LETTER TO SOCIETE GENERALE SHAREHOLDERS

#70 | JUNE 2009

EDITORIAL


© Réa

by Frédéric Oudéa,
Chairman and CEO

Dear Shareholder,

Since the start of 2009, Societe Generale has been operating in an environment of severe global recession.

Despite these very negative economic conditions, in Q1 09 the Group achieved satisfactory operational and commercial performances.

- The **French Networks** and **International Retail Banking** confirmed the robustness of their customer franchises both through the growth in loan outstandings and deposits and the number of new customers won.
- **Financial Services and Global Investment Management and Services**, which have been affected by the economic crisis, are continuing with their structural and operational realignment plans.
- **Corporate and Investment Banking** (CIB) provided further evidence of its buoyant client-driven activities and posted an excellent trading performance.

Nevertheless, the Group's results reflected the deterioration of the economic environment:
– the downturn in the US real estate market and the downgrading of monolines have led us to make significant additional writedowns this quarter (EUR -1.5 billion), considerably affecting CIB's revenues;
– furthermore, all the business lines reported a large rise in the cost of risk.
Given these factors, the Group posted a quarterly net loss of EUR -0.3 billion.

The Group's policy of adjustment to the new economic environment produced a fall in operating expenses of -2.5%* in one year, resulting from the proactive cost control measures taken within the French Networks, the revising of International Retail Banking's

+ Continued on page 2

CONTENTS

KEY FIGURES

1st quarter 2009

Revenues

-11.9%* vs. Q1 08,
+15.9% growth in core business revenues, excluding non-recurring items, vs. Q1 08

Cost of risk

EUR -1,354m
(of which **EUR - 221m** of collective provisions)
120 basis points based on Basel I RWAs

Group net income

EUR -278m

Financial solidity maintained

Tier 1 Ratio (Basel II)**:
9.2% including **7.0%** of Core Tier 1

* At constant structure and exchange rates.
** Proforma, including the French Government's subscription to EUR 1.7bn of Preference Shares under the second tranche of the Government's support plan.

+
(33) 1 42 14 52 16
www.societegenerale.com
actionnaires.individuels@socgen.com
Societe Generale DEVL/INV
Individual Shareholder Relations
75 886 Paris Cedex 18

EDITORIAL
- Continued -

development plans, the realignment of the compensation structure and the ongoing streamlining of front office functions for CIB.

Given the still substantial uncertainty affecting the economic outlook, and to continue providing loans to the French economy (+7% at end-March 2009), the Board of Directors has approved the Group's participation in the second tranche of the French Government's support plan through a preference share issue.

Placing client-driven activities at the heart of our development model, particularly in CIB, rapidly reorganising the business activities affected by the crisis, reducing risks and controlling operating expenses are the measures undertaken since mid-2008, which the Group intends to pursue in the current severe crisis conditions.

In the longer term our Group will leverage the advantages offered by its business portfolio:

– a balanced portfolio with extensive operations both in France, which is proving to be very resilient to the crisis, and in emerging countries, which should experience a greater rebound than their more developed counterparts and offer more opportunities for growth;

– the combination of our Retail Banking base, with its gradual development, and CIB, which is benefiting both from the decline in the number of players and a compensation structure that is more appropriate to risk-taking than in the past.

Rest assured that Societe Generale's 163,000 employees and I will do everything we can to capitalise on these advantages, in the interests of the Group's shareholders, customers and employees.

Thank you for your continued faith.

Frédéric Oudéa,
Chairman and CEO

1st quarter 2009 results

At the beginning of a year marked by a sharp slowdown in global economic activity with, in particular, a decline in corporate investment and rising unemployment, Societe Generale is continuing with the operational and structural realignment of its core businesses.

Retail Banking and Financial Services

French Networks

In a very difficult environment marked by a deterioration in the business climate, the French Networks have proven their resilience, which is down to the strength of their customer franchises, the quality of their offering and the commercial dynamism of their teams.

The number of personal current accounts for **individual customers** totalled 6.3 million at end-March (+13,000 units in Q1 09). Deposit inflow was satisfactory, driven by the success of the Livret A passbook account (1.3 million accounts opened, generating an inflow of EUR 3.5 billion). Gross life insurance inflow rose +4.9% year-on-year.

The French Networks' commitment to their customers, notably for their project financing, remained intact. However, there was a moderate overall increase in outstanding loans to individuals, reflecting households' fears (+5.2% overall and +6.1% for housing loans).

