Review 2002

Société Générale Group

SOCIETE GENERALE

GROUP

RETAIL BANKING ▪ ASSET MANAGEMENT & PRIVATE BANKING ▪ CORPORATE & INVESTMENT BANKING

Profile

The Société Générale Group

is the ninth largest French company by market capitalization and the sixth largest bank in the euro zone. It employs over 80,000 people worldwide.

Its business mix is structured around three core businesses: Retail Banking, Asset Management and Private Banking, and Corporate and Investment Banking.

The Group is pursuing a profitable growth policy based on the selective development of its core activities through a combination of organic growth and acquisitions, and is drawing on a strong capacity for innovation geared towards satisfying its customers.

The Group's three fundamental values are Professionalism, Innovation and Team Spirit.

No.1 **non-mutual retail banking group in France** (1)

3rd **largest corporate and investment bank in the euro zone** (2)

3rd **largest euro-zone bank in asset management** (3)

9th **largest market capitalization in France (EUR 23.9 billion at December 31, 2002)** (4)

AA- (Standards & Poor's)
Aa3 (Moody's)
AA (Fitch)

(1) By net banking income and number of branches (source: Société Générale).
(2) By net banking income (source: Société Générale).
(3) By assets under management (source: Société Générale).
(4) Source: Bloomberg.

Message from Daniel Bouton

Chairman and Chief Executive Officer

The Société Générale Group turned in a satisfactory performance in 2002, despite the harsh environment

Against a backdrop of highly volatile, bearish stock markets and uncertainties that weighed on the outlook for the global economy, **the Société Générale Group maintained a satisfactory level of profitability in 2002**.

Operating income edged up slightly in relation to 2001, confirming the robustness of the Group's strategy, which is structured around three complementary core businesses: Retail Banking, Asset Management and Private Banking, and Corporate and Investment Banking.

The business line ROE after tax came out at 18.7%, which represented a very creditable performance in an adverse climate.

The Group's net banking income showed a slight increase in 2002 in relation to 2001, rising by 4.2%.

The Retail Banking platform pursued its profitable growth both in France and internationally. Asset Management and Private Banking continued to expand its activities, particularly in Europe and Asia. The Corporate and Investment Banking arm held up well, in particular in fixed income, debt and equity derivatives. However, the contribution made by the Equity and Advisory activities was affected by the tough stock market environment in 2002.

The Group reaped the rewards of its tight cost-control policy, **with operating expenses down when adjusted for changes in Group structure and at constant exchange rates**.

2002 also saw the integration of the major acquisitions made by the Group in 2001, notably Komercni Banka (KB), GEFA, ALD and TCW (Trust Company of the West). The positive impact of these acquisitions, in terms of revenue growth and an improvement in the cost/income ratio, will be even more significant in the years to come.

The increase in the cost of risk, which reflected the difficult environment in the United States and certain industrial sectors, was limited, with the average cost of risk over the year (70 basis points) only slightly above our estimate under average economic and market conditions. This confirmed the Group's ability to grow while controlling its risks.

Overall, Group net income was down by 35.1% on 2001. Between 1999 and 2001, the Group benefited from sizeable capital gains realized on its industrial equity portfolio, totalling EUR 2.6 billion. In 2002, the Group was obliged to book EUR 772 million of provisions in accordance with its conservative provisioning policy.

Over the year, the Group's share price held up well: the Société Générale share outperformed the EURO STOXX BANK index by 15% and the CAC 40 index by 22%, against a difficult background for all stock market indices, including those of financial stocks.

Overall, 2002 confirmed the validity of the Group's positioning and objectives: a well-balanced and evolving business mix, sustainable and profitable growth, and a focus on value creation.
The Group's 80,000 employees work hard to implement this strategy, inspired by our core values of innovation, professionalism and team spirit.

In an ever-uncertain environment, the Group will be able to leverage these assets to continue to create significant value for its shareholders.

Interview

Société Générale is committed to corporate governance and sustainable development

You chaired the AFEP-MEDEF[1] working group's review of corporate governance. How is the Société Générale Group putting its recommendations into practice?

Daniel Bouton: For a number of years, Société Générale has endeavored to apply best practices in terms of corporate governance. As such, the Board has completely rewritten its Internal Rules and the Director's Charter to bring them into line with the recommendations of the AFEP-MEDEF report. The Board has recommended that the General Meeting of Shareholders increase the number of independent members on the Board from one third to half of all members. The Board also carried out a second self-appraisal of its performance.

Furthermore, our Annual Report provides full information on Société Générale's corporate governance.
This year's report not only contains the Group's by-laws, like last year, but also includes the Committee's Internal Rules and the Director's Charter. **In 2003, the Board will strive to improve corporate governance by focusing on three key issues: organization, transparency and appraisal,** respecting both the letter and the spirit of the recommendations of the AFEP-MEDEF report.

In 2001, Société Générale signed the United Nations Statement by Financial Institutions on the Environment and Sustainable Development. How has the Group implemented this initiative?

Daniel Bouton: I am convinced that the values that underpin the Group's economic performance are also key to its medium-term development. These values are already widely shared within the Group.

Société Générale believes that promoting these values provides the opportunity to reaffirm the mainstay of the banking industry, namely confidence. More than ever, and particularly in the light of recent events, the Group's behavior must convince its customers and shareholders that its business ethics are irreproachable. Employees are the Group's key asset, and as such, the Group must be an attractive employer, able to offer motivating career development prospects. Being a responsible company also means reaffirming the Group's role in the community, which we do through our sponsorship of major sporting and cultural events, for example.

Professionalism, Innovation and Team Spirit are the three values that the Société Générale Group highlighted in 2002. Why?

Daniel Bouton: The Société Générale Group has grown rapidly. Within the space of four years, we have developed into a truly international financial services group, with over 80,000 employees, of whom over 40% are based outside France. The three values, Professionalism, Team Spirit and Innovation, were chosen following an in-depth study that involved some 2,000 employees. A major communication campaign was launched in 17 languages in March 2002.

The aim is for these values to become the cornerstone underpinning the work of all Group employees.

The values, which are applied by all employees in their daily work and are materialized through management initiatives at the level of each entity, will contribute to driving the performance of each business within the Group: "generating value from our values".

(1) *Association Française des Entreprises Privées (Association of French Private-Sector Companies) and Mouvement des Entreprises de France (French Business Confederation).*

Three guiding principles: continued commercial development,

The crisis that hit the banking sector in 2002 was highly particular. It was not exactly a growth crisis, as no geographic region experienced a real recession in 2002, and some areas – such as Central and Eastern Europe and Asia (excluding Japan) – even continued to record sustained growth. Some have spoken of a crisis of confidence, resulting from a number of uncertainties at both a political level (insecurity linked to terrorism, crisis in Iraq, etc.) and an economic level (new technology sector, the German economy, etc.), and from a distrust of the mechanisms that regulate the financial markets (in particular, the belated discovery of accounting fraud in the United States). These uncertainties triggered a stock market crisis, marked by a sharp drop in banks' share prices and particularly high levels of volatility. The average level of the EURO STOXX BANK index stood at 244.77 points in 2002, with a high of 301.1 points on May 14, 2002 and a low of 160.79 points on October 9, 2002.

Some of these uncertainties may last for some time to come, maintaining high levels of volatility.

Against this backdrop, the guiding principles of Société Générale's 2004 strategic plan – continued commercial development, reduction in the breakeven point and improvement of the risk profile – as announced to the market on April 19, 2002, proved particularly relevant, even if adjustments to the assumptions of average economic and market conditions are necessary. These guiding principles are described below.

Continued commercial development

The Group will continue to develop its franchises, both quantitatively and qualitatively, through both organic and external growth. Société Générale is undoubtedly one of the best-placed financial groups in terms of growth drivers. It is the market leader in France on growth segments such as young graduates or "mass affluent" customers. The Group is present in regions offering strong growth potential, such as Central and Eastern Europe, where it is the fourth largest bank (1). In asset management, the Group is the third largest euro-zone bank (2) and has built up a top-tier position in alternative management. The Group will continue to invest in external growth opportunities in order to bolster its platform, while respecting its commitment to selectivity and shareholder value.

These investments will take the form of acquisitions or partnerships, which enable the Group to leverage its existing production capacities and increase its market share, while providing access to new customers. The creation of a multi-channel bank with Groupama, which will be operational as of 2003, is a good illustration of this strategy.

Lastly, the Group strives on an ongoing basis to improve the quality of service provided to its customers, and to adapt its structure accordingly. It is in this vein that the Corporate and Investment Banking sales teams were restructured in 2002, with the creation of the "Corporates & Institutions" division, designed to improve the coordination of customer relations.

(1) By number of customers (source: Société Générale).
(2) Source: Société Générale.

reduction in the breakeven and improvement of the risk profile.

Reduction in the breakeven point

The strategic plan provides for a sharp reduction in the cost/income ratio, based on the Group structure at December 31, 2001. This target remains the Société Générale Group's priority. Improving productivity and lowering costs remain the best ways of bolstering the Group's capacity to create value in an unstable environment. In order to achieve this, it has significant means at its disposal, notably the implementation of major productivity enhancement programs (such as the 4D project to optimize the retail banking distribution network), and the harnessing of synergies linked to the integration of recent acquisitions. These synergies will begin to have their full effect as of 2004. Lastly, the rightsizing of the Group's Investment Banking arm, which began in 2001 and was continued in 2002, will make a significant contribution to achieving this aim.

Continuation of efforts to improve the risk profile

The final part of the plan is designed to extend the Group's policy of allocating capital to those businesses that offer the best risk/reward trade-off, so as to improve the risk profile. This entails balancing the business mix, tightening the criteria governing the selection of transactions and the separation of risks, improving the sophistication of risk management and monitoring tools throughout the Group, and maintaining a conservative provisioning policy.

These principles are applied at the level of each of the Group's three core businesses, which complement each other and represent the cornerstone of Société Générale's business model. The three businesses each have the following priorities:

The Retail Banking

business will pursue its growth strategy focused along three axes: French Networks, Specialized Financial Services and Retail Banking outside France. Major acquisitions were made in the last two areas in 2002, with the takeover of Hertz Lease, Ford's European operational leasing and fleet management subsidiary, ranking the Group number two in Europe(3); the acquisition of a 53% stake in Eqdom, the leading consumer credit company in Morocco; and the acquisition of 52% of Union Internationale de Banques, one of the leading retail banks in Tunisia.

The Asset Management and Private Banking

business will continue to make acquisitions and set up partnerships to consolidate and develop its positions in the world's major investment centers: Europe, the United States and Japan, where it has launched SG Private Banking Japan. It is also extending its presence to China, with the formation of a joint venture between SG AM and the Chinese group Baosteel to create one of the first asset management partnerships in Shanghai.

The Corporate and Investment Banking

arm aims to achieve targeted and profitable growth, by securing leading positions in the businesses that it decides to develop – notably the euro bond market, where it registered strong growth in 2002, value-added financing activities, equity derivatives and fixed-income businesses – while permanently adapting its structure to the environment, notably in the equity businesses.

(3) Source: Datamonitor study DMAU0184, October 2001.

2002 Key Figures

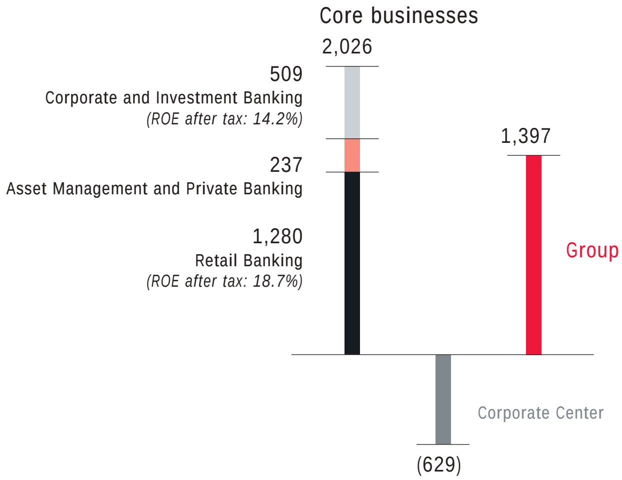
In 2002, net income totalled EUR 1.4 billion, down 35.1% on 2001, while operating income amounted to EUR 2.7 billion, up 1.6%.

This performance, which was achieved in a difficult environment, attests to the strength of the Société Générale Group.

Sound core profitability

Business line ROE after tax: 18.7%

ROE = Return on equity



CONTRIBUTION TO NET INCOME

In millions of euros

Group consolidated figures

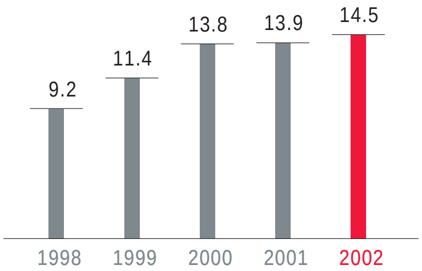
In millions of euros	2002	2001	2000	1999**	1998
Results					
Net banking income	14,454	13,874	13,799	11,409	9,238
Operating income	2,746	2,703	3,392	2,402	976
Net income before minority interests	1,651	2,327	2,877	2,066*	1,028*
Net income	1,397	2,154	2,698	1,980*	1,073*
Retail Banking (1)	1,280	1,139	1,014	852	725
Asset Management and Private Banking (1)	237	255	257	173	151
Corporate and Investment Banking (1)	509	654	1,144	713	(67)
Corporate Center and other (1)	(629)	106	283	242*	264*

* *Excluding impact of SG Paribas project.*

** *Figures restated in relation to those presented in the 1999 reports to take into account Regulation 99-07 of the French Accounting Regulation Committee (Comité de réglementation comptable).*

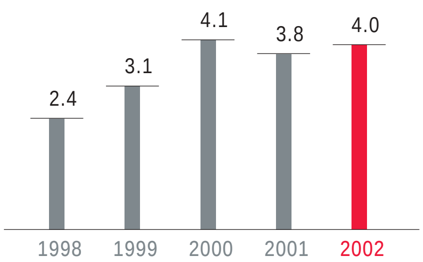
(1) *2000 and 2001 figures restated for internal changes made to the Group's structure in 2002.*

Growth trend in results over the medium term



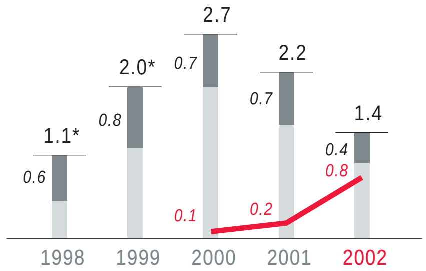
NET BANKING INCOME

In billions of euros



GROSS OPERATING INCOME

In billions of euros



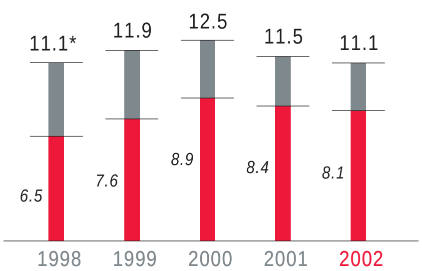
NET INCOME

Capital gains realized on the industrial equity portfolio

Provisions booked on the industrial equity portfolio

In billions of euros

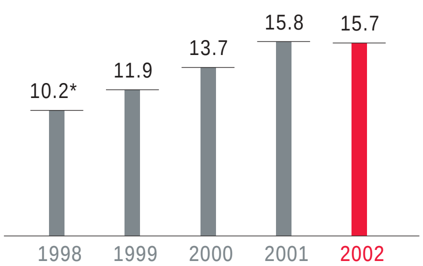
Solid fundamentals



B.I.S. RATIO

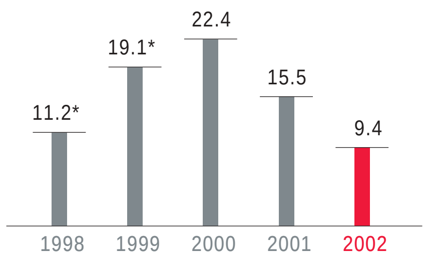
% (at year-end) *Tier-one ratio*

* *Excluding impact of SG Paribas project.*



SHAREHOLDERS' EQUITY

In billions of euros (at year-end)



ROE

%

In billions of euros	2002	2001	2000	1999**	1998
Activity					
Total assets and liabilities	501.3	512.5	455.9	435.5	383.5
Customer loans	174.1	167.5	148.5	132.8	126.1
Customer deposits	152.8	150.5	123.7	116.4	103.4
Assets under management	269	297.7	203.9	184.0	150.1
Equity					
Consolidated shareholders' equity	15.7	15.8	13.7	11.9	10.2*
Total equity (2)	19.5	19.9	16.9	14.2	11.8*
Average headcount (3)	88,278	86,574	71,149	66,020	58,600

(2) Consolidated shareholders' equity, minority interests, General Reserve for Banking Risks and preferred shares.
(3) Including temporary staff.

Société Générale Share Data

Société Générale Share

Stock market performance

In 2002, Société Générale's share outperformed the CAC 40 index by 22% and the EURO STOXX BANK index by 15%.

The closing price at the end of 2002 was EUR 55.5 (down by 12% on end-2001).

At December 31, 2002, Société Générale's shares were valued at a price-to-book of 1.45 (book value per share of EUR 38.4). At year-end, the Group's stock market capitalization amounted to EUR 23.9 billion, which ranked it ninth among CAC 40 stocks.

The market in Société Générale shares remained highly liquid in 2002, with an average daily trading volume of EUR 126 million, representing a daily capital rotation rate of 0.49% (compared with 0.37% in 2001). In value terms, Société Générale's shares were the ninth most actively traded in the CAC 40 index.

Stock exchange listing

Société Générale's share is listed on the Paris Bourse (deferred settlement market, continuous trading group A, share code 13080) and on the Tokyo Stock Exchange. It is also traded in the United States under an American Depositary Receipt (ADR) program.

Stock market indices

Société Générale is a component stock of the CAC 40, EURO STOXX 50, MSCI Europe, FTSE Eurotop and Dow Jones Sustainability Index World indices.

Total return for shareholders*

The following table shows the overall return on investment for Société Générale shareholders over different time periods ending December 31, 2002. Figures are given as a cumulative total and as an annualized average.

For example, a shareholder holding Société Générale shares from January 1, 1998 to December 31, 2002 (five years) would have received a cumulative total return* of 105.7% over the period, representing an average annual total return of 15.5%.

DURATION OF SHAREHOLDING	DATE	CUMULATIVE TOTAL RETURN*	AVERAGE ANNUAL TOTAL RETURN*
Since privatization	Jul. 9, 1987	413.1%	11.1%
15 years	Jan. 1, 1988	598.4%	13.8%
10 years	Jan. 1, 1993	200.4%	11.6%
5 years	Jan. 1, 1998	105.7%	15.5%
4 years	Jan. 1, 1999	80.6%	15.9%
3 years	Jan. 1, 2000	5.9%	1.9%
2 years	Jan. 1, 2001	–9.5%	–4.9%
1 year	Jan. 1, 2002	–7.8%	–7.8%

Source: Bloomberg * *Total return = capital gain + gross dividend reinvested in shares.*

Steady growth in dividend payment

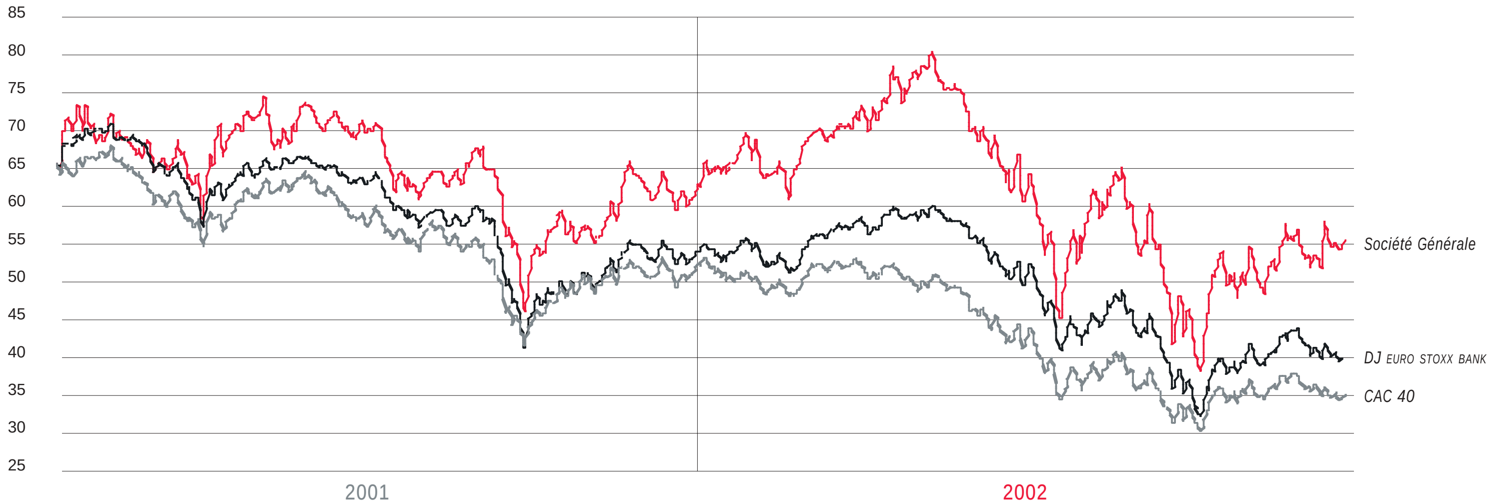
Between 1998 and 2002, the dividend paid by the Société Générale Group rose by 22% per year on average.

The Group's aim is to raise the payout ratio in relation to the average of recent years and to set it at a level close to 45%.

Dividend, payout ratio and gross yield

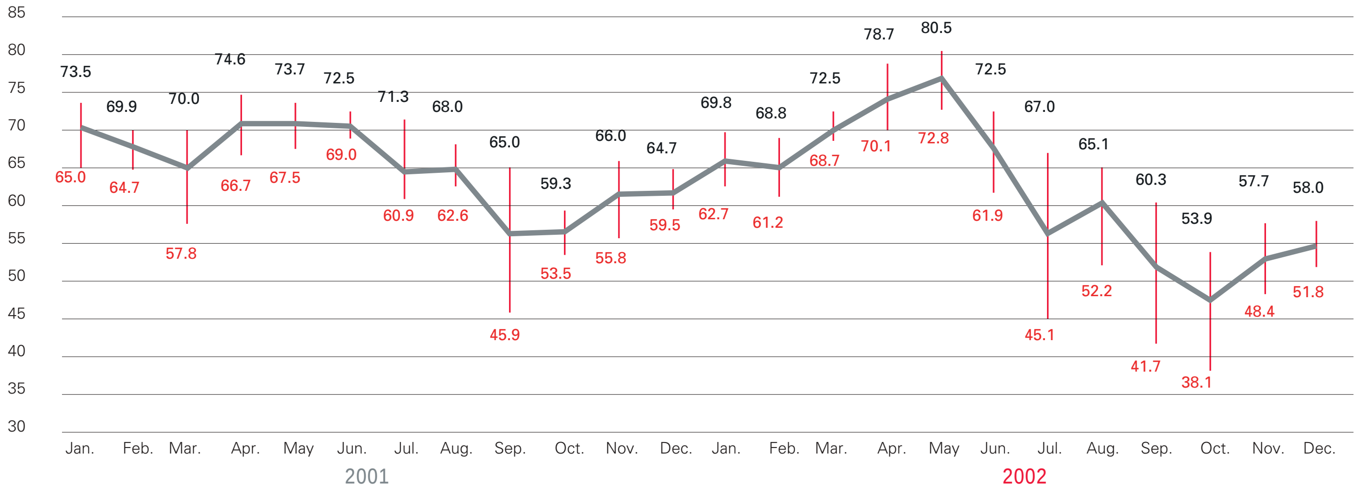
	2002	2001	2000	1999	1998
Net dividend *(in EUR)*	2.10 (1)	2.10	2.10	1.55	0.94
Gross dividend *(in EUR)* (2)	3.15 (1)	3.15	3.15	2.33	1.41
Payout ratio *(in %)* (3)	62	39	31	31	35
Gross yield *(in %)* (4)	5.7	5.0	4.8	4.0	4.1

(1) To be submitted to the AGM for approval.
(2) Net dividend + 50% tax credit.
(3) Net dividend/earnings per share.
(4) Gross dividend/closing price at end-December.



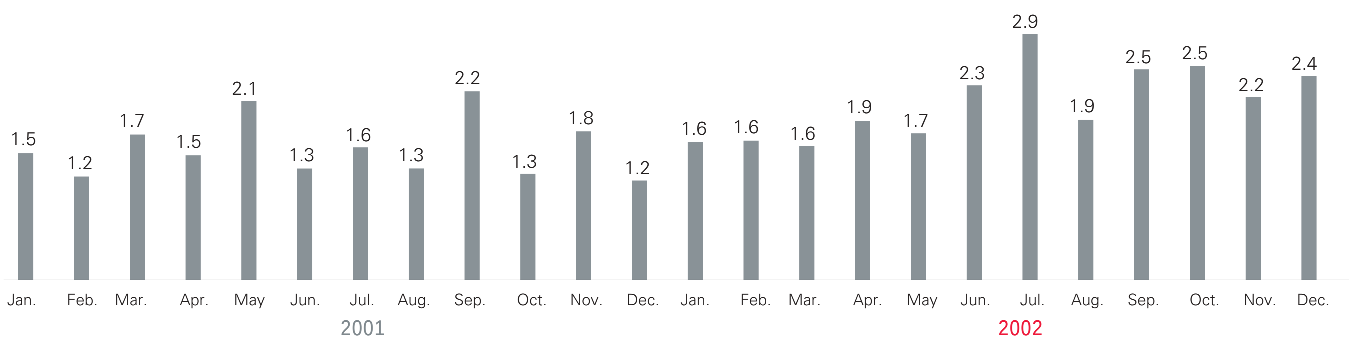
SHARE PERFORMANCE VERSUS CAC 40* AND DJ EURO STOXX BANK* INDICES SINCE DECEMBER 29, 2000

Société Générale · DJ EURO STOXX BANK · CAC 40 · * base = Société Générale share price · Source: Bloomberg



MONTHLY EVOLUTION OF SHARE PRICE

Highest closing price during month · Average closing price during month · Lowest closing price during month · Source: Bloomberg



TRADING VOLUMES

Volumes: daily average in millions of shares · Source: Bloomberg

Société Générale Share Data

Stock market data

		Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000	Dec. 31, 1999	Dec. 31, 1998
Common stock *(number of outstanding shares)* (1)		430,170,265	431,538,522	423,248,418	417,322,484	408,732,592
Market capitalization *(in EUR billion)*		23.9	27.1	28.0	24.1	14.1
Earnings per share (EPS) *(in EUR)*		3.41	5.35	6.78	4.90*	2.72*
Book value per share *– At year-end (EUR)*		38.4	38.6	34.4	29.6*	25.4*
Share price *(in EUR)*	High	80.5	74.6	70.1	58.5	57.3
	Low	38.1	45.9	48.2	32.5	20.3
	Close	55.5	62.9	66.2	57.8	34.5

(1) Nominal value: EUR 1.25 per share.   ** Excluding impact of SG Paribas project.*

Common stock

At December 31, 2002, the Group's common stock comprised 430.2 million shares with a nominal value of EUR 1.25 per share.

The reduction of 1.4 million in the number of outstanding shares during 2002 breaks down as follows:

- 7.2 million shares were cancelled pursuant to the decision of the Board of Directors of February 20, 2002;
- 4.9 million shares reserved for employees under the Company-sponsored employee share ownership plan (ESOP) were issued and subscribed for during the year;
- 0.9 million shares were issued following the exercise of stock options.

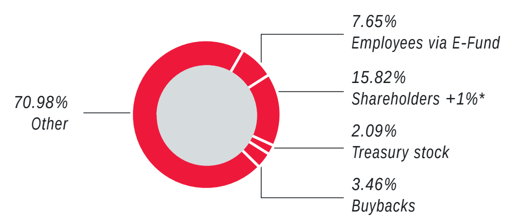
If all vested stock options were to be exercised, 5,924,235 shares would be issued, representing a maximum potential dilution of 1.38%. The Group's common stock would then amount to EUR 545,118,125, divided into 436,094,500 shares.

Share buybacks

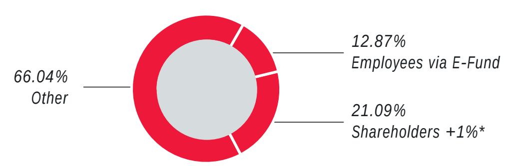
Since the launch of its share buyback program in September 1999, Société Générale has bought back 42.1 million shares on the market for a total net amount of EUR 2.4 billion. During 2002, it bought back 7.6 million shares for a total amount of EUR 442 million, and sold or transferred 3.3 million shares with a book value of EUR 225 million.

At December 31, 2002, the Group held 14.9 million of its own shares (excluding treasury stock), representing 3.46% of the capital and a book value of EUR 814 million. Of this total, 9.3 million shares with a book value of EUR 507 million are intended to be used to cover stock options awarded to employees.

Share ownership structure at December 31, 2002



AS % OF CAPITAL



AS % OF VOTING RIGHTS

** Excluding (UCITS).*

Three-year breakdown of capital and voting rights (1)

	At December 31, 2002		At December 31, 2001		At December 31, 2000	
	% of capital	% of voting rights	% of capital	% of voting rights	% of capital	% of voting rights
Employees and former employees via the E-Fund (39,344 people)	7.65%	12.87%	7.35%	12.30%	7.35%	12.45%
Aviva	4.14%	4.51%	6.69%	8.20%	6.75%	7.73%
Groupama / GAN	3.08%	2.82%	(3)	(3)	(3)	(3)
Meiji Life	2.97%	5.28%	3.19%	5.63%	3.25%	5.76%
CDC (2)	1.88%	2.94%	2.52%	3.39%	2.52%	3.43%
PSA	1.66%	3.00%	2.10%	3.47%	2.14%	3.55%
Dexia	1.40%	1.28%	1.32%	1.17%	n.d.	n.d.
Pernod Ricard	0.69%	1.26%	1.16%	2.06%	1.19%	2.10%
AGF	(3)	(3)	2.50%	3.94%	2.77%	4.39%
SCH	(3)	(3)	1.50%	1.33%	5.93%	5.25%
Free float	70.98%	66.04%	65.46%	58.51%	61.22%	55.34%
Buybacks	3.46%	0.00%	4.12%	0.00%	4.76%	0.00%
Treasury stock	2.09%	0.00%	2.08%	0.00%	2.12%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Number of outstanding shares	430,170,265	469,480,478	431,538,522	488,787,663	423,248,418	477,614,214

To the best of Société Générale's Knowledge, no other shareholders hold more than 1% of the capital or voting rights, excluding undertakings for collective investment in transferable securities (UCITS).
(1) Including double voting rights (Article 14 of the Company's by-laws).
(2) CDC (general section only), excluding CDC IXIS Capital Markets and lent securities.
(3) Shareholders holding less than 1% of the capital or voting rights, at the closing date.

At June 30, 2002, on the basis of a study of identifiable bearer securities, the Société Générale Group had over 300,000 individual shareholders (representing 6.9% of the capital, excluding the employee share ownership plan and shares held directly by employees).

Corporate Governance

Information on corporate governance

Société Générale respects the recommendations of the 1995 and 1999 Viénot reports and the September 2002 AFEP-MEDEF[1] report on corporate governance.

Société Générale's Board of Directors set up three Committees in September 1995, namely the Audit Committee, the Compensation Committee and the Nomination Committee. In early 2000, the Board adopted internal rules that incorporate the key recommendations on corporate governance. A Director's Charter lays out the compliance rules applicable to the Directors of Société Générale.

These texts were amended and updated in 2001, 2002 and early 2003 in light of the 1999 and 2002 corporate governance reports, of the recommendation of the French Securities and Exchange Commission (COB) on transactions made by chief executive officers, and of two performance self-appraisals carried out by the Board in early 2000 and late 2002.

The most recent amendments were adopted by the Board on January 15, 2003 following a recommendation by an ad hoc committee composed of three board members: Messrs Cannac, Pruvost and Viénot.

In May 2002, in accordance with a resolution adopted by the General Meeting of Shareholders, the Board of Directors upheld the Group's monistic management structure, whereby Daniel Bouton occupies the combined position of Chairman and Chief Executive Officer, and is assisted by Philippe Citerne in his capacity as Chief Executive Officer.

The internal rules and the Director's Charter, together with the Company's by-laws, are included as an appendix to the Annual Report.

This chapter was approved by the Board of Directors during its meeting of February 12, 2003.

Board of Directors

Composition (at December 31, 2002)

The Board of Directors has sixteen members, three of whom are representatives elected by employees. Four directors are non-French nationals. The average age of directors is 62.

The Board of Directors adheres to the recommendations of the AFEP-MEDEF report of September 2002 and, on the basis of a report of its Nomination Committee, examined the situation of each of its members at January 31, 2003 with respect to the independence criteria laid out in the aforementioned report. In particular, it examined the banking relations between the Group and the companies that its directors manage, with a view to determining whether these relationships were of such nature and importance as to color the directors' judgment. This analysis was based on a multicriteria examination that factored in a number of parameters, including the company's total debt level and liquidity, the volume of bank loans in relation to total debt, the amount of Société Générale's commitments and the ratio of these commitments to total bank loans, other commercial relations, etc. The Board of Directors also analyzed thoroughly the situation of those Directors with links to groups that hold Société Générale shares.

With respect to these criteria, the Board of Directors considered that Messrs Baird, Calvet and Cannac should be regarded as independent directors, as was the case in the 2001 Annual Report. Mr Jeancourt Galignani, who was not considered to be independent in 2001, is now considered as such, since he has no links with the Group likely to compromise his judgment. Meiji Life is also regarded as independent, since its direct and indirect holding in Société Générale is significantly less than 10%[2] of the share capital and it has no other link with Société Générale or its management that may affect its judgment. Meiji Life has been a director since 1988, while the AFEP-MEDEF report of September 2002 stipulates that independent directors must not remain on the Board for more than 12 years. However, in accordance with this report, the loss of status of independent director based on this criterion only comes into effect at the end of the term within which the director completes 12 years on the board – in this case in 2005, since Meiji Life's mandate was last renewed in 1999, at which date it had not completed 12 years. Mr Ricard is now considered as an independent director, since the banking relations between the group he chairs and Société Générale are not of a nature to impair his judgment, and the cross-shareholdings between the two groups were unwound at the end of 2002[3].

(1) Association Française des Entreprises Privées (Association of French Private-Sector Companies) and Mouvement des Entreprises de France (French Business Confederation).

(2) See Share Ownership Structure, page 10.

(3) At the end of 2002, Société Générale fully disposed of its holding in SIFA - the holding company that owns part of Pernod Ricard's capital - and gave up its seat on SIFA's Board, on which Mr Ricard is the permanent

Messrs Tchuruk and Bilger, who were presented as independent directors in the 2001 Annual Report, can no longer be considered as such under the new criteria, given the importance of the banking relations between Société Générale and the companies they managed at December 31, 2002 [4]. The other directors are not considered as independent under the criteria set out in the AFEP-MEDEF report.

Therefore, six of the sixteen directors are independent, representing over one-third of Board members, in accordance with the recommendations of the Viénot report. The Board aims to progressively ensure that half of all directors are independent, as recommended in the AFEP-MEDEF report of September 2002, as and when mandates expire. If the General Meeting of Shareholders approves the appointments proposed by the Board, the number of independent directors will rise from 6 to 8 of the 17 members, representing 47% of the Board of Directors and 57% of directors appointed by the General Meeting, in line with the 50% recommended by the AFEP-MEDEF report of September 2002.

