LETTER TO SOCIETE GENERALE SHAREHOLDERS

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EDITORIAL

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by Frédéric Oudéa,
Chairman and CEO

Dear shareholder,

In a difficult and very mixed environment, 2010 was marked by the Group's financial rebound, which began at the start of the year. Group Net Income totalled EUR 3.9 billion.

These results illustrate the quality of our customer franchises, which are continuing to develop, and the robustness of our universal banking model. The French Networks showed strong momentum and we actively and responsibly financed the French economy. International Retail Banking proved the robustness of its networks thanks to its diversified geographic setup. The upturn in Russia was confirmed in particular. Corporate and Investment Banking began the transformation of its model, refocused on client-driven activities. With the rise in its revenues and well-controlled risks, it demonstrated its ability to deliver solid, balanced results. Finally, Specialised Financial Services & Insurance and Private Banking, Global Investment Management & Services confirmed their turnaround.

We therefore marked a first successful step in our Ambition SG 2015 programme, which provides a sound base on which we can continue to build our future. Our projects, focused on key areas, are making good progress:
- our client focus was developed in all of our activities;
- the pooling of our information systems and automation of our processes got underway in order to optimise our operating efficiency;
- the human resources department launched a number of initiatives to develop our managerial culture with regard to change management and talent development;
- work on our brand image will be completed this year.

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Year 2010

GROUP NET INCOME: **EUR 3.9 bn**

INCREASE IN REVENUES OF CORE BUSINESSES: **EUR 26.4 bn (+5.4 % vs. 2009)**

IMPROVED COST TO INCOME RATIO: **63.4 %(1) (65.5%(1) in 2009)**

LOWER COST OF RISK: **83 bp(2) (-23 bp vs. 2009)**

TIER 1 RATIO (BASEL 2): **10.6 %(3)**
o.w. **8.5 %** of Core Tier 1 capital

EARNINGS PER SHARE: **EUR 4.96(4)**
(vs. **0.45 EUR** in 2009)

PROPOSED DIVIDEND: **EUR 1.75** per share
(vs. **0.25 EUR** par share in 2009)

SCRIP DIVIDEND OPTION

Fourth quarter 2010

REVENUES OF CORE BUSINESSES: **+23.9 %** vs. Q4 09

GROUP NET INCOME: **EUR 0.9 bn**

(1) Excluding non-economic effects and PEL/CEL
(2) Cost of risk excluding litigation issues and Legacy assets
(3) Excluding floor effects (additional capital requirements with respect to floor levels)
(4) After deducting interest to be paid to holders of deeply subordinated notes and undated subordinated notes (respectively EUR 311m and EUR 25m)

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EDITORIAL
- Continued -

With regard to regulations, the work of the Basel committee led in 2010 to the introduction of new rules designed to safeguard the worldwide banking system. The Group's financial management anticipated the changes announced. Its financial structure has been strengthened through strict management of the scarce resources that are capital and liquidity. We will be able to meet the new prudential requirements, with a Core Tier 1 ratio of around 8.5% at end-2013 without a capital increase.

Based on these results, the Board of Directors will propose the payment of a dividend of EUR 1.75 per share at the Annual General Meeting on May 24. This is in line with our target payout ratio of 35% of earnings and will be accompanied by a scrip dividend option.

In 2011, the Group will maintain its determination to develop its franchises and further its transformation. While continuing to strictly manage cost and risks, we will build a bank at the forefronts of its core businesses, there to serve its customers and adapted to a world being shaken by change.

Please be assured of the unfailing dedication and commitment of the Group's management team and 157,000 employees to making this year another step towards achieving our financial targets, including EUR 6 billion of net income by 2012, and the goals of our strategic plan, consisting of long-term growth with lower risk.

Thank you for your trust.

Frédéric Oudéa,
Chairman and CEO

2010 annual results

With revenues of EUR 26.4 billion in 2010, Societe Generale demonstrated its ability to bounce back (+20.1%* vs. 2009) in an environment that continued to be marked by the crisis and major economic and regulatory changes.