The **business customer market** remained healthy: balance sheet deposits totalled EUR 28.1 billion (+31.2%), term deposits more than doubled (+137%) and outstanding loans continued to grow (+9.8%).

International Retail Banking

With 451,000 new customers year-on-year, International Retail Banking had 13 million customers at end-March 2009. The rate of growth in outstandings over the year remains satisfactory: +21.9%* year-on-year for loans and +9.5%* for deposits.

Financial performances remain satisfactory despite the sharp economic deterioration in several countries and the devaluation of some Central and Eastern European currencies.

The increase in the cost of risk (173 bp in Q1 09 vs. 122 bp in Q4 08) varies considerably according to the country: it is significant in Russia (381 bp), but remains contained in all the other countries.

Financial Services

Despite the deterioration in the economic environment and the higher refinancing cost, Financial Services reported stable quarterly revenues of EUR 0.7 billion.

Both **Consumer Credit** and **Equipment Finance** were hit by the tougher economic environment.

In **Operational vehicle leasing and fleet management**, ALD Automotive's vehicle fleet grew by +6.2%* year-on-year. In an environment of declining second-hand vehicle markets, the business line has continued to implement realignment measures.

Life insurance activity has been adversely affected by the downturn on the financial markets (gross inflow -9.0%* down year-on-year). **Insurance** revenues were down -18.9%* year-on-year in Q1 09.

Global Investment Management & Services

Asset Management

Asset Management continued its reorganisation, initiated in 2008 (combination of SGAM and CAAM and proposed merger of SGAM AI and Lyxor).

It recorded a net outflow of EUR -2.2 billion in Q1 09, primarily affecting the alternative investment arm of SGAM AI, TCW and SGAM UK, with SGAM enjoying a net inflow of EUR +3.5 billion.
SGAM's assets under management totalled EUR 264.2 billion at end-March 2009.

Private Banking

Despite an unfavourable environment for this type of activity, marked by a wait-and-see attitude on the part of customers, SG Private Banking reported a slight increase in its net inflow, up EUR +0.6 billion, while assets under management totalled EUR 67.9 billion at end-March 2009 (vs. EUR 66.9 billion at end-December 2008).

Securities Services, Brokers (Newedge) and Online Savings (Boursorama)

Securities Services saw its assets under administration decline by -19% year-on-year on the back of the substantial deterioration in the markets (drop in indexes, interest rates and transaction volumes). Assets under management remained stable (+1%) at EUR 2,762 billion, primarily due to the extension of the collaboration with Euroclear in Belgium and the Netherlands. After a 2008 marked by strong volatility which helped **Newedge**, Q1 09 saw a slowdown in activity, but consolidated its leadership position (No. 1) in terms of customer deposits for Futures Commission Merchants in the United States.

> **"In a very difficult environment marked by a deterioration in the business climate, the French Networks have proven their resilience.**

Boursorama's brokerage business saw the number of orders executed fall -4.8% vs. Q1 08. At EUR 2.7 billion at end-March 2009, outstanding online savings were down -14.7% year-on-year. However, the evidence points to the healthy state of online banking (83,500 accounts at end-March 2009 and opening of 5,960 accounts in Q1 09).

Corporate and Investment Banking

Although in the process of stabilising after a chaotic Q4 08, the Corporate and Investment Banking (CIB) environment remained mixed in Q1 09: the environment was favourable for financing activities, which benefited from the restoration of margins, and fixed income activities, but was not very conducive to Equities against the backdrop of declining indexes with a still high level of volatility and correlation.

The performance of CIB's activities, excluding non-recurring items, remained very strong, driven both by the ongoing success of customer franchises and very healthy trading results (quarterly revenues of EUR 2,688m up 76.3% vs. Q1 08).
However, the division has been impacted by the deterioration in the valuation criteria of high-risk exposures, notably linked to the downturn in the US commercial and residential real estate market and the downgrading of monolines (total impact on NBI of EUR -1.5 billion), the negative effect of the Mark-to-Market variation of corporate credit portfolio hedges (EUR -472m) and the revaluation of financial liabilities and own shares (EUR +132m).

Despite still challenging market conditions, the **Equities** business line demonstrated its strong resilience capacity, with revenues up 13.3%. SG CIB maintained leadership positions in Warrants, where it is ranked global No. 1 with a market share of 15.7%, and in ETFs, with a market share of 23%, ranking it European No. 2.

