LETTER TO SOCIETE GENERALE SHAREHOLDERS

#74 | JULY 2010

EDITORIAL


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by Frédéric Oudéa,
Chairman and CEO

Dear shareholder,

In an economic and regulatory environment that is still very uncertain, 2010 will be a year of rebound for the Societe Generale Group. The results for the first quarter show this and mark a break with recent years.

In the longer term, my ambition for Societe Generale is to make it one of the European leaders, a bank close to its customers and a reference on its markets. My strategy will be to enhance our client-oriented and integrated universal banking model, take advantage of our strong positions in regions with high growth potential and further transform our operational model. While offering our clients high quality banking services, we will deliver strong results on the back of sustainable growth, and strictly monitor financial and risk management.

The Group is confirming its universal banking model, which demonstrated its resilience during the crisis and should remain effective in a 2010-2015 environment marked by considerable uncertainty and increasing constraints. The strength of this model is based not only on the long-term relationships that it builds with clients, but also on its diversification (multi-businesses and multi-clients) and on an appropriate balance between offering financing solutions and ensuring savings inflows. From five business lines on an equal footing, the model will be refocused on three pillars: the French Networks, International Retail Banking and Corporate and Investment Banking.

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Main financial targets

GROUP NET INCOME
Target of approximately
EUR 6bn in 2012

COST TO INCOME RATIO
Under **60% in 2012**

ROE AFTER TAX OF AROUND
14-15% in 2012

CORE TIER 1 RATIO
Upwards of **8% by 2012**
(Basel II, CRD3)

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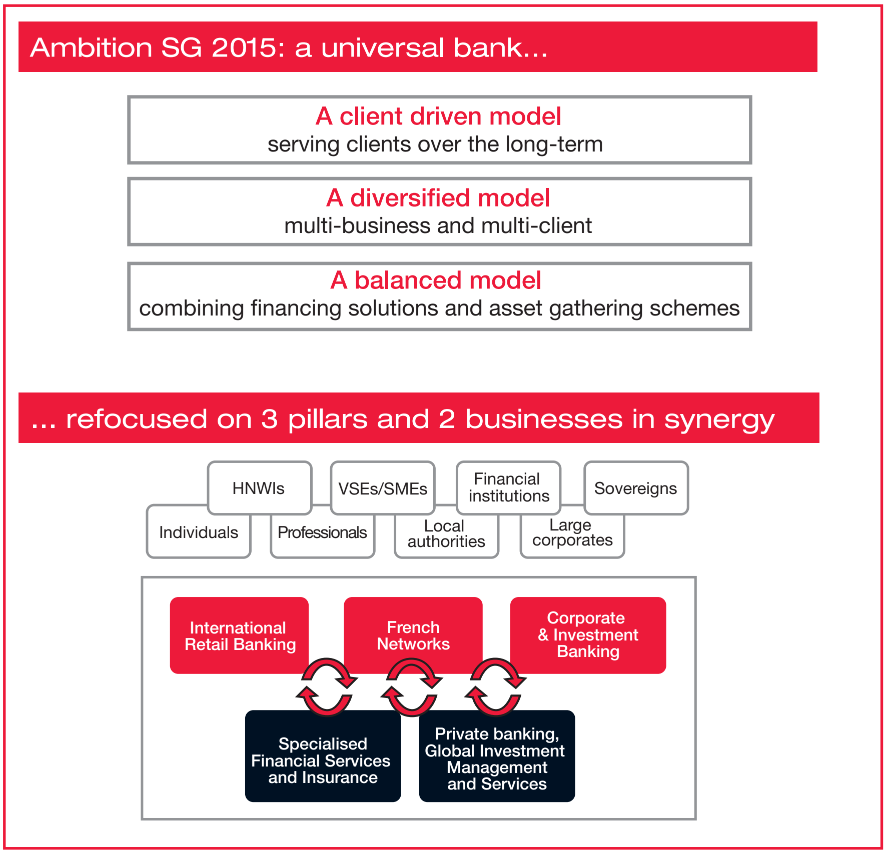
SOCIETE GENERALE



These three pillars are at the heart of relationships with clients. Their solid positioning offers significant growth potential for the Group.
The two other businesses, Specialised Financial Services & Insurance and Private Banking, Global Investment Management & Services are expected to consolidate their respective leadership positions. They will support the above mentioned pillars, and be developed based on four simple criteria: the level of potential synergies with the Group's three pillars, their consumption of scarce resources, their contribution to the Group's financial results and their ability to maintain competitive positions.
The Group's renewed management team intends to accelerate this growth through more than 50 projects and initiatives involving all its business lines. In a nutshell, Societe Generale aspires to the following accomplishments:

- be the benchmark for customer satisfaction in French retail banking;
- Top 3 in Central and Eastern Europe and Russia;
- Top 5 position in Europe in Corporate and Investment banking;
- for the Group as a whole, return to profitable and mainly organic growth over the 2009-2015 period.