In 2000, the General Meeting of Shareholders approved the reduction in the term of directors' new mandates to four years (instead of six years), which will eventually enable around one-quarter of the directors' mandates awarded by the General Meeting to be renewed each year (directors representing employees are appointed by election every three years).

Directors

The Group's directors hold a significant number of shares personally: although the statutory minimum is 200 shares, the Director's Charter recommends that each director appointed by shareholders hold at least 600 Group shares.

The Director's Charter stipulates that directors of Société Générale should abstain from carrying out transactions on securities issued by companies about which they have access to inside information. This rule was reinforced in January 2001, since when directors, like Group executives with access to privileged information, are prohibited from carrying out transactions in Société Générale shares during the thirty days prior to the publication of results, and from carrying out speculative trading in Société Générale shares (shares must be held for at least two months, options trading is banned).

In addition, the Director's Charter applies the COB's recommendation regarding the transparency of transactions. Directors must inform Société Générale twice a year of any transactions carried out in Société Générale shares, and this information is passed on to the COB for publication.

Functioning of the Board

In compliance with the Board's internal rules, the Board of Directors is convened by the Chairman or at the request of one-third of Board members, using any means. The Board meets at least five times a year, notably to approve the parent company and consolidated financial statements. At least once a year, one item on the agenda is devoted to appraising the Board's performance. Similarly, the Board also deliberates at least once a year on the risks to which the Company is exposed.

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

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

Duties and powers of the Board

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

representative of the Pernod Ricard Group. The Société Générale Group still holds 4.2% of the Pernod Ricard group's capital, but is not represented on the company's Board of Directors and this investment affords the Group no control over the company. The agreement signed between Pernod Ricard and Société Générale in June 1997 was amended on December 18, 2002, and now only provides Société Générale with a preemptive right to buy the Société Générale shares held by Pernod Ricard at this date (less than 0.8% of Société Générale's share capital).

(4) Although as of January 1, 2003, Mr Bilger is no longer Chief Executive Officer of Alstom, he is not considered to be an independent director since he remains Chairman of Alstom's Board of Directors.

In accordance with the AFEP-MEDEF report of September 2002, the internal rules clearly state the rules applicable as of 2003 in cases where the Board of Directors gives its prior approval to investment projects or more general strategic transactions (see Article 1 of the Internal Rules).

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

The Board sets the remuneration of the chief executive officers.

Activity report of the Board of Directors

The Board of Directors met eight times in 2002, with the meetings lasting an average of nearly 3 hours. The presence of directors at Board Meetings is given by the Board attendance rate, which stood at 79% in 2002 (compared with 81% in 2001).

The Board notably carried out a strategic review of the Group's businesses, and discussed the 2002-2004 plan.

The first meeting of the year was devoted to examining the 2002 budget. At four subsequent meetings the Board approved the annual, half-yearly and quarterly results.

The Board discussed the Group's significant acquisitions and disposals, including the acquisition of Union Internationale de Banques in Tunisia, the takeover of Hertz Lease and the acquisition of Boursorama by Fimatex. A meeting was called to discuss Société Générale's response to the French government's call for tender in relation to the disposal of its holding in Crédit Lyonnais.

Furthermore, the Board examined the principal risks incurred by the Group, notably those concerning Argentina, Côte d'Ivoire, Lebanon and Brazil, as well as those caused by the collapse of Enron and the risks linked to companies active in the telecom and media sector.

It also discussed a variety of other matters, including the restructuring of the Investment Banking business and a number of major real estate projects, in particular the plan to build a third tower at La Défense.

Appraisal of the Board of Directors

The Board of Directors carried out its second performance self-appraisal during the autumn of 2002, following that carried out in 2000. This appraisal was organized with the assistance of an external consultancy firm, which interviewed all board members – both one-on-one and using a detailed questionnaire approved by the Nomination Committee – to ascertain their views on how the Board operates and their suggestions for improvements. The consultancy firm produced an anonymous summary of responses, which was presented to and discussed by directors in November 2002 and January 2003. Several changes to the way in which the Board functions were decided on the basis of this appraisal, some of which gave rise to amendments to the internal rules and the Director's Charter, notably as regards Board members' access to information, the content and organization of meetings, and the missions and functioning of the committees.

Board Committees

The Board's internal rules stipulate that its decisions in certain areas are prepared by specialized committees made up of directors appointed by the Board. These committees examine matters that fall within their remit, and submit their opinions and proposals to the Board for approval. Three such committees have been created: the Audit Committee, the Compensation Committee and the Nomination Committee. The Board may also set up one or more ad hoc committees. An ad hoc committee was created in 2002 to review the internal rules and the Director's Charter.

Composition and missions of the Audit Committee

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

- reviewing the draft financial statements before they are submitted to the Board, notably with a view to verifying how they were prepared and ensuring the relevance and consistency of the accounting principles and methods applied;

- reviewing the choice of methods and rules used in the preparation of the consolidated accounts;
- reviewing the consistency of procedures put in place to ensure proper internal control of operations, risk management and compliance with the corporate ethical policy;
- managing the process for selecting the Statutory Auditors and providing the Board with an opinion on the appointment or renewal of the Statutory Auditors, as well as on their remuneration;
- ensuring that the Statutory Auditors remain independent and examining the work schedule of the Statutory Auditors;
- examining the Group's internal audit schedule and the annual report on internal control drawn up in accordance with banking regulations, and formulating an opinion on the organization and functioning of the internal audit departments;
- examining follow-up letters sent by the French Banking Commission and issuing an opinion on draft responses.

Activity report of the Audit Committee

The Committee met eight times in 2002, with an attendance rate of 96%.

At each closing of the accounts, the Audit Committee now meets alone with the Statutory Auditors, before hearing the presentation of the accounts by the Chief Financial Officer and comments by the Head of Group Risk Management and the Corporate Secretary on matters pertaining to risks. More detailed presentations are made by other managers, where appropriate without the presence of senior management, on certain subjects, notably the principal risks incurred by the Group, internal control, asset/liability management and the financial aspects of acquisition plans. While the chief executive officers never attended Audit Committee meetings in the past, one of them now attends part of the meetings called to approve the accounts and answers the Committee's questions on the key events over the period in question. The Statutory Auditors attend meetings of the Audit Committee, unless the Committee decides otherwise.

In 2002, the Committee reviewed the draft annual, half-yearly and quarterly consolidated financial statements before their presentation to the Board, and submitted its opinion on these statements to the Board. In particular, it checked the adequacy of provisioning in relation to the principal identified risks, as well as the methods and level of provisioning on the investment portfolios. It closely monitors operating expenses and expenses relating to the main positions at risk.

It examined the report on internal control, the report on risk assessment and monitoring procedures (in compliance with articles 42 and 43 respectively of Regulation 97.02 of the French Banking Regulation Committee relating to internal controls), the annual internal audit schedule, and the programs to improve internal audit and risk management.

The Committee was presented with the Group's balance sheet and off-balance sheet, and was informed of anti-money-laundering arrangements.

It discussed the audit schedule and the Statutory Auditors' budget for 2002. It put forward a proposal to the Board of Directors for stricter rules governing missions liable to be entrusted to the Statutory Auditors and the networks to which they belong, and managed the process for selecting a new Statutory Auditor (see "Statutory Auditors" section, page 17).

The Committee reviewed the procedures used to control certain market risks and was consulted on the annual revision of limits set in this respect. It was also consulted on draft responses made by the Group to follow-up letters from the French Banking Commission. Lastly, it issued an opinion on the financial aspects of certain acquisition plans.

Composition and missions of the Compensation Committee

Made up of 3 independent directors, Messrs Baird, Jeancourt Galignani and Seillière, and chaired by Mr Seillière until his resignation in December 2002 (Mr Ricard has replaced Mr Seillière as a member of the committee and Mr Jeancourt Galignani now serves at its chairman), the Compensation Committee:

- draws up and submits to the Board the criteria for determining the remuneration of the chief executive officers, including benefits in kind, insurance and pension benefits, as well as compensation of all kinds received from Group companies; it ensures these criteria are properly applied, in particular the rules governing performance-linked payments;
- advises the Board on the policy for awarding stock options, and formulates an opinion on the list of beneficiaries;
- is kept informed of the Group's compensation policy, in particular that applicable to the senior managers.

As of 2003, the Committee shall:

- prepare the annual appraisal of chief executive officers and meet with the Group's outside directors to discuss these appraisals;
- prepare Board decisions regarding employee savings schemes.

Activity report of the Compensation Committee

The Compensation Committee met three times in 2002. The attendance rate of its members stood at 89%.

The Committee recommended retaining the method used to calculate the variable portion of chief executive officers' compensation for 2001, while specifying targets for the qualitative appraisal of their performance (see "Remuneration of Senior Managers", page 23).

The Committee reviewed Group policy with respect to stock option plans. It recommended that the Board maintain the principle of an annual plan, to be submitted to the Board at regular, pre-determined intervals, and suggested maintaining practices used in previous plans with regard to beneficiaries, price and the minimum holding period (see "Stock Options" section, page 25). It also recommended that the chief executive officers and members of the Executive Committee be obliged to hold a minimum number of Société Générale shares.

Composition and missions of the Nomination Committee

The Nomination Committee is composed of the Chairman of the Board and the three members of the Compensation Committee. It is chaired by the Chairman of the Compensation Committee and makes proposals to the Board for the appointment of new Board members and for the replacement of chief executive officers, especially in the case of an unexpected vacancy. It has drawn up a list of replacement chief executive officers that can be submitted to the Board whenever necessary.

The Nomination Committee prepares the Board of Directors' review of issues pertaining to corporate governance and carries out the appraisal of the Board of Directors. It submits proposals to the Board of Directors for the presentation of Board members in the Annual Report, notably as regards the list of independent directors. It makes proposals to the Board regarding its composition, after carrying out any necessary inquiries. The Nomination Committee is informed in advance of all appointments of members of the Group's Executive Committee and corporate department heads who are not members of the Executive Committee, and is informed of the list of replacements for these key managers.

Activity report of the Nomination Committee

The Nomination Committee met twice in 2002; all members attended both meetings.

The Committee discussed the procedure to be followed for the Board's self-appraisal and submitted the procedure for the Board's approval (see "Appraisal of the Board of Directors" section, page 14). It was informed of the arrangements set up to ensure that future senior managers are prepared for their roles and recommended that Management increase the presence of female and international representatives in key Group management positions.

The Committee examined how the recommendations of the AFEP-MEDEF corporate governance report of September 2002 should be applied within Société Générale and recommended that the Board of Directors set up an ad hoc committee to review the internal rules and the Directors' Charter and report its findings to the Board (see "Information on Corporate Governance" section, page 12). It discussed the composition of the Board of Directors and how it should evolve, notably in the light of the recommendations of the AFEP-MEDEF report, and submitted proposals in this respect to the Board of Directors (see "Composition of the Board of Directors" section, page 12).

Statutory Auditors

The accounts of Société Générale are certified jointly by Ernst & Young Audit, represented by Mr Christian Mouillon, and Barbier Frinault & Autres (formerly Andersen), represented by Mr Philippe Peuch-Lestrade and Ms Isabelle Santenac. The Statutory Auditors were appointed for a six-year period by the General Meeting of Shareholders on April 18, 2000.

This appointment was proposed by the Board on the recommendation of the Audit Committee. The latter gave its opinion on the proposal put forward by an internal jury, based on an international invitation to tender.
In view of the planned merger of the two audit firms, which will compromise their independence with respect to each other, Barbier Frinault & Autres announced its resignation effective following the certification of the accounts for the 2002 financial year, to enable the appointment of a new Statutory Auditor. The Board of Directors asked its Audit Committee to organize an invitation to tender process to select a replacement.
The Committee approved the terms of the invitation to tender and the choice of the four audit firms invited to bid.
An internal committee, chaired jointly by the Chief Financial Officer and the Corporate Secretary, analyzed the bids and interviewed candidates, before submitting its conclusions to the Audit Committee. The Audit Committee then interviewed candidates and selected Deloitte Touche Tohmatsu in a recommendation to the Board of Directors. The General Meeting of Shareholders is invited to approve this appointment.

In 2001, with a view to reinforcing the independence of the Company's Statutory Auditors, the Board limited the fees paid to the Statutory Auditors and their networks for non-audit work, to a maximum of 30% of their total fees.

On August 1, 2002, the Board approved stricter rules distinguishing between the types of mission that may be entrusted to external auditors and the networks to which they belong.
Only audit assignments and related or complementary work may be entrusted to external auditors – all other missions are prohibited in all Group companies, unless prior authorization is obtained from the Audit Committee.

The Statutory Auditors will declare the fees earned for their work each year and have undertaken to respect the aforementioned rules.

A report will be submitted to the Audit Committee each year on the way in which the aforementioned rules have been applied, with details of the fees paid for each type of assignment to the networks to which the Statutory Auditors belong.

The Audit Committee must give prior approval in the event that exceptional circumstances warrant exemption from the aforementioned rules in the interests of the Group.

Corporate Governance

	YEAR OF FIRST APPOINTMENT AND YEAR IN WHICH CURRENT MANDATE WILL EXPIRE	PRINCIPAL POSITION	OTHER DIRECTORSHIPS IN LISTED COMPANIES [1]	BIOGRAPHY
 **Daniel Bouton** Member of the Nomination Committee Date of birth: April 10, 1950 Holds 10,500 shares	1997-2003	Chairman and Chief Executive Officer of Société Générale	*Director:* Arcelor (since February 15, 2002), Schneider Electric SA, Total Fina Elf SA *Member of Supervisory Board:* Vivendi Environnement	Budget Director at the Ministry of Finance (1988-1990). Joined Société Générale in 1991 Appointed Chief Executive Officer in 1993. Chairman and Chief Executive Officer since November 1997.
 **Philippe Citerne** Date of birth: April 14, 1949 Holds 17,600 shares	2001-2004	Chief Executive Officer of Société Générale (in accordance with the Loi NRE of May 15, 2001)	*Director:* Unicredito Italiano Spa *Permanent representative of Société Générale on the Board of Directors:* TF1	After a career at the Ministry of Finance, he joined Société Générale in 1979. Head of Economic Research in 1984, Group Chief Financial Officer in 1986, Senior Executive Vice-President, Human Relations in 1990. Appointed Chief Executive in 1995 and Chief Executive Officer in November 1997.
 **Marc Viénot** [2] Date of birth: November 1, 1928 Holds 34,988 shares	1986-2003	Honorary Chairman of Société Générale Chairman of Paris Europlace	*Director:* Alcatel, Ciments Français, *Member of Supervisory Board:* Aventis *Directorship expired in 2002:* Vivendi Universal on December 3, 2002	After a career at the French Treasury, he joined Société Générale in 1973. Chief Executive Officer in 1977. Chairman from 1986 to 1997.
 **Euan Baird** Independent director [3] Member of the Nomination Committee and Compensation Committee Date of birth: September 16, 1937 Holds 600 shares	2001-2004	Chairman and Chief Executive Officer of Schlumberger	*Director:* Rolls Royce (since November 1, 2002), Scottish Power, AREVA	British national. Joined the Schlumberger group in 1960, where he became Deputy Chief Executive of wireline operations in 1979. Appointed Chairman of Schlumberger in 1986.
 **Pierre Bilger** Date of birth: May 27, 1940 Holds 4,000 shares	1999-2005	Chairman of ALSTOM	Director: Thales (since January 30, 2003)	After a career at the Ministry of Finance, he joined the CGE group in 1982. Chairman and Chief Executive Officer of GEC ALSTHOM from 1991, then of ALSTOM from 1998 until December 31, 2002.
 **Jacques Calvet** Independent director [3] Chairman of the Audit Committee Date of birth: September 19, 1931 Holds 1,064 shares	1989-2004	Corporate Director	*Chairman of Supervisory Board:* BHV *Vice-Chairman of Supervisory Board:* Galeries Lafayette. *Member of Supervisory Board:* Axa, Vivarte. *Director:* Société Foncière Lyonnaise *Non-voting director:* Cottin Frères EPI-Société Européenne de Participations Industrielles	Chairman of BNP from 1979 to 1982, and of PSA from 1982 to 1997.
 **Yves Cannac** Independent director [3] Member of Audit Committee Date de naissance : March 23, 1935 Holds 900 actions	1997-2003	Member of *Conseil économique et social* (French government advisory committee)	*Director:* AGF, Danone	Chairman of Havas from 1978 to 1981. Chairman of Cegos from 1985 to 1999.
 **Robert A. Day** [4] Date of birth: December 11, 1943 Holds 2,044,000 shares	2002-2006	Chairman and Chief Executive Officer of TCW Group Inc.	*Director:* Freeport	US national. Attended Robert Louis Stevenson School until 1961, then graduated from Claremont McKenna College with a Bachelor of Science (Economics) in 1965. Portfolio manager for White, Weld & Cy. investment bank in New York as of 1965. Founded Trust Company of the West (TCW) in 1971.

* *The number of shares is given as at December 31, 2002.*

Mr Seillière de Laborde resigned on December 3, 2002 and Mr Gourichon resigned on December 9, 2002.

(1) Other directorships in unlisted companies are shown on page 20.

(2) Former senior officer.

(3) See pages 12 and 13.

BOARD OF DIRECTORS AS AT JANUARY 31, 2003*

		YEAR OF FIRST APPOINTMENT AND YEAR IN WHICH CURRENT MANDATE WILL EXPIRE	PRINCIPAL POSITION	OTHER DIRECTORSHIPS IN LISTED COMPANIES (1)	BIOGRAPHY
	**Antoine Jeancourt Galignani** Independent director (3) Chairman of the Nomination Committee and the Compensation Committee Date of birth: January 12, 1937 Holds 724 shares	1994-2004	Chairman of GECINA	*Chairman of the Board of Directors:* Simco since December 4, 2002. *Director:* AGF, Total Fina Elf SA, Kaufman et Broad *Chairman of Supervisory Board:* Euro Disney Sca	Deputy Chief Executive of Crédit Agricole from 1973 to 1979. Appointed Chief Executive Officer of Banque Indosuez in 1979 and Chairman from 1988 to 1994. Chairman of AGF from 1994 to 2001, became Chairman of GECINA in June 2001.
	**Meiji Life Insurance Company** Holds 12,769,317 shares				Mutual insurance company active in life insurance.
	Represented by **Kenjiro Hata** Independent director (3) Date of birth: July 27, 1928	1988-2005	Chairman and Chief Executive Officer of Meiji Life Insurance Company	*Director:* Kirin Brewerey Cy Ltd. *Developer:* Mitsubishi Paper Mills Ltd., Chubu Electric Power Cy	Japanese national. Joined Meiji Life group in 1954. Appointed President in 1990 and Chairman in 1998.
	**Patrick Ricard** Independent director (3) Member of the Nomination Committee and the Compensation Committee Date of birth: May 12, 1945 Holds 200 shares	1994-2005	Chairman and Chief Executive Officer of Pernod-Ricard	*Director:* Provimi, Altadis	Joined Pernod Ricard group in 1967. Chairman since 1978.
	**Serge Tchuruk** Date of birth: November 13, 1937 Holds 2,500 shares	1999-2003	Chairman and Chief Executive Officer of Alcatel	*Director:* Thales, Total Fina Elf SA	Held various posts in France and the USA within the Mobil Group, then became Chief Executive Officer of Rhône Poulenc in 1983. Appointed Chairman of Total in 1990 and joined Alcatel as Chairman in 1995.
	**Anthony Wyand** (5) Member of the Audit Committee Date of birth: November 24, 1943 Holds 1,000 shares	2002-2003	Executive Director of AVIVA Chairman of Supervisory Board of CGU France	*Director:* Unicredito Italiano Spa, Société Foncière Lyonnaise *Group Executive Director :* CGNU *Non executive Director :* Grosvenor Group Holding Ltd.	British national. Joined Commercial Union in 1971.
	**Gérard Baude** Director elected by employees Date of birth: November 1, 1947 Holds 240 shares	1993-2003	Employee in Means of Payment department of the Aix-en-Provence branch		Société Générale employee since 1968.
	**Marie-Thérèse Henry** (6) Director elected by employees Date of birth: August 21, 1947 Holds 300 shares	2000-2003	Receptionist Franche Comté Entreprise		Société Générale employee since 1965.
	**Philippe Pruvost** Director elected by employees Date of birth: March 2, 1949 Holds 2,700 shares	2000-2003	Asset manager advisor at the Menton branch		Société Générale employee since 1971.

(4) Senior officer of a subsidiary of the Société Générale Group.
(5) An executive of a company whose Board members include a representative of Société Générale.
(6) Replaces Mr Gourichon.

*Directors whose ratification is submitted for the approval of the General Meeting of Shareholders**

RENEWALS	PRINCIPAL POSITION	MANDATES HELD IN 2002	BIOGRAPHY
Daniel Bouton	Chairman and Chief Executive Office of Société Générale	See page 18	See page 18
Yves Cannac	Member of *Conseil économique et social*	See page 18 and below	See page 18
Marc Viénot	Honorary Chairman of Société Générale	See page 18 and below	See page 18
Anthony Wyand	Executive Director of AVIVA Chairman of Supervisory Board of CGU France	See page 19 and below	See page 19

APPOINTMENTS	PRINCIPAL POSITION	MANDATES HELD IN 2002	BIOGRAPHY
 Elie Cohen Date of birth: December 8, 1946 Independent director	Professor at the *Université de Paris-Dauphine*		Professor in management, PhD in economics. Professor at *Paris-Dauphine*. President of the *Université de Paris-Dauphine (1994-1999).*
 Elisabeth Lulin Date of birth: May 8, 1966 Independent director	Founder and CEO of Paradigmes et caetera (company specialized in benchmarking and public policy forecasting)	Director of Doma Viva SA (unlisted company)	After a career at the Ministry of Finance (1991-1996), as adviser to Edouard Balladur and subsequently as technical adviser to Alain Juppé (1994-1995), head of the external communication unit at INSEE (1996-1998). CEO of Paradigmes et caetera since 1998.

* The election of the employee representatives on the Board took place on January 14, 2003. The following directors, whose mandates will run as of April 22, 2003. Were elected or re-elected: Messrs. Gérard Baude, Philippe Pruvost and Marc Sonnet.

Directorships in unlisted joint-stock companies held during 2002

Philippe Citerne

Director: Geneval, Crédit du Nord, SG Hambros Bank and Trust Ltd., Trust Company of the West TCW. *Mandate ended in 2002: Permanent representative of Société Générale on the Board of Directors of* Answork

Marc Viénot

Director: Société Générale Marocaine de Banques

Euan Baird

Director: The Haven Management Trust

Pierre Bilger

Member of Supervisory Board: ALSTOM NV, ALSTOM GmbH
Member of International Consultative Committee: Renault Nissan
Mandate ended in 2002: ALSTOM UK Ltd.

Yves Cannac

Director: Caisse des Dépôts Développement (C3D), CEGOS

Robert A. Day

Director: McMoRan Copper & Gold Inc., McMoRan Exploration Co., Fisher Scientific International Inc., Syntroleum Corp., Foly Timber, Synta Pharmaceuticals

Antoine Jeancourt Galignani

Chairman of the Board of Directors: Société Nationale d'Assurances Holding (Bermuda) Ltd. *Director:* Société Nationale d'Assurances SAL (Liban), Société Nationale d'Assurances-Re (Bermuda). *Member of Supervisory Board:* Fox Kids Europe NV (Pays-Bas)

Patrick Ricard

Chairman of the Board of Directors: Comrie Public Limited Cy.
Director: Martell & Cie, PR Europe Spirits & Wines SA, PR. Finance SA, Société Paul Ricard, Société Paul Ricard & Fils, Austin Nichols and C° Inc., Austin Nichols (International) Inc., Anco Do Brasil Inc., Austin Nichols Export Sales Inc., Aberlour Glenlivet Distillery, Boulevard Distillers and Importers Inc., Boulevard Export Sales Inc., Peribel, Distillerie Fratelli Ramazzoti Spa, Duncan Fraser and Company Ltd., Glenforres Glenlivet Distillery, House of Campbell Ltd., Irish Distillers Group Ltd., PR Larios, Muir Mackenzie and Company Ltd., Pernod Ricard Swiss, Peri Mauritius, PR Nederlands Spirits and Wines BV, Polairen Trading Ltd., Populous Trading Ltd., Sankaty Trading Ltd., White Heather Distillers Ltd., W. Whiteley and Company Ltd., World Brands Duty Free Ltd. *Representative of Pernod Ricard on the Board of Directors:* Cusenier, JFA, Pampryl, Pernod, Ricard, Santa Lina, Campbell Distillers Ltd., Havana Club Holdings SA. *Representative of Santa Lina on the Board of Directors:* Cie Financière des produits Orangina, Société Immobilière et Financière pour l'Alimentation (Sifa)

Serge Tchuruk

Chairman of the Board of Directors: Alcatel Usa Holdings Corp.
Member of Supervisory Board: Alcatel Deutschland GmbH

Anthony Wyand

Executive Vice-President : Victoire Asset Management
Director: Aviva Holdings Poland Ltd, North British Mercantile Insurance Cy Ltd., Norwich Union Overseas Holding BV, Norwich Union Overseas Ltd., The Road Transpost and general Insurance Cy Ltd., Scottish Insurance Corporation Ltd., The Yorkshire Insurance Company Ltd. Abeille Assurances, Abeille Vie SA, CGU Group BV, CGU Insurance Plc, CGU International Holdings BV, Commercial Union Finance BV, Commercial Union Holdings (France) Ltd., Commercial Union International Holdings Ltd., Delta Lloyd NV, Eurofil SA, General Accident Plc, Northen Assurance Company Ltd., Norwich Union Plc, Royal St George Banque SA
Director and Vice-Chairman: CGU International Insurance Plc.
Member of Supervisory Board: Commercial Union Polska General Insurance Company SA, Commercial Union Polska Life Assurance Company SA, Commercial Union Polska Towarzyshwo Ubezpieczen Na Zycie SA, Commercial Union Polska Towarzyshwo Ubezpieczen Ogolnych Spo Ka Akcyina

Mission:

Ensure the strategic management of the Group under the authority of the Chairman and Chief Executive Officer

Daniel Bouton

Chairman and Chief Executive Officer

Philippe Citerne

Chief Executive Officer

Didier Alix

Chief Executive Officer of Retail Banking

Jean-Pierre Mustier

Chief Executive Officer of SG Corporate and Investment Banking

Philippe Collas

Chief Executive Officer of Asset Management, Chairman and Chief Executive Officer, SG Asset Management

Alain Py

Chairman and Chief Executive Officer, Crédit du Nord

Frédéric Oudéa

Senior Executive Vice-President, Group Chief Financial Officer

Christian Schricke

Senior Executive Vice-President, Corporate Secretary

Bernard de Talancé

Senior Executive Vice-President, Corporate Resources and Human Relations

Members of the Executive Committee for subjects within their domains

René Querret

Senior Executive Vice-President, Group Chief Information Officer

Hervé Saint-Sauveur

Senior Advisor to the Chairman and Chief Executive Officer

Members attending the meetings of the Executive Committee

Didier Hauguel

Head of Group Risk Management

Hugues Le Bret

Head of Group Communications

Xavier Debonneuil, a member of the Executive Committee, sadly passed away in a road accident on December 26, 2002. He had joined Société Générale in 1985 and was appointed CEO of SG Corporate and Investment Banking in 1995.

Xavier Debonneuil was an exceptional individual, blessed with a rare intelligence, enormous human qualities, notably his attentiveness and readiness to listen, and a strong sense of responsibility. Thanks to his leadership, Société Générale developed a competitive organization and in the space of a few years built up a global corporate and investment banking platform. The Société Générale Group as a whole pays tribute to the tremendous teamwork to which he dedicated himself with patience and talent.

GENERAL MANAGEMENT COMMITTEE

AT FEBRUARY 28, 2003

Mission:

Discuss Group strategy and other matters of general interest to the Group

Daniel Bouton | Philippe Citerne

Didier Alix | Jean-Pierre Mustier | Philippe Collas | Alain Py

Frédéric Oudéa | Christian Schricke | Bernard de Talancé

Yves-Claude Abescat
Head of Investment Banking for Mid Caps

Bernard Beaufils
Chief Executive Officer, Crédit du Nord

Jacques Bouhet
Deputy Head, SG Corporate and Investment Banking

Marc Breillout
Global Head of Debt Finance

Philippe Brosse
President, SG Asset Management

Alain Closier
Global Head of Banking Services

Alain Clot
Head of Corporate Strategy

Michel Douzou
Deputy Head of Retail Banking, Société Générale France

Kim Fennebresque
Global Head of Investment Banking

Jean-François Gautier
Head of Specialized Financial Services

Didier Hauguel
Head of Group Risk Management

Alexis Juan
Chairman of the Board and Chief Executive Officer, Komercni Banka

Hugues Le Bret
Head of Group Communications

Robert Le Roux
Head of Group Internal Audit

Jean-Pierre Lesage
Chief Financial Officer, SG Corporate and Investment Banking

Pierre Mathé
Global Head of Private Banking

Jean-Louis Mattei
Head of International Retail Banking

Christophe Mianné
Global Head of Equity Derivatives

Jean-Jacques Ogier
Head of Retail Banking, Société Générale France

Christian Poirier
Head of Strategy and Marketing, Retail Banking

René Querret
Senior Executive Vice-President, Group Chief Information Officer

Hervé Saint-Sauveur
Senior Advisor to the Chairman and Chief Executive Officer

Jean-François Sammarcelli
Head of Corporates and Institutions, SG Corporate, and Investment Banking

Patrick Soulard
Deputy Head, SG Corporate and Investment Banking

Catherine Théry
President, SG Asset Management

Yves Thieffry
Chief Operating Officer, SG Corporate and Investment Banking

Senior management remuneration policy

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

- a basic salary defined at the time of their appointment, which may be revised in line with market practices. This basic salary was not revised in 2002;
- an annual performance-linked bonus. The Board of Directors sets the performance-linked bonus of the Chairman as a percentage of his basic salary when closing the Group's annual accounts, on the basis of two sets of indicators:
  - quantitative indicators based on earnings per share (EPS), which is now the only benchmark taken, but which is assessed both in absolute terms and on a trend basis. This is used to determine 75% of the performance-linked bonus;
  - qualitative indicators based on key objectives underpinning the success of the Company's strategy (reinforcement of productivity enhancement initiatives, integration of acquisitions, extension of distribution capacities and dynamic management of business mix). This is used to determine the remaining 25%.

If the targets set are met in full, the performance-linked bonus is equal to 150% of the basic salary.

Each year, the Board makes sure that structural effects or exceptional profits and losses do not distort the calculation formula, and that the amount of the performance-linked bonus properly reflects the growth in the Group's results. Subject to the same conditions, the Chief Executive Officer receives a performance-linked bonus equal to 55% of that received by the Chairman.

Messrs. Bouton and Citerne benefit from a Company supplementary pension plan for senior Group employees, in which respect the only specific characteristic related to their role as chief executive officers is the inclusion in pensionable earnings of a variable component, over and above the basic salary, set at the time of their appointment and equal to 60% of their basic salary.

For the Chairman of Crédit du Nord and the Chairman of SG Asset Management, an identical process is applied, with their respective Boards of Directors setting the basic salary and the performance-linked bonus, based on a proposal made by the Compensation Committee. The performance-linked bonus is also directly linked to the Company's performance.

The remuneration of the other five members of the Executive Committee (1), which is set by General Management, also comprises two parts:

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

Besides this remuneration, the five senior managers also benefit from the general incentive schemes established under the Company's collective agreements, like all employees.

Members of the Executive Committee have a company car.

(1) In 2002, the Executive Committee was made up of the Chairman, the Chief Executive Officer, the two Chief Executive Officers of the Retail Banking and Corporate and Investment Banking arms, the Chairman of Crédit du Nord, the Chairman of SG Asset Management, the Senior Executive Vice President in charge of Finance and Corporate Planning, the Senior Executive Vice President in charge of Corporate Resources and Human Relations, and the Senior Executive Vice President in charge of the Corporate Secretariat. The elements in this chapter refer to the members of the Executive Committee in 2002.

Remuneration paid in 2002

In 2002, the total remuneration of the Company's senior managers broke down as follows:

Remuneration *in millions of euros*	Basic	PLB (1)	Total (2)
Chairman	1.00	0.8	1.8
Chief Executive Officer	0.55	0.44	0.99
7 other members of the Executive Committee	2.05	2.20	4.25

Share ownership obligations of the Group's senior managers

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

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

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

At December 31, 2002, the members of the Executive Committee held a total of over 91,000 shares, representing an average of over 10,000 shares per member.

Attendance fees paid to senior officers who sit on the Executive Committee

The attendance fees and other Board-related remuneration paid to the chief executive officers are deducted from the variable part of their remuneration. Other members of the Executive Committee do not receive attendance fees, and any sums received in this respect are paid directly to Société Générale.

Attendance fees paid to Company Directors

The total amount approved at the General Meeting on June 4, 1999 for the payment of directors' fees (EUR 460,000) was left unchanged in 2002 and was paid in February 2003.

The rules for distributing attendance fees amongst directors, as decided by the Board of Directors on February 23, 2000, are as follows:

- half of total fees are equally shared between all Directors, although members of the Audit Committee each receive two parts;
- the other half is shared between the Directors, according to the number of Board or Committee meetings they attended during the year.

(1) This concerns the performance-linked bonus relating to the 2002 financial year and paid in March 2003.
(2) The total remuneration comprises the basic salary paid in 2002, and the performance-linked bonus relating to the 2002 financial year and paid in March 2003.

Stock option plans

The vesting of stock option awards is intended to motivate, secure the loyalty of and reward three categories of employee. The first category comprises executives who have made a significant contribution to the Group's results with respect to their responsibilities. The second category is made up of high-potential executives, whose competences are the most highly sought-after on the labor market. The third category is aimed at executives whose work has proved remarkably useful to the Company.

In general:

- stock options are vested for a period of 7 years and are exercisable after 3 years;
- except in specific cases, the exercise of stock options is subject to the beneficiary holding a valid employment contract with the Company on the date that the options are exercised.

2001 Plan

Under the plan approved in January 2001, 53 of the executives in whom the awards were vested were awarded 50% of the stock options definitively and 50% subject to the following conditions being met:

- half (25%) if Société Générale's share outperformed the DOW JONES EURO STOXX BANK index between December 2000 and December 2002;
- half (25%) if the Group's 2002 operating income met or exceeded the EUR 4,064 million target set in the 2002 strategic plan or, failing that, if the growth in Société Générale's average share price over the two years in question outperformed the aforementioned index by at least 15%.

If these conditions in terms of stock market performance and growth in operating income were not met, the corresponding stock options would be lost.

At December 31, 2002, the outperformance in relation to the DOW JONES EURO STOXX BANK index enabled both these conditions to be met. The total number of options liable to be exercised under the stock option plan of January 12, 2001 is therefore 3,116,500.

2002 Plan

In January 2002, following a proposal made by the Compensation Committee, the Board of Directors awarded new stock options. This plan is broken down into two pools:

A general pool

This pool was awarded to 775 Group executives, including the chief executive officers, and represents a total of 3,122,600 options (0.7% of the capital). The shares attached to the exercise of these options cannot be sold until January 16, 2006 in order to comply with the tax regime in force in France. The strike price of these options has been set at EUR 62.50, representing no discount in relation to the average opening market price of the Société Générale share during the twenty trading days preceding the meeting of the Board of Directors. The average age of the beneficiaries is 43 and 341 have been awarded stock options for the first time. 47% of the beneficiaries are executives under the bank collective classification system, 16% are female and 12% are non-French nationals.