French Networks

Against the backdrop of a gradual economic recovery, the commercial dynamism of the **French Networks** led to full-year revenues up +4.5%[(a)], thus exceeding the target announced. The **customer franchises** of the three brand companies (Societe Generale, Crédit du Nord and Boursorama) expanded significantly in 2010, with 10.7 million individual customers at the end of the year (+3.9%).
Adhering to its commitment to actively participate in the **financing of the French economy**, the division posted growth in outstanding loans of +3.1%[(b)]. Housing loan outstandings grew 6.7%[(b)], benefiting from low interest rates and tax incentives, while outstanding investment loans to businesses grew +3.6%[(b)]. The loan to deposit ratio improved by 11 points over the year to 128% in Q4 10, after the French Networks stepped up their **deposit inflow** policy.
The Insurance distribution activity enjoyed significant growth both for the "life" component (net inflow up +23.9%[(b)]), and the "non-life" component (+32.6%[(b)] of policies signed). 2010 saw the French Networks launch a number of "socially-responsible" products, such as Solidarity Savings, and "environmentally-responsible" products, such as the Corporate Environment Card.
In terms of technological innovation, mobile banking applications were introduced on the Android and iPhone platforms, with the latter receiving the "financial application of the year" award in the "i Tunes Rewind 2010" ranking.

International Retail Banking

International Retail Banking made a satisfactory contribution to the Group's results in 2010.
With its 12.3 million individual customers around the world, International Retail Banking continued to expand its customer franchises in 2010, primarily due to the dynamism of the **Mediterranean Basin, Sub-Saharan Africa and French Overseas Territories.** The Group opened 61 branches and gained more than 306,000 new individual customers in these regions.
The Group confirmed its financial recovery in Russia, with a contribution to Group net income of EUR 13 million in Q4 10.
In **Central and Eastern European countries,** performances remained mixed. Proactive management of the network resulted in 51 targeted branch closures (mainly in Greece) and 30 openings.

Corporate and Investment Banking

In a tumultuous environment in 2010, marked by heightened European sovereign debt tensions in May and November, **Corporate and Investment Banking (SG CIB) achieved** solid and balanced revenues, which rose +7.5%*.
Financing & Advisory enjoyed a very good year in 2010, with an increase in revenues of +3.5%*. Structured financing activities were particularly dynamic and increased their contribution to the business line's revenues (+17%).

Market activities were adversely affected by challenging market conditions. **Equity** revenues were down -28%, proving their resilience and the soundness of the franchise. The business line's expertise was confirmed by the maintaining of its leading positions in the warrants market (global No. 1) and ETF market (European No. 2). Lyxor once again demonstrated the robustness of its activity with assets under management increasing by EUR 7.5 billion up +8%(c). In an economic environment marked by the deterioration of market parameters, **Fixed Income, Currencies & Commodities** generated revenues down -35%. The Group implemented an active policy to reduce **legacy assets**. This resulted in EUR 8.6 billion of disposals and amortisations, generating positive revenues of EUR 71 million (vs. EUR -2,820 million in 2009).

> **"Corporate and Investment Banking achieved solid and balanced revenues, which rose +7.5%***

Specialised Financial Services and Insurance

Specialised Financial Services and Insurance's contribution to the Group's results was sharply higher, testifying to the healthy momentum of insurance activities and the recovery in the financing business.
Consumer Finance began to see a pick-up in new business, especially in Russia (+44.3*), while maintaining a very selective loan approval policy and continuing to pursue its strategy of refocusing activities in high-potential geographical regions.
Equipment Finance's new loan business gradually picked up. This trend strengthened in the last quarter.
Operational vehicle leasing and fleet management enjoyed strong growth, with the leasing of approximately 214,000 vehicles (+21.2%*).
The **Insurance** activity enjoyed an excellent year, both inside and outside France.