Between now and 2012, Societe Generale will roll out its “Ambition 2015” initiatives and fully unlock the potential of its franchises. The Group will continue with the arbitrages in its business portfolios that were initiated with the creation of Amundi, the restructuring of peripheral activities, the consolidation of the Russian activities, the purchase of 20% in Crédit du Nord and, as announced by the Group on 14 June 2010, the start of exclusive negotiations regarding the potential acquisition of Société Marseillaise de Crédit by Crédit du Nord.

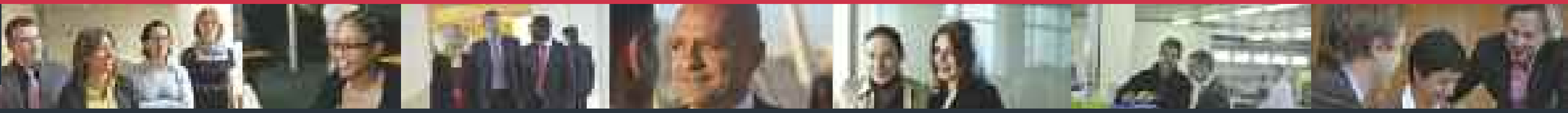
Finally, Societe Generale will continue to adapt to the environment by focusing on:

- the improvement of its operational efficiency through the industrialisation of processes and the pooling of resources;
- the development of internal synergies;
- attracting talents and developing best practices in terms of management;
- constant and reinforced vigilance on risk control.

Thanks to this clear strategy and ambitious financial targets, myself and the Group's 157,000 employees believe that we have a very attractive model with intrinsic strengths that will make it one of the most competitive European banks in the future.

Thank you for your confidence.

**Frédéric Oudéa,
Chairman and CEO**



“Enhance our client-oriented and integrated universal banking model, take advantage of our strong positions in regions with high growth potential and further transform our operational model.

Ambition SG 2015: deliver growth with lower risk

FRENCH NETWORKS:

be the benchmark in terms of customer satisfaction

Societe Generale's ambition for 2015 in French retail banking is centred around 4 main priorities:

- be the benchmark in terms of customer satisfaction;
- increase the number of individual customers from 10 to 12 million;
- gain 1% of market share with business customers;
- improve the C/I ratio to 60% and below.

To achieve these objectives, the Group will leverage its three complementary brands – Societe Generale, Crédit du Nord (strengthened by the SMC acquisition) and Boursorama – which together cover the entire range of customers' expectations. It will also draw on a network geographic coverage ideally suited for market share gains, a high-performance multi-channel approach and high quality customer franchises. A number of strategies differentiated by customer segment have already been rolled out, together with a project to develop the pooling of IT and back offices between the three networks and to share best practices.

In the French Networks, this strategy should lead to:

- revenue growth of around 3% per year from 2009 to 2012,
- C/I ratio of 63% in 2012 and below 60% in 2015,
- net earnings target of EUR 1.4-1.6bn in 2012.

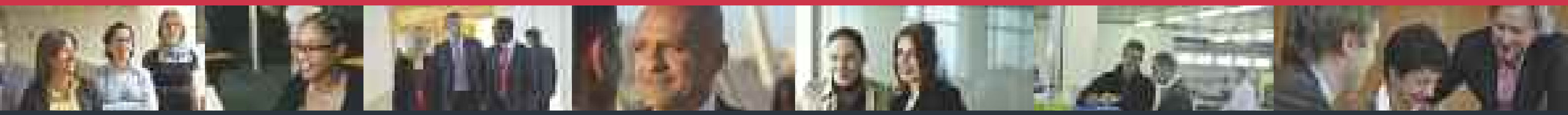
INTERNATIONAL RETAIL BANKING:

Top 3 in Central and Eastern Europe and Russia

In International Retail Banking, Societe Generale has 5 main ambitions:

- create a leading player in Russia;
- intensify customer relationships in the most mature entities;
- accelerate growth in areas with potential for higher banking penetration and seize external growth opportunities;
- deliver growth through innovation;
- improve operational efficiency.