Fixed income, Currencies and Commodities enjoyed an excellent quarter (revenues more than doubled vs. Q1 08). **Financing & Advisory** continued to assist clients with their project financing. It enjoyed an excellent start to the year with quarterly revenues up 96.1% vs. Q1 08.

Corporate Centre

The Corporate Centre recorded Gross Operating Income of EUR -205 million in Q1 09 (EUR -124m in Q1 08) primarily due to the decline in equity portfolio income.

( ) Q1 09 vs. Q1 08
* excluding PEL/CEL
** on a like-for-like basis

	French Networks	International Retail Banking	Financial Services	Global Investment Management & Services	Corporate & Investment Banking
NBI in EUR m	1,732 (-0.9%)*	1,161 (+10.8%)**	737 (-1.1%)**	652 (+5.7%)**	841 (-45.2%)**
Group share of net income in EUR m	216 (-31.1%)*	118 (-39.8%)	31 (-79.6%)	18 NM	-414 NM
ROE after tax by %	16.4%	15.4%	3.1%		NM
Net inflow in EUR bn				-1.6	

Annual General Meeting of May 19, 2009

Societe Generale's Annual General Meeting was held on May 19 at La Grande Arche de la Défense and was attended by more than 1,700 shareholders. The quorum was established at 53.53% (vs. 44.88% in 2008). The Meeting was chaired and led by Frédéric Oudéa, alongside Vice-Chairman of the Board of Directors Anthony Wyand and Deputy-Chief Executive Officers Severin Cabannes and Didier Alix. After the presentation of the change to the governance method, the measures to strengthen security and controls following the fraud and the Group's results and strategy, the debate was opened to the floor and a question and answer session was held with shareholders that lasted for over an hour. Ultimately, all the resolutions proposed by the Board of Directors were adopted. The financial statements for 2008 and the EUR 1.20 dividend, accompanied this year by the option of payment in shares, were all approved. Approval was also given for the issuing of preference shares to the Government. The Meeting appointed a new director, Jean Bernard Lévy, and ratified the cooptation of Robert Castaigne. It also renewed the terms of office of Elisabeth Lulin and Jean Azema.

Societe Generale's AGM was attended by more than 1,700 shareholders.

Key points of Frédéric Oudéa's message

"2008 will remain a bad year for Societe Generale. I assumed my post in May 2008 shortly after the capital increase to absorb the shock of the Kerviel fraud. In October, the collapse of Lehman Brothers was followed by the dislocation of the financial markets and the paralysis of the interbank system. The extensive, coordinated measures by various governments and the central banks prevented the systemic risk from becoming a reality, but the financial crisis nevertheless gave way to the most severe economic crisis for 50 years.

Some signs of improvement can now be seen and our central forecast is the gradual stabilisation of the economy from the 3rd quarter of 2009. We are under no illusions, however: growth will be low in the coming years and the banking industry has changed significantly in the space of six months.

Although French banks have not been spared, they are relatively well protected by the healthy fundamentals of the domestic market and have also benefited from State support. So what lessons might we learn about the crisis at this stage? In the future banks will have lower risk profiles, will be better capitalised, more regulated and less profitable.

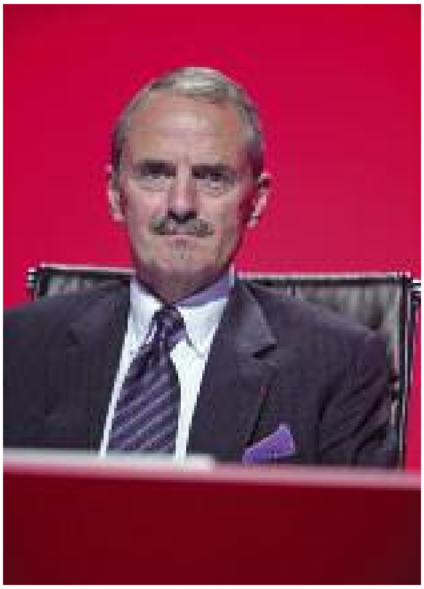
That being said, Societe Generale has a rightful place in the world of tomorrow and it is now our duty to determine exactly what its future will be. My ambition is to make the Group an efficient and exemplary bank that meets its customers' every need and whose growth will be as long-lasting as it is profitable.