A specific pool for loyalty bonuses

This pool was intended to compensate for the deferred payment of the performance-linked pay of certain corporate and investment banking executives. It represents 421,377 options with the same characteristics as those in the general pool (price, duration, exercise period and disposal conditions), vested in 317 beneficiaries.

Société Générale stock option plans at December 31, 2002

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

OPTIONS VESTED						OPTIONS EXERCISED									
Date of award	*Strike price*	*Number of benefi-ciaries*	*Number of options*	*Options exercisable as of (b)*	*Shares transferable as of (b)*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*Options cancelled*	*Options outstanding at end-2002*
Mar. 15	15.29 EUR	249	**1,755,200**	Mar. 15	Mar. 15	70,500	26,300	70,500	186,900	616,840	329,240	229,860	169,560	55,500	**0**
1995	*o.w. Management*	24	496,300	1998	1998	60,500	0	17,000	36,100	159,500	72,800	101,400	37,700		
Jun. 19	17.04 EUR	7	**1,280,000**	Jun. 19	Jun. 19	–	0	0	0	272,000	92,000	596,000	320,000	0	**0**
1996	*o.w. Management*	_	0	1999	1999	–	0	0	0	0	0	0	0		
Jun. 25	18.94 EUR	334	**1,690,760**	Jun. 25	Jun. 25	–	–	0	28,600	18,620	44,580	13,440	454,965	108,420	**1,022,135**
1997	*o.w. Management*	27	594,000	2002	2002	–	–	0	16,000	16,000	2,000	0	134,720		
Jun. 24	45.35 EUR	541	**1,953,200**	Jun. 24	Jun. 24	–	–	–	0	0	32,800	11,200	600	89,000	**1,819,600**
1998	*do.w. Management*	25	451,200	2003	2003	–	–	–	0	0	22,000	0	0		
Sept. 8	48.50 EUR	714	**3,502,400**	Sept. 8	Sept. 8	–	–	–	–	0	11,200	8,400	13,150	175,400	**3,294,250**
1999	*o.w. Executive Committee*	9	502,000	2002	2004	–	–	–	–	0	0	0	0		
Aug. 2	51.00 EUR	1,477	**2,268,000**	Aug. 2	Aug. 2	–	–	–	–	–	0	0	0	182,000	**2,086,000**
2000	*o.w. Executive Committee*	_	0	2003	2005	–	–	–	–	–	0	0	0		
Jan. 12	66.00 EUR (a)	258	**3,116,500**	Jan. 12	Jan. 12	–	–	–	–	–	–	0	0	34,000	**3,082,500**
2001	*o.w. Executive Committee*	9	743,500	2004	2005	–	–	–	–	–	–	0	0		
Jan. 16	62.50 EUR	1,092	**3,543,977**	Jan. 16	Jan. 16	–	–	–	–	–	–	–	0	102,982	**3,440,995**
2002	*o.w. Executive Committee*	9	313,000	2005	2006	–	–	–	–	–	–	–	0		
			19,110,037			**70,500**	**26,300**	**70,500**	**215,500**	**907,460**	**509,820**	**858,900**	**958,275**	**747,302**	**14,745,480**
	o.w. Management		3,100,000			60,500	0	17,000	52,100	175,500	96,800	101,400	172,420		

Note: Between 1995 and 1998 and in 2001, the awards were made in the form of stock subscription options. In 1999, 2000 and 2002, they were stock purchase options. The strike price represents the average opening market price of the Société Générale share during the twenty trading days preceding the Board of Directors meeting at which it was decided to award the options, with a 20% discount for options vested between 1995 and 1997 and in 2000.

(a) For this plan, the options awarded to beneficiaries who are not members of the Executive Committee (i.e. 2,373,000 options) break down as follows:

- *options exercisable without meeting any performance-related conditions: 1,912,500 options for 249 beneficiaries;*
- *options exercisable subject to targets being met: 460,500 options for 44 beneficiaries.*

(b) Except in the event of retirement.

At December 31, 2002, the chief executive officers held the following options:

	Date of award	*Strike price*	*Number of options awarded*	*Options exercised in 2002*
Chairman				
	June 25, 1997	18.94	80,000	0
	June 24, 1998	45.35	104,000	0
	September 8, 1999	48.50	160,000	0
	January 12, 2001	66.00	250,000	0
	January 16, 2002	62.50	90,000	0

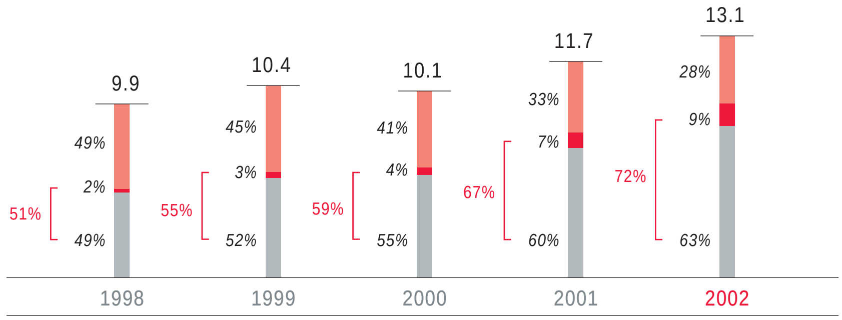
	Date of award	*Strike price*	*Number of options awarded*	*Options exercised in 2002*
Chief Executive Officer				
	March 15, 1995	15.29	17,600	17,600
	June 25, 1997	18.94	40,000	0
	June 24, 1998	45.35	52,000	0
	September 8, 1999	48.50	90,000	0
	January 12, 2001	66.00	137,500	0
	January 16, 2002	62.50	50,000	0

STOCK SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO AND EXERCISED BY THE TEN EMPLOYEES WHO ARE NOT SENIOR OFFICERS AND WHO WERE AWARDED THE LARGEST NUMBER OF STOCK OPTIONS	TOTAL NUMBER OF SHARES SUBSCRIBED FOR OR BOUGHT	WEIGHTED AVERAGE PRICE
Stock options granted, during the year, by the issuer or any other company included within the scope for allocating stock options, to the ten employees of the issuer or any other companies included within this scope, who were awarded the largest number of stock options	*850,000*	*EUR 1.62*
Stock options held during the year, by the ten employees of the issuer or the aforementioned companies who purchased or subscribed for the largest number of stock options	*485,320*	*EUR 18.09*

Table drawn up in accordance with the recommendations of the French Securities and Exchange Commission *(Commission des Opérations de Bourse)*.

Activity 2002

Group activity 2002



AVERAGE CAPITAL ALLOCATED TO CORE BUSINESSES (EXCL. CORPORATE CENTER), INCLUDING NON-AMORTIZED GOODWILL

Corporate and Investment Banking | Asset Management and Private Banking | Retail Banking

In billions of euros

The Group's activity is organized around three core businesses, with a well-balanced mix

Retail Banking, which groups:

- the Société Générale and Crédit du Nord networks in France,
- specialized financial services: business finance and consumer credit, securities and banking services, life and non-life insurance activities,
- the retail banking network outside France.

Asset Management and Private Banking

Corporate and Investment Banking which covers:

- Corporate Banking and Fixed Income;
- Equity and Advisory activities.

Alongside these three core businesses, the **Corporate Center** manages the Group's proprietary investments (the Group's industrial equity and real estate portfolios, as well as its equity investments in banks), handles the Group's asset/liability management (ALM), acts as the central funding department and carries the cost of major projects that do not relate directly to the activity of the core businesses.

The steps taken to reallocate capital between the core businesses, which began in 1998, mean the Group now has a robust business mix suited to the current economic and market environment: **over two-thirds of capital** is at present **allocated to Retail Banking and to Asset Management and Private Banking**.

In a difficult environment in 2002, the Group demonstrated the quality of its organization and its capacity to generate profitable growth, which enabled it to register a business line ROE after tax of 18.7% (19.9% in 2001).

In light of the high level of provisioning booked on the industrial equity portfolio over the period, net attributable income came out at EUR 1.4 billion, down 35.1% on 2001. The Group ROE after tax stood at 9.4% in 2002, compared with 15.5% in 2001.

The Group retains a solid financial structure: at December 31, the Group's Tier-one ratio was 8.1% versus 8.4% at December 31, 2001.

In millions of euros	2001	2002	Change	
Net banking income	13,874	14,454	+4.2%	–2.7%*
Operating expenses	(10,104)	(10,407)	+3.0%	–1.5%*
Gross operating income	**3,770**	**4,047**	**+7.3%**	**– 5.9%***
Net allocation to provisions	(1,067)	(1,301)	+21.9%	+14.9%*
Operating income	**2,703**	**2,746**	**+1.6%**	**–14.4%***
Net income from long-term investments	474	(299)		
Amortization of goodwill	(76)	(184)		
Net income	2,154	1,397	– 35.1%	
Group ROE (after tax)	15.5%	9.4%		
Business line ROE (after tax)	19.9%	18.7%		
Tier-one ratio	8.4%	8.1%		

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

These sound operating performances were driven by a combination of factors

Steady growth in franchises

In 2002, the Group continued to develop its franchises in Retail Banking, Asset Management and Private Banking through a combination of organic growth and acquisitions. The domestic retail banking networks registered a 2.1% increase in the number of current accounts, while outstanding loans to individual customers rose by 10% over the period. Asset Management and Private Banking gathered EUR 15.1 billion of net new money in 2002 against a backdrop of bearish markets.

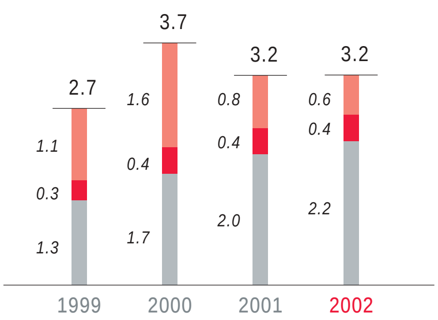
At the same time, the Group continued in 2002 to **integrate the main acquisitions** made in 2001 in international retail banking (KB, SKB), specialized financing (GEFA, ALD, Fiditalia) and asset management (TCW), **in line with the announced integration plans**, which produced the first revenue synergies. For example, the cross-selling strategy implemented following the acquisition of TCW accounted for one-third of net new money in Asset Management and Private Banking.

This continued growth in the Group's franchises produced a **consolidated net banking income of EUR 14.5 billion over the year, up 4.2% on 2001**, with the increase in revenues from Retail Banking and Asset Management and Private Banking more than offsetting the decline in revenues from the Equity and Advisory arm of the Corporate and Investment Banking business.

Productivity enhancement measures stepped up

The Group continued to implement the major productivity enhancement programs launched three years ago (in particular, rationalization of purchasing and reorganization of European back offices). Moreover, the rightsizing of the Cash Equity platform, which began in 2001, was continued at the end of 2002. These measures will generate net annual savings of over EUR 0.7 billion from 2004.

Consequently, the Group's operating expenses amounted to EUR 10.4 billion, down by 1.5% when adjusted for changes in Group structure and at constant exchange rates, while the Group's **cost/income ratio was brought down from 72.8% to 72%** between 2001 and 2002.



OPERATING INCOME OF CORE BUSINESSES

In billions of euros

Tight control of the cost of risk

The net allocation to provisions increased in 2002 (+21.9% in absolute terms, +14.9% when adjusted for changes in Group structure and at constant exchange rates).

The net cost of risk rose from 57 bp of risk-weighted assets in 2001 to 70 bp in 2002. This level reflected **the sluggish economic environment in the United States and the specific difficulties encountered in 2002 in certain sectors** (principally telecommunications).

The cost of risk of the French Networks comes out at 36 bp in 2002 versus 32 bp in 2001.

After taking into account the **Corporate Center** operating income (EUR –0.4 billion in 2002), Group **operating income rose by 1.6%** between 2001 and 2002 (drop limited to 14.4% when adjusted for changes in Group structure and at constant exchange rates).

A negative contribution by the industrial equity portfolio

On top of this operating performance, the Group's **industrial equity portfolio made a significant negative contribution to earnings**, registering a loss before tax of EUR 0.3 billion in 2002 compared with a profit of EUR 0.5 billion in 2001. In light of the steady decline in the Paris Bourse over the period (CAC 40 down by 34%), total **provisions** booked on the industrial equity portfolio amounted to **EUR 0.8 billion** versus EUR 0.2 billion in 2001 in accordance with a conservative provisioning policy. In addition, total capital gains realized on the portfolio fell from EUR 0.7 billion to EUR 0.4 billion between 2001 and 2002.

At December 31, 2002, the market value of the portfolio stood at EUR 3.0 billion and unrealized capital gains after provisions amounted to EUR 0.1 billion.

Retail Banking

14.7 million individual customers:
+ 5.4 million new customers in **30** countries in **3** years

The **leading** non-mutual **retail banking Group in France**

A **major European player** in Specialized Financial Services for businesses

2002 **ROE** after tax: **18.7%**

Source: Société Générale.

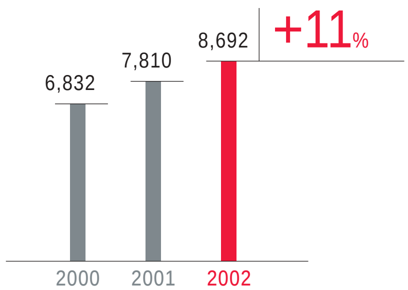
Retail Banking

The Retail Banking arm turned in excellent performances despite the harsher economic environment. This reflects the growth potential of the Group's franchises in its different activities, namely the **French networks (Société Générale and Crédit du Nord), Retail Banking outside France and Specialized Financial Services**.

The Retail Banking business recorded a 13.1% increase in gross operating income in 2002, and accounted for 92% of Group net income. Its cost/income ratio came out at 67.6%.

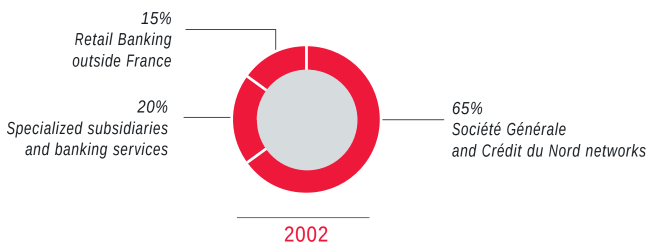
The improvement in the profitability of Retail Banking is a result of efforts to expand the franchises and secure customer loyalty, the sustained investment made in distribution channels, and the pooling of expertise between the Group's various business lines.

2002 KEY FIGURES

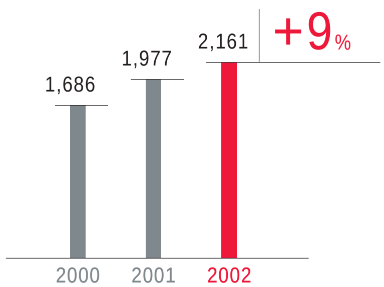


NET BANKING INCOME

In millions of euros

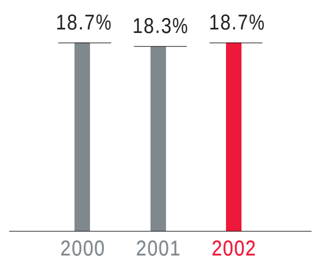


NET INCOME BY BUSINESS LINE

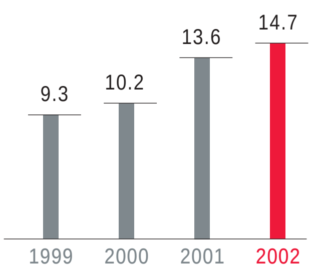


OPERATING INCOME

In millions of euros

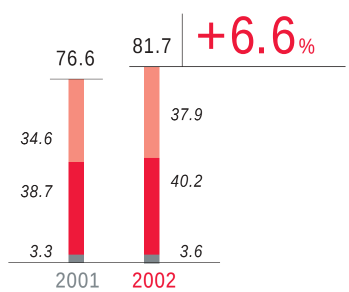


ROE



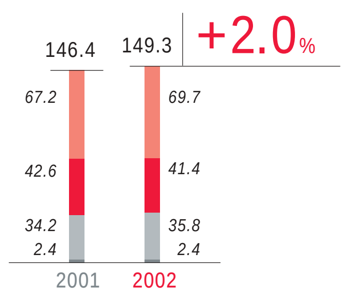
INDIVIDUAL CUSTOMERS OF THE RETAIL BANKING NETWORK

In millions



OUTSTANDING LOANS OF THE FRENCH NETWORKS

Average outstanding in billions of euros



OUTSTANDING SAVINGS MANAGED BY THE FRENCH NETWORKS

Average outstanding in billions of euros

Source: Société Générale.

Société Générale network

Excellent commercial performance thanks to a dynamic sales force and a permanently evolving product range

Over 5 million current accounts: +411,000 in 3 years

7.3 products per individual customer current account

EUR 122 billion in deposits: +2%

EUR 69 billion in outstanding loans: +7%

128 million customer contacts via direct banking channels: +35%

Strategy

- Develop the franchise in fast-growing segments
- Build customer loyalty through expertise, service quality and innovation
- Leverage the customer base via CRM tools
- Rapidly deploy an effective multi-channel distribution platform
- Pool expertise with other Group business lines

Source: Société Générale.

Strong sales growth

The network continued to develop its franchise across all customer segments (individuals, self-employed professionals and businesses), with **a 2.2% increase in the number of current accounts, or more than 110,000 new accounts, bringing the total to over 5 million**. This robust performance is due to the personal commitment of the Group's teams and the effectiveness of the sales support systems.

Permanently evolving products and services

Individual customers

Société Générale's ability to leverage its customer base is founded on enhancing customer loyalty and nurturing its customer relationships, by offering innovative products and services suited to their needs. To this end, the following were added to the network's offer in 2002:

- **an exclusive partnership with American Express** to launch the Société Générale/American Express Club aimed at meeting the specific needs of Société Générale's prime affluent individual customers;
- **Passeport Bourse**, a package of services that facilitates the management of securities portfolios online, with the added advantage of competitive brokerage fees;
- **Habipack**, a package of property-related services at special prices aimed at home-buyers or real estate investors;
- **the "Avance Etudiant"**, a flexible and low-cost overdraft facility for students, awaiting receipt of funds at a known date;
- **a new handbook for customers**, which covers the principal legal and tax rules pertaining to specific areas of interest selected by the customers themselves (real estate projects, life insurance, tax optimization, etc.) along with the solutions offered by Société Générale. This handbook is the first mass publication of its kind in the banking sector in France;
- **the option for customers to choose their bank card PIN code**, which is a first among the leading French banks.

*Professional customers**

2002 saw the development of stronger ties with tradespersons:

- **launch of the "CAP Métiers" agreement**, combining a range of everyday banking products with a flexible loan facility aimed at apprentices aged 18 to 24 years;
- introduction of a **financing scheme subsidized by the French National Tradesmen's Mutual Association**, with which the Bank entered into an exclusive 2-year partnership.

Highlights

"It's easy at Société Générale"

*Société Générale has kicked off the new advertising season with a campaign centered on convenience, **featuring products and services that make customers' lives easier**. These include customer advisers available by telephone outside of normal banking hours, the possibility of choosing the PIN code on bank cards and exemption from bank charges for 18- to 24-year-olds. This clearly demonstrates Société Générale's commitment to improving customer service by "making banking easier".*

The Société Générale/ American Express Club

Société Générale and American Express have signed an exclusive agreement to launch the Société Générale/American Express Club, designed to meet the specific needs of Société Générale's affluent individual customers by providing:

- *asset management expertise and banking services;*
- *a premium bank card accompanied by a very high level of service;*
- *exclusive services (customer loyalty program, invitations to events, etc.).*

* *Self-employed professionals, tradespersons, shopkeepers and farmers.*

Retail Banking

Highlights

Société Générale/Groupama Partnership

In 2001, Société Générale and Groupama signed an agreement to create a multi-channel bank, ***Groupama Banque****. In keeping with forecasts, technical and commercial tests began at two pilot sites in October 2002. The product line will be rolled out across Groupama's regional branches between now and 2004, when the model will be transferred to the GAN network.*

At the same time, personal health insurance products supplied by Groupama were offered on an experimental basis under the Société Générale brand in a number of branch groups.

Sustained growth in outstanding deposits and loans

2002/2001 CHANGE IN AVERAGE OUTSTANDING

Savings accounts	+4.1%
of which demand deposits	+6.8%
Life insurance	+5.8%
Total managed savings	+1.6%
Loans	+7.1%
of which individual customers	+9.9%
of which business customers	+4.7%

Source: Société Générale.

Since June 2002, the Bank has offered a new range of factoring services aimed at tradespersons and businesses with sales of less than EUR 1.5 million that offer deferred payment terms to their customers. This contract has a particularly attractive pricing formula based on actual usage of the service.

Business customers

The range of services was expanded, with the launch of **a special product line for small businesses** with sales of between EUR 1.5 million and EUR 7.5 million. This offer, which was launched in the third quarter, analyzes customer requirements and provides tailored services, and is initially aimed at a target group of prospective users.

Further growth in savings

Persistently bearish market conditions incited consumers to exercise caution, and **significant volumes of savings were shifted into risk-free or guaranteed products**.

In spite of this, further growth was seen in total customer deposits and savings. Individual customers' managed savings rose by 1.7% to EUR 96.4 billion. Individual customer deposits recorded particularly strong growth, up 4.4% overall, with sight deposits up 8.2%.

Life insurance sales increased by 11.9% to EUR 4.5 billion, spurred by both euro-denominated policies and the success of guaranteed investment funds. Given the downturn in the financial markets, the Sogetop line was well received, attracting over EUR 1.2 billion in new money. Sogetop products combine capital protection, performance and a choice of tax wrapper.

In contrast, mutual fund investments suffered as a result of the collapse in stock market indices, with an 11.2% decline in investments by individual customers.

The lending activity was strong, with loans to individual customers up by 9.9%. Mortgage loans recorded particularly strong growth, rising by 11%, and new mortgage loan production reached a record high of EUR 7.2 billion in 2002, a 10.4% increase in relation to 2001.

Deployment of the multi-channel banking model

This program is a strategic initiative of Société Générale's Retail Banking arm. Unveiled in 1998, it aims to optimize customer relationship management (CRM) through an integrated multi-channel distribution platform and to standardize the level of service quality while lowering the network's break-even point. The initial components of the model were rolled out in 2002, with:

- the **first deliveries of the CRM application** (Contact). This tool will subsequently be deployed across the network as a workstation to be shared by various players (branches, multimedia customer relations centers and customer service departments);
- the implementation of the program to reorganize the distribution network around three types of entity:
  - **sales divisions**, which are responsible for managing the branches and the multi-channel relationship. Some twenty sales divisions are currently being set up;

– **multimedia customer relations centers** (mCRC), which function alongside the branch network to support the development of direct banking. Three platforms are now operational in Lyons, Nanterre and Lille. They handle e-mails, calls made to the Vocalia voice server and sales campaigns, as well as filtering some calls made to branches;

– **customer service departments**, which will group the middle and back-office activities previously carried out by the regional branch groups. Two such units are being set up in the Paris region.

Direct banking: a full range of services

The Group's direct banking channels were particularly successful in 2002, handling **over 128 million customer contacts**.

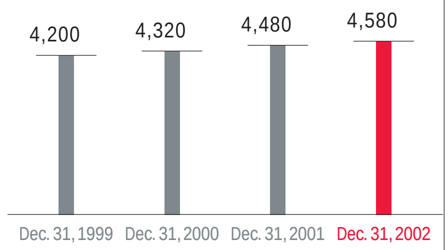
The new versions of the websites for businesses and professional customers now provide access to banking services, including factoring and fleet management, as well as non-banking services such as legal, tax and employment-related information, and news roundups. These portals offer a full, personalized and targeted range of information and services.

Société Générale was also one of the first banks to offer its customers the possibility of monitoring their accounts using i-mode™ mobile telephones. This service, which was developed in partnership with Bouygues Telecom, complements the existing range of telephone banking services, namely Vocalia (voice server), Messalia (SMS) and Wap.

Lastly, Société Générale was the first French bank to offer a secure online payments service via its *e-carte bleue*.

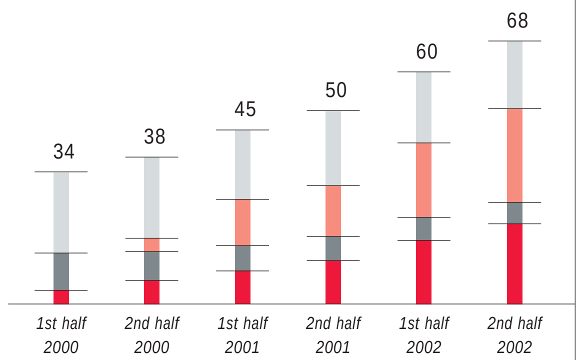
Highlights

380,000 new current accounts in 3 years: +9%



CHANGE IN NUMBER OF INDIVIDUAL CUSTOMER CURRENT ACCOUNTS

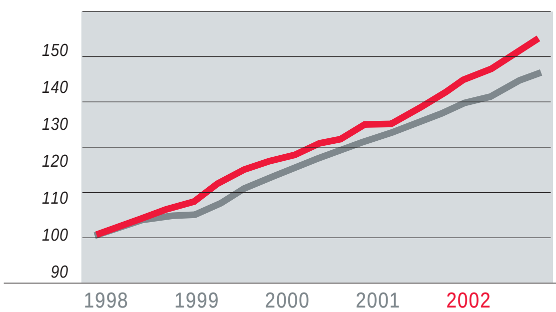
in thousands *Source: Société Générale*



DIRECT BANKING CHANNELS NUMBER OF CONTACTS

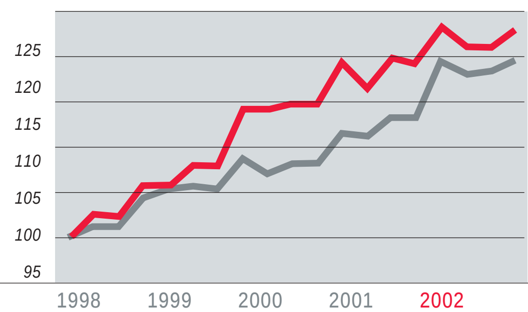
SMS *Minitel* *Internet* *Voice servers* *in millions of contacts*

Source: Société Générale



CHANGE IN OUTSTANDING INDIVIDUAL CUSTOMER LOANS

Société Générale *Market* *100 = first quarter 1998*



CHANGE IN ON-BALANCE SHEET DEPOSITS EXCLUDING SHORT-TERM NOTES (RESIDENTS)

Société Générale *Market* *100 = first quarter 1998*

Sources: Société Générale, Banque de France

Crédit du Nord Group network

A high level of profitability confirmed

Over 1.3 million customers, up 6.3% in 3 years

Nearly 900,000 individual customer current accounts

Nearly 100,000 professional customers*

23,000 corporate customers

Groupe Crédit du Nord

Strategy

A federation of 7 regional banks focused on neighborhood banking and the customer relationship

Committed customer advisers and specialists

An innovative offer tailored to customers' requirements

* *Excluding private customers.*

Source: Crédit du Nord.

Consolidation of growth

Despite the difficult economic environment, Crédit du Nord continued to grow in 2002, registering an increase in both individual customer demand deposits (+6.8%) and corporate customer demand deposits (+6.7%). The lending business was also strong, notably with a 9.2% increase in outstanding mortgage loans.

Regionalization and proximity

The Group continued to develop its network, with a view to ensuring proximity to customers and enhancing efficiency:

- Crédit du Nord sold its branches in the Alsace and Moselle regions to Banque Kolb. This bank was already present in the Lorraine region, and is now the Group's bank in Eastern France;
- Crédit du Nord took over Banque Lenoir & Bernard (based in Amiens in Northern France);
- the Group acquired the business of the Lille branch of Banque Vernes Artésia;
- 11 new branches were opened, bringing the total number of Group branches to 625.

Customer relations and professionalism

The Group's ability to meet its customers' specific requirements was reinforced by:

- creating additional Corporate branches, with sales and administrative teams dedicated to this market;
- appointing two specialist contacts to look after mass affluent customers in the process of building up their asset base: a customer adviser for day-to-day transactions and an asset management specialist providing advice on savings, tax and succession matters.

Innovation and technology

The Group's commitment to innovation was reflected in its ongoing efforts to adapt its product and service offer to customer demand. As such:

- six capital-guaranteed funds were launched in 2002 for a total amount of EUR 260 million. The flagship product, **Etoile Rendement Garanti**, is an original investment fund paying an annual coupon of 2.20% above the rate of inflation;
- an inter-company savings plan, **Etoile PEI**, was introduced, with 1,100 contracts already signed;
- a partnership was signed with Eurofil, a subsidiary of Aviva, to provide car and comprehensive household insurance. Over 11,000 quotes were issued in nine months.

Lastly, customers now benefit from two innovative technological solutions, which facilitate the remote management of their day-to-day transactions:

- access to all the different direct banking channels using the same login;
- immediate visualization through the direct banking channels of payments made by check via in-branch scanners linked to the Echange Image Chèque (EIC) check imaging database.

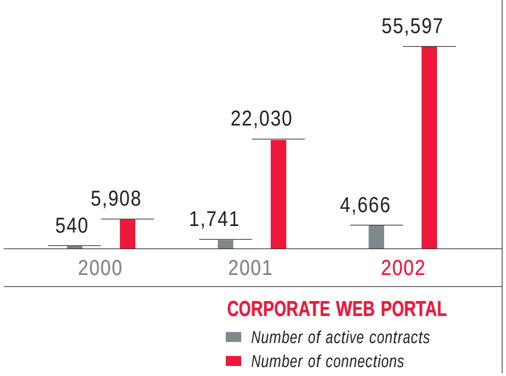
Highlights

Reactivity in preparing for the future

The implementation of a number of major projects and the introduction of a new individual customer segmentation confirm the Crédit du Nord Group's reactivity and its ability to prepare for the future. Examples of this reactivity include the development of modern CRM tools for the corporate and professional customer markets, the overhaul of employee workstations with the completion of the first pilot sites, and the growing use of outsourcing to process bank card transactions.

The website for corporate customers

The corporate web portal for small businesses was launched in May 2001, and is now used by more than one in four customers. It offers one of the most efficient and comprehensive services on the market, notably including the automatic processing of electronic bills of exchange and the partnership set up with Dun & Bradstreet to provide business information in France.



Retail Banking outside France

Continued strong growth

4.8 million customers in 28 countries

Over EUR 23 billion of deposits under management

27,000 employees

1,232 branches

Source: Société Générale.

Strategy

Adapt the French retail banking model to local markets, with subsidiaries in three key geographic regions:
- Central and Eastern Europe
- Mediterranean Basin
- Africa and the French Overseas Departments and Territories

Expand the franchise through organic growth and acquisitions in high-potential markets

Integrate new acquisitions

Draw on the expertise of other Société Générale Group business lines

The creation of the Retail Banking outside France division in 1998 aimed to foster growth by exporting the Société Générale Group's know-how to countries that combined strong growth prospects on the local banking market, high profitability potential and an acceptable level of country risk. The investments made in recent years in regions like Central Europe – particularly in countries set to join the European Union – and the Mediterranean Basin are fully in line with this strategy.

Successful integration of recent acquisitions

The integration of acquisitions made in 2001, in particular SKB Banka in Slovenia and Komercni Banka (KB) in the Czech Republic, was a top priority in 2002.

As such, Société Générale initiated a major project to transform KB as soon as it acquired the bank, by:

- restructuring KB's retail banking network by reorganizing branches, centralizing customer services and expanding the sales force;
- improving the range of products and services, while enhancing the direct banking systems;
- adopting and deploying the new visual identity;
- bringing KB's risk management procedures into line with Société Générale's standards and improving credit quality;
- implementing an active Human Resources <and staff training policy;
- reducing operating expenses, including rightsizing the headcount.

KB is now ready to apply and implement the Société Générale Group model. As a result of this successful integration, KB reported stronger-than-expected results in 2002.

KB's share price on the Prague stock exchange rose by 126% between September 2001 and December 2002.

Continued policy of selective external growth

Geographical diversification

Having reinforced its position in Central and Eastern Europe in 2001, the Retail Banking outside France arm focused on expanding its presence in North Africa in 2002. Société Générale is now present in **Tunisia** following its acquisition of a 52% stake in UIB (Union International de Banques). UIB is Tunisia's sixth largest local bank in terms of total assets. With 93 outlets, 200,000 individual customers and 14,000 business customers, it has a market share of around 8%.

Highlight

Tapping the expertise of the Group's business lines
KB in the Czech Republic

KB, which is a universal bank serving both individual customers and businesses, draws on the expertise of the Société Générale Group's various business lines:

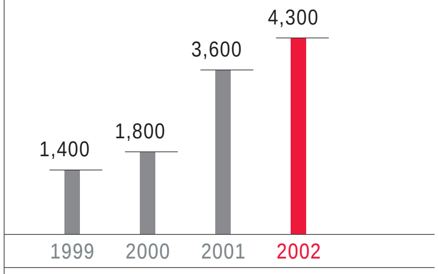
- *as part of the restructuring of KB's insurance subsidiary, Komercni Pojistovna, Sogécap assumed responsibility for developing life insurance products and benefit plans;*
- *Franfinance teamed up with KB to provide consumer credit;*
- *The asset management business run by KB's subsidiary, IKS, will be controlled by SG Asset Management.*

The sharing of expertise between the Group's retail banking subsidiaries outside France and its other activities also concerns:

- *SG Private Banking for wealth management,*
- *ALD for operational leasing,*
- *CGA for factoring,*
- *SG for structured finance.*

Highlights

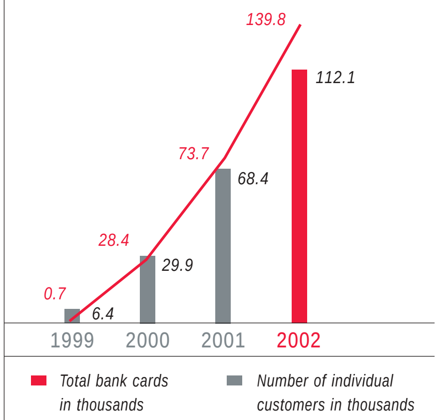
Number of individual customers of the international retail banking network



In thousands

Source: Société Générale.

An example of strong organic growth: National Société Générale Bank in Egypt



Source: Société Générale.

Société Générale also bolstered its presence in sub-Saharan Africa by creating a new subsidiary in **Benin**.

The Retail Banking outside France division permanently seeks opportunities that fit in with its strategy in terms of:

- providing growth drivers on fast-growing markets;
- rapidly generating a high level of profitability;
- diversifying country and counterparty risk.

Continued organic growth

At the same time, the retail banking franchise outside France is expanding rapidly:

- **the customer base once again grew sharply**, with 480,000 new customers in 2002, representing a 12% increase.

  This was notably driven by:
  – **Romania**, where the Romanian Bank for Development now has nearly 1.4 million customers, compared with 550,000 at the time of its acquisition three years ago;
  – **Egypt**, **Slovenia** and **Morocco**, where the number of customers rose by 63%, 25% and 19% respectively in 2002;
- in 2002, the **retail banking network development plan** resulted in an expansion of the Group's international footprint, with an addition of **27 branches**.

The optimization of management tools and an expanding franchise generated profitable growth without adding to the headcount.

Development of direct banking

A major priority is to provide multi-channel banking solutions adapted to specific local market conditions, to complement the bricks-and mortar networks.

At year-end 2002:

- over half of the entities had an automated voice server providing account information and some ten countries had a call center;
- all the Group's subsidiaries had an institutional website;
- six transactional sites are now online and the roll-out will be completed in 2003.

Specialized Financial Services

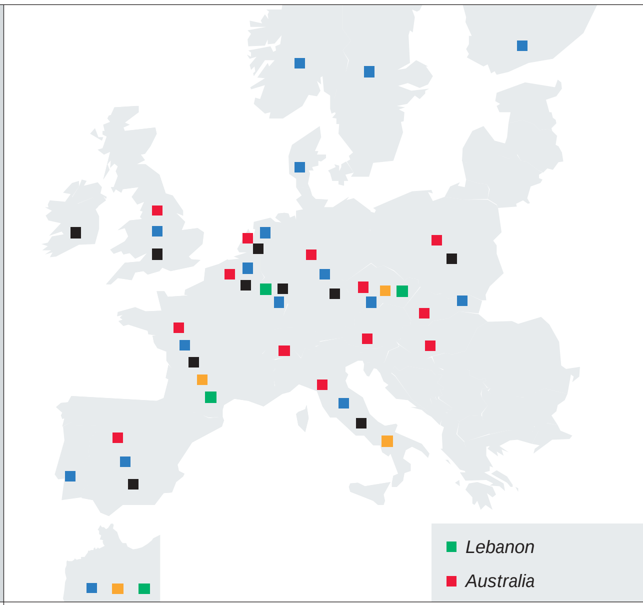
A European force in action

Number 1 in Europe (1)
in equipment finance and vendor finance*

Number 1 in Europe (2)
in multi-brand IT asset leasing and management

Number 2 in Europe (3)
in operational leasing and fleet management

Leader in France (4)
in unit-linked life insurance policies



Strategy

Integrate newly-acquired subsidiaries to build a European financial services platform

Develop the pan-European product offer in vendor finance, vehicle leasing and fleet management, and IT equipment leasing

Rebalance the product mix in favor of value-added services and advisory

Strengthen partnerships and pool expertise with the Group's other business lines

Specialized Financing and Insurance

- *23 countries*
- *Nearly 5 million customers*
- *8,200 employees*

- *Consumer lending*
- *IT asset leasing and management*
- *Business finance*
- *Vehicle finance*
- *Insurance*

Source: Société Générale

* *Excluding structured finance and vehicle finance.*
(1) *Sources: Leaseurope and 2001 annual reports.*
(2) *Sources: 2001 annual reports.*
(3) *Source: Datamonitor study, October 2001.*
(4) *Source: Argus de l'assurance, December 2002 supplement.*

Specialist businesses

Highlight

ALD Automotive and Hertz Lease: a new dimension

In December 2002, Société Générale signed an agreement with the Ford Motor Company to acquire the European multi-marque operational car leasing and fleet management activities of Hertz Lease at the start of 2003. With a broad geographical reach spanning 16 countries, a world-class management team assigned to corporate accounts and a fleet of 500,000 vehicles under management, Société Générale will ***rank number two on the European vehicle leasing market*** *following this acquisition. This new dimension will provide business customers with "direct pan-European access", expanded to include the Netherlands, Luxembourg and Belgium, as well as the Scandinavian countries of Norway, Sweden, Denmark and Finland.*

ALD Automotive

Société Générale is now **a leading European player in Specialized Financial Services (SFS)**. In 2003, it will become the second largest operational car leasing company in Europe, by continuing to develop its integrated product offer at an international level. With a presence in 23 countries, solid market positions and strong synergies with its partners, Société Générale's SFS arm is on track in implementing its strategy.

Business Finance

IT asset leasing and management

A sales team dedicated to corporate accounts

ECS, which is present in ten European countries, offers its customers a local presence backed up by a reactive international structure. The offer has been enhanced by the creation of a dedicated team assigned to corporate accounts.

In France, ECS and Crédit du Nord have set up a partnership aimed at promoting the range of IT leasing solutions and related services among the bank's business customers.

ECS confirmed its dominant position in Europe in 2002, with EUR 1.9 billion in turnover.

Equipment finance and vendor finance

A pan-European multi-sectoral offer

With an international network spanning 14 countries and pan-European expertise specialized by business sector, i.e. high-tech industries, transport and capital goods, **Société Générale Vendor Services** (SGVS) provides its business customers with solutions tailored to their markets.

In Germany, GEFA has honed its expertise, which is especially well regarded by big names such as Sun and Oracle, in vendor programs for the high-tech sector.

Similarly, efforts to pool expertise with the Group's other business lines are continuing. One example is in Italy between the factoring and medium-term business financing activities.

At the end of 2002, new financing amounted to EUR 6.4 billion, and outstanding loans were up by 15.5% at EUR 12.8 billion.

Operational leasing, fleet management and vehicle financing

An offer covering 16 countries

Following the acquisition of Hertz Lease, Société Générale will **rank number 2 in Europe in operational car leasing**.

By expanding its geographical coverage from 9 to 16 countries, ALD Automotive can serve its customers throughout Europe. In 2002, ALD Automotive was awarded two contracts by TotalFinaElf and Unilever following international invitations to tender. In France, two large partnerships were established, the first with EDF, as ALD Automotive acquired an equity stake in E-Lease, a company that promotes electric vehicles, and the second with Groupama to market lease purchase solutions for individual and professional customers.

Consumer finance

International expansion

Franfinance is France's fourth largest specialized consumer finance company[5] with EUR 6.3 billion of outstanding loans under management. It entered into two major partnerships in 2002, the first with Groupama Banque to develop a line of consumer credit products and the second with Weldom to introduce a payment card combined with a customer loyalty program.
In 2002, **Franfinance** also exported its know-how outside France, particularly to Société Générale's foreign subsidiaries:

- **in the Czech Republic**, it set up a subsidiary with Komercni Banka specialized in providing consumer credit via the branch network;
- **in Morocco**, Société Générale bolstered its market presence **by acquiring a 53% equity stake in Eqdom**, the country's leading consumer lending specialist with a 22% market share.

The expertise acquired by **Fiditalia**, Société Générale's consumer credit subsidiary **in Italy**, enabled the Group to conclude important marketing agreements with the Italian Post Office and Banca Sai, aimed at promoting consumer finance for household purchases.
Outstanding customer loans totaled EUR 2.2 billion at the end of 2002.

CGI, France's second largest multi-marque vehicle financing company[6] and the market leader in boat financing[7], saw outstanding loans rise by 9.6% to EUR 2.2 billion at the end of 2002.

Banking services

Global Securities Services

A core growth area

The Global Securities Services business line continued to grow in 2002 with **assets under custody up by 6.5%** to EUR 860 billion.

For the second consecutive year, the Bank was awarded **Moody's highest Management Quality Rating (MQ1)**, while **Fitch-AMR** upgraded its rating to **aa**. This attests to the quality of Société Générale's services in peripheral asset management businesses and underscores its policy of maintaining transparency for institutional investors or fund managers seeking custodial services.

EuroVL, which was acquired in 2001, rapidly expanded its mutual fund valuation business and continued its international growth, moving into Luxembourg and Ireland.

The activity providing back-office processing and custody services to brokerage firms and banks on the world's major financial markets continued to implement its productivity enhancement programs.

The Global Securities Services business line is now capable of offering a full range of high-quality products throughout Europe, leaving it well positioned to profit from any market rebound.

Cash management

Expanded product range

2002 saw the introduction of **three transactional banking websites**: Progeliance Net for professional customers, Sogecash Net for SMEs and Sogecash Net International, designed to meet the international needs of large corporations. At the close of 2002, these various services were used by 33,000 customers.

Insurance

Sogécap

Winner of the most awards in France in 2002

Sogécap was the winner of **7 life insurance awards** in the financial performance, innovation and customer service categories. This was the highest number of awards ever won by Sogécap and the highest won by any company in the industry.

Sogécap continued to add to its product range in 2002 with the introduction of guaranteed funds, which attracted over EUR 600 million in new money.

Notable developments outside France included the new range of insurance products launched in Morocco, the Lebanese subsidiary reaching break-even only two years after start-up and the introduction of bancassurance services in the Czech Republic.

At year-end 2002, Sogécap's policy reserves stood at EUR 33 billion, of which EUR 13 billion related to unit-linked policies.

Sogessur

An enhanced offer

The principal highlights of 2002 were the rapid growth in the number of new policies written and the enhancement of the product offer.

The success of the "*Garantie des Accidents de la Vie*" product (a personal accident insurance policy) confirms the quality of the product range on offer. 50,000 policies were sold through the Société Générale network in the first four months following its launch.

(5) Sources: 2001 annual reports.
(6) Source: Journal de l'automobile (April 2002).
(7) Source: Financement des particuliers magazine (No. 121, January 2003).

Asset Management and Private Banking

EUR 269 billion in assets under management

3rd largest euro-zone bank in asset management

Source: Société Générale.

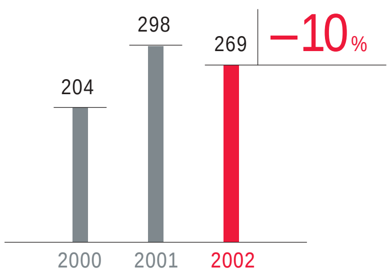
Asset Management and Private Banking

In 2002, the Group's **Asset Management and Private Banking** business continue to develop, with the acquisition of a private banking company in Japan and the formation of two asset management partnerships - one in China and the other with Axa in France in the employee savings sector.

In spite of the very difficult financial markets, assets under management stood at EUR 269 billion at December 31, 2002 thanks to inflows of new money totaling EUR 15.1 billion over the period, including EUR 5.1 billion through cross-selling initiatives.

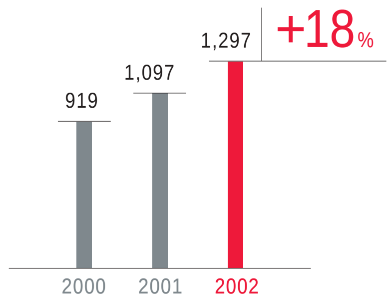
Net income from the Group's Asset Management and Private Banking arm came out at EUR 237 million in 2002, down slightly on 2001.

2002 KEY FIGURES



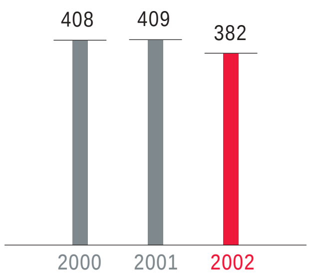
ASSETS UNDER MANAGEMENT

In millions of euros



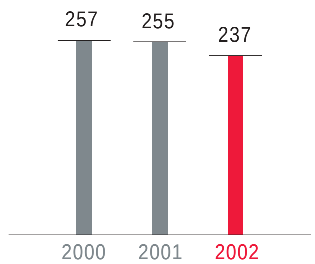
NET BANKING INCOME

In millions of euros



OPERATING INCOME

In millions of euros



NET INCOME

In millions of euros

Source: Société Générale.

Asset Management

Close to the markets, close to the clients

EUR **232** billion in assets under management*

EUR **12.5** billion of net new money in 2002*

3rd largest euro-zone bank in asset management

Rated **aa+** by Fitch-AMR
for its whole international structure,
including TCW (acquired in 2001)

SG ASSET MANAGEMENT

Strategy

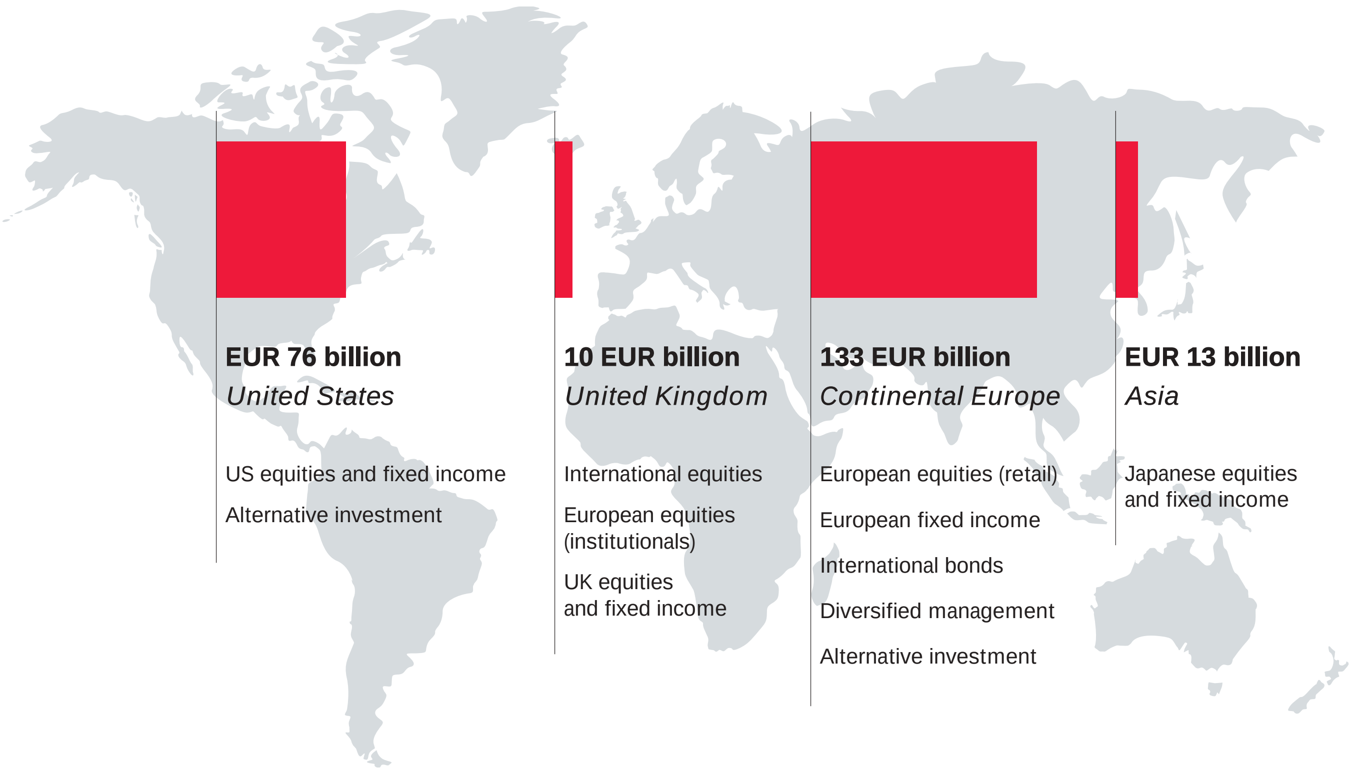
To be a global player supported by specialized centers of expertise in the world's four main investment regions

To offer access to all asset classes across all financial markets to all types of client (institutional investors, corporates, distributors, individuals)

To increase the number of distribution agreements worldwide

To prepare future channels for growth

* *Including Etoile Gestion, the asset management arm of Crédit du Nord.*
Source: SG Asset Management.



A robust development model

Against a backdrop of extremely difficult financial markets marked by a 50% plunge in European equities over two years, many asset management companies saw their margins collapse and losses mount in 2002. The business model developed by SG AM enabled it to steer through this unprecedented crisis while maintaining stable earnings. This strong performance reflects the quality of the product range, the well-balanced client mix and the international diversification of the portfolio.

- **Product range:** equity and diversified portfolios account for less than 40% of total assets, while short and long-term fixed-income products account for 48%. The remaining balance of over 12% is invested in alternative investment. The considerable growth seen in this asset class is a result of the significant investments made by SG AM since 1998. As this management style is more resistant to market volatility, it attracted over 40% of net new money in 2002;
- **Client mix:** the balance between institutional investors (51% of assets under management), and retail clients plays an important role in ensuring the stability of SG AM's earnings and the volume of assets under management;
- **International diversification:** a fair spread between the United States (33% of assets under management), Europe (61%) and Asia (6%) enables the Group to weather a local market crisis while having available different drivers for growth.

Highlights

External distribution: dynamic sales growth

SG AM has made distribution outside the Société Générale network a strategic development priority, which accounts for over 10% of assets under management. Distribution agreements have been signed with some twenty major partners in the banking and insurance sectors in the United States, Asia (Japan and Singapore) and Europe (France, Spain, Italy, Germany, etc.). These major partnerships are supplemented by over 500 marketing agreements with independent financial advisers. The specialized products sold this way include alternative investment, multi-manager funds (developed in partnership with Frank Russell) and the Group's umbrella funds – Sogelux (for Europe and Asia) and Galileo (for the United States).

Channels for future growth

The Group is currently seeking future growth drivers in Asia, North America and Eastern Europe.

- In Asia, **China** represents a huge market with its population of 1.2 billion people. The formation of a joint venture with Baosteel, China's largest industrial firm, in July 2002, opens the doors to China's principal banks, whose retail networks provide access to tens of millions of potential clients. The first joint products are expected to be unveiled during 2003.
- In America, the Group is targeting **Canada** and especially **Mexico**, which has 120 million inhabitants and now has very close trade and economic ties with the United States, as a result of its membership of NAFTA.
- Lastly, **Central and Eastern Europe** offers strong potential for growth, notably as a result of the enlargement of the European Union. The expansion of the asset management business in this region is taking place alongside the acquisitions made by the Retail Banking Outside France arm in the Czech Republic, (EUR 1 billion under management), Slovenia, Romania, etc.

Product innovation to enhance cross-selling

Success of MBS in Europe

Mortgage Backed Securities (MBS) represent the largest segment of the US bond market and offer the best risk/return ratio. TCW, the Group's asset management subsidiary in the United States, is one of the leaders on this market with 26 specialized experts and over EUR 28 billion of assets under management. The management performance regularly features at the top of the league tables (first quartile of the Russell universe over 1, 3, 5, 7 and 9 years at September 30, 2002). The MBS sub-fund of the Sogelux umbrella fund was rated AA by Standard & Poor's for the quality of the investment process and performance. American MBS management is a core component in cross-selling initiatives, with nearly EUR 2 billion sold in Europe and Asia in 2002.

The success of alternative investment

Since 1998, SG AM has invested massively in human resources and tools dedicated to alternative investments, which are decorrelated from traditional markets. Assets under management exceeded EUR 29 billion at the end of 2002 and net new money over the period amounted to more than EUR 5 billion, representing over 40% of SG AM's total net inflows.
This success is based on an international business model and high-caliber teams with a strong culture of innovation.
A broad range of hedge funds complements the range of structured products, offering 10 different investment strategies.

Highlight

Sustainable development and employee savings

SG AM added an "ethical and socially responsible" investment fund to its range of employee savings funds in 2001, thereby offering employees a selection of securities based on sustainable development criteria. SG AM's commitment to developing socially responsible investment solutions was reinforced in 2002 by the creation of the "Arcancia label" fund family, consisting of six employee investment funds that incorporate socially responsible criteria into their investment policies. The French inter-union employee savings committee awarded its label to this product offering in June 2002.

Private Banking

Strengthening of international network and sales platform

EUR 37 billion of assets under management

3 priority regions: France, Europe and Asia

PRIVATE BANKING

Strategy

Offer personalized advisory services and a full range of innovative products and services as part of a global approach to clients' needs

Develop the sharing of know-how with the Group's other business lines and tap the client acquisition potential offered by the domestic and international retail banking networks

Increase profitability by enhancing productivity, pooling resources and managing risk

Reinforce the international presence

Source: Société Générale

Strengthening of the international network and product offer

Creation of SG Private Banking Japan

SG Private Banking has expanded into **Japan**, the world's second richest country in terms of private wealth, by acquiring the licenses and activities of Chase Trust Bank (Japan). Under Japan's specific regulatory framework, the status of a trust bank provides the competitive advantage of conferring the right to offer a full range of private banking services to a targeted customer base under one roof. These include banking services, discretionary management, advisory management, financial engineering and the transfer of private or business assets.

Expansion of the private banking network in Belgium

The acquisition of Banque de Maertelaere (BDM) reinforced the Société Générale Group's presence in **Belgium** and extended its on-shore private banking platform in Europe. A specialist in asset management, Banque de Maertelaere extended its footprint by opening three new branches in the second quarter of 2002 in areas offering strong growth potential. This raises the number of offices to 15.

Development of structured products and alternative management

An expanded and updated product range resulted in a **tripling of revenues** from the sale of structured and alternative management products **between 2000 and 2002**.

Resilient performance in a tough market

The Private Banking arm gathered EUR 2.6 billion in new money under difficult market conditions.
This performance attests to the validity of SG Private Banking's business model and the commitment of its teams. However, it did not entirely offset the negative price effect. Assets under management stood at **EUR 37 billion** at end-December 2002, compared with EUR 40 billion at year-end 2001.

Net banking income rose by 5.8% to EUR 309 million owing to changes in Group structure. Despite the drop in brokerage fees and interest rates, net banking income recorded a limited fall of only 1.1% on a like-for-like basis and at constant exchange rates, essentially due to the success of innovative capital-guaranteed structured products.

Highlights

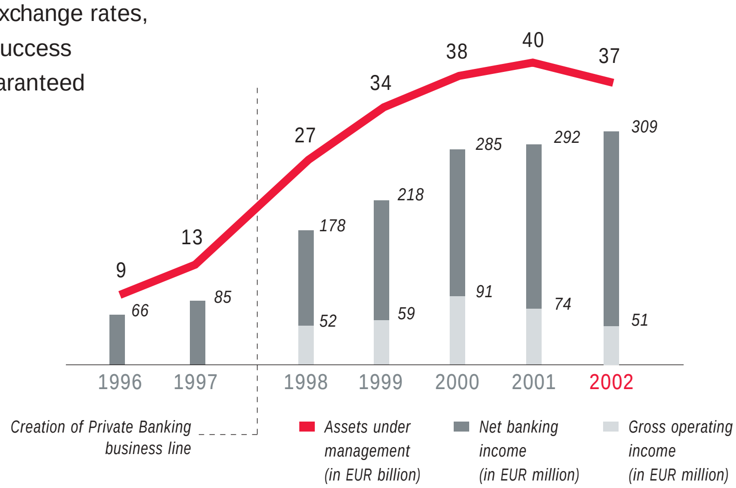
SG Private Banking

www.sgprivatebanking.com

- *A global business line dedicated to high net worth individuals with over EUR 1 million in financial assets or offering strong potential,*
- *present in 22 countries,*
- *1,500 employees.*

Launch of Funds Research

In addition to the funds managed by SG AM, SG Private Banking now offers a selection of the world's best mutual funds chosen by its team of experts and organized by asset class.



Corporate and Investment Banking

3rd largest corporate and investment bank in the euro zone (1)

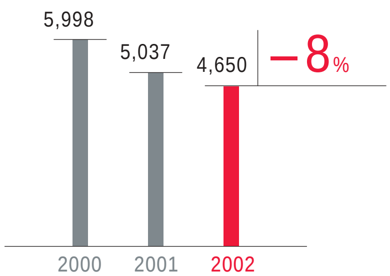
One of the top 10 financial institutions on the euro capital and derivatives markets

(1) In terms of pre-tax profit.
Source: published annual results of competitor banks.

Corporate and Investment Banking

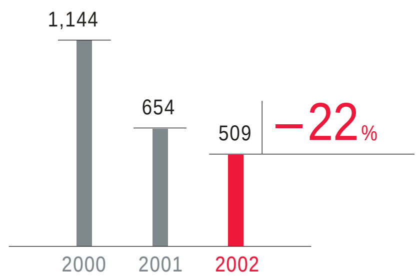
SG, the Société Générale Group's corporate and investment banking arm, serves corporate clients and investors in 45 countries. It is recognized by its clients for its innovation and execution capabilities. Thanks to these qualities, SG now ranks among the top ten financial institutions on the euro capital markets and remains the global leader in derivatives. Present on the European, US and Asian markets, SG offers its clients a tailored approach to meet their financial and strategic needs. The Corporate and Investment Banking business generated net banking income of EUR 4,650 million and an ROE after tax of 14.2% in 2002, attesting to the robustness and profitability of its platform in a challenging business environment.

2002 KEY FIGURES



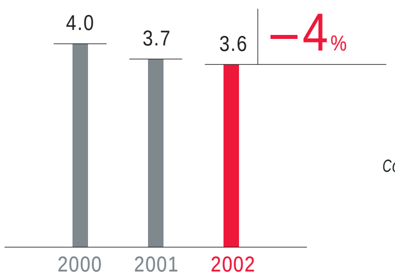
NET BANKING INCOME

in millions of euros



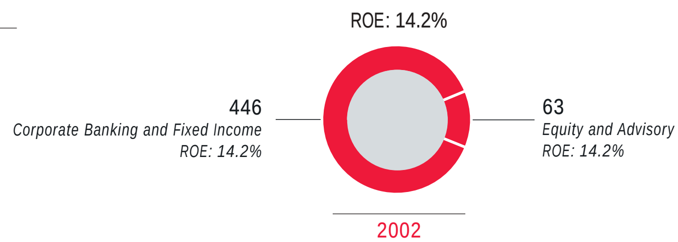
NET INCOME

in millions of euros



AVERAGE ALLOCATED CAPITAL

in billions of euros



NET INCOME AND ROE AFTER TAX

in millions of euros

Source: Société Générale Group.

Corporate and Investment Banking

A well-balanced and solid platform

Strategy

Reinforce SG's positions

A new sales division for corporates and financial institutions

Synergies and innovation

CORPORATE & INVESTMENT BANKING

SG, the Société Générale Group's Corporate and Investment Banking division, aims to generate recurrent revenue streams by developing its client-driven activity on the back of innovative solutions underpinned by extensive product and sectoral expertise. SG's aim is threefold:

- in Europe, to be a reference bank for its selected clients, specialized in euro capital market products, derivatives and structured finance, as well as offering M&A services to European target clients mostly involved in French transactions;
- in the Americas, to serve the global financial needs of its target select multinational clients and to offer expertise in selected specialized industries;
- in Asia, to serve the global financial needs of local and multinational clients.

In 2002, SG demonstrated the soundness of its strategy, as illustrated by the resilience of its business mix. Despite the marked decline in the investment banking environment, which was also affected by a higher cost of risk in certain sectors (telecoms/media and energy in the United States),

Corporate and Investment Banking

SG generated an ROE after tax of 14.2% for the year, ranking the Group among the most profitable banks in the euro zone.

SG turned in a resilient operating performance thanks to the cost-cutting measures undertaken in 2002, which partly offset the fall in net banking income and limited the drop in gross operating income to just 3% compared with 2001.

SG rapidly took on board the challenges linked to the economic environment in 2002. Investment banking activities (cash equity and advisory) suffered the repercussions of the decline in global equity markets, as well as the sharp fall in indices, issuance volumes and trading volumes on major stock markets.

Against this backdrop, which is likely to last in 2003, SG has taken steps to adapt, rightsize and optimize its cash equity and advisory platform. These measures, some of which involve regional initiatives (Europe, Asia), led to a reduction in the total headcount of around 550 staff [2] in 2002 and are expected to produce full-year savings of approximately EUR 90 million.

Reinforcing SG's positions

In 2002, SG registered a sharp improvement in its competitive positions on the euro capital and derivatives markets. The bank attained its goals by ranking among the top ten financial institutions on these markets.

According to Thomson Financial's 2002 league tables, SG strengthened its positions among the ten leading institutions on the main market segments:

- **Convertible bonds:** named **European Equity-Linked House of the Year 2002** by IFR magazine, SG was ranked **No. 1 bookrunner by number of issues** and **No. 2 bookrunner by volume** (No. 9 in 2001) of convertibles in Europe (EMEA [3]), with a market share of 13.5% versus 5.7% in 2001;
- **Bonds:** SG was ranked **No. 7 bookrunner** (No. 13 in 2001) of euro bond issues with a market share of 4.9%, up from 2.6% in 2001. SG made significant progress among Corporates (SG No. 8) and Financial Institutions (SG No. 1), and in securitization deals;
- **Securitization:** SG was ranked **No. 7 bookrunner** (No. 19 in 2001) of euro-denominated securitizations in Europe with a market share of 5.6% versus 1.3% in 2001;
- **Syndicated loans:** SG was ranked **No. 10 bookrunner** (as in 2001) of syndicated credits in Europe (EMEA) with a market share stable at 3%;
- **Equity:** SG was ranked **No. 10 bookrunner** (No. 9 in 2001, No. 20 in 2000) of secondary offerings in Europe (EMEA).

In addition to these strong performances on the primary markets, SG confirmed its **leading position in derivatives** in 2002. Considered one of the global leaders in equity derivatives, SG is also recognized for its expertise in interest rate, currency, credit and commodity derivatives.

Underpinned by growth in activity and gains in market share, these positions were achieved despite the challenging market environment marked by dwindling volumes, high volatility and fierce competition. This attests to SG's improved standing in Europe vis-à-vis both issuers and investors. In addition to its performance on the French market, SG also won mandates from a growing number of European and international issuers.

(2) Source: Société Générale Group.
(3) EMEA: Europe, Middle East, Africa.

Corporate and Investment Banking

Highlights

A sales division for corporates and financial institutions

- *Defines and implements sales strategy.*
- *Manages relationships with 1,300 target clients.*
- *Draws on the full resources of the Société Générale Group.*

New alternative management product range

SG has developed a unique range of guaranteed alternative management products based on rigorous risk management. Lyxor Asset Management, a subsidiary of the Société Générale Group, is backed by a risk management platform, which manages over EUR 6 billion. SG currently ranks among the top ten worldwide for guaranteed products indexed on hedge funds.

A new sales division for corporates and financial institutions

This new sales division is intended to enhance SG's understanding of the needs of corporates and financial institutions by offering them the full range of the Société Générale Group's products.

The sales division is responsible for managing and developing relationships with 1,300[4] target clients. Each of these clients is covered by a senior banker, backed by dedicated experts within the business lines. This client relationship model improves geographic proximity to, and fosters closer contact with, Société Générale's target clients. It also serves to promote value-added solutions based on the complementarity of the Group's various business lines. This approach encourages the development of synergies between the business lines.

Synergies and innovation

SG's corporate banking and fixed income activities have been grouped within a single platform for the past two years, which has produced significant revenue synergies: EUR 100 million in 2001, over EUR 140 million in 2002[4], and in line with its target of EUR 200 million for 2003.

SG has established a reputation among its clients as a partner of choice for the development of innovative, value-added solutions that meet their specific needs. Similarly, SG also excels in the implementation of customized solutions. This is well illustrated by the modular, pan-European securitization program involving EUR 1.6 billion in car loans, structured for RCI Banque, Renault's finance arm.

As an advisor to the French government, SG developed an original privatization technique for the sale of part of the government's stake in Thomson (formerly Thomson Multimédia). This EUR 1.1 billion placement was carried out using the accelerated bookbuilding technique, which had never been used by the government before. The transaction was accompanied by an OCEANE issue (bonds convertible or exchangeable for new or existing shares) by Thomson amounting to EUR 600 million.

In addition, SG continued to make technological investments in its global equity derivatives platform to consolidate its market leadership. Its teams notably launched the first Exchange Traded Funds (ETF) on the Italian and Belgian markets and have already established a leading position[5].

Lastly, despite the sluggish economy in 2002, SG implemented a policy of cost management and the development of credit portfolio management.

(4) Source: Société Générale Group.
(5) Italian stock market: 74% market share at December 31, 2002.
Belgian stock market: 100% market share at December 31, 2002.

SG's selectivity and well-balanced business mix enabled it to weather the harsh economic climate

The Corporate and Investment Banking business is made up of two arms: the Corporate Banking and Fixed Income businesses, and the Equity and Advisory activities.

Corporate Banking and Fixed Income:

Robust performance against a contrasting backdrop

2002 followed an exceptional year in terms of revenues in 2001. Performances were highly satisfactory thanks to sustained client-related activity and low interest rates which favored the fixed-income activities, keeping revenues stable in comparison with 2001. However, 2002 was characterized by a marked rise in the cost of risk, in particular linked to the crisis that afflicted the media-telecoms sector and to difficulties in the energy sector in the United States.

Debt and derivative markets

The Group's enhanced sales approach enabled it to improve its positions on the debt and derivative markets vis-à-vis both issuers and investors.

SG ranked among the top ten bookrunners of **euro bond issues**, up from No. 13 in 2001 to No. 7 at the end of 2002.

Over the period, the Group won several mandates from French issuers including France Télécom, Renault, Sodexho and Vinci, as well as from a growing number of European issuers, such as Volkswagen, BBVA, Deutsche Telekom, Deutsche Bahn, Hilton and the Republic of Portugal. On the **securitization market** segment, SG notably rose to No. 7 in the European league table, drawing on both its expertise in structuring and its reinforced placement capacities. In March, SG acted as arranger and bookrunner of the first mortgage loan securitization transaction for a savings bank in Germany, BHW Bausparkasse AG, for EUR 1.2 billion. BHW Bausparkasse AG selected SG again for its second transaction, launched in November, for EUR 1.5 billion. SG also consolidated its leading position on the **derivatives market**. SG was ranked No. 5 worldwide on euro-denominated short-term interest rate swaps and was recognized for its technological leadership in exotic interest rate and credit derivatives [(6)].

In the **foreign exchange and treasury** activity, SG ranked No. 9 worldwide for corporates and No. 8 for investors [(7)].

Highlight

SG's rankings in the Corporate Banking league tables

	2001	2002
Bookrunner euro bond issues		
All issues	13	7
Corporates	13	8
Financial institutions	15	1
Bookrunner – syndicated loans, EMEA zone	10	10
Euro-denominated securitizations in Europe	19	7

Source: Thomson Financial.

(6) Risk Magazine, September 2002.
(7) FX Week, November 2002.

Highlight

2002: a record-breaking year for Fimat

Fimat is SG's specialized financial instruments and commodities brokerage subsidiary (derivatives and underlying securities, listed and OTC), principally serving institutional investors.

Fimat capitalized on the high levels of market volatility to once again improve its positioning, consolidating its place as one of the leading global clearers with sharp growth in volumes:

- *No. 1 on CBOT (Chicago Board of Trade) for execution* [8]
- *No. 3 on EUREX for settlement* [9]
- *No. 1 on LIFFE for commodities (execution and settlement)* [10].

Specialized financing

Specialized financing turned in a more mixed performance due to the sensitivity of these activities to tension on the credit markets and the slowdown in corporate investment, which was particularly noticeable in the second half of the year.

SG figures among the global top three in **export finance** and **commodity finance**. Ranked No. 1 worldwide in 2002 [11], the export finance business line once again performed extremely well. SG also ranked No. 2 in the world for structured commodity finance [11] for the second consecutive year.

On a difficult **project finance** market, SG consolidated its position among the global leaders, ranking No. 2 in 2002 [12]. While the energy sector in the United States was hit by a crisis, reflected in the provisioning booked on certain counterparties, SG completed a number of major transactions, including the financing for the international consortium tendering for the privatization of Sydney airport in Australia, which was named "Asia-Pacific Loan 2002" by IFR magazine.

Similarly, SG maintained its dynamic performance in **acquisition finance** with several major transactions over the period, including, in Italy, the takeover of Eurogen by Edipower and the public tender offer made by Eurofind (subsidiary of Auchan and Ifil) for the retail group La Rinascente. On the leverage finance segment, SG successfully implemented its new strategy focused on European investment funds.

Fimat

Fimat produced an exceptional performance in 2002, notably thanks to its bond brokerage activity in the United States. In addition to the excellent performance of its core activities, Fimat also pursued its diversification strategy: e-trading advisory and support; high value-added services (risk netting and margin calls).

Equity and Advisory:

Resilient performance in the face of bearish equity markets

Even more than 2001, the 2002 financial year was marked by turbulent equity markets: collapse of volumes, depressed share prices and sluggish M&A markets. Consequently, the cash equity (primary market, distribution and trading, research) and M&A advisory activities were particularly strongly affected.

(8) Data published by CBOT.
(9) Data published by EUREX.
(10) Data published by LIFFE.
(11) Trade Finance, June 2002.
(12) Project Finance Magazine League Tables 2002.

Primary equity

In a primary market down by 34%, SG maintained a strong positioning thanks to its expertise on the European equity-linked segment, despite an equivalent drop in this market. Ranked No. 2 for convertible issues in Europe (EMEA), SG managed 11 convertible issues in Europe (EMEA) for a total volume of USD 2.9 billion, representing a market share of 13.5%, compared with 5.7% in 2001.

The main deals managed by SG in 2002 included issuers from four different countries: Holcim (Switzerland); Arcelor (Luxembourg); Aegis (United Kingdom); Financière Agache/LVMH, Thomson (formerly Thomson Multimédia) and Accor (France). In the United States, SG Cowen maintained its position despite a depressed market and was particularly competitive with its AFO (Accelerated Follow-On[13]) product.

M&A advisory

SG Cowen extended its expertise in the retail consumer goods and media/leisure sectors, and was very active in the aerospace/defense sector. Despite a significant decline in the technology sector, SG Cowen nonetheless concluded major transactions in the healthcare sector. SG Cowen advised Biosearch Italia on its merger with Versicor, the first share exchange merger between a listed Italian company and a listed US company (USD 260 million). SG was very active in Europe, including in cross-border deals such as Auchan-Ifil/Rinascente, Castorama/Kingfisher, Saica/La Rochette, Vallourec/North Steel Star Tubes, and Arbed/Arceralia/Usinor.

Secondary equity

In a difficult market environment, the European MSCI[14] index and the CAC 40 fell 30.9% and 33.8% respectively, and the number of transactions on European stock markets fell, producing an unfavorable impact on results. However, SG kept its position as No. 1 broker on the French market[15] with a 10.7% market share[16]. In the United States, SG Cowen maintained its volumes and market share, and even improved its presence slightly among its main clients.

Given this poor environment and in view of the lack of near-term recovery prospects, SG rightsized its cash equity and M&A platform in Europe and Asia.

Highlight

"Best European Equity-Linked House"[17] *and "Best Equity-Linked Deal of the Year" in 2002*[18]

SG was named Best European equity-linked house. SG successfully extended its expertise, which has long been recognized in France, to the rest of Europe.

For the second consecutive year, SG won the "best equity-linked deal of the year" award for the transaction arranged for Accor (EUR 570 million), notably thanks to the deal's innovative structure.

(13) *Accelerated placement of new shares.*
(14) *MSCI Blue Book, December 2002.*
(15) Euromoney, July 2002.
(16) *Euronext data.*
(17) IFR Review of the Year 2002.
(18) The Treasurer, December 2002.

Highlight

SG's ranking in Investment Banking league tables

	REGION	2001	2002
Equity issues (bookrunner ranking by amount of issues managed)			
	France	1	3
	Europe	8	11
Convertible bond issues (based on deals completed or unconditional)			
	Europe	9	2
	All international issues	10	7
Mergers & Acquisitions (based on deals completed or unconditional)			
	Europe (target or buyer)	16	19

Sources: Thomson Financial, IFR, *January 2003*

Warrants (19)	World	#2	#1
ETF (outstanding) (19)	Europe	#4	#2

Equity derivatives

The equity derivatives business line produced a strong performance in 2002 and confirmed its position among the global leaders on this market.

The client-driven activity of this business line focuses on two kinds of products: structured products and listed products.

Structured products

The teams of traders, financial engineers and salespeople have developed one of the most integrated offers on the market. The bearish market conditions seen throughout 2002 reinforced retail clients' interest in structured products (capital-guaranteed products, alternative management), a sector where SG's expertise is recognized worldwide throughout the equity and index derivatives industry.

Both institutional and retail investors benefit from this activity's strategy based on innovation and permanently adapting its product range.

This capacity for innovation and the wide range of structured products on offer (Mountain range, Emerald, Saphir, etc.) enabled the Group to register a level of sales activity comparable to 2001, in terms of both inflows of new money and results, despite the challenging market environment in 2002.

Listed products

This activity offers individual and corporate clients a wide choice of equity derivative products: warrants, certificates, reverse convertibles and trackers.

SG offers its clients a high level of service quality:

- real-time price quotations via the internet and teletext,
- a dedicated internet site warrants.com,
- a monthly newsletter (120,000 subscribers),
- a toll-free number in several languages,
- direct contact with retail clients (seminars, etc.).

SG regained its position as global leader on the warrants market (15.1% market share worldwide (19)) and confirmed its position as European leader on the ETF market (No. 1 in Europe by volume of transactions, No. 2 by outstanding).

SG also remained highly active in trading activities (arbitrage and volatility trading), where it enjoys a globally recognized expertise. Despite the difficult market conditions, the results generated by these activities were satisfactory thanks to effective risk management.

(19) Reuters, Bloomberg and stock markets.

Sustainable Development

Société Générale's Commitment

The **first** listed French bank to **sign** the Statement by Financial Institutions on the Environment and Sustainable Development

A **component stock** of the leading sustainable development indices

An **independent ombudsman** since 1996

6,500 new staff recruited in 2002

Over **90%** of employees in France are Société Générale shareholders

Source: Société Générale.

By signing the United Nations Environment Programme (UNEP) Statement by Financial Institutions on the Environment and Sustainable Development on November 27, 2001, Société Générale was looking to confirm its commitment to sustainable development.

The financial markets, the Group's employees and society at large encourage the Group's efforts in this area. Furthermore, risk management considerations make this commitment the Group's professional duty.

However it was above all a strong belief in the Group's responsibility in terms of economic and social development that led it along this path.

A vision of sustainable development inherent in the Group's values

Société Générale's commitment to sustainable development is deeply rooted in the Group's culture and practices, and is intended to instill greater coherence amongst the different businesses of a group that has doubled in size over the past seven years.

Société Générale pioneered corporate governance and compliance practices in France, and was one of the first French banks to offer sustainable development investment funds(1).

Société Générale has adopted the universally-accepted definition(2) of sustainable development as its own watchword, adapting it to the requirements of a financial institution: "development that meets current needs without compromising those of future generations, via a responsible approach that takes into account the interests of all stakeholders: customers and suppliers, employees, shareholders, society and the environment".

The Group is looking to maintain a healthy balance between short-term constraints and medium-term concerns in its day-to-day business, with a view to contributing to the sustainable development of all its partners.

Its ambition is to reconcile and respect its partners' interests over the longer term.

Société Générale seeks to ensure that its behavior vis-à-vis society and the environment reflects its spirit of solidarity and its sense of partnership, which have always been the driving force behind its relations with its customers, employees and shareholders.

This commitment is made possible by the values that Société Générale has striven to promote throughout its history, and which are embodied in its employees at both an individual and collective level.

(1) *Europe Éthique, launched by SG AM in May 2000, and Etoile Développement Durable, launched by Etoile Gestion/Crédit du Nord in September 2001. Assets under management at November 30, 2002 amounted to EUR 4.7 million and EUR 35.4 million respectively.*

(2) *"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland Report, United Nations, 1987).*

Highlight

Generating value from our values

The Group's rapid expansion, in particular outside France, brought with it the need to affirm its core values. Professionalism, Team Spirit and Innovation were the three values adopted following an in-depth study involving nearly 2,000 employees. The values have been promoted among the Group's 80,000 employees via a major communication campaign, including a brochure translated into 17 languages, posters and a dedicated website: www.123.socgen.com.

The slogan "generating value from our values" reflects the benefits that are shared by the Group's customers, shareholders and partners alike.

A number of concrete steps have been taken throughout the Group. The best initiatives were rewarded in November 2002, at the first Values Awards.

Group Management has launched around ten cross-business projects, for example plans to extend employee share ownership (see page 68).

Being a benchmark among financial institutions in sustainable development

2001 was the year in which the Group raised awareness of the importance of sustainable development among its teams. 2002 was the year in which further commitments were made.

For example, SG Asset Management subscribed to the 'London Principles of Sustainable Finance[3] and was among the financial institutions that founded the "Carbon Disclosure Project"[4]. Furthermore, the "Arcancia Label" offer was certified by the French Inter-Union Employee Savings Committee (see Highlights on page 49).

The Group's efforts in terms of sustainable development are coordinated by the Bank's Executive Committee.

An operational committee, run by the Quality department and made up of senior managers from the core businesses (Retail Banking, Asset Management and Private Banking, Corporate and Investment Banking) and the corporate departments affected by sustainable development (Human Relations, Communication, Risk Management, Compliance, Purchasing, Investor Relations, etc.), is responsible for implementing these efforts, as well as identifying and disseminating best practices.

Designated "contributors" in each business implement Group policy "in the field".

The operational committee has three sets of tools at its disposal:

- the "Planethic" intranet, a tool for capitalizing on and sharing experiences;
- environmental and social indicators, which serve as the basis for a proper management chart;
- the first "competitor watch" tools[5].

The Group's ambition for 2003 is to reinforce the use of best practices within the businesses, both in France and internationally, focusing on four points:

- improving the detailed knowledge and reporting of the Group's performance in terms of social and environmental concerns and with respect to society as a whole;
- defining and systematically implementing a Group-wide environmental policy;
- developing and standardizing socially responsible practices around the world;
- harmonizing and reinforcing the Group's sponsorship initiatives.

Note: Scope covered by this section:
In general, everything concerning management policies and systems applies worldwide. For all other aspects, please refer to the details given in the relevant sections.

Société Générale is one of the four euro-zone banks to be included in the three leading sustainable development indices from their inception.

DJSI World & DJSI STOXX

FTSE4Good Global & Europe

ASPI EuroZone

Since 1999, Société Générale's sustainable development performance, as measured by these indices, has improved, though there remains considerable scope for further progress.

CHANGE IN SAM* SCORE

	2001-2000	2002-2001	2002-2000
Société Générale score	+81.5	+15.2	+109.0
Average sector score	–24.7	+43.3	+7.9

* *SAM Research Inc.*

CHANGE IN ARÈSE SCORE**

	2000-1999	2001-2000	2001-1999
Société Générale score	+25.8	+ 1.2	+ 27.3
Minimum sector score	+13.0	– 0.5	+ 12.5

** *Agence de rating social et environnemental sur les entreprises - French sustainability rating agency.*

These tables indicate the percentage growth rate of the different scores.

(3) *These principles, which were published at the Johannesburg summit, are intended to promote the role of financial institutions in furthering sustainable development (http://www.forumforthefuture.org.uk).*

(4) *This initiative asked the world's top 500 companies to disclose information on their greenhouse gas emissions (http://www.cdproject.net/).*

(5) *Notably via the Group's participation in UNEP (United Nations Environment Programme), ORSE (Observatoire de la Responsabilité Sociétale des Entreprises - Corporate Social Responsibility Study Center), and the "Environmental Credit Risk Factors in the Pan-European Banking Sector" benchmarking study carried out by the UK firm Isis (formerly Friends Ivory & Sime).*

Corporate Resources and Human Relations

Over 80,000 people who are the source of the Group's wealth

The Group's recent acquisitions, its growing international presence and the increasing specialization of its businesses require a global approach to human resources and management that is able to meet strategic challenges and underpin the Group's development. Human resources management has been largely decentralized to the core businesses[1] so that this global approach can be reconciled with the diversity of the different businesses. As such, international mobility and an active recruitment policy are key features of the human resources policy of both the Corporate and Investment Banking and the Asset Management and Private Banking businesses. In Retail Banking, new skills are needed to anticipate and actively respond to changing distribution and organization methods in France. The application of Group practices outside France is intended to reinforce the integration of the different subsidiaries within the Group and to promote the development of human resources at a local level, while respecting the particular features of each business and country.

In the global corporate functions (finance, risk management, legal affairs, etc.), the human resources policy aims to reflect the specific requirements of these businesses and to encourage international mobility.

The Group's aim is to actively implement its core principles of coherence and subsidiarity on a daily basis, with a view to integrating people and cultures, while leaving room for the autonomy needed to foster growth.

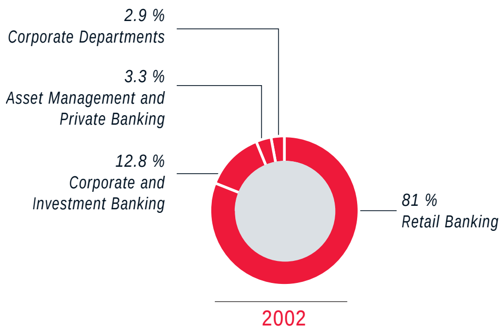
Accompanying change

An active recruitment policy despite the need to adapt to the economic and market environment

2002 was marked by an unfavorable economic environment, notably for the global equity markets. Against this backdrop, the Group had to rightsize its resources in cash equity and M&A activities in Europe and Asia to bring them into line with the size of the markets. Appropriate measures were taken to support those affected by the cuts, over and above the legal requirements.

Highlight

Breakdown of domestic and international headcount by core business



Note: Figures for France correspond to the parent company, excluding the French subsidiaries. International data correspond to the whole Group, unless otherwise indicated.

(1) *Corporate and Investment Banking, Asset Management and Private Banking, Retail Banking.*

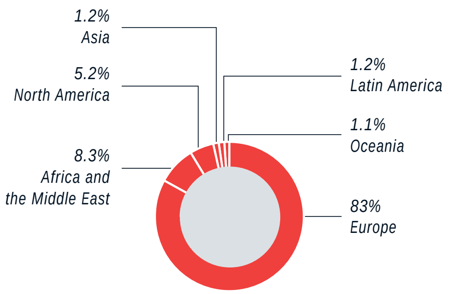
Highlights

Société Générale, an attractive employer

In France, Société Générale is ranked number seven among the most attractive future employers across all sectors named spontaneously by future graduates of engineering and business schools.

Its recruitment website is considered to be the best institutional site by these future graduates (SOFRES "Future Graduates" survey of June 2002). Société Générale received 100,000 job applications in 2002 and a growing proportion of these were submitted online, up from 10% of the total at the beginning of the year to 30% at the end of the year.

Breakdown of employees by region



2002

With 83,220 employees[2], Société Générale also pursued its active recruitment policy, with over 6,500 new employees joining the Group around the world, including some 4,800 on open-ended contracts. In France, nearly 46% of new employees have executive status. The use of outsourcing remains limited.

This dynamic recruitment drive was designed to meet the need for new skills to accompany the Group's changing businesses, while at the same time anticipating the wave of retirements expected as of 2006, essentially in the retail banking sector.

In France, Société Générale is actively involved in integrating young people into the world of work through effective and loyalty-building training schemes, such as apprenticeships, which involved 1,600 students in 2002. The Group also opened its doors to over 5,000 interns and 10,000 temporary vacation staff.

Société Générale is in regular contact with students via some sixty forums and fairs organized in association with universities and *grandes écoles*. It provides sponsorship (at the *École des Mines* and the ICN business school in Nancy), finances university chairs and educational programs (at the *École Centrale de Paris*, ESSEC and EDHEC business schools), and sits on the admissions boards of business and engineering schools.

These efforts have also been extended outside France, for example in the United States, where SG Cowen has a partnership with Harvard Business School. This partnership is set to continue in 2003.

The cultural and professional integration of Société Générale employees

The Group has an active policy of integrating newly-acquired companies. As such, during 2002, nearly 120 executives from the domestic and international subsidiaries of the Group's retail banking business (mainly from Eastern Europe), as well as from the specialized financial services and private banking businesses, were invited to Group induction seminars. In 2002, around 1,000 executives recruited across all Group business lines attended seminars of this type.

Over and above traditional training schemes, Société Générale introduced an induction program in France in September 2002 aimed at newly-recruited customer reception staff. Around 120 people benefited from this scheme during the last quarter of the year.

Developments in the French retail banking network: new challenges, new businesses

In view of the development of new technologies and multimedia customer relations solutions, Société Générale embarked on a major multi-channel retail banking project – the 4D program – which has notably involved a reorganization of the retail banking activities in France.

(2) Headcount at end of period excluding temporary staff. As a reminder, the Group had 84,000 employees in 2001.

Particular attention has been paid to the consequences of changing the banking distribution businesses in terms of training, mobility and organization. The changes are to be implemented between now and 2007/2008, and the employees concerned will be offered job retraining and mobility support programs.

Close relations with social partners

In France, social dialog is conducted via a Works Council and a Health and Safety Committee for each group of branches in the Société Générale network, as well as for the corporate departments.

In 2002, Société Générale signed major company-wide agreements with its social partners, covering:

- remuneration, with agreements on pay, profit-sharing, incentives and the company savings plan to replace the existing arrangements,
- the Group Works Committee, its renewal procedure, structure and modus operandi,
- and the renewal procedure of the European Works Council.

Encouraging diversity and talent

The Group nurtures the diversity of its employees' profiles, while seeking to harness their talents to the full. It respects the rules and customs of the countries in which it operates, and each division defines its strategy in accordance with these principles.

Harness local expertise and international skills

With a presence in nearly 80 countries, and with some 42% of employees working outside France, the Group is a major employer at a global level. It is committed to leveraging the skills and expertise of its local employees, by awarding them key positions in international subsidiaries. As such, French expatriate managers account for less than 2% of Group employees outside France. In France alone, the Group employs people from 80 different countries, underscoring the cultural diversity of its staff.

Facilitate experiences

Functional and geographical mobility is the cornerstone of the Group's career management policy.

In 2002, over 3,000 employees in France changed business, principally within the same operating division. Programs to promote a diversity of experiences have been set up in the global business lines for specialists and support staff alike. In general, this commitment to diversity meets both the Group's aim of coherence and employees' desire to develop their professional and personal skills. It forms part of a personalized, loyalty-building and international career management policy.

Highlights

The European Works Council

The European Works Council was set up in March 1997 and meets at least once a year, chaired by the Group Chairman or the Chief Executive Officer. It is a forum for information, dialogue and discussion on economic, financial and social issues that are of strategic or cross-border importance.

It is currently comprised of representatives from 8 countries and includes 14 members who are elected or appointed for two years by the trade unions of each country, namely: Belgium, France, Germany, Greece, Italy, Luxembourg, Spain and the United Kingdom.

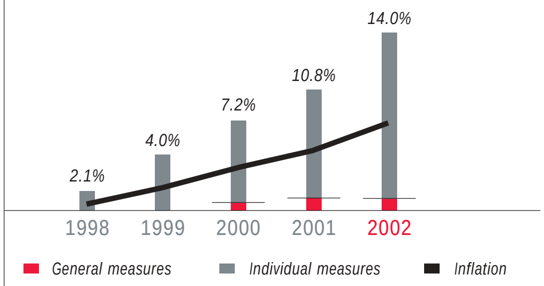
Women in the Société Générale Group

Women form the majority of Group employees, accounting for 54% of the total workforce both in France and internationally. In France, women held over 30% of executive positions in 2002. With a view to improving the representation of women within Group Management bodies, Société Générale is committed to appointing women to senior positions under its "Future Senior Managers" program.

Corporate Resources and Human Relations

Highlights

Evolution of basic remuneration from 1998 to 2002 (cumulative)



Average annual remuneration in France stands at EUR 40,308.

15th capital increase reserved for Société Générale employees

For the fifteenth consecutive year, the capital increase reserved for Société Générale[3] employees in France met with considerable success: for Société Générale, 86% of the EUR 51.3 million[4] distributed under the profit-sharing scheme was used to subscribe for the capital increase carried out within the framework of the company savings plan. The additional contribution made by the company rose by 6% in relation to 2001. Nearly 93% of Société Générale employees in France are currently shareholders in the Bank, holding nearly 8% of the common stock, thus attesting to their confidence in the company.

Bolstered by this success and with a strong commitment to sharing its results with all its employees, the Group is introducing a global share ownership plan as of 2003. By 2006, all of the Group's employees will have access to the capital increases carried out by Société Générale.

Furthermore, over 550 French employees benefited from financial measures to assist their geographical mobility in 2002. Nearly half of the international executives in the Corporate and Investment Banking business transferred to a new location in 2002.

Offer a competitive remuneration scheme

In spite of the sluggish economic environment, the Group maintained attractive compensation packages in 2002 in relation to the market as a whole, with a selective personalized approach to the remuneration of staff in specialized businesses.

Overall, Société Générale's remuneration policy remains above the average for the French banking sector, with a view to reflecting the diversity of its businesses and capabilities. Remuneration includes a basic salary, which reflects the importance of the position and its responsibilities, and a performance-linked payment, intended to reward individual performance. Employees also benefit from profit-sharing and incentive schemes tied to the Group's performance.

Improve professionalism and diversify capabilities

The development of competences is centered on improving the professionalism of teams and supporting the major projects launched by the Group both in France and around the world. For example, training centers have been set up, either with a local focus in countries where the Group has a subsidiary (Romania, Morocco,) or with a regional remit, such as the center in Cameroon, which covers sub-Saharan Africa.

Over and above its legal obligations, Société Générale allocates a large budget to employee training, and as a result, 67% of employees benefited from training programs[5] in 2002. Providing training schemes enables the company to:

- improve its competitiveness, by training its employees in new products and techniques,
- maintain its degree of professionalism, by assisting new recruits in assuming their new functions,
- continue to offer promotions within the company: in France, nearly 3,500 employees – 9% of the total workforce – were promoted, and the number of technical staff promoted to executive status increased by 15% between 2001 and 2002. In this area, Société Générale offers an internal training structure that encourages employees to reach executive status. Around one hundred technical staff benefit from this initiative each year, principally in the retail banking business.

(3) And Crédit du Nord employees since 1999.
(4) After CSG (supplementary Social Security contribution) and CRDS (Social Security debt reduction contribution) surtaxes
(5) In France.

As businesses and recruitment become more specialized, training is enhanced with initiatives on how to develop synergies and manage teams made up of people with different areas of expertise, with a view to promoting common values within the Group.

Innovation in day-to-day management and practices

2002 saw further progress in the implementation of new managerial practices via different solutions aimed at more closely reconciling the company's management requirements with employees' aspirations. Société Générale organizes annual seminars that bring together nearly 2,000 Group managers with a view to improving cohesion between management teams, notably focusing on Group values, strategy and major projects. Specific programs have been set up to stress the need for managers to adopt a Group-wide approach.

For the past five years, Société Générale has carried out an annual survey of the social environment among all its French employees, so as to adapt its management methods and communication to its employees' expectations.

Cultivating an innovative social and professional environment

The Group pays particular attention to the social and professional environment that it offers its employees around the world, meeting high standards in terms of fairness, non-discrimination and innovation.

New technologies for human resources management

Following on from efforts begun in 2001, the use of human resources management and information sharing tools was optimized in 2002. These tools meet the Group's objectives in terms of fostering cohesion between teams, controlling costs and providing access to real-time information. As such, the roll-out of the "Self-Service HR" intranet facility enables Société Générale employees in France to play an active role in human resources issues concerning them: management of paid leave and access to a job forum, soon to be supplemented by the possibility of submitting training requests and the chance to subscribe for capital increases, among other features.

A number of e-learning schemes have also been made available to employees in the retail and investment banking businesses. These training solutions can be assisted or unassisted, and are not designed to replace traditional methods, but instead to take into account different learning profiles and thus improve the effectiveness of the training provided.

Highlights

The "Future Senior Managers" program

Société Générale introduced this initiative to provide executives destined to occupy positions with high levels of responsibility with special development programs and tailored career management. These executives are identified on the basis of three key criteria, namely their performance, their potential in relation to the key skills inherent in management positions, and their motivation.

The e-space

This tool is designed to improve understanding of ICT (information and communication technologies) among retail banking management teams in France.

The aim is to facilitate the use of ICT by providing decision-makers with a global vision of what they represent. As such, management teams can access four online training modules via their multimedia workstations. Nearly 1,000 people have used this service since its launch in April 2002.

Favorable working conditions

Société Générale aims to continually adapt its working environment, working conditions and working hours.

The implementation of the 35-hour week in France was made possible by adapting the Company's internal organization, while maintaining the level of customer service quality. This has been accompanied by a significant drop in absenteeism over the past three years (2000–2002) to below 5%.

The reduction in working hours has not brought about a significant change in overtime.

The Group recognizes the advantages of part-time work, and 9% of the workforce in France (6% worldwide, including French staff) benefit from this solution. All the Group's divisions strive to meet employee requests in this respect.

In the branch network, a new security training scheme was launched in November 2002, which should eventually be extended to all employees.

Adequate social benefits

The Société Générale Group is committed to the social protection of its employees, over and above its legal obligations in France, confirming its desire to extend its social commitments and responsibility to all its offices around the world.

In France[6], employees can benefit from health insurance, life insurance and a funded supplementary pension plan via the *Institut de Prévoyance Valmy*, which complement the cover provided by the national Social Security system. Some of these benefits have been extended to employees of offices in Eastern Europe, Africa, Argentina and Madagascar. For example, employees in Argentina benefit from health insurance or additional medical coverage.

Playing an active role in society

Société Générale has invested in setting up healthcare programs in some countries in which it operates. In liaison with the local authorities, it participates in vaccination programs in West African countries such as Senegal, Côte d'Ivoire and Cameroon, providing vaccinations against tuberculosis, yellow fever, tetanus and meningitis. The Group is also involved in AIDS awareness programs in particular in Cameroon where it also provides permanent medical care. In Europe, major flu-vaccination programs are carried out each year.

Integration of handicapped workers

As part of its commitment to integrate handicapped people into the workplace (the Group employs over 920 handicapped people in different sectors of activity, representing an increase on the past two years), Société Générale focused its efforts in 2002 on developing relations with *Centres d'ateliers protégés* (centers offering tailored solutions to enable handicapped people to work) in France. This policy has paid off since the use of CAP is increasing steadily.

In order to further its efforts in this area, Société Générale is looking to renew in 2003 the agreement signed with Agefiph[7] in January 2001.

Employee representation and freedom of association

All Group employees are free to create or join trade unions, in accordance with local legislation.

Three elected members represent employees on Société Générale's Board of Directors.

The management of bodies such as the supervisory board of the company savings plan funds, the mutual health insurance company and the *Institut de Prévoyance Valmy*, is carried out in partnership with employee representatives.

(6) In France, Société Générale donated EUR 137.5 million to charities.

(7) The French association for the integration of handicapped people into the workplace.

Risk

RISK MANAGEMENT

Supporting business development through sound risk management

In terms of credit, the cost of risk measures loss incurred by the default of counterparties or clients of the bank. After falling sharply between 1999 and mid-2001, the Group's cost of risk rose in the second half of 2001 and throughout 2002, reflecting the more difficult economic climate faced by corporate clients.

Risk management is an essential part of Société Générale's culture. Its primary aim is to contribute to the Group's development by optimizing its overall risk-adjusted profitability.

A segregation of roles for a better risk management

Because it is inherent in all banking activity, risk must be taken into account from the inception of a transaction until its completion with the Business Division.

This is why responsibility for risk management lies first with the operating department, which is totally in charge of:

- analyzing the risks involved in each transaction it originates;
- checking that these are compatible with its assigned limits;
- ensuring that these risks are managed dynamically;
- assessing the risk-adjusted profitability of the transactions.

To increase their motivation, the cost of risk is factored into the variable remuneration of business officers. To make this risk management even more effective and ensure that it is permanently adapted to new types of risk, the Risk Division is responsible for an independent risk management and control structure, approving risks taken and monitoring its changes. This Division reports directly to the Group's Board of Directors and is independent from the operating divisions.

Clear principles

The Group applies the following principles:

- ensure strict compliance with legal and regulatory requirements and standards drawn up as part of the Group's risk management policy. This compliance is monitored on an ongoing basis;
- fulfill an obligation to advise clients properly;
- develop business relations only with counterparties whose identity has been fully established and who share the same sense of integrity and responsibility as ours;
- promote principles of prudence, good conduct, and risk quality and diversification, even when these may weigh on short-term profitability;
- arrange significant financing transactions for clients only if these transactions appear on their balance sheet or if their statutory auditors have been fully informed.

Widely disseminated objectives and procedures

The strategy is based on clearly defined targets for each category of risk (credit, market, country, operating). It is implemented through policies and procedures defined by the Risk Division, which sets out the criteria for selecting the most suitable transactions for the Group according to various analysis factors. A dedicated intranet site ensures the dissemination of this information throughout the Group.

Highlight

Key figures

- *Credit risk exposure on non-banking clients: EUR 258 billion*
  – 88% concentrated on developed countries;
  – 30% represents off-balance sheet commitments.
- *2002 risk provisioning: EUR 1,301 million (i.e. cost of risk equivalent to 70 basis points of risk-weighted assets).*
- *Non-performing loans: 5.6% of customer loans, with provisioning coverage ratio of 84%.*
- *Average trading VaR in 2002: EUR 31 million.*

Permanent supervision framework

The measures taken in terms of risk management are monitored and controlled at several different levels:

- in its preparatory work for the Board of Directors, the Audit Committee carries out an in-depth review of the measures in place for managing, preventing and assessing risk;
- during the Risk Committee meetings, the Executive Committee defines the risk limit systems, reviews changes in the characteristics and risk profile of the Group's portfolio, and decides on any changes in the corresponding strategies;
- following on from the Risk Committee, the "Major Risks" Committee reviews significant exposures (individual counterparties or portfolio segments);
- before launching any new activity, the New Products Committee ensures that the infrastructure required for its proper management is in place and that the risks generated are correctly analyzed, measured and controlled;
- lastly, the internal audit teams give an opinion on the risks incurred during their various audit assignments throughout the Group.

Suitable methods and systems

Société Générale devotes significant resources to adapting risk management and monitoring resources within the Group. In particular, information systems are constantly adapted to changes in products traded and in the techniques for managing the associated risks.

In terms of counterparty risk on capital market products, the current methods used for assessing exposure are complemented by measures based on worst-case risk scenarios, to further increase the selectivity applied to transactions.

As for market risks, the framework in place enabled the Banking Commission's approval on the in-house model (VaR) for almost all transactions concerned.

In terms of credit risk, the procedures for approving and monitoring risks have been reinforced by the introduction in recent years of economic capital, risk-adjusted return on capital (RAROC) and economic value-added (EVA) indicators, requiring the use of significant resources to create models for all activities and adapt information systems accordingly.

Quality

CUSTOMER/SUPPLIER RELATIONS AND QUALITY CONTROL

Making our customers and suppliers genuine partners in our commitment to sustainable development

The satisfaction of the Group's customers and their long-term loyalty lie at the heart of Société Générale's development strategy.

The Group strives to meet the expectations of its various markets (individuals, professionals and business) as fully as possible. Every year, several thousand customers in France and abroad are surveyed about their level of satisfaction, through questionnaires or during meetings.

Banking made easier

An organization adapted to the needs of our customers

The 4D program ("Tomorrow's Retail Banking Distribution System") aims to reconcile the necessary personalization of the customer relationship traditionally based on the customer adviser, with a platform comprising new customer relations centers specializing in direct banking (telephone, e-mail). With extended opening hours, these centers can be reached from early morning until late evening and bolster our multimedia banking offer. With more than 120 generalist or specialist sites, Société Générale is the fifteenth largest website owner in France; around 15% of French Internet users connected to Group sites (July 2002).

Similar efforts are being made in Corporate and Investment Banking, with the creation of a Corporate and Financial Institutions sales division (see page 56).

An innovative offer that meets a wide range of needs

Société Générale offers its customers innovative products and services that make banking simpler, such as an account number for life and the option of choosing their bank card PIN code.

Highlights

A stable level of satisfaction

Against a backdrop of fierce competition, a harsher economic environment and increasingly demanding customers, the level of customer satisfaction remained stable in 2002, with an overall rating of 70 out of 100 for Société Générale and 75 out of 100 for Crédit du Nord, compared with an average bank rating of 69 out of 100.

Source: Société Générale competitive survey for individual customers – 2002 CFI Group.

A concrete example of responding to our customerss

In order to meet the specific needs of international communities living in France, Société Générale recently opened its first branch dedicated to Senegalese customers resident in France. Located in Paris, this branch attempts to facilitate their banking relationship with our subsidiary SGBS (Société Générale des Banques au Sénégal), the leading bank in Senegal.

Quality

Highlights

Société Générale and local development: the example of Bulgaria

SG Expressbank in Bulgaria, which joined the Société Générale Group at the end of 1999, wanted to provide its customers with easier access to consumer credit.

To this end, drawing on the example of the parent company, it launched a rapid and simple credit solution in 2001. This product, which was the first of its kind on the Bulgarian market, has met with considerable success, with some 70,000 borrowers at the end of 2002. EUR 45 million has been injected into the country's economy in this way.

Société Générale supports business start-ups

As over 500,000 jobs are created or preserved each year through the creation and takeover of businesses, Société Générale has been strengthening its presence among entrepreneurs since 1997. To this end, it has put in place the necessary human, financial and technical resources. At the same time, it has developed partnerships with both support networks (France Initiative Réseau, Entreprendre en France) *and institutional networks, including consular networks, BDPME (SME Development Bank) and SOFARIS (SME loan guarantee agency).*

Already the leader on the student banking market in France, Société Générale introduced the "Cap Métiers" product in June 2002, offering overdrafts to young people on apprenticeships (see page 33).

Société Générale is tapping the expertise acquired in the French retail banking sector to develop a service adapted to the needs of various markets outside France: Central and Eastern Europe, Mediterranean Basin, Africa.

A Total Quality approach

For over ten years now, Société Générale has been formalizing and developing a quality assurance process.

Internally, this total quality approach is based on benchmarks, service level agreements and quality audits. In addition, staff actively participate in the ongoing quality improvement process through a suggestions system (around one thousand suggestions received each year).

Concrete measures taken vis-à-vis the markets include:

- A Quality Charter for individual customers. This formalizes three fundamental commitments in terms of relationships, advisory and day-to-day banking;
- Service certifications (Boursorama[1], Jet Pro[2]) or ISO 9000 certification for some specialized activities (operational car leasing, employee savings account management, etc.);
- Ratings from the rating agencies[3].

The Quality department is responsible for determining whether new processes require certification.

A desire to assist all our customers

Through local support and the efforts made by all our employees, the introduction of the euro took place without any serious problems.

In the wake of the floods that struck the south of France in September 2002, Société Générale provided a total of EUR 7.6 million in zero-percent and preferential-rate loans to victims.

(1) Boursorama (formerly Fimatex) was the first online broker to obtain the AFAQ certification (French independent certification body) and the "Webcert Confidence Certificate", which guarantees a level of service and transaction security.

(2) The AFAQ certification of investment loans to professional customers (JET PRO) is the only one of its kind in France; it provides a guarantee of rapidity and simplicity for customers and prospective customers.

(3) SG AM is rated aa++ by Fitch-AMR; its custodian business is rated aa and securities custody business aa (up from aa- in 2001) by Fitch-AMR; Moody's awarded the Investors arm of the Global Securities Service business its highest Management Quality Rating (MQ1) for the second consecutive year.

For several years now, Société Générale has been providing account statements in Braille for blind or partially sighted customers.

If a customer disagrees with the response given to a complaint by an account manager (the first port of call), or the customer services department, which represents the central body of appeal, he or she may contact Société Générale's Ombudsman.

Like all banks, Société Générale registered an increase in the number of complaints and requests for explanations from customers in 2002. This increase is primarily due to the effect of the economic and market environment, and to problems relating to the processing of certain transactions (for example, cashing checks).

Relationships with our suppliers: promoting socially responsible behavior

In 2002, the Purchasing department, which was set up in November 2000, managed a purchasing volume of some EUR 3 billion, through a global network of around 90 purchasing officers.

Initiatives have been taken to inform these specialists and raise their awareness of sustainable development.

Specific clauses have been inserted in all invitations to tender and contracts, to ensure that suppliers and their sub-contractors respect local and international employment and environmental laws.

The internal audit teams check that these contractual provisions are respected.

The service quality provided by the main suppliers is regularly assessed in order to build a relationship based on transparency and dialog.

The Purchasing department is currently re-examining 60 purchase categories in light of the sustainable development criteria. Priority is given to IT hardware and paper.

Highlights

Société Générale has been using the services of an Ombudsman since 1996

This function, which was introduced well before any legal obligation to do so[(4)], has, from the outset, been run by Ms Christiane Scrivener, former Secretary of State for consumers and commissioner and member of the European Parliament.

The Ombudsman operates independently, according to the terms of a "Mediation Charter" (available in Société Générale branches). Under the terms of this charter, Société Générale agrees to apply the judgment of the Ombudsman in all circumstances. Its scope has now been extended to the Crédit du Nord Group and all business customers.

Since being appointed, the Ombudsman has considered some 1,000 cases, i.e. around 5% of written claims received by head office.

	2002
Number of cases submitted to the Ombudsman, of which…	**302**
Investments	27%
Means of payment	18%
Functioning of accounts	17%
Loans	17%
Non-life insurance	6%

(4) The MURCEF law ("Urgent measures for economic and financial reform") of December 11, 2001 requires banks to have a mediation system as of the end of 2002.

Community

COMPLIANCE AND ANTI-MONEY LAUNDERING

Constantly **increase** vigilance

Highlight

"Compliance is not only the responsibility of the compliance officers, it is the responsibility of us all."

Philippe Citerne
Chief Executive Officer

"The compliance approach at Société Générale is intended as a positive step towards the development of our activities. It is not so much the expression of constraints as the reflection of values that each employee should adopt, whatever their level of responsibility."

Extract from the 2001 Investment Banking compliance manual

Professional compliance has always been a core value of the Bank's business. Initially focused on capital market activities, the compliance function has been extended to cover all Group business lines on the basis of common principles that comply with the highest professional standards. The Group has adopted a rigorous compliance code and rules of good conduct, which go beyond the strict application of the legal and regulatory rule in force, particularly when, in some countries, these do not meet the ethical standards imposed by Société Générale.

A global organization

What for a long time was – and still is – part of the corporate culture was gradually formalized in a dedicated structure, with the creation in 1990 of a compliance committee, and the subsequent creation and development of a central Compliance department, which handles all compliance issues, directing and coordinating the entities and staff responsible for these matters at a Group and business line level. At the end of 2002, 120 employees worked full time to ensure the proper implementation of the compliance code. They draw on a network of correspondents in the Group's branches and subsidiaries around the world.

The Compliance department's task is to draw up internal rules and codes to safeguard the integrity of the financial markets. It works with the internal and external auditors to ensure compliance with these rules, collaborates with the Risk department in the area of compliance risks, and trains and advises operational staff in this area.

The scope of compliance, as defined within the Group, goes beyond the principles and rules governing the markets and their environment. It includes customer relationships by factoring in the "Know Your Customer" concept and covers anything that may generate a reputation risk for the Group.

Chinese walls

The Group has adopted procedures known as "Chinese walls" to prevent any communication or irregular use of confidential or privileged information likely to expose the bank to commercial risks vis-à-vis its customers (conflicts of interest), or to regulatory or legal risks (insider trading).

Since 1998, the Group has rolled out a database, first at a European and subsequently at a worldwide level, that enables the compliance teams to detect any conflict of interest that may arise from the acceptance or execution of potentially conflicting mandates. When such a situation arises, a decision is made either to refuse the transaction or to continue to execute the mandates by separate teams while ensuring full transparency vis-à-vis the clients.

In terms of financial analysis compliance, even before it was made compulsory by the French Financial Markets Council *(Conseil des marchés financiers)*, the Group took the initiative to indicate in its investment research any investment banking services provided to the company covered by the study during the previous 12 months.

Know Your Customer

The concept of "Know Your Customer" is another basic compliance rule. Believing that its corporate image is one of its key assets, the Group will not enter into relations with individuals or companies whose activity falls outside the law or contravenes the principles that guide a responsible bank.

The Group refuses to deal with customers or counterparties where it cannot assess the economic reality of the same, or if a lack of transparency suggests that they may be in contravention of generally accepted accounting and compliance principles.

Furthermore, the Group ensures that the products and services it offers correspond to its customers' needs. It provides objective and clear information on the risks attached to transactions.

Stronger anti-money laundering measures

Since the first law on anti-money laundering was introduced in France on July 12, 1990, the Group has been constantly adapting its internal anti-money laundering measures:

- in France, the anti-money laundering directive for the Société Générale Group published on April 16, 1991, is regularly updated, most recently on June 28, 2002;
- a specific directive was issued in July 2002 on the application of regulation 2002-01 of the French Banking and Finance Regulation Committee *(Comité de la réglementation bancaire et financière)* concerning the vigilance required when handling checks, supplemented in February 2003 by a document outlining the annual control plan for checks;
- for the international network, a directive was published on October 31, 1997 and revised in February 2003, defining a common core of anti-money laundering rules, inspired by French law and the recommendations of the Financial Action Task Force (FATF). This directive is applicable to all entities, regardless of whether or not local money laundering laws exist.

In terms of organization, the central anti-money laundering unit was merged into the Compliance department in 2002 in order to tighten links with the global network of compliance officers.

Highlights

The Wolfsberg Group

Société Générale remains an active participant in the Wolfsberg Group of international banks, which promote anti-money laundering and anti-terrorism principles. The Wolfsberg Group consists of the following banks: ABN Amro, Bank of Tokyo-Mitsubishi, Barclays Bank, Citigroup, Crédit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan, Santander Central Hispano, UBS and Société Générale.

Investigation by French magistrates into money laundering

A number of Société Générale's senior managers and executives, as well as the company itself, were placed under investigation in relation to a money laundering probe in 2002, along with the executives of five other banks.

The investigators claim that the Bank failed to systematically verify or detect cheques drawn up or cashed fraudulently, or cheques presented for payment by foreign banks and/or drawn on customer accounts.

Société Générale believes there is no evidence to suggest that an employee or a department of the bank has knowingly committed a money-laundering transaction.

The judicial investigation is continuing.

In order to carry out its mission, this unit has a dedicated network of more than 200 correspondents in France and around the world. These correspondents ensure that local laws and regulations are complied with, and cooperate actively with the public authorities in this respect. They also ensure that procedures defined at Group level within the framework of French legislation and the principles arising from the FATF on money laundering and the Wolfsberg Group are respected.

Specific IT systems have been developed to facilitate the detection of suspect transactions.

Lastly, anti-money laundering training sessions are held both in France and internationally, and as a result, all employees of the Société Générale domestic network are trained in anti-money laundering techniques.

Terrorism: particular vigilance

The fight against terrorism took on a new dimension following the events of September 11, 2001. European regulations of December 27, 2001 and May 27, 2002 oblige banks to freeze the financial assets of persons figuring on official lists. In France, the law of November 15, 2001 introduced new crimes specific to terrorist financing, and the French Banking and Financial Regulation Committee's regulation of April 26, 2002 specified the anti-money laundering and anti-terrorism obligations incumbent on banks with respect to processing checks.

Société Générale has issued specific directives informing entities and their employees of their obligations in terms of vigilance and knowing their customers, checking lists of persons and companies associated with terrorism published by the public authorities, freezing certain financial assets, and in certain cases informing the competent authority (Tracfin in France) of any suspicions they may have with regard to money laundering or terrorist financing. Furthermore, a number of training schemes cover anti-terrorist finance measures and a tool designed to assist in the detection of terrorist funding is being developed for the IT systems that handle international transfers of funds.

ENVIRONMENT

Encouraging eco-friendly behavior

Environmental risk management inherent in the Group's professional practices

Management of environmental risks on a day-to-day basis

In 2000, the Risk department took steps to improve the recognition of environmental risks relating to the Bank's financing activities, based on:

- an internal regulatory framework, which is factored into the Group's credit policy. This framework defines the principles and rules to be respected when analyzing financing requests (World Bank, OECD, COFACE [export insurance provider], etc.) and sets out the structure for supervising environmental risk. The Group's business lines are responsible for controlling their environmental risks with the assistance of the Risk Division;
- a unit providing support to operational staff, made up of consulting engineers, some of whom are environmental specialists;
- an audit of the portfolio of commitments in environmentally sensitive sectors, which was conducted for the first time in 2002;
- initiatives to raise awareness among future managers via training programs (involving some 200 people each year).

Targets for 2003

- Improve understanding of counterparties active in sectors exposed to environmental risk, via a project to introduce an internal "sustainable development" rating of these counterparties.
- Continue efforts to train and raise awareness among employees.
- Strengthen cooperation with external experts to assess and improve Group practices (for example, the Group's participation in the benchmarking study carried out by Isis Asset Management).

Highlight

Financing for major projects

Société Générale finances projects designed to improve the environment both in France and abroad. It is involved either directly, for example in the financing of the subway system in Maracaibo, Venezuela's third largest city, or indirectly via Sogefinerg and Génécal, its two specialized leasing companies with Sofergie status (companies that finance energy-saving projects). For example, agreements have recently been signed to finance two household waste incineration plants in the amount of EUR 50 million and to finance wind farms in France in the amount of EUR 20 million.

Highlight

Some consumption figures

The results of an initial survey of the main sites show that water consumption at Société Générale amounted to 488,608 m³ for 26,502 occupants[1], on the basis of the last twelve months of available data.

63% of branches in the domestic network and 95% of the corporate departments are air conditioned, and all the air conditioning units are controlled by regulator systems.

The two main sources of energy are electricity and gas. Electricity consumption amounted to 207.2 GWh[2], equivalent to 5,100 KWh per occupant per year. Gas consumption amounted to 32.4 GWh and heating oil consumption stood at 18.9 GWh.

A sophisticated system for recovering waste heat generated by the computer rooms covers 88.5% of the heating requirements at the Société Générale tower and 95% of the requirements of the Tigery IT center.

Environmental protection

Reducing consumption

Efforts have been made in recent years to reduce water and energy consumption, by installing more energy-efficient systems in new buildings and during renovation programs. This policy is systematically applied at the head office and throughout the Société Générale and Crédit du Nord branch networks in France.

Recycling waste

Société Générale has appointed a full-time manager within its technical support team responsible for the Group's waste recycling policy.

All office waste (paper, packaging, etc.) generated by the corporate departments and most of the 2,126 branches in the Société Générale domestic network is now processed, sorted and recycled. Over 10,000 metric tons of such waste was produced in the last twelve months for which data are available.

Each entity has its own specific policy for collecting other waste (batteries, toner cartridges, fluorescent light bulbs, etc.): for example, 1.27 metric tons of used batteries were collected in the corporate departments over a 12-month period.

Targets for 2003

- Gradually extend the environmental policy to the whole Group, by defining common principles, rules and standards.
- Improve the quality of reporting to facilitate monitoring and enable quantitative targets to be set with regard to improving the Group's environmental performance.

(1) This concerns fewer than two-thirds of the occupants in France, as it is physically impossible to itemize consumption on many sites, in particular those that are jointly owned.

(2) Data taken from a survey of all Société Générale branches and all head office buildings in France, covering 40,582 occupants on the basis of the last twelve months of available data.

SPONSORSHIP

Furthering the Group's commitment to society at large

The Group's charity work around the world

The charts below show the breakdown of the Group's charity work as identified by the head office, which amounted to EUR 16 million in 2002.

Principal initiatives in France

The Group's initiatives in France in 2002 notably included its involvement in updating the website of UNAPEI (French Union for the Friends and Parents of Handicapped Children).

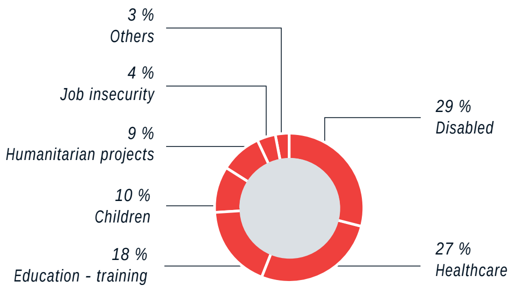
Similarly, the Group assisted the Fédération du Sport Adapté (which brings together 29,000 mentally handicapped people via 600 associations for sporting activities), in particular during the French Athletics Championships. Société Générale was also the official bank of the 3rd IPC (International Paralympic Committee) Athletics World Championships, which were held in Lille in July 2002.

Société Générale also supported specific campaigns run by associations for handicapped or sick children, such as *"Rêves de Gosse"*, *"Voiles de l'Espoir"*, etc.

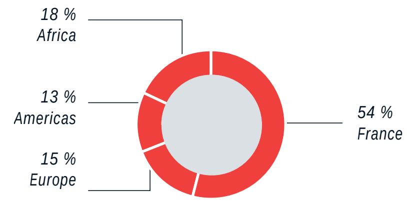
Support for local projects

Société Générale and Crédit du Nord supported a number of local projects via their branch networks in France, particularly in the areas of healthcare and social services, education and community life. For example, the Rennes regional group organized a competition that raised EUR 30,000 for three associations in the social sector.

Outside France, examples of the Group's work include the EUR 241,000 donation made by Société Générale Marocaine de Banques to various associations, in particular those working to help children. In Romania, EUR 170,000 was donated to enable the purchase of medical equipment, to help abandoned children and handicapped people.



BREAKDOWN OF CHARITABLE DONATIONS BY BENEFICIARY



BREAKDOWN OF CHARITABLE DONATIONS BY GEOGRAPHICAL REGION

Highlight

Société Générale the official bank of the "Collecte des derniers francs" *campaign*

This campaign to collect people's last French francs following the introduction of the euro was organized by the APF (Association des paralysés de France), *the CCFD* (Comité catholique contre la faim et pour le développement) *and the* Ligue contre le Cancer, *and collected coins amounting to FRF 7 million between the end of December 2001 and the end of March 2002.*

The Crédit du Nord network participated in the "Rendez utiles vos pièces inutiles" *("Make your last coins count") campaign organized by the French Red Cross, which collected FRF 1.5 million.*

Support for the charity work of the Group's employees and customers

The *Talents et Partage* association was set up by a dozen staff members in 1994. It assists the charity work carried out by current or retired employees of the Société Générale Group, notably via contributions made by Société Générale, the donation of computers, etc.

For a number of years, Société Générale has offered its customers an original service, *Conciliance*, through which they can make donations to a number of associations by investing in a mutual fund.

Violin by the Neapolitan violin maker Joseph Gagliano, dating from 1796, acquired by Mécénat Musical Société Générale and lent to Bleuenn Le Maître, second violin with the Psophos string quartet.

For the past fifteen years, French rugby has been the main recipient of sports sponsorship by Société Générale, which is the official partner of the French Rugby Federation and the French national team.

Sponsorship of musical and sporting events

Mécénat Musical Société Générale (MMSG) will celebrate its fifteenth anniversary in 2003. This association receives an annual donation of EUR 1.1 million, which is used to encourage and support young musicians, protect France's musical heritage (for example the *Centre de Musique Baroque in Versailles*), and nurture creativity (the Festival Why Note, etc.). In 2002, MMSG organized over 40 concerts for both its employees and customers, in Paris and throughout France.

On the sporting side, **rugby** remains one of the key areas in which the Group is committed to helping young people on an ongoing basis, via its support for more than 300 local clubs. The Group's partnership with the French Rugby Federation dates back to 1987. The Group's involvement in rugby amounted to nearly EUR 7 million in 2002.

Since 2001, the Group has encouraged the growth of **golf** in France, with a partnership focused on supporting young people.

Investor relations

Continuing the constructive dialog with shareholders that began over 15 years ago

Investor relations are managed by a team of 8 people, 5 of whom are dedicated to institutional investors and 3 to individual investors. This team is responsible for distributing detailed financial information and promoting a policy based on active dialogue and proximity.

A guiding principle: equal access to information and immediate availability

Any financial information liable to influence the Group's share price is published in a press release, which is widely distributed in French and English, and is immediately available online at www.socgen.com. This site is freely accessible to all internet users and was awarded a prize by the Benchmark group in 2002 for its quality and user-friendliness.

The Group's financial results are published within 24 hours of their approval by the Board of Directors. Following the publication of a press release, financial analysts, institutional investors and financial journalists are invited to a presentation followed by a Q&A session. To facilitate participation in these conferences, they are accessible by telephone and over the internet, both live and as a recording.

Presentations are then made to institutional investors in the leading financial centers in France, Europe and North America in the following weeks, in the form of conferences or one-on-one meetings.

They are also adapted for meetings organized with individual shareholders in France.

All published financial documents can be consulted online at www.ir.socgen.com. Société Générale's annual reports for the past six years can be downloaded from this site.

Detailed information on strategy, financial targets and results

The Société Générale Group seeks to involve investors in its development.

Regular presentations of the Group's strategy have been made since 2000, and the third medium-term strategic and financial plan was presented on April 19, 2002.
This plan marked a natural continuation of the previous plan.

Investor relations

Société Générale was the first French bank to publish quarterly results, as of 1999. These results are presented for each core business (Retail Banking, Asset Management and Private Banking, Corporate and Investment Banking), then broken down by business line.

Shareholder information

Société Générale complies with the recommended deadlines for publishing its annual results (before the end of February), half-yearly results (late July/early August) and quarterly results (within 45 days of the closing of the quarterly accounts).

A policy of proximity, contact and constructive dialog…

Contact with shareholders is organized formally via the General Meetings of Shareholders, but it also an ongoing process, with regular direct contact between Group Management and a broad representative sample of financial analysts, institutional investors and individual shareholders.

For **institutional investors**, this contact takes the form of conferences and meetings organized for the presentation of the Group's strategy or results, as well as one-on-one meetings.

For **individual shareholders**, collective meetings chaired by a member of General Management are organized in Paris and throughout France several times each quarter, and the Group regularly participates in investment fairs. The Group met more than 10,000 of its individual shareholders through such events in 2002.

In addition, dedicated solutions have been put in place to further this dialog:

- an interactive free telephone service giving virtual real-time access to Société Générale's share price and Group news updated once a week. An additional function enables callers to talk directly with members of the Individual Shareholder Relations team;
- a dedicated email address, *actionnaires.individuels@socgen.com*, accessible via the financial information site www.ir.socgen.com, enabling individual shareholders to contact the Investor Relations department;
- newsletters distributed to the 30,000 members of the Société Générale Shareholders Club. This club, which is reserved for shareholders holding at least 200 Société Générale shares, involves shareholders in the Group's life on an informal basis.

… facilitated by the Shareholders Consultative Committee, set up in 1988

This Committee has 14 members, including two representatives of shareholder associations, ANAF (National Association of French Shareholders) and ASSACT SG (Société Générale Employee Shareholders Association). It meets with Group General Management twice a year and has a twofold mission:

- express an opinion on Société Générale's communication with its shareholders (events, content and form of publications);
- suggest improvements and new ideas in this respect.

At December 31, 2002, the Shareholders' Consultative Committee was made up of the following members:

Jean-Louis Baduel
Christophe Bréard
Jean-Paul Chaudron
Michel Cosson
Noël Flageul
Florence Klein-Bourdon
Patrice Leclerc, President of ASSACT SG
Marie-France Nordlinger
Sylvie Owen
Brigitte Reech
Laurent de Sayve
Dominique Sénéchal
Jean-Baptiste Téfra
Marcel Tixier, President of ANAF

Participation at the Annual General Meeting

The Annual General Meeting (AGM) is an occasion for shareholders to be informed directly about the Company's life, to take part in debates and to vote on the resolutions submitted for their approval.

How are shareholders informed about the AGM?

- One month before the AGM, a notice of meeting is published in the French Bulletin of Mandatory Legal Notices (BALO), containing the agenda and the resolutions to be submitted for approval.
  Two weeks before the AGM, a notice of meeting gives the time, date and place of the meeting. Information is also published in the press, and is available online at www.socgen.com and via a toll-free number in France (0 800 850 820).
- holders of registered shares receive a notice of meeting two weeks before the AGM, including all necessary information and the voting form.

Who can take part in the AGM?

All shareholders whose shares are registered in an account two days before the AGM may attend the meeting. Shareholders who receive a notice of meeting and who wish to attend must request an admission card by checking the relevant box and returning the voting form.

Holders of bearer shares must contact their authorized financial intermediary to request a notice of meeting and an admission card or proof that their shares are not available for sale. This certificate is transmitted to Société Générale automatically when holders of bearer shares return the duly completed and signed voting form to their intermediary.

If a shareholder does not receive an admission card prior to the meeting, he or she may nonetheless attend, on presentation of proof that their shares are not available for sale.

How does the vote take place?

- For shareholders present at the AGM, votes are cast during the meeting using an electronic voting box, which is distributed to attendees once they sign the attendance register.
- Shareholders who wish to vote without attending the meeting in person can either submit a postal vote, appoint their spouse or another shareholder to act as proxy, or delegate their vote to the chairman, by returning the voting form included in the notice of meeting.

Internet

The AGM is webcast live and is available as a recording online at **www.socgen.com**.

Highlights

Shareholders' Diary

Tuesday April 22, 2003
Annual General Meeting of Shareholders

Thursday April 24, 2003
Ex-dividend and dividend payment date

Thursday May 15, 2003
Group results for the first quarter 2003

Friday August 1, 2003
Group results for the second quarter 2003

Thursday November 6, 2003
Group results for the third quarter 2003

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552 120 222 RCS Paris

Translation

Willemetz Consultants

Design

wprintel – Christophe Syren

Production

wprintel, Communication
and Publishing Consultants

Printing

STIPA

We thank all the staff of the Société Générale Group who have accepted to be photographed for this annual report.

Photos

Métis: Patrick Messina, Marie-Paule Nègre.

Photo libraries of Société Générale,
SG Asset Management, Crédit du Nord
and Fimat.

Patrick Derewiany, Pascal Quennehen,
Paul Schneck, Ariane Smolderen,
Véronique Védrenne, Philippe Zamora.

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SOCIETE GENERALE

GROUP

RETAIL BANKING ■ ASSET MANAGEMENT & PRIVATE BANKING ■ CORPORATE & INVESTMENT BANKING

Réf. 170148

Financial Statements and Legal Information 2002

Société Générale Group

SOCIETE GENERALE
GROUP

RETAIL BANKING ▪ ASSET MANAGEMENT & PRIVATE BANKING ▪ CORPORATE & INVESTMENT BANKING

Financial Statements

2002

Consolidated financial statements

This brochure, together with the document called Review 2002 is a full translation of the original French text. Both original documents, which were filed with the French Securities and Exchange Commission (Commission des Opérations de Bourse) on March 20, 2003 in accordance with Regulation No. 98-01, represent the French document de référence *of the Société Général Group. As such, they may be used in support of a financial transaction when accompanied by a prospectus duly approved by the French Securities and Exchange Commission.*

Group management report

Group activity and results

2002 was marked by extremely bearish conditions on the global equity markets, with the collapse in stock market indices being accompanied by a severe contraction in primary and secondary market volumes. In contrast, the interest rate markets evolved favorably, in particular in the United States on the back of the Federal Reserve's monetary easing bias.

The economic environment deteriorated sharply in relation to 2001, notably in Germany and the United States, where a marked increase was seen in corporate bankruptcies.

Against this harsh backdrop, the Société Générale Group held up well, registering a 7% increase in gross operating income and a 2% rise in operating income over the 2002 financial year.

These robust performances were achieved thanks to a well-balanced business mix, sustained development of the Group's franchises through a combination of organic growth and acquisitions, and a stepping up of productivity enhancement initiatives. These performances were nevertheless weighed on by an increase in the cost of risk and significant provisioning on the industrial equity portfolio, reflecting the prevailing economic and market conditions in 2002.

Consequently, attributable net income for the period came out at EUR 1.4 billion, down by 35% on the previous financial year, for a Group return on equity after tax of 9.4% in 2002 compared with 15.5% in 2001.

Summary of consolidated income statement

(in millions of euros)	2002	2001	Change (%)
Net banking income	**14,454**	**13,874**	**4**
Operating expenses	(10,407)	(10,104)	3
Gross operating income	**4,047**	**3,770**	**7**
Net allocation to provisions	(1,301)	(1,067)	22
Operating income	**2,746**	**2,703**	**2**
Net income from long-term investments	(299)	474	NM
Net income from companies accounted for by the equity method	48	(18)	NM
Exceptional items	(11)	(17)	–35
Amortization of goodwill	(184)	(76)	NM
Income tax	(649)	(739)	–12
Net income before minority interests	1,651	2,327	–29
Minority interests	(254)	(173)	47
Net income	**1,397**	**2,154**	**–35**
Annualized ROE after tax (%)	**9.4**	**15.5**	

Consolidated net banking income amounted to EUR 14.5 billion for the period, representing an increase of 4% in absolute terms, with this performance being primarily driven by growth in the Group's retail banking activities and by the contribution over the full year of acquisitions made in 2001 (retail banking in Central Europe, asset management in the United States, specialized financing in Europe). When adjusted for changes in Group structure and at constant exchange rates, net banking income showed a limited drop of 3%.

At the end of the year, the Group signed agreements to acquire the European multi-marque operational leasing and fleet management activities of Hertz Lease, and the e-brokerage business Self trade. It also finalized the acquisition of the Tunisian bank UIB (Union Internationale de Banques). These acquisitions will have an impact on the Group's results as of 2003.

Operating expenses came out at EUR 10.4 billion, down by 2% when adjusted for changes in Group structure and at constant exchange rates. This trend reflects the positive impact of the major productivity enhancement programs launched three years ago (in particular, centralization of purchasing function and rationalization of European back offices) and the rightsizing of the global Cash Equity and M&A platform, which was begun in the second half of 2001 and was stepped up in 2002. The first cost synergies with the acquisitions made in 2001 were also harnessed.

Through these various initiatives, the Group succeeded in lowering its breakeven in 2002 and brought down its cost/income ratio from 72.8% to 72%.

Gross operating income rose by 7% between 2001 and 2002 to stand at EUR 4.0 billion. When adjusted for changes in Group structure and at constant exchange rates, it was down by 6%.

The net allocation to provisions increased sharply (+22% in absolute terms, +15% when adjusted for changes in Group structure and at constant exchange rates). This produced a rise in the net cost of risk from 57 basis points of risk-weighted assets in 2001 to 70 basis points in 2002. This level, which was higher than the Group's assumption of the cost of risk under average economic and market conditions, reflected the persistence of economic difficulties in the United States and in certain sectors (notably telecommunications and energy). In contrast, the Group's portfolio of European corporate counter-parties did not weigh on the cost of risk. The cost of risk of the French Networks, which came out at 36 bp versus 32 bp in 2001, was slightly below the Group's assumption under average economic and market conditions.

Against this backdrop, operating income climbed by 2% between 2001 and 2002; when adjusted for changes in Group structure and at constant exchange rates, it was down by 14%.

Net income from long-term investments showed a loss of EUR 299 million in 2002 compared with a profit of EUR 474 million in 2001. This change essentially reflects, on the one hand, a drop in realized capital gains (EUR 422 million in 2002 compared with EUR 677 million in 2001) and, on the other hand, the significant level of provisioning booked on the Group's industrial equity portfolio (EUR 772 million) in light of the steady decline in the Paris Bourse over the period (CAC 40: –34%). At December 31, 2002, the market value of the portfolio stood at EUR 3 billion, representing a net capital gain of EUR 0.1 billion.

Goodwill amortization expenses totaled EUR 184 million versus EUR 76 million in 2001, reflecting the acquisitions made in 2001 and 2002, as well as an exceptional amortization expense of EUR 23 million over the period.

Corporate income tax came out at EUR 649 million, corresponding to an effective tax rate of 26.6% versus 23.4% in 2001.

Overall, net income stood at EUR 1,397 million in 2002 compared with EUR 2,154 million in 2001, for a return on equity after tax of 9.4% (with average shareholders' equity of EUR 14.9 billion) compared with 15.5% in 2001 (with average shareholders' equity of EUR 13.9 billion).

For the business lines, the ROE after tax came out at 18.7% (with average allocated capital of EUR 10.8 billion), down slightly on 2001 (19.9% with average allocated capital of EUR 10.3 billion).

Activity and results of core businesses

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

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

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

- **Retail Banking,** which groups the Société Générale and Crédit du Nord networks in France, specialized financing subsidiaries (vendor finance, computer leasing, operational leasing and fleet management), consumer credit, securities and banking services (means of payment, correspondent banking, custody services), and life and non-life insurance activities, as well as the retail banking network outside France;
- **Asset Management and Private Banking;**
- **Corporate and Investment Banking,** which covers two types of activity:

– Corporate Banking and Fixed Income, including:
  - the Debt Finance platform, which groups the value-added financing (export finance, project finance, acquisition finance, property finance, financial engineering), debt, currency and treasury activities;
  - brokerage on the financial futures and commodities markets through the Group's subsidiary FIMA;
  - commodity finance and trading;
  - commercial banking (notably, plain vanilla corporate loans).

– Equity and Advisory activities comprising:
  - equity activities (primary market, brokerage, derivatives, trading);
  - advisory (M&A);
  - private equity.

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

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

Allocation of capital

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

– in Retail Banking, capital is allocated on the basis of weighted risks. In the case of life insurance, the specific regulations governing this business are also taken into account;

– in Asset Management and Private Banking, the amount of capital allocated corresponds to the larger of either the capital requirement calculated on the basis of weighted risks or the amount representing operating expenses for a three-month period, the latter being the regulatory standard in this business;

– in Corporate and Investment Banking, capital is allocated on the basis of weighted risks and the value at risk in capital market activities. For the majority of transactions, market risk is calculated using an in-house model validated by the French Banking Commission;

– capital allocated to the Corporate Center corresponds to the sum of the regulatory requirement with respect to its assets (essentially the equity and real estate portfolios), and the surplus (or lack) of capital available at the Group level (the difference between the combined capital requirements of the core businesses, as defined above, and average Group capital after payment of the dividend).

Net banking income

Net banking income for each core business includes:

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

Operating expenses

Each core business's operating expenses include its direct expenses, its management overheads and a share of the head-office expenses, which are fully redistributed between the core businesses.

The Corporate Center only books costs relating to its activity, to projects involving different businesses or to exceptional events.

Provisions

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

Provisions concerning the whole Group and country risk reserves are booked by the Corporate Center.

Net income from long-term investments

Net income from long-term investments principally comprises capital gains realized by the core businesses on the disposal of securities, when these gains do not correspond to a recurrent activity, as well as income from management of the Group's industrial equity portfolio and its equity investments in banks.

Amortization of goodwill

Goodwill amortization expenses are booked by the Corporate Center.

Income tax

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

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

Summary of results and profitability by core business

Income statement by core business

(in millions of euros)	Retail Banking		Asset Management & Private Banking		Corporate & Investment Banking		Corporate Centre and other		Group	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Net banking income	**8,692**	**7,810**	**1,296**	**1,097**	**4,650**	**5,037**	**(184)**	**(70)**	**14,454**	**13,874**
Operating expenses	(5,878)	(5,322)	(900)	(687)	(3,368)	(3,721)	(261)	(374)	(10,407)	(10,104)
Gross operating income	**2,814**	**2,488**	**396**	**410**	**1,282**	**1,316**	**(445)**	**(444)**	**4,047**	**3,770**
Net allocation to provisions	(653)	(511)	(14)	(1)	(717)	(543)	83	(12)	(1,301)	(1,067)
Operating income	**2,161**	**1,977**	**382**	**409**	**565**	**773**	**(362)**	**(456)**	**2,746**	**2,703**
Net income from long-term investments	21	13	(10)	(5)	24	11	(334)	455	(299)	474
Net income from companies accounted for by the equity method	14	(16)	0	0	18	12	16	(14)	48	(18)
Exceptional items	0	0	0	0	0	0	(11)	(17)	(11)	(17)
Income tax	0	0	0	0	0	0	(184)	(76)	(184)	(76)
Amortization of goodwill	(741)	(704)	(120)	(137)	(78)	(131)	290	233	(649)	(739)
Net income before minority interests	1,455	1,270	252	267	529	665	(585)	125	1,651	2,327
Minority interests	(175)	(131)	(15)	(12)	(20)	(11)	(44)	(19)	(254)	(173)
Net income	**1,280**	**1,139**	**237**	**255**	**509**	**654**	**(629)**	**106**	**1,397**	**2,154**
Allocated capital	**6,863**	**6,231**	**351**	**310**	**3,593**	**3,733**	**4,085**	**3,616**	**14,892**	**13,891**
ROE after tax (%)	**18.7**	**18.3**			**14.2**	**17.5**			**9.4**	**15.5**

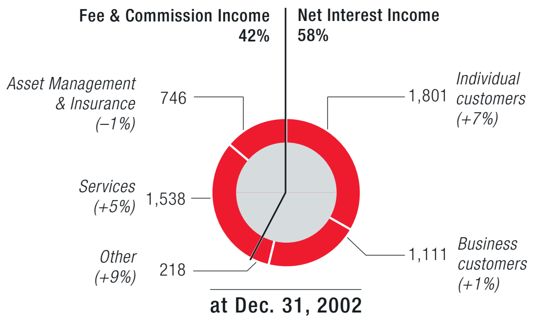
In 2002, the Group's Retail Banking activities turned in robust performances, while the Asset Management and Private Banking businesses held up well in the face of difficult stock market conditions. Thanks to a well-balanced business mix, the cost-cutting initiatives implemented and an optimized capital allocation policy, the profitability of the Corporate and Investment Banking arm remained satisfactory over the year. The solid performances of the Corporate Banking and Fixed Income activities helped offset the marked downturn registered by the Equity and Advisory business, which suffered under the sluggishness of equity markets over the period.

Retail Banking

(in millions of euros)	2002	2001	Change (%)
Net banking income	**8,692**	**7,810**	**11**
Operating expenses	(5,878)	(5,322)	10
Gross operating income	**2,814**	**2,488**	**13**
Net allocation to provisions	(653)	(511)	28
Operating income	**2,161**	**1,977**	**9**
Net income from long-term investments	21	13	62
Net income from companies accounted for by the equity method	14	(16)	NM
Income tax	(741)	(704)	5
Net income before minority interests	1,455	1,270	15
Minority interests	(175)	(131)	34
Net income	**1,280**	**1,139**	**12**
Of which:			
Société Générale Network	*706*	*683*	*3*
Crédit du Nord Network	*121*	*110*	*10*
Specialized Financial Services	*263*	*261*	*1*
Retail Banking outside France	*190*	*85*	NM
Average allocated capital	**6,863**	**6,231**	**10**
ROE after tax (%)	**18.7**	**18.3**	

Retail Banking saw net income rise by 12% for an ROE after tax of 18.7%, compared with 18.3% in 2001. These results reflected the excellent commercial and financial performances achieved in 2002, in particular by the Société Générale and Crédit du Nord networks.

French Networks: remarkable commercial and financial performances



BREAKDOWN OF NET BANKING INCOME OF FRENCH NETWORKS

2002 was marked by further dynamism on the sales front and continued investment in the multi-channel banking platform.

The excellent commercial performances of the Société Générale and Crédit du Nord networks were reflected in growth in both franchises and customer loans and deposits, which enabled the networks to consolidate their position as the leading non-mutual retail banking group in France.

The networks continued to register growth in their franchises, with a 2.1% increase in the number of current accounts (+126,000 accounts in relation to December 31, 2001).

Total customers deposits and savings increased by 2% over the year:

– customer deposits rose on the back of sharp increases in special savings account deposits (+5%) and demand deposits (+7%),

– the decline in assets held in mutual funds (–3%) is linked primarily to the fall in equity prices.

New loans to individual customers rose by 8.5%, driven by the mortgage loan segment (+11%).

Outstanding loans were up by 7%, due to mortgage loans (+11%), consumer credits (+5%) and growth in loans to business customers (+ 4%).

The deployment of the multi-channel banking platform of the Société Générale network continued in 2002, with the gradual roll-out of the Customer Relationship Management (CRM) application and the launch of the project to organize the distribution network around three types of entity:

- the Sales Divisions (DEC), which are responsible for managing the branches and the multi-channel relationship, and whose Sales Units are dedicated to an advisory and sales role. Some twenty DEC are currently in the process of being created;
- the mCRC (multimedia Customer Relations Centers), which function alongside the branch network to support the development of remote banking: after opening mCRC in Lyons in 2001 and Nanterre at the start of the year, a third center was opened in Lille in September. The centers handle calls routed from the voice servers or filtered from the branches, as well as e-mails and the follow-up of marketing campaigns. At the end of 2002, the mCRC were responsible for filtering traffic for over 400 outlets and some one million current accounts;
- the Customer Service departments, which group the after-sales activities previously carried out within the branch groups. Two departments are currently being set up in the Paris region.

A first version of the CRM application was delivered to over 2,000 users, with its industrial deployment on the workstations of all people involved in the customer relationship being planned for the first half of 2003.

Against this backdrop, the development of remote banking channels continued: in 2002, remote banking contacts (internet, Minitel, voice servers and SMS on mobile telephones) increased by 30% in relation to 2001. At the same time, the number of customers effectively using the internet banking service rose from 522,000 to 753,000 (+44%).

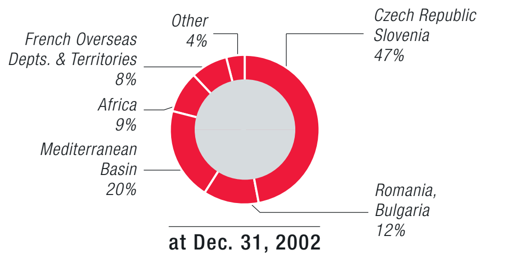
Net banking income grew by 4% in 2002, while fee and commission income rose by 3% on the back of growth in service fees (+5%). The rise in net interest income (+5%) was essentially driven by the increase in deposit and loan volumes.

This growth in activity and revenues was accompanied in 2002 by a further improvement in profitability, which came out at a high level. ROE after tax stood at 19.3% for the period, compared with 19.1% in 2001. The increase in operating expenses was limited to 3.5%, reflecting, on the one hand, the continued investment in the integrated multi-channel banking platform and, on the other, the increase in staff costs linked to the implementation of early retirement schemes. Over the full year, the cost/income ratio fell to 70.3% from 70.7% in 2001.

This combination of growth in net banking income and tight cost control produced a 5% rise in gross operating income.

With the cost of risk up slightly in 2002 at 36 bp (from 32 bp in 2001), the net income of the French Networks came out at EUR 827 million, up 4% on 2001.

Retail Banking outside France: profitable growth



BREAKDOWN OF NET BANKING INCOME BY REGION

The profitable development of the international retail banking business continued in 2002, with an ROE after tax of 30% over the year, compared with 17.5% in 2001. This high level of profitability was underpinned by strong organic growth and the successful integration of acquisitions made in 2001 in the Czech Republic (Komercni Banka) and in Slovenia (SKB).

Retail Banking outside France registered sustained growth in its franchise (+480,000 customers in relation to end-2001, up 12%), in particular in Romania, Egypt and Morocco, which registered strong growth in the customer base. At the end of December 2002, the Group served 4.8 million retail banking customers outside France.

Furthermore, the development of synergies with other Group business lines was stepped up in 2002, with growth in life insurance, consumer credit, asset management and leasing activities in Eastern Europe and North Africa.

At the same time, total deposits rose by 19%, essentially on the back of growth in customer deposits at Komercni Banka (+33%, +21% at a constant exchange rate), and totaled almost EUR 23 billion at end-December 2002.

These solid performances produced an increase in net banking income of 3.5% when adjusted for changes in Group structure and at constant exchange rates.

Operating expenses were up by 4.5% when adjusted for changes in Group structure and at constant exchange rates, essentially resulting from the impact of monetary adjustments and IT investments in Romania.

Consolidated financial statements

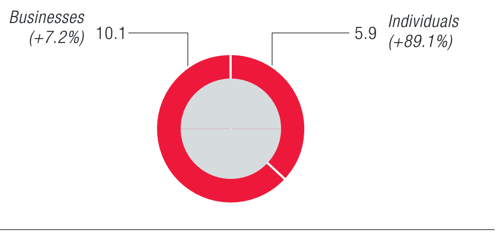
Moreover, the restructuring plans in the Czech Republic continued in line with the timetable announced at the time of KB acquisition: the headcount fell by 700 people year-on-year (–8%), in line with the target for staff cuts between 2001 and 2004 of 25%.

The cost/income ratio fell to 60%, compared with 61.7% in 2001.

The net allocation to provisions amounted to EUR 217 million in 2002 (representing a cost of risk of 122 bp) versus EUR 202 million in 2001 (127 bp), representing an increase of 7%. When adjusted for changes in Group structure and at constant exchange rates, risk provisioning fell by 9.5%, due notably to the impact on the 2001 accounts of the EUR 98 million provision for Argentine risk.

In line with its development strategy in Eastern Europe and the Mediterranean basin, Société Générale pursued its policy of selective acquisitions in 2002: the Group extended its platform in North Africa by acquiring a 52% stake in Union Internationale de Banques (UIB) in Tunisia. The consolidation of UIB will have an impact on the Group's results as of 2003.

Specialized Financial Services: a European player



OUTSTANDING LOANS IN 2002
(% change vs. 2001)

In billions of euros

Specialized Financing

In 2002, the Group's Specialized Financing arm continued to develop through external growth. The Group acquired the leading consumer credit company in Morocco, Eqdom, which holds a local market share of 22%.

In addition, the Group bolstered its European operational leasing, fleet management and vehicle financing platform by signing a memorandum of agreement to acquire the European activities of Hertz Lease. This acquisition will take the number of vehicles managed by the Group to nearly 500,000, ranking it second in Europe with a presence in 16 countries. It will be consolidated in the Group's accounts as of 2003.

The specialized financing activities registered sharp revenue growth driven, on the one hand, by the improvement in margins on new loans against a backdrop of cuts in interest rates and, on the other, by the marked increase in the loan outstanding (up 27% in relation to 2001, +7% when adjusted for changes in Group structure).

At the same time, the activities reaped the rewards of the cost-cutting plans (optimization of production processes, overhaul of supply management and information systems) implemented from the end of 2001, with the increase in operating expenses being limited to 1% in relation to 2001 when adjusted for changes in Group structure and at constant exchange rates. Consequently, these activities generated an ROE after tax of 14.9% over the full year 2002, up sharply on 2001 (+4.6 points).

Life Insurance

The life insurance activities held up well in a bearish stock market environment, which notably affected the value of equity assets. Shares represent 5% of the assets backing euro-denominated unit-linked policies. Gross premium income was up by +11%. Sogecap increased its bancassurance market share as measured by net new money in 2002 to 14.8% (versus 13.5% in 2001) and retained the number three spot among bancassurance companies in France. In order to cover risks linked to the fall in the market value of its non-bond assets, the Group booked a provision for redemption risk in the amount of EUR 44 million in 2002, charged against net banking income.

Overall, net income booked by Specialized Financial Services rose by 1% for an ROE after tax of 13.5% over the year. The ROE would have stood at 15% excluding the impact of the provision for redemption risk booked by the life insurance business.

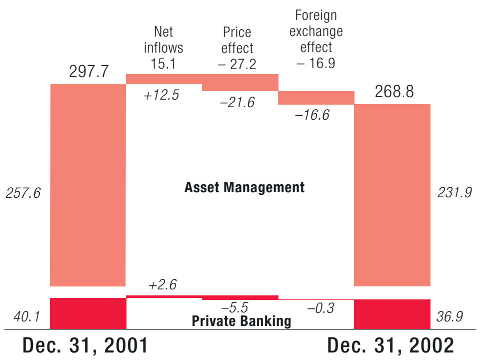
Asset Management and Private Banking:

Resilience in the face of bearish equity markets

(in millions of euros)	2002	2001	Change %
Net banking income	**1,296**	**1,097**	**18**
Operating expenses	(900)	(687)	31
Gross operating income	**396**	**410**	**–3**
Net allocation to provisions	(14)	(1)	NM
Operating income	**382**	**409**	**–7**
Net income from long-term investments	(10)	(5)	NM
Income tax	(120)	(137)	–12
Net income before minority interests	252	267	–6
Minority interests	(15)	(12)	25
Net income	**237**	**255**	**–7**
Of which:			
Asset Management	*201*	*200*	*1*
Private Banking	*36*	*55*	*–35*

In a difficult stock market environment (collapse of indices in 2002 – CAC 40: –34%, EuroStoxx Bank: –27%), the Group's Asset Management and Private Banking arm turned in a resilient performance, with revenues totaling EUR 1,296 million, up 1% when adjusted for changes in Group structure and at constant exchange rates.

Assets under management amounted to EUR 268.8 billion at end-December 2002, compared with EUR 297.7 billion at end-December 2001, with net new money of EUR 15.1 billion not offsetting the extremely negative price and exchange rate effects seen over the year.



ASSETS UNDER MANAGEMENT

Asset Management *Private Banking* *In billions of euros*

Asset Management

The Asset Management business line registered EUR 12.5 billion of net new money in 2002, representing 5% of assets under management at end-December 2001. Inflows into alternative management products accounted for over 40% of total net new money in 2002. After price and exchange rate effects (EUR –38.2 billion), assets under management stood at EUR 231.9 billion at end-December 2002.

The strategy of cross-selling between the Group's four platforms (France, United States, Japan, United Kingdom) generated inflows of EUR 5.1 billion over the period, above the target of EUR 4 billion set for 2002. This related in particular to the sale of nearly EUR 2 billion of Mortgage Backed Securities (MBS) funds managed by TCW in Continental Europe and Asia.

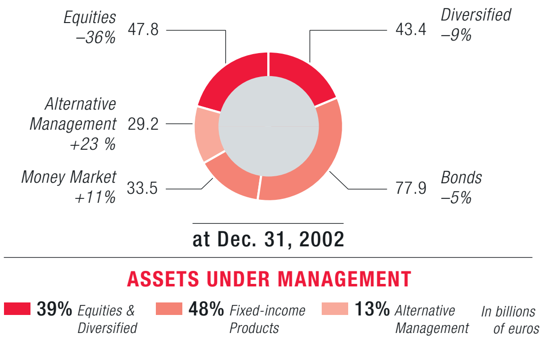
SG Asset Management received awards in 2002 for both its product innovation and the performance of its funds: three products were awarded five stars by Standard & Poor's and six products were given five-star ratings by Morningstar at end-December 2002. At the annual fund management awards organized by the French financial daily, *La Tribune,* the Asia Fund won the award for best Japanese equity management over 10 years and the *Déclic Actions Françaises* fund the award for best performance over one year.

Commercial innovation at SG Asset Management was reflected in the diversification of the product offer in the fixed-income, alternative management, guaranteed products and employee savings plan segments, with over 80 new products launched in 2002.

Furthermore, SG Asset Management continued to expand its distribution network through the creation of a joint venture in China with Baosteel, one of the leading Chinese industrial companies, and the signing of new distribution agreements in Japan and Europe. In total, 152 new third-party distribution agreements were signed in 2002.

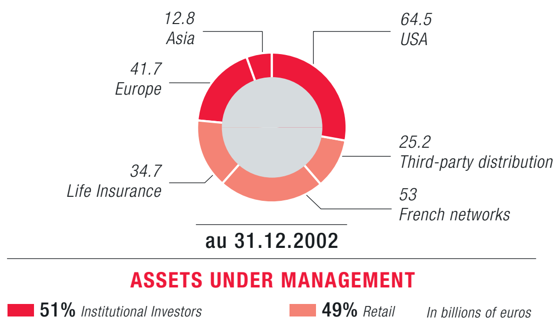
Consolidated financial statements

The asset mix at December 31, 2002 and the change in this mix in relation to 2001 were as follows (in EUR billion):



The equity component fell to 39%, while the share of assets invested in alternative management products rose from 9% to 13%. Total assets invested in alternative management products amounted to over EUR 29 billion at end-2002.

The breakdown of assets under management by client segment and geographic region was as follows:



The breakdown of assets between institutional investors and retail clients remained well balanced. Assets managed for institutional investors totaled EUR 119 billion, representing 51% of total assets under management. Moreover, the geographic diversification of assets (USA 33%, Europe 61%, Asia 6%) ensures a strong capacity to weather crises on local markets.

In 2002, Asset Management revenues rose by 23% in absolute terms (+2% when adjusted for changes in Group structure and at constant exchange rates). The gross margin (net banking income/average assets under management) was stable over the period at 40 bp.

At the same time, the business line continued to rationalize its operations in 2002: the asset management and distribution platform of TCW London was integrated into SG Asset Management UK, and SG Cowen Asset Management was integrated into TCW. The plan launched in 2001 to reduce TCW's fixed costs produced savings of over EUR 13 million at end-December 2002 and will be continued in 2003.

Against this backdrop, Fitch AMR confirmed its aa+ rating of SG Asset Management, including TCW, reflecting the speed and success of the integration process begun in 2001.

At the same time, the 4.5% growth in operating expenses when adjusted for changes in Group structure and at constant exchange rates notably reflected the investments made in developing the alternative management business and strengthening the support functions. SG Asset Management implemented a new technical platform shared by the different asset management centers in order to have an integrated, secure operational management process and facilitate cross-selling.

Overall, net income from Asset Management rose by 1% in relation to 2001.

Private Banking

2002 saw the Group's Private Banking arm reinforce its geographical platform and enhance its product/service offer. The business line continued to develop its onshore network with, on the one hand, the acquisition of the activities and licenses of Chase Trust Bank in Japan and, on the other, the extension of the sales platform in Belgium (Banque de Maertelaere). Moreover, the development of the structured products and alternative management segments was stepped up over the year.

Thanks to a sustained inflow of new money in the amount of EUR 2.6 billion, assets managed by the Private Banking business line fell by only 8% between 2001 and 2002, due to extremely negative price and exchange rate effects (EUR –5.8 billion, –14.5% in relation to assets under management at December 31, 2001). Inflows were particularly sizeable in Asia (EUR +1.4 billion) and Belgium (EUR +0.7 billion).

When adjusted for changes in Group structure and at constant exchange rates, net banking income showed a limited drop of 1% due to the decline in brokerage fees (decrease in volumes and a shift towards fixed-income transactions) and the drop in interest rates. Operating expenses were up by 10% when adjusted for changes in Group structure and at constant exchange rates, due to the increased investment in Japan and Belgium. Overall, net income totaled EUR 36 million, down by 35% on 2001.

Corporate and Investment Banking:

Robust operating performances in a difficult environment

(in millions of euros)	2002	2001	Change (%)
Net banking income	**4,650**	**5,037**	**–8**
Operating expenses	(3,368)	(3,721)	–9
Gross operating income	**1,282**	**1,316**	**–3**
Net allocation to provisions	(717)	(543)	32
Operating income	**565**	**773**	**–27**
Net income from long-term investments	24	11	NM
Net income from companies accounted for by the equity method	18	12	50
Income tax	(78)	(131)	–40
Net income before minority interests	529	665	–20
Minority interests	(20)	(11)	82
Net income	**509**	**654**	**–22**
Average allocated capital	**3,593**	**3,733**	**–4**
ROE after tax (%)	**14.2**	**17.5**	

In 2002, the revenues of Corporate and Investment Banking were affected by the difficult economic environment and harsh conditions on both the equity and credit markets. The Corporate Banking and Fixed Income business line held up well, while the Equity and Advisory businesses registered weak activity over the year, reflecting equity market volumes and levels. As a result, net banking income was down by 8%.

Against this backdrop, the Group nevertheless registered strong improvements in its competitive positions on the euro capital and derivatives markets, achieving its aim of ranking among the top 10 financial institutions on these markets.

Thanks to vigorous cost-cutting measures and despite the high level of restructuring costs (EUR 119 million in 2002), operating expenses were down by 9%. The cost/income ratio fell to 72.4% in 2002 (69.9% excluding restructuring costs) compared with 73.9% in 2001. The compensation ratio (total compensation/net banking income net of provisions) stood at 49.3% for the period, versus 48.7% in 2001 (excluding severance costs).

Risk provisioning was up by 32% on 2001 in absolute terms. This increase was due to the provisions booked on a few telecom and energy counterparties, a slight increase in risk provisioning on the US portfolio and the cost of the Argentine crisis, which had previously been booked by the Corporate Center in the fourth quarter of 2001. Consequently, expressed as a proportion of the total outstanding, the cost of risk rose to 135 bp in 2002 versus 98 bp in 2001. Risk-weighted assets showed a slight rise of 2% between January 31, 2001 and January 31, 2002, reflecting the increase in loans, which was partially offset by the dollar's depreciation.

In this difficult environment, the Corporate and Investment Banking activities generated a net income of EUR 509 million and an ROE after tax of 14.2% (compared with 17.5% in 2001).

Corporate Banking and Fixed Income

(in millions of euros)	2002	2001	Change (%)
Net banking income	**3,068**	**3,083**	**NM**
Operating expenses	(1,850)	(1,884)	–2
Gross operating income	**1,218**	**1,199**	**2**
Net allocation to provisions	(699)	(538)	30
Operating income	**519**	**661**	**–21**
Net income from long-term investments	40	13	NM
Net income from companies accounted for by the equity method	18	12	50
Income tax	(111)	(116)	–4
Net income before minority interests	466	570	–18
Minority interests	(20)	(11)	82
Net income	**446**	**559**	**–20**
Average allocated capital	**3,150**	**3,204**	**–2**
ROE after tax (%)	**14.2**	**17.4**	

2002 was marked by historically low long-term interest rates in Europe and the United States, by significant volatility on the credit markets and by the slowdown in business investment.

Against this backdrop, revenues from Corporate Banking and Fixed Income were stable in relation to 2001. The treasury and fixed income activities of the Debt Finance arm showed a high level of resilience, while the financing activities felt the effect of the global economic slowdown, which essentially affected the project finance and asset finance activities.

Fixed Income

SG ranked no. 7 at the end of 2002 for all euro bond issues (source: Thomson Financial, January 2003) compared with no. 13 at end-2001. Over the period, the Group won several mandates from French issuers including France Télécom, Renault, Sodexho and Vinci, as well as from a growing number of European issuers, such as Volkswagen, BBVA and Deutsche Telekom.

Moreover, the Group consolidated its top-tier positions in interest rate derivatives. It was ranked no. 5 worldwide for euro-denominated short-term interest rate swaps and was recognized for its technological leadership in exotic interest rate and credit derivatives (source: Risk Magazine, September 2002). In the foreign exchange and treasury activity, the Group ranked no. 9 for corporates worldwide and no. 8 for investors (source: FX Week, November 2002).

Financing

The Group figured among the top three worldwide for export finance and commodity finance. Ranked no. 1 worldwide in 2002 (source: Trade Finance, June 2002), the Export Finance business line once again turned in a strong performance. Société Générale was also ranked no. 2 in the world for structured commodity finance (source: Trade Finance, June 2002) for the second year in succession. On a difficult project finance market, the Group consolidated its position among the global leaders, ranking no. 2 in 2002 (source: Project Finance Magazine League Tables 2002). In this area, the Group was co-lead manager of the EUR 2.4 billion financing package for the international consortium tendering for the privatization of Sydney airport in Australia. In acquisition finance, several major deals were concluded, including the acquisition of Eurogen by Edipower in Italy.

FIMAT (financial instruments and commodities brokerage)

Fimat produced an exceptional performance in 2002, notably thanks to its bond brokerage activity in the United States. Fimat capitalized on the high levels of market volatility to once again improve its positioning, consolidating its place as one of the leading global clearers with sharp growth in volumes: no. 1 on the Chicago Board of Trade (CBOT) for execution, no. 3 on EUREX for settlement.

The operating expenses of the Group's Corporate Banking and Fixed Income arm fell by 2%, notably thanks to tight control of front-office recruitment and a reduction in back-office and coverage costs.

The net allocation to provisions rose by 30% in 2002. This increase reflected the provisions booked on a few counterparties from the telecom and energy sectors, the slight increase in the cost of risk on the US portfolio, and the reallocation to the business line of the costs of the Argentine crisis, which had previously been booked by the Corporate Center in the fourth quarter of 2001.

Overall, net income was down by 20% and the ROE after tax came out at 14.2% versus 17.4% in 2001.

Equity and Advisory

(in millions of euros)	2002	2001	Change %
Net banking income	**1,582**	**1,954**	**–19**
Operating expenses	(1,518)	(1,837)	–17
Gross operating income	**64**	**117**	**–45**
Net allocation to provisions	(18)	(5)	NM
Operating income	**46**	**112**	**–59**
Net income from long-term investments	(16)	(2)	NM
Net income from companies accounted for by the equity method	0	0	NM
Income tax	33	(15)	NM
Net income	**63**	**95**	**–34**
Average allocated capital	**443**	**529**	**–16**
ROE after tax (%)	**14.2**	**18**	

The Equity and Advisory activities registered a 19% drop in net banking income in relation to 2001. This performance reflected the strong volatility seen on the global equity markets in 2002: collapse of volumes, fall in share prices and sluggishness of M&A market. Consequently, the Cash Equity (primary market, distribution and trading, research) and M&A Advisory businesses were particularly affected, recording a 30% decline in revenues. In contrast, the Equity Derivatives business line turned in a solid performance, showing a dip of only 5% in net banking income.

Client-related margins accounted for 48% of the business line's revenues in 2002, compared with 41% in 2001, while trading and arbitrage revenues were stable at 23%. Lastly, the share of net banking income generated by commissions, brokerage and Private Equity fell from 36% in 2001 to 29% in 2002, notably due to the significant depreciation of the US Private Equity funds.

Primary Equity

In a primary market down by 34% in Europe, the Group maintained a strong positioning thanks to its expertise on the European convertible bond market. Ranked no. 2 for convertible issues in Europe (EMEA) (source: Thomson Financial) versus no. 9 in 2001, the Group managed 11 convertible issues in Europe (EMEA) representing a total volume of USD 2.9 billion and a market share of 13.5%, compared with 5.7% in 2001. The main deals managed by the Group in 2002 included: Holcim (Switzerland), Arcelor (Luxembourg), Aegis (United Kingdom), Financière Agache/LVMH, Thomson (formerly Thomson Multimédia) and Accor (France). In the United States, the Group maintained its position on a depressed market.

Secondary Equity

Over twelve months, the European MSCI index and the CAC 40 shed 31% and 34% respectively. Against this backdrop, SG retained its position as the number one broker on the French market (Euronext Paris) with a market share of 10.7%.

Equity Derivatives

The broad range of structured products on offer (Mountain range, Emerald, Saphir, etc.) enabled the Group to register a level of sales activity comparable to 2001, in terms of both inflows of new money and results, despite the difficult market conditions seen in 2002.

Moreover, in a poor market environment, the Group regained the position of global leader on the warrants market (worldwide market share of 15.1% – source: Reuters, Bloomberg and Bourses) and confirmed its position as European leader on the Exchange Traded Funds (ETF) market: no.1 in Europe by volume of transactions, no.2 by outstanding (source: Reuters, Bloomberg and stock markets).

Despite the difficult market conditions, the results of the arbitrage and volatility trading activities were satisfactory thanks to rigorous risk management.

Private Equity

The significant depreciation of, and capital losses realized on, US funds and – to a lesser extent – UK funds had a negative impact of EUR 135 million on revenues generated by Private Equity. As at December 31, 2002, the net book value of the Group's private equity portfolio had been brought down to around EUR 500 million.

In this poor environment and in view of the lack of near-term recovery prospects, the Group carried out a significant restructuring of its Cash Equity and M&A platform in Europe and Asia. The European Cash Equity sales and distribution activities were concentrated in Paris and London, while the sales and research activities in Asia were closed down. To this end, restructuring costs booked over the period amounted to EUR 97 million, representing 6% of the cost base of the Group's Equity and Advisory arm in 2002. The headcount (excluding support functions and management) was reduced by 24% between end-December 2001 and end-December 2002.

Overall, the business line's net income came out at EUR 63 million in 2002 for an ROE after tax of 14.2%.

Corporate Center

(in millions of euros)	2002	2001
Net banking income	**(184)**	**(70)**
Operating expenses	(261)	(374)
Gross operating income	**(445)**	**(444)**
Net allocation to provisions	83	(12)
Operating income	**(362)**	**(456)**
Net income from long-term investments	(334)	455
Net income from companies accounted for by the equity method	16	(14)
Exceptional items	(11)	(17)
Amortization of goodwill	(184)	(76)
Income tax	290	233
Net income before minority interests	(585)	125
Minority interests	(44)	(19)
Net income	**(629)**	**106**

The Corporate Center showed a loss of EUR 629 million over the period, compared with a profit of EUR 106 million in 2001.

This loss was principally due to the following factors:

– an operating loss stable at EUR –445 million. This item covers activities in the course of development (online brokerage and Groupama Banque), the cost of carry of the Group's industrial equity interests and bank holdings net of dividends received, the cost of Group-wide projects not linked to the operating activities of the businesses, and ALM.

  In 2001, the Group realized an exceptional capital gain on the disposal of a real estate asset. At the same time, the e-brokerage activities, which were restructured at the end of 2001, had virtually no negative impact on operating income in 2002 (EUR –19 million in 2002 compared with EUR –187 million in 2001);

– a significant drop in the contribution made by the industrial equity portfolio: EUR –350 million compared with a profit of EUR 483 million in 2001. On the one hand, realized capital gains fell from EUR 677 million in 2001 to EUR 422 million in 2002. On the other, in light of the Group's conservative provisioning methods (provisioning on the basis of the quarterly average share price for two-thirds of the portfolio and on the basis of the earning value for the rest), provisions for depreciation of EUR 772 million were booked in 2002 compared with EUR 194 million in 2001.

At December 31, 2002, the market value of the portfolio stood at EUR 3 billion and unrealized capital gains after provisions amounted to EUR 0.1 billion:

– a net reversal of provisions in the amount of EUR 83 million, principally linked to the write-back of the general reserve booked to cover Argentine risk in 2001 and assigned to the business lines concerned in 2002;

– a EUR 108 million increase in goodwill amortization expenses, corresponding to the impact of acquisitions made in 2001 and 2002, and an exceptional amortization expense of EUR 23 million.

Recent developments and future prospects

In the climate of uncertainty that marked the banking sector in 2002, the guiding principles of Société Générale's 2004 strategic plan – namely, continued commercial development, reduction in the Group's breakeven point and improvement of its risk profile – as communicated to the market on April 19, 2002, proved particularly relevant, even if adjustments to the assumptions of average economic and market conditions are necessary.

The Group will continue to develop its franchises, both quantitatively and qualitatively, either through organic or external growth. To this end, the Group possesses strong growth drivers, notably its leading positions in France on growth segments such as young graduates or "mass affluent" customers, its presence in regions where the banking market offers strong growth potential such as Eastern Europe, and the top-tier position it has built up in alternative management. Moreover, the Group will continue to invest in order to complete its platform, while respecting the criteria of selectivity and shareholder value, and to implement more innovative growth solutions, such as partnerships: the creation of a multichannel bank in partnership with Groupama is a good illustration of this approach.

The aim of lowering the breakeven point remains a priority for the Group. In order to achieve this, it has significant means at its disposal, notably: the continued implementation of the major productivity enhancement programs (both within the core businesses, such as the optimization of the retail banking distribution network – the "4D" project" – and at a Group level, such as purchasing) and the harnessing of synergies linked to the integration of recent acquisitions. The full rewards of these efforts will be reaped as of 2004. The rightsizing begun in 2001, and continued in 2002, of the Group's investment banking platform will contribute significantly to achieving this goal.

Lastly, the Group will continue to improve its risk profile by complying with its general guidelines in this area: well-balanced business mix, tougher criteria for selecting deals and separating risks, sophisticated risk management and monitoring tools at all levels of the company, and continued implementation of a conservative provisioning policy.

These principles are applied at the level of each of the Group's three core businesses, which represent the cornerstone of Société Générale's strategy.

Retail Banking will pursue its growth strategy focused along three axes: French Networks, Specialized Financial Services and Retail Banking outside France. The acquisitions made in 2002 in these businesses are fully in line with this strategy.

The Group's Asset Management and Private Banking arm will consolidate and develop – notably through acquisitions and partnerships – those positions it has built up in the world's major investment pools: Europe, the United States and Japan.

Corporate and Investment Banking is adopting an approach based on selective and profitable development: first, by having leading positions in those areas where it has chosen to develop, notably the euro bond market, which showed strong growth in 2002, value-added financing activities, derivatives and fixed-income businesses; secondly, by continually adapting its operations to the changes in the business environment.

In terms of capital allocation, the aim is to keep the capital allocated to investment banking to one-third of total allocated capital.

This strategy will be followed while maintaining a Tier-one ratio above the target of 7.5%.

Activity at the start of 2003 is in line with that seen at the end of 2002.

Consolidated financial statements

Analysis of consolidated balance sheet

(in billions of euros at December 31)	2002	2001	Change %
Assets			
Interbank and money market assets	28.4	29.7	–4.4
Customer loans	174.1	166.3[4]	4.7
Securities [1]	193.6	209.0	–7.4
of which: securities purchased under resale agreements	*59.0*	*73.9*	*–20.2*
Net investments of insurance companies	37.3	35.4	5.4
Other assets	59.5	63.2	–6.0
of which: option premiums	*21.5*	*25.8*	*–16.7*
Long-term assets	8.5	8.9	–4.5
Total assets	**501.3**	**512.5**	**–2.2**
Liabilities and shareholders' equity			
Interbank and money market liabilities [2]	125.0	122.3	2.2
Customer deposits	152.8	150.5	1.5
Bonds and subordinated debt [3]	18.2	19.5	–6.7
Securities	90.8	103.6	–12.4
of which: securities sold under repurchase agreements	*59.8*	*68.4*	*–12.6*
Other liabilities and provisions	59.2	62.5	–5.3
of which: option premiums	*21.7*	*24.9*	*–12.9*
Underwriting reserves of insurance companies	35.8	34.1	5.0
Equity and General reserve for banking risks	19.5	19.9	–2.0
General reserve for banking risks	*0.2*	*0.4*	*–50.0*
Minority interests	*1.9*	*1.9*	*NM*
Preferred shares	*1.7*	*1.9*	*–10.5*
Shareholders' equity	*15.7*	*15.8*	*–0.6*
Total liabilities and shareholders' equity	**501.3**	**512.5**	**–2.2**

(1) Including securities purchased under resale agreements previously booked under interbank assets.
(2) Including negotiable debt instruments previously booked under "Securitized debt payables".
(3) Including undated subordinated capital notes.
(4) Amounts restated in relation to those given in 2001.

The principal changes in the consolidated balance sheet are as follows:

- Customer loans at December 31, 2002 amounted to EUR 174.1 billion, up 4.7% in relation to end-December 2001 (of which 1% linked to acquisitions). This increase reflects:

– growth in individual customer loans of 10%, essentially driven by the mortgage loan segment;

– stability in loans to businesses.

- Customer deposits totaled EUR 152.8 billion at December 31, 2002, up 1.5% (+3.9% when adjusted for changes in Group structure and at constant exchange rates). This performance was primarily linked to growth in individual customer demand deposits and special savings account deposits in France, which produced a concomitant drop in term deposits, on the back of lower interest rates.

- The securities portfolio amounted to EUR 193.6 billion, down 7.4%. This change was linked to the reduction in the portfolio of securities purchased under resale agreements (–20.2%), which was offset in part by an increase in the bond and treasury note portfolio (+2.5%).

Group shareholders' equity stood at EUR 15.7 billion at December 31, 2002, stable in relation to December 31, 2001. This stability essentially reflected the following:

– net income for the period: EUR 1.4 billion;

– the dividend paid during the 2002 financial year: EUR –0.9 billion;

– translation differences linked to the dollar's depreciation: EUR –0.5 billion.

A reversal in the amount of EUR 159 million was made from the general reserve for banking risks to cover the consequences of a fraud suffered by SG Cowen between 1987 and 2000.

After recognizing the general reserve for banking risks (EUR 0.2 billion), minority interests (EUR 1.9 billion) and preferred shares (EUR 1.7 billion), total equity amounted to EUR 19.5 billion.

This represented a BIS ratio of 11.1% at December 31, 2002. The Tier-one ratio stood at 8.1% of risk-weighted assets (EUR 187.4 billion), compared with 8.4% at December 31, 2001.

Risk Management

The mains risks incurred on banking activities are the following:

• **credit risks** (including country risk): risk of loss arising from the inability of the bank's customers, sovereign issuers or other counterparties to meet their financial commitments;

• **market risks:** risk of loss resulting from changes in market prices, interest rates, correlations between these elements and their volatility;

• **structural risks:** risk of loss arising from an inability to refinance the bank's balance sheet at reasonable interest rates for the appropriate maturities;

• **operational risks** (including legal and environmental risks, among others): risk of loss resulting from inadequate or failed procedures, persons or internal systems, or caused by external events.

Société Générale permanently invests in significant means to continue improving its risk management framework so as to reflect the diversification of its activities. These changes were implemented in compliance with two fundamental principles of banking risk management, as stipulated in regulations 97-02 and 2001-01 of the French Banking and Financial Regulation Committee *(Comité de la Réglementation Bancaire et Financière):*

• risk assessment departments are strictly independent of operating divisions,

• a consistent approach to risk assessment and monitoring is applied at Group level.

The Risk Division, which reports directly to the Bank's General Management, aims to underpin the Group's development and profitability by ensuring that risk management framework is solid and effective. The Risk Division also includes risk modeling teams, information system project teams, industry experts and economic research teams, and is responsible for:

• defining and validating the methods and procedures used to analyze, assess, approve and monitor credit risks, country risks, market risks and operational risks;

• helping to draw up sales strategies for high-risk areas and permanently seeking to improve the forecasting and management of cross-business risks;

• contributing to the independent assessment of credit risks by commenting on transactions proposed by sales managers;

• identifying all Group risks and monitoring the adequacy and consistency of risk information systems.

A systematic review of the main issues concerning the bank's risk management is carried out during monthly risk committee meetings (Corisq), which bring together members of the Executive Committee and managers from the Risk Division.

Where appropriate, this committee considers strategic decisions with respect to risk-taking policies, risk assessment methods, material and human resources, analysis of portfolios and the cost of risk, market limits and credit concentration limits (by product, country, sector, region, etc.), and crisis management.

Each department (commercial banking or business line) is responsible for submitting all new activities, products or products under development to the New Product Committee of the relevant division. This New Product Committee aims to ensure that, prior to the launch of a new activity or product, all associated risks are fully understood, measured, approved and subjected to adequate procedures and controls, using the appropriate information systems and processing chains.

Credit risks

Risk approval

Approval of a credit risk must be based on having a good knowledge of the customer, the Group's risk strategy, the purpose, nature and structure of the transaction and the sources of repayment. It assumes that the return on the transaction sufficiently reflects the risk of loss in the event of default.

The risk approval process is based on four core principles:

• all transactions giving rise to a counterparty risk (debtor risk, non-settlement or non-delivery risk, issuer risk) must be authorized in advance;

• all requests for authorizations relating to a specific customer or customer group must be centralized at the level of a single operating division. The centralizing division is designated on a case-by-case basis in order to ensure a consistent approach to risk management and permanent control of the Group's potential exposure to major clients;

• responsibility for analyzing and approving risk is delegated to the business lines and credit risk units, ensuring that this is carried out at the most appropriate level;

• risk assessment departments are fully independent at each decision-making level.

The Risk Division has a specialized department for financial institutions, which aims to increase the Group's expertise on this client segment by centralizing, in Paris and New York, the departments in charge of analyzing the quality of the Group's counterparties and approving the exposure limits allocated to all locations and business lines.

The Risk Committee regularly carries out a cross-business line assessment of existing or potential concentrations within the Group portfolio and the key features of such concentrations. The management of the Group's concentration risks is based on a set of procedures that includes limits on large exposures by risk category, as well as stress-test models and correlation studies.

The Risk Division recommends the concentration limits that it deems are needed, at any given moment, to reduce cross-business line risks with strong correlations, to the Risk Committee, broken down by country, geographic area, sector, product and type of customer, etc.

The definition of country risks is intended to assign an appropriate exposure limit to each emerging market, on the basis of the risk incurred and the expected return on transactions in each country. The allocation of limits is subject to final approval by Group General Management and is based on a process that takes due account of those business lines exposed to risk and the Risk Division.

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

Risk Management and Audit

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

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

Changes in the quality of outstanding commitments are reviewed at regular intervals, at least once a quarter, so as to assess the classification of "watch names", as well as to determine the level of provisioning required. These reviews are based on concurrent analyses performed by the operating divisions and the Risk Division. Furthermore, the Risk Division also carries out file reviews or risk audits at the level of all the Group's operating divisions. In addition, the Group's Internal Auditors also perform regular risk audits and report their findings to Group General Management.

The Audit Committee attached to the Group's Board of Directors is periodically informed of major changes in risk management methods and procedures, as well as in provisioning requirements. It examines the risk audit, which is drawn up under article 43 of regulations 97-02 and 2001-01 of the French Banking and Financial Regulation Committee, before the said audit is submitted to the Board of Directors.

Risk Measurement

In response to the rapid growth in the Group's trading activities since the end of the 1980s, Société Générale decided to invest heavily in the development and implementation of high-performance systems for assessing and monitoring counterparty risks which arise from capital market activities. To this end, a specific measurement of risk was developed for derivative products, known as the "current average risk". This indicator enables the assessment of exposure in terms of commitments, and provides a good means of integrating counterparty risk in pricing. This indicator is itself complemented by a "stress-test" measurement in the case of illiquid markets or transactions involving a link between the underlying and the counterparty.

More recently, the bank launched a major project to quantify all its risks using a "RAROC" (Risk Adjusted Return On Capital) approach.

One of the principal aims is to estimate expected losses on credit transactions during the business cycle, on the basis of both qualitative and quantitative methods. An internal rating scale takes into account the probability of default, the value of the collateral, the expected recovery rate, the level of guarantees and the country risk to provide an estimate of the average loss per client and per transaction.

Internal rating

The Group's rating methodologies comprise a series tools, adapted to each client type and specific transaction (maturity, guarantees, type of transaction). Risk ratings are determined on the inception of a relationship or a transaction, then regularly reviewed and/or modified whenever considered necessary in view of a particular event.

As regards legal entities, the Group has developed a ratings tool that expresses an internal opinion on the average loss expected on a counterparty or a given transaction and reflects this in a homogenous scale of increasing risks.

The Société Générale ratings scale is comparable to those of external agencies and includes 22 levels, three of which concern defaulting counterparties.

The rating enables the bank to analyze the degree of risk of various credit transactions, to determine the appropriate level of delegation and analyze the overall characteristics of the portfolio. It forms the basis for the RAROC analysis (credit pricing, return on the transaction and the relationship, allocation of economic capital).

A methodology for allocating capital based on risk measurement, which takes into account the correlation between geographical regions, industrial sectors and counter-party credit ratings, has been developed with a view to estimating the potential losses on the basis of a pre-defined confidence interval. These techniques enable the Group to assess the extraordinary losses in the event of a significant deterioration in economic conditions.

This model is currently used by customer relationship managers and risk managers to determine the various risk factors, set exposure limits and calculate the risk-adjusted return.

At the Group level, these tools are currently used for analyzing client profitability and for active portfolio management. They are used directly by the Finance and Corporate Planning Department to forecast provisioning and capital allocation requirements.

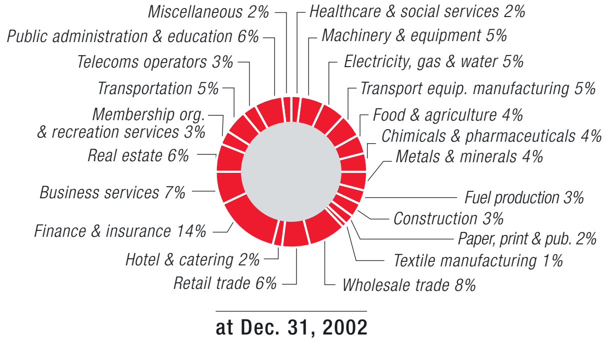
When considering consumer loans granted to individual customers or self-employed professionals, the bank uses marketing expert or scoring methods.

Corporate and Investment Banking counterparties and all French SMEs are awarded an internal rating.

Credit Portfolio Analysis

Outstanding on individual and business customers

At December 31, 2002, on- and off-balance sheet loans gross of provisions granted by the Société Générale Group to its non-banking clients totalled EUR 258 billion (including EUR 181 billion of outstanding balance sheet loans). The Group's commitments on its ten largest industrial counterparties account for 5% of this portfolio.



BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP COMMERCIAL OUTSTANDING BY INDUSTRY (excluding individual customers)

Total on-and off-balance sheet commitments: EUR 210 billion

The Group's loan portfolio is highly diversified in terms of sectors, and generally matches the structure of world GDP. Only one sector accounts for more than 10% of total Group outstanding (finance & insurance excluding banks: 14% of which 1% is on insurance counterparties), and is characterized by a moderate cost of risk.

Telecoms operators

The Group's exposure, net of purchased credit protection, amounts to EUR 6.1 billion (EUR 3.2 billion of which is on balance-sheet). Commitments are on European counterparties (76% focused on incumbent domestic operators) and US counterparties (7%). 60% of exposure consists of investment grade counterparties. The share of doubtful commitments is 5%.

In view of the restructuring measures taken and the provisioning booked on this portfolio, its risk profile improved significantly during the second half of 2002.

Telecoms equipment manufacturers

Exposure on this sector, net of purchased credit protection, is decreasing and amounts to EUR 1.2 billion (of which

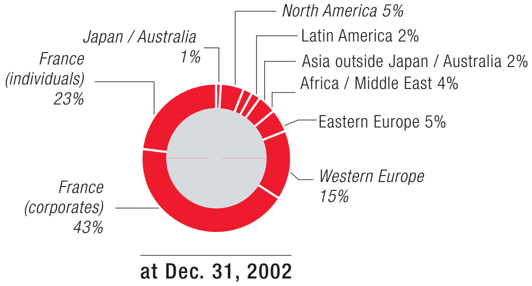
EUR 0.2 billion on balance-sheet). Commitments are focused on Europe (79%) and North America (15%).

Most of companies of this sector implement measures to adjust their industrial and financial capacities to face up to the reduction in equipment orders and turnover.

Airlines

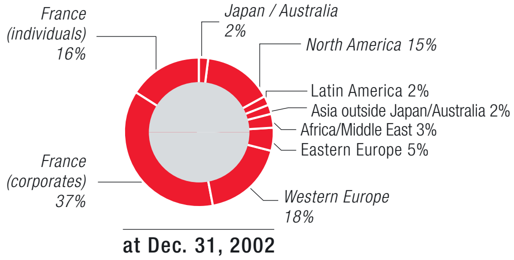
The Group's commitments, net of guarantees, amount to EUR 1.4 billion at December 31, 2002, of which EUR 1.0 billion for highly secured aircraft financing, and EUR 0.4 billion of corporate financing concentrated on the best European and Asian counterparties.

The Group's exposure has held up well in the face of the crisis that affected the sector since 2001.



BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP LOANS TO NON-BANKING CUSTOMERS BY GEOGRAPHICAL REGION (including individual customers)

Total balance sheet commitments: EUR 181 billion



BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP LOANS TO NON-BANKING CUSTOMERS BY GEOGRAPHICAL REGION (including individual customers)

Total on-and off-balance sheet commitments: EUR 258 billion

At December 31, 2002, 88% of the Société Générale Group's on-and off-balance sheet outstanding was concentrated on the major industrialized countries. Over 50% of loans are to French customers (37% to corporates and 16% to individual customers).

1. Outstanding on US corporates

When adjusted for changes in the Group's structure, exposure to US counterparties amounted to USD 50.2 billion, stable against year-end 2001 in dollar terms, and down 15% in euros.

This exposure comprising on-and off-balance sheet commitments, breaks down as follows:

- USD 8.3 billion in balance sheet commitments,
- USD 19.8 billion in off-balance sheet commitments corresponding to commercial banking activities,
- USD 11.7 billion in refinancing lines for securitization programs with AA-rated underlying assets.

To which are added the amounts classified under the securities portfolio (see notes 1, 2 and 6 of the financial statements):

- USD 5.1 billion of municipal bonds (previously in refinancing lines),
- EUR 5.3 billion of securities (previously in refinancing lines for securitization programs with AA-rated underlying assets).

2. Outstanding on emerging markets

The Group's outstanding on corporates and individual customers in emerging markets is subject to limits validated on an annual basis by General Management and represents 12% of Société Générale's loan portfolio.

At December 31, 2002, nearly three-quarters (EUR 14 billion) of the outstanding not covered by guarantees concerned Retail Banking activities, with the remaining quarter relating to Corporate and Investment Banking.

In view of the measures already taken in 2001, the ongoing crisis in Argentina did not necessitate any significant additional provisioning. The prudential risk reserve booked by the Corporate Center in 2001 was partially reallocated to the Retail Banking and Corporate and Investment Banking businesses, in order to cover risks that have now been identified by the various activities in question. As at the end of 2002, this reserve amounted to EUR 305 million and ensured a coverage ratio for Argentine risk (excluding statutory reserves) of 55%.

• Retail Banking

In Retail Banking, the outstanding on emerging markets stood at EUR 14 billion at December 31, 2002, compared with EUR 11.7 billion at year-end 2001. This amount includes off balance-sheet commitments and takes into account the integration in 2002 of Union Internationale de Banques (impact: EUR 0.8 billion) and Eqdom (impact: EUR 0.3 billion).

Furthermore, commitments in the amount of EUR 1.8 billion are covered by specific provisions. This portfolio covers 14 countries in four geographical regions (Eastern Europe, the Mediterranean basin, French speaking Africa and Latin America). The majority of the corresponding commitments is denominated in the local currency and refinanced locally.

*Change in non-banking exposure on emerging markets**

(including recent acquisitions)

(In billions of euros)	Dec. 31, 2001	Dec. 31, 2002
Individual customers	2.0	2.0
Corporates	9.7	12.0
Total	**11.7**	**14.0**

* On- and off-balance sheet, net of specific provisions for identified risks.

• Corporate and Investment Banking

In Corporate and Investment Banking, the residual part of the Group's outstanding, not covered by specific provisions or guarantees (ECA, cash collateral), stood at EUR 5.1 billion on December 31, 2002, (of which 50% was on Investment Grade countries), down slightly against December 31, 2001 (EUR 5.7 billion).

*Change in non-banking exposure on emerging markets**

(In billions of euros)	Dec. 31, 2001	Dec. 31, 2002
Mitigated country risk**	1.8	2.0
Standard country risk	3.9	3.1
Total	**5.7**	**5.1**

* On- and off-balance sheet, net of specific provisions for identified risks and guarantees (ECA, cash collateral).
** Transactions for which the structure of the transaction reduces the risk, though without eliminating it (export prefinancing with offshore payment, political risk insurance, participation in financing extended by International Financial Institutions).

Furthermore, outstanding covered by specific provisions amounted to EUR 0.5 billion.

Commitments on Banking Counterparties

Authorizations relating to banking and similar counterparties are defined using an internal method for evaluating financial institutions and a table of maximum limits (broken down by credit rating and maturity) approved by General Management.

At December 31, 2002, balance sheet banking commitments (excluding securities purchased under resale agreements) and off-balance sheet commitments amounted to EUR 28 billion (excluding delivery and replacement risk). The large majority of these risks (more than 90%) relates to banks rated "Investment Grade" by the rating agencies, while the Group's exposure is highly diversified and exclusively short-term in the case of banks with lower ratings.

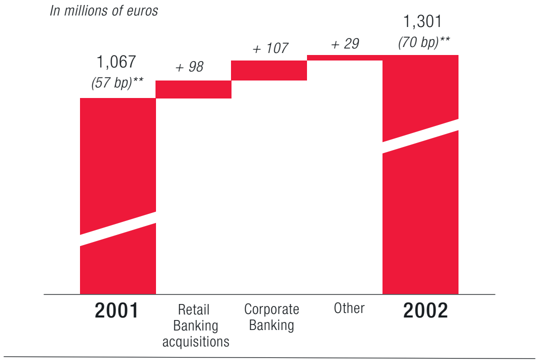
Consequently, Société Générale's cost of risk on its banking counterparties remains structurally very low.

Credit risk coverage, provisions and provisioning policy

Provisioning for credit risks at December 31, 2002

The net allocation to provisions for credit risk in 2002 amounted to EUR 1,268 million, compared with EUR 991 million at December 31, 2001.

The Group's cost of risk in 2002 therefore rose to 70 basis points, compared with 57 basis points a year earlier.



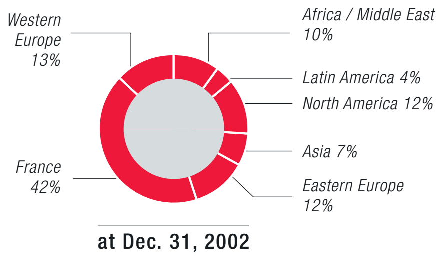
CHANGE IN GROUP PROVISIONING IN 2002

* Excluding Argentina
** Cost of credit risk

Over the year, the Group's net allocation to provisions (including disputes) increased by 22%. This rise is explained, on the one hand, by the integration of the provisioning requirements of recently consolidated subsidiaries in Retail Banking (Fiditalia, KB, GEFA, ALD, Eqdom and SKB) and, on the other, by the high level of allocation to provisions in Corporate Banking, reflecting the unfavorable impact of the telecoms portfolio.

Provisioning for credit risks

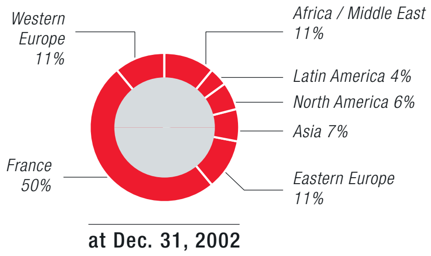
Provisioning for credit risks principally covers doubtful and disputed loans. These loans totalled EUR 10.1 billion at December 31, 2002.



BREAKDOWN OF DOUBTFUL LOANS BY GEOGRAPHICAL REGION

Total doubtful and disputed loans: EUR 10.1 billion

These loans are covered by specific provisions amounting to EUR 8.1 billion at December 31, 2002.



BREAKDOWN OF PROVISIONS BY GEOGRAPHICAL REGION

Total provisions: EUR 8.1 billion

In view of the specific provisions for identified risks and of the general country risk reserve (totalling EUR 8.5 billion), the coverage ratio for the Group's doubtful and disputed loans is very high at 84%.

Country risk reserve

Over and above the usual provisions covering credit risks, the bank books a general "country risk" reserve, intended to cover its risk on emerging markets. This reserve is not assigned to any identified risk and is calculated by rating each country according to its economic and financial environment and estimating average losses that would arise in the event of a major crisis.

At December 31, 2002, this provision totalled EUR 465 million.

Market risks

Organization

The organization of market risk management has been continually adjusted with a view to harmonizing existing procedures within the Group and guaranteeing that risk management teams remain independent from the operating divisions.

Although the front-office managers are responsible in the first instance for risk management, the ultimate responsibility lies with an independent structure: the Market Risk unit of the Risk Division. This unit is responsible for:

- daily monitoring (independently from the front office) of the exposure and risks incurred by all the Group's market activities and comparison of these exposure and risks with the limits set;
- defining the methods for measuring risk, as well as control procedures, approving the valuation of models used to calculate risks and results and validating reserves;
- developing the databases and systems used to assess market risks;
- preparing the limit applications based on the requests of the operating divisions, within the global limits set by General Management, and monitoring their use;
- centralizing, consolidating and reporting the Group's market risks.

On the proposal of this department, the Group's Risk Committee sets the levels of authorized risk by type of activity and takes the main decisions concerning Group risk management. Within each entity that incurs market risk, risk managers are designated to implement the first level of risk control. The main tasks of these managers, who are independent of the front offices, include:

- constant monitoring of exposure and results, in collaboration with front offices,
- daily verification of the market parameters used to calculate risks and results,
- daily calculation of market risks, based on a formal and secure procedure,
- daily limit monitoring for each activity, and constant checking that appropriate limits have been set for each activity.

In the case of the major trading rooms in France and abroad, these specialized market risk managers report directly to the Risk Division.

Methods of measuring market risk and defining exposure limits

Société Générale's market risk assessment is based on three main indicators, which are used to define exposure limits:

- the 99% "Value at Risk" (VaR) method, approved for regulatory requirement calculations, a composite indicator for day-to-day monitoring of the market risks incurred by the bank, in particular in its trading activities;
- a stress-test measurement, based on a decennial shock type indicator. Stress-test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary limits (sensitivity, nominal, influence or holding period, etc.), which ensure consistency between the total risk limits and the operational limits used by the front office. These limits also enable risks only partially captured by VaR or stress-test measurements to be controlled.

The 99% Value at Risk (VaR) Method

This method was introduced at the end of 1996. It is constantly being improved with the addition of new risk factors and the extension of the scope covered by the VaR. Following the regulator's approval of the last extension requested in 2002 by Société Générale, almost all the Group's market risks are monitored using the VaR method, in particular those relating to more complex activities and products. Only a few entities have not been included within the VaR process, and the market risks incurred by these entities are residual.

Interest rate or currency risks incurred on retail or commercial banking activities are included within the VaR scope when these risks are transferred to departments responsible for capital market activities.

The method used is the "historical simulation" method, which implicitly takes into account the correlation between all markets and the fact that all market parameters are not normally distributed. It is based on the following principles:

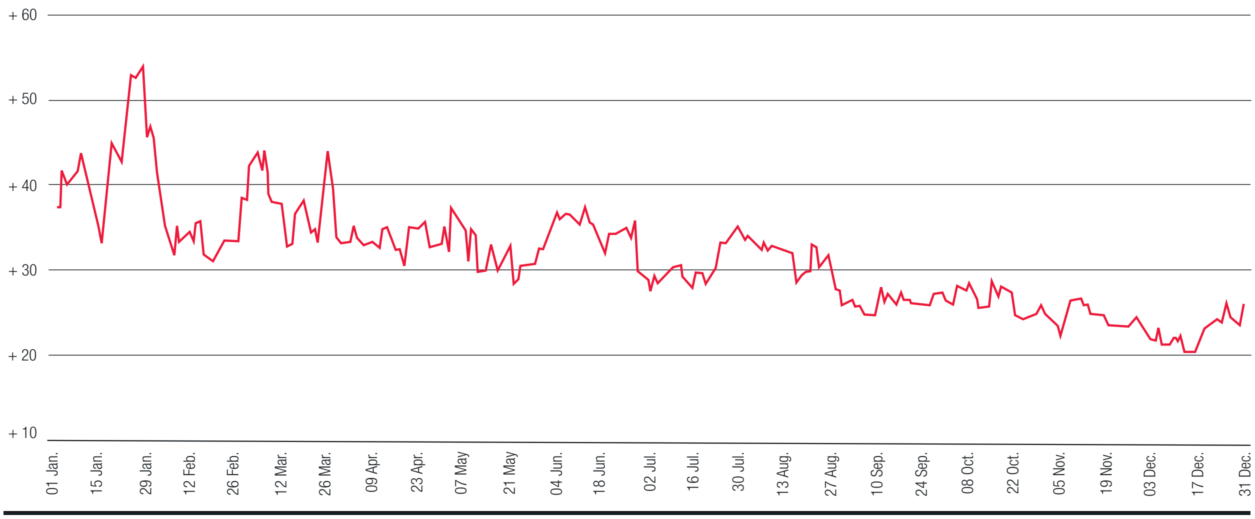
- the creation of a database containing risk factors which are representative of Société Générale's positions (i.e. interest rates, share price, exchange rates, commodity prices, volatility, credit spreads, etc.). The VaR is calculated using a database of some 10,000 risk factors;
- the definition of 250 scenarios, corresponding to one-day variations in these market parameters observed over a sliding one year period;

- the application of these 250 scenarios to the daily market parameters;
- the revaluation of daily positions, on the basis of the 250 adjusted daily market conditions and on the basis of a revaluation taking into account the non-linearity of these positions.

The 99% Value at Risk is the largest loss that would be incurred after eliminating the top 1% of most unfavorable occurrences. Over one year, or 250 scenarios, it corresponds to the average of the second and third largest losses observed.

The VaR is first and foremost designed to monitor market activity in the Bank's trading portfolios. In 2002, the VaR limit for all trading activities was set at EUR 60 million.

The value at risk in the Group's trading activities, across the full scope of activities, evolved as follows in 2002:



EVOLUTION OF THE TRADING VALUE (TRADING MARKET ACTIVITIES PORTFOLIO) AT RISK DURING 2002 (1 DAY, 99%)

In millions of euros

By type of risk, the evolution of the trading Value at Risk was as follows:

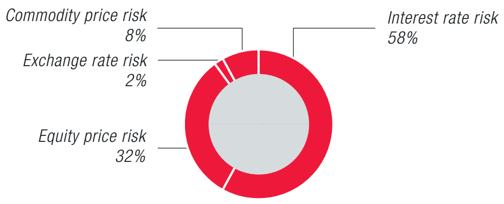
Breakdown of Trading VaR by type of risk – Change between 2001 and 2002

(in millions of euros)

1-day, 99%	Year-end		Average		Minimum		Maximum	
	2002	2001	2002	2001	2002	2001	2002	2001
Interest rate risk	(27)	(26)	(30)	(30)	(23)	(13)	(43)	(50)
Equity price risk	(12)	(21)	(17)	(24)	(8)	(16)	(30)	(39)
Exchange rate risk	(1)	(1)	(1)	(2)	(1)	(1)	(3)	(3)
Commodity price risk	(2)	(4)	(4)	(2)	(1)	(1)	(6)	(5)
Compensation effect	16	13	20	20	NM*	NM*	NM*	NM*
Total	**(26)**	**(39)**	**(32)**	**(38)**	**(20)**	**(22)**	**(56)**	**(56)**

* Compensation not significant since the potential minimum and maximum losses do not occur on the same date.

The average VaR fell from EUR 38 million in 2001 to EUR 32 million in 2002, largely due to the reduction in exposure to equities. Compensation remained high, reflecting the bank's high degree of risk diversification.



BREAKDOWN OF TRADING VaR BY TYPE OF RISK

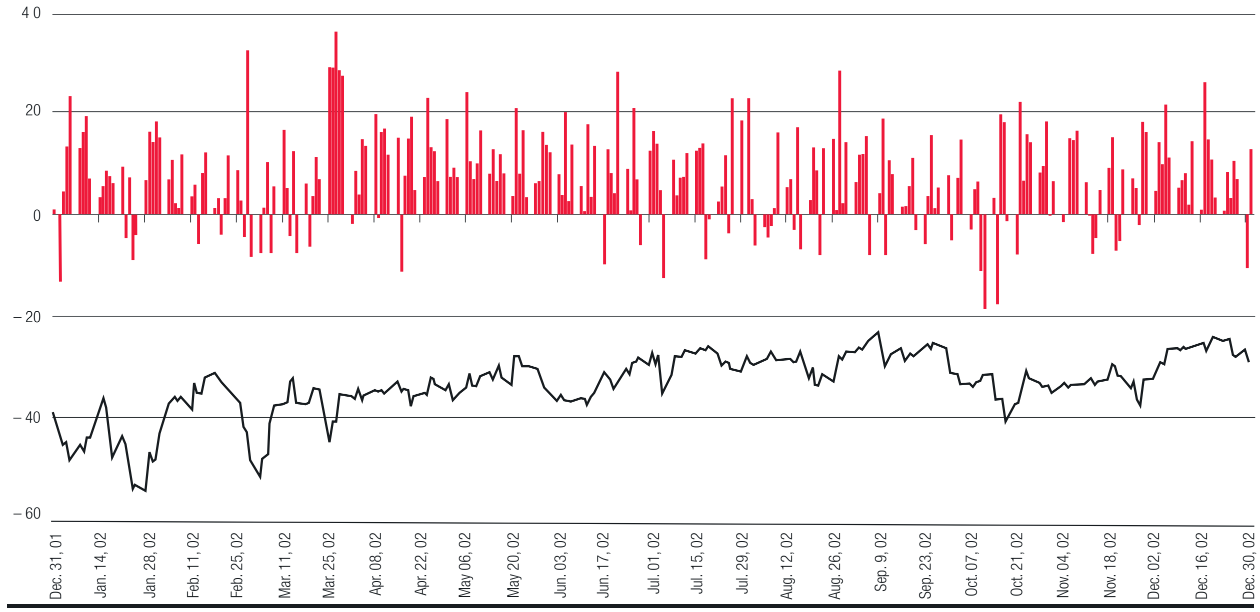
Methodological limits to VaR assessment

The VaR assessment is based on a model and hypotheses that have their limits. The main shortcomings of the model are:

- the use of "1 day" shocks assumes that all positions can be unwound or hedged within one day, which is not always the case for some products and in some crisis situations;
- the use of the 99% confidence interval does not take into account any losses arising beyond this interval; the VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptional changes;
- VaR is calculated using closing prices, so intra-day fluctuations are not taken into account;

The Group manages this methodological risk by:

- systematically assessing the relevance of the model by back-testing to verify that the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval, which has been the case since the VaR system was introduced. This back-testing is carried out on each of the scopes for which a VaR is calculated, enabling the process to be validated at both a global and sub-activity level. The chart on the following page shows the VaR back-testing on the regulatory scopes. The daily total never exceeded the amount of the VaR in 2002. Statistically, the 99% confidence interval would still be valid if the VaR is exceeded two or three times per year;
- complementing the VaR system with stress-test measurements.



VaR BACK-TESTING USING THE REGULATORY SCOPE DURING 2002 (1 DAY, 99 %)

In millions of euros

P&L VaR

The Stress Test model

Alongside the internal VaR model, Société Générale monitors its exposure using the "stress test" method based on decennial risk, so as to take exceptional market occurrences into account.

The "stress test" risk assessment methodology adopts the following principles:

- risks are calculated separately every day for each business and for each market, with all products considered together, but without taking into account the correlation between markets;
- the risk represents the worst possible impact of sudden and extraordinary changes in market conditions, or of any less extreme changes that enable the non-linear nature of certain positions to be taken into account;
- these extreme changes are adapted to each underlying asset (see below) and are determined on the basis of a historical analysis of movements over long periods of time and are constantly updated according to changes in the markets (in particular taking into account the scenarios of August and September 1998, the Asian crisis of 1997, the 1987 stock market crash);
- stress-test limits are established for some individual activities and for the Group's activity as a whole.

The following pages include a table of the scenarios used as a basis for the stress-tests for each of the main risk factors and their amount at December 31, 2002 (these risks are not aggregated for measuring decennial risk as the probability of them occurring simultaneously is very low).

For each activity, the risk is the aggregate of the worst cases, without taking into account correlation between markets or between currencies. For example, for the equity and index businesses, total risk is equal to the sum of the largest potential losses on each market, with certain risks corresponding to a rise in the market, and others to a fall. This hypothesis of non-correlation is highly improbable and reflects a conservative approach to the total risk of each activity.

The various stress-test scenarios are regularly revised and updated in consultation with the Group's economists and a number of specialists, supervised by the Risk Division.

Ten-year stress-test risk: exposure at December 31, 2002 and underlying assumptions

Stress-test scenarios	Exposure at December 31, 2002 and hypotheses
Exchange rate risk:	**Exposure at December 31, 2002: EUR –9 million**
Foreign exchange position	Risk measured by currency, on the basis of a +/–6% variation in the exchange rate for non-emerging market currencies, a +10/–15% variation for free-floating emerging market currencies and a +10/-20% variation for emerging market currencies floating within a predefined band.
Currency position	Risk measured by pair of currencies, on the basis of a simultaneous variation in the spot price (see above) and in volatility (a relative variation of –30/+60% for one-week maturities, down to –7/+10% for 10-year maturities).
Interest rate risk:	**Exposure at December 31, 2002: EUR –203 million**
Directional interest rate risk	Scenarios defined by currency category. With category-A currencies (EUR and USD), a relative variation in interest rates ranging from 60% up and 30% down for 1-week positions to +/–8% for maturities over 10 years.
Pivot risk	Scenarios defined by currency category. Deformation in the yield curve on the basis of fluctuations on the curve at 2 years, 5 years and 10 years.
Swap spread risk	Scenarios defined by currency category. A 10-100 bp widening of the swap spread according to the currency.
Specific risk/IG fixed-income securities	Doubling of spreads.
Interest rate options	Risk measured on the basis of a simultaneous variation in interest rates (see above) and volatility: upward movement, downward movement, 2 scenarios of fluctuations on the curve according to maturity of the option, 2 scenarios of fluctuations on the curve according to maturity of the underlying.
Equity/index price risk:	**Exposure at December 31, 2002: EUR –298 million**
Cash equity positions	A fall in market prices of 15% for non-emerging markets or 30% for emerging markets. These variations increase in the case of illiquid securities.
Equity and stock market index derivatives	A simultaneous variation in market prices (variation of +10/–15% for non-emerging markets and +15/–30% for emerging markets) with a rise in volatility (a rise of 40 points for 3-month maturity to 9 points for 5-year maturity), and a scenario of falling volatility (–20% for 3-months to –5% for 5-years) with spot price unchanged.
Commodity price risk:	**Exposure at December 31, 2002: EUR –26 million**
Energy – Commodities	A simultaneous variation in commodity prices (+20/-30% for oil products, +/–15% for gold, +30%/–20% for silver, etc.) and volatility (relative variation according to the product and maturity).
Emerging market risk:	**Exposure at December 31, 2002: EUR –27 million**
	The worst of two scenarios (variation in country spreads of between +100% and –50%, variation in price of +20/–45%) is used for each country.

Structural risks

The application of regulations 97-02 and 2001-01 of the French Banking and Financial Regulation Committee on internal audits provided the Group with the opportunity to define the principles for monitoring the Group's exposure to interest rate, exchange rate and liquidity risks, principles which had been in force for several years.

The general principle is to concentrate these risks within capital market activities, where they are monitored and controlled using the methods described above. These methods ensure that risks related to commercial transactions and proprietary transactions (transactions involving shareholders' equity, investments, bond issues) are covered as fully as possible, either individually or globally.

Consequently, "structural" risks only arise from the residual positions attached to these operations, after hedging.

Organization

Monitoring structural risks is the responsibility of the head of each of the Group's operating divisions. Each of these division heads is assisted by a "structural risks officer", responsible for analyzing exposure and drawing up the reports (first-level control). Entities use a common system for reporting structural risks.

The Asset and Liability Management department of the Finance and Corporate Planning Division is responsible for directly monitoring domestic activities, as well as consolidating the risks taken by each Group entity. This department also assists in preparing and validating the models used by the different divisions (second-level control).

The department works in liaison with each division finance departments, which are responsible for the quality of information reported by the Group entities. These quarterly reportings on structural risk are of an accounting nature.

Lastly, the Finance Committee, which meets at General Management level, validates the methods for analyzing and assessing risks, sets exposure limits for each Group entity. The Finance Committee periodically examines the analysis of interest rate, foreign exchange and liquidity risks drawn up by the Asset and Liability Management department. The Finance Committee also examines the main issues relating to structural risk management.

Structural interest rate risks

Structural interest rate risks arise from residual surpluses or deficits on fixed-rate outstanding positions with future maturities – after hedging.

Structural interest rate risks are analyzed according to a global assessment of the evolution of the outstanding positions, for both fixed and floating-rate products.

Assets and liabilities are analyzed independently, without any allocation of funds to assets. The maturity of the outstanding positions takes account of models of historical client behavior patterns (special savings accounts, early repayment, etc.), as well as assumptions relating to some aggregates (such as shareholders' equity and sight deposits). Options are analyzed through their delta equivalent, in order to ensure that they can be added to the underlying assets. The determination of gaps enables the position's sensitivity to changes in interest rates to be calculated.

The current stress-test corresponds to an immediate parallel shift of 1% in the yield curve. The impact of this scenario on the current net value of the portfolio of assets and liabilities is compared with the defined limits.

Deposits produced by retail banking activities in France are mostly considered to be fixed-rate funds, and their total exceeds the assets of a similar nature. Due to macro-hedging operations, essentially carried out through fixed-rate swaps, and on the basis of the assumptions used, Société Générale and Crédit du Nord retail banking activities sensitivity is low. Overall the retail banking sensitivity in France is less than EUR 100 million.

Transactions with large corporates are match-funded, and therefore present no interest rate risk.

Consequently, the majority of the Group's residual position is linked, on the one hand, to that part of equity reinvested in fixed-income instruments and, on the other, to foreign currency deposits held in subsidiaries or branches based in countries with weak currencies, where these deposits are not reinvested over a sufficiently long investment horizon, often due to the absence of appropriate long-dated fixed-rate instruments or hedging products such as swaps.

Société Générale's total exposure continued to represent a very small portion of the Group's equity, below the overall limit of 2.5% set by General Management.

Structural foreign exchange risks

Structural foreign exchange risks essentially arise from:

- foreign currency denominated investments in shareholdings of subsidiaries or branches financed through a purchase of the foreign currency,
- retained earnings in foreign entities,
- investments made by some entities for regulatory reasons in a currency other than one used for its funding.

Société Générale chooses to take up these positions, since Group policy is to purchase strong currencies (USD, CZK, GBP, JPY) to finance investments in shareholdings of subsidiaries or branches.

For accounting purposes, the result of these positions is booked under translation differences, which are included in shareholders' equity and therefore contribute to hedge the Group's solvency ratio against exchange rate fluctuations. The Group's aim is to render its solvency ratio insensitive to exchange rate fluctuations.

Liquidity risk

Through its retail banking activities, Société Générale has a large and diversified deposits base, which provides permanent resources to finance domestic activities, and which produces surplus liquidity. Credit transactions with international customers are financed on the large, extremely liquid deposit certificates market in the United States and on the interbank market. Securities activities mainly involve liquid securities, financed through repurchase agreements.

Due to the stability of Group resources, Société Générale has not needed to issue bonds in recent years, apart from subordinated loans or structured issues intended to meet specific commercial requirements. Similarly, use of the overnight market is deliberately restricted within limits, in order to protect the Group from very short-term risks.

Operational risks

General description

Operational risk is defined as the risk of losses resulting from unsuitable or failed internal processes, persons or systems, or caused by external events (disasters, fire, physical attacks, etc.). It includes general operational risks linked to security of IT systems, legal risks, regulatory risks and environmental risks. It incorporates risks relating to banking activities as well as strategic and reputation risks.

Traditionally, operational risk is considered as being inherent in banking activities. Its management is based on the existence of detailed procedures and ongoing monitoring by commercial and support divisions, in addition to the work carried out by the internal audit and General Inspection departments.

General Management decided to adopt a thorough and coherent approach designed to reinforce operational risk management within the Group.

This new approach corresponds to the recommendations of the Basel Committee on Banking Supