exchange rate positions and validates the associated hedging programs in accordance with Group standards.

STRUCTURAL INTEREST RATE RISKS

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

- **Objective of the Group**

The Group's principal aim is to reduce each entity's exposure to interest rate risk as much as possible once the transformation policy has been decided.

For this, any residual structural interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. Said sensitivity defines the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficits on assets and liabilities) for a 1% parallel shift in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit for the overall Group is EUR 500 million (which equates to less than 1.7% of shareholders' equity).

- **Measurement and monitoring of structural interest rate risks**

In order to quantify its exposure to structural interest rate risks, the Group analyzes all fixed-rate assets and liabilities with future maturities to identify any gaps. These positions come from operations remunerated or charged at fixed rates and from their maturities.

Assets and liabilities are generally analyzed independently, without any a priori matching. Maturities on outstanding positions are determined on the basis of the contractual terms governing transactions, models of historical client behavior patterns (special savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain aggregates (principally shareholders' equity and sight deposits). Options exposure is analyzed through its delta equivalent.

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

In addition to this analysis, analyses are also performed on scenarios of potential variations in net interest income, which factor in assumptions as to how assets and liabilities are likely to evolve in the future.

Throughout 2006, the Group's global sensitivity to interest rate risk remained below 1% of Group shareholders' equity and well within the EUR 500 million limit.

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

- within the domestic retail banking division, outstanding customer deposits, generally considered to be fixed-rate funds, exceed fixed-rate loans for maturities over 2 years. Indeed, thanks to macro-hedging essentially using interest rate swaps or caps, the French Networks' sensitivity to interest rate risk (on the basis of the adopted assumptions) has been kept to a minimum. At end-December 2006, the sensitivity of French networks (Société Générale and Crédit du Nord) based on their assets and liabilities denominated in euros stood at less than EUR 100 million;
- transactions with large corporate are match-funded (on an individual basis), and therefore present no interest rate risk;
- transactions with clients of the Specialized Financial Services subsidiaries are generally macro-hedged and therefore present only a small residual risk;
- client transactions at subsidiaries and branches located in countries with weak currencies can generate limited structural interest rate risk. Indeed, due to the lack of long-term fixed-rate loans, investment possibilities and hedging instruments such as swaps in these countries, the entities in question may have difficulty investing their excess deposits over a sufficiently long horizon;
- proprietary transactions are generally well hedged. Residual positions are limited and arise primarily from shareholders' equity that has not yet been fully reinvested with the desired maturities.

STRUCTURAL EXCHANGE RATE RISKS

Structural exchange rate risks essentially arise from:

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

- **Objective of the Group**

The Group's policy is to immunize its solvency ratio against fluctuations in strong currencies (USD, CZK, GBP, JPY, etc.). To do this, it may decide to purchase currencies to finance very long-term foreign currency-denominated investments, thus creating foreign exchange structural positions. Any valuation differences on these structural positions are subsequently booked as translation differences.

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

- **Measurement and monitoring of structural exchange rate risks**

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

As commercial transactions are hedged against exchange rate risk, the Group's residual exposure results primarily from proprietary transactions.

The Group's Asset and Liability Management Department monitors structural exchange rate positions and the currency sensitivity of the solvency ratio.

In 2006, the Group successfully neutralized the sensitivity of its solvency ratio to fluctuations in strong currencies using structural positions in these currencies. Moreover, its positions in other currencies remained limited.

Hedging interest rate and exchange rate risk

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

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

FAIR VALUE HEDGING

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

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

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

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

CASH FLOW HEDGE

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

The aim of these hedges is to protect against unfavorable changes in future cash flow that are liable to impact on the income statement.

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

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

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

At December 31, 2006

(in millions of euros) **Remaining term**	**Up to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Floating cash flow hedged	183	205	692	274	1,354
Highly probable forecast transactions	240	312	28	3	583
Total	**423**	**517**	**720**	**277**	**1,937**

At December 31, 2005

(in millions of euros) **Remaining term**	**Up to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
Floating cash flow hedged	67	29	130	336	562
Highly probable forecast transactions	134	127	24	3	288
Total	**201**	**156**	**154**	**339**	**850**

HEDGING OF A NET INVESTMENT IN A FOREIGN OPERATION

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

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

Liquidity risk

Liquidity risk management covers all areas of Société Générale's business, from market transactions to structural transactions (commercial or proprietary transactions).

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

ORGANIZATION OF THE MANAGEMENT OF LIQUIDITY RISK

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

- The Group's Finance Committee, chaired by the General Management and composed of members of the Executive Committee and Finance Department:
  - validates the basic principles for the organization and management of the Group's liquidity risk;
  - examines the reports on liquidity risk provided by the ALM Department;
  - reviews the liquidity crisis scenarios;
  - validates the Group's financing programs.
- The ALM Department, which is part of the Group Finance Department:
  - defines the standards for the management of liquidity risk;
  - validates the models used by the entities;
  - centralizes, consolidates and reports on liquidity risk exposure, and carries out second level controls (independently of the operating divisions supervising the entities);
  - constructs liquidity crisis scenarios;
  - defines the Group's financing programs.
- The Treasury Department of the Corporate Banking Division is responsible for managing short-term liquidity (less than one year).
- The operating entities are responsible for managing their own liquidity risk.

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

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

OBJECTIVE OF THE GROUP

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

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

- as far as possible, central management of liquidity (mainly in Paris, New York, London, etc.);
- diversification of sources of funding, both in terms of geographical regions and sectors of activity;
- limitation of the number of issuers within the Group (Société Générale, SG Acceptance NV, SG North America, etc.);
- management of short-term liquidity in accordance with the regulatory framework.

MEASUREMENT AND MONITORING OF IIQUIDITY RISK

The Group's liquidity management system comprises two main processes:

- assessment of the Group's financing requirements on the basis of budget forecasts in order to plan appropriate funding solutions;
- analysis of liquidity risk exposure using liquidity crisis scenarios.

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

In 2006, the Group continued to maintain a surplus of long-term liquidity. Indeed, through its retail banking activities, Société Générale has a large and diversified deposits base which serves as a permanent resource in financing its domestic activities and the customer loans of its Financial Services business abroad.

In order to cover its medium-term financing needs and manage its prudential ratios, Société Générale had recourse to senior and subordinated debt issues in 2006.

The regulatory one-month liquidity coefficient is calculated on a monthly basis, and concerns Société Générale Métropole (which comprises the Head Office in mainland France and all branches). In 2006, Société Générale systematically maintained a coefficient above the required regulatory minimum.

Note 5

Cash, due from central banks

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Cash	2,111	1,654	1,373
Due from central banks	7,247	4,532	3,831
Total	**9,358**	**6,186**	**5,204**

Note 6

Financial assets and liabilities at fair value through profit and loss

	December 31, 2006		December 31, 2005		January 1, 2005	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Trading portfolio						
Treasury notes and similar securities	38,422		40,881		31,835	
Bonds and other debt securities	88,807		80,590		43,066	
Shares and other equity securities(1)	96,104		70,154		42,123	
Other financial assets	81,823		65,004		24,624	
Sub-total trading assets	**305,156**		**256,629**		**141,648**	
o/w securities on loan	14,386		13,283		6,970	
Securitized debt payables		39,902		34,482		21,596
Amounts payable on borrowed securities		20,528		16,193		8,542
Bonds and other debt instruments sold short		38,752		41,342		24,772
Shares and other equity instruments sold short		15,219		4,229		5,150
Other financial liabilities		44,498		43,967		29,766
Sub-total trading liabilities		**158,899**		**140,213**		**89,826**
Interest rate instruments						
Firm instruments						
Swaps	45,128	48,495	51,683	54,792	66,750	66,604
FRA	120	114	147	144	248	213
Options						
Options on organized markets	158	100	912	98	494	1,201
OTC options	5,792	5,679	6,091	6,605	4,305	4,049
Caps, floors, collars	3,025	3,751	3,693	3,849	3,413	3,343
Foreign exchange instruments						
Firm instruments	*9,363*	*8,381*	*10,191*	*9,600*	*5,185*	*5,145*
Options	*1,504*	*822*	*2,979*	*2,218*	*3,002*	*2,394*
Equity and index instruments						
Firm instruments	*1,031*	*787*	*511*	*594*	*57*	*74*
Options	*25,873*	*33,222*	*22,373*	*29,395*	*13,488*	*16,605*
Commodity instruments						
Firm instruments-Futures	*10,196*	*10,043*	*6,030*	*6,032*	*4,343*	*4,307*
Options	*5,063*	*4,871*	*7,302*	*7,848*	*3,046*	*3,479*
Credit derivatives	5,829	5,888	1,792	1,843	980	1,010
Other forward financial instruments						
On organized markets	366	221	357	141	120	25
OTC	581	580	1,686	524	959	489
Sub-total trading derivatives	**114,029**	**122,954**	**115,747**	**123,683**	**106,390**	**108,938**
Sub-total trading portfolio	**419,185**	**281,853**	**372,376**	**263,896**	**248,038**	**198,764**
Financial assets measured using fair value option through P&L						
Treasury notes and similar securities	1,843		1,733		1,398	
Bonds and other debt securities	9,853		8,803		12,464	
Shares and other equity securities(1)	19,910		16,311		15,034	
Other financial assets	2,416		1,215		1,423	
Sub-total of financial assets measured using fair value option through P&L	**34,022**		**28,062**		**30,319**	
Sub-total of separate assets relating to employee benefits					**4**	
Sub-total of financial liabilities measured using fair value option through P&L		**16,840**		**11,131**		**9,478**
Total financial instruments measured at fair value through P&L	**453,207**	**298,693**	**400,438**	**275,027**	**278,361**	**208,242**
o/w valued by valuation techniques based on non-observable market data	**2,883**	**33,717**	**1,082**	**32,502**	**854**	**23,118**

(1) Including UCITS

Financial liabilities measured using fair value option through P&L

(in millions of euros)	December 31, 2006			December 31, 2005			January 1, 2005		
	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity
Total of financial liabilities measured using fair value option through P&L(2)	16,840	17,103	(263)	11,131	11,249	(118)	9,478	9,507	(29)

(2) Mainly indexed EMTNs whose refund value, regarding the index, is not fundamentally different from the fair value.
The variation in fair value attributable to the Group's own credit risk is not material over the period.

At December 31, 2005, total of financial assets and liabilities at fair value through profit or loss has been reduced by EUR 11,778 million on assets and EUR 11,755 million on liabilities. This reduction can be explained for EUR 9,577 million by the compensation of fair values on some interest rate swaps, and for EUR 4,302 million by the compensation of fair values on some index options. At January 1, 2005, total of financial assets and liabilities at fair value through profit or loss has been reduced by EUR 5,145 million on assets and EUR 5,110 million on liabilities.This reduction can be explained for EUR 5,509 million by the compensation of fair values on some index options.

Note 7

Hedging derivatives

	December 31, 2006		December 31, 2005		January 1, 2005	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
FAIR VALUE HEDGE						
Interest rate instruments:						
Firm instruments						
Swaps	2,468	2,323	2,555	1,804	2,076	3,036
Forward Rate Agreements (FRA)	-	-	-	1	-	1
Options						
Options on organized markets	-	-	-	-	15	-
OTC options	158	-	268	-	238	-
Caps, floors, collars	170	-	224	-	3	-
Foreign exchange instruments						
Firm instruments						
Currency financing swaps	96	42	163	75	90	79
Forward foreign exchange contracts	92	87	37	39	-	-
Equity and index instruments						
Equity and stock index options	*71*	*1*	*60*	*1*	*39*	*38*
CASH-FLOW HEDGE						
Interest rate instruments						
Firm instruments						
Swaps	611	371	432	225	356	262
Foreign exchange instruments						
Firm instruments						
Currency financing swaps	2	-	2	-	-	-
Forward foreign exchange contracts	-	2	1	8	-	-
Total	**3,668**	**2,826**	**3,742**	**2,153**	**2,817**	**3,416**

Note 8

Available-for-sale financial assets

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Current assets			
Treasury notes and similar securities	***11,517***	***10,018***	***9,340***
Listed	10,109	9,136	8,606
Unlisted (1)	1,145	692	546
Related receivables	288	214	188
Provisions for impairment	(25)	(24)	-
Bonds and other debt securities	***55,525***	***53,944***	***48,557***
Listed	50,573	48,550	45,010
Unlisted	4,197	4,629	2,822
Related receivables	763	823	798
Provisions for impairment	(8)	(58)	(73)
Shares and other equity securities (2)	***4,578***	***4,136***	***3,529***
Listed	3,256	2,711	2,148
Unlisted	1,390	1,471	1,473
Provisions for impairment	(69)	(46)	(92)
Related receivables	1	-	-
Sub-total	**71,620**	**68,098**	**61,426**
Long-term equity investments			
Listed	3,359	3,269	4,418
Unlisted	4,291	2,449	2,514
Provisions for impairment	(520)	(792)	(1,159)
Related receivables	4	4	3
Sub-total	**7,134**	**4,930**	**5,776**
Total available-for-sale financial assets	**78,754**	**73,028**	**67,202**
o/w securities on loan	32	4	3

(1) Unlisted Treasury note and similar securities have been adjusted for EUR 531 million at December 31, 2005, and for EUR 364 million at January 1, 2005.This adjustment is derived from the reclassification of one of the Group subsidiary securities portofolio in the "Financial assets at fair value through profit or loss" category.

(2) Including UCITS.

Changes in available-for-sale financial assets

(in millions of euros)	2006	2005
Balance at January 1	**73,028**	**67,202**
Acquisitions	168,571	133,936
Disposals/redemptions	(162,442)	(131,035)
Reclassification and change in scope	2,144	(1,332)
Gains and losses on changes in fair value	(830)	827
Change in impairment	50	(9)
Impairment losses	250	413
Change in related receivables	14	52
Translation differences	(2,031)	2,974
Balance at December 31	**78,754**	**73,028**

Note 9

Due from banks

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Deposits and loans			
Demand and overnights			
Current accounts	14,690	10,926	8,756
Overnight deposits and loans and others	2,780	570	612
Loans secured by overnight notes	11	14	9
Term			
Term deposits and loans(1)	18,809	17,682	12,563
Subordinated and participating loans	650	690	713
Loans secured by notes and securities	221	178	100
Related receivables	343	355	203
Gross amount	**37,504**	**30,415**	**22,956**
Depreciation			
- depreciation for individually impaired loans	(45)	(71)	(77)
- depreciation for groups of homogenous receivables	(161)	(115)	(97)
Revaluation of hedged items	(10)	-	12
Net amount (2)	**37,288**	**30,229**	**22,794**
Securities purchased under resale agreements	30,869	23,222	30,543
Total	**68,157**	**53,451**	**53,337**
Fair value of amounts due from banks	**68,151**	**53,659**	**53,456**

(1) At December 31, 2006, the amount of receivables with incurred credit risk is EUR 46 million compared with EUR 98 million at December 31, 2005.

(2) The entities acquired in 2006 have a total impact of EUR 2,018 million on amounts due from banks.

Note 10

Customer loans

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Customer loans			
Trade notes	12,224	11,431	8,325
Other customer loans (1) (2)			
- Short-term loans	64,406	54,765	46,336
- Export loans	4,429	3,796	3,166
- Equipment loans	45,956	40,795	34,829
- Housing loans	67,363	55,315	46,122
- Other loans	41,891	41,426	35,487
Sub-total	**224,045**	**196,097**	**165,940**
Overdrafts	15,808	13,923	12,078
Related receivables	1,495	1,204	918
Gross amount	**253,572**	**222,655**	**187,261**
Depreciation			
- depreciation for individually impaired loans	(6,197)	(6,275)	(6,433)
- depreciation for groups of homogenous receivables	(864)	(824)	(871)
Revaluation of hedged items	2	141	134
Net amount (3)	**246,513**	**215,697**	**180,091**
Loans secured by notes and securities	1,124	103	59
Securities purchased under resale agreements	15,910	11,395	18,741
Total amount of customer loans	**263,547**	**227,195**	**198,891**
Fair value of customer loans	**263,548**	**228,510**	**200,980**

(1) Breakdown of other customer loans by customer type :

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Non-financial customers			
- Corporate	100,704	88,478	76,967
- Individual Customers	87,645	72,384	59,203
- Local authorities	9,240	7,706	7,577
- Self-employed professionals	8,904	7,624	7,268
- Governments and central administrations	3,029	2,591	2,013
- Others	3,985	3,861	3,632
Financial customers	10,538	13,453	9,280
Total	**224,045**	**196,097**	**165,940**

(2) At December 31, 2006, the amount of receivables with incurred credit risk is EUR 9,888 million compared with EUR 9,981 million at December 31, 2005.

(3) Entities acquired in 2006 had a EUR 5,565 million impact on net customer loans.

Note 11

Lease financing and similar agreements

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Real estate lease financing agreements	6,177	5,881	5,783
Non-real estate lease financing agreements	18,998	16,600	14,879
Related receivables	86	88	164
Gross amount (1)	**25,261**	**22,569**	**20,826**
Depreciation for individually impaired loans	(235)	(231)	(219)
Revaluation of hedged items	1	25	26
Net amount	**25,027**	**22,363**	**20,633**
Fair value of receivables on lease financing and similar agreements	**24,863**	**22,433**	**20,655**

(1) At December 31, 2006, the amount of receivables with incurred credit risk is EUR 668 million compared with EUR 537 million at December 31, 2005.

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Gross investments	**27,851**	**24,205**	**22,905**
- less than one year	6,665	5,540	5,226
- 1-5 years	15,073	13,570	12,625
- more than five years	6,113	5,095	5,054
Present value of minimum payments receivable	**24,320**	**21,713**	**20,000**
- less than one year	5,977	5,021	4,612
- 1-5 years	13,002	12,484	11,477
- more than five years	5,341	4,208	3,911
Unearned financial income	**2,590**	**1,636**	**2,079**
Unguaranteed residual values receivable by the lessor	**941**	**856**	**826**

Note 12

Held-to-maturity financial assets

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Treasury notes and similar securities	**1,404**	**1,880**	**2,162**
Listed	1,377	1,831	1,964
Unlisted	-	7	149
Related receivables	27	42	49
Bonds and other debt securities	**55**	**60**	**68**
Listed	54	59	66
Related receivables	1	1	2
Total held-to-maturity financial assets	**1,459**	**1,940**	**2,230**
Fair value of held-to-maturity financial assets	**1,476**	**1,988**	**2,290**

Note 13

Tax assets and liabilities

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Current tax assets	863	770	553
Deferred tax assets	640	831	843
- o/w on balance sheet items	726	1,050	1,000
- o/w on items credited or charged to shareholders' equity for unrealized gains or losses	(86)	(219)	(157)
Total	**1,503**	**1,601**	**1,396**

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Current tax liabilities	1,497	1,325	793
Deferred tax liabilities	462	352	293
- o/w on balance sheet items	293	298	219
- o/w on items credited or charged to shareholders' equity for unrealized gains or losses	169	54	74
Total	**1,959**	**1,677**	**1,086**

Note 14

Other assets

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Guarantee deposits paid	11,482	10,582	6,522
Settlement accounts on securities transactions	3,537	2,206	1,817
Prepaid expenses	1,136	776	684
Miscellaneous receivables	18,498	17,691	21,987
Gross amount	**34,653**	**31,255**	**31,010**
Depreciation	(139)	(201)	(206)
Net amount	**34,514**	**31,054**	**30,804**

Note 15

Tangible and intangible fixed assets

(in millions of euros)	Gross book value at December 31, 2005	Acquisitions	Disposals	Changes in consolidation scope and reclassifica-tions[1]	Gross value at December 31, 2006	Accumulated depreciation and amortization of assets at December 31, 2005	Allocations to amortization in 2006	Impairment of assets 2006	Write-backs from amortization in 2006	Changes in consolidation scope and reclassifica-tions[1]	Net book value at December 31, 2006	Net book value at December 31, 2005	Net book value at January 1, 2005
Intangible assets													
Software, EDP development costs	1,014	108	(3)	76	1,195	(766)	(128)	-	3	(7)	297	248	268
Internally generated assets	984	20	-	179	1,183	(718)	(151)	-	-	6	320	266	218
Assets under development	297	194	(6)	(257)	228						228	297	242
Others	247	21	(1)	141	408	(86)	(11)	-	1	(28)	284	161	155
Sub-total	**2,542**	**343**	**(10)**	**139**	**3,014**	**(1,570)**	**(290)**	**-**	**4**	**(29)**	**1,129**	**972**	**883**
Operating tangible assets													
Land and buildings	3,118	53	(22)	32	3,181	(882)	(83)	-	6	(4)	2,218	2,236	2,178
Assets under development	157	201	(1)	(169)	188						188	157	172
Lease assets of specialised financing companies	7,540	3,696	(2,198)	28	9,066	(1,892)	(1,399)	(3)	1,015	2	6,789	5,648	4,414
Others	3,971	344	(118)	80	4,277	(2,842)	(349)	2	94	86	1,268	1,129	1,067
Sub-total	**14,786**	**4,294**	**(2,339)**	**(29)**	**16,712**	**(5,616)**	**(1,831)**	**(1)**	**1,115**	**84**	**10,463**	**9,170**	**7,831**
Investment property													
Land and buildings	371	151	(7)	57	572	(69)	(18)	-	3	(18)	470	302	241
Assets under development	15	1	-	(6)	10						10	15	15
Sub-total	**386**	**152**	**(7)**	**51**	**582**	**(69)**	**(18)**	**-**	**3**	**(18)**	**480**	**317**	**256**
Total tangible and intangible fixed assets	**17,714**	**4,789**	**(2,356)**	**161**	**20,308**	**(7,255)**	**(2,139)**	**(1)**	**1,122**	**37**	**12,072**	**10,459**	**8,970**

(1) Including translation differences arising from the conversion of financial statements denominated in foreign currencies: gross amount: EUR (5) million, amortization: EUR (4) million.

Leasing activities

(in millions of euros)	December 31, 2006	December 31, 2005
Breakdown of minimum payments receivable		
- due in less than one year	1,146	861
- due in 1-5 years	1,683	1,299
- due in more than five years	6	8
Total minimum future payments receivable	**2,835**	**2,168**

Note 16

Goodwill affected by business unit

(in millions of euros)	RETAIL BANKING AND FINANCIAL SERVICES			CORPORATE & INVESTMENT BANKING		GLOBAL INVESTMENT MANAGEMENT & SERVICES				
	French Networks	Retail Banking outside France	Financial Services	Corporate Banking and Fixed Income	Equity and Advisory	Asset Management	Private Banking	SGSS and Online Savings	CORPORATE CENTRE	GROUP TOTAL
Gross book value at January 1, 2005	53	983	423	-	50	464	263	50	-	2,286
Acquisitions and other increases	-	365	360	5	41	-	2	46	68	887
Disposals and other decreases	-	-	(8)	-	-	-	(2)	-	-	(10)
Change	-	41	4	-	6	66	4	-	-	121
Gross value at December 31, 2005	**53**	**1,389**	**779**	**5**	**97**	**530**	**267**	**96**	**68**	**3,284**
Acquisitions and other increases	-	936	82	15	-	-	-	523	225	1,781
Disposals and other decreases	-	(3)	(1)	-	(40)	-	-	(15)	-	(59)
Change	-	4	-	-	(8)	(52)	(6)	(1)	-	(63)
Gross value at December 31, 2006	**53**	**2,326**	**860**	**20**	**49**	**478**	**261**	**603**	**293**	**4,943**
Impairment of goodwill at January 1, 2005	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	(13)	-	-	-	(10)	(23)
Impairment of goodwill at December 31, 2005	**-**	**-**	**-**	**-**	**(13)**	**-**	**-**	**-**	**(10)**	**(23)**
Impairment losses	-	-	-	-	13	-	-	-	(18)	(5)
Impairment of goodwill at December 31, 2006	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(28)**	**(28)**
Net goodwill at January 1, 2005	53	983	423	-	50	464	263	50	-	2,286
Net goodwill at December 31, 2005	53	1,389	779	5	84	530	267	96	58	3,261
Net goodwill at December 31, 2006	**53**	**2,326**	**860**	**20**	**49**	**478**	**261**	**603**	**265**	**4,915**

Cash-generating units (CGU) are the most accurate measurement units used by management to measure return on investment in a particular activity. The Group divides its activities into 14 cash-generating units, which is consistent with the management of the Group by core business lines. The recoverable value of a cash-generating unit is calculated by the most appropriate method, notably by discounting cash flows by cash-generating unit rather than by individual legal entity. The discount rates used are derived from recent analyses of the Group's business lines and cash flows are projected over the same horizon as the budgets and strategic plans approved by the management.

In compliance with IAS 36 "Impairment of assets", the Group implemented impairment tests on goodwill at December 31, 2006.

As of December 31, 2006, the Group retained the following Cash Generating Units (CGU):

CGU	BUSINESS UNIT
Retail Banking outside France - European Union and Pre-European Union	Retail Banking outside France
Other Retail Banking outside France	Retail Banking outside France
Crédit du Nord	French Networks
Société Générale network	French Networks
Insurance Financial Services	Financial Services
Individual Financial Services	Financial Services
Company Financial Services	Financial Services
Car renting Financial Services	Financial Services
Alternative Distribution Models	Financial Services
Equity and Advisory	Equity and Advisory
Corporate Banking and Fixed Income	Corporate Banking and Fixed Income
SGSS and Online Savings	SGSS and Online Savings
Asset Management	Asset Management
Private Banking	Private Banking

Breakdown of main sources of goodwill by CGU (in millions of euros)

Entities	Goodwill (net book value at Dec. 31, 2006)	Allocation (CGU)
Komercni Banka	918	Retail Banking outside France – European Union and Pre-European Union
HVB splitska Banka	747	Retail Banking outside France – European Union and Pre-European Union
TCW Group Inc	440	Asset management
2S Banka	395	SGSS and Online Savings
MIBank	371 (1)	Other Retail Banking outside France
SG Private Banking (Suisse) SA	174	Private Banking
Eurobank	170	Individual Financial Services
Gefa Bank	155	Company Financial Services
Boursorama	154	SGSS and Online Savings
Hanseatic Bank	131	Individual Financial Services

(1) Amount carried out from EUR 352 million to EUR 371 million after fair value adjustment process.

As indicated in the table of changes in shareholders' equity and in note 1, transactions which relate to minority interests are now treated for accounting purposes as shareholders' equity transactions. This change in accounting method has led to the retroactive adjustment of goodwill under shareholders' equity attributable to equity holders of the parent in the amount of EUR 585 million at January 1, 2005 and EUR 974 million at December 31, 2005.

Note 17

Due to banks

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Demand and overnight deposits			
Demand deposits and current accounts	11,001	8,579	7,519
Overnight deposits and borrowings and others	21,972	17,364	11,673
Sub-total	**32,973**	**25,943**	**19,192**
Term deposits			
Term deposits and borrowings	82,937	76,605	47,837
Borrowings secured by notes and securities	686	405	144
Sub-total	**83,623**	**77,010**	**47,981**
Related payables	751	479	319
Revaluation of hedged items	(11)	(15)	(1)
Securities sold under repurchase agreements	12,499	9,790	12,268
Total (1)	**129,835**	**113,207**	**79,759**
Fair value of amounts due to banks	**129,675**	**113,116**	**79,108**

(1) Entities acquired in 2006 had a EUR 2,716 million impact on amounts due to banks.

Note 18

Customer deposits

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Regulated savings accounts			
Demand	29,423	27,405	25,188
Term	20,128	21,186	21,471
Sub-total	**49,551**	**48,591**	**46,659**
Other demand deposits			
Businesses and sole proprietors	42,093	34,804	29,190
Individual customers	32,588	30,033	26,042
Financial customers	29,087	13,001	12,451
Others	12,218	11,901	6,875
Sub-total	**115,986**	**89,739**	**74,558**
Other term deposits			
Businesses and sole proprietors	24,753	24,064	18,536
Individual customers	17,272	14,626	12,067
Financial customers	15,872	19,451	17,279
Others	15,827	9,016	3,848
Sub-total	**73,724**	**67,157**	**51,730**
Related payables	1,144	1,040	940
Revaluation of hedged items	11	107	23
Total customer deposits (1)	**240,416**	**206,634**	**173,910**
Borrowings secured by notes and securities	196	226	1,626
Securities sold to customers under repurchase agreements	26,785	15,684	17,327
Total	**267,397**	**222,544**	**192,863**
Fair value of customer deposits	**267,411**	**222,582**	**192,911**

(1) Entities acquired since December 31, 2005 accounted for EUR 6,547 million in customer deposits.

Note 19

Securitized debt payables

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Term savings certificates	2,715	2,351	2,039
Bond borrowings	4,611	2,603	1,928
Interbank certificates and negotiable debt instruments	92,126	78,785	64,571
Related payables	966	767	509
Sub-total	**100,418**	**84,506**	**69,047**
Revaluation of hedged items	(46)	(181)	(217)
Total	**100,372**	**84,325**	**68,830**
o/w floating rate securities	14,997	20,720	16,565
Fair value of securitized debt payables	**100,341**	**83,357**	**68,643**

Note 20

Other liabilities

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Guarantee deposits received	13,389	12,279	10,233
Settlement accounts on securities transactions	3,914	3,208	1,487
Other securities transactions	36	35	96
Accrued social charges	3,071	2,448	1,836
Deferred income	1,928	1,654	1,884
Miscellaneous payables	16,988	13,404	14,648
Total	**39,326**	**33,028**	**30,184**

Note 21

PEL/CEL mortgage saving accounts

Outstanding deposits in PEL/CEL accounts

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
PEL accounts			
less than 4 years old	1,227	5,938	5,184
between 4 and 10 years old	7,024	2,084	2,183
more than 10 years old	7,025	9,666	10,877
Sub-total	**15,276**	**17,688**	**18,244**
CEL accounts	2,334	2,351	2,356
Total	**17,610**	**20,039**	**20,600**

Outstanding housing loans granted with respect to PEL/CEL accounts

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
less than 4 years old	201	292	432
between 4 and 10 years old	235	319	389
more than 10 years old	83	67	74
Total	**519**	**678**	**895**

Provisions for commitments linked to PEL/CEL accounts

(in millions of euros)	January 1, 2005	Allocations	Reversals	December 31, 2005	Allocations	Reversals	December 31, 2006
PEL accounts							
less than 4 years old	12	8	12	8	6	7	7
between 4 and 10 years old	-	-	-	-	17	17	-
more than 10 years old	261	83	74	270	-	176	94
Sub-total	**273**	**91**	**86**	**278**	**23**	**200**	**101**
CEL accounts	1	41	1	41	-	6	35
Total	**274**	**132**	**87**	**319**	**23**	**206**	**136**

The Plans d'Epargne Logement (PEL or housing savings plans) imply two types of commitment for the Group that have the negative effect of generating a PEL/CEL provision: a commitment to lend at an interest rate which is fixed at the start of the agreement and a commitment to remunerate the savings at an interest rate which is also fixed at the portfolio. As a result, it is primarily the obligation to remunerate savings at a fixed rate on older generations of PEL plans (PELs of over 10 years which have higher remuneration rates than current market rates) which triggers the PEL/CEL provision.

As interest rates rose over 2006, the obligation to remunerate savings at a fixed rate is less risky for Société Générale Group and therefore means a reduction in the provision. Provisioning for outstanding household savings amounted to 0.77% of total outstandings at December 31, 2006.

Methods used to establish the parameters for valuing provisions

The parameters used for estimating the future behavior of customers are derived from historical observations of customer behavior patterns over periods of between 10 and 15 years. The values of these parameters can be adjusted if any changes are subsequently made to regulations that might undermine the effectiveness of past data as an indicator of future customer behavior.

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these elements for the period concerned, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps vs. Euribor yield curve at the date of valuation, averaged over a 12-month period.

Note 22

Provisions and depreciation

Asset depreciations

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Banks	45	71	77
Customer loans	6,197	6,275	6,433
Lease financing and similar agreements	235	231	219
Groups of homogenous receivables	1,025	939	967
Available-for-sale assets	622	920	1,325
Others	248	303	289
Total	**8,372**	**8,739**	**9,310**

The change in assets' depreciations can be analysed as follows:

(in millions of euros)	Assets depreciations at December 31, 2005	Impairment losses	Reversals available	Net impairment losses	Reversals used	Currency and scope effects	Assets depreciations at December 31, 2006
Banks	71	1	(8)	(7)	(8)	(11)	45
Customer loans	6,275	2,018	(1,405)	613	(660)	(31)	6,197
Lease financing and similar agreements	231	114	(81)	33	(30)	1	235
Groups of homogenous receivables	939	238	(132)	106	-	(20)	1,025
Available-for-sale assets (1)	920	46	(389)	(343)	-	45	622
Others (1)	303	106	(107)	(1)	(51)	(3)	248
Total	**8,739**	**2,523**	**(2,122)**	**401**	**(749)**	**(19)**	**8,372**

(1) Including a EUR (23) million net allocation for identified risks.

Provisions

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Provisions for off-balance sheet commitments to banks	-	10	14
Provisions for off-balance sheet commitments to customers	128	173	228
Provisions for employee benefits	1,172	1,251	1,218
Provisions for tax adjustments	497	512	434
Provisions for other risks and commitments	782	1,091	1,047
Total	**2,579**	**3,037**	**2,941**

The change in provisions can be analysed as follows:

(in millions of euros)	Provisions at December 31, 2005	Allocations	Write-backs available	Net allocation	Write-backs used	Effect of discounting	Currency and scope effects	Provisions at December 31, 2006
Provisions for off-balance sheet commitments to banks	10	-	(2)	**(2)**	-	-	(8)	-
Provisions for off-balance sheet commitments to customers	173	64	(103)	**(39)**	-	-	(6)	128
Provisions for employee benefits	1,251	254	(317)	**(63)**	-	-	(16)	1,172
Provisions for tax adjustments	512	210	(66)	**144**	(29)	3	(133)	497
Provisions for other risks and commitments(2)(3)	1,091	110	(334)	**(224)**	(223)	2	136	782
Total	**3,037**	**638**	**(822)**	**(184)**	**(252)**	**5**	**(27)**	**2,579**

(2) including a EUR (33) million net allocation for net cost of risk.

(3) The Group's provisions for other risks and commitments include EUR 319 million of PEL/CEL provisions at December 31, 2005 and EUR 136 million at December 31, 2006 i.e. a combined net allocation of EUR (183) million over 2006 for the Société Générale France Network and for Crédit du Nord.

The consequences, as assessed on December 31, 2006, of those disputes and tax risks that are liable to have or have recently had a significant impact on the financial position of the Group, its activities or results have been provisioned in the Group's financial statements.

Note 23

Employee benefits

Post-employment defined contribution plans

Defined contribution plans limit the Group's liability to the contributions paid to the plan but do not commit the Group to a specific level of future benefits.

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

Contributions to those schemes amount to EUR 502 million in 2006.

Post-employment benefit plans (defined benefit plans) and other long term benefits

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	December 31, 2006				December 31, 2005				December 31, 2004			
	Post employment benefits		Other long term benefits		Post employment benefits		Other long term benefits		Post employment benefits		Other long term benefits	
(in millions of euros)	Pension plans	Others		Total	Pension plans	Others		Total	Pension plans	Others		Total
Reminder of gross liabilities	2,448	215	351	3,014	2,310	156	363	2,829	2,026	153	338	**2,517**
Reminder of assets	(1,985)	-	(78)	(2,063)	(1,754)	-	(49)	(1,803)	(1,537)	-	(47)	**(1,584)**
Deficit in the plan (Net balance)	463	215	273	951	556	156	314	1,026	489	153	291	**933**
Breakdown of the deficit in the plan												
Present value of defined benefit obligations	2,236	-	78	2,314	2,176	-	83	2,259	1,854	-	72	**1,926**
Fair value of plan assets	(2,075)	-	(78)	(2,153)	(1,924)	-	(49)	(1,973)	(1,757)	-	(47)	**(1,804)**
Actuarial deficit (net balance) A	161	-	-	161	252	-	34	286	97	-	25	**122**
Present value of unfunded obligations B	276	216	273	765	308	159	280	747	242	156	266	**664**
Other items recognized in balance sheet C												
Unrecognized items												
Unrecognized Past Service Cost	58	-	-	58	54	-	-	54	40	-	-	**40**
Unrecognized Net Actuarial (Gain) /Loss	6	1	-	7	120	3	-	123	30	3	-	**33**
Separate assets	(1)	-	-	(1)	(1)	-	-	(1)	(5)	-	-	**(5)**
Plan assets impacted by change in Asset Celling	(89)	-	-	(89)	(169)	-	-	(169)	(215)	-	-	**(215)**
Total unrecognized items D	(26)	1	-	(25)	4	3	-	7	(150)	3	-	(147)
Deficit in the plan (Net balance) A+B+C-D	**463**	**215**	**273**	**951**	**556**	**156**	**314**	**1,026**	**489**	**153**	**291**	**933**

Notes:

1. For pensions and other post-employment plans, actuarial gains and losses, which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortized on the estimated average remaining working life of the employees participating in the plan in accordance with option of IAS 19 (corridor).

2. Pension plans include pension benefits as annuities and end of career payments. Pension benefit annuities are paid additionally to pensions state plans.

The Group grants 125 pension plans located in 38 countries. 10 pension plans located in France, the UK, Germany, the US and Switzerland represents 85% of gross liabilities of these pension plans.

Other post employment benefit plans are healthcare plans. These 11 plans are located in 7 countries among which France represents 90% of gross liabilities.

The healthcare plan for SG Metropole has been reformed as at 1st January 2007 and the corresponding obligation has been settled through contribution (EUR 170 million) paid to the insurance organism Mutual Insurance Société Générale in charge of the administration of the scheme. As a result, the Société Générale has accounted for an extra liability amounting to EUR 61 million in 2006.

Other long-term employee benefits include deferred bonuses, flexible working provisions (French acronym: compte épargne temps) and long-service awards. 80 benefits are located in 23 countries. 75% of gross liabilities of these benefits are located in France.

3. The present values of defined benefit obligations have been valued by independent qualified actuaries.

4. Information regarding plan assets

The break down of the fair value of plan assets is as follows: 44% bonds, 40% equities, 9% monetary instruments and 7% others.

For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 111 million, including EUR 89 million unrecognized.

5. The expected employer's contributions for post-employment benefits scheme are estimated for 2007 at EUR 80 million.

6. In general manner, the expected rates of return on scheme assets are based on a weighted average of expected returns on each category of assets.

The actual return on plan and separate assets were:

(in millions of euros)	Post employment benefits						Other long term benefits			Total		
	Pension plans			Others								
	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2006	December 31, 2005	December 31, 2004
Plan assets	175	204	112	-	-	-	5	7	4	180	211	116

AMOUNTS RECOGNIZED IN THE INCOME STATEMENT

(in millions of euros)	Post employment benefits						Other long term benefits			Total		
	Pension plans			Others								
	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2006	December 31, 2005	December 31, 2004
Current Service Cost including Social Charges	70	68	51	8	6	3	50	52	77	**128**	**126**	131
Employee contributions	(3)	(2)	(2)	-	-	-	-	-	-	**(3)**	**(2)**	(2)
Interest Cost	106	102	94	6	7	7	5	6	6	**117**	**115**	107
Expected Return on Plan Assets	(107)	(102)	(80)	-	-	-	(3)	(3)	(3)	**(110)**	**(105)**	(83)
Expected Return on Separate Assets	-	-	-	-	-	-	-	-	-	**-**	-	-
Amortization of Past Service Cost	5	30	3	-	-	-	-	-	-	**5**	**30**	3
Amortization of Losses (Gains)	5	31	-	2	(1)	-	(7)	4	-	**-**	**34**	-
Settlement, Curtailment	-	(1)	-	60	-	-	(1)	4	-	**59**	**3**	-
Change in asset celling	6	3	-	-	-	-	-	-	-	**6**	**3**	-
Transfert from non recognized assets	-	-	-	-	-	-	-	-	4	**-**	**-**	4
Total Charges	**82**	**129**	**66**	**76**	**12**	**10**	**44**	**63**	**84**	**202**	**204**	**160**

- **Movements in the present value of defined benefits obligations**

(in millions of euros)	2006			2005			2004		
	Post employment benefits			Post employment benefits			Post employment benefits		
	Pension plans	Others	Total	Pension plans	Others	Total	Pension plans	Others	Total
Value at January 1	2,483	159	**2,642**	2,096	155	**2,251**	1,928	150	**2,078**
Current Service Cost including Social Charges	70	8	**78**	68	6	**74**	51	3	**54**
Interest Cost	106	6	**112**	102	7	**109**	94	7	**101**
Employee contributions	(3)	-	**(3)**	(2)	-	**(2)**	(2)	-	**(2)**
Actuarial (gains)/losses	(32)	(1)	**(33)**	262	-	**262**	91	3	**94**
Foreign currency exchange adjustment	(6)	(2)	**(8)**	34	1	**35**	(3)	-	**(3)**
Benefit payments	(96)	(10)	**(106)**	(105)	(10)	**(115)**	(92)	(8)	**(100)**
Past Service Cost	9	-	**9**	41	-	**41**	-	-	**-**
Acquisition of subsidiaries	(4)	(2)	**(6)**	6	-	**6**	29	-	**29**
Transferts and others	(15)	58	**43**	(19)	-	**(19)**	-	-	**-**
Value at December 31	**2,512**	**216**	**2,728**	**2,483**	**159**	**2,642**	**2,096**	**155**	**2,251**

• Movements in fair value of plan assets

	2006			2005			2004		
	Post employment benefits			Post employment benefits			Post employment benefits		
(in millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total	Pension plans	Others	Total
Value at January 1	1,924	-	**1,924**	1,757	-	**1,757**	1,665	-	**1,665**
Expected Return on Plan Assets	107	-	**107**	102	-	**102**	80	-	**80**
Expected Return on Separate Assets	-	-	**-**	-	-	**-**	-	-	**-**
Actuarial gains/(losses)	72	-	**72**	84	-	**84**	46	-	**46**
Foreign currency exchange	(2)	-	**(2)**	22	-	**22**	-	-	**-**
Employee Contributions	3	-	**3**	3	-	**3**	-	-	**-**
Employer Contributions to plan assets	132	-	**132**	41	-	**41**	40	-	**40**
Benefit payments	(78)	-	**(78)**	(71)	-	**(71)**	(74)	-	**(74)**
Acquisition of subsidiaries	-	-	**-**	2	-	**2**	-	-	**-**
Transferts and others	(83)	-	**(83)**	(16)	-	**(16)**	-	-	**-**
Value at December 31	**2,075**	**-**	**2,075**	**1,924**	**-**	**1,924**	**1,757**	**-**	**1,757**

MAIN ASSUMPTIONS

	December 31, 2006	December 31, 2005	December 31, 2004
Discount rate			
Europe	4.50%	4.00%	4.10%
Americas	5.20%	5.00%	4.90%
Asia-Oceania-Africa	4.30%	3.20%	3.60%
Expected return on plan assets (separate and plan assets)			
Europe	5.87%	6.00%	5.60%
Americas	6.50%	6.50%	6.50%
Asia-Oceania-Africa	2.50%	2.05%	1.25%
Future salary increase net of inflation			
Europe	1.00%	1.00%	1.50%
Americas	2%	2%	2%
Asia-Oceania-Africa	1.80%	1.80%	1.80%
Healthcare cost increase rate			
Europe	4.63%	4.55%	4.70%
Americas	NA	NA	NA
Asia-Oceania-Africa	3.50%	2.40%	1.70%
Average remaining lifetime of employees (in years)			
Europe	11.5	11.5	10.7
Americas	9.5	9.4	9.5
Asia-Oceania-Africa	11	13.7	12.3

Notes:
1.The range in discount rate is due to various post-employment benefit plans durations and to different levels of interest rates used in the same geographical area like Europe and Asia.

2. The range of expected return on plan assets rate is due to actual plan assets allocation.

3. Average remaining lifetime of employees is calculated taking into account turnover assumptions.

SENSITIVITIES ANALYSIS OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS COMPARED TO MAIN ASSUMPTIONS RANGES

	2006			2005			2004		
(Measured element percentage)	Pension plans	Post employment healthcare plans	Other plans	Pension plans	Post employment healthcare plans	Other plans	Pension plans	Post employment healthcare plans	Other plans
Variation from +1% in discount rate									
Impact on Defined Benefit Obligations at December 31	-14%	-14%	-6%	-14%	-15%	-6%	-11%	-15%	-3%
Impact on total Expenses	-19%	-8%	-34%	-19%	-7%	-77%	-6%	-8%	-37%
Variation from +1% in Expected return on plan assets									
Impact on Plan Assets at December 31	1%	1%	1%	1%	1%	1%	1%	1%	1%
Impact on total Expenses	-21%	NA	-3%	-14%	NA	-4%	-11%	NA	0%
Variation from +1% in Future salary increases net of inflation									
Impact on Defined Benefit Obligations at December 31	5%	NA	5%	5%	NA	6%	6%	NA	2%
Impact on total Expenses	17%	NA	39%	16%	NA	93%	14%	NA	39%
Variation from +1% in Healthcare cost increase rate									
Impact on Defined Benefit Obligations at December 31		15%			18%			13%	
Impact on total Expenses		19%			29%			16%	

EXPERIENCE ADJUSTMENTS ON POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(in millions of euros)	December 31, 2006	December 31, 2005	December 31, 2004
Defined Benefit Obligations	2,512	2,484	2,096
Fair value of plan assets	2,075	1,924	1,757
Deficit/(surplus)	437	560	339
Experience adjustments on plan liabilities (negative: gain)	(11)	23	
Experience adjustments on plan assets (negative: gain)	(67)	(84)	

Note 24

Subordinated debt

(in millions of euros)

Currency issue	2007	2008	2009	2010	2011	Other	Outstanding at December 31, 2006	Outstanding at December 31, 2005	Outstanding at January 1, 2005
Subordinated capital notes									
EUR	678	121	313	616	439	5,837	8,004	8,221	8,344
USD	304	-	-	-	-	1,631	1,935	1,657	1,642
GBP	-	-	-	-	-	893	893	1,022	993
Other currencies	-	54	-	-	-	94	148	228	157
Sub-total	**982**	**175**	**313**	**616**	**439**	**8,455**	**10,980**	**11,128**	**11,136**
Dated subordinated debt									
EUR	-	-	-	-	8	29	37	29	29
USD	-	-	-	-	-	-	-	30	56
Other currencies	-	-	-	-	-	-	-	-	2
Sub-total	**-**	**-**	**-**	**-**	**8**	**29**	**37**	**59**	**87**
Related payables	274	-	-	-	-	-	274	262	276
Total excluding revaluation of hedged items	**1,256**	**175**	**313**	**616**	**447**	**8,484**	**11,291**	**11,449**	**11,499**
Revaluation of hedged items							222	634	637
Total							**11,513**	**12,083**	**12,136**

The fair value of subordinated debt securities stood at EUR 11,751 million at December 31, 2006 (EUR 12,239 million at December 31, 2005).

As indicated in the table of changes in shareholders' equity and in note 1, subordinated debt was restated under shareholders' equity attributable to equity holders of the parent in the amount of EUR 450 million at January 1, 2005 and EUR 478 million at December 31, 2005.

In 2007, the Group decided to exercise the early redemption option on those undated subordinated notes for which this option exists. The par value of those notes that continue to be booked under subordinated debt stands at EUR 532 million.

Note 25

Société Générale ordinary shares, treasury shares, shares held by employees

Number of shares	December 31, 2006	December 31, 2005	January 1, 2005
Ordinary shares	461,424,562	434,288,181	445,153,159
Including treasury shares (without voting rights) (1)	-	26,911,655	39,337,919
Including treasury shares (with voting rights) (1)	22,939,831	-	-
Including shares held by employees	32,424,638	32,831,211	33,024,632

(1) Does not include the Société Générale shares held for trading.

Note 26

Commitments

Commitments granted and received

COMMITMENTS GRANTED

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Loan commitments			
to banks	19,279	13,493	9,074
to customers (1)			
- Issuance facilities	100	82	91
- Confirmed credit lines	146,194	134,722	97,285
- Others	1,726	1,053	781
Guarantee commitments			
on behalf of banks	31,694	4,938	1,733
on behalf of customers (1) (2)	67,114	54,942	44,896
Securities commitments			
Securities to deliver	28,663	30,151	14,617

COMMITMENTS RECEIVED

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Loan commitments			
from banks	17,526	10,643	8,574
Guarantee commitments			
from banks	58,352	59,367	35,908
other commitments (3)	49,854	44,073	39,082
Securities commitments			
Securities to be received	32,783	40,922	15,717

(1) As at December 31, 2006, credit lines and guarantee commitments granted to securization vehicles and other special purpose vehicles amounted to EUR 29.5 billion and EUR 0.7 billion respectively.

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

(3) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 28.3 billion as at December 31, 2006 and EUR 30.7 billion as at December 31, 2005. The remaining balance mainly corresponds to securities and assets assigned as guarantee.

Forward financial instrument commitments (notional amounts)

(in millions of euros)	December 31, 2006 Trading transactions	December 31, 2006 Hedging transactions	December 31, 2005 Trading transactions	December 31, 2005 Hedging transactions	January 1, 2005 Trading transactions	January 1, 2005 Hedging transactions
Interest rate instruments						
Firm transactions						
Swaps	5,566,581	216,633	4,130,135	118,209	3,272,860	112,948
Interest rate futures	1,454,300	20	1,132,152	175	975,692	1,076
Options	*2,397,826*	*16,357*	*1,930,518*	*912*	*1,445,148*	*5,029*
Foreign exchange instruments						
Firm transactions	*685,824*	*37,514*	*567,435*	*11,870*	*522,465*	*2,961*
Options	*205,201*	-	*378,819*	-	*351,719*	-
Equity and index instruments						
Firm transactions	*231,930*	-	*89,741*	-	*26,119*	-
Options	*646,448*	*148*	*588,982*	*173*	*330,613*	*7,741*
Commodity instruments						
Firm transactions	*155,635*	-	*152,097*	-	*112,833*	-
Options	*154,586*	-	*231,016*	-	*80,992*	-
Credit derivatives	991,383	-	348,086	-	131,547	-
Other forward financial instruments	16,826	-	13,608	-	15,398	50

Credit risk equivalent

The credit risk equivalent on these transactions, determined in accordance with the methods recommended by the Basel Committee for the calculation of the international solvency ratio, breaks down as follows:

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
OECD member governments and central banks	993	674	758
OECD member banks and local authorities	23,176	19,116	15,786
Customers	15,407	12,948	8,825
Non-OECD member banks and central banks	657	526	590
TOTAL (after netting agreements)	**40,233**	**33,264**	**25,959**

Netting agreements reduced the credit risk equivalent by EUR 102,921 million at December 31, 2006 compared with a reduction of EUR 96,977 million at December 31, 2005.

SECURITIZATION TRANSACTIONS

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

As the Group does not control these vehicles, they are not consolidated in the Group's financial statements.

As at December 31, 2006, there were 6 non-consolidated vehicles (Barton, Antalis, Asset One, Homes, ACE Australia, ACE Canada) structured by the Group on behalf of customers or investors. Total assets held by these vehicles and financed through the issuance of commercial papers amounted to EUR 19,815 million on this date.

The default risk on these assets is borne by the transferors of the underlying receivables or by third parties. The Société Générale Group provides an additional guarantee as a credit enhancement through the issuance of letters of credit in the amount of EUR 731 million. Furthermore, the Group has granted these vehicles short-term loan facilities in the amount of EUR 29,237 million at this date.

Note 27

Assets pledged as security

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Assets pledged as security			
Book value of assets pledged as security for liabilities	25,884	16,274	3,355
Book value of assets pledged as security for transactions in financial instruments	10,687	10,306	6,421
Book value of assets pledged as security for off-balance sheet commitments	385	341	253
Total	**36,956**	**26,921**	**10,029**
Assets received as security and available for the entity			
Fair value of reverse repos	**46,831**	**34,812**	**49,284**

Note 28

Breakdown of assets and liabilities by term to maturity

Maturities of financial assets and liabilities

(in millions of euros at December 31, 2006)	Less than 3 months	3 months to 1 year	1-5 years	More than 5 years	Total
ASSETS					
Cash, due from central banks	9,358	-	-	-	9,358
Financial assets at fair value through profit and loss	306,073	119,355	9,016	18,763	453,207
Hedging derivatives	3,668	-	-	-	3,668
Available-for-sale financial assets	17,862	10,421	16,799	33,672	78,754
Due from banks	48,960	6,443	10,644	2,110	68,157
Customer loans	66,868	34,712	91,396	70,571	263,547
Lease financing and similar agreements	2,424	4,732	12,038	5,833	25,027
Revaluation differences on portfolios hedged against interest rate risk	(20)	-	-	-	(20)
Held-to-maturity financial assets	68	131	584	676	1,459
Total Assets	**455,261**	**175,794**	**140,477**	**131,625**	**903,157**
LIABILITIES					
Due to central banks	4,183	-	-	-	4,183
Financial liabilities measured at fair value through profit and loss	188,733	69,211	21,217	19,532	298,693
Hedging derivatives	2,826	-	-	-	2,826
Due to banks	109,932	13,543	3,799	2,561	129,835
Customer deposits	221,402	14,387	23,058	8,550	267,397
Securitized debt payables	62,494	20,180	12,428	5,270	100,372
Revaluation differences on portfolios hedged against interest rate risk	143	-	-	-	143
Total Liabilities	**589,713**	**117,321**	**60,502**	**35,913**	**803,449**

Maturities of commitments on financial derivatives

(in millions of euros at December 31, 2006)	Less than 1 year	1-5 years	More than 5 years	Total
Interest rate instruments				
Firm instruments				
Swaps	2,259,832	2,065,471	1,457,911	**5,783,214**
Interest rate futures	1,211,855	242,432	33	**1,454,320**
Options	*981,657*	*930,952*	*501,574*	***2,414,183***
Forex instruments				
Firm instruments	*528,768*	*127,343*	*67,227*	***723,338***
Options	*184,224*	*16,349*	*4,628*	***205,201***
Equity and index instruments				
Firm instruments	*175,266*	*55,657*	*1,007*	***231,930***
Options	*343,540*	*265,875*	*37,181*	***646,596***
Commodity instruments				
Firm instruments	*111,763*	*41,051*	*2,821*	***155,635***
Options	*112,546*	*41,365*	*675*	***154,586***
Credit derivatives	47,875	599,286	344,222	**991,383**
Other forward financial instruments	16,250	558	18	**16,826**

Note 29

Foreign exchange transactions

(in millions of euros)	December 31, 2006				December 31, 2005				January 1, 2005			
	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered
EUR	533,154	530,927	13,151	10,223	467,709	459,823	9,831	7,950	402,206	385,497	6,168	6,686
USD	249,846	265,322	19,242	22,147	230,767	232,107	12,937	15,242	162,980	186,814	11,334	14,964
GBP	29,532	30,722	6,306	3,811	26,831	34,765	1,400	2,250	21,870	24,940	1,801	2,013
JPY	37,244	35,237	2,743	4,674	30,470	29,080	2,757	2,065	19,800	14,368	7,587	3,420
Other currencies	107,065	94,633	7,977	8,906	79,357	79,359	5,284	5,258	65,871	61,108	4,179	4,122
Total	**956,841**	**956,841**	**49,419**	**49,761**	**835,134**	**835,134**	**32,209**	**32,765**	**672,727**	**672,727**	**31,069**	**31,205**

Note 30

Insurance activities

Underwriting reserves of insurance companies

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Underwriting reserves for unit-linked policies	21,010	17,738	14,657
Life insurance underwriting reserves	43,341	39,336	34,007
- o/w provisions for deferred profit sharing	*2,170*	*3,174*	*2,251*
Non-life insurance underwriting reserves	232	205	141
Total	**64,583**	**57,279**	**48,805**
Attributable to reinsurers	295	328	232
Underwriting reserves of insurance companies net of the part attribuable to reinsurers	**64,288**	**56,951**	**48,573**

Statement of changes in underwriting reserves of insurance companies

(in millions of euros)	Underwriting reserves for unit-linked policies	Life insurance underwriting reserves	Non-life insurance underwriting reserves
Reserves at January 1, 2006	**17,738**	**39,336**	**205**
Allocation to insurance reserves	2,528	3,227	26
Revaluation of policies	1,025	-	-
Charges deducted from policies	(118)	-	-
Transfers and arbitrage	(202)	200	-
New customers	-	-	-
Profit-sharing	54	565	-
Others	(15)	13	1
Reserves at December 31, 2006	**21,010**	**43,341**	**232**

Net investments of insurance companies

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Financial assets measured at fair value through P&L [(1)]	**28,014**	**23,797**	**19,103**
Treasury notes and similar securities	332	347	341
Bonds and other debt securities	8,986	8,262	7,891
Shares and other equity securities	18,696	15,188	10,871
Available-for-sale financial assets	**39,312**	**35,757**	**31,193**
Treasury notes and similar securities	45	125	39
Bonds and other debt securities	36,085	33,005	29,033
Shares and other equity securities	3,182	2,627	2,121
Investment property	**400**	**238**	**189**
Total	**67,726**	**59,792**	**50,485**

(1) Financial assets at fair value through profit or loss are almost exclusively made up of assets measured using the fair value option through profit or loss. The financial assets held to guarantee unit-linked policies of the Group life-insurance subsidiaries are booked at fair value through profit or loss to ensure their financial treatment matches that of the corresponding insurance liabilities. The fair value option thus allows the Group to record changes in the fair value of the financial assets through the income statement so that they match fluctuations in value of the insurance liabilities associated with these unit-linked policies.

Technical income from insurance companies

(in millions of euros)	December 31, 2006	December 31, 2005	December 31, 2004 [(1)]
Earned premiums	10,458	8,853	7,488
Cost of benefits (including changes in reserves)	(11,146)	(10,311)	(7,785)
Net income from investments	1,497	2,192	1,083
Other net technical income (expense)	(444)	(427)	(532)
Contribution to operating income before elimination of intercompany transactions	**365**	**307**	**254**
Elimination of intercompany transactions [(2)]	329	175	228
Contribution to operating income after elimination of intercompany transactions	**694**	**482**	**482**

(1) IFRS excl. IAS 32&39 and IFRS 4.

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

Net fee income [(3)]

(in millions of euros)	December 31, 2006	December 31, 2005	December 31, 2004 [(1)]
Fees received			
- acquisition fees	200	179	160
- management fees	491	440	343
- others	48	45	37
Fees paid			
- acquisition fees	(172)	(141)	(117)
- management fees	(198)	(190)	(146)
- others	(9)	(23)	(21)
Total fees	**360**	**310**	**256**

(1) IFRS excl. IAS 32&39 and IFRS 4.

(3) Fees are presented in this table before elimination of intercompany transactions.

Management of life insurance risks

In life insurance, insurers are exposed to the instabilities of the financial markets (changes in interest rates and stock market fluctuations) which can be made worse by the behavior of policyholders.

The management of the risks linked to the financial markets is just as much an integral part of the investment strategy as the search for maximum performance. The optimization of these two elements is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of contracts), as well as the amounts booked under the main items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analyzed by the life insurance business line. Société Générale's overall asset and liability management (ALM) policy is validated by the Group's General Management at the ALM Committee meetings held every six months.

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

- monitoring of long-term cash flows: matching the duration of a liability against the duration of an asset, and cash flow peaks are strictly controlled in order to minimize reinvestment risks;
- close monitoring of the equity markets and stress scenario simulations;
- hedging of exchange rate risks using financial instruments.

The management of these risks is a fundamental priority for the insurance business line. It is carried out by qualified and experienced teams with major, bespoke IT resources at their disposal. Risks undergo regular monitoring and are reported to the General Management of both the entities concerned and the business lines.

Note 31

Interest income and expense

(in millions of euros)	2006	2005	2004 [1]
Transactions with banks	**5,372**	**3,052**	**4,008**
Demand deposits and interbank loans	2,844	1,683	1,599
Securities purchased under resale agreements and loans secured by notes and securities	2,528	1,369	2,409
Transactions with customers	**13,758**	**10,945**	**12,145**
Trade notes	1,038	885	692
Other customer loans [2]	10,819	8,658	7,626
Overdrafts	862	696	626
Securities purchased under resale agreements and loans secured by notes and securities	1,039	706	1,544
Other income	-	-	1,657
Transactions in financial instruments	**9,584**	**5,916**	**3,993**
Available-for-sale financial assets	2,492	2,297	N/A
Held-to-maturity financial assets	110	185	N/A
Securities lending	244	79	N/A
Hedging derivatives	6,738	3,355	N/A
Finance leases	**1,342**	**1,188**	**1,689**
Real estate finance leases	315	281	491
Non-real estate finance leases	1,027	907	1,198
Total interest income	**30,056**	**21,101**	**21,835**
Transactions with banks	**(7,401)**	**(4,160)**	**(4,884)**
Interbank borrowings	(6,011)	(3,603)	(2,391)
Securities sold under resale agreements and borrowings secured by notes and securities	(1,390)	(557)	(2,493)
Transactions with customers	**(9,197)**	**(6,627)**	**(6,064)**
Regulated savings accounts	(1,024)	(1,308)	(1,224)
Other customer deposits	(6,825)	(4,268)	(2,433)
Securities sold under resale agreements and borrowings secured by notes and securities	(1,348)	(1,051)	(2,407)
Transactions in financial instruments	**(10,341)**	**(5,861)**	**(4,751)**
Securitized debt payables	(3,426)	(2,224)	N/A
Subordinated and convertible debt	(615)	(631)	N/A
Securities borrowing	(36)	(40)	N/A
Hedging derivatives	(6,264)	(2,966)	N/A
Other interest expense	**(5)**	**(8)**	**(5)**
Total interest expense [3]	**(26,944)**	**(16,656)**	**(15,704)**

(1) IFRS excl. IAS 32&39 and IFRS 4.

(2) Breakdown of "Other customer loans"

(in millions of euros)	2006	2005	2004
- short-term loans	3,873	2,795	2,216
- export loans	255	261	211
- equipment loans	1,840	1,623	1,622
- housing loans	2,753	2,393	2,194
- other customer loans	2,098	1,586	1,383
Total	**10,819**	**8,658**	**7,626**

(3) These expenses include the refinancing cost of financial instruments at fair value through P&L, which is classified in net income and expense from financial instruments (note 33).

Note 32

Fee income and expense

(in millions of euros)	2006	2005	2004[1]
Fee income from			
Transactions with banks	133	123	145
Transactions with customers	2,237	1,967	1,624
Securities transactions	816	661	585
Primary market transactions	246	205	160
Foreign exchange transactions and financial derivatives	822	604	509
Loan and guarantee commitments	505	489	459
Services	4,299	3,770	3,376
Others	184	185	248
Total fee income	**9,242**	**8,004**	**7,106**
Fee expense on			
Transactions with banks	(189)	(163)	(164)
Securities transactions	(418)	(365)	(381)
Foreign exchange transactions and financial derivatives	(618)	(468)	(383)
Loan and guarantee commitments	(202)	(182)	(341)
Others	(962)	(744)	(562)
Total fee expense	**(2,389)**	**(1,922)**	**(1,831)**

(1) FRS excl. IAS 32&39 and IFRS 4.

Note 33

Net income and expense from financial instruments at fair value through P&L

(in millions of euros)	2006	2005
Net gain/loss on non-derivative financial assets held for trading	22,056	16,861
Net gain/loss on financial assets measured using fair value option	557	(165)
Net gain/loss on non-derivative financial liabilities held for trading	(10,799)	(7,690)
Net gain/loss on financial liabilities measured using fair value option	(177)	268
Net gain/loss on derivative instruments and revaluation of hedged items	(1,878)	(2,817)
Net gain/loss on foreign exchange transactions	601	569
Total[1]	**10,360**	**7,026**

(1) As far as income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by the activities on financial instruments measured at fair value through P&L must be assessed as a whole. It should be noted that the income shown here does not include either the refinancing cost of these financial instruments, or coupon payments received on the fixed income trading portfolio, which are shown among interest income and expense.

Note 34

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

(in millions of euros)	2006	2005
Current activities		
Gains on sale	150	122
Losses on sale	(22)	(41)
Impairment of equity investments	(8)	(1)
Capital gain on the disposal of available-for-sale financial assets, after payment of profit-sharing to policy holders (insurance business)	9	11
Sub-total	**129**	**91**
Long-term equity investments		
Gains on sale	532	430
Losses on sale	(17)	(4)
Impairment of equity investments	(20)	(45)
Sub-total	**495**	**381**
Total	**624**	**472**

Note 35

Income and expenses from other activities

(in millions of euros)	2006	2005	2004 (1)
Income from other activities			
Real estate development	64	58	155
Real estate leasing	90	83	118
Equipment leasing	3,576	2,909	2,842
Other activities (including income from insurance activity)	13,033	11,738	11,384
Sub-total	**16,763**	**14,788**	**14,499**
Expenses from other activities			
Real estate development	-	-	(115)
Real estate leasing	(44)	(33)	(359)
Equipment leasing	(3,072)	(2,448)	(2,762)
Other activities (including expenses from insurance activitiy)	(12,472)	(11,422)	(10,753)
Sub-total	**(15,588)**	**(13,903)**	**(13,989)**
Net total	**1,175**	**885**	**510**

(1) IFRS excl. IAS 32&39 and IFRS 4.

Note 36

Personnel expenses

(in millions of euros)	2006	2005	2004 [1]
Employee compensation [2]	(5,948)	(5,328)	(4,862)
Social security charges and payroll taxes [2]	(1,147)	(977)	(859)
Retirement expenses - defined contribution plans	(502)	(435)	(438)
Retirement expenses - defined benefit plans	(77)	(115)	(61)
Other social security charges and taxes	(329)	(303)	(313)
Employee profit-sharing and incentives	(347)	(311)	(210)
Total	**(8,350)**	**(7,469)**	**(6,743)**

(1) IFRS excl. IAS 32& 39 and IFRS 4.

(2) o/w variable remuneration of EUR (2,156) million as of December 31, 2006 against EUR (1,719) million as of December 31, 2005.

	2006	2005	2004
Average headcount			
- France	54,718	52,809	51,753
- Outside France	60,416	47,377	41,606
Total	**115,134**	**100,186**	**93,359**

Note 37

Share-based payment plans

Expenses recorded in the income statement

	December 31, 2006			December 31, 2005			December 31, 2004		
(in millions of euros)	Cash settled plans	Equity-settled plans	Total plans	Cash settled plans	Equity-settled plans	Total plans	Cash settled plans	Equity-settled plans	Total plans
Net expenses from stock purchase plans	-	31.9	31.9	-	21.5	21.5	-	7.3	7.3
Net expenses from stock option plans	147.9	91.9	239.8	148.4	62.4	210.8	1.6	35.4	37.0

The charge described above relates to equity-settled plans attributed after November 7, 2002 and to all cash settled plans.

Main characteristics of Société Générale stock-option plans

EQUITY-SETTLED STOCK-OPTION PLANS FOR SOCIÉTÉ GÉNÉRALE GROUP EMPLOYEES FOR THE YEAR ENDED DECEMBER 31, 2006 ARE BRIEFLY DESCRIBED BELOW:

- **Stock-options**

Issuer	Société Générale	Société Générale	Société Générale	Société Générale	Société Générale	Société Générale for TCW
Year of grant	**2002**	**2003**	**2004**	**2005**	**2006**	**2006**
Type of plan	**stock-option**	**stock-option**	**stock-option**	**stock-option**	**stock-option**	**stock-option**
Shareholders agreement	05/13/1997	04/23/2002	04/23/2002	04/29/2004	04/29/2004	04/29/2004
Board of Directors decision	01/16/2002	04/22/2003	01/14/2004	01/13/2005	01/18/2006	04/25/2006
Number of stock-options granted (1)	3,553,549	3,910,662	3,814,026	4,067,716	1,548,218	138,503
Contractual life of the options granted	7 years	7 years	7 years	7 years	7 years	7 years
Settlement	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares
Vesting period	01/16/02-01/16/05	04/22/03-04/22/06	01/14/04-01/14/07	01/13/2005-01/13/2008	01/18/2006-01/18/2009	04/25/2006-04/25/2009
Performance conditions	no	no	no	no	no	no
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	maintained	maintained	maintained	maintained	maintained	maintained
Death	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period	maintained for 6 month period
Share price at grant date *(in EUR)* (average of 20 days prior to grant date) (1)	62.08	51.65	69.53	74.50	104.85	121.52
Discount	0%	0%	0%	0%	0%	0%
Exercise price *(in EUR)* (1)	62.08	51.65	69.53	74.50	104.85	121.52
Options authorized but not attributed	-	-	-	-	-	-
Options exercised	2,086,222	1,059,063	2,000	4,000	2,174	-
Options forfeited at December 31, 2006	283,574	186,146	91,870	92,533	22,037	680
Options outstanding at December 31, 2006	1,183,753	2,665,453	3,720,156	3,971,183	1,524,007	137,823
Number of shares reserved at December 31, 2006	1,183,753	2,665,453	3,720,156	(2)	(2)	137,823
Share price of shares reserved *(in EUR)*	63.18	51.03	50.35	(2)	(2)	124.1
Total value of shares reserved *(in EUR Millions)*	75	136	187	(2)	(2)	17
First authorized date for selling the shares	01/16/2006	04/22/2007	01/14/2008	01/13/2009	01/18/2010	04/25/2009
Delay for selling after vesting period	1 year	1 year	1 year	1 year	1 year	-
Fair value *(% of the share price at grant date)*	28%	25%	21%	17%	16%	17%
Valuation method used to determine the fair value	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo

(1) In accordance with IAS 33 accounting standard, as a result of the detachment of Société Générale share preferential subscription rights, the historical share data has been adjusted by the coefficient given by Euronext which reflects the part attributable to the share after detachment following the capital increase which took place in the fourth quarter of 2006.

(2) 2005 and 2006 stock-option plans have been hedged using call options on Société Générale shares.

- **Free shares**

Issuer	**Société Générale**
Year of grant	**2006**
Type of plan	**free shares**
Shareholders agreement	05.09.2005
Board of Directors decision	01.18.2006
Number of free shares granted	726,666
Settlement	Société Générale shares
Vesting period	01/18/2006 - 03/31/2008 - 01/18/2006 - 03/31/2009
Performance conditions	conditions on ROE for certain recipients
Resignation from the Group	forfeited
Redundancy	forfeited
Retirement	maintained
Death	maintained for 6 months

Share price at grant date (in EUR)	103.6
Shares exercised	240
Shares forfeited at December 31, 2006	26,967
Shares outstanding at December 31, 2006	699,459
Number of shares reserved at December 31, 2006	699,459
Share price of shares reserved (in EUR)	90.62
Total value of shares reserved (in EUR million)	63
First authorized date for selling the shares	03.31.2010 03.31.2011
Delay for selling after vesting period	2 years
Fair value (% of the share price at grant date)	vesting period 2 years: 86% vesting period 3 years: 81%
Valuation method used to determine the fair value	Arbitrage

STATISTICS CONCERNING SOCIÉTÉ GÉNÉRALE STOCK-OPTION PLANS

Main figures concerning Société Générale stock-option plans, for the year ended December 31, 2006

	Options granted in 2002	Options granted in 2003	Options granted in 2004	Options granted in 2005	Options granted in 2006	TCW Options granted in 2006	Weighted average remaining contractual life	Weighted average fair value at grant date *(EUR)*	Weighted average share price at exercise date *(EUR)*	Range of exercise prices *(EUR)*
Options outstanding on 01/01/2006	2,804,216	3,749,031	3,724,350	4,004,949		-				
Options granted in 2006 [(1)]	9,572	19,083	25,726	27,716	1,548,218	138,503				
Options forfeited in 2006	4,088	45,098	27,920	57,482	22,037	680				
Options exercised in 2006	1,625,947	1,057,563	2,000	4,000	2,174	-			118.72	51.65-104.85
Options expired in 2006	-	-	-	-	-	-				
Outstanding options on 12/31/2006	1,183,753	2,665,453	3,720,156	3,971,183	1,524,007	137,823	48 months	14.47		
Exercisable options on 12/31/2006	1,183,753	2,665,453	-	-	-	-				

(1). In accordance with IAS 33 accounting standard, as a result of the detachment of Société Générale share preferential subscription rights, the historical share data has been adjusted by the coefficient given by Euronext which reflects the part attributable to the share after detachment following the capital increase which took place in the fourth quarter of 2006.

Notes:

1. The main assumptions used to value Société Générale stock-option plans are as follows:

	2002-2004	2005	2006
Risk-free interest rate	3.8%	3.3%	3.3%
Implicit share volatility	27%	21%	22%
Forfeited rights rate	0%	0%	0%
Expected dividend (yield)	4.3%	4.3%	4.2%
Expected life (after grant date)	5 years	5 years	5 years

2. The implicit volatility used is that of Société Générale 5-year share options traded OTC, which was 22% in 2006. This implicit volatility reflects the future volatility.

Other stock-option plans - TCW company

STOCK-OPTION PLANS FOR TCW GROUP EMPLOYEES FOR THE YEAR-ENDED DECEMBER 31, 2006 ARE BRIEFLY DESCRIBED BELOW:

Issuer	TCW	TCW	TCW	TCW	TCW
Year of grant	2001	2002	2003	2005	2006
Type of plan	stock option	stock option	stock option	stock option	stock option
Shareholders agreement	07/07/2001	07/07/2001	07/07/2001	07/01/2005	09/01/2006
Board of Directors decision	07/07/2001	01/01/2002- 07/16/2002	02/19/2003- 03/31/2003- 06/27/2003	07/01/2005	09/01/2006
Number of stock-options granted	1,343,320	1,417,980	1,268,350	2,753,708	2,385,515
Contractual life of the options granted	10 years	10 years	10 years	7 years	7 years
Settlement	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares	Société Générale shares
Vesting period	07/07/2001- 07/07/2003	01/01/2002- 07/15/2008	02/19/2003- 06/26/2009	07/01/2005- 06/30/2010	09/01/2006- 08/31/2011
Performance conditions	no	no	no	no	no
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	forfeited	forfeited	forfeited	forfeited	forfeited
Death	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting
Share price at grant date *(in EUR)*	22.23	18.14	15.50	41.35	36.95
Discount *(in EUR)*	3.29	2.69	2.30	13.48	5.64
Exercise price *(in EUR)*	18.93	15.45	13.21	27.87	31.31
Options authorized but not attributed					
Options exercised	1,313,456	865,720	358,128	-	-
Options forfeited at December 31, 2006	-	59,728	552,142	98,673	16,474
Options outstanding at December 31, 2006	29.864	492,532	358,080	2,655,035	2,369,041
First authorized date for selling the shares	08/07/2003	02/01/2003	03/18/2005	08/01/2007	11/01/2008
Delay for selling after vesting period	no delay	no delay	no delay	no delay	no delay
Fair value (% of the share price at grant date)	42%	56%	51%	66%	41%
Valuation method used to determine the fair value	black & scholes	black & scholes	black & scholes	black & scholes	black & scholes

STATISTICS CONCERNING TCW STOCK OPTION PLANS

Main figures concerning TCW stock option plans, for the year ended December 31, 2006:

	Total no. of options	Options granted in 2001	Options granted in 2002	Options granted in 2003	Options granted in 2005	Options granted in 2006	Weighted average remaining contractual life	Weighted average fair value at grant date *(EUR)*	Weighted average share price at exercise date *(EUR)*	Range of exercise prices *(EUR)*
Options outstanding on 01/01/2006	4,484,918	59,730	835,860	835,620	2,753,708	-				
Options granted in 2006	2,385,515	-	-	-	-	2,385,515				
Options forfeited in 2006	503,187	-	59,728	328,312	98,673	16,474				
Options exercised in 2006	462,694	29,866	283,600	149,228	-	-			111.25	11.09-30.51
Options expired in 2006	-	-	-	-	-	-				
Options outstanding on 12/31/2006	5,904,552	29,864	492,532	358,080	2,655,035	2,369,041	69 months	15.62		
Exercisable options on 12/31/2006	933,963	29,864	253,732	119,360	531,007	-				

Notes:

(1) The main assumptions used to value TCW stock option plans are as follows:

	Plans 2001 to 2003	Plan 2005	Plan 2006
Risk-free interest rate	4%	4%	5%
Implicit share volatility	39%	31%	28%
Forfeited rights rate	0%	5%	0%
Expected dividend (yield)	0%	0%	0%
Expected life (after grant date)	5 years	5 years	5 years

Notes:

(2) The implicit volatility has been estimated using the historical volatility of US listed companies that belong to the same segment over the past 5 years.The fair value reflects the future performances of the Company.

(3) Due to the term of this plan, which is settled in Société Générale shares, no shares have been specifically allocated.

Information on other plans

The other Share-based payment plans granted to Group employees during 2006 are as follows:

GLOBAL EMPLOYEE SHARE-OWNERSHIP PLAN

As part of the Group employee shareholding policy, Société Générale offered on the 04/25/06 to employees of the Group to subscribe to a reserved capital increase at a share price of EUR 97.96, with a discount of 20% rapported at the average of the 20 Société Générale share prices before this date.

For 4,044,222 shares subscribed, the Group recorded a EUR 31.9 million expense taking into account the qualified 5-year holding period.

The valuation model used, which complies with the recommendation of the National Accounting Council on the accounting treatment of company savings plans, compares the gain the employee would have obtained if he had been able to sell the shares immediately and the notional cost that the 5-year holding period represents to the employee.

This notional 5-year holding period cost is valuated as the net cost of the Société Générale shares cash purchase financed by a non affected and non revolving five years credit facilities and by a forward sale of these same 5 years maturity shares.

The main market parameters to valuate these 5-year holding period cost, determined at the subscription date are :

- Société Générale share price: EUR 122.2;
- risk-free interest rate: 3.93%;
- interest rate of a non-affected five years facilities credit applicable to market actors which are benefiting of non-transferable shares: 6.88%.

This notional 5-year holding period cost is valuated at 13.4% Société Générale share price at the subscription date.

STOCK-OPTION PLANS GRANTED BY UNLISTED COMPANIES

A number of Group companies have granted stock options to employees and chief executive officers. These plans are settled in cash. The contractual life of the options granted is generally 6 years and the last option will be exercised in 2008 at the latest. In these companies, no new options were granted during 2006.

When the shares are sold, they are generally bought by another subsidiary of the Group, in accordance with the global equity-control policy of the Société Générale group.

The related impact on the 2006 income statement is a net expense of EUR 1.3 million, resulting from a difference between the exercise price and the value of the shares to be delivered.

These plans were valued using a valuation method adapted to each affiliate.

BOURSORAMA STOCK OPTION PLAN

In June 2006, Boursorama set up a stock option & free shares plan, settled in Boursorama shares, for employees of companies within its consolidation scope.

Under this plan:

- 900.000 options with a life of 7 years were granted to employees with a vesting period of 3 years;
- 344.000 free shares were granted to employees with a vesting period of 2 and 3 years.

The settlement of this plan will be realized in Boursorama shares.

The stock-options were valued using the Black & Scholes method.

The valuation model used for free shares is similar to the one used by Société Générale and takes into account the performance conditions applied to Boursorama free shares granted.

The related expense for this new plan amounts to EUR 0.9 million and has been booked in the 2006 income statement.

The 2006 expense of the 2004 plan is EUR 1.0 million.

In 2006,198,000 options related to the 2004 plan were forfeited.

OTHER COMPENSATION INDEXED ON SG SHARES

During 2006, several business lines in the Group have granted performance compensation indexed on Société Générale shares, to be settled in cash.

Note 38

Cost of risk

(in millions of euros)	2006	2005	2004 [1]
Counterparty risk			
Net allocation to impairment losses	(681)	(373)	(333)
Losses not covered	**(215)**	**(229)**	**(218)**
Losses on bad loans	(191)	(205)	(194)
Losses on other risks	(24)	(24)	(24)
Amounts recovered	**184**	**174**	**111**
Amounts recovered on provisioned loans	183	173	107
Amounts recovered on other risks	1	1	4
Other risks			
Net allocation to other provisions	33	(20)	(128)
Total	**(679)**	**(448)**	**(568)**

(1) IFRS excl. 32, 39 & IFRS 4.

Note 39

Income tax

(in millions of euros)	2006	2005	2004[(1)]
Current taxes	(2,099)	(1,563)	(1,342)
Deferred taxes	(194)	(227)	(34)
Total taxes[(2)]	**(2,293)**	**(1,790)**	**(1,376)**

(1) IFRS excl. IAS 32, 39 & IFRS 4.

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

	2006	2005	2004 [(1)]
Income before tax and net income from companies accounted for by the equity method (in millions of euros)	8,078	6,710	4,955
Normal tax rate applicable to French companies (including 3.3% tax contributions)	34.43%	34.93%	35.43%
Permanent differences	-0.94%	-1.63%	-1.20%
Differential on items taxed at reduced rate	-1.10%	-0.78%	-0.48%
Tax rate differential on profits taxed outside France	-1.31%	-3.39%	-3.37%
Impact of non-deductible losses and use of tax loss carry-forwards	-2.70%	-2.46%	-2.62%
Group effective tax rate	**28.38%**	**26.67%**	**27.76%**

Note 40

Earnings per share

(in millions of euros)	2006	2005	2004 [(1)]
Net earnings per share	5,221	4,402	3,281
Net earnings attributable to shareholders [(2)]	5,180	4,377	3,281
Weighted average number of shares outstanding [(3)]	420,156,535	408,911,309	411,038,756
Earnings per share *(in EUR)*	**12.33**	**10.70**	**7.98**

(in millions of euros)	2006	2005	2004 [(1)]
Net earnings per share	5,221	4,402	3,281
Net earnings attributable to shareholders [(2)]	5,180	4,377	3,281
Weighted average number of shares outstanding [(3)]	420,156,535	408,911,309	411,038,756
Average number of shares used to calculate dilution	5,723,992	3,637,416	3,699,956
Weighted average number of shares used to calculate diluted net earnings per share	425,880,527	412,548,725	414,738,712
Diluted earnings per share *(in EUR)*	**12.16**	**10.61**	**7.91**

(1) IFRS excl. IAS 32, 39 & IFRS 4.

(2) The variation reflects interest after tax paid to holders of deeply subordinated notes.

(3) Excluding treasury shares.

In accordance with IAS 33, the historical share data have been adjusted following the detachment of Société Générale share preferential subscription right, as a result of the capital increase which took place in the fourth quarter of 2006.

Note 41

Transactions with related parties

Senior managers

In accordance with the definitions provided under IAS 24, the Group's related parties include the following: board of directors members, the chairman and chief executive officers and the two chief executives officers, their respective spouses and any children residing in the family home, and the following subsidiaries: subsidiaries which are controlled exclusively or jointly by the Group, companies over which Société Générale exercises significant influence.

REMUNERATION OF THE GROUP'S MANAGERS

This includes amounts effectively paid by the Group to directors and chief executive officers as remuneration (including employer charges), and other benefits under IAS 24, paragraph 16, as indicated below:

(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005
Short-term benefits	11.91	11.04	10.24
Post-employment benefits	2.86	1.84	0.02
Long-term benefits	-	-	-
Termination benefits	-	-	-
Share-based payments	2.91	2.47	1.67
Total	**17.68**	**15.35**	**11.93**

The Registration document contains a detailed description of the remuneration and benefits of the Group's senior managers.

RELATED PARTY TRANSACTIONS

The transactions with board of directors members, chief executive officers and members of their families included in this note comprise loans and guarantees outstanding at December 31, 2006, in a total amount of EUR 3.5 million. All other transactions with these individuals are insignificant.

TOTAL AMOUNTS PROVISIONED OR BOOKED BY THE SOCIÉTÉ GÉNRALE GROUP FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS

The total amount provisioned or booked by the Société Générale Group at December 31, 2006 under IFRS 2 for the payment of pensions and other benefits to Société Générale's chief executive officers and directors (Messrs. Bouton, Citerne, Alix, Viénot and the 2 staff-elected directors) was EUR 43.8 million.

Principal subsidiaries and affiliates [1]

OUTSTANDING ASSETS WITH RELATED PARTIES

(in millions of euros)	December 31, 2006	December 31, 2005 [2]	January 1, 2005 [2]
Financial assets at fair value through profit and loss	118	129	45
Other assets	11	326	237
Total outstanding assets	**129**	**455**	**282**

OUTSTANDING LIABILITIES WITH RELATED PARTIES

(in millions of euros)	December 31, 2006	December 31, 2005 [2]	January 1, 2005 [2]
Liabilities at fair value through profit and loss	71	74	17
Customer deposits	-	-	-
Other liabilities	77	153	121
Total outstanding liabilities	**148**	**227**	**138**

NET BANKING INCOME FROM RELATED PARTIES

(in millions of euros)	2006	2005 [2]
Interest and similar income	(1)	4
Commissions	(1)	(1)
Net income from financial transactions	22	82
Net income from other activities	-	-
Net banking income	**20**	**85**

COMMITMENTS TO RELATED PARTIES

(in millions of euros)	December 31, 2006	December 31, 2005 [2]	January 1, 2005 [2]
Loan commitments granted	-	-	-
Guarantee commitments granted	-	-	-
Forward financial instrument commitments	1,705	928	1,019

(1) Entities consolidated using the proportionate method.

(2) The valuation method of commitments and transactions with principal subsidiaries and affiliates has been reviewed by the Group.

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

Note 42

Companies included in the consolidation scope

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2006	December 2005	December 2006	December 2005
FRANCE						
BANKS						
Banque de Polynésie	France	FULL	72.10	72.10	72.10	72.10
Barep (1)	France	FULL	100.00	100.00	100.00	100.00
BFCOI	France	FULL	50.00	50.00	50.00	50.00
Calif (6)	France	FULL	100.00	100.00	100.00	100.00
Crédit du Nord (1)	France	FULL	80.00	80.00	80.00	80.00
Génébanque	France	FULL	100.00	100.00	100.00	100.00
Groupama Banques (4)	France	EQUITY	20.00	40.00	20.00	40.00
SG Calédonienne de Banque	France	FULL	90.10	90.10	90.10	90.10
SG de Banque aux Antilles	France	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
Barep Gestion	France	FULL	100.00	100.00	100.00	100.00
Euro VL (1)	France	FULL	100.00	100.00	100.00	100.00
FCP Morgan Stanley Aktien	France	FULL	100.00	100.00	98.30	99.00
IEC	France	FULL	100.00	100.00	100.00	100.00
Interga S.A.S	France	FULL	100.00	100.00	100.00	100.00
Jetstream	France	FULL	100.00	100.00	100.00	100.00
Lyxor Asset Management	France	FULL	100.00	100.00	100.00	100.00
Lyxor International Asset Management	France	FULL	100.00	100.00	100.00	100.00
Lyxor Strategium N° 1 (5)	France	FULL	-	100.00	-	100.00
Nofirec (5)	France	FULL	-	100.00	-	100.00
Primafair SAS	France	FULL	100.00	100.00	100.00	100.00
SAS Orbeo (2)	France	PROP	50.00	-	50.00	-
SGAM Index	France	FULL	100.00	100.00	100.00	100.00
SG Asset Management	France	FULL	100.00	100.00	100.00	100.00
SG Energie Usa Corp (13)	France	FULL	100.00	-	100.00	-
SGAM AI	France	FULL	100.00	100.00	100.00	100.00
SGAM Finance (1)	France	FULL	100.00	100.00	100.00	100.00
SGAM RTO	France	FULL	100.00	100.00	100.00	100.00
SPECIALIZED FINANCING						
Airbail	France	FULL	100.00	100.00	100.00	100.00
ALD France (1)	France	FULL	100.00	100.00	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest December 2006	Group ownership interest December 2005	Group voting interest December 2006	Group voting interest December 2005
Bull Finance	France	FULL	51.35	51.35	51.35	51.35
Cafirec	France	FULL	100.00	100.00	100.00	100.00
C.G.I.[1]	France	FULL	99.89	99.73	99.89	99.73
Dalarec	France	FULL	100.00	100.00	100.00	100.00
Disponis	France	FULL	99.94	99.87	100.00	100.00
Evalparts	France	FULL	100.00	100.00	100.00	100.00
Fenwick Lease	France	FULL	100.00	100.00	100.00	100.00
Fontanor[1]	France	FULL	100.00	100.00	100.00	100.00
Franfinance SA[1]	France	FULL	99.99	99.99	99.99	99.99
Franfinance Location	France	FULL	99.99	99.99	100.00	100.00
French Supermarkets 1	France	FULL	100.00	100.00	100.00	100.00
Génécal	France	FULL	100.00	100.00	100.00	100.00
Génécomi	France	FULL	60.65	50.09	60.65	50.09
Ipersoc SAS	France	FULL	100.00	100.00	100.00	100.00
Linden SAS	France	FULL	100.00	100.00	100.00	100.00
Orpavimob SA	France	FULL	100.00	100.00	100.00	100.00
Promopart	France	FULL	100.00	100.00	100.00	100.00
Rusfinance SAS[1]	France	FULL	100.00	100.00	100.00	100.00
Sagem Lease	France	FULL	100.00	100.00	100.00	100.00
SAS IPF	France	FULL	100.00	100.00	100.00	100.00
SCP Clémence	France	FULL	100.00	100.00	100.00	100.00
SCP Cygne[6]	France	FULL	-	100.00	-	100.00
SCP de la Prose[5]	France	FULL	-	100.00	-	100.00
SCP Muscade[6]	France	FULL	-	100.00	-	100.00
SCP Philibert[5]	France	FULL	-	100.00	-	100.00
SCP Salomé	France	FULL	100.00	100.00	100.00	100.00
SGEF SA[2]	France	FULL	100.00	-	100.00	-
SG Services	France	FULL	100.00	100.00	100.00	100.00
SNC Athena Investissements	France	FULL	100.00	100.00	100.00	100.00
SNC Cofininvest	France	FULL	100.00	100.00	100.00	100.00
SNC Distinvest	France	FULL	100.00	100.00	100.00	100.00
SNC Financières Valmy Investissements	France	FULL	100.00	100.00	100.00	100.00
SNC Fininva	France	FULL	100.00	100.00	100.00	100.00
SNC Finovadis	France	FULL	100.00	100.00	100.00	100.00
SNC Paris Strasbourg	France	FULL	100.00	100.00	100.00	100.00
SNC Sirius	France	FULL	100.00	100.00	100.00	100.00
Sofom	France	FULL	100.00	100.00	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2006	December 2005	December 2006	December 2005
Sofrafi	France	FULL	100.00	100.00	100.00	100.00
Sogéfimur	France	FULL	100.00	100.00	100.00	100.00
Sogéfinancement	France	FULL	100.00	100.00	100.00	100.00
Sogéfinerg	France	FULL	100.00	100.00	100.00	100.00
Sogéga PME	France	FULL	100.00	100.00	100.00	100.00
Sogelease France	France	FULL	100.00	100.00	100.00	100.00
Solocvi	France	FULL	100.00	100.00	100.00	100.00
Valmyfin	France	FULL	100.00	100.00	100.00	100.00
Varoner 2	France	FULL	100.00	100.00	100.00	100.00
PORTFOLIO MANAGEMENT						
Aurelec	France	FULL	100.00	100.00	100.00	100.00
FCC Albatros[2]	France	FULL	100.00	-	51.00	-
FCP Lyxor Obligatium[1][2]	France	FULL	100.00	-	100.00	-
Fimat Americas S.A.S.	France	FULL	100.00	100.00	100.00	100.00
Finareg	France	FULL	100.00	100.00	100.00	100.00
Finecorp	France	FULL	100.00	100.00	100.00	100.00
Fonvalor 2	France	FULL	100.00	100.00	100.00	100.00
Geforpat	France	FULL	100.00	100.00	100.00	100.00
Géné Act 1	France	FULL	100.00	100.00	100.00	100.00
Génénfinance	France	FULL	100.00	100.00	100.00	100.00
Généval[1]	France	FULL	100.00	100.00	100.00	100.00
Geninfo	France	FULL	100.00	100.00	100.00	100.00
Lyxor Quantic Optimizer[2]	France	FULL	100.00	-	100.00	-
Libécap	France	FULL	100.00	100.00	100.00	100.00
Megaval	France	FULL	100.00	100.00	100.00	100.00
Mountain Peak[2]	France	FULL	100.00	-	100.00	-
Salvépar	France	FULL	51.42	51.42	51.42	51.42
SCI Foncière Défense	France	FULL	99.99	99.99	100.00	100.00
SG Capital Developpement	France	FULL	100.00	100.00	100.00	100.00
SG Consumer Finance[1]	France	FULL	100.00	100.00	100.00	100.00
SG Financial Services Holding	France	FULL	100.00	100.00	100.00	100.00
SGSS Holding[2]	France	FULL	100.00	-	100.00	-
SHTV Holding[11]	France	FULL	-	100.00	-	100.00
Sivalparts	France	FULL	100.00	100.00	100.00	100.00
Sogéfim	France	FULL	100.00	100.00	100.00	100.00
Sogénal Participations	France	FULL	100.00	100.00	100.00	100.00
Sogéparts	France	FULL	100.00	100.00	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2006	December 2005	December 2006	December 2005
Sogéparticipations (ex-Sogenal) [1]	France	FULL	100.00	100.00	100.00	100.00
Sogéplus	France	FULL	100.00	100.00	100.00	100.00
Soginnove	France	FULL	100.00	100.00	100.00	100.00
Sté Rue Edouard- VII	France	FULL	99.91	99.91	99.91	99.91
Vouric	France	FULL	100.00	100.00	100.00	100.00
BROKERS						
Boursorama[1]	France	FULL	56.57	70.71	56.57	70.71
Clickoptions	France	FULL	100.00	100.00	100.00	100.00
Fimat Banque	France	FULL	100.00	100.00	100.00	100.00
Fimat SNC Paris	France	FULL	100.00	100.00	100.00	100.00
Gaselys	France	PROP	49.00	49.00	49.00	49.00
SG Energie	France	FULL	100.00	100.00	100.00	100.00
SG Euro CT	France	FULL	100.00	100.00	100.00	100.00
SG Options Europe	France	FULL	100.00	100.00	100.00	100.00
SG Securities Paris	France	FULL	100.00	100.00	100.00	100.00
REAL ESTATE AND REAL ESTATE FINANCING						
Galybet	France	FULL	100.00	100.00	100.00	100.00
Généfim[1]	France	FULL	100.00	100.00	100.00	100.00
Généfimmo[1]	France	FULL	100.00	100.00	100.00	100.00
Orient Properties[2]	France	FULL	100.00	-	100.00	-
Sogébail	France	FULL	100.00	100.00	100.00	100.00
Sogéprom[1]	France	FULL	100.00	100.00	100.00	100.00
Sophia-bail	France	FULL	51.00	51.00	51.00	51.00
SERVICES						
CGA	France	FULL	100.00	100.00	100.00	100.00
ECS[1]	France	FULL	100.00	100.00	100.00	100.00
Parel	France	FULL	100.00	100.00	100.00	100.00
Socogéfi	France	FULL	100.00	100.00	100.00	100.00
GROUP REAL ESTATE MANAGEMENT COMPANIES						
CFM[1]	France	FULL	100.00	100.00	100.00	100.00
Eléaparts	France	FULL	100.00	100.00	100.00	100.00
Génégis 1	France	FULL	100.00	100.00	100.00	100.00
Génégis 2	France	FULL	100.00	100.00	100.00	100.00
Générvalmy	France	FULL	100.00	100.00	100.00	100.00
SC Alicante 2000	France	FULL	100.00	100.00	100.00	100.00
SC Chassagne 2000	France	FULL	100.00	100.00	100.00	100.00
SCI Opéra 72	France	FULL	99.99	99.99	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest December 2006	Group ownership interest December 2005	Group voting interest December 2006	Group voting interest December 2005
SI 29 Haussmann	France	FULL	100.00	100.00	100.00	100.00
Société Immobilière de Strasbourg	France	FULL	100.00	100.00	100.00	100.00
Sogé Colline Sud	France	FULL	100.00	100.00	100.00	100.00
Sogé Perival 1	France	FULL	100.00	100.00	100.00	100.00
Sogé Perival 2	France	FULL	100.00	100.00	100.00	100.00
Sogé Perival 3	France	FULL	100.00	100.00	100.00	100.00
Sogé Perival 4	France	FULL	100.00	100.00	100.00	100.00
Sogéfontenay	France	FULL	100.00	100.00	100.00	100.00
Soginfo(1)	France	FULL	100.00	100.00	100.00	100.00
STIP	France	FULL	99.99	99.99	100.00	100.00
Valminvest	France	FULL	100.00	100.00	100.00	100.00
INSURANCE						
Génécar	France	FULL	100.00	100.00	100.00	100.00
Oradéa Vie	France	FULL	100.00	100.00	100.00	100.00
Sogécap(1)	France	FULL	100.00	100.00	100.00	100.00
Sogessur	France	FULL	65.00	65.00	65.00	65.00
EUROPE						
BANKS						
Banca Romana Pentru Devzvoltare(1)	Romania	FULL	58.32	58.32	58.32	58.32
General Bank of Greece(1)	Greece	FULL	52.32	52.32	52.32	52.32
HVB Splitska Banka(2)	Croatia	FULL	99.76	-	99.76	-
Komercni Banka(1)	Czech Republic	FULL	60.35	60.35	60.35	60.35
Rosbank(2)	Russia	EQUITY	20.00	-	20.00	-
SG Bank Nederland NV	Netherland	FULL	100.00	100.00	100.00	100.00
SG Express Bank	Bulgaria	FULL	97.95	97.95	97.95	97.95
SG Hambros Bank Limited(1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Private Banking (Suisse)(1)	Switzerland	FULL	77.62	77.62	77.62	77.62
SG Yougoslav Bank AD	Serbia	FULL	100.00	100.00	100.00	100.00
SG Vostok(1)	Russia	FULL	100.00	100.00	100.00	100.00
SGBT Luxembourg(1)	Luxembourg	FULL	100.00	100.00	100.00	100.00
SGBT Monaco	Monaco	FULL	100.00	100.00	100.00	100.00
SKB Banka(1)	Slovenia	FULL	99.58	99.58	99.58	99.58
Société Générale Cyprus Ltd	Cyprus	FULL	51.00	51.00	51.00	51.00
Sogéparticipations Belgium(1)	Belgium	FULL	100.00	100.00	100.00	100.00
2S Banca(2)	Italy	FULL	100.00	-	100.00	-
FINANCIAL COMPANIES						
Amber	Great Britain	FULL	100.00	100.00	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest December 2006	Group ownership interest December 2005	Group voting interest December 2006	Group voting interest December 2005
BRD Finance Credite Consum SRL[2]	Romania	FULL	79.58	-	100.00	-
Brigantia BV[1][2]	Great Britain	FULL	100.00	-	80.00	-
Claris 4[2]	Jersey	FULL	100.00	-	100.00	-
Euro-VL Luxembourg	Luxembourg	FULL	100.00	100.00	100.00	100.00
Fond Telecom Italia[7]	Italy	FULL	-	100.00	-	100.00
Halysa SA[2]	Luxembourg	FULL	100.00	-	100.00	-
Horizon Equity Sarl[5]	Luxembourg	FULL	-	100.00	-	100.00
IVEFI	Luxembourg	FULL	100.00	100.00	100.00	100.00
Lightning Finance Company Ltd	Ireland	FULL	51.00	51.00	51.00	51.00
LFL Asset Finance Ltd	Ireland	FULL	51.00	51.00	51.00	51.00
Lyxor Master Funds	Jersey	FULL	100.00	100.00	100.00	100.00
Orion Liquidity Share Assets Fund BV[2]	Netherlands	FULL	100.00	-	95.00	-
Parsifal	Jersey	FULL	100.00	100.00	100.00	100.00
Red & Black Consummer 2006-1 plc[2]	Ireland	FULL	100.00	-	100.00	-
SGA Societe Generale Acceptance N.V.	Netherlands Antilles	FULL	100.00	100.00	100.00	100.00
SG Asset Management Group Ltd[1]	Great Britain	FULL	100.00	100.00	100.00	100.00
SGAM Iberia	Spain	FULL	100.00	100.00	100.00	100.00
SGBF	Belgium	FULL	100.00	100.00	100.00	100.00
SG Effekten	Germany	FULL	100.00	100.00	100.00	100.00
SG Finance Ireland[1]	Ireland	FULL	100.00	100.00	100.00	100.00
SG Investment UK Ltd[1]	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Russel Asset Management	Ireland	PROP	50.00	50.00	50.00	50.00
SG Securities London	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Wertpapierhandelsgesellschaft Mbh	Germany	FULL	100.00	100.00	100.00	100.00
Verifonds[2]	Germany	FULL	100.00	-	100.00	-
SPECIALIZED FINANCING						
ALD Belgium[1]	Belgium	FULL	100.00	100.00	100.00	100.00
ALD Danmark[1]	Danmark	FULL	100.00	100.00	100.00	100.00
ALD Finland[1]	Finland	FULL	100.00	100.00	100.00	100.00
Axus Italiana S.R.L	Italy	FULL	100.00	100.00	100.00	100.00
ALD Nederland	Netherlands	FULL	100.00	100.00	100.00	100.00
ALD Norway[1]	Norway	FULL	100.00	100.00	100.00	100.00
ALD Sweden[1]	Sweden	FULL	100.00	100.00	100.00	100.00
Adria Leasing Spa (groupe GEFA-ALD)	Italy	FULL	100.00	100.00	100.00	100.00
ALD Germany (groupe GEFA-ALD)[1]	Germany	FULL	100.00	100.00	100.00	100.00
ALD UK (groupe GEFA-ALD)[1]	Great Britain	FULL	100.00	100.00	100.00	100.00
ALD Czech Republic	Czech Republic	FULL	100.00	100.00	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest		Group voting interest	
			December 2006	December 2005	December 2006	December 2005
ALD International SAS & Co[1]	Germany	FULL	100.00	100.00	100.00	100.00
ALD International S.A.	Germany	FULL	100.00	100.00	100.00	100.00
ALD Lease Finanz Gmbh[1]	Germany	FULL	100.00	100.00	100.00	100.00
ALD Portugal	Portugal	FULL	100.00	100.00	100.00	100.00
ALD Spain[1]	Spain	FULL	100.00	100.00	100.00	100.00
Delta Credit Mortgage Finance BV[1]	Netherlands	FULL	100.00	100.00	100.00	100.00
Essox	Czech Republic	FULL	79.81	79.67	100.00	99.87
Eurobank	Poland	FULL	99.26	98.98	99.26	98.98
Fiditalia Spa	Italy	FULL	100.00	100.00	100.00	100.00
Fraer Leasing Spa (groupe GEFA-ALD)	Italy	FULL	67.75	67.75	67.75	67.75
SGEF Czech Republic	Czech Republic	FULL	100.00	100.00	100.00	100.00
Franfinance Leasing Italia Spa (groupe GEFA-ALD)	Italy	FULL	100.00	100.00	100.00	100.00
SGEF Polska (groupe GEFA-ALD)	Poland	FULL	100.00	100.00	100.00	100.00
Gefa Bank (groupe GEFA-ALD)	Germany	FULL	100.00	100.00	100.00	100.00
Gefa Leasing Gmbh (groupe GEFA-ALD)	Germany	FULL	100.00	100.00	100.00	100.00
Hanseatic Bank	Germany	FULL	75.00	75.00	75.00	75.00
LocatRent S.P.A	Italy	PROP	50.00	50.00	50.00	50.00
Montalis Investment BV	Netherlands	FULL	100.00	100.00	100.00	100.00
Promopart Snc	Luxembourg	FULL	100.00	100.00	100.00	100.00
SGBT Finance Ireland Limited	Ireland	FULL	100.00	100.00	100.00	100.00
SG Capital Europe Fund III[1]	Great Britain	FULL	46.94	46.94	46.94	46.94
SGEF Benelux[2]	Netherlands	FULL	100.00	-	100.00	-
SGEF International GMBH[1]	Germany	FULL	100.00	100.00	100.00	100.00
SGEF Schwitzerland	Switzerland	FULL	100.00	100.00	100.00	100.00
SGEF SA & CO KG	Germany	FULL	100.00	100.00	100.00	100.00
SG Factoring Spa	Italy	FULL	100.00	100.00	100.00	100.00
SGEF Scandinavia[1]	Norway	FULL	100.00	100.00	100.00	100.00
SG Holding de Valores y Participationes	Spain	FULL	100.00	100.00	100.00	100.00
Société Générale Italia holding SPA[2]	Italy	FULL	100.00	-	100.00	-
Sogega Pme Snc	Luxembourg	FULL	100.00	100.00	100.00	100.00
Sogelease BV Nederland[1]	Netherlands	FULL	100.00	100.00	100.00	100.00
BROKERS						
Cube Financial[2]	Great Britain	FULL	100.00	-	100.00	-
Squaregain[9]	Great Britain	FULL	100.00	-	100.00	-
Succursale Fimat Francfort	Germany	FULL	100.00	100.00	100.00	100.00
Succursale Fimat Londres	Great Britain	FULL	100.00	100.00	100.00	100.00

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest December 2006	Group ownership interest December 2005	Group voting interest December 2006	Group voting interest December 2005
Succursale Fimat Madrid	Spain	FULL	100.00	100.00	100.00	100.00
INSURANCE						
Généras	Luxembourg	FULL	100.00	100.00	100.00	100.00
Inora Life	Ireland	FULL	100.00	100.00	100.00	100.00
Komercni Pojistovna	Czech Republic	FULL	80.57	80.57	100.00	100.00
Sogelife	Luxembourg	FULL	100.00	100.00	100.00	100.00
OTHERS						
Glassbeads SARL(3)	Luxembourg	FULL	-	36.89	-	78.60
Sovitec Group(3)	Luxembourg	FULL	-	33.20	-	90.00
AFRICA AND THE MIDDLE-EAST						
BANKS						
BFV-SG (Madagascar)	Madagascar	FULL	70.00	70.00	70.00	70.00
Guinée Equatoriale(2)	Guinea	FULL	52.44	-	57.24	-
MIBank(12)	Egypt	FULL	-	71.08	-	90.68
National SG Bank SAE	Egypt	FULL	77.17	78.38	77.17	78.38
SG Algérie	Algeria	FULL	100.00	100.00	100.00	100.00
SGB Cameroun	Cameroon	FULL	58.08	58.08	58.08	58.08
SG Banques en Côte-d'Ivoire(1)	Ivory Coast	FULL	68.20	68.20	68.20	68.20
SG Banque en Guinée	Guinea	FULL	52.94	52.94	52.94	52.94
SG Banque au Liban(1)(4)	Lebanon	EQUITY	19.00	50.00	19.00	50.00
SG Banques au Sénégal	Senegal	FULL	57.72	57.72	57.72	57.72
SG Marocaine de Banques(1)	Morocco	FULL	53.02	51.91	53.02	51.91
SSB Bank Ghana	Ghana	FULL	51.00	51.00	51.00	51.00
Union International de Banque	Tunisia	FULL	52.34	52.34	52.34	52.34
SPECIALIZED FINANCING						
ALD Marocco	Morocco	FULL	42.95	42.79	50.00	50.00
Eqdom	Morocco	FULL	44.84	44.64	53.61	53.61
Sogelease Egypt	Egypt	FULL	70.87	71.35	80.00	80.00
Sogelease Maroc	Morocco	FULL	71.81	71.15	100.00	100.00
INSURANCE						
La Marocaine Vie	Morocco	FULL	73.75	73.44	87.07	87.07
THE AMERICAS						
BANKS						
Banco Société Générale Brazil SA(1)	Brazil	FULL	100.00	100.00	100.00	100.00
SG Canada(1)	Canada	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
Andromede Fund(2)	Cayman Islands	FULL	100.00	-	100.00	-

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest December 2006	Group ownership interest December 2005	Group voting interest December 2006	Group voting interest December 2005
The Emerald Fund Limited[2]	Cayman Islands	FULL	100.00	-	100.00	-
Raeburn Overseas Partners Ltd[2]	United States	FULL	100.00	-	100.00	-
SG Americas Inc[1]	United States	FULL	100.00	100.00	100.00	100.00
SG Capital Trust[1]	United States	FULL	-	-	100.00	100.00
SGAM Inc[3]	United States	FULL	-	100.00	-	100.00
SG Warrants Limited	United States	FULL	100.00	100.00	100.00	100.00
SocGen Real Estate Company L.L.C.	United States	FULL	100.00	50.31	100.00	100.00
TCW Group[1]	United States	FULL	95.06	74.30	98.15	89.89
TOBP[8]	United States	FULL	-	-	-	-
TOPAZ Fund	Cayman Islands	FULL	100.00	100.00	100.00	100.00
Tourmaline[3]	Cayman Islands	FULL	-	100.00	-	100.00
Turquoise	Cayman Islands	FULL	100.00	100.00	100.00	100.00
BROKERS						
Fimat Alternatives Strategies Inc.	United States	FULL	100.00	100.00	100.00	100.00
Fimat Canada Inc.	Canada	FULL	100.00	100.00	100.00	100.00
Fimat Futures USA LLC	United States	FULL	100.00	100.00	100.00	100.00
Fimat Preferred LLC	United States	FULL	100.00	100.00	100.00	100.00
SERVICES						
Fimat Facilities Management	United States	FULL	100.00	100.00	100.00	100.00
SPECIALIZED FINANCING						
Cousto Investments LP	United States	FULL	100.00	100.00	55.00	55.00
Makatea JV Inc	United States	FULL	100.00	100.00	66.67	60.00
Mehetia Inc	United States	FULL	100.00	100.00	51.00	51.00
Rexus LLC	United States	FULL	100.00	100.00	70.83	70.83
SG Ariki Inc[5]	United States	FULL	-	100.00	-	100.00
SG Astro Finance LP	United States	FULL	100.00	100.00	100.00	100.00
SG Astro Finance Trust	United States	FULL	100.00	100.00	100.00	100.00
SG Constellation Canada LTD	Canada	FULL	100.00	100.00	100.00	100.00
SG Equity Finance LLC	United States	FULL	100.00	100.00	100.00	100.00
SG Finance Inc	United States	FULL	100.00	100.00	100.00	100.00
SG Preferred Capital III LLC[1]	United States	FULL	100.00	100.00	100.00	100.00
Sorbier Investment Corp	United States	FULL	100.00	100.00	60.00	60.00
PORTFOLIO MANAGEMENT						
SG Commodities Product[2]	United States	FULL	100.00	-	100.00	-

** FULL: Full consolidation - PROP: Proportionate consolidation - EQUITY: Equity method*

	COUNTRY	METHOD*	Group ownership interest December 2006	Group ownership interest December 2005	Group voting interest December 2006	Group voting interest December 2005
SG Investissement Management Holding Corp[2]	United States	FULL	100.00	-	100.00	-
SG Tandem	United States	FULL	100.00	100.00	100.00	100.00
ASIA AND OCEANIA						
BANKS						
SG Australia Holdings[1]	Australia	FULL	100.00	100.00	100.00	100.00
SG Private Banking (Japan) Limited	Japan	FULL	100.00	100.00	100.00	100.00
SG Securities North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
IBK SGAM	South Korea	PROP	50.00	50.00	50.00	50.00
SG Asset Management Singapore Ltd	Singapore	FULL	100.00	100.00	100.00	100.00
SGAM Japan	Japan	FULL	100.00	100.00	100.00	100.00
Société Générale Asia Ltd (Hong-Kong)	Hong-Kong	FULL	100.00	100.00	100.00	100.00
Sogeko[10]	South Korea	PROP	-	41.35	-	42.15
PORTFOLIO MANAGEMENT						
S.G. Asset Management North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
BROKERS						
Fimat International Banque Hong Kong[2]	Hong-Kong	FULL	100.00	-	100.00	-
Fimat Asia Pte Limited	Singapore	FULL	100.00	100.00	100.00	100.00
Fimat Futures Hong-Kong	Hong-Kong	FULL	100.00	100.00	100.00	100.00
Fimat Taiwan[2]	Taiwan	FULL	100.00	-	100.00	-
SG Securities Asia Int. Holdings[1]	Singapore	FULL	100.00	100.00	100.00	100.00
Succursale Fmat Sydney	Australia	FULL	100.00	100.00	100.00	100.00

(1) Companies carrying out sub-consolidation.

(2) Consolidated for the first time in 2006.

(3) Entities now sub-consolidated.

(4) Change of method following to the partial transfers of shares to the exterior of the group.

(5) Entities deconsolidated during 2006.

(6) Dissolution by a merger of assets with Calif.

(7) Entity liquidated in 2006.

(8) Special Purpose Vehicle substantially controlled by the Group.

(9) Change of method following to the transfer by Boursorama to SGSS Holding.

(10) Entity sold in 2006.

(11) Dissolution by a merger of assets with SG Métropole.

(12) MIBank and NSGB mergered in November 2006.

(13) Company directly consolidated in 2006.

Note 43

Sector information by business line

	Retail banking and Financial Services								
	French Networks			Retail Banking outside France			Financial Services		
(in millions of euros)	2006	2005	2004 (1)	2006	2005	2004 (1)	2006	2005	2004 (1)
Net banking income	6,701	6,189	5,870	2,786	2,345	1,979	2,536	2,127	1,819
Operating expenses (2)	(4,354)	(4,212)	(4,069)	(1,644)	(1,419)	(1,223)	(1,386)	(1,202)	(1,082)
Gross operating income	**2,347**	**1,977**	**1,801**	**1,142**	**926**	**756**	**1,150**	**925**	**737**
Cost of risk	(274)	(282)	(292)	(215)	(131)	(161)	(274)	(201)	(136)
Net income from companies accounted for by the equity method	2	1	2	11	4	3	(14)	(8)	-
Net income/expense from other assets	5	2	5	7	5	15	(1)	-	(1)
Impairment of goodwill	-	-	-	-	-	-	-	-	-
Earnings before tax	**2,080**	**1,698**	**1,516**	**945**	**804**	**613**	**861**	**716**	**600**
Income tax	(707)	(594)	(529)	(242)	(224)	(190)	(303)	(252)	(216)
Net income before minority interests	**1,373**	**1,104**	**987**	**703**	**580**	**423**	**558**	**464**	**384**
Minority interests	52	45	45	232	194	165	14	11	8
Net income, Group share	**1,321**	**1,059**	**942**	**471**	**386**	**258**	**544**	**453**	**376**

	Global Investment Management and Services								
	Asset Management			Private Banking			SGSS and Online Savings		
(in millions of euros)	2006	2005	2004 (1)	2006	2005	2004 (1)	2006	2005	2004 (1)
Net banking income	1,281	1,152	1,047	658	540	463	1,256	892	755
Operating expenses(2)	(805)	(715)	(642)	(434)	(376)	(334)	(1,059)	(761)	(662)
Gross operating income	**476**	**437**	**405**	**224**	**164**	**129**	**197**	**131**	**93**
Cost of risk	1	(2)	-	(4)	(1)	(7)	(5)	(3)	-
Net income from companies accounted for by the equity method	-	-	-	-	-	-	-	-	-
Net income/expense from other assets	(1)	-	(2)	-	-	(1)	-	-	5
Impairment of goodwill	-	-	-	-	-	-	-	-	-
Earnings before tax	**476**	**435**	**403**	**220**	**163**	**121**	**192**	**128**	**98**
Income tax	(162)	(147)	(137)	(49)	(33)	(23)	(62)	(43)	(31)
Net income before minority interests	**314**	**288**	**266**	**171**	**130**	**98**	**130**	**85**	**67**
Minority interests	16	31	35	12	8	8	10	4	3
Net income, Group share	**298**	**257**	**231**	**159**	**122**	**90**	**120**	**81**	**64**

(1) IFRS excl. IAS 32, 39 & IFRS 4.

(2) Including depreciation and amortization.

(in millions of euros)	Corporate and Investment Banking: Corporate Banking and Fixed Income 2006	2005	2004 (1)	Corporate and Investment Banking: Equity and Advisory 2006	2005	2004(1)	Corporate Centre 2006	2005	2004 (1)	Société Générale Group 2006	2005	2004 (1)
Net banking income	3,649	3,143	2,698	3,349	2,554	2,029	201	224	(270)	22,417	19,166	16,390
Operating expenses (2)	(2,128)	(1,786)	(1,569)	(1,762)	(1,534)	(1,355)	(131)	(151)	(126)	(13,703)	(12,156)	(11,062)
Gross operating income	**1,521**	**1,357**	**1,129**	**1,587**	**1,020**	**674**	**70**	**73**	**(396)**	**8,714**	**7,010**	**5,328**
Cost of risk	102	132	106	(9)	13	(45)	(1)	27	(33)	(679)	(448)	(568)
Net income from companies accounted for by the equity method	20	22	27	4	-	(1)	(5)	-	9	18	19	40
Net income/expense from other assets	30	(10)	18	-	(1)	(2)	3	152	158	43	148	195
Impairment of goodwill	-	-	-	-	(13)	-	(18)	(10)	4	(18)	(23)	4
Earnings before tax	**1,673**	**1,501**	**1,280**	**1,582**	**1,019**	**626**	**49**	**242**	**(258)**	**8,078**	**6,706**	**4,999**
Income tax	(462)	(377)	(297)	(440)	(291)	(150)	134	171	197	(2,293)	(1,790)	(1,376)
Net income before minority interests	**1,211**	**1,124**	**983**	**1,142**	**728**	**476**	**183**	**413**	**(61)**	**5,785**	**4,916**	**3,623**
Minority interests	8	11	6	5	-	-	215	210	72	564	514	342
Net income, Group share	**1,203**	**1,113**	**977**	**1,137**	**728**	**476**	**(32)**	**203**	**(133)**	**5,221**	**4,402**	**3,281**

(1) IFRS excl. IAS 32, 39 & IFRS 4.

(2) Including depreciation and amortization.

(in millions of euros)	Retail banking and Financial Services: French Networks December 31, 2006	December 31, 2005	January 1, 2005	Retail Banking outside France December 31, 2006	December 31, 2005	January 1, 2005	Financial Services December 31, 2006	December 31, 2005	January 1, 2005	Division total December 31, 2006	December 31, 2005	January 1, 2005
Sector assets	144,556	128,913	114,179	53,606	38,507	28,616	108,445	94,460	81,478	306,607	261,880	224,273
Sector liabilities (1)	112,469	107,979	98,195	49,335	40,535	32,136	74,055	65,530	59,958	235,859	214,044	190,289

(in millions of euros)	Corporate and Investment Banking: Corporate Banking and Fixed Income December 31, 2006	December 31, 2005	January 1, 2005	Equiy and Advisory December 31, 2006	December 31, 2005	January 1, 2005	Division total December 31, 2006	December 31, 2005	January 1, 2005
Sector assets	391,120	364,283	282,861	169,815	142,926	112,901	560,935	507,209	395,762
Sector liabilities (1)	446,454	407,774	311,721	134,871	111,263	98,052	581,325	519,037	409,773

(in millions of euros)	Global Investment Management and Services: Asset Management December 31, 2006	December 31, 2005	January 1, 2005	Private Banking December 31, 2006	December 31, 2005	January 1, 2005	SGSS and Online Savings December 31, 2006	December 31, 2005	January 1, 2005	Division total December 31, 2006	December 31, 2005	January 1, 2005
Sector assets	21,708	15,863	14,912	18,908	15,162	12,047	32,237	18,873	12,288	72,853	49,898	39,247
Sector liabilities (1)	12,675	9,028	7,520	23,764	22,954	14,394	53,029	30,691	21,333	89,468	62,673	43,247

(in millions of euros)	Corporate Centre December 31, 2006	December 31, 2005	January 1, 2005	Société Générale Group December 31, 2006	December 31, 2005	January 1, 2005
Sector assets	16,446	16,147	13,445	956,841	835,134	672,727
Sector liabilities(1)	16,757	12,180	7,170	923,409	807,934	650,479

(1) Sector liabilities correspond to total liabilities except equity.

Sector information by geographical region

Geographical breakdown of net banking income

	France			Europe			Americas		
(in millions of euros)	2006	2005	2004 [(1)]	2006	2005	2004 [(1)]	2006	2005	2004 [(1)]
Net interest and similar income	1,102	2,220	2,414	2,235	1,923	1,957	(260)	271	1,493
Net fee income	4,012	3,638	3,100	1,447	1,015	830	965	1,046	998
Net income/(expense) from financial transactions	6,353	4,274	3,559	1,630	1,092	314	2,174	1,380	(30)
Other net operating income	619	287	(172)	676	638	636	(124)	(44)	33
Net banking income	**12,086**	**10,419**	**8,901**	**5,988**	**4,668**	**3,737**	**2,755**	**2,653**	**2,494**

	Asia			Africa			Oceania			Total		
(in millions of euros)	2006	2005	2004 [(1)]	2006	2005	2004 [(1)]	2006	2005	2004 [(1)]	2006	2005	2004 [(1)]
Net interest and similar income	(192)	(44)	66	557	453	354	(37)	(122)	99	3,405	4,701	6,383
Net fee income	160	166	153	239	195	168	30	22	26	6,853	6,082	5,275
Net income/(expense) from financial transactions	638	498	350	32	32	33	157	222	(4)	10,984	7,498	4,222
Other net operating income	-	(2)	3	4	8	11	-	(2)	(1)	1,175	885	510
Net banking income	**606**	**618**	**572**	**832**	**688**	**566**	**150**	**120**	**120**	**22,417**	**19,166**	**16,390**

(1) IFRS excl. 32, 39 & IFRS 4

Geographical breakdown of balance sheet items

	France			Europe			Americas			Asia		
(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005
Sector assets	598 559	523 956	437 964	174 749	142 371	105 974	128 581	120 039	92 484	25 570	23 948	19 983
Sector liabilities [(2)]	572 717	503 223	419 998	170 391	138 841	103 616	126 684	118 296	91 394	25 272	23 576	19 818

	Africa			Oceania			Total		
(in millions of euros)	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005	December 31, 2006	December 31, 2005	January 1, 2005
Sector assets	14 450	12 346	7 897	14 932	12 474	8 425	956 841	835 134	672 727
Sector liabilities [(2)]	13 570	11 669	7 349	14 775	12 329	8 304	923 409	807 934	650 479

(2) Sector liabilities correspond to total liabilities except equity

Note 44

Post closing events

On January 8, 2007, the Société Générale Group announced that it had entered into exclusive negotiations with Calyon regarding a possible merger of their brokerage activities, currently carried out by Fimat and Calyon Financial respectively.

The newly formed entity would be a world leader in execution and clearing of listed derivatives and would be controlled equally by Société Générale and Calyon.

The two groups will enter into a mutual due diligence process with a view to sign a definitive agreement.

Business objectives for the newly created group would be communicated at the time of signing of the definitive agreement.

The project will be subject to a consultation of employee representatives.

This project has not had any impact on 2006 consolidated financial statements.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2006

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Société Générale for the year ended December 31, 2006.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, and of the financial position of the Group as at December 31, 2006 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the EU.

II - JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

ACCOUNTING POLICIES

Note 1 to the financial statements explains the change in 2006 in the accounting policies governing the increase in the Group's ownership interest in an entity over which the Group already exercises sole control and the related change in the purchase of put options granted to minority shareholders in fully-consolidated subsidiaries, as well as the reclassification in shareholders' equity of some undated subordinated notes. In accordance with IAS 8, comparative information relating to the years ended December 31, 2004 and 2005, presented in the consolidated financial statements, was restated to take into account retrospectively, the application of this new accounting treatment. Consequently, comparative information differs from the consolidated financial statements published for the year ended December 31, 2005.

As part of our assessment of the accounting policies adopted by your company, we have examined the correct restatement of the 2004 and 2005 accounts and the related disclosures in the financial statements.

ACCOUNTING ESTIMATES

- As detailed in Note 1 to the financial statements, your Company records provisions to cover the credit risks inherent to its activities. As part of our assessment of the significant, accounting estimates performed by the Group in its year-end accounts closing process, we have reviewed and tested the procedures implemented by the Management for identifying and assessing these risks and determining the amount of individual and collective provisions considered necessary.

- As detailed in Note 1 to the financial statements, your Company records provisions to cover potential negative global interest rate risks on the «*épargne-logement*» contracts (mortgage savings plans and agreements). The calculation method of this provision has been determined pursuant to the Opinion No 2006-02 published by the French National Accounting Standards Board (CNC) on March 31, 2006. We have examined, on a test basis, the accuracy of the calculation method.
- As detailed in Note 1 to the financial statements, your Company uses internal models to measure financial instruments that are not listed on liquid markets. Our procedures consisted in reviewing the control procedures related to the models dedicated, to assess the data and assumptions used as well as the inclusion of the risks related to these instruments. Furthermore, we have reviewed and tested the processes implemented by Management to:
  - identify and defer on inception, the gains on financial instruments calculated in accordance with valuation techniques based on non-observable market data or measured by valuation models that are not recognized by the market;
  - subsequently record these gains in the income statement.
- In its year-end accounts closing process, significant accounting estimates are performed by Société Générale, as described in Note 1 to the financial statements, related in particular to the assessment of the fair value of financial instruments accounted for at amortized cost, of goodwill and pension plans and other post-employment benefits. We have reviewed the underlying assumptions and valuation parameters and ensured ourselves that these accounting estimates are based on documented methods in accordance with the accounting policies described in Note 1 to the financial statements.

We have assessed the reasonableness of these estimates.

These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of our audit opinion in the first part of this report.

III – SPECIFIC VERIFICATION

In accordance with professional standards applicable in France, we have also verified the information given in the Group management report. We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Paris – La Défense and Neuilly-sur-Seine, March 6, 2007

The Statutory Auditors
French original signed by

ERNST & YOUNG Audit	**DELOITTE & ASSOCIES**
Philippe PEUCH-LESTRADE	José-Luis GARCIA

PARENT COMPANY FINANCIAL STATEMENTS

Société Générale management report

SUMMARY BALANCE SHEET OF SOCIÉTÉ GÉNÉRALE

ASSETS

(in billions of euros at December 31)	2006	2005	Change
Interbank and money market assets	114.2	91.7	22.5
Customer loans	186.9	170.7	16.2
Securities	392.8	323.8	69.0
of which securities purchased under resale agreements	*104.4*	*85.7*	*18.7*
Other assets	173.3	128.3	45.0
of which option premiums	*133.7*	*95.1*	*38.6*
Tangible, intangible assets and other	1.2	1.2	0.0
Total assets	**868.4**	**715.7**	**152.7**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in billions of euros at December 31)	2006	2005	Change
Interbank and money liabilities (1)	316.5	266.3	50.2
Customer deposits	187.2	153.1	34.1
Bonds and subordinated debt (2)	16.7	16.7	0.0
Securities	144.4	126.8	17.6
of which securities sold under repurchase agreements	*64.2*	*61.4*	*2.8*
Other liabilities and provisions	181.3	135.5	45.8
of which option premiums	*136.9*	*99.0*	*37.9*
Equity	22.3	17.3	5.0
Total liabilities and shareholders' equity	**868.4**	**715.7**	**152.7**

(1) Including negotiable debt instruments.

(2) Including undated subordinated capital notes.

At December 31, 2006, Société Générale Parent Company's total assets and liabilities amounted to EUR 868.4 billion, up 21.3% on December 31, 2005. The development of its activities is reflected in the key balance sheet figures.

- The increase in customer loans (+9.5%) which amounted to EUR 186.9 billion at December 31, 2006, was essentially driven by rises in housing loans (EUR 6.9 billion), short-term credit facilities (EUR 4.2 billion) and equipment loans (EUR 3.4 billion). Loans to individual customers rose by 12.7%, due primarily to increased housing loan issuance.
- Securities carried on the asset side of the balance sheet, excluding securities purchased under resale agreements, amounted to EUR 288.4 billion at December 31, 2006, up 21.1% on year-end 2005. This increase was notably due to a rise in the value of the trading portfolio (EUR 44.4 billion).
- Premiums on the purchase of options increased by EUR 38.6 billion on December 31, 2005, following a sharp increase in volumes. The same trend was seen in premiums on sales of options.
- Customer deposits amounted to EUR 187.2 billion at December 31, 2006, up EUR 34.1 billion (+22.3%) on December 31, 2005. This growth essentially reflects increases in the sight deposits of financial institutions (EUR +14.1 billion) and business customers (EUR +3.3 billion) and in the term deposits of financial institutions (EUR +8.7 billion), business customers (EUR +4.3 billion) and local authorities (EUR +2.7 billion).
- The EUR 14.8 billion increase in securities carried on the liabilities side of the balance sheet, excluding securities sold under repurchase agreements, principally stemmed from the rise in short sales of securities (EUR 10 billion) and in borrowed securities (EUR 4.9 billion).

Société Générale's funding strategy reflects the need to finance a growing balance sheet (+21.3% since December 2005), and is based on two principles: the diversification of sources of funding and the matching of assets and liabilities according to maturity and currency in order to minimize exchange rate and transformation risk.

Société Générale Parent Company's funding comes from three main sources:

- Stable resources, comprising shareholder's equity and subordinated debt, the fund for general banking risks and other reserves and provisions. These resources account for 25% of Société Générale's balance sheet funding.
- Customer resources, in the form of deposits (EUR 187.2 billion) and repurchase agreements (EUR 29.9 billion) which total EUR 217.3 billion, or 25% of balance sheet funding.
- Resources collected from the financial markets, through the issue of securities (EUR 94.6 billion), interbank deposits (EUR 224.5 billion) or repurchase agreements with banking counterparties (EUR 114.4 billion). These resources account for 49.9% of total balance sheet funding, or EUR 433.5 billion.

Société Générale intends to maintain this strategy to ensure balanced growth in its assets and liabilities.

SUMMARY INCOME STATEMENT OF SOCIÉTÉ GÉNÉRALE

	2006						2005		
(in millions of euros at December 31)	France	*06/05 (%)*	International	*06/05 (%)*	Société Générale	*06/05 (%)*	France	International	Société Générale
Net Banking Income	**8,646**	***13.0***	**2,480**	***30.3***	**11,126**	***16.4***	**7,651**	**1,904**	**9,555**
Operating expenses	(5,773)	*7.4*	(1,281)	*18.9*	(7,054)	*9.3*	(5,375)	(1,078)	(6,453)
Gross operating income	**2,873**	***26.2***	**1,199**	***45.1***	**4,072**	***31.3***	**2,276**	**826**	**3,102**
Cost of risk	8	*(101.5)*	31	*(85.5)*	39	*(112.3)*	(531)	212	(319)
Operating income	**2,881**	***65.1***	**1,230**	***18.5***	**4,111**	***47.7***	**1,745**	**1,038**	**2,783**
Net income from long-term investments	411	*65.7*	3	*NS*	414	*66.3*	248	1	249
Operating income before tax	**3,292**	***65.2***	**1,233**	***18.6***	**4,525**	***49.3***	**1,993**	**1,039**	**3,032**
Exceptional items	-	*NS*	-	*NS*	-	*NS*	-	-	-
Income tax	(180)	*620.0*	(302)	*36.1*	(482)	*95.1*	(25)	(222)	(247)
Net reversal from general reserve for banking risks	(10)	*(103.5)*	-	*NS*	(10)	*(103.5)*	284	-	284
Net income	**3,102**	***37.8***	**931**	***14.0***	**4,033**	***31.4***	**2,252**	**817**	**3,069**

Parent company net income for the 2006 financial year stood at EUR 4,033 million, up 31.4% on 2005. The breakdown of results for Société Générale in France and abroad is given in the table above.

The principal changes in the income statement were as follows:

- gross operating income came out at EUR 4,072 million, up 31.3% on 2005:
  - net banking income amounted to EUR 11,126 million, up 16.4% on 2005, reflecting excellent performances in all the core businesses:
    - The French networks reported strong results in an environment marked by the ongoing recovery of the equity markets, rising short-term rates and a gradual pick-up in business demand for financing,
      The number of individual customer accounts, used as an indicator for the size of the customer base, rose by 2.8% year-on-year (+139,000). The total number of personal current accounts held with the Société Générale Network exceeded the 5 million mark in May 2006. Moreover, EUR 14.9 billion in new housing loans was issued over 2006, while life insurance policies taken out with the Group totaled EUR 8.4 billion; 28% of which were unit-linked policies. Within the business customer segment, average outstanding loans grew 13.9% on 2005.
    - Corporate and Investment Banking posted strong growth in revenues in 2006, with business underpinned as much by client-driven activity as by a buoyant trading market particularly in the first half of the year,
  - operating expenses came to EUR 7,054 million, up 9.3% on 2005. This increase which is proportionally much lower than growth in revenues reflects the Group's continued emphasis on tight cost control and the investment needed to underpin organic growth;
- net income from long term investments came out at EUR 414 million in 2006. It included losses of EUR -91 million on the disposal of shares in certain subsidiaries and EUR +502 million stemming from the write-back of provisions for other shares in consolidated subsidiaries;
- the allocation to the provision for legal reserves of EUR 10 million corresponds to the allocation of an investment provision in accordance with article 237 bis AII of the French General Tax Code.

Société Générale Financial statements

PARENT COMPANY BALANCE SHEET

ASSETS

	December 31		
(in millions of euros)	2006	2005	2004
Cash, due from central banks and post office accounts	2,527	1,573	1,810
Due from banks (Note 2)	174,440	138,970	99,080
Customer loans (Note 3)	228,160	207,312	164,475
Lease financing and similar agreements	325	259	278
Treasury notes and similar securities (Note 4)	41,189	42,532	30,921
Bonds and other debt securities (Note 4)	131,149	102,029	65,121
Shares and other equity securities (Note 4)	80,986	63,841	43,870
Affiliates and other long term securities (Note 5)	1,357	804	941
Investments in subsidiaries (Note 6)	32,650	27,856	23,651
Tangible and intangible fixed assets (Note 7)	1,193	1,186	1,173
Treasury stock (Note 8)	1,137	1,073	1,831
Accruals, other accounts receivable and other assets (Note 9)	173,335	128,308	80,451
Total	**868,448**	**715,743**	**513,602**

OFF-BALANCE SHEET ITEMS

	December 31		
(in millions of euros)	2006	2005	2004
Loan commitments granted (Note 18)	151,366	135,977	94,517
Guarantee commitments granted (Note 18)	190,715	167,319	116,884
Commitments made on securities	15,812	15,160	11,450
Foreign exchange transactions (Note 30)	456,027	371,665	349,240
Forward financial instrument commitments (Note 19)	13,257,300	9,557,040	7,023,884

(The accompanying notes are an integral part of the Parent Company financial statements.)

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Due to central banks and post office accounts	2,282	1,302	388
Due to banks (Note 10)	256,471	216,179	147,485
Customer deposits (Note 11)	217,337	192,560	150,682
Liabilities in the form of securities issued (Note 12)	94,639	73,553	63,844
Accruals, other accounts payable and other liabilities (Note 13)	244,751	191,250	116,028
Provisions (Note 14)	16,796	9,676	5,320
Long-term subordinated debt and notes (Note 16)	13,902	13,931	12,785
Fund for general banking risks (Note 17)	-	-	284
SHAREHOLDERS' EQUITY			
Common stock (Note 17)	577	543	556
Additional paid-in capital (Note 17)	7,977	5,169	6,048
Retained earnings (Note 17)	9,683	8,511	7,879
Net income (Note 17)	4,033	3,069	2,303
Sub-total	**22,270**	**17,292**	**16,786**
Total	**868,448**	**715,743**	**513,602**

OFF-BALANCE SHEET ITEMS

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Loan commitments received (Note 18)	14,024	9,034	3,819
Guarantee commitments received (Note 18)	67,675	42,470	33,826
Commitments received on securities	18,459	17,490	13,553
Foreign exchange transactions (Note 30)	455,657	370,568	350,968

(The accompanying notes are an integral part of the Parent Company financial statements.)

INCOME STATEMENT

(in millions of euros)	December 31 2006	2005	2004
Net interest income from			
Transactions with banks (Note 20)	(2,631)	(1,386)	(639) (*)
Transactions with customers (Note 20)	3,180	3,322	2,532
Bonds and other debt securities	506	35	112
Other interest and similar revenues	15	2	(224)
Net income from lease financing and similar agreements	23	19	14
Sub-total	**1,093**	**1,992**	**1,795**
Dividend income (Note 21)	2,105	1,758	1,157
Net interest and similar income	**3,198**	**3,750**	**2,952**
Net fee income (Note 22)	**2,448**	**2,426**	**2,014**
Net income from financial transactions (Note 23)	**5,338**	**3,306**	**2,797** (*)
Other net operating income	**142**	**73**	**141**
Net banking income	**11,126**	**9,555**	**7,904**
Personnel expenses (Note 24)	(4,383)	(4,181)	(3,679)
Other operating expenses	(2,384)	(1,972)	(1,898)
Depreciation and amortization	(287)	(300)	(299)
Total operating expenses	**(7,054)**	**(6,453)**	**(5,876)**
Gross operating income	**4,072**	**3,102**	**2,028**
Cost of risk (Note 26)	39	(319)	49
Operating income	**4,111**	**2,783**	**2,077**
Net income from long-term investments (Note 27)	414	249	183
Operating income before tax	**4,525**	**3,032**	**2,260**
Exceptional items	-	-	-
Income tax (loss) (Note 28)	(482)	(247)	14
Net allocation to the general reserve for banking risks and regulatory provisions	(10)	284	29
Net income	**4,033**	**3,069**	**2,303**

** Amounts restated in relation to those given in the 2004 annual repports.*
(The accompanying notes are an integral part of the Parent Company financial statements.)

FIVE-YEAR FINANCIAL SUMMARY OF SOCIÉTÉ GÉNÉRALE

	2006	2005	2004	2003	2002
Financial position at year-end					
Capital stock (in millions of euros) [1]	577	543	556	548	538
Number of outstanding shares [2]	461,424,562	434,288,181	445,153,159	438,434,749	430,170,265
Results of operations (in millions of euros)					
Gross banking and other income [3]	36,358	26,697	22,403	18,943	21,261
Earnings before tax, depreciation, amortization, provisions, employee profit sharing and general reserve for banking risks	4,648	3,641	3,296	2,667	3,298
Employee profit sharing	26	20	-	15	(1)
Income tax	482	247	(14)	(97)	(350)
Net income	4,033	3,069	2,303	1,384	1,868
Total dividends paid	2,399	1,954(*)	1,469	1,096	903
Earnings per share (in euros)					
Earnings after tax but before depreciation, amortization and provisions	8.97	7.77	7.44	6.27	8.48
Net income	8.74	7.07	5.17	3.16	4.34
Dividend paid per share	5.20	4.50	3.30	2.50	2.10
Personnel					
Number of employees	41,736	40,303	39,648	39,102	39,713
Total payroll (in millions of euros)	2,897	2,621	2,476	2,436	2,270
Employee benefits (Social Security and other) (in millions of euros)	1,269	1,339	1,123	1,055	970

(*) After impact of the cancellation of 18,100,000 shares decided by the Board of Directors at its meeting of February 9, and November 16, 2005.

(1) In 2006, Société Générale operated several capital increases for EUR 33.9 million with EUR 2,808.3 million issuing premiums:
- EUR 5.06 million suscribed by employees under the Employee Share Ownership Plan, with EUR 391.17 million of issuing premiums;
- EUR 1.42 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 73.54 million issuing premiums;
- EUR 27.44 million for the capital increase using preferred subscription rights, with EUR 2,343.56 million issuing premiums.

(2) At December 31, 2006, Société Générale's common stock comprised 461,424,562 shares with a nominal value of EUR 1.25 per share.

(3) Gross banking and other income is made up of interest income, dividend income, fee income, income from financial transactions and other operating income.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Note 1

Significant accounting principles

The parent company financial statements for Société Générale were drawn up in accordance with the provisions of regulation 91-01 of the French Banking Regulation Committee (CRB) applicable to credit establishments, and with the accounting principles generally accepted in the French banking industry. As the financial statements of foreign branches were prepared using accounting principles generally accepted in their respective countries, they were subsequently adjusted to comply with the accounting principles applicable in France. The presentation of the financial statements complies with regulation 2000–03 of the French Accounting Regulation Committee (CRC) on parent company financial statements for enterprises governed by the French Banking and Financial Regulation Committee (CRBF), amended by CRC regulation 2005-04 dated November 3, 2005.

Changes in accounting policies and account comparability

2006 financial year

As of January 1, 2006, Société Générale applied the following the French National Accounting Standards Board (CNC) recommendations:

- recommendation 2006-10 dated June 30, 2006 relative to the booking of assets given as guarantees as part of financial guarantee contracts with a re-use right. The application of this recommendation by Société Générale had no impact on earnings or shareholders' equity;
- recommendation 2006-16 dated December 21, 2006 relative to doubtful overdrafts and which amends article 3 bis of CRC regulation 2002-03 dated December 12, 2002 on the accounting treatment of credit risk, itself amended by CRC regulation 2005-03 dated November 3, 2005. The application of this recommendation by Société Générale does not amend existing accounting treatments and therefore has no impact on earnings or shareholders' equity.

2005 financial year

The main changes in accounting policies applied during the 2005 financial year are as follows:

- As of January 1, 2005, Société Générale applied Recommendation 2003-R.01 of the French National Accounting Standards Board (CNC), dated April 1, 2003, on the accounting treatment and valuation of retirement and similar benefits. This change is designed to provide more relevant financial information and also standardizes the accounting treatment used for these commitments with that used in the 2005 consolidated accounts which were prepared for the first time under IFRS. This change of accounting policy had an impact of EUR -126.8 million, net of tax, on the value of shareholders' equity in the opening balance sheet at January 1, 2005, arising from differences in valuation methods, and an impact of EUR -70.1 million, net of tax, on net income for the period due to the fiscal rules applicable to the expenses in question.
- As of January 1, 2005, Société Générale applied CRC regulation 2002-10 dated December 12, 2002 (amended by CRC regulation 2003-07 dated December 12, 2003) on the amortization and depreciation of assets, and CRC regulation 2004-06 dated December 12, 2002, on the definition, accounting treatment and valuation of assets. The impact of this change, in the amount of EUR 3.5 million net of tax, was booked to shareholders' equity in the opening balance sheet at January 1, 2005.
- As of January 1, 2005, Société Générale applied the provisions of article 13 of CRC regulation 2002-03 on the accounting treatment of credit risk in companies governed by the CRBF, which requires that expected future cash flows be discounted to present value in order to calculate depreciations for credit risk. The impact of this change, in the amount of EUR -15.7 million, net of tax, was booked to shareholders' equity in the opening balance sheet at January 1, 2005.
- Société Générale opted for the early application, as of January 1, 2005, of CRC regulation 2005-03 dated November 3, 2005, which amends CRC regulation 2002-03. The application of this new regulation had no impact on the opening shareholders' equity at January 1, 2005.
- As of January 1, 2005, Société Générale also opted for the early application of CRC regulation 2005-01 dated November 3, 2005 on the accounting treatment of securities transactions, issued in amendment to CRB regulation 90-01 dated February 23, 1990. The impact of this change, in the amount of EUR 2.5 million, was booked to shareholders' equity in the opening balance sheet at January 1, 2005.

- Subsequent to the statement issued by the CNC on December 20, 2005, Société Générale applied as of January 1, 2005, the provisions of the draft Recommendation on the accounting treatment of mortgage savings accounts and plans by establishments authorized to receive mortgage savings deposits and grant mortgage savings loans. These new stipulations provide more relevant financial information and the impact, in the amount of EUR -154.4 million net of tax, was booked under shareholders' equity in the opening balance sheet at January 1, 2005. The Recommendation No. 2006-02 published by the CNC on March 31, 2006, governing the accounting treatment for "*comptes et plans d'épargne-logement"* has confirmed the December 20, 2005 draft Recommendation.
- As of January 1, 2005, Société Générale decided to modify the accounting treatment used for certain fees (notably on bank cards) in order to improve financial information. This income is now spread out in the accounts over the duration of the service provided and is no longer booked in the income statement when it is actually received. The impact of this change of accounting policy, in the amount of EUR -21.5 million net of tax, was booked to shareholders' equity in the opening balance sheet at January 1, 2005. However, it had no significant impact on net earnings for the period.

Accounting policies and valuation methods

In accordance with the accounting principles applicable to French banks, the majority of transactions are recorded using valuation methods that take into account the purpose for which they were made.

In financial intermediation transactions, assets and liabilities are generally carried at historical cost, and depreciations are booked where counterparty risk arises. Revenues and expenses arising from these transactions are recorded over the life of the transaction in accordance with the time period concept. Transactions on forward financial instruments carried out for hedging purposes or to manage the bank's overall interest rate risk are accounted for using the same principles.

Trading transactions are generally marked to market at year-end, except for loans, borrowings and short-term investment securities which are recorded at nominal value (see below). When instruments are traded on illiquid markets, the market value used is reduced for reasons of prudence. Moreover, a reserve is booked to cover valuations established on the basis of in-house models (*Reserve Policy),* which is determined according to the complexity of the model used and the life of the financial instrument.

Translation of foreign currency financial statements

The on- and off-balance sheet items of branches reporting in foreign currencies are translated at the official exchange rate prevailing at year-end. Income statement items of these branches are translated at the average month-end exchange rates. Gains and losses arising from the translation of reserves, retained earnings and net income are included in shareholders' equity under *Translation differences.* Gains and losses from transactions used to hedge translations of net income in foreign currencies of branches are also included in shareholders' equity under the same heading.

Gains and losses arising from the translation of the capital contribution of foreign branches are included under *Other accounts payable* or *Other accounts receivable.*

In accordance with CNC Recommendation 98-01, translation differences relating to branches in the euro zone are retained in shareholders' equity and are only booked to the income statement when these entities are sold.

Amounts due from banks, customer loans, guarantees and endorsements

Amounts due from banks and customer loans are classified according to their initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits in the case of banks; and commercial loans, overdrafts and other loans to customers. They also include securities purchased from banks and customers under resale agreements, and loans secured by notes and securities.

Only amounts due and customer loans which meet the following criteria are offset on the balance sheet: those with the same counterparty, maturity, currency and accounting entity, and those for which an agreement exists with the counterparty allowing the company to combine the accounts and exercise the right of offset.

Interest accrued on these receivables is recorded as *Related receivables* and booked to the income statement.

Guarantees and endorsements booked off-balance sheet represent transactions which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

Under CRC regulation 2002-03, if a commitment carries an incurred credit risk which makes it probable that Société Générale will not recover all or part of the amounts due under the counterparty's commitment in accordance with the original terms of the contract, despite the existence of a guarantee, the corresponding outstanding loan is classified as a doubtful loan. Moreover, any loan will be classified as doubtful if one or more repayments are more than three months overdue (six months for mortgage loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed, if it can be assumed that there is an identified risk, or if legal proceedings have been started.

If a loan to a given borrower is classified as doubtful, all outstanding loans or commitments to that borrower are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Depreciations for unrealized losses and for doubtful loans are booked in the amount of the probable loss. As of January 1, 2005, depreciations for unrealized losses are equal to the difference between the carrying amount of the asset and the present value of estimated future recoverable cash flows, taking into account any guarantees, discounted at the financial assets' original effective interest rate. Furthermore, this depreciation may not be less than the full amount of the accrued interest on the doubtful loan. Depreciations, write-backs of depreciations, losses on bad debts and recovery of impaired debts are booked under *Cost of risk,* along with write-backs of depreciations linked to the passage of time.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, a depreciation is recognized without waiting for the risk to individually affect one or more receivables. The amount of depreciation is notably determined on the basis of historical data on default rates and incurred losses on assets with credit risk characteristics that are similar to those in the portfolio, adjusted to reflect any relevant current economic conditions and, where necessary, the opinion of an expert.

Doubtful loans can be reclassified as performing loans when the credit risk has been definitively eliminated and regular repayments have resumed according to the original terms of the contract. Similarly, doubtful loans which have been restructured can be reclassified as performing loans. When a loan is restructured, a discount is applied to any differences between the cash flows expected to be received under the initial terms of the contract and the present value of the future flows of capital and interest expected to be received under the new terms, discounted at the original effective interest rate.

The amount deducted is booked under *Cost of risk.* If the restructured loan is subsequently reclassified as a performing loan, it is reincorporated into net interest income over the remaining term of the loan.

When a borrower's solvency is such that after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, the loan is identified as a non-performing loan. A loan is classified as non-performing once the bank asks for an early termination, when the contract is terminated and in any case one year after it was classified as doubtful, except where the original terms of the contract have been respected or where the loan is covered by guarantees which ensure its recovery. Loans which have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

Securities portfolio

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank securities), shares and other equity securities;
- the purpose for which they were acquired: trading, short-term and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments.

Purchases and sales of securities are recorded in the balance sheet at the date of settlement-delivery.

All securities in each category are accounted for using similar methods, as follows:

TRADING SECURITIES

Trading securities are securities acquired or incurred principally for the purpose of selling or repurchasing them in the near-term, or held for the purpose of market-making activities. These securities are traded in active markets, and the available market price reflects frequent buying and selling under normal conditions of competition. Trading securities also include securities held in for market-making activities and securities purchased or sold in the specialized management of a trading portfolio containing forward financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. They are marked to market at the end of the financial period. Net unrealized gains or losses, together with net gains or losses on disposals, are recognized in the income statement under *Net income from financial transactions*. Coupon payments received on fixed-income securities in the trading portfolio are recorded in the income statement under *Net interest income from bonds and other debt securities.*

SHORT-TERM INVESTMENT SECURITIES

Short-term investment securities are all those that are not classified as trading securities, long-term investment securities, or investments in consolidated subsidiaries and affiliates.

- **Shares and other equity securities**

Equity securities are carried on the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realizable value. For listed securities, realizable value is defined as the most recent market price. Unrealized capital gains are not recognized in the accounts but a depreciation of portfolio securities is booked to cover unrealized capital losses, without the said depreciation being offset against any unrealized capital gains. Income from these securities is recorded in *Dividend income.*

- **Bonds and other debt securities**

These securities are carried at cost excluding acquisition expenses and, in the case of bonds, excluding interest accrued and not yet due at the date of purchase. The positive or negative difference between cost and redemption value is amortized to income over the life of the relevant securities and using the actuarial method. Accrued interest on bonds and other short-term investment securities is recorded as *Related receivables* and under *Net interest income from bonds and other debt securities* in the income statement.

At year-end, cost is compared to realizable value or, in the case of listed securities, to their most recent market price. Unrealized capital gains are not recognized in the accounts but a depreciation of portfolio securities is booked to cover unrealized capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of depreciations for losses on short-term investment securities together with gains and losses on sales of these securities are recorded under *Net income from financial transactions* in the income statement.

- **Long-term investment securities**

Long-term investment securities are acquired debt securities or reclassified short-term investment securities which Société Générale intends to hold until maturity, where it has the financial capacity to do so and is not subject to any legal or other form of constraint that might undermine its ability to do so.

These instruments may be designated as hedged items in hedging transactions using forward financial instruments used to hedge the interest rate risk on identifiable items or groups of similar items.

Long-term investments are booked according to the same principles as short-term investment securities, except that no depreciation is made for unrealized losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of depreciations for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under *Net income from long-term investments.*

- **Investments in consolidated subsidiaries and affiliates, and other long-term equity investments**

This category of securities covers shares held in consolidated subsidiaries and affiliates, when it is deemed useful to Société Générale's business to hold the said shares in the long term. This notably covers investments that meet the following criteria:

- shares in companies that share directors or senior managers with Société Générale and where influence can be exercised over the company in which the shares are held;
- shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the group and ensure that decisions are taken in unison;
- shares representing more than 10% of the voting rights in the capital issued by a bank or a company whose business is directly linked to that of Société Générale.

This category also includes *Other long-term equity investments.* These are equity investments made by Société Générale with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the low proportion of attached voting rights.

Investments in consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price net of acquisition costs. Dividend income earned on these securities is booked in the income statement under *Dividend income.*

At year-end, investments in consolidated subsidiaries and affiliates are valued at their value in use, namely the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. Unrealized capital gains are not recognized in the accounts but a depreciation on portfolio securities is booked to cover unrealized capital losses. Allocations to and reversals of depreciations as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from long-term investments.*

Tangible and intangible fixed assets

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

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

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount.

Where one or several components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life, through the income statement under *Depreciation and amortization*. Société Générale has applied this approach to its operating property, breaking down its assets into the following minimum components with their corresponding depreciation periods:

Infrastructure	Major structures	50 years
	Doors and windows, roofing	20 years
	Façades	30 years
Technical installations	Elevators	10-30 years
	Electrical installations	
	Electricity generators	
	Air conditioning, extractors	
	Technical wiring	
	Security and surveillance installations	
	Plumbing	
	Fire safety equipment	
Fixtures and fittings	Finishings, surroundings	10 years

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

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

Amounts due to banks, customer deposits

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

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

Securitized debt payables

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

Interest accrued is recorded as *Related payables* and as an expense in the income statement. Bond issuance and redemption premiums are amortized using the straight-line or actuarial method over the life of the related borrowings. The resulting expense is recorded in the income statement under *Net income from bonds and other debt securities.*

Bond issuance costs accrued over the period are booked as expenses for the period, under *Net income from bonds and other debt securities* in the income statement.

Subordinated debt

This item includes all dated or undated borrowings, whether or not in the form of securitized debt, which in the case of liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Interest accrued and payable in respect of long-term subordinated debt, if any, is booked as *Related payables* and as an expense in the income statement.

Provisions

Provisions include:

- provisions for country risks considered as a reserve, which are made up on a lump-sum basis based on estimates by Société Générale of its risks on the related countries and on debtors located in these countries at the balance sheet date, using criteria such as estimates of the country's economic, financial and socio-political situation, or the discount rate on the secondary market;
- provisions for commitments;
- provisions for contingencies and disputes.

A description of contingencies and disputes is provided in the Risk Management report.

Provisions for contingencies and disputes are defined as liabilities with no precisely defined amount or due date. They are only booked if the company has an obligation to a third party that will probably or necessarily lead to a transfer of funds to the third party, without compensation for at least an equivalent amount being expected from this third party.

CRB regulation 99-06 defines the funds necessary for the deposit guarantee fund. These resources comprise certificates of association acquired by each entity, together with annual subscription fees. CRB regulation 99-08 sets the total amount of these subscription fees which were payable over the period 1999 through 2002 in order to endow the fund. Half of the said fees were paid in the form of guarantee deposits. Certificates of association and guarantee deposits are booked on the balance sheet under *Other sundry debtors.* A provision was booked at the end of 1999 under *Exceptional items* for all subscription fees to be paid by Société Générale over the 2000-2002 period for the initial endowment of the guarantee fund. Subsequent fees were booked under *Other operating expenses*.

A provision is booked to cover share subscription or purchase options allocated to employees at year-end, for an amount determined on the basis of the value of the Société Générale share, and charged to *Personnel expenses*.

Commitments under contrats épargne-logement (mortgage savings agreements)

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

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

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

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

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

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

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

General reserve for banking risks

In accordance with CRB regulations 90-02 and 92-05, a general reserve for banking risks was set up in 1993 via a transfer from the country risk reserves, net of related deferred taxes.

Additional allocations were made in 1996 and 2003. During the 2002, 2003 and 2004 financial years, Société Générale's subsidiary, SG Cowen, recorded charges and exceptional provisions intended to cover the various consequences of a fraud committed over a period of ten years, which affected the former retail brokerage activity of this company. In light of the nature of these charges, a reversal was made from the general reserve for banking risks in the same amount for 2002, 2003 and 2004. The full amount of the fund at the start of 2005 was written back to the income statement over the course of the financial year.

Treasury shares

In accordance with Recommendation No. 2000-05 of the French National Accounting Standards Board relating to the recognition in the accounts of treasury shares held by companies governed by the French Banking and Financial Regulation Committee, Société Générale shares acquired for allocation to employees are booked as *Short-term investment securities - Treasury shares* on the assets side of the balance sheet.

Société Générale shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are booked under *Trading securities.*

Transactions denominated in foreign currencies

Gains and losses arising from ordinary activities in foreign currencies are booked to the income statement. In accordance with CRB regulation 89-01, outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealized gains and losses are recognized in the income statement. Premiums and discounts resulting from hedged forward foreign exchange transactions, as defined by article 9 of the above-mentioned regulation, are amortized to income on a straight-line basis over the remaining term to maturity of these transactions.

Forward financial instruments

Forward financial instruments relating to interest rates, foreign exchange or equities are used for trading and hedging purposes and are accounted for in compliance with CRB regulations 88-02 and 92-04 and directive 88-01 of the French Banking Commission (CB). Nominal commitments on forward financial instruments are recorded as a separate off-balance sheet item. This amount represents the volume of outstanding transactions and does not represent the potential gain or loss associated with the market or counterparty risk on these transactions. Credit derivatives purchased to hedge credit risks on financial assets which are not valued at market value are classified and treated as guarantee commitments received.

The accounting treatment of income or expenses on these forward financial instruments depends on the purpose for which the transaction was concluded, as follows:

HEDGING TRANSACTIONS

Income and expenses on forward financial instruments used as a hedge and assigned from the beginning to an identifiable item or group of similar items, are recognized in the income statement in the same manner as revenues and expenses on the hedged item. Income and expenses on interest rate instruments are booked as net interest income in the same interest income or expense account as the items hedged. Income and expenses on other instruments such as equity instruments, stock market indexes or currencies are booked as *Net income from financial transactions,* under *Net income from forward financial instruments.*

Income and expenses on forward financial instruments used to hedge or manage an overall interest rate risk are recognized in the income statement over the life of the instrument *under Net income from financial transactions,* in the caption *Net income from forward financial instruments.*

TRADING TRANSACTIONS

Trading transactions include instruments traded on organized or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets, together with debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks. These transactions are measured at their market value at the balance sheet date. If there is no liquid market for the instruments, this value is generally determined on the basis of in-house models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a prudential valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated according to the size of the position and intended to cover the risk that Société Générale will be unable to liquidate the investment in one go due to the size of the holding;
- an adjustment for the reduced liquidity of instruments and modeling risks in the case of complex products as well as transactions on less liquid markets (less liquid since they have been developed recently or are more specialized).

Furthermore, for over-the-counter transactions on forward interest rate instruments, the market value takes into account counterparty risks and the discounted value of future management costs.

The corresponding gains or losses are directly booked as income for the period, regardless of whether they are realized or unrealized. They are recognized in the income statement as *Net income from financial transactions.*

Gains or losses corresponding to contracts concluded within the scope of cash management activities managed by the trading room, in order to benefit from any interest rate fluctuations, are recorded when liquidated or over the life of the contract, depending on the type of instrument. Unrealized losses are provisioned at year-end and the corresponding amount is booked under *Net income from financial transactions*.

Personnel expenses

The *Personnel expenses* account includes all expenses related to personnel, notably the cost of the legal employee profit-sharing and incentive plans for the year, as well as the cost of internal restructuring operations.

Employee benefits

Société Générale in France, and its branches in foreign countries, may award their employees:

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

Some retired workers enjoy other post-employment benefits such as medical insurance.

POST-EMPLOYMENT BENEFITS

Pension plans may be defined contribution or defined benefit.

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

Defined benefit plans commit Société Générale, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the medium- or long-term risk.

Provisions are booked on the liabilities side of the balance sheet under *Provisions*, to cover the whole of these retirement obligations. This is assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

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

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

- 10% of the present value of the defined benefit obligation (before deducting plan assets);
- 10% of the fair value of the assets at the end of the previous financial year.

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

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

- the additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- the expected return on plan assets (gross return);
- the amortization of actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

LONG-TERM BENEFITS

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

TERMINATION BENEFITS

Société Générale signed a CATS agreement for its staff (*Cessation Anticipée d'Activité des Travailleurs Salariés*, or early retirement agreement), which is applicable from January 1, 2002 to March 31, 2006. The company booked a provision for this agreement based on the amounts it has agreed to pay for staff departures.

Cost of risk

The item *Net cost of risk* is limited to net allocations to depreciations for counterparty risks, country risks and disputes. Net allocations to provisions are classified by type of risk in the corresponding accounts in the income statement.

Net income from long-term investments

This item covers capital gains or losses realized on disposals, as well as the net allocation to depreciations for investments in consolidated subsidiaries and affiliates, long-term investment securities and offices and other premises. Income from real-estate holdings excluding offices is booked under *Net Banking Income.*

Income tax

CURRENT TAXES

In the 1989 financial year, Société Générale opted to apply a tax consolidation regime. At December 31, 2006, 240 subsidiaries had signed a tax consolidation agreement with the company, under which they are required to book in their accounts the tax expense they would have paid had they not been consolidated with Société Générale for tax purposes. In 2006, the difference booked by Société Générale between the corporation tax levied on the tax group and the tax expense it would have paid in the absence of this tax consolidation regime amounted to EUR 60 million.

In France, the normal corporate income tax rate is 33.33%. However, until December 31, 2006, long-term capital gains on equity investments were taxed at 8%. Additionally, *a Contribution sociale de solidarité* (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). Dividends from companies in which Société Générale's interest is at least 5% are tax exempt.

The Amended Finance Law for 2004, enacted on December 30, 2004, will progressively reduce the tax rate for gains on the disposal of equity investments to 15% or 1.66% depending on the tax qualification of the securities. In parallel to this reduction, the Law has introduced an exceptional tax on the special reserve for long-term gains recorded by French companies in their individual accounts during previous years for the share of annual net income corresponding to long-term gains on disposal of equity investments. At December 31, 2004, in accordance with the provisions of the Amended Finance Law and Directive 2005-A dated February 2, 2005 of the CNC Emergency Committee, Société Générale deducted the expenses relating to this exceptional tax from *Retained earnings,* in the amount of EUR 5 million.

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

DEFERRED TAX

Société Générale has opted to apply the option allowing it to book deferred taxes in its parent company accounts.

Deferred taxes are booked when there is a timing difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. The impact of changes to tax rates is booked in the income statement under *Deferred taxes.* Net deferred tax assets are not recorded unless it is probable that the subsidiary that owns the assets is likely to be able to apply them within a set timeframe.

From 2006 onwards, the normal tax rate applicable to French companies to determine their deferred tax is 34.43%, and the reduced rate is 1.72% taking into account the nature of the taxed transactions.

Deferred taxes are determined separately for each taxable entity and are not discounted to present value when the corresponding effect is not significant or when a precise timetable has not been drawn up.

Exceptional items

This caption includes income earned and expenses incurred by Société Générale that are considered to be exceptional in view of either the amount or the manner in which they were generated. In most cases, the said income or expenses are the result of events that fall outside Société Générale's activity.

Note 2

Due from banks

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Deposits and loans			
Demand			
Current accounts	28,105	22,872	15,091
Overnight deposits and loans	6,534	2,229	2,515
Loans secured by notes-overnight	-	1	-
Time			
Time deposits and loans	72,137	62,766	47,565
Subordinated and participating loans	3,361	1,784	1,552
Loans secured by notes and securities	142	133	70
Receivables	456	336	398
Gross amount	**110,735**	**90,121**	**67,191**
Depreciations	(41)	(65)	(78)
Net amount	**110,694**	**90,056**	**67,113**
Securities purchased under resale agreements	63,746	48,914	31,967
Total (1) (2)	**174,440**	**138,970**	**99,080**

(1) At December 31, 2006 doubtful loans amounted to EUR 43 million (of which EUR 41 million were non-performing loans) against EUR 92 million (of which EUR 91 million were non-perforning loans) at December 31, 2005.

(2) Including amounts receivable from subsidiaries EUR 93,988 million at December 31, 2006 (EUR 89,278 million at December 31, 2005).

Note 3

Customer loans

(in millions of euros)	December 31 2006	2005	2004
Discount of trade notes [1]	3,983	4,061	2,405
Other loans :			
Short-term loans	45,120	40,904	36,090
Export loans	4,039	3,462	3,154
Equipment loans	33,082	29,678	25,127
Mortgage loans	48,871	41,980	35,784
Other loans	42,683	42,519	33,505
Sub-total [1] [2] [3]	**173,795**	**158,543**	**133,660**
Overdrafts	9,566	9,276	8,116
Related receivables	1,246	947	755
Gross amount	**188,590**	**172,827**	**144,936**
Depreciations	(2,052)	(2,363)	(2,691)
Net amount	**186,538**	**170,464**	**142,245**
Loans secured by notes and securities	1,001	40	32
Securities purchased under resale agreements	40,621	36,808	22,198
Total [4]	**228,160**	**207,312**	**164,475**

(1) Including amounts eligible for refinancing with Bank of France: EUR 3,531 million at December 31, 2006 (EUR 2,620 million at December 31, 2005).

(2) Of which participating loans: EUR 2,668 million at December 31, 2006 (EUR 2,509 million at December 31, 2005).

(3) At December 31,2006 doubtful loans amounted to EUR 3,345 million (of which EUR 2,112 million were non-performing loans) against EUR 3,506 million (of which EUR 2,380 million were non-performing loans) at December 31,2005.

(4) Of which amounts receivable from subsidiaries: EUR 40,551 million at December 31, 2006 (EUR 37,659 million at December 31, 2005).

Note 4

Treasury notes, bonds and other debt securities, shares and other equity securities

	December 31, 2006				December 31, 2005				December 31, 2004			
(in millions of euros)	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities	Total	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities	Total	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities	Total
Trading securities	36,320	80,655	120,648	237,623	37,681	63,621	91,944	193,246	26,045	43,581	50,628	120,254
Short-term investment securities :												
Gross book value	4,532	282	10,016	14,830	4,230	215	9,794	14,239	2,112	259	7,655	10,026
Depreciations	(55)	(2)	(11)	(68)	(29)	(2)	(14)	(45)	(25)	(38)	(22)	(85)
Net book value	4,477	280	10,005	14,762	4,201	213	9,780	14,194	2,087	221	7,633	9,941
Long-term investment securities :												
Gross book value	235	-	145	380	491	-	19	510	2,682	-	6,712	9,394
Depreciations	-	-	-	-	-	-	-	-	-	-	-	-
Net book value	235	-	145	380	491	-	19	510	2,682	-	6,712	9,394
Related receivables	157	51	351	559	159	7	286	452	107	68	148	323
Total	**41,189**	**80,986**	**131,149**	**253,324**	**42,532**	**63,841**	**102,029**	**208,402**	**30,921**	**43,870**	**65,121**	**139,912**

Additional information on securities

(in millions of euros)	December 31, 2006	December 31, 2005
Estimated market value of short-term investment securities :		
Unrealised capital gains (*)	615	550
Estimated value of long-term investment securites :	11	15
Premiums and discounts relating to short-term and long-term investment securities	83	102
Securities which changed category within the year :		
- Long-term investment securities reclassified as short-term investment securities	-	9,402 (1)
- Short-term investment securities reclassified as trading securities	-	3,271 (1)
Investments in mutual funds		
- French mutual funds	10,057	9,681
- Foreign mutual funds	10,002	6,397
Of which mutual funds which reinvest all their income	12	12
Listed securities	219,663 (2)	193,886
Subordinated securities	352	493
Securities lent	11,825	13,404

(*) Not including unrealized gains or losses on forward financial instruments, if any, used to hedge short-term investment securities.

(1) As of January 1, 2005, Société Générale has applied, in early, CRC regulation 2005-01 on the accounting treatment of shares transactions.

(2) The listed trading securities amounted to EUR 206,280 million at December 31, 2006.

Note 5

Affiliates and other long term securities

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Banks	332	240	260
Others	1,090	663	800
Gross book value (1)	**1,422**	**903**	**1,060**
Depreciations	(65)	(99)	(119)
Net book value	**1,357**	**804**	**941**

(1) Of which investments in listed companies (book value over EUR 2 million): EUR 92 million at December 31, 2006 (EUR 161 million at December 31, 2005).

Note 6

Investments in subsidiaries

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Banks	17,157	13,904	12,644
Others	15,857	14,804	12,068
Gross book value (1)	**33,014**	**28,708**	**24,712**
Depreciation	(364)	(852)	(1,061)
Net book value	**32,650**	**27,856**	**23,651**

(1) The main changes for 2006 concern the acquisition of Splitska Banka and capital increases of SG Americas Inc, Makatea and Brigantia Investments.

Note 7

Tangible and intangible fixed assets

(in millions of euros)	Gross book value December 31, 2005	Acquisitions	Disposals	Scope variation and other movements	Gross book value December 31, 2006	Accumulated depreciation and amortization Dec. 31, 2006	Net book value December 31, 2006
OPERATING ASSETS							
Intangible assets							
Start-up costs	2	-	-	(2)	-	-	-
Software, EDP development costs	1,108	50	(1)	105	1,262	(1,001)	261
Other	365	68	(1)	(134)	298	(29)	269
Sub-total	**1,475**	**118**	**(2)**	**(31)**	**1,560**	**(1,030)**	**530**
Tangible assets							
Land and buildings	229	28	(4)	8	261	(83)	178
Other	1,706	176	(51)	(45)	1,786	(1,312)	474
Sub-total	**1,935**	**204**	**(55)**	**(37)**	**2,047**	**(1,395)**	**652**
NON-OPERATING ASSETS							
Tangible assets							
Land and buildings	20	-	-	-	20	(13)	7
Other	10	-	-	-	10	(6)	4
Sub-total	**30**	**-**	**-**	**-**	**30**	**(19)**	**11**
Total	**3,440**	**322**	**(57)**	**(68)**	**3,637**	**(2,444)**	**1,193**

IT investments made by SG metropole over the past three years break down as follows:

	2004	***2005***	***2006***
Amounts	*390*	*419*	*512*

At end of 2006, 66,697 workstations were installed, of which 22,882 in the domestic network.

Note 8

Treasury stock

(in millions of euros)	December 31, 2006 Quantity	Book value	Market value	December 31, 2005 Quantity	Book value	Market value	December 31, 2004 Quantity	Book value	Market value
Trading securities	7,339	1	1	63,117	7	7	13,428	1	1
Short-term investment securities	822,595	77	105	2,527,323	179	263	2,334,060	113	174
Long-term equity investments	13,130,220	1,059	1,689	15,397,316	887	1,600	28,003,415	1,717	2,085
- including securities purchased with the view to cancellation	4,912,551	628	632	-	-	-	14,593,389	986	1,086
Total	**13,960,154**	**1,137**	**1,795**	**17,987,756**	**1,073**	**1,870**	**30,350,903**	**1,831**	**2,260**

Nominal value: 1.25 euro.

Market value per share: 128.60 euros.

Note 9

Accruals, other accounts receivable and other assets

(in millions of euros)	December 31 2006	2005	2004
Other assets			
Miscellaneous receivables	14,631	13,124	10,078
Premiums on options purchased	133,688	95,098	51,689
Settlement accounts on securities transactions	1,102	1,819	2,472
Other	149	118	342
Sub-total	**149,570**	**110,159**	**64,581**
Accruals and similar			
Prepaid expenses	956	550	391
Accrued income	2,544	1,845	1,190
Other	20,284	15,840	14,364
Sub-total	**23,784**	**18,235**	**15,945**
Gross amount	**173,354**	**128,394**	**80,526**
Depreciations	(19)	(86)	(75)
Net amount	**173,335**	**128,308**	**80,451**

Note 10

Due to banks

	December 31		
(in millions of euros)	2006	2005	2004
Demand deposits			
Demand deposits and current accounts	37,632	28,069	21,347
Borrowings secured by notes - overnight	101	51	-
Sub-total	**37,733**	**28,120**	**21,347**
Time deposits			
Time deposits and borrowings	183,518	165,253	106,205
Borrowings secured by notes and securities	104	76	229
Sub-total	**183,622**	**165,329**	**106,434**
Related payables	910	657	482
Total deposits	**222,265**	**194,106**	**128,263**
Securities sold under repurchase agreements	34,206	22,073	19,222
Total (1)	**256,471**	**216,179**	**147,485**

(1) Including amounts due to subsidiaries: EUR 128,253 million at December 31, 2006 (EUR 104,891 million at December 31, 2005).

Note 11

Customer deposits

	December 31		
(in millions of euros)	2006	2005	2004
Regulated savings accounts			
Demand	21,769	20,338	18,918
Time	14,897	17,225	17,736
Sub-total	**36,666**	**37,563**	**36,654**
Other demand deposits			
Corporate customers and sole proprietors	23,967	20,713	17,138
Individual customers	18,695	18,214	16,464
Financial institutions	24,647	10,563	8,953
Other	5,894	6,390	4,703
Sub-total	**73,203**	**55,880**	**47,258**
Other time deposits			
Corporate customers and sole proprietors	37,927	33,687	19,448
Individual customers	1,199	1,539	1,599
Financial institutions	28,686	20,006	15,611
Other	8,615	3,686	3,066
Sub-total	**76,427**	**58,918**	**39,724**
Related payables	948	763	703
Total customer deposits	**187,244**	**153,124**	**124,339**
Borrowings secured by notes and securities	101	76	1,147
Securities sold to customers under repurchase agreements	29,992	39,360	25,196
Total (1)	**217,337**	**192,560**	**150,682**

(1) Including deposits of subsidiaries: EUR 43,469 million at December 31, 2006 (EUR 26,953 million at December 31, 2005).

Note 12

Liabilities in the form of securities issued

	December 31		
(in millions of euros)	2006	2005	2004
Term savings certificates	20	23	32
Bond borrowings	1,646	2,083	880
Related payables	7	12	7
Sub-total	**1,673**	**2,118**	**919**
Interbank certificates and negotiable debt instruments	91,199	70,248	61,909
Related payables	1,767	1,187	1,016
Total	**94,639**	**73,553**	**63,844**

Note 13

Accruals, other accounts payable and other liabilities

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Transactions on securities			
Amounts payable for securities borrowed	17,143	12,249	7,744
Other amounts due for securities	63,097	53,122	31,237
Sub-total	**80,240**	**65,371**	**38,981**
Other liabilities			
Miscellaneous payables	8,385	7,431	6,081
Premiums on options sold	136,868	99,008	53,222
Settlement accounts on securities transactions	2,238	2,761	2,346
Other securities transactions	578	103	270
Related payables	111	424	91
Sub-total	**148,180**	**109,727**	**62,010**
Accruals and similar			
Accrued expenses	3,750	3,186	2,605
Deferred taxes	(641)	(516)	(124)
Deferred income	1,375	1,370	949
Other	11,847	12,112	11,607
Sub-total	**16,331**	**16,152**	**15,037**
Total	**244,751**	**191,250**	**116,028**

Deferred taxes related to			
Losses of lease finance partnerships	124	147	160
Gain on sales of assets to companies included in the tax consolidation	264	330	335
Other (principally relating to other reserves)	(1,029)	(993)	(619)
Total	**(641)**	**(516)**	**(124)**

Note 14

Provisions and depreciations

(in millions of euros)	December 31 2006	2005	2004
Assets depreciations			
Banks	41	65	78
Customer loans	2,052	2,363	2,691
Lease financing agreements	-	-	2
Other	19	86	75
Sub-total	**2,112**	**2,514**	**2,846**
Provisions			
Prudential general country risk reserve(1)	524	569	430
Commitments made to banks	8	9	4
Commitments made to customers	68	96	122
Sectoral provisions and other	677	648	524
Provisions for other risks and commitments	15,519	8,354	4,240
Sub-total	**16,796**	**9,676**	**5,320**
Total provisions and depreciations (excluding securities)(2)	**18,908**	**12,190**	**8,166**
Provisions on securities	497	996	1,265
Total provisions and depreciations	**19,405**	**13,186**	**9,431**

(1) Société Générale has maintained the country risk reserve in its parent company accounts. This provision is calculated using those methods defined by the French authorities which are not currently under review.

(2) The change provisions and depreciations breaks down as follows:

(in millions of euros)	2005	Net allocations	Other income statement balances	Used provisions	Change in scope and exchange rates	2006
Prudential country risk reserve	569	(29)	-	-	(16)	524
Assets' depreciations	2,514	(7)	(8)	(290)	(97)	2,112
Provisions(3)	9,107	(14)	7,851	(185)	(487)	16,272
Total	**12,190**	**(50)**	**7,843**	**(475)**	**(600)**	**18,908**

(3) Analysis of provisions:

(in millions of euros)	2005	Net allocations	Other income statement balances	Used provisions	Change in scope and exchange rates	2006
Provisions for off-balance sheet commitments to banks	9	(1)	-	-	-	8
Provisions for off-balance sheet commitments to customers	96	(29)	-	-	1	68
Sectoral provisions and other	648	49	-	-	(20)	677
Provisions for employee benefits	518	-	327	-	466	1,311
Provisions for tax adjustments	180	-	1	-	(164)	17
Provisions for restructuring costs and litigations expenses	277	-	(1)	-	(165)	111
Provisions for forward financial instruments	6,541	-	7,524	(5)	(346)	13,714
Other provisions	838	(33)	-	(180)	(259)	366
Total	**9,107**	**(14)**	**7,851**	**(185)**	**(487)**	**16,272**

Note 15

PEL/CEL mortgage savings accounts

Outstanding deposits in PEL/CEL accounts

(in millions of euros)	2006	2005	2004
PEL accounts			
- less than 4 years old	1,005	5,209	4,579
- between 4 and 10 years old	6,275	1,913	2,007
- more than 10 years old	6,085	8,482	9,555
Sub-total	**13,365**	**15,604**	**16,140**
CEL accounts	2,025	2,041	2,036
Total	**15,390**	**17,645**	**18,176**

Outstanding mortgage loans granted with respect to PEL/CEL accounts

(in millions of euros)	2006	2005	2004
less than 4 years old	177	259	394
between 4 and 10 years old	208	281	333
more than 10 years old	74	61	64
Total	**459**	**600**	**792**

Provisions for commitments linked to PEL/CEL accounts

(in millions of euros)	2004	change in accounting principles	Allocations	Reversals	2005	Allocations	Reversals	2006
PEL accounts								
- less than 4 years old	-	11	6	11	6	5	5	6
- between 4 and 10 years old	-	-	-	-	-	8	8	-
- more than 10 years old	-	225	75	66	235	-	154	81
Sub-total	**-**	**236**	**81**	**77**	**241**	**13**	**167**	**87**
CEL accounts	-	1	35	-	36	-	6	30
Total	**-**	**237**	**116**	**77**	**277**	**13**	**173**	**117**

The mortgage savings plans imply two types of commitment for the Group that have the negative effect of generating a PEL/CEL provision: a commitment to lend at an interest rate which is fixed at the start of the agreement and a commitment to remunerate the savings at an interest rate which is also fixed at the start of the savings agreement. The current level of interest rates is relatively low compared to the interest rates of potential future loans of Société Générale Group's current portfolio. As a result, it is primarily the obligation to remunerate savings at a fixed rate on older generations of PEL plans (PELs of over 10 years which have higher remuneration rates than current market rates) which triggers the PEL/CEL provision.

Provisioning for outstanding household savings amounted to 0.76% of total outstandings at December 31, 2006.

Methods used to establish the parameters for valuing provisions

The parameters used for estimating the future behavior of customers are derived from historical observations of customer behavior patterns over periods of between 10 and 15 years. The values of these parameters can be adjusted if any changes are subsequently made to regulations that might undermine the effectiveness of past data as an indicator of future customer behavior.

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these elements for the period concerned, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps vs. 3-month Euribor yield curve at the date of valuation, averaged over a 12-month period.

Note 16

Subordinated debt

Issuance date	Currency	Amount issued (in millions of euros)	Maturity date	December 31 2006	2005	2004
Undated subordinated capital notes						
July 1, 1985	EUR	348	Undated	70	70	70
November 24, 1986	USD	500	Undated	188	210	182
June 30, 1994	JPY	15,000	Undated	96	108	107
July 22, 1996	GBP	100	Undated	-	146	142
October 15, 1996	USD	310	Undated	-	263	227
December 20, 1996	AUD	65	Undated	-	40	37
December 30, 1996	JPY	10,000	Undated	64	72	72
April 30, 1997	USD	400	Undated	303	339	294
June 30, 1997	EUR	229	Undated	229	229	229
February 1, 2000	EUR	500	Undated	500	500	500
November 10, 2003	EUR	215	Undated	215	215	215
November 10, 2003	EUR	45	Undated	45	45	45
January 26, 2005	EUR	1,000	Undated	1,000	1,000	-
Sub-total (1)				**2,710**	**3,237**	**2,120**
Subordinated long-term debt and notes						
June 25, 1993	USD	6	June 25, 2005	-	-	4
September 27, 1993	EUR	76	September 27, 2005	-	-	76
December 20, 1993	EUR	76	September 27, 2005	-	-	76
July 24, 1995	EUR	110	July 24, 2005	-	-	110
September 25, 1995	EUR	110	July 24, 2005	-	-	110
November 6, 1995	EUR	122	July 24, 2005	-	-	122
November 8, 1995	USD	150	November 8, 2005	-	-	110
November 8, 1995	USD	200	November 8, 2005	-	-	147
December 12, 1995	EUR	23	December 12, 2005	-	-	23

Issuance date	Currency	Amount issued (in millions of euros)	Maturity date	December 31 2006	2005	2004
December 29, 1995	EUR	50	December 29, 2005	-	-	50
March 1, 1996	CHF	70	March 1, 2006	-	45	45
April 3, 1996	EUR	183	April 3, 2006	-	183	183
June 1, 1996	USD	800	June 1, 2006	-	678	587
September 27, 1996	EUR	91	September 27, 2006	-	91	91
January 10, 1997	EUR	91	January 31, 2009	91	91	91
March 12, 1997	EUR	382	March 12, 2007	382	382	382
May 5, 1997	EUR	165	May 26, 2007	165	165	165
July 23, 1997	EUR	122	July 23, 2009	122	122	122
March 9, 1988	EUR	122	March 9, 2008	122	122	122
April 30, 1998	DKK	400	April 30, 2008	54	54	54
May 28, 1998	EUR	229	May 28, 2010	229	229	229
June 29, 1998	EUR	146	June 29, 2010	146	146	146
December 9, 1998	EUR	122	December 9, 2010	122	122	122
June 3, 1999	EUR	55	June 3, 2009	55	55	55
June 29, 1999	EUR	30	June 30, 2014	30	30	30
July 19, 1999	EUR	120	July 19, 2011	120	120	120
October 21, 1999	EUR	120	October 21, 2011	120	120	120
April 13, 2000	EUR	120	April 13, 2012	120	120	120
April 27, 2000	EUR	500	April 27, 2015	500	500	500
June 23, 2000	EUR	125	April 27, 2015	125	125	125
July 10, 2000	EUR	100	July 10, 2012	100	100	100
July 21, 2000	EUR	78	July 31, 2030	52	56	60
November 3, 2000	EUR	100	November 5, 2012	100	100	100
April 18, 2001	EUR	120	April 25, 2013	120	120	120
April 24, 2001	EUR	40	April 24, 2011	40	40	40
June 29, 2001	EUR	120	June 29, 2013	120	120	120
October 10, 2001	EUR	120	October 10, 2013	120	120	120
October 19, 2001	USD	220	October 19, 2011	-	186	161
November 14, 2001	EUR	80	November 14, 2011	-	80	80
November 27, 2001	USD	90	November 27, 2021	68	76	66
November 27, 2001	USD	335	November 27, 2021	254	284	246
December 21, 2001	EUR	300	December 21, 2016	300	300	300
February 13, 2002	EUR	600	February 13, 2012	600	600	600
July 3, 2002	EUR	180	July 3, 2014	180	180	180
October 16, 2002	EUR	170	October 16, 2014	170	170	170
December 18, 2002	EUR	650	December 18, 2014	650	650	650

Issuance date	Currency	Amount issued (in millions of euros)	Maturity date	December 31 2006	2005	2004
January 21, 2003	GBP	450	January 30, 2018	670	657	638
April 28, 2003	EUR	100	April 28, 2015	100	100	100
June 2, 2003	EUR	110	December 21, 2016	110	110	110
October 13, 2003	EUR	120	October 13, 2015	120	120	120
November 10, 2003	EUR	390	November 10, 2023	390	390	390
December 29, 2003	GBP	150	January 30, 2018	223	219	213
January 7, 2004	USD	75	January 7, 2014	57	63	55
February 4, 2004	EUR	120	February 4, 2016	120	120	120
February 18, 2004	USD	75	March 18, 2014	57	63	55
March 12, 2004	EUR	300	March 12, 2019	300	300	300
March 15, 2004	EUR	700	March 15, 2016	700	700	700
May 6, 2004	EUR	118	May 6, 2016	118	118	118
October 29, 2004	EUR	100	October 29, 2016	100	100	100
February 3, 2005	EUR	120	February 3, 2017	120	120	-
May 13, 2005	EUR	100	May 13, 2017	100	100	-
June 30, 2005	CZK	2,590	June 30, 2015	94	89	-
August 1, 2005	EUR	100	December 31, 2015	50	50	-
August 16, 2005	EUR	226	August 18, 2025	226	226	-
September 30, 2005	USD	75	September 30, 2015	57	64	-
April 4, 2006	EUR	50	April 4, 2016	50	-	-
April 20, 2006	USD	1,000	April 20, 2016	759	-	-
May 15, 2006	EUR	135	May 15, 2018	135	-	-
August 16, 2006	USD	400	August 16, 2016	304	-	-
October 20, 2006	USD	523	October 20, 2011	397	-	-
October 26, 2006	EUR	120	October 26, 2018	120	-	-
Sub-total (1)				**10,854**	**10,391**	**10,369**
Related payables				**338**	**303**	**296**
Total (2)				**13,902**	**13,931**	**12,785**

(1) The Board of Directors may decide to defer payouts on undated subordinated notes (TSDI) in full or in part where the Ordinary General Meeting called to approve the parent company financial statements has decided not to pay any dividends.
Société Générale has issued EUR 348 million in undated subordinated notes with warrants for the acquisition of preferential investment certificates attached, all of which are eligible for dividends on income earned from July 1, 1985. These certificates shall only be redeemed in the event of the liquidation of the company and once all unsubordinated debt has been reimbursed in full.
The other securities and borrowings have an early redemption clause as of their tenth year which may only be exercised by Société Générale. The bank exercised this option in 2006 on securites issued in 1996 and plans to do so again in 2007 on securities issued in 1997 for a nominal amount of EUR 532 million. Furthermore, since 1995, Société Générale has carried out the partial repurchase of undated subordinated notes issued in 1985 and 1986.

(2) The bank's global subordinated debt expense amounted to EUR 749 million in 2006 (compared with EUR 745 million in 2005).

Note 17

Changes in shareholders' equity

(in millions of euros)	Capital Stock	Additional paid-in-capital	Reserves, unappropriated retained earnings	Net worth	General reserve for banking risks	Shareholders' equity
At December 31, 2004	**556**	**6,048**	**10,182**	**16,786**	**284**	**17,070**
Increase in capital stock	(13)	(886)	-	**(899)**	-	**(899)**
Net income for the period	-	-	3,069	**3,069**	-	**3,069**
Dividends paid (1)	-	-	(1,359)	**(1,359)**	-	**(1,359)**
Others movements (2) (3)	-	7	(312)	**(305)**	**(284)**	**(589)**
At December 31, 2005	**543**	**5,169**	**11,580**	**17,292**	**-**	**17,292**
Increase in capital stock (4)	34	2,808	-	**2,842**	-	**2,842**
Net income for the period	-	-	4,033	**4,033**	-	**4,033**
Dividends paid (5)	-	-	(1,907)	**(1,907)**	-	**(1,907)**
Others movements (6)	-	-	10	**10**	-	**10**
At December 31, 2006	**577**	**7,977**	**13,716**	**22,270**	**-**	**22,270**

(1) After elimination of treasury stock dividend: EUR 110 million.

(2) Reversal in 2005 in the amount of EUR 284 million from the general reserve for banking risks.

(3) The other changes for 2005 correspond to the effects of the changes in accounting principles, booked in the opening balance sheet and shown below. See Note 1 to the parent company accounts, "Changes in accounting methods and account comparability" for a full description of these changes.

	Brut	Deferred taxes	Net
Employee benefits	(179)	52	(127)
Fixed Assets - Application of a component-based approach	5	(2)	4
Discounting to present value of provisions	(25)	10	(16)
Securities Portfolio	3	-	3
Provisions for housing savings accounts (épargne-logement)	(237)	83	(154)
Commissions	(33)	12	(22)
Total	(467)	155	(312)

(4) In 2006, Société Générale operated several capital increases for EUR 34 million with EUR 2,808 million issuing premiums:
- EUR 5 million subscribed by employees under the Employee Share Ownership Plan, with EUR 391 million issuing premiums;
- EUR 2 million resulting from the exercise by employees of stock options granted by the Board of Directors, with EUR 73 million issuing premiums;
- EUR 27 million for the capital increase using preferred subscription rights, with EUR 2,344 million issuing premiums.

(5) After elimination of treasury stock dividend: EUR 47 million.

(6) Including a provision for investments booked for EUR 10 million at December 31, 2006.

Note 18

Commitments

(in millions of euros)	December 31 2006	2005	2004
Commitments granted (1)			
Loan commitments			
- To banks	23,310	15,973	7,390
- To customers	128,056	120,004	87,127
Total	**151,366**	**135,977**	**94,517**
Guarantee commitments			
- On behalf of banks	104,644	78,436	52,890
- On behalf of customers	86,071	88,883	63,994
Total	**190,715**	**167,319**	**116,884**
Commitments received (2)			
Loan commitments received from banks	14,024	9,034	3,819
Guarantee commitments received from banks	67,675	42,470	33,826
Total	**81,699**	**51,504**	**37,645**

(1) Of which commitments granted to subsidiaries: EUR 18,428 million at December 31, 2006 (EUR 16,626 million at December 31, 2005).

(2) Of which commitments received from subsidiaries: EUR 2,555 million at December 31, 2006 (EUR 1,822 million at December 31, 2005).

Note 19

Forward financial instruments commitments

(in millions of euros)	Fair value Trading transactions	Hedging transactions	December 31 2006	2005	2004
Firm transactions					
Transactions on organized markets					
- Interest rate futures	924,827	-	924,827	696,325	525,607
- Foreign exchange futures	14,384	-	14,384	7,723	2,678
- Other forward contracts	1,161,365	-	1,161,365	511,826	241,737
OTC agreements					
- Interest rate swaps	5,721,709	46,084	5,767,793	4,222,435	3,356,139
- Currency financing swaps	203,389	3,527	206,916	162,231	132,717
- Forward Rate Agreements (FRA)	468,970	-	468,970	363,049	376,182
- Other	162,812	-	162,812	46,453	21,493
Optional transactions					
- Interest rate options	2,425,867	1,522	2,427,389	1,938,888	1,444,703
- Foreign exchange options	224,952	30	224,982	216,051	205,162
- Options on stock exchange indexes and equities	1,677,326	13,543	1,690,869	1,139,782	626,444
- Other options	206,432	561	206,993	252,277	91,022
Total	**13,192,033**	**65,267**	**13,257,300**	**9,557,040**	**7,023,884**

Note 20

Interest and related income and expenses

(in millions of euros)	2006	2005	2004
	December 31		
Interest and related income:			
Interest income from transactions with banks:			
Transactions with central banks, post office accounts and banks	4,314	3,500	2,402
Net premiums and discounts	242	73	63
Securities purchased under resale agreements and loans secured by notes and securities	4,636	2,685	1,790
Sub-total	**9,192**	**6,258**	**4,255**
Interest income from transactions with customers:			
Trade notes	188	90	61
Other customer loans:			
- Short-term loans	1,890	1,318	995
- Export loans	207	171	160
- Equipment loans	1,294	1,101	1,045
- Mortgage loans	1,941	1,741	1,656
- Other loans	2,807	1,873	1,181
Sub-total	**8,139**	**6,204**	**5,037**
Overdrafts	504	411	359
Net premiums and discounts	(1)	-	(1)
Securities purchased under resale agreements and loans secured by notes and securities	2,644	2,179	1,492
Sub-total	**11,474**	**8,884**	**6,948**
Bonds and other debt securities	***7,841***	***4,778***	***3,348***
Other interest and related income	***1,002***	***1,061***	***459***
Sub-total	**29,509**	**20,981**	**15,010**
Interest and related expenses:			
Interest expense from transactions with banks:			
Transactions with central banks, post office accounts and banks	(6,763)	(4,351)	(2,610) (*)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(5,060)	(3,293)	(2,284)
Sub-total	**(11,823)**	**(7,644)**	**(4,894)**
Interest expense from transactions with customers:			
Special savings accounts	(810)	(1,026)	(975)
Other deposits	(4,390)	(2,225)	(1,280)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(3,094)	(2,311)	(2,161)
Sub-total	**(8,294)**	**(5,562)**	**(4,416)**
Bonds and other debt securities	***(7,335)***	***(4,743)***	***(3,236)***
Other interest and related expenses	***(987)***	***(1,059)***	***(683)***
Sub-total	**(28,439)**	**(19,008)**	**(13,229)**
Net total	**1,070**	**1,973**	**1,781**

(*) Amounts restated in relation to those given in the 2004 annual report.

Note 21

Dividend income

	December 31		
(in millions of euros)	2006	2005	2004
Dividends from shares and other equity securities	15	17	9
Dividends from investments in non-consolidated subsidiaries and affiliates, and other long-term securities	2,090	1,741	1,148
Total (1)	**2,105**	**1,758**	**1,157**

(1) Dividends received from investments in the trading portfolio have been classified under «Net income from financial transactions».

Note 22

Net fee income

	December 31		
(in millions of euros)	2006	2005	2004
Fee income from			
Transactions with banks	107	93	131
Transactions with customers	966	902	814
Securities transactions	844	616	461
Primary market transactions	153	186	160
Foreign exchange transactions and forward financial instruments	38	46	27
Loan and guarantee commitments	389	393	376
Services and other	1,279	1,208	1,080
Sub-total	**3,776**	**3,444**	**3,049**
Fee expense on			
Transactions with banks	(141)	(137)	(121)
Transactions with customers	-	-	-
Securities transactions	(349)	(293)	(235)
Foreign exchange transactions and forward financial instruments	(319)	(240)	(218)
Loan and guarantee commitments	(280)	(187)	(314)
Other	(239)	(161)	(147)
Sub-total	**(1,328)**	**(1,018)**	**(1,035)**
Net total	**2,448**	**2,426**	**2,014**

Note 23

Net income from financial transactions

(in millions of euros)	December 31 2006	2005	2004
Net income from the trading portfolio			
Net income from operations on trading securities	11,690	9,304	2,996
Net income from forward financial instruments	(6,934)	(6,266)	(945) (*)
Net income from foreign exchange transactions	538	190	708
Sub-total	**5,294**	**3,228**	**2,759**
Net income from short-term investment securities			
Gains on sale	77	111	82
Losses on sale	(31)	(48)	(144)
Allocation to depreciations	(24)	(57)	(51)
Reversal of depreciations	22	72	151
Sub-total	**44**	**78**	**38**
Net total	**5,338**	**3,306**	**2,797**

(*) Amounts restated in relation to those given in the 2004 annual report.

Note 24

Personnel expenses

(in millions of euros)	December 31 2006	2005	2004
Employee compensation [1]	2,869	2,542	2,382
Social security benefits and payroll taxes [1]	1,313	1,456(*)	1,172
Employee profit sharing and incentives [2]	201	183	125
Total	**4,383**	**4,181**	**3,679**
Average staff	**41,736**	**40,303**	**39,648**
In France	36,783	36,050	35,591
Outside France	4,953	4,253	4,057

(*) Including EUR 107 million booked at January 1, 2005 as a result of changes in accounting methods, as described in Note 1, in the paragraph entitled "Changes in accounting methods and account comparability".

(1) Of which EUR 1,355 million for bonuses at December 31, 2006 (EUR 1,141 million at December 31, 2005 and EUR 925 million at December 31, 2004).

(2) Analysis of personnel expenses for the last five years.

(in millions of euros)	2006	2005	2004	2003	2002
Société Générale (*)					
Profit sharing	26	20	-	15 (*)	(1)
Incentives	99	80	50	49	62
Employer contribution	73	78	72	72	74
Sub-total	**198**	**178**	**122**	**136**	**135**
Subsidiaries	**3**	**5**	**3**	**4**	**3**
TOTAL	**201**	**183**	**125**	**140**	**138**

(*) Provision for profit sharing.

Remuneration of members of the board of Directors and Chief executive Officers

Total attendance fees paid in February 2007 to the Company's directors for the 2006 financial year amounted to EUR 0.75 million.

The remuneration paid in 2006 to the Chief Executive Officers amounted to EUR 5.39 million (including EUR 3.26 million in the form of performance-linked bonuses for the 2005 financial year).

Note 25

Employee Benefits

A. Defined Contribution Plans

Defined contribution plans limit the Group's liability to the contributions paid to the plan but do not commit the Group to a specific level of future benefits.

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

The amount of Defined Contributions Plans was EUR 349 million in 2006.

B. Post-employment benefit plans (defined benefit Plans) and other long term benefits

B1. RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	2006-12-31				2005-12-31			
	Post employment benefits				Post employment benefits			
(in millions of euros)	Pension plans	Others	Other long term benefits	Total	Pension plans	Others	Other long term benefits	Total
Reminder of gross liabilities	1,901	171	834	**2,906**	1,763	111	446	**2,320**
Reminder of assets	(1,703)	-	(78)	**(1,781)**	(1,492)	-	(49)	**(1,541)**
Deficit in the plan (Net balance)	**198**	**171**	**756**	**1,125**	**271**	**111**	**397**	**779**
Breakdown on the deficit in the plan								
Present value of defined benefit obligations	1,880	-	78	**1,958**	1,831	-	83	**1,914**
Fair value of plan assets	(1,791)	-	(78)	**(1,869)**	(1,661)	-	(49)	**(1,710)**
Actuarial deficit (net balance) A	**89**	**-**	**-**	**88**	**170**	**-**	**34**	**204**
Present value of unfunded obligations B	75	171	756	**1,002**	82	113	363	**557**
Other items recognized in balance sheet C	-	-	-	**-**				
Unrecognized items								
- Unrecognized Past Service Cost	58	-	-	**58**	55	-	-	**55**
- Unrecognized Net Actuarial (Gain)/Loss	(4)	-	-	**(4)**	95	2	-	**97**
- Separate assets	-	-	-	**-**	-	-	-	**-**
- Plan assets impacted by change in Asset Celling	(89)	-	-	**(89)**	(169)	-	-	**(169)**
Total unrecognized items D	**(34)**	**-**	**-**	**(34)**	**(20)**	**2**	**-**	**(18)**
Deficit in the plan (Net balance) A+B+C+D	**198**	**171**	**756**	**1,125**	**271**	**111**	**397**	**779**

1. For pensions and other post-employment plans, actuarial gains and losses , which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortized on the estimated average remaining working life of the employees participating in the plan in accordance with option of IAS 19 (corridor).

2. Pension plans include pension benefit as annuities and end of career payments. Pension benefit annuities are paid additionally to pensions state plans.
The SGPM grants 22 pension plans located in 15 countries. 10 pension plans located in France, the UK, Germany, the US and Switzerland represent 90% of gross liabilities of these pension plans.
Other post employment benefit plans are healthcare plans. There is mainly 1 plan located in France.
The healthcare plan for SG Metropole has been reformed as at January 1, 2007 and the corresponding obligation has been settled through contribution (EUR 170 million) paid to the insurance organism Mutual Insurance Société Générale in charge of the administration of the scheme. As a result, the Société Générale has accounted an extra liability amounted to EUR 61 million in 2006 (cf table B2).
Other long-term employee benefits include deferred bonuses, flexible working provisions (French acronym : compte épargne temps) and long-service awards. There are 4 benefits located in 4 countries.

3. The present values of defined benefit obligations have been valued by independant qualified actuaries.

4. Information regarding plan assets:
The break down of the fair value of plan assets is as follows: 30% bonds, 53% equities, 12% monetary instruments and 5% others.
For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 111 million, including EUR 89 million unrecognized.

5. The expected employer's contributions for post employment benefits scheme are estimed for 2007 to EUR 63 million.

6. As a general rule, the expected rates of return on scheme assets are based on a weighted average of expected returns on each category of assets.

The actual return on plan assets and separate assets were, in million of euros:

	Post employment benefits				Other long term benefits		Total	
	Pension plans		Others					
(in millions of euros)	2006-12-31	2005-12-31	2006-12-31	2005-12-31	2006-12-31	2005-12-31	2006-12-31	2005-12-31
Plan Assets	163	177	-	-	5	7	168	184
Separate Assets								

B2. AMOUNTS RECOGNIZED IN THE INCOME STATEMENT

	Post employment benefits				Other long term benefits		Total	
	Pension plans		Others					
(in millions of euros)	2006-12-31	2005-12-31	2006-12-31	2005-12-31	2006-12-31	2005-12-31	2006-12-31	2005-12-31
Current Service Cost including Social Charges	42	25	2	112	252	172	**295**	**309**
Employee contributions	-	-	-	-	-	-	**-**	**-**
Interest Cost	84	79	4	5	3	3	**91**	**87**
Expected Return on Plan Assets	(93)	(92)	-	-	(3)	(3)	**(96)**	**(95)**
Expected Return on Separate Assets	-	-	-	-	-	-	**-**	**-**
Amortisation of Past Service Cost	5	22	-	-	-	-	**5**	**22**
Amortisation of Losses (Gains)	3	32	-	-	(4)	6	**(1)**	**38**
Settlement, Curtailment	-	4	61	-	-	4	**61**	**8**
Change in asset celling	6	3	-	-	-	-	**6**	**3**
Transfert from non recognized assets	-	-	-	-	-	-	**-**	**-**
Total Charges	**47**	**73**	**68**	**117**	**247**	**182**	**362**	**372**

B3. MOVEMENTS IN NET LIABILITIES OF POST EMPLOYMENT BENEFIT PLANS BOOKED IN THE BALANCE SHEET

- B3a Movements in the present value of defined benefit obligations included in the balance sheet

	Post employment benefits		
	Pension plans	Others	Total
Amount at the begining of 2005	**1,625**	**-**	**1,625**
Current Service Cost including Social Charges	25	112	137
Interest Cost	79	5	84
Employee contributions	-	-	-
Actuarial (gains)/losses	224	2	226
Foreign currency exchange adjustment	29	-	29
Benefit payments	(64)	(6)	(71)
Past Service Cost	5	-	5
Acquisition of subsidiaries	-	-	-
Transferts and others	(11)	-	(11)
Amount at the end of 2005	**1,913**	**113**	**2,026**
Current Service Cost including Social Charges	42	2	44
Interest Cost	84	4	88
Employee contributions	-	-	-
Actuarial (gains)/losses	(14)	(2)	(16)
Foreign currency exchange adjustment	2	-	2
Benefit payments	(78)	(6)	(84)
Past Service Cost	9	-	9
Acquisition of subsidiaries	-	-	-
Transferts and others	(1)	60	59
Amount at the end of 2006	**1,955**	**171**	**2,126**

• B3b Movements in Fair Value of plan assets and separate assets

	Post employment benefits		
(in millions of euros)	**Pension plans**	**Others**	**Total**
Amount at the begining of 2005	**1,558**	**-**	**1,558**
Expected Return on Plan Assets	92	-	92
Expected Return on Separate Assets	-	-	-
Actuarial gains/(losses)	67	-	67
Foreign currency exchange adjustment	19	-	19
Employee contributions	-	-	-
Employer Contributions to plan assets	26	-	26
Benefit payments	(62)	-	(62)
Acquisition of subsidiaries	2	-	2
Transferts and others	(42)	-	(42)
Amount at the end of 2005	**1,661**	**-**	**1,661**
Expected Return on Plan Assets	93	-	93
Expected Return on Separate Assets	-	-	-
Actuarial gains/(losses)	70	-	70
Foreign currency exchange adjustment	4	-	4
Employee contributions	-	-	-
Employer Contributions to plan assets	114	-	114
Benefit payments	(72)	-	(72)
Acquisition of subsidiaries	-	-	-
Transferts and others	(79)	-	(79)
Amount at the end of 2006	**1,791**	**-**	**1,791**

B4. MAIN ASSUMPTIONS

	2006-12-31	2005-12-31
Discount rate		
- Europe	4.60%	3.80%
- Americas	5.70%	5.40%
- Asia-Oceania-Africa	3.00%	4.80%
Expected return on plan assets (separate and plan assets)		
- Europe	6.20%	5.90%
- Americas	6.50%	6.50%
- Asia-Oceania-Africa	2%	2.90%
Future salary increase		
- Europe	1.70%	1.70%
- Americas	2%	2%
- Asia-Oceania-Africa	2.50%	2%
Healthcare cost increase rate		
- Europe	4.55%	4.55%
- Americas	NA	NA
- Asia-Oceania-Africa	NA	NA
Average and remaining lifetime of employees (in years)		
- Europe	11.80	13.6
- Americas	9.7	9.7
- Asia-Oceania-Africa	9.7	12.5

Notes

1. The range in discount rate is due to various post-employment benefit plans durations and to different levels of interest rates used in the same geographical area like Europe and Asia.

2. The range of expected return on plan assets rate is due to actual plan assets allocation.

3. Average and remaining lifetime of employees is calculated taking into account based on turnover assumptions.

B5. SENSIBILITIES ANALYSIS OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS COMPARED TO MAIN ASSUMPTIONS RANGES

	2006			2005		
Measured element percentage	Pension plans	Post employment health care plans	Other plans	Pension plans	Post employment health care plans	Other plans
Variation from +1% in discount rate						
- Impact on Defined Benefit Obligations at December 31	(15%)	(15%)	(6%)	(14%)	(15%)	(6%)
- Impact on total Expenses	(25%)	(5%)	(30%)	(20%)	(5%)	(30%)
Variation from +1% in Expected return on plan assets						
- Impact on Plan Assets at December 31	1%	1%	1%	1%	1%	1%
- Impact on total Expenses	(35%)	NA	(4%)	(20%)	NA	(11%)
Variation from +1% in Future salary increases						
- Impact on Defined Benefit Obligations at December 31	4%		4%	5%		6%
- Impact on total Expenses	15%	NA	31%	14%	NA	90%
Variation from +1% in Healthcare cost increase rate						
- Impact on Defined Benefit Obligations at December 31		18%			18%	
- Impact on total Expenses		29%			29%	

B6. EXPERIENCE ADJUSTMENTS ON POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(in millions of euros)	2006-12-31	2005-12-31
Defined Benefit Obligations	1,955	1,913
Fair value of plan assets	1,791	1,661
Deficit/(surplus)	164	252
Experience adjustments on plan liabilities (gain)	(7)	23
Experience adjustments on plan assets (gain)	(69)	(84)

Note 26

Cost of risk

	December 31		
(in millions of euros)	**2006**	**2005**	**2004**
Net allocation to depreciations and provisions for identified risks			
Identified risks [(1)]	(12)	(122)	221
Losses not covered by depreciations and amounts recovered on writte-offs	(11)	(6)	(102)
Other risks and commitments	33	(70)	(48)
Sub-total	**10**	**(198)**	**71**
Net allocation to general country risk reserves [(1)]	29	(121)	(22)
Net allocation to depreciations and provisions for receivables and commitments	**39**	**(319)**	**49**
(1) Including gains on revalued provisions hedges:			
- Provisions for identified risks	*(41)*	*94*	*(25)*
- General provisions - country risks, net	*(17)*	*(18)*	*(26)*

Note 27

Net income from long-term investments

	December 31		
(in millions of euros)	2006	2005	2004
Long-term investment securities			
Net capital gains (or losses) on sale	-	-	1
Net allocation to depreciations	-	-	-
Sub-total	**-**	**-**	**1**
Investments in subsidiaries and affiliates			
Gains on sale	33	92	110
Losses on sale	(124)	(102)	(20)
Allocation to depreciations	(77)	(83)	(18)
Reversal of depreciations	579	340	111
Subsidies granted to affiliate (subsidiaries)	-	-	-
Sub-total	**411**	**247**	**183**
Operating fixed assets			
Gains on sale	4	4	3
Losses on sale	(1)	(2)	(4)
Sub-total	**3**	**2**	**(1)**
Net total	**414**	**249**	**183**

Note 28

Income tax

	December 31		
(in millions of euros)	2006	2005	2004
Current taxes	(604)	(399)	106
Deferred taxes	122	152	(92)
Total (1)	**(482)**	**(247)**	**14**

(1) 2006 current income tax includes a gain of EUR 60.0 million (2005 gain of EUR 67.8 million. 2004 gain of EUR 377.2 million) as a consequence of the tax consolidation.

Note 29

Breakdown of assets and liabilities by term to maturity

(in millions of euros at December 31, 2006)	Less than 3 months	3 months to one year	1 to 5 years	More than 5 years	Intercompany eliminations: SG Paris/branches	Total
ASSETS						
Due from banks	234,790	44,028	22,660	13,874	(140,912)	174,440
Customer loans	80,547	21,888	64,873	60,852	-	228,160
Bonds and other debt securities						
Trading securities	24,894	96,352	147	328	(1,073)	120,648
Short-term investment securities	2,041	1,967	472	5,876	-	10,356
Long-term investment securities	-	1	7	137	-	145
Total	**342,272**	**164,236**	**88,159**	**81,067**	**(141,985)**	**533,749**
LIABILITIES						
Due to banks	282,948	38,702	45,803	30,133	(141,115)	256,471
Customer deposits	170,805	17,273	17,583	11,676	-	217,337
Liabilities in the form of securities issued	51,798	21,569	18,881	3,178	(787)	94,639
Total	**505,551**	**77,544**	**82,267**	**44,987**	**(141,902)**	**568,447**

Note 30

Transactions in foreign currencies

	December 31, 2006				December 31, 2005				December 31, 2004			
(in millions of euros)	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered
EUR	523,134	502,199	81,724	113,840	422,132	407,310	72,925	88,959	327,333	308,782	63,262	85,338
USD	199,813	231,961	214,234	174,035	187,941	202,596	176,460	150,855	117,495	140,778	162,894	136,082
GBP	50,075	52,990	39,223	35,856	39,874	42,862	25,721	25,264	21,893	22,668	28,440	29,159
JPY	32,356	29,592	25,148	28,102	25,699	25,945	25,372	27,917	17,967	14,172	33,957	37,081
Other currencies	63,070	51,706	95,698	103,824	40,097	37,030	71,187	77,573	28,914	27,202	60,687	63,308
Total	**868,448**	**868,448**	**456,027**	**455,657**	**715,743**	**715,743**	**371,665**	**370,568**	**513,602**	**513,602**	**349,240**	**350,968**

Note 31

Geographical breakdown of net banking income [1]

(in millions of euros)	France 2006	France 2005	France 2004 (*)	Europe 2006	Europe 2005	Europe 2004 (*)	Americas 2006	Americas 2005	Americas 2004 (*)
Net interest and similar income	1,888	2,793	2,094	105	7	53	1,123	958	720
Net fee income	2,100	2,131	1,725	208	142	94	96	106	139
Net income from financial transactions	4,641	2,818	2,449	1,089	756	512	(571)	(511)	(286)
Other net operating income	17	(92)	(33)	126	164	174	-	1	-
Net banking income	**8,646**	**7,650**	**6,235**	**1,528**	**1,069**	**833**	**648**	**554**	**573**

(in millions of euros)	Asia 2006	Asia 2005	Asia 2004 (*)	Africa 2006	Africa 2005	Africa 2004 (*)	Oceania 2006	Oceania 2005	Oceania 2004 (*)
Net interest and similar income	(15)	(104)	5	(2)	(5)	(13)	99	101	93
Net fee income	27	35	47	2	2	2	15	10	7
Net income from financial transactions	158	251	116	7	8	17	14	(16)	(11)
Other net operating income	(1)	-	-	-	-	-	-	-	-
Net banking income	**169**	**182**	**168**	**7**	**5**	**6**	**128**	**95**	**89**

(in millions of euros)	Total 2006	Total 2005	Total 2004 (*)
Net interest and similar income	3,198	3,750	2,952
Net fee income	2,448	2,426	2,014
Net income from financial transactions	5,338	3,306	2,797
Other net operating income	142	73	141
Net banking income	**11,126**	**9,555**	**7,904**

(1) Geographical regions in which companies recording income is located.

(*) Amounts restated in relation to those given in the 2004 annual report.

Activities of subsidiaries and affiliates

(in thousands of euros or local currencies) COMPANY/HEAD OFFICE		Registered capital (local currency)	Shareholders equity other than capital (local currency) [1]	Share of capital held (%)	Book value of sharesheld Gross (EUR)	Book value of sharesheld Net (EUR)
I - INFORMATION ON INVESTMENTS WITH A BOOK VALUE IN EXCESS OF 1% OF SOCIETE GENERALE'S CAPITAL						
A) Subsidiaries (more than 50% owned by Société Générale)						
SG Americas Inc.						
1221 avenue of the Americas - New York 10020 - USA	USD	0	3,957,724	100.00	3,104,170	3,013,251
Généval						
29, boulevard Haussmann, 75009 Paris - France	EUR	538,630	1,378,289	100.00	1,910,368	1,910,368
Généfinance						
29, boulevard Haussmann, 75009 Paris - France	EUR	1,600,000	267,283	100.00	1,736,024	1,736,024
SG Asset Management						
17, cours Valmy, 92800 Puteaux - France	EUR	302,220	1,402,965	100.00	1,717,473	1,717,473
Ipersoc						
12, rue de la Mare à Guillaume, 94210 Fontenay/s Bois - France	EUR	48	1,858,866	100.00	1,639,618	1,639,618
SG Financial Services Holding (Ex Généfitec)						
29, boulevard Haussmann, 75009 Paris - France	EUR	844,083	266,484	100.00	1,333,563	1,333,563
Linden						
17, cours Valmy, 92800 Puteaux - France	EUR	100	983,952	100.00	1,001,040	1,001,040
Ald International SA						
15, allée de l'Europe, 92110 Clichy sur Seine - France	EUR	550,038	(3,068)	100.00	804,000	804,000
Généfimmo						
29, boulevard Haussmann, 75009 Paris - France	EUR	392,340	11,026	100.00	651,732	651,732
SG Hambros Ltd.						
Exchange House - Primrose st. - London EC2A 2HT - United Kingdom	GBP	282,185	27,249	100.00	424,516	424,516
Soginfo						
29, boulevard Haussmann, 75009 Paris - France	EUR	232,303	34,583	100.00	265,797	265,797
SG Consumer Finance						
59, Avenue de Chatou 92853 Rueil Malmaison - France	EUR	260,037	(3,309)	100.00	260,037	260,037
Valminvest						
29, boulevard Haussmann, 75009 Paris - France	EUR	248,877	(27,723)	100.00	249,427	249,427
SG Securities North Pacific						
Ark Mori Building - 13-32 Akasaka 1 - Chome, Minato + Ku - 107-6015 Tokyo - Japan	JPY	14,203,000	16,246,000	100.00	215,445	215,445
Génégis I						
29, boulevard Haussmann, 75009 Paris - France	EUR	192,900	3,968	100.00	196,055	196,055
Société Générale Canada						
Montréal Québec H3B 3A7 - Canada	CAD	250,772	102,285	100.00	172,403	172,403
Orpavimob SA						
17, cours Valmy, 92800 Puteaux - France	EUR	141,253	6,609	100.00	141,253	141,253
Fimat Banque SA						
50, boulevard Haussman, 75009 Paris - France	EUR	102,655	38,687	100.00	116,464	116,464

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the company (in EUR)	Revenue for the last fiscal year (local currency)(1)(2)	Net income (loss) for the last fiscal year (local currency)(1)	Dividends receivedby the Company during the year (in EUR)	Remarks Revaluation differences
0	0	944,088	314,389	0	Capital=USD 1 EUR 1=USD 1.317
0	0	273,832	256,266	136,004	
4,734,828	0	433,234	314,098	135,000	
932,465	0	594,220	132,189	173,400	
161,329	0	100,614	92,110	43,129	
1,528,091	0	330,727	229,642	301,458	
0	1,001,000	55,355	48,580	45,150	of which 2006 interim dividend of 22,400
29,916	0	(4,501)	(3,680)	0	
32,352	2,335	58,777	94,795	17,752	
0	215,900	87,260	23,191	10,837	EUR 1=GBP 0.6715
0	2,000	21,506	12,500	21,488	
283,251	0	8,705	(2,937)	0	
0	0	586	2,617	0	
0	0	23,150,000	4,066,000	0	EUR 1=JPY 156.93
0	14,134	156,637	2,637	1,800	
0	35,284	49,447	30,883	0	EUR 1=CAD 1.5281
0	0	6,204	34,392	0	
188,477	0	11,037	5,487	30,157	

(in thousands of euros or local currencies) COMPANY/HEAD OFFICE		Registered capital (local currency)	Shareholders equity other than capital (local currency) [1]	Share of capital held (%)	Book value of sharesheld	
					Gross (EUR)	Net (EUR)
SG Yugoslav Bank AD						
STR Vladimira Popovica 3 Belgrade - Yugoslavia	CSD	8,889,825	1,315,301	100.00	110,081	110,081
SG Securities Asia Intl Hold Ltd.						
41/F Edinburgh Tower - 15 Queen's Road Central, Hong Kong	USD	109,990	14,295	100.00	105,227	105,227
Société Immobilière 29 Haussmann						
29, boulevard Haussman, 75009 Paris - France	EUR	90,030	1,021	100.00	89,992	89,992
Compagnie Foncière de la Méditerranée						
29, boulevard Haussmann, 75009 Paris - France	EUR	76,627	2,508	100.00	155,837	85,198
Delta Crédit Mortgage Finance Netherland BV						
1012 KK Amsterdam, Rokin 55 - Netherlands	EUR	34	51,752	100.00	82,046	82,046
Société Générale Finance (Ireland) Ltd.						
31/32 Morisson Chambers, Nassau street, Dublin 2 - Ireland	EUR	77,454	20,570	100.00	80,481	80,481
Fontanor						
17, cours Valmy, 92800 Puteaux - France	EUR	40	120,837	100.00	78,900	78,900
Banco SG Brazil						
Rua Verbo Divino 1207, Châcara Santo Antonio, Sâo Paulo CEP 04719-002, Brazil	BRL	319,771	(97,596)	100.00	116,830	74,325
Eléaparts						
29, boulevard Haussmann, 75009 Paris - France	EUR	42,040	6,810	100.00	48,070	48,070
Sgss Holding						
17, cours Valmy, 92800 Puteaux - France	EUR	43,037		100.00	43,037	43,037
SG Asia Ltd.						
42/F Edinburgh Tower - 15 Queen's Road Central, Hong Kong	HKD	400,000	348,969	100.00	38,946	38,946
SG Algérie						
75, chemin Cheikh Bachir Ibrahimi, El-Biar, 16010 Algiers - Algeria	DZD	2,500,000	1,360,709	100.00	34,986	34,986
SG Wertpapierhandelsgesellschaft mbH						
Mainze Landstrasse 36 - D60325 Frankfurt am Main - Germany	EUR	55	22,732	100.00	31,590	31,590
Société Générale Australia Holding Ltd.						
350, George Street - Sydney NSW 3000 - Australia	AUD	21,500	168,496	100.00	22,789	22,789
Inserviss Group						
Kr. Barona 130 LV1012, Riga - Latvia	LVL	NC	NC	100.00	21,845	21,845
Géninfo						
Les Miroirs, Bt. C, 18, avenue d'Alsace, 92400 Courbevoie - France	EUR	18,524	31,683	100.00	20,477	20,477
SNC Sirius						
40-42, quai du point du jour, 92100 Boulogne Billancourt - France	EUR	30	(42)	100.00	19,030	19,030
Inora Life Ltd. (ex Lyxor Life Ltd.)						
6, Exchange Place, International Financial Services Center, Dublin 1 - Ireland	EUR	15,000	(2,232)	100.00	15,000	15,000
SG Energie						
17, cours Valmy, 92800 Puteaux - France	EUR	13,000	11,984	100.00	14,785	14,785
Sogé Colline Sud						
29, boulevard Haussmann, 75009 Paris - France	EUR	14,250	1,429	100.00	14,483	14,483

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the company (in EUR)	Revenue for the last fiscal year (local currency)(1)(2)	Net income (loss) for the last fiscal year (local currency)(1)	Dividends receivedby the Company during the year (in EUR)	Remarks Revaluation differences
118,074	120,756	3 427,866	827,639	0	EUR 1=CSD 78.9507
0	12,365	191,541	86,658	58,048	EUR 1=USD 1.317
0	0	7,588	3,989	0	
0	0	1,627	7,972	3,738	
0	0	22,101	7,175	0	
0	0	3,396	2,873	0	
0	0	661	12,766	0	
0	0	5,556	(26,753)	0	EUR 1=BRL 2.85498
0	0	1,819	6,818	0	
0	0	101	29	0	
0	0	289,106	42,833	4,838	EUR 1=HKD 10.2409
0	0	3,444,014	1,187,397	2,467	EUR 1=DZD 92.0477
0	0	46,057	26,598	0	
0	0	18,614	18,231	0	EUR 1=AUD 1.6109
NC	NC	NC	NC	0	EUR 1=LVL 0.6972
0	0	1,578	1,515	1,158	
0	0	0	(24)	0	
0	0	5,494	185	0	
4,556	0	13 258	11,752	0	
817	0	2,645	1,021	0	

(in thousands of euros or local currencies) COMPANY/HEAD OFFICE		Registered capital (local currency)	Shareholders equity other than capital (local currency) [(1)]	Share of capital held (%)	Book value of sharesheld	
					Gross (EUR)	Net (EUR)
Société Générale Bank Nederland N.V.						
Museumplein 17 1071 DJ Amsterdam - Netherlands	EUR	7,714	(29)	100.00	8,042	8,042
Soge Périval IV						
29, boulevard Haussmann, 75009 Paris - France	EUR	6,405	1,746	100.00	6,704	6,704
Société de la rue Edouard-VII						
29, boulevard Haussmann, 75009 Paris - France	EUR	11,396	769	99.90	59,615	12,456
Splitska Banka						
Rudera Boskovica 16 21000 Split - Croatia	HRK	491,426	1,718,106	99.76	1,057,266	1,057,266
SG Financial Inc.						
Corporation Trust Center, 1209 Orange street, Wilmington - New Castel - Delaware - USA	USD	2,230,000	(3,849)	99.70	1,688,686	1,688,686
SG Vostok						
5, Nikitsky Pereulok, 103009 Moscow - Russia	RUB	3,775,461	1,157,740	99.35	141,490	141,490
Sogéfontenay						
17, cours Valmy, 92800 Puteaux - France	EUR	4,200	1,625	99.00	9,055	9,055
Société Générale Investments (UK) Ltd.						
SG House, 41 Tower Hill, EC3N 4SG London - United Kingdom	GBP	157,883	18,737	98.96	233,736	233,736
SG Expressbank						
92, Bld Vl Varnentchik, 9000 Varna - Bulgaria	BGN	28,508	105,139	97.95	34,256	34,256
SKB Banka						
Adjovscina, 4 - 1513 Ljubljana - Slovenia	SIT	12,649,200	32,731,929	97.43	219,593	219,593
SG Equity Finance LLC						
1221, avenue of the Americas, New York, NY 10020 - USA	USD	2,000,000	8,743	95.00	1,442,673	1,442,673
Soge Périval I						
29, boulevard Haussmann, 75009 Paris - France	EUR	7,701	1,977	94.98	7,313	7,313
Soge Périval III						
29, boulevard Haussmann, 75009 Paris - France	EUR	7,473	131	94.83	7,095	7,095
Soge Périval II						
29, boulevard Haussmann, 75009 Paris - France	EUR	7,816	2,031	94.75	7,402	7,402
Podgoricka Banka						
8 a Novaka Miloseva Street, 81000 Podgorica - Serbia and Montenegro	EUR	14,700	14,880	86.75	19,119	19,119
Crédit du Nord						
28, place Rihour, 59800 Lille - France	EUR	740,263	394,756	79.99	584,255	584,255
National Société Générale Bank						
5, rue Champollion - Cairo - Egypt	EGP	2,027,952	762,010	77.17	229,475	229,475
Banque de Polynésie						
Bd Pomare, BP 530, Papeete, Tahiti - French Polynesia	XPF	1,380,000	5,726,394	72.10	12,397	12,397
BFV - SG						
14, Lalana Jeneraly Rabehevitra, BP 196, Antananarivo 101 - Madagascar	MGA	14,000,000	20,289,700	70.00	7,614	7,614
Société Générale de Banques en Côte d'Ivoire						
5 & 7, avenue J. Anoma, 01 BP 1355, Abidjan 01 - Côte d'Ivoire	XAF	15,555,555	40,618,271	66.79	26,454	26,454
Makatéa Inc.						

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the company (in EUR)	Revenue for the last fiscal year (local currency)(1)(2)	Net income (loss) for the last fiscal year (local currency)(1)	Dividends receivedby the Company during the year (in EUR)	Remarks Revaluation differences
0	9,050	2,908	1,754	1,498	
1,552	0	1,779	899	0	
0	0	0	567	296	Difference=16,509
0	147,031	476,952	153,779	0	EUR 1=HRK 7.3504
0	0	126,659	103,872	76,986	EUR 1=USD 1.317
0	182,583	3,115,317	182,876	0	EUR 1=RUB 34.68
7,977	472	1,925	893	0	
0	0	31,887	33,227	0	EUR 1=GBP 0.6715
0	65,116	85,418	40,474	0	EUR 1=BGN 1.9558
0	0	18,871,720	3,315,322	0	EUR 1=SIT 239.64
0	0	31	(100)	74,391	EUR 1=USD 1.317
1,583	0	1,945	947	0	
1,553	0	1, 938	938	232	
1,553	0	1,949	966	291	
16,000	13,800	8,800	(328)	0	
1,250,485	0	973,749	238,017	114,732	
0	121,765	905,747	621,560	7,318	EUR 1=EGP 7.54046
118,906	115,718	7,365,175	2,559,818	5,386	EUR 1=XPF 119.33174
0	27,175	53,953,494	17,813,965	152	EUR 1=MGA 2,767.30
0	78,632	39,770,682	13,279,148	5,734	Difference=5,166 EUR 1=XAF 655.957

of which 2006 interim dividend of 58,200

(in thousands of euros or local currencies) COMPANY/HEAD OFFICE		Registered capital (local currency)	Shareholders equity other than capital (local currency) [1]	Share of capital held (%)	Book value of sharesheld	
					Gross (EUR)	Net (EUR)
1221, avenue of the Americas, New York, NY 10020 - USA	USD	3,842,000	2,931	66.67	1,898,254	1,898,254
Sogessur						
2, rue Jacques-Daguerre, 92565 Rueil-Malmaison - France	EUR	25,500	(7,741)	65.00	74,940	17,505
Komercni Banka						
Centrala Na Prokope 33 - Postovni Prihradka 839-114 07 Prague 1 - Czech Republic	CZK	19,004,926	18,990,625	60.35	1,294,259	1,294,259
AIG Sorbier						
50, Danbury Road, Wiltom - USA	USD	1,500,000	3,133	60.00	608,200	608,200
Bank République						
2 Gr, Abashidze St-Tbilisi - Georgia	GEL	22,000	35,103	60.00	31,288	31,288
Sogéparts						
29, boulevard Haussmann, 75009 Paris - France	EUR	17,600	4,639	60.00	11,253	11,253
Banque Roumaine de Développement						
A, Doamnei street, 70016 Bucharest 3, Romania	RON	696,902	915,908	58.32	217,378	217,378
Société Générale de Banques au Cameroun						
Rue Joss - Douala - Cameroon	XAF	6,250,000	26,211,981	58.08	16,940	16,940
Société Générale de Banques au Sénégal						
19, avenue Léopold Sédar Senghor, Dakar - Senegal	XAF	4,527,600	28,244,861	57.72	5,855	5,855
Généfim						
29, boulevard Haussmann, 75009 Paris - France	EUR	72,779	29,130	57.62	89,846	89,846
Boursorama (ex Fimatex)						
11, rue de Prony, 75848 Paris - France	EUR	34,563	250,475	56.57	300,705	300,705
Société Générale Marocaine de Banques						
55, boulevard Abdelmoumen, Casablanca - Morocco	MAD	1,170,000	1,693,942	53.02	78,859	78,859
Union Internationale de Banque						
65, avenue Habib Bourguiba, 1000A Tunis - Tunisia	TND	106,000	(48,500)	52.34	87,283	87,283
Général Bank of Greece						
109, Messogion Avenue, 11510 Athens - Greece	EUR	336,900	(122,382)	52.32	184,402	184,402
Méhétia Inc.						
1105, North Market Street Wilmington - De 19 890, Delaware - USA	USD	2,559,917	6,939	51.00	1,139,076	1,139,076
Socgen Real Estate Company						
1221, avenue of the Americas, New York, NY 10020 - USA	USD	800,000	812,507	50.31	615,051	615,051
B) Affiliates (10% to 50% owned by Société Générale)						
Fiditalia SPA						
Via G. Ciardi, 9 - 20148 - Milan - Italy	EUR	130,000	407,607	48.68	224,318	224,318
Société Générale Calédonienne de Banque						
56, rue de la Victoire, Nouméa, New Caledonia	XPF	1,068,375	6,947,028	20.60	16,268	16,268
Rosbank						
11, Masha Porvvaeva Str PO Box 208, Moscow - Russia	RUB	8,876,500	16,504,100	20.00	499,968	499,968
Crédit Logement						
50, boulevard Sébastopol, 75003 Paris - France	EUR	1 253 975	519 700	13.50	171,036	171,036

(1) For foreign subsidiaries and affiliates, shareholders' equity booked in the Group consolidated accounts.

(2) For banking and finance subsidiaries, revenues refer to net banking Income.

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the company (in EUR)	Revenue for the last fiscal year (local currency)[(1)(2)]	Net income (loss) for the last fiscal year (local currency)[(1)]	Dividends receivedby the Company during the year (in EUR)	Remarks Revaluation differences
0	0	123,051	79,983	58,200	EUR 1=USD 1.317
0	0	133,343	3,734	0	
0	635,900	25,146,063	9,068,961	201,033	EUR 1=CZK 27.485
0	0	74,958	48,704	37,035	of which 2006 interim dividend of 37,035 EUR 1=USD 1.317
0	0	34,260	9,406	0	EUR 1=GEL 2.28095
0	0	727	466	297	
0	0	1,688,606	700,897	32,079	EUR 1=RON 3.3835 RON
0	61,122	27,322,980	8,587,659	3,763	Difference=1,675 EUR 1=XAF 655.957
0	17,123	38,845,047	14,173,870	3,585	Difference=1,447 EUR 1=XAF 655.957
1,027,207	0	48,029	36,875	41,387	
35,000	0	151,389	11,608	0	
0	193,594	2,228,499	604,866	7,528	Difference=1,142 EUR 1=MAD 11.1424
0	0	98,948	5,637	0	EUR 1=TND 1.71272
0	91,296	168,977	(79,073)	0	
0	0	143,600	93,288	71,536	of which 2006 interim dividend of 71,536 EUR 1=USD 1.317
		76,269	14,792		EUR 1=USD 1.317
0	0	268,280	43,792	189,224	
49,895	167,483	7,547,481	2,998,382	3,291	EUR 1=XPF 119.33174
NC	NC	20,906,719	3,671,485	0	EUR 1=RUB 34.68
509,605	0	347,598	106,380	7,299	

(in thousands of euros)	Book value of shares held Gross	Net	Unreimbursed loans and advances	Guarantees given by the Company	Dividends received during the year	Remarks
II - Information concerning other subsidiaries and affiliates						
A) Subsidiaries not included in I:						
1) French subsidiaries	23,976	21,791	1,607,472	175,015	104,000	Revaluation difference: 2,158
2) Foreign subsidiaries	84,907	33,757	3,001	54,826	2,500	Revaluation difference: 4
B) Affiliates not included in I:						
1) French companies	18,085	4,586	1,513	0	359	Revaluation difference: 0
2) Foreign companies	30,961	11,583	0	37,717	1,080	Revaluation difference: 0

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Société Générale, S.A.
Year ended December 31, 2006

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors'assessment of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the annual financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual financial statements. The report also includes information relating to the specific verification of information in the group management report.

This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2006, on:

- the audit of the accompanying annual financial statements of Société Générale,
- the justification of our assessments,
- the specific verifications and disclosures required by law,

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these annual financial statements based on our audit.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with French professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall annual financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position and assets and liabilities of the Company at December 31, 2006 and the results of its operations for the year then ended, in accordance with the accounting rules and principles generally accepted in France.

Without qualifying our opinion, we would draw your attention to Note 1 to the financial statements, which explains the changes in accounting policies as of January 1, 2006 and the impact of these changes on shareholders'equity in the opening balance sheet, as a result of :

- Opinion No. 2006-10 dated June 30, 2006 of the French National Accounting Standards Board (CNC) relating to the accounting treatment of assets given as garantees as part of financial guarantee contracts with a re-use right,
- Opinion No. 2006-16 dated December 21, 2006 of the French National Accounting Standards Board (CNC), relating to doubtful overdrafts and which amends Article 3 bis of Regulation no. 2002-03 of the French Accounting Regulation Committee (CRC).

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

CHANGES TO ACCOUNTING POLICIES

As part of our assesment of the accounting policies followed by your Company, we ensured ourselves of the appropriateness of the changes in accounting methods mentioned above and of the related presentation.

ACCOUNTING ESTIMATES

As detailed in Note 1 to the financial statements, your Company records provisions to cover the credit risks inherent to its activities. As part of our assessment of the significant accounting estimates performed in the year-end accounts closing process, we have reviewed and tested the procedures implemented by Management for identifying and assessing these risks and determining the amount of provisions on the asset and liability sides of the balance sheet considered necessary.

- As detailed in Note 1 to the financial statements, your Company uses internal models to measure financial instruments that are not listed on liquid markets. Our procedures consisted in reviewing the control procedures related to the models dedicated, to assess the data and assumptions used as well as the inclusion of the risks related to these instruments.
- As detailed in Note 1 to the financial statements, your Company records provisions to cover potential negative global interest rate risks on the «*épargne-logement*» contracts (mortgage savings plans and agreements). The calculation method used for this provision has been determined pursuant to the Opinion No 2006-02 published by the French National Accounting Standards Board (CNC) on March, 31 2006. We have examined, on a test basis, the accuracy of the calculation method.
- As part of its year-end accounts closing process, significant accounting estimates are performed by Société Générale, as described in Note 1 to the financial statements, related in particular to the value of the investments in subsidiaries and its securities portfolio as well as the valuation of pension plans and other post-employment benefits. We have reviewed the underlying assumptions and valuation parameters and ensured that these accounting estimates are based on documented methods in accordance with the accounting policies described in Note 1 to the financial statements.

We have assessed the reasonableness of these estimates.

These assessments were performed as part of our audit approach for the annual financial statements taken as a whole and contributed to the expression of our audit opinion in the first part of this report.

III. SPECIFIC VERIFICATIONS AND DISCLOSURES

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

We have no matters to report regarding:

- the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' Report and in the documents addressed to the shareholders with respect to the financial position and the financial statements;
- the fair presentation of the information presented in the Board of Director's report relating to remunerations and benefits in kind granted to senior officiers together with commitments granted in consideration of the taking of, the suspension or the change of functions or subsequently thereto.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders and holders of the voting rights have been properly disclosed in the Board of Directors' Report.

Paris – La Défense and Neuilly-sur-Seine, March 6, 2007

The Statutory Auditors
French original signed by

ERNST & YOUNG Audit	DELOITTE & ASSOCIES
Philippe PEUCH-LESTRADE	José-Luis GARCIA

INFORMATION ON COMMON STOCK

Changes in common stock

	Date of record or completion	Change in number of shares	Total number of shares after operations	Common stock (in EUR)	Change in common stock resulting from operation (%)
Exercise of stock options (2nd half 2001)	Jan. 11, 2002	571,840	431,538,522	539,423,152.50	0.13
Cancellation of shares	Feb. 20, 2002	7,200,000	424,338,522	530,423,152.50	(1.67)
Exercise of stock options (1st half 2002)	Aug. 1, 2002	566,080	429,791,220	537,239,025.00	1.28
Increase through 2002 Company Savings Plan		4,886,618			
Exercise of stock options (2nd half 2002)	Jan. 28, 2003	379,045	430,170,265	537,712,831.25	0.09
Exercise of stock options (1st half 2003)		152,130			
Increase through 2003 Company Savings Plan	July 16, 2003	7,346,674	437,669,069	547,086,336.25	1.71
Exercise of stock options (2nd half 2003)	Jan. 26, 2004	765,680	438,434,749	548,043,436.25	0.17
Exercise of stock options (1st half 2004)		836,443			
Increase through 2004 Company Savings Plan	July 16, 2004	5,222,573	444,493,765	555,617,206.25	1.38
Exercise of stock options (2nd half 2004)	Jan. 13, 2005	659,394	445,153,159	556,441,448.75	0.15
Cancellation of shares	Feb. 9, 2005	11,000,000	434,153,159	542,691,448.75	(2.47)
Exercise of stock options (1st half 2005)		808,946			
Increase through 2005 Company Savings Plan	July 21, 2005	5,663,174	440,625,279	550,781,598.75	1.49
Cancellation of shares	Nov. 22, 2005	7,100,000	433,525,279	541,906,598.75	(1.61)
Exercise of stock options (2nd half of 2005)	Dec. 31, 2005 recorded on Jan. 11, 2006	762,902	434,288,181	542,860,226.25	0.18
Exercise of stock options (1st half 2006) and increase through 2006 Company Savings Plan	July 10, 2006	412,720 4,044,422	438,745,123	548,431,403.75	1.03
Exercise of stock options from July 1 to September 25, 2006	Sept. 26, 2006	232,449	438,977,572	548,721,965.00	0.05
Exercise of stock options from September 26 to October 6, 2006	Oct. 10, 2006	97,396	439,074,968	548,843,710.00	0.02
Capital increase with pre-emptive subscription rights decided on September 27, 2006	Oct. 26, 2006 recorded on Nov. 2, 2006	21,953,748	461,028,716	576,285,895.00	5.00
Exercise of stock options from October 26 to December 31, 2006	Dec. 31, 2006 recorded on Jan. 11, 2007	395,846	461,424,562	576,780,702.50	0.08

Amount of common stock

At December 31, 2006, Société Générale's paid-up common stock (as recorded on January 11, 2007) amounted to EUR 576,780,702.50 and comprised 461,424,562 shares with a nominal value of EUR 1.25 per share, all eligible for dividends paid out of income earned from January 1, 2006.

If all vested stock options were to be exercised, 613,276 shares would be issued, representing a maximum potential dilution of 0.13%. The Group's common stock would then amount to EUR 577,547,297.50, divided into 462,037,838 shares.

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

Breakdown of capital and voting rights

Double voting rights

(extract of article 14 of the by-laws)

As of January 1, 1993, double voting rights, in relation to the share of capital stock they represent, are allocated to all those shares which are fully paid up and which have been registered in the name of the same shareholder for two years. Double voting rights are also allocated to new registered shares that may be allocated free of charge to a shareholder in respect of the shares with double voting rights already held by him, on the occasion of an increase in capital stock by incorporation of reserves, unappropriated retained earnings, net income or additional paid-in capital.

(legal provisions)

These double voting rights are rendered null and void ipso jure if the shares are converted into bearer form or if ownership of the shares is transferred. Nevertheless, transfers through inheritance, the liquidation of marital assets, or transfers to a spouse or direct parent do not result in the loss of rights and do not affect the minimum two-year holding period.

Limitation of voting rights

(extract of article 14 of the by-laws)

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

Declaration of shareholdings exceeding statutory limits

(extract of article 6 of the by-laws)

Any shareholder acting on his own or jointly, who comes to hold directly or indirectly at least 1.5% of the capital or voting rights, must inform the Company within fifteen days of the time at which he exceeds this threshold, and must also indicate in his declaration the number of securities he holds which may give rise to his holding capital stock in the future. Mutual fund management companies must provide this information based on the total number of shares held in the company by the funds they manage. Beyond the initial 1.5%, shareholders are obliged to notify the company, under the aforementioned conditions, whenever their holding of capital or voting rights exceeds an additional 0.5%.

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

Any shareholder acting on his own or jointly, is also required to inform the company within fifteen days if the percentage of his capital or voting rights falls below each of the thresholds described in paragraph two above.

Authorization to carry out stock market dealings in own shares

The Joint General Meeting of May 30, 2006 authorized the company to buy or sell its own shares on the stock market with a view to cancelling bought-back shares, granting or honoring stock options or otherwise allocating free shares to employees and chief executive officers of the Group, honoring commitments linked to convertible debt securities, holding and subsequently using the shares in exchange or as payment for acquisitions and continuing the liquidity contract set up in 2004. The next General Meeting of shareholders will be asked to renew this authorization.

Identification of holders of bearer shares

(article 6 of the by-laws)

The company may, at any time, in accordance with current laws and regulations, request that the organization in charge of clearing transactions in its shares provide information regarding those shares and other securities that confer on their owners an immediate or deferred voting right at shareholders'meetings and the holders of such shares and securities.

Information on the portion of capital held by employees under the Company and Group Savings Plans

In accordance with article L. 225-102 of the French Commercial Code, it is hereby declared that, at December 31, 2006, employees of Société Générale and Crédit du Nord and their subsidiaries held a total of 32,424,638 of Société Générale shares, representing 7.03% of its common stock, through the mutual fund created under the Société Générale Company and Group Savings Plans.

Shareholder agreements

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

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

This pre-emptive clause was published by the French Financial Markets Council in Decision No. 201C1417 dated November 30, 2001. This agreement was still in place at December 31, 2006. However, at this date, Santander Central Hispano no longer held any shares in Société Générale.

LIST OF AUTHORIZATIONS OUTSTANDING IN 2006 AND AT THE START OF 2007 AND THEIR USE

Type of authorization	Purpose of the authorization given to the Board of Directors	Period of validity	Limit	Use over 2006	Use in 2007 (up to 13/02/2007)
Share buybacks	Authorization to buy and sell Société Générale shares	**Granted by:** AGM of May 9, 2005, under its 8th resolution **For a period of:** 18 months **Early termination:** May 29, 2006	10% of the capital at the date of the purchase	Repurchase of 0.3% of capital at December 31, 2006	None
	Authorization to buy and sell Société Générale shares	**Granted by:** AGM of May 30, 2006, under its 14th resolution **For a period of:** 18 months **Maturity:** November 30, 2007	10% of the capital at the date of the purchase	Repurchase of 1.9% of capital at December 31, 2006	Repurchase of 0.4% of capital
Capital increases governed by common law	Authorization to increase capital stock through the issue of securities with an immediate or deferred equity component	**Granted by:** AGM of April 29, 2004, under its 12th resolution **For a period of:** 26 months **Early termination:** May 29, 2006	Nominal EUR 900 million for shares *i.e. 164.2% of capital on the date the authorization is granted* EUR 6 billion for debt securities with an equity component	None	None
	Authorization to increase capital stock with pre-emptive subscription rights through the issue of ordinary shares or securities with an equity component.	**Granted by:** AGM of May 30, 2006, under its 15th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	Nominal EUR 220 million for shares *i.e. 40.5% of capital on the date the authorization is granted* Nominal EUR 6 billion for securities with an equity component *Note: These limits are included in those set under resolutions 16 to 18 of the AGM of May 30, 2006*	Nominal EUR 27,442,185 i.e. 5% of capital on the day of the operation	None
	Authorization to increase capital stock through the incorporation of reserves, retained earnings or additional paid-in capital	**Granted by:** AGM of April 29, 2004, under its 12th resolution **For a period of:** 26 months **Early termination:** May 29, 2006	Nominal EUR 1.2 billion *i.e. 218.9% of capital on the date the authorization is granted*	None	None
	Authorization to increase capital stock through the incorporation of reserves, retained earnings or additional paid-in capital	**Granted by:** AGM of May 30, 2006, under its 15th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	Nominal EUR 550 million *i.e. 101.3% of capital on the date the authorization is granted*	None	None
	Authorization to increase capital stock through the issue of securities with no pre-emptive subscription rights and with an immediate or deferred equity component	**Granted by:** AGM of April 29, 2004, under its 13th resolution **For a period of:** 26 months **Early termination:** May 29, 2006	Nominal EUR 300 million for shares *i.e. 57.4% of capital on the date the authorization is granted* EUR 6 billion for debt securities with an equity component *Note: These limits are included in the overall limit set under resolution 12 of the AGM of April 29, 2004*	None	None
	Authorization to increase capital stock through the issue of shares with no pre-emptive subscription rights or securities with an equity component.	**Granted by:** AGM of May 30, 2006, under its 16th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	Nominal EUR 110 million for shares *i.e. 20.3% of capital* Nominal EUR 6 billion for securities with an equity component *Note: These limits are included in those set under resolution 15 of the AGM of May 30, 2006*	None	None
	Option to oversubscribe in the event of surplus demand for capital increases with or without pre-emptive subscription rights approved by the Board within the framework of resolutions 15 and 16 of the AGM of May 30, 2006.	**Granted by:** AGM of May 30, 2006, under its 17th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	15% of the initial issue *Note: Such operations are carried out at the same price and within the same limits as those set out in resolutions 15 and 16 of the AGM of May 30, 2006*	None	None

Type of authorization	Purpose of the authorization given to the Board of Directors	Period of validity	Limit	Use over 2006	Use in 2007 (up to 13/02/2007)
Remuneration of share contributions	Authorization to increase capital in order to pay for share contributions	**Granted by:** AGM of May 9, 2005, under its 12th resolution **For a period of:** 14 months **Early termination:** May 29, 2006	10% of capital *Note: These limits are included in the overall limit set under resolution 12 of the AGM of April 29, 2004*	None	None
	Authorization to increase capital in order to pay for share contributions	**Granted by:** AGM of May 30, 2006, under its 18th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	10% of capital *Note: These limits are included in those set under resolutions 15 and 16 of the AGM of May 30, 2006*	None	None
Transactions for employees	Authorization to increase capital stock through the issue of shares or other securities with an equity component reserved for employees subscribing to a Société Générale Company or Group savings plan	**Granted by:** AGM of April 29, 2004, under its 15th resolution **For a period of:** 26 months **Early termination: May 29, 2006**, except for the operation which was approved in principle by the Board on February 15, 2006	Nominal EUR 25 million *i.e. 4.6% of capital on the date the authorization is granted*	Nominal EUR 5,055,277.50, i.e. 0.9% of capital on the day of the operation	None
	Authorization to increase capital stock through the issue of shares or other securities with an equity component reserved for employees subscribing to a Société Générale Company or Group savings plan	**Granted by:** AGM of May 30, 2006, under its 19th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	Nominal EUR 16.3 million *i.e. 3% of capital on the date the authorization is granted*	None	Operation approved in principle by the Board on February 13, 2007
	Authorization to grant share subscription or purchase options to employees and chief executive officers of the company	**Granted by:** AGM of April 29, 2004, under its 16th resolution **For a period of:** 26 months **Early termination:** May 29, 2006	5% of capital on the date the authorization is granted	1,673,513 call options i.e. 7.7% of the authorization	None
	Authorization to grant share subscription or purchase options to employees and chief executive officers of the company	**Granted by:** AGM of May 30, 2006, under its 20th resolution **For a period of:** 26 months **Maturity:** July 30, 2008	4% of capital on the date the authorization is granted *Note: This limit includes the free allocation of shares (resolution 21 of the AGM of May 30, 2006)*	None	1,300,000 call options i.e. 7.4% of the authorization
	Authorization to issue shares free of charge to employees and chief executive officers of the company	**Granted by:** AGM of May 9, 2005, under its 11th resolution **For a period of:** 14 months **Early termination:** May 29, 2006	1% of capital on the date the authorization is granted	720,346 shares issued i.e. 16.5% of the authorization	None
	Authorization to issue existing and future shares free of charge to employees and chief executive officers of the company	**Granted by:** AGM of May 30, 2006, under its 21st resolution **For a period of:** 26 months **Maturity:** July 30, 2008	2% of capital on the date the authorization is granted *Note: These limits are included in the one which applies to the allocation of options (resolution 20 of the AGM of May 30, 2006)*	None	850,000 shares issued, i.e. 9.8% of the authorization
Share buybacks	Authorization to cancel shares as part of a share buyback program	**Granted by:** AGM of April 29, 2004, under its 17th resolution **For a period of:** 26 months **Early termination:** May 29, 2006	10% of the total number of shares per 24-month period	None	None
	Authorization to cancel shares as part of a share buyback program	**Granted by:** AGM of May 30, 2006, under its 22nd resolution **For a period of:** 26 months **Maturity:** July 30, 2008	10% of the total number of shares per 24-month period	None	None

MAIN CHANGES IN THE INVESTMENT PORTFOLIO IN 2006

In 2006, the following transactions affected Société Générale's investment portfolio:

OUTSIDE FRANCE	IN FRANCE
Creation of	**Creation of**
Acquisition of interest in ROSBANK - SPLITSKA BANKA- Industrial Bank of Korea	**Acquisition of interest in** Ecofolio
Acquisition of Bank Republic - Inserviss Group	**Acquisition of**
Increase of interest in Podgoricka Banka - Euroclear - Société Générale Marocaine de banques	**increase of interest in**
Subscription to capital increase NSGB Le Caire - SG Vostok - Société Générale Yugoslav Bank - Splitska Banka	**Subscription to capital increase** SGSS Holding - Société Générale Consumer Finance
Disposal of total interest in SOGEKO	**Disposal of total interest in** TF1
Reduction of interest in Société Générale de Banque du Liban	**Reduction of interest in**

In accordance with Article L. 233.6 of the French Commercial Code, the following table summarizes the significant changes in Société Générale's investment portfolio in 2006.

Increase				Decrease			
		% of capital				% of capital	
Declaration threshold	Company	Dec. 31, 2006	Previously	Declaration threshold	Company	Dec. 31, 2006	Previously
5%				5%			
10%				10%	SOGELIBAN	19%	50%
20%	ROSBANK	20%	0%	20%			
33%				33%			
50%	SPLITSKA BANKA	99.75%	0%	50%			
	PODGORICKA BANKA	86,8%	74,4 %				

11 LEGAL INFORMATION

	Page
Additional information	310
By-laws	312
Internal rules of the Board of Directors	318
Director's charter	321
Statutory Auditors' Special Report on Regulated Agreements and Commitments with Third Parties	323

ADDITIONAL INFORMATION

General information

Corporate name

Société Générale

Head office

29, boulevard Haussmann, 75009 Paris

Administrative office

17, cours Valmy, 75886 Paris CEDEX 18
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 L. 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 Regulations 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 and admission to shareholders' meetings

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

Decree No. 2006-1566 of December 11, 2006, which amends the terms of admission to General Meetings with the introduction of a record date, shall take precedence, notwithstanding any provisions to the contrary. Accordingly, as of January 1, 2007, those shareholders that are able to justify their status with an accounting entry in their name or in the name of the an intermediary who intervenes regularly on their behalf - either in nominative shares accounts or in the accounts of bearer shares held by their authorized intermediaries - no later than three working days before the date of the meeting at midnight Paris local time (hereafter D-3) may attend the meetings.

For holders of nominative shares, this entry at D-3 in the share accounts is sufficient to enable them to attend the meetings.

For holders of bearer shares, their authorized intermediaries are required to directly justify their clients' status as a shareholder to the centralizing body of the meeting. They do so by producing a certificate which they attach to a form enabling them to vote by mail or by proxy or request an admission card in the name of the shareholder or on behalf of the shareholder represented by the agent in question.

However, where shareholders wish to take part in the meetings in person but have not received their admission card by D-3, they will need to request a certificate from their financial intermediary in order to justify their status as a shareholder at D-3 and be allowed to attend the meetings.

In order to ensure compliance with the new regulatory provisions, it is proposed that the General Meeting of May 14, 2007 approve the revision of the first nine paragraphs of article 14 of the by-laws as follows:

"The General Meeting is called and deliberates as provided for by the legal and regulatory provisions in force.

It meets at the Company's head office or in any other place in metropolitan 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 whose shares are registered under the terms and at a date set forth by decree have the right, upon proof of their identity and status as a shareholder, to participate in the General Meetings. They may, as provided for by the legal and regulatory provisions in force, personally attend the meetings, send their votes by mail or appoint a proxy.

Said proxy may participate in the General Meetings, as provided for by the legal and regulatory provisions in force.

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

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, when stipulated in the meeting notice and subject to the conditions provided therein.

The meeting may be publicly broadcast by means of electronic communication subject to the approval and under the terms set by the Board of Directors. Notice will be given in the meeting notice and/or convocation."

Documents

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

BY-LAWS

Type of Company - 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 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 related services or allied services as listed by articles L. 321-1 and L. 321-2 of the 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 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 576,780,702.50. It is divided into 461,424,562 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 certain shares following capital reimbursement, either during the life of the Company or during its liquidation, shall be divided between all the shares making up the capital 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 statutory 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 in the future, 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 two directors, 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 outgoing 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 outgoing Directors.

For both the first and second ballot, the following deadlines should be adhered to:

- posting of the date of the election at least eight weeks before the 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 work place, 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 count has been completed.

Results are immediately sent to the Head Office of Société Générale, where a centralized results station is 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*.

Non-Voting Directors are convened and attend Board of Directors' meetings in a consultative capacity.

They are appointed for a period not exceeding four years and the Board can renew their terms of office or put an end to them at any time.

They may be selected from among the shareholders or non-shareholders, and receive an annual remuneration determined by the Board of Directors.

Article 8

The Board of Directors determines the Company's strategy and ensures its implementation. Subject to the powers expressly attributed to the General Meeting and within the scope provided for in the corporate purpose, it considers all matters that affect the Company's operations and settles by its decisions matters 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 in 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 Co-Chief Executive Officer 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 of Co-Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to Co-Chief Executive Officers. The Board of Directors sets their remuneration. With respect to third parties, Co-Chief Executive Officers have the same powers as the Chief Executive Officer.

General Meeting of Shareholders

Article 14*

The General Meeting is made up of all Société Générale shareholders.

It is called and deliberates as provided 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 this 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 office, 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 shares which are fully paid up and 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 the total voting rights at the date of the Meeting.

This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for which they act as proxy complies with the rule stipulated above.

For the purposes of applying these limits, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L. 233-7 and following of the French Commercial Code.

This limit ceases to apply when a shareholder acquires - either directly or indirectly or jointly with another person - more than 50.01% of the Company's voting rights following a public share exchange offer.

In all General Meetings of Shareholders voting rights attached to shares which entail a usufructuary right, are exercised by the usufructuary.

Special meetings

Article 15

When different categories of shares exist, special meetings must be convened for the holders of shares in such categories to discuss and vote under the conditions provided for by the regulations in force.

They meet at the head officeor 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.

** In order to ensure compliance with the new mandatory regulatory provisions, it is proposed that the General Meeting of May 14, 2007 approve the revision of the first nine paragraphs in italics of article 14 of the by-laws with the text provided on page 311 of this document.*

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 any final or interim dividends proposed for distribution, offer each shareholder the option to receive payment of said final or interim dividend in cash or in shares, under the conditions laid down by current regulations. Shareholders who exercise this option must do so for all of the final or interim dividends attributable to their shareholding.

Except in cases of a reduction in capital stock, no distribution to shareholders may take place if shareholders' equity is, or will be as a result of such distribution, less than an amount equal to the sum of capital stock and those reserves that cannot be distributed by law or under the Company's by-laws.

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.

INTERNAL RULES OF THE BOARD OF DIRECTORS [1]

(Updated on February 13, 2007)

Changes made by the Board of Directors over the course of 2006 appear in bold italic script.

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.

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 acquisitions or disposals prior to their release to the press, save where justified by reasons of urgency.

c) shall deliberate on modifications to the Group's management structures prior to their 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 activity 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 purchase and subscription 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.

(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.

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 review on a regular basis 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 recommendations and proposals to the Board.

The Committees may, in the course of their respective duties and after informing the Chairman, hear reports from the Group's management executives and request that external technical studies be conducted, at the expense of the Company. They subsequently report on the information obtained and the 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 based on a proposal made by the Nomination Committee.

The secretarial functions for each committee shall be provided by a person appointed by the Chairman of the committee.

Article 6: The Compensation Committee

The Compensation Committee:

a) proposes to the Board the criteria for determining the compensation of the Company's Chief Executive Officers *(mandataires sociaux)*, as well as the amount of this compensation, including benefits in kind, welfare 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 purchase and subscription 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

The 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 list of replacements for these senior managers.

It is composed of the members of the Compensation Committee and the Chairman of the Board. Its Chairman is also the Chairman of the Compensation Committee.

Article 8: The Audit Committee

This Committee's mission is:

- to examine the 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 with an opinion on the appointment or renewal of the Statutory Auditors, as well as on their remuneration;
- to verify the independence of the Statutory Auditors, in particular by analyzing the breakdown of fees paid by the Group to the Statutory Auditors, as well as to the network to which they belong, and by approving prior to commencement all assignments that do not fall within the strict framework of statutory audit work but which are a consequence or corollary of the same, with all other assignments being prohibited;
- to examine the work 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 formulate an opinion on the organization and functioning of the internal control departments;
- to examine follow-up letters sent by the French Banking Commission and comment on the 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, Risk Division and Statutory Auditors.

To this end, it may, as it sees fit, consult with the Chairman and the Company's Chief Executive Officers, the Statutory Auditors and the executive staff in charge of preparing the accounts, internal control, risk management and ethical compliance. The Statutory Auditors 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: Attendance fees

The total amount of attendance fees is set at the General Meetings. Exceptional circumstances excluded, the Board of Directors reviews this amount each year and submits it to the General Meeting for approval.

One third of the total fees is split equally between the directors, with the members of the Audit Committee each receiving three parts and the ***Chairmen of the Audit, Nomination and Compensation Committees*** each receiving an additional share. The share of those directors who have not exercised their mandates over a full year is calculated prorata to the term of their mandate.

The ***remaining two thirds*** of the attendance fees are shared between the directors according to the number of Board, Committee or ***work*** meetings which they have attended during the year.

For their participation in Board meetings, attendance fees for non-voting directors are equal to the attendance fees paid to those directors that are not Committee members in accordance with the terms set out above.

This article shall take effect ***as of*** the distribution of attendance fees due in respect of 2007.

Article 11: Reimbursement of expenses

Directors' and Non-Voting Directors'(Censeurs) travel, accommodation, meals and mission-related expenses linked to Board, Committee, Shareholder or any other meetings associated with the duties of the Board or Committees are paid for by the Company or reimbursed by Société Générale, upon submission of receipts.

The Secretary of the Board of Directors receives and checks these receipts and ensures that the amounts due are paid for by the Company or reimbursed.

Article 12: Professional secrecy

Each Director or Non-Voting Director should consider himself bound by professional secrecy with regard to confidential information received in his capacity as Director or Non-Voting Director, and the meaning of the opinions expressed by each Board member.

DIRECTOR'S CHARTER (1)

(Updated on February 13, 2007)

Changes made by the Board of Directors over the course of 2006 appear in bold italic script.

Article 1: Representation

The Board of Directors represents all shareholders and acts in the best interests of the Company. Each Director represents all the Company's shareholders, regardless of the manner in which he was appointed.

Article 2: Mission

Each Director undertakes to improve his knowledge of the Company and its sector of activity on an ongoing basis. He assumes an obligation of vigilance, circumspection and confidentiality.

Each Director undertakes to preserve his independence of analysis, judgement, decision and action in all circumstances.

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 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 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.

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.

(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.

Article 5: Insider trading rules

Each Director or Non-Voting Director shall refrain from carrying out transactions on the shares of companies where (and insofar as) he has access in his capacity as Board member to privileged information not yet publicly disclosed.

Article 6: Transactions on Société Générale's shares (2)

The Directors and Non-Voting Directors 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 shall abstain from carrying out speculative or leveraged transactions in the 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 option 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. 33-3 of the French Commercial Code.

The Directors and Non-Voting Directors 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 also register any Société Générale securities held previously.

In accordance with article L. 621-18-2 of the French Monetary and Financial Code and articles 223-22 to 223-26 of the General Regulations of the French Financial Markets Authority (AMF) and in compliance with AMF directive No. 2006-05 of February 3, 2006, Deputy Chief Executive Officers, Directors, Non-Voting Directors or anyone working closely with them must report all transactions involving the acquisition, disposal, subscription or exchange of Société Générale shares, or any other type of financial instrument linked to Société Générale shares.

The following transactions are not to be declared:

- ***acquisitions or disposals by means of donations, inter-vivus gifts and legacies;***
- ***transactions carried out by a portfolio manager as part of discretionary portfolio management services where the principal takes no part in the management of this portfolio;***
- ***transactions carried out by legal entities acting as Directors on behalf of a third party.***

The AMF is notified of each transaction by the parties concerned within five trading days of its completion. The AMF posts each declaration on its website.

A copy of this declaration is sent to the Secretary of the Board of Directors of the Company. These declarations are kept on record by the Corporate Secretariat.

The Annual General Meeting of Shareholders is informed of transactions carried out during the fiscal year.

Article 8: Conflicts of interest

Each Director or Non-Voting Director shall inform the Board of any real or potential conflict of interest to which he may be directly or indirectly exposed. He shall refrain from participating in any discussion and voting on such matters.

Article 9: Regular attendance

Each Director or Non-Voting Director shall dedicate the time needed to fulfil his duties. In the event a Director or Non-Voting Director accepts a new directorship or changes his professional responsibilities, he shall inform the Chairman of the Nomination Committee 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.

(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).

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH THIRD PARTIES

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

It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party agreements described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on certain regulated agreements and commitments with third parties.

In accordance with Article L.225-40 of French Commercial Code (*Code de Commerce*), we have been advised of the following agreements and commitments which were authorized by your Board of Directors.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, on the main terms and conditions of the agreements and commitments that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of Article 92 of the March 23, 1967 decree, it is the responsibility of shareholders to determine whether the agreements are appropriate and should be approved.

We carried out our work in accordance with the professional standards applicable in France. These standards require that we perform procedures to verify that the information given to us agrees with the underlying documents.

WITH GROUPAMA S.A.

Director involved: Mr. Jean Azéma

Nature and purpose: SG Financial Services Holding has provided a guarantee on behalf of Société Générale Group, with the exception of the Crédit du Nord group, whereby Société Générale Group:

- shall not undertake, in metropolitan France, to acquire a strategic holding in a retail bank via a partnership with an insurance company, and
- shall continue to provide services at market terms to Groupama Banque for a period of at least one year in the event the Group should cease to be a shareholder of Groupama Banque.

WITH MR. DIDIER ALIX

Following his appointment as Co-Chief Executive Officer of your Company, Mr. Didier Alix maintains his rights to the January 1, 1986 supplementary pension plan for senior Group managers to which he belonged prior to his appointment. This plan entitles its beneficiaries to a total amount of pension payments equal to a percentage of the base remuneration, calculated according to the number of years of service, capped at a maximum of 70% of this remuneration for a settlement at the age of 60. The base remuneration is the basic salary increased by a variable part expressed as 5% of the basic fixed salary. The cost for your Company is equal to the difference between the total pension as defined above and all other retirement pensions or equivalent benefits received in consideration of salaried activities. This pension is maintained for 60% of its value to the surviving spouse.

Paris-La Défense and Neuilly-sur-Seine, March 6, 2007

The Statutory Auditors,
French original signed by

ERNST & YOUNG Audit
Philippe Peuch-Lestrade

DELOITTE & ASSOCIES
José-Luis Garcia

12 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

	Page
Person responsible for the registration document	326
Certification of the person responsible for the registration document	326
Persons responsible for the audit of the financial statements	326

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr Daniel Bouton

Chairman of the Board of Directors and Chief Executive Officer 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 present 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 a letter certifying that they have verified all of the information contained in the Registration Document relating to the Group's financial position and accounts and that they have read the entire Document. The Statutory Auditors have verified the historical financial data given in this Registration Document, as reported on pages 246 to 247 and 301 to 302 herein. They have also verified the data enclosed by reference for financial years 2005 and 2004, as reported on pages 215 to 216 of the 2006 Registration Document and page 209 of the 2004 Annual Report respectively. The Statutory Auditors' reports on the 2006 parent company financial statements and consolidated financial statements for 2005 contain one observation.

The Chairman and Chief Executive Officer
Daniel Bouton

PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Statutory Auditors

Name: Cabinet Ernst & Young Audit represented by Mr. Philippe Peuch-Lestrade

Address: 11, Allée de l'Arche – 92400 Courbevoie

Date of first appointment: April 18, 2000

Term of mandate: six fiscal years

End of current mandate: at the close of the Ordinary General Meeting which will approve the financial statements for the year ended December 31, 2011.

Name: Deloitte et Associés represented by Mr. José-Luis Garcia

Address: 185, avenue Charles-de-Gaulle – 92200 Neuilly-sur-Seine

Date of first appointment: April 18, 2003

Term of mandate: 6 fiscal years

End of current mandate: at the close of the Ordinary General Meeting which will approve the financial statements for the year ended December 31, 2011.

Substitute Statutory Auditors

Mr. Gabriel Galet

Mr. Alain Pons

13 CROSS-REFERENCE TABLE

Subject		Page in the Registration Document
1.	PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT	326
2.	STATUTORY AUDITORS	326
3.	SELECTED FINANCIAL INFORMATION	
3.1.	Selected historical financial information on the issuer for each financial year	14 - 15 ; 17
3.2.	Selected financial information for interim periods	NA
4.	RISK FACTORS	121 - 123 ; 125 - 149
5.	INFORMATION ABOUT THE ISSUER	
5.1	History and development of the company	2 ; 310
5.2.	Investments	48 ; 50 - 51
6.	BUSINESS OVERVIEW	
6.1.	Principal activities	4 - 12 ; 47
6.2.	Principal markets	242 - 244
6.3.	Exceptional factors	NA
6.4.	Dependence of the issuer on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	143
6.5.	The basis for statements made by the issuer regarding its competitive position	Inside cover (II)
7.	ORGANISATIONAL STRUCTURE	
7.1.	Brief description of the Group	24 - 25
7.2.	List of significant subsidiaries	30 - 43 ; 102 ; 232 - 241 ; 292 - 300
8.	PROPERTY, PLANTS AND EQUIPMENT	
8.1.	Material tangible fixed assets (existing or planned)	55
8.2.	Environmental issues that may affect the issuer's utilisation of the tangible fixed assets	117-120
9.	OPERATING AND FINANCIAL REVIEW	
9.1.	Financial condition	46 ; 53 - 55
9.2.	Operating results	27 ; 30 - 44
10.	CAPITAL RESOURCES	
10.1.	Information on the issuer's capital resources	44 - 45 ; 155 - 157
10.2.	Sources and amounts of the issuer's cash flows	158
10.3.	Information on the issuer's borrowing requirements and funding structure	46 ; 55
10.4.	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect the issuer's operations	NA
10.5.	Information regarding the anticipated sources of funds needed to fulfill commitments referred to in items 5.2.3. and 8.1.	46
11.	RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES	NA
12.	TREND INFORMATION	49
13.	PROFIT FORECASTS OR ESTIMATES	NA
14.	ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	
14.1.	Board of Directors and senior management	58 - 69
14.2.	Administrative bodies and senior management's conflicts of interests	62
15.	REMUNERATION AND BENEFITS	
15.1.	Amount of remuneration paid and benefits in kind	77 - 88
15.2.	Total amounts set aside or accrued by the issuer to provide pension, retirement or similar benefits	230

16.	BOARD PRACTICES	
16.1.	Date of expiration of the current term of office	58 - 62
16.2.	Members of the administrative bodies' service contracts with the issuer	62
16.3.	Information about the issuer's audit committee and remuneration committee	72 - 77
16.4.	Statement as to whether or not the issuer complies with the corporate governance regime	72
17.	EMPLOYEES	
17.1.	Number of employees	102
17.2.	Shareholdings and stock options awarded to directors	58 - 61 ; 78 - 80
17.3.	Arrangements for involving the employees in the capital of the issuer	105
18.	MAJOR SHAREHOLDERS	
18.1.	Shareholders owning more than 5% of capital or voting rights	21
18.2.	Different voting rights held by the major shareholders	21 ; 304
18.3.	Control of the issuer	21
18.4.	Arrangements known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	NA
19.	RELATED PARTY TRANSACTIONS	230 - 231 ; 292 - 300 ; 323
20.	FINANCIAL INFORMATION CONCERNING THE ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES OF THE ISSUER	
20.1.	Historical financial information	152 - 245 ; 248 - 300 ; 328
20.2.	Pro forma financial information	NA
20.3.	Financial statements	152 - 245 ; 248 - 300
20.4.	Auditing of the historical annual financial information	99 ; 246 - 247 ; 301 - 302
20.5.	Age of latest financial information	152
20.6.	Interim financial information	NA
20.7.	Dividend policy	17
20.8.	Legal and arbitration proceedings	143 - 144
20.9.	Significant changes in the issuer's financial or trading position	51
21.	ADDITIONAL INFORMATION	
21.1.	Share capital	19 - 21 ; 303 - 307
21.2.	Memorandum and articles of association	310 - 322
22.	MATERIAL CONTRACTS	55
23.	THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST	NA
24.	DOCUMENTS ON DISPLAY	312
25.	INFORMATION ON HOLDINGS	24 - 25 ; 232 - 241 ; 292 - 300

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, 2005, the related statutory auditors' report and the Group management report presented respectively on pages 128 to 214, pages 215 and 216 and pages 18 to 46 of the registration document D.06-0117 submitted to the AMF on March 9, 2006;
- the 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 D.05-0246 submitted to the AMF on March 21, 2005.

The chapters of the registration documents D.06-0117 and D.05-0246 not mentioned above either do not apply to investors or are covered in another part of the present document.

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