In practice, Societe Generale will remain a universal bank structured around the foundations provided by Retail Banking, in France and in emerging countries. Corporate and Investment Banking will continue to be developed, but it will be allocated less capital and the level of risk control will be maintained. Businesses for which it is difficult to find real competitive advantages will go into partnership or be disposed of, as with SGAM.

Excellence will be the order of the day. Societe Generale must lead the way through its operational efficiency and risk management. The Group must also remain a benchmark for customer advice, which means streamlining its product ranges and increasing the training given to advisors.

Ultimately, Societe Generale will ensure its capacity to contribute to the consolidation of the European banking sector. The end of the crisis should offer a wealth of opportunities for transformation and we will mainly focus on retail banking in those countries where we can increase our footprint.

In turning this page in Societe Generale's history you can count on the utter determination of the new team, headed by me, to reward you for your continued faith. ■



Anthony Wyand, Vice Chairman of the Board of Directors.

The shareholder quorum was 53.53%.

Societe Generale adopts a new governance method

Societe Generale's Board of Directors, which met on May 6, duly noted Daniel Bouton's resignation as Chairman and director. The Board paid tribute to his work as the Company's figurehead since November 1997 and named him Honorary Chairman.

So that the Company can act quickly and more effectively cope with the current crisis, the Board believed that a unified management structure would be preferable and therefore entrusted the Chairman of the Board with the Company's general management. It coopted Frédéric Oudéa, the Chief Executive Officer since May 13, 2008, as director replacing Daniel Bouton, and decided at the Board meeting of May 24 to change the Company's governance structure by appointing him Chairman of the Board and entrusting him with the Company's general management.

In the meantime, the Board authorised Frédéric Oudéa to lead its debates and chair the Annual General Meeting, which took place on May 19.

Mr Anthony Wyand, the Chairman of the Accounts Committee and Group director for more than 20 years, was appointed Vice Chairman of the Board of Directors, with particular responsibility for governance, risks and internal control.

A General Meeting has been convened for July 6 to ratify the cooptation of Frédéric Oudéa as director.

Questions and answers with Frédéric Oudéa

After the loss reported in the first quarter, will Societe Generale's financial position recover?
The start of the year has indeed been difficult. The cost of risk has significantly increased with the deterioration of company balance sheets. The decline in market conditions has also caused us to further write down certain risky assets. However, it is likely that the first quarter of 2009 will be the worst experienced during the recession. There are signs of economic stabilisation that should improve the Group's financial position. Furthermore, Societe Generale's future also depends on regular revenues and its commercial development. The good news is that our revenue grew by 16% year-on-year, excluding writedowns, which is what is most important.

The writedowns have affected Societe Generale's capital image. What do you plan to do to rectify this?
The Group's image has been tarnished by the various crises over the last 18 months. However, this is attenuated by the fact that customers still have a very positive image of personal bankers and abroad Societe Generale is known to be resisting the crisis well.
Our priority is to bring the grass roots reality into line with the Group's overall image. To assist in this process we have launched a widescale communication campaign rallying our customers and staff around the slogan "We stand by you".
In the medium-term our public image will also be restored by providing services of the highest quality.

Is the merger of the asset management arms of Societe Generale (SGAM) and Crédit Agricole (CAAM) a sign of mergers to come?
The combining of SGAM and CAAM was above all intended to address the outflow of money market instruments and equities. It was also a forward-looking measure, however, as Crédit Agricole and Societe Generale both believed that the asset management sector lacked consolidation. We therefore decided to create a joint entity, which will be 30% owned by Societe Generale.
This joint venture will build a critical mass, ranking it 4th in Europe and 9th worldwide. It is also backed by the two group's distribution networks and should result in savings of EUR 120 million within the next three years. There are no similar projects planned for the other core businesses but this option has not been ruled out should it be in shareholder's interests.

Societe Generale increased its stake in Rosbank shortly before the crisis began. Did we not pay too much for Rosbank?

Societe Generale, which acquired 20% of Rosbank's capital in 2006, increased its stake to 64.7% in May 2009.
The Group now controls Russia's leading private bank. The value of this acquisition has significantly fallen since the stake was acquired, as have banking assets the world over.
However, for Societe Generale, investing in emerging countries is a strategy that will produce long-term results. Although the crisis has prevented the operation's initial objectives from being achieved, there is no doubt that they can still be attained. We still believe in the potential for banking development in Russia.
What is more, it is doubtful that we could have acquired, at today's lower valuations, a bank offering the same advantages as Rosbank, namely branches throughout Russia serving both individual and business customers.