Private Banking, Global Investment Management & Services

Private Banking

Private Banking demonstrated the quality of its franchise in 2010: Societe Generale Private Banking was voted "Best Private Bank in France" and "Best Private Bank in Europe for its offer in Structured Products" (*Euromoney magazine*, February 2011). The business line's assets under management totalled EUR 84.5 billion (+12.1% vs. 2009), with strong annual inflow of EUR +4.3 billion.

Asset Management

The positive momentum that began in Q4 10 at TCW, with an inflow of EUR 0.8 billion, and the successful integration of MetWest, point to sound commercial growth for the new entity as from 2011. The success of the Amundi model was reflected in its first annual contribution of EUR 100 million to the division's Group net income.

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

Securities Services exhibited good commercial momentum, winning a number of mandates and signing commercial partnerships. Assets under custody increased by +9.4% to EUR 3,362 billion.
In a volatile environment with higher volumes, the **Broker** activity saw an increase in its revenues. Newedge maintained its No. 1 position in the US market, with a market share of 12.1%.

Corporate Centre

The Corporate Centre's gross operating income was EUR -117 million in 2010 vs. EUR -3,433 million in 2009. This improvement is mainly due to the revaluation of debts linked to the Group's own credit risk and the revaluation of the credit derivative instruments used to hedge the corporate loan portfolios.

() 2010 vs. 2009
(a) excluding PEL/CEL and excluding Société Marseillaise de Crédit
*on a like-for-like basis

	French Networks	International Retail Banking	Corporate and Investment Banking	Specialised Financial Services and Insurance	Private Banking, Global Investment
Net Banking Income in EUR m	7,791 (+4.5%) (a)	4,930 (+0.7%)*	7,836 (+7.5%)*	3,539 (+7.8%)*	2,270 (-6.2%)*
Group Net Income in EUR m	1,233 (+26.1%) (a)	492 (+7.2%)	1,730 (x2.6)	343 (x13.2)	289 (+43.8%)

*When adjusted for changes in Group structure and at constant exchange rates
(a) excluding PEL/CEL and Société Marseillaise de Crédit
(b) excluding Société Marseillaise de Crédit
(c) when adjusted for changes in Group structure, excluding SGAM Fortune

N.B. All of the percentage changes are calculated on a 2010 versus a 2009 basis. Any ratios calculated on a different basis are explicitly indicated.

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RE-VIEW, the iPAD® application to see economy and finance in a different light

On January 24 Societe Generale launched RE-VIEW, its first iPad® application. This financial news review provides an opportunity to read about the world of economics and finance in an innovative format. Its content, which is rich and dynamic thanks to the iPad®'s functionalities, is aimed at a broad audience and not just customers. Every quarter, RE-VIEW publishes a special report that takes a fresh view and provides a better understanding of a hot topic in the economic and financial news. It is designed to be objective, factual and educational, with the added bonus of opinions from Societe Generale experts. The first edition looks at financial regulation and its usefulness. RE-VIEW also offers direct, real time access to certain value-added information: a daily review of the financial press, monthly economic sector analyses, stock market prices, the latest Group news and the most recent articles from the webzine Insight and the blog SGeneration. Following in the wake of the account management applications for iPhone® and Android telephones, RE-VIEW is part of the Group's innovative and transformative efforts to improve the quality of its relations with stakeholders and so contribute to the Group's strategic commitment to be the relationship bank, a reference in its markets.

Find out more at www.societegenerale.com/en/review-for-ipad
The application is free to download from the AppStore.

Calendar

May 5, 2011
1st quarter 2011 results

May 24, 2011
Annual General Meeting

May 31, 2011
Dividend detachment

June 7, 2011
Rennes – meeting with shareholders

June 24, 2011
Dividend payment*

August 3, 2011
2nd quarter 2011 results

November 8, 2011
3rd quarter 2011 results

*Issue price of new shares to cover scrip dividends: equal to 90% of the calculation of the average of initial quoted prices for the twenty trading sessions preceding the date of the distribution decision, minus the dividend amount and rounded up to the nearest euro cent.

Group key figures*

157,000 employees**, of **120** nationalities, working in **85** countries.

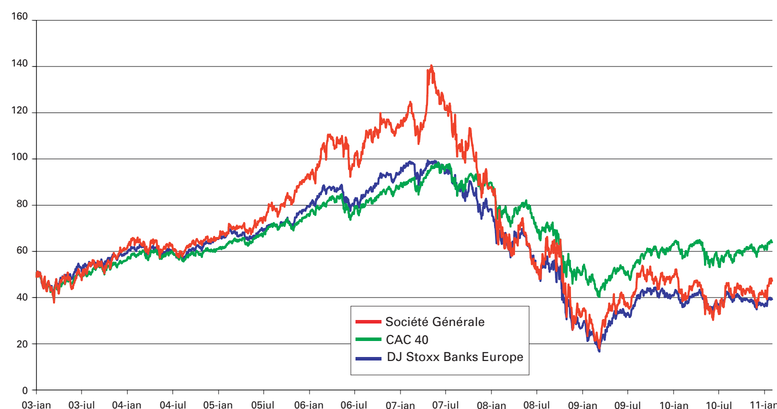
15,000 new hires on open-ended contracts in 2010.

Societe Generale is in the CAC 40's **Top 3** groups for diversity***.

*end 2010
**including the employees of Société Marseillaise de Crédit acquired in September 2010 by Crédit du Nord
***Capitalcom-Riskmetrics ranking

Share performance

Closing price of the Societe Generale share at January 31, 2011: EUR 47.23



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Analysts' recommendations

Bloomberg consensus at 21/02/11:
71% positive, 21% neutral, 8% negative.

Average target price of EUR 55.05.

Selection of market opinions and target prices for the Societe Generale share taken from the most recent analyses:

CITIGROUP	➡ Buy	[18/02/2011 – 62 €]
CHEUVREUX	➡ Outperformance	[17/02/2011 – 58 €]
NOMURA	➡ Buy	[17/02/2011 – 58€]
BofA. MERRILL LYNCH	➡ Buy	[17/02/2011 – 62 €]
DEUTSCHE BANK	➡ Buy	[16/02/2011 – 58 €]
ODDO	➡ Sell	[16/02/2011 – 41 €]
JP MORGAN	➡ Overweight	[16/02/2011 – 58 €]
MORGAN STANLEY	➡ Overweight	[14/02/2011 – 58 €]
NATIXIS	➡ Buy	[10/02/2011 – 58 €]
KBW	➡ Outperformance	[08/02/2011 – 61 €]

Central and Eastern Europe: a key growth driver

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Bernardo Sanchez Incera, Deputy Chief Executive Officer in charge of International Retail Banking and Specialised Financial Services & Insurance.

Societe Generale has major ambitions in Central and Eastern Europe. Its aim is to consolidate its position in the top 3. The region is at the heart of the Ambition SG 2015 transformation plan.

Societe Generale has been operating in Central and Eastern Europe for many years and has a strong presence in twenty countries: it has 63,000 employees serving more than 14 million customers. The Group's subsidiaries have a leading position in many countries in several high potential markets, particularly in the Czech Republic (Komercni Banka, No. 3), Romania (BRD, No. 1 in the country by network) and Russia, where Rosbank is the leading privately-owned banking network. Central and Eastern Europe should experience 3% to 4% growth in its GDP per year between now and 2015 and its banking market continues to offer strong development potential.

A robust universal banking model

Societe Generale's universal banking model demonstrated its resilience throughout the crisis. It allowed it to maintain its market positions by constantly innovating to meet its customers' needs in a difficult environment. Whether these customers are individuals, businesses or institutional investors, Societe Generale meets every type of need through a relationship banking approach that builds its customers' loyalty and assists them with their development.

Societe Generale wishes to further its presence in this region, which will continue to be a key growth driver for both its International Retail Banking and Corporate and Investment Banking (SG CIB) activities, in synergy with Specialised Financial Services and Insurance (DSFS).

A strong presence in twenty countries in Central and Eastern Europe

Named "Best bank in Central and Eastern Europe"

Last July, Euromoney magazine named Societe Generale the best bank in Central and Eastern Europe. For Bernardo Sanchez Incera, Deputy Chief Executive Officer, this award is in recognition of the work by the Group's employees, *"who have been tirelessly building up our market share and assisting our customers for over ten years. The region now enjoys solid fundamentals and the continuous development of local economies"*.

Growth driven by synergies

"We will build stronger customer relations and continue with our strategy of innovation, while promoting commercial and operational synergies between the business lines", adds Bernardo Sanchez Incera. *"This region is truly at the heart of our Ambition SG 2015 transformation plan, in terms of both business development and operational transformation"*. SG CIB relies locally on the Retail Banking networks. These two branches have already set up shared platforms in the Czech Republic, Romania and Russia. ■

The Group's main local brand companies

Société Générale Expressbank, Credibul (Bulgaria), Splitska Banka (Croatia), Eurobank (Poland), Komercni Banka, Essox (Czech Republic), BRD (Romania), Rosbank and Rusfinance (Russia).

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Divergences

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Benoît Heitz
Head of global economic forecasts

The global economic recovery, which began in 2009 and was confirmed in 2010, will continue in 2011. However, a clear divergence will remain between emerging and developed economies. Developed economies will in particular be constrained by austerity plans in many countries.

2010: a year of lacklustre recovery

After the recession in 2008-2009, 2010 was a year of economic recovery: global trade considerably rebounded and activity picked up almost everywhere. However, although there was a dynamic upturn in emerging countries, developed economies experienced a lacklustre recovery. Developed countries are far from catching up on the activity lost during the crisis. Some countries, such as Spain, Greece and Ireland are still barely out of recession.

Debt and currency tensions

The end of 2010 and the start of 2011 were marked by growing tensions affecting exchange rates and above all the public debt markets in the euro zone. Firstly, the US Federal Reserve expanded its accommodating monetary policy with a new programme of massive bond purchases, which increased the downward pressure on the dollar compared to emerging currencies. Secondly, the crisis in the euro zone deepened. As a result, the euro depreciated and spreads on the bonds of member states significantly widened. These tensions will continue in the coming months, causing potentially erratic movements on the financial markets.

Austerity holding back growth

These continued debt tensions in the euro zone will have two main effects. Firstly, the ECB is unlikely to tighten its monetary policy by the end of 2011, despite the recent slight rise in inflation. Secondly, to restore their credibility on the markets, the euro zone countries, as well as the UK, will be implementing budget austerity policies, to varying degrees. When combined with the end of the stimulus plans in the other developed countries, with the notable exception of the US, this will put the brakes on the global economy in 2011, slowing it down.

Buoyant emerging economies; subdued recovery in developed countries

This slowdown will be very much relative for the main emerging countries. Their

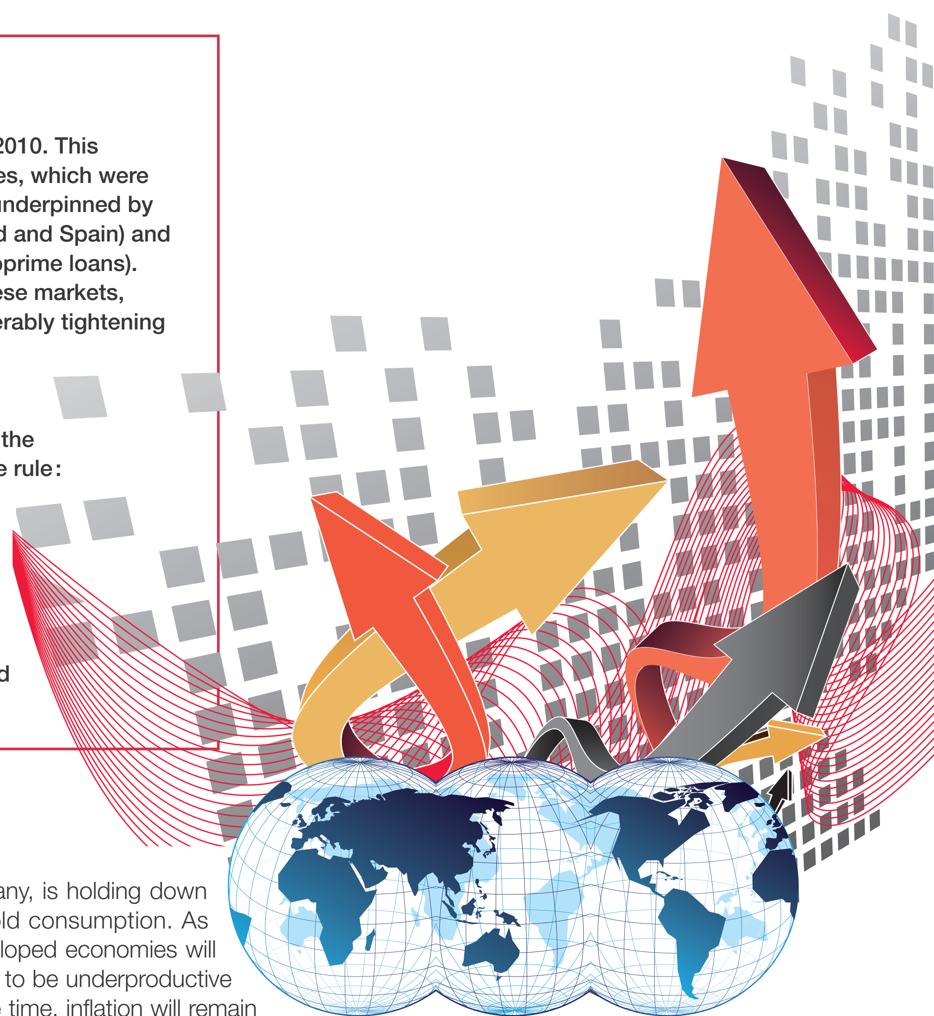
Crisis in the euro zone's periphery

The causes of the crisis vary from one country to the next, ranging from fiscal laxity in Greece to a property and banking bubble in Ireland. The result has been more or less the same, however, although with varying degrees of severity: very high levels of debts and large public deficits that are raising questions about the ability of governments to honour their debts. This has created growing reluctance to lend to certain countries, leading to the rise in interest rates with which they are faced. 2010 saw the start and significant worsening of this crisis. The EU and the IMF were therefore obliged to come to Greece's aid in May, as it was no longer able to borrow on the markets at reasonable rates. The situation calmed down greatly in the wake of this rescue plan, but tensions soon grew in other peripheral euro zone countries.

In November, they greatly worsened again: Ireland also had to ask for international assistance. This increased the markets' distrust of Portugal and, to a lesser degree, Spain. The lack of confidence even started to be felt in Belgium and Italy, whose borrowing rates rose, although they remain far lower than those of the euro zone's peripheral countries.

A fragile property market

In many countries, the property crisis worsened in 2010. This correction follows the soaring prices in the noughties, which were partly unsustainable in the long term as they were underpinned by fast growth in household debt (particularly in Ireland and Spain) and sometimes high risk financial practices (e.g. US subprime loans). The financial crisis caused a sharp correction of these markets, by revealing the fragility of certain markets, considerably tightening credit, reducing household income and pushing up unemployment. In the US, for example, the market collapsed and is stabilising at a much lower level. The already pronounced correction is continuing in the UK, Spain and Ireland. France is an exception to the rule: the correction there was limited and short-lived, transactions have very much picked up again, and prices have risen above their pre-crisis level. The trend in 2011 will be subject to conflicting influences, including a continued correction, an improvement, although very gradual, of the economic situation, loosening of credit and a limited rise in interest rates.



"Tensions will continue in the coming months, causing potentially erratic movements on the financial markets.

activity will be less sustained than in 2010 but will remain buoyant, driven by investment, but also by consumer demand. Growth will continue to be subdued in developed countries, however. Although the US has extended its economic stimulus through tax cuts and by lowering social security contributions, the restrictive fiscal policies of the other developed countries will constrict their domestic demand through public spending cuts and tax hikes. The cycle of recovery through inventory building also seems to be weakening already, whereas the upturn in investment remains modest, because of the prospect of uncertain demand and excess production capacity. Furthermore, the high level of unemployment, except in Germany, is holding down household consumption. As the developed economies will continue to be underproductive for some time, inflation will remain contained, aside from the automatic effect of VAT increases in some countries. The buoyancy of the emerging economies will keep commodity prices high, however.

The disparities between developed countries will continue in 2011. For instance, the US economy will grow by nearly 2.5%, in other words slowing down slightly, whereas the euro zone will produce slack growth of 1.5% and the UK scarcely more. Japan will remain a case apart, still stuck in a deflationary cycle, but with respectable growth in 2011.

The differences will be even more pronounced in the euro zone. The rebound in Germany will continue, sustained by exports and investment, as well as a long awaited upturn in consumption. However, Spain will still struggle to come out of recession and Greece and Ireland will see a further contraction of their GDP. ■

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INNOVATION

Lab by Societe Generale

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The innovation showroom, where innovations are presented and discussed.

Experimenting with groundbreaking innovations is the objective of Lab by Societe Generale. With its brand new showroom, the Lab now has a space dedicated to discussing and presenting the latest innovative products and services developed by the Group, such as the mobile payment solution Yoban'tel rolled out in Senegal and the mobile banking iPhone application. The showroom, inaugurated on December 22 in the Societe Generale towers at la Défense, was opened in March to Group employees and will soon be open to the public. Lab by Societe Generale is part of an innovation platform set up within the bank, as within all the highest-performing organisations. Its brief includes experiments and active monitoring of societal and technological trends through a participative approach involving all Group employees. Innovation is one of Societe Generale's key values and is there to serve the relationship banking strategy that guides the Group's Ambition SG 2015 programme.

CORPORATE AND SOCIAL RESPONSIBILITY

Supporting access to education for underprivileged children

On January 18, The Societe Generale Corporate Foundation for Solidarity and CARE, an international charity organisation, renewed the partnership concluded in 2008 for the next three years: the Societe Generale foundation is supporting CARE's initiatives to promote access to education for underprivileged children by contributing one and a half million euros. These funds will be used for a new project to give girls in the Kalalé region in Benin access to education and to continue the four projects already begun: "*Schooling against exclusion*" in Peru, "*Schooling in rural areas*" in Mali, "*from the factory to school*" in Bangladesh and "*Schooling for inclusion*" in Morocco. Nearly 10,000 children have already signed up to these programmes. This partnership, initiated by Societe Generale Corporate & Investment Banking in 2008, has benefited from growing commitment from employees worldwide through the "*Citizen Participation Programme*" and the raising of funds and direct donations for CARE projects totalling more than EUR 555,000.

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Franfinance, CGI and Cresus: partners in assisting financially precarious customers

Excess debt is an economic and social phenomenon that remains at the heart of the problem of social exclusion. To strengthen assistance to customers showing signs of financial difficulties, Franfinance and CGI (Group subsidiaries specialised in consumer finance) have signed an agreement with Cresus. For the two consumer finance specialists, this means offering customers who are unable to meet their repayments the chance to meet with the network of Cresus associations, specialised since 1992 in providing assistance to people with large or excessive debt (www.cresusalsace.org). An "Assistance Charter" is voluntarily signed by the customer to enable a review of their budget and social situation and monitoring of local assistance designed to reinforce the safeguarding of the customer's financial well-being.

This innovative cooperation will initially be on trial in Nantes and Nancy and is being considered by CGI and Franfinance as part of its strategy for successful lending, reinforcing Franfinance's new signature: "*Notre engagement, vous accompagner*" (committed to helping you).

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