These objectives will be met first of all through an ambitious project in Russia, where the Group aims to create an undisputable leader. Societe Generale Russia will roll out a commercial programme targeting the individual customers segment, leveraging several acquisition channels: the two merged universal banks (Rosbank and BSGV), the consumer credit subsidiary (Rusfinance) and the housing loans specialist (Delta Credit). In the corporate customers segment, the sales structure will be boosted, as well as the product offering and synergies with SG CIB.
Aside from Russia, the Group will work



on intensifying business relationships with customers in more mature countries, particularly in the Czech Republic: intra-Group synergies and cross-selling will be actively developed. In countries with lower banking penetration, Societe Generale will open more than 700 branches and look for significant increases in customers. Additional growth will be delivered through innovative solutions that have already proved successful in a number of countries. The transformation of the operational model, initiated a few years ago in the International Retail Network, will be completed. This will consist primarily in standardising, mutualising and centralising processes and resources. The largest entities' IT platforms will converge with the French Networks' systems. Regional hubs, such as the one launched in Africa, will be developed for CEE.

International Retail Banking's financial targets are:

- Russia within International Retail Banking generating 15% of income in 2012, the largest contributor in 2015;
- revenue growth of around 8% from 2009 to 2012;
- net income target of EUR 0.9-1.1billion in 2012.

CORPORATE AND INVESTMENT BANKING:

Top 5 position in Europe

The strategic priorities of Societe Generale in Corporate and Investment Banking will be the following:

- expand its worldwide leadership in Equity derivatives and cross-asset structured products;
- develop structured financing by capitalising on high-growth segments;
- leverage a solid European client franchise to further develop Fixed Income and Investment Banking;
- develop CIB activities in CEE and Russia, leveraging the Group's presence in those regions.

In equity derivatives, priority will be given to cross-selling with existing SG CIB clients in Asia and the US and to increasing coverage of institutional clients in Europe. As regards cross-asset structured products, synergies will be activated between Equity and Fixed Income teams, with a segmented client approach and increased regional sales teams. SG CIB's goal is to enter the Top 5 for euro structured rates products by 2012.

The structured finance franchises will be developed through targeted investments in high growth segments, notably commodities and infrastructure. Teams dedicated to the main emerging markets will be expanded in order to establish a broad positioning in Asia and CEEMEA.

In fixed income flow products, operations will be realigned to develop Corporates and Financial Institutions franchises. In addition, SG CIB will seek to consolidate its global positioning by hiring 200 front officers, developing an origination and distribution capacity in USD and GBP and expanding the foreign exchange offer. As far as Investment Banking is concerned, 200 front office hires will allow increased coverage of European clients, targeting a Top 10 position in Europe.

The Group will leverage its presence in CEE and Russia to distribute SG CIB's products, by developing local market platforms with dedicated origination/sales teams.

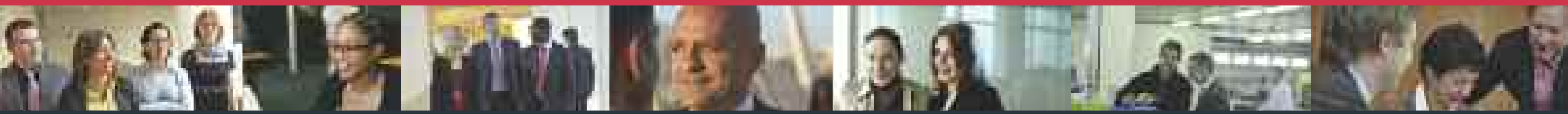
All these initiatives reflect the Group's belief that it can – with limited execution risk – capture new business with existing clients, or with products where it enjoys clear competitive advantages.

At the same time, an ambitious programme has been launched to improve efficiency

Ambition SG 2015: deliver growth with lower risk

French Networks	Be the benchmark for customer satisfaction	Develop intra-Group synergies
International Retail Banking	Top 3 in CEE and Russia	
CIB	Top 5 position in Europe	Excellence in operational management ■ pooling ■ industrialisation
SFS & Insurance GIMS	Consolidate leadership positions Future development based on 4 criteria: ■ Synergies with the Group's 3 core pillars ■ Consumption of scarce resources ■ Contribution to results ■ Competitive positioning	Strict risk management

Solid foundations for long-term profitable growth



“The French Networks, International Retail Banking and Corporate and Investment Banking: three businesses at the heart of the relationship banking model’s development.

at SG CIB and further strengthen operational risk management. This plan, named Resolution, will involve a EUR 600 million investment, and is expected to yield lasting gains on C/I after 2012.

All in all, Societe Generale's financial targets for CIB core activities are:

- Revenues nearing EUR 9.5 billion in 2012,
- A 2012 C/I ratio of around 55% and potentially lower thereafter,
- Net earnings target of EUR 2.3-2.8 billion in 2012.

LEGACY ASSETS

The situation with respect to legacy assets is under control:

- In 2010, pretax losses should not exceed the EUR 0.7 to 1.0 billion guidance previously communicated.
- Besides, the results of an independent valuation of the assets run by BlackRock Solutions in Q2 10 supports the Group’s marks. At maturity, BlackRock Solutions' credit valuation of the assets would imply an overall gain estimated at EUR 1.5 billion before tax (EUR 0.8 billion in positive variation of the equity, EUR 0.7 billion in pretax income) compared to the end March 2010 valuation.

Through amortisation, the size of the legacy assets portfolio will be reduced by 60% by 2015. Beyond this natural decrease, the Group will continue to implement a targeted and opportunistic deleveraging strategy.

RISK PROFILE & OPERATIONAL MODEL

The reduction of the Group's risk profile will continue.
Between 2009 and 2012, the major portion of Group capital generation will be allocated to the French Networks and International Retail Banking activities. In those two businesses, the Group's risk appetite will remain stable.
In Corporate and Investment Banking, risk appetite will be lowered in market activities, by concentrating on liquid assets. In credit activities, risk appetite will remain stable, with a focus on high-quality counterparties and structuring expertise.
In 2012, a good balance will be maintained between Corporate and Investment Banking (around 33% of allocated capital including goodwill and the new CRD3 requirements) and French and International Retail Banking activities (40% to 42% of allocated capital including goodwill). The remainder will be split between capital allocated to Private Banking, GIMS and Specialised Financing & Insurance (25% to 27%).

Operational efficiency will be enhanced, with an objective of going below the 60% C/I ratio threshold by 2012. Within the retail banking activities, the priorities will be industrialisation and pooling of resources. The French retail networks will operate on a single information system by 2013. The largest international entities will be aligned on this same information system. Smaller entities will operate on regional hubs. In Corporate and Investment Banking, the Resolution project is expected to deliver significant cost savings and decrease of operational risks.

UPDATE ON Q2 RISKS TO DATE

During the first 2 months of the second quarter 2010:

- The French Networks have experienced continued strong commercial activity levels. The full year revenue guidance is comforted by Q2 trends to date.
- In the International Retail Banking division, first signs of recovery in Central and Eastern Europe and Russia have been witnessed while business trends remain positive in other geographies. NBI should be above the Q1 2010 level.
- The Corporate and Investment Banking division has been marked by satisfactory results in Fixed Income, Currencies and Commodities and Financing and Advisory. However, the Equity division has mixed performances as a result of a reduced risk appetite in volatile markets.
- As in previous quarters, production volumes have been weak in Specialised Financing while margins were resilient. The insurance business has demonstrated sustained activity.
- For Private Banking, Global Investment Management & Services, revenues have shown an improvement vs. Q1 in a still unfavourable environment.

First quarter 2010 results

With solid customer franchises, an operating infrastructure in the process of being streamlined and a robust capital position, the Societe Generale Group has continued to develop its businesses and produced satisfactory Q1 results that reinforce the targets announced when the 2009 full-year results were published.

French Networks

In a still fragile economic environment, the French Networks enjoyed a very good Q1, confirming the dynamic rebound that began in H2 2009. Average outstanding deposits increased at a sustained rate (+6.2% to EUR 117.3 billion) and average outstanding loans proved fairly resilient, growing +1.5% to EUR 161.3 billion.
In terms of individual customers, net account openings remained buoyant and amounted to nearly 50,000 units in Q1, taking the total number of personal current accounts to approximately 6.6 million. Sight deposits continued to enjoy strong growth (+9.6%). Life insurance continued its recovery, with gross inflow of EUR 2.8 billion (+24.8%). In a still favourable environment for property investment, new housing loan business remained vigorous (EUR 4.1 billion, or double the new business in Q1 09).
In the business customer market, outstanding term deposits continued to enjoy dynamic growth (+49.5%).
However, on the loan front, demand has remained weak: outstanding operating loans shrank by -8.9%, whereas investment loans managed to maintain growth of +3.3% over the same period. Overall, average outstanding corporate loans were stable (-0.2%).

International Retail Banking

International Retail Banking achieved generally satisfactory results, capitalising on the implementation of strategies differentiated by region. Expansion of the commercial operation continued, albeit at a slower pace (11 net branch openings). The Mediterranean Basin, Sub-Saharan Africa and French overseas departments/territories were the main beneficiaries. The overall good resilience of outstandings, with a limited decline of -4.2% for loans and growth of +2.0% for deposits vs. Q1 09, reflects the combined effects of the measures to adapt loan approval policies and reinforce deposit inflow implemented in 2008 and 2009.
International Retail Banking's cost of risk was 225 basis points vs. 209 in Q4 09. The increase is due primarily to the high level of provisions for Greece, including a collective provision of EUR -101 million. If Greece is stripped out, International Retail Banking's cost of risk amounts to 144 basis points. This is lower than in Q4 09, especially for Russia and the Czech Republic.

Specialised Financing and Insurance

Specialised Financing and Insurance started to see a recovery in its financial results in Q1 2010.
Consumer finance's new business amounted to EUR 2.8 billion (-4.5%*) due to the combination of a selective loan approval policy and the lacklustre economic

KEY FIGURES

FIRST QUARTER 2010

Group revenue
+32.6%* vs Q1 09

C/I Ratio
60.8%

First sign of improvement in the cost of risk
91 basis points**

Group ROE
11.1%

Group net income
EUR 1.06bn

Solid financial structure Tier 1 ratio (Basel II):**
10.6% o.w. **8.5%** of Core Tier 1

* When adjusted for changes in Group structure and at constant exchange rates. For the Group and the "Private Banking, Global Investment Management and Services" division, changes in Group structure means excluding the "Asset Management" activity following the setting up of Amundi.
** Cost of risk excluding litigation issues and Legacy assets

environment. Against a general backdrop of low production capacity utilisation, **Equipment Finance** witnessed a slowdown in Q1, with new financing (excluding factoring) lower (EUR 1.5 billion in Q1 10 vs. EUR 2.0 billion in Q1 09). New business in **operational vehicle leasing and fleet management** was up +17.5%. There was further evidence in Q1 10 of the recovery observed at end-2009 in the **Insurance** activity. Gross life insurance inflow grew +53.4% vs. Q1 09, with an increase of +28.7% in the home and car insurance segments.

Private Banking, Global Investment Management & Services

Private Banking

Private Banking provided further evidence of the quality of its customer franchise in Q1 10. Thanks to a strong inflow over the quarter (EUR +1.4 billion), Private Banking's assets under management amounted to EUR 79.1 billion, 4.9% higher than at end-2009.

Asset Management

As expected, the restructuring undertaken at TCW at end-2009 resulted in a significant outflow in Q1 10. The business line's net banking income totalled EUR 83 million on the back of the growth in performance commissions and management fees, underpinned by improved market conditions. Amundi's contribution of EUR 26 million takes the contribution to Group net income to EUR 19 million.

Societe Generale Securities Services (SGSS) and Brokers (Newedge)

Securities Services shows signs of recovery with growth of +2% vs. end-December 2009 in assets under administration (EUR 459 billion at end-March) and +5.6% in assets under custody (EUR 3,246 billion at end-March 2010). **Newedge**'s trading volumes rebounded 13% in Q1 10 in a recovering market. Its brokerage activity guaranteed its continued leadership position in the market, where it retains its No. 2 ranking in the Futures Commission Merchants' ranking in the USA. In an environment of historically low interest rates, SGSS and Newedge posted net banking income down -7.2%*.

Corporate and Investment Banking

Against the backdrop of a gradual return to market conditions generally similar to those prevailing before the Lehman Brothers' collapse, **Corporate and Investment Banking** posted good performances.

The **Global Markets** business line made a good start to the year with revenues of EUR 1,565 million (+61.1%* vs. Q4 09). **Equities** generated solid results of EUR 786 million (+21.5% vs. Q1 09). SG CIB confirmed its leading positions in the warrants market (global No. 1) and ETF market (European No. 2). With positive net inflow and assets up +3% vs. Q4 09 at EUR 88.9 billion, Lyxor continues to grow. **Fixed Income, Currencies & Commodities** generated Q1 revenues of EUR 779 million in a mixed market environment in Europe (-51.3% vs. Q1 09, but x3 increase vs. Q4 09).

Financing & Advisory generated stable revenues of EUR 602 million (-1.2%* vs. Q1 09). Structured financing enjoyed good overall performances (+15%), and especially for natural resources financing (+28%).

> **"The French Networks enjoyed a very good Q1, confirming the dynamic rebound that began in H2 2009.**

Corporate Centre

The Corporate Centre recorded substantially improved gross operating income (EUR -29 million vs. EUR -590 million in Q1 09), due primarily to the absence of permanent impairment on the equity portfolio (EUR -71 million in Q1 09) and a limited accounting effect on the revaluation of credit derivative instruments used to hedge the loans and receivables portfolios (EUR +3 million vs. EUR -472 million).

( ) Q1 10 vs. Q1 09
(a) excluding PEL/CEL
* on a like-for-like basis

	French Networks	International Retail Banking	Specialised Financing and Insurance	Private Banking, Global Investment Management and Services	Corporate and Investment Banking
NBI in EURm	1,892 (+6.9%) (a)	1,183 (-1.8%)*	849 (+10.5%)*	504 (-11.9%)*	2,144 (+78.5%)*
Group net income in EURm	279 (+27.7%) (a)	114 (-5.8%)	70 (x2.1)	55 (x3.7)	541 n/s
ROE after tax as %	17.0%	12.7%	5.9%		26.4%

* When adjusted for changes in Group structure and at constant exchange rates
NB : all the percentage variations on pages 2 and 3 are calculated on the basis of 2009 versus 2008. Ratios calculated on a different basis are mentioned specifically.

+ www.societegenerale.com

Employees within the Societe Generale Group's businesses

Retail Networks
6,800 branches and more than **100,000** employees in **38** countries

and Specialised Financing & Insurance
30,000 employees in **46** countries

Private Banking, Global Investment Management and Services
8,000 employees in **26** countries

Corporate and Investment Banking
11,000 employees in **33** countries

CALENDAR

August 4, 2010
Publication of 2nd quarter 2010 results

September 23, 2010
Meeting with shareholders – Lille

November 3, 2010
Publication of 3rd quarter 2010 results

November 19-20, 2010
Actionaria trade fair

December 9, 2010
Meeting with shareholders – Marseille

My shareholder space, the new Internet area dedicated to Societe Generale shareholders

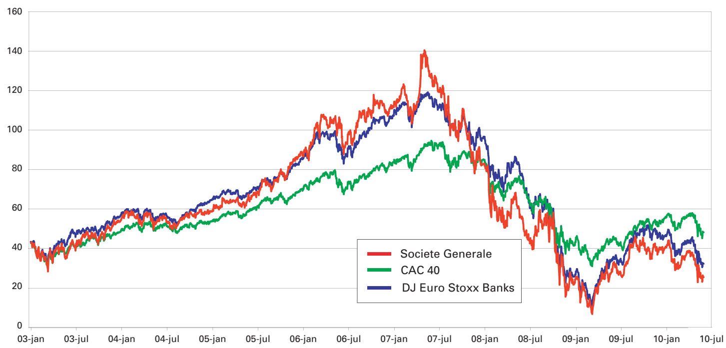
To facilitate daily communication and strengthen our ties, Societe Generale is offering you My shareholder area, a personalised environment that will enable you to:

- be kept regularly informed about Group news and results,
- sign up to the various events offered,
- keep your personal details up to date,
- facilitate communication with contact people within individual shareholder relations.

Go the shareholder section on
www.societegenerale.com

Share performance

Closing price of the Societe Generale share at May 31, 2010: EUR 35.05



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Annual General Meeting of May 25, 2010

More than 1,000 shareholders gathered on May 25 at the Espace Grande Arche, La Défense for Societe Generale's 2010 Annual General Meeting.
The quorum, equal to the percentage of shares present or represented, was 50.99%. The first of the three Deputy Chief Executive Officers to take the podium, Séverin Cabannes, first of all presented the Group's 2009 results, then the Corporate and Investment Banking strategy. Jean-François Sammarcelli and Bernardo Sanchez Incera reviewed the French and international Retail Banking businesses respectively.
The Vice-Chairman of the Board of Directors, Anthony Wyand, also summarised the changes to corporate governance.
Frédéric Oudéa, who has been the Chairman and Chief Executive Officer for the past year, then set out the transformation process begun by Societe Generale and described its strategy up to 2015. He organised a Q&A session with the shareholders and answered their questions.
All the resolutions proposed by the Board of Directors were adopted. The 2009 financial statements and the EUR 0.25 dividend, equal to a payout ratio of 56%, were approved. Once again this year the option of payment of the dividend in new shares with a 10% discount was validated, at a subscription price of EUR 34.39.
The general meeting also renewed the mandates of two independent directors, Robert Castaigne and Gianemilio Osculati.

Key points of Frédéric Oudéa's message

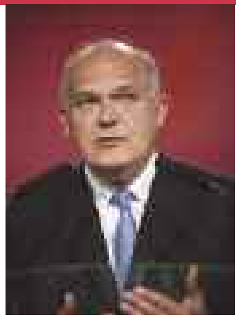
"The subprime crisis that began in 2007 in the US was succeeded by the financial crisis caused by the collapse of Lehman Brothers in October 2008, which spread to become a serious economic recession in most developed countries in 2009. Today, although the economy was showing signs of improvement, we are living in a crisis environment linked to the euro zone, where the public finances of several States are a serious cause for concern. The growth model of the developed economies, until now driven by consumption and real estate, financed by excess debt, has become fragile. However, we are seeing positive signs from the emerging economies, illustrating the "new world order" that we must consider when developing strategy.
When it comes to banks, it is vital to make the system safer, which is the aim of the "Basel III" prudential standards, expected to come into force at the end of 2012. We are also seeing various taxation projects emerging. Overall, the environment will be more constrained and we must come to terms with the fact that tomorrow's returns will be lower than in the past. The competitive environment has also been shaken up. Some US banks are coming out of the crisis stronger and some banks in emerging countries have considerably developed.

2010, a year of rebound for Societe Generale

These trends have only reinforced the idea that has driven me since I assumed my duties last year: we need to change. In the Group's history, 2009 will always remain a year of transition during which its transformation was begun. The management team has been renewed. The faith of our shareholders has enabled us to increase our financial solidity thanks to the capital increase. The streamlining of the businesses most affected by the crisis is continuing, as shown by the creation with Crédit Agricole of a shared asset management platform, Amundi. The Russian operations have been

realigned with the merging of our local entities. Similarly, the pooling of our information systems is underway.
In terms of strategy, our main ambition is to offer added value services to a diversified customer base. In keeping with this diversification, we are refocusing on three core businesses thanks to which the Group will be able to combine resilience and growth: Retail Banking in France, International Retail Banking and Corporate and Investment Banking.
This is the aim behind the Ambition SG 2015 programme launched last January. Its goal is to make Societe Generale the leading relationship-focused bank, the reference on its markets, that its customers will choose for the quality and commitment of its teams. This plan is based on four focuses applied across the businesses. It is first and foremost about improving our customer relations and concentrating on loyalty-creation by adopting an approach aimed at listening to and serving customers. A second requirement is moving towards operational efficiency and giving more to the customer more quickly and at a lower cost by drawing on the approach prevalent in the industry a few years ago. A third focus is developing the Group's employees, which means adapting managerial practices towards a balanced results-based culture. To this end, I intend to award free shares to each of the Group's 157,000 employees. The final point is strengthening our image and our communication by centring it on customer proximity. 2010 is a pivotal year for Societe Generale and will also be a year of rebound, which in fact has already begun. Proof of this is the EUR 1.06 billion of net income generated in the first quarter, in line with the targets announced at the end of the year".

"The relationship-focused bank, the reference on its markets, chosen for the quality and commitment of its teams"


Séverin Cabannes presents the Group's 2009 results and the Corporate and Investment Banking strategy.


Bernardo Sanchez Incera presents the outlook for International Retail Banking.


Jean-François Sammarcelli reviews Retail Banking in France.


Anthony Wyand summarises the changes to corporate governance.

Shareholder Q&A with Frédéric Oudéa

The 2009 dividend has been reduced to EUR 0.25. When will we get back to the levels of return reached before the crisis?
I can understand the disappointment felt by shareholders. Remember, however, that the exceptionally difficult year in 2009 has greatly affected our results and consequently the amount of the dividend paid out. I'd also like to stress that in the past three years Societe Generale has maintained a payout ratio very close to the level before the crisis, even though the banks were being strongly encouraged to hang on to their capital. For 2009 we will be paying out 56% of the Group net income of EUR 678 million, which is the maximum permitted by circumstances. In terms of the outlook, 2010 is set to be a year of rebound in activity and profits. We are expecting results considerably exceeding those of 2009. The first quarter has confirmed this target. Within this context, the remuneration of our shareholders who

have shown faith in us in times of trouble and supported the bank will remain an absolute priority.

The portfolio of legacy assets amounts to EUR 35 billion and has led to the booking of EUR 10 billion of provisions. Are larger provisions needed? What is the maturity of the assets that it contains?

These are legacy assets as they come from former activities that we have ceased. Not all of these assets bear the same degree of risk: some may have excellent risk profiles, whereas others are of lesser quality, particularly those linked to US residential real estate. This portfolio has had a significant impact on our financial statements: out of the EUR 5.8 billion of net allocations to provisions that weighed down on our profits in 2009, EUR 1.4 billion resulted from illiquid assets. This figure fell to EUR 214 million in the first quarter. In 2010, their impact should considerably decrease to fall within a bracket of between EUR 0.7 and 1 billion.

Note that these securities are under active management: we are therefore selling them when permitted by market conditions. In any case, these products are of course amortised, liked loans, and their maturity is 4 years on average.

The Group's loan to deposit ratio was 115% last year, falling from 126% in 2008. As funding is expensive, why not return to a 100% ratio? Furthermore, given that proprietary trading is often in the firing line, what share of Societe Generale's revenues is attributable to this activity?

The issue of available funds is vital for the banking system and determines its capacity to finance the economy. In the last few years, our growth and the loans approved were funded not only by deposits but also by funds borrowed on the capital markets. Returning to a 100% ratio would not have allowed us to achieve our contractual targets for financing the French economy. However, we will be trying to re-establish the balance in the future.
I would like to stress one point: we are not financing our long-term loans with short-term funds, to ensure security.

Moreover, the difficulties of the previous years are due far more to ill-advised sales activities and the investment of our cash in securities previously considered to be sound than to proprietary trading. This currently represents around 3% of the Group's revenues. We intend to keep it at this low level.

What is Societe Generale's postion on the strengthening of the banking regulations?

It is up to the French Banking Federation (FBF), to which we belong, to put across the opinion of its members, who are very united on this issue. From our viewpoint, we are absolutely not disputing the need to strengthen capital requirements for market activities. However, we do not believe that it is wise to take a similar approach to other activities, particularly credit. We believe that this would cause banks to reduce their loans, which would threaten growth.

What was the advantage of creating Amundi, 25%-owned by Societe Generale and 75%-owned by Crédit Agricole?

By contributing SGAM to Amundi, together with Crédit Agricole we created a major asset management player, with EUR 650 billion of assets under management. Amundi is ranked 3rd in Europe and 8th worldwide in a sector marked by the concentration of players. In addition, with the takeover of Barclays Global Investors that has taken place since, the US firm BlackRock manages around USD 3,000 billion of funds. With this initiative, our aim is to be competitive and to provide our networks with high quality products at the lowest cost. Other partnerships of this kind are possible, and not just with Crédit Agricole.

INNOVATION

The best 2009 innovations recipients of Group awards

In March, the Group Innovation Awards gave prizes for the best innovations in 2009.

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The Prix du public, decided on by the Group's employees, was given to the Carte solidaire developed by Societe Generale in Morocco.

Out of the nearly 500 innovations entered, 32 finalists were selected to compete in 8 Award categories. The Prix du public and the Grand prix were awarded in the "Sustainable Development" category, confirming the commitment of the Group and its employees to innovation and corporate social responsibility values.

The Prix du public, decided on by the Group's employees, was given to the **Carte solidaire** developed by Societe Generale in Morocco. Employees were won over by this new offering that allows customers to be become involved in providing education to orphans. In partnership with SOS Villages d'Enfants, an association dedicated to caring for orphaned or abandoned children, this charity payment card helps to give children in difficulty access to education. With each card subscription, 60 dirhams are able to be paid to the association (30 are paid by the bank and 30 by the customer). The card has already enabled the payment of school fees for more than 40 children from underprivileged backgrounds since its launch at the start of the year.

The Grand prix, chosen by the members of the Societe Generale Group's executive committee, combines innovation and sustainable development. It was awarded for the development of an **environmentally-friendly energy branch**, the first of its kind in Polynesia and within the Group. The branch, which is 95% energy independent, has photovoltaic panels on its roof and was able to drastically reduce its electricity consumption during its extension works.

This innovation will serve as an example for other Group projects, some of which have already been implemented. In Burkina Faso, the installation of a solar generator connected to the electricity grid is powering the head office of SGBB, a Societe Generale subsidiary, making it the largest solar power generator of this kind in West Africa. ■

CORPORATE SOCIAL RESPONSIBILITY

SG CIB finances social and environmental projects worldwide

In 2009, Societe Generale Corporate and Investment Banking (SG CIB) showed its commitment to financing diversified energy and infrastructure projects all over the world by drawing on innovative financial solutions in an environment of limited liquidity.

Objective

Making a long-term contribution to local populations and economies through these projects.

The projects financed

- the Slovak motorway network;
- the university of Zayed in Abu Dhabi;
- Niagara hospital in Canada;
- solar projects such as SunRay Montalto di Castro in Italy, Acciona in Spain, and in France in Manosque and Sainte Tulle with EDF Energies Nouvelles;
- wind farms such as Flower Ridge in Indiana, USA, SFE Bernay, SFE Leffincourt, Iberdrola and Maïa Eolis in France;
- the Chacayes hydro-electric power station in Chile.

In total, almost USD 4.3 billion have been invested. 29 of the projects financed have been named "deal of the year" by the specialist magazines Project Finance Magazine and Project Finance International.

SG CIB, which was voted "Adviser of the Year" in the Project Finance International Awards, intends to confirm its leadership position on the project finance market in 2010.

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