Toxic assets have affected Societe Generale's results both in 2008 and the first quarter of 2009. How do matters currently stand?

The financial statements published by Societe Generale are a true reflection of its exposure to risky assets, whose scope has been clearly determined and will not change. This exposure mainly concerns US, UK and Spanish residential and commercial real estate assets, monolines and LBOs.
These assets have a varying level of risk and cannot all be described as "toxic". One thing that they all have in common is that they are not very liquid and are therefore difficult to sell. Those that remain on Societe Generale's balance sheet are subject to quarterly valuations, controlled and reviewed by our Statutory Auditors.
In 2008, this asset portfolio was written down by EUR 3.4 billion. As a precautionary measure in the event of a renewed downturn on the US real estate market, the Group wrote down the portfolio by an additional EUR 1.5 billion in the first quarter of 2009.
Although further writedowns cannot be excluded, they will also depend on the real estate market, which, according to the latest indicators, seems to be stabilising. Whatever happens, the Group's resilience will be ensured by the quality of its balance sheet and its revenue generating capacity.

NEW DIRECTORS

Robert CASTAIGNE

Independent Director.
As a graduate of the Ecole Centrale in Lille and the Ecole Nationale Supérieure des Pétroles et des Moteurs, Robert Castaigne began his career at Total in 1972, where he was CFO and member of the Executive Committee from 1994 to 2008.

Jean-Bernard LEVY

Independent Director.
A graduate of the Ecole Polytechnique and the Ecole Nationale Supérieure des Télécommunications, Jean-Bernard Lévy has chaired the Executive Board of the media and telecoms group Vivendi since 2005. He was previously CEO of the broker Oddo & Cie.

France HOUSSAYE

Director elected by employees on March 31, 2009.
A Societe Generale employee since 1989, she is currently the manager of the Palais de Justice branch in Rouen.

2009 CALENDAR

August 5
Publication of 2nd quarter 2009 results

November 4
Publication of 3rd quarter 2009 results

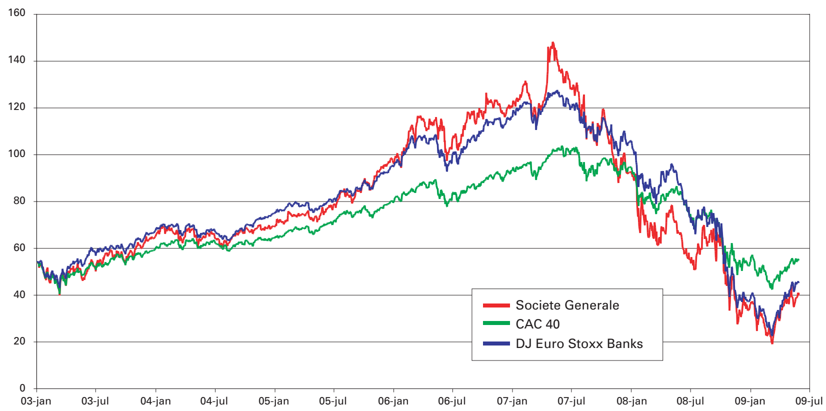
November 20-21
ACTIONARA trade fair

November 27
Meeting of shareholders in Toulouse

December 15
Meeting of shareholders in Strasbourg

Societe Generale share performance

Societe Generale share price at May 31, 2009: EUR 41.00



www.societegenerale.com

Societe Generale worldwide

163,000 employees

122 nationalities

82 countries

24,000 new hires in 2008

KEY FIGURES FOR THE FIRST QUARTER OF 2009

+15.9%
rise in core business NBI (excluding non-recurring items) year-on-year

+7.3%
rise in outstanding loans within France year-on-year

Retail Banking: a local network supporting the economy

The Societe Generale Group's French Networks make it the leading non-mutual retail bank in France. Through its two brand companies, Societe Generale and Crédit du Nord, it has 40,000 employees and more than 3,000 branches serving some 10 million individual customers and hundreds of thousands of business customers, associations and local authorities.

Although a current common theme in the media is the assertion that the banking sector is out of step with the real economy, this idea may be put into perspective or even refuted by looking at a few actual achievements. In fact, the Societe Generale Group's French Networks have never stopped supporting the economy both through their business activities and their corporate behaviour.
For instance, the commitments made by the Group to the State to increase their loan outstandings by 3 to 4% have been more than met. Outstandings rose by +7.3% year-on-year at end-March 2009, whereas the outstandings of the thirteen largest institutions operating in France (G13) grew by +6.3% over the same period.

Unfailing support for the economy

The full range of economic players have benefited from the contribution of the French Networks and, more generally, of the Societe Generale Group.
With regard to business customers, since the start of 2009, the French Networks have begun working with 200 new business customers per month, whereas the Group's outstandings in France, in this customer segment, increased by nearly 10% year-on-year in March 2009, vs. 6% for the G13. Societe Generale also strengthened its links with professionals (retailers, tradesmen and members of the liberal professions) and in 2008 became the leading non-mutual distributor of business startup loans. This growth trend has continued in 2009, as Societe Generale has financed 500 new professional loans per week since the start of the year. In this way the Group has responded to the introduction in France of the new status of "auto-entrepreneur" in January 2009.

A local network

13,000 accounts were opened for individual customers in the first quarter of 2009. In terms of project finance, 1,200 real estate projects and nearly 4,000 consumer projects were financed each week.
Finally, Societe Generale is one of the most proactive players in the local authority financing segment. Its outstandings grew by +11.2% year-on-year in March 2009, setting it apart by two points from its main competitors.
The French Networks are also acting as local players and contributors to local economic development by regularly opening branches in France. For instance, in 2008 54 points of sale were opened in more than twenty *départements*, a process which is continuing in 2009 with the planned opening of thirty new branches. Finally, the French Networks have largely contributed to the 5,500 jobs created by the Societe Generale Group in 2008, at a time when, in France as a whole, more than 100,000 jobs were lost. This trend will continue in 2009 with a target of around 4,000 new hires. This makes the bank one of the leading recruiters in France. ■

TWO QUESTIONS TO

Joseph Trojman,

head of economic research and financial communication for Retail Banking – Societe Generale

How is it that France has been hit less hard by the crisis than other countries?
The French economy's exposure to international trade is more limited than that of its German or British neighbours.
Automatic stabilisers are actually effective in France when it comes to households. The not inconsiderable proportion of the population whose income is not directly linked to economic activity (e.g. retirees, civil servants, and so on) is a first factor limiting the risks of strong fluctuations in household income.
The high standard of the welfare system, and more specifically, the length of unemployment insurance payout periods in the event of job loss, are a second factor damping the effect of the fall in household income during a recession.
Household spending has not contracted in France and remains the only aspect of internal demand that is growing, alongside government consumption expenditure.

What changes are noticeable in retail banking customer behaviour in France?
The contracting of the economy is reducing the appetite for long-term projects.
This applies to both businesses and households. This lack of confidence in the future has resulted in a considerable fall in loan applications made to banks.
To give just one example, home loan origination by lending institutions contracted by around 40% year-on-year in the first quarter of 2009.

The financial sector recovers from an acute crisis

© P. Zamora

Hervé Monet, Head of Economic Research

The ending of the crisis in the financial sector is a prerequisite to any sustainable economic recovery. Fortunately, progress has been made in recent months, driven by government measures.

After the collapse of Lehman Brothers on September 15, 2008, the financial sector, which had already been under strain for over a year, saw its situation dramatically deteriorate. This collapse in fact cast doubt on the assumption that major financial institutions are "too big to fail". In other words, the idea that governments would simply come to their rescue to prevent a chain of bankruptcies. The emergence of this potentially devastating banking risk caused a widespread crisis of confidence and the paralysis of the financial markets and systems.

Bank liquidity: more and more innovative measures by the ECB

- Unlimited loans: meeting of all bank requests (instead of a volume predetermined by the ECB)
- Fixed rate equal to the key interest rate (instead of a rate arrived at through bids, the key interest rate being the minimum rate)
- Loans of up to 1 year as from the end of June (instead of 3 months)
- Higher risk collateral accepted against loans

Restoring bank liquidity

With the freezing of the interbank markets, which under normal circumstances are used by banks for the short-term borrowing or lending of cash that they need or have a surplus of, the central banks reduced their key rates (from 4.25% in early October 2008 to 1% in early May for the ECB) and extended their measures for injecting liquidity into their banking systems, particularly the ECB *(see inset opposite)*.

Restoring the capital adequacy of banks to allow them to lend

Through several waves of recapitalisations, governments increased the capital adequacy of banks and introduced systems for guaranteeing new medium-term debt issues, to facilitate their refinancing given the strong risk aversion restricting access to private capital. In several countries (including the US, the UK, Benelux and Switzerland), the authorities either guaranteed, in exchange for compensation, portfolios of toxic assets on the balance sheets of banks hit particularly hard by the crisis, to limit the losses incurred, or created defeasance structures (bad banks) enabling banks to separate themselves from discounted toxic assets. These measures have made it easier for the banks concerned to return to normal operation and have strengthened their lending capacity.

> **"Since January there has been a rebound in bond issues by non-financial companies.**

Stimulating the financial markets

Finally, several central banks directly supported the debt security markets, which were strongly disrupted by the rise in investors' risk aversion, by directly buying securities issued on these markets. The Federal Reserve was particularly active in this respect *(see inset on p.11)*. The American economy is in fact mainly financed by the markets, unlike the euro zone where bank financing dominates.

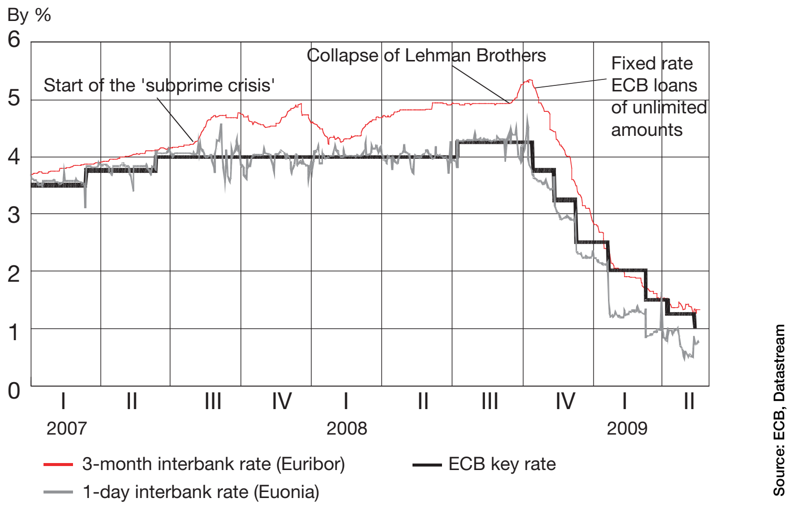
Tangible results but no return to normal as yet

Besides preventing a major systemic crisis at the end of 2008 and a far more severe economic recession than the one we are

Measures for stabilisation of the interbank market

The measures introduced by the ECB as of October 8 to stimulate the interbank market have produced results. At the end of 2008, when there was a great deal of distrust between banks, the interbank market was frozen (causing the 3-month rate to be abnormally high).
For the most part, banks therefore turned to the ECB for refinancing (up to EUR 850 billion at the end of 2008 vs. EUR 530 billion a year earlier), even becoming over-liquid as a precaution.
However, the ECB's policy has partially restored trust between banks, bringing down the long-term interbank rates (3, 6 and 12 months), which are benchmarks for the interest rates on certain loans.

Key and interbank interest rates in the euro zone



Support for the security markets: the Fed rolls out the big guns

FED:

- Purchase of money market securities
- Purchase of (Residential Mortgage-Backed Securities) RMBSs issued by the agencies Fannie Mae and Freddie Mac (transactions of up to USD 1,250 billion)
- Purchase of US treasury notes (up to USD 300 billion)
- Supporting of asset-backed security (ABS) market, and particularly consumer loans (up to USD 200 billion, possibly rising as far as USD 1,000 billion).

ECB:

- Planned purchase of EUR 60 billion of secured bonds (securities issued by banks backed by a loan portfolio that remains on the issuing bank's balance sheet).

already facing, although this has already reached historic proportions, these proactive policies have produced significant results, although the extent of the progress made varies depending on the category of financial asset.
On the interbank markets, the interest rates, which soared in autumn 2008 *(see graph above)* quickly fell, easing short-term refinancing conditions for banks and consequently increasing the credit supply. The affect of key interest rate cuts is therefore being felt more and more directly by private agents.
The uncertainties regarding the quality of bank assets and, accordingly, the banks' possible need for recapitalisation, have reduced but remain not inconsiderable as they also depend on how long the crisis lasts. Two positive factors have recently been in play: the encouraging results of the stress tests conducted by the 19 largest American banks and the increasing number of economic indicators suggesting that the recession is entering a much more moderate phase than in late 2008/early 2009. Bank lending conditions (interest rate margin, collateral and deposits requested) have continued to toughen in early 2009 due to the considerable rise in the cost of risk caused by the global economic crisis. The rate of this rise has slowed down greatly, however, compared to the end of 2008, both in the euro zone and the US.
As the prospect of a global systemic crisis has become much less likely and the likelihood of a long period of deflation and very low growth now appears to be less of a threat, risk aversion on the financial markets has significantly reduced. Correspondingly, since January there has been a rebound in bond issues by non-financial companies, indicating the return of investors to the market, given that the issuers are high quality and the yields are attractive.
The equity and foreign exchange markets also seem to be on the right track, as in March and April the equity markets made good the losses reported in the first two months of the year, while emerging currencies, which are also benefiting from the increase in the IMF's resources decided on at the G20 summit in early April, are tending to appreciate after plummeting at end-2008/early-2009. ■

ENVIRONMENT

Societe Generale confirms its commitment to combating global warming

So as to become carbon neutral, Societe Generale has introduced a series of measures to reduce its greenhouse gas emissions and offset its residual emissions.

Societe Generale collection, by Elina Brotherus.

As part of its environmental policy, Societe Generale has set itself the goal of carbon neutrality by 2012. The Group reduced its greenhouse gas (GHG) emissions from the consumption of energy and paper and business travel by 3.5% per occupant in 2008 and has forecast an 11% reduction by 2012.
Societe Generale is also voluntarily taking part in a scheme to offset its residual emissions by buying carbon certificates (CERs) to fund clean development projects in developing countries. These CDM (Clean Development Mechanism) projects are overseen by the United Nations, under the Kyoto Protocol.
In 2008, Societe Generale therefore decided to fund a CDM project to recycle agricultural waste in southern India and, in 2009, a methane recovery CDM project (methane having a greater global warming capacity than CO_2) at a landfill site in Argentina, through its subsidiary Orbéo. This last project eliminates water pollution due to infiltration, improving the health of local residents. This offsets the Group's residual emission of 28,840 tonnes of CO_2 by its Luxembourg subsidiaries (Bank & Trust (SGBT) and Euro-VL) and its buildings in the Paris region.
The offset scope will gradually be extended to other Group entities. As well as achieving carbon neutrality, the Societe Generale Group's ambition is to make preventing global warming a major focus of its environmental policy. ■

Societe Generale awards prizes for its best innovations in 2008

As part of the "Innovons à tous les étages" (Innovation at every level) scheme, covering all Societe Generale employees, an award ceremony was held in early March, recognising the best innovations in 2008. 387 innovations were selected by management teams for entry in one of 8 categories: business development, new products/services, efficiency, external customer satisfaction, internal customer satisfaction, workplace environment, sustainable development and duplication of best practices.

BANKING SERVICES

Innovative remote banking service in Russia

Rosbank has created a remote banking service via mobile and SMS offering a very wide range of transactions around the clock, multiplying the number of "mobile" customers by 4 and the transactions completed in 2008 by 5.

EQUITY RESEARCH

The global approach as a new model for equity research

To cater as effectively as possible for changes in institutional investors' needs worldwide, the financial analysts in Societe Generale's equity research department now offer global coverage of their sector.
This unique research model offers a major competitive advantage, given the fact that most players have a multi-local approach.

TECHNOLOGIES

Innovatech: the collaborative technological monitoring website

Innovatech is a "web 2.0" community platform that provides a forum for information and communication about technological developments and innovation. This new open and participative space can be used by all employees to expand their knowledge and contribute to identifying and experimenting with new technological opportunities for Societe Generale.

Head of Publications: Hugues Le Bret.
Societe Generale, a French corporation (société anonyme) with share capital of EUR 725,909,055.
Registered offices: 29 bd Haussmann, Paris, France
Company registration number: 552 120 222 00013
Data Protection Act (French law No. 78-17): you can consult or amend our files or remove your details by contacting the Individual Shareholder Relations Department.
Design and production: Incidences I Legal filing: June 2009 I ISSN 1258-8881
170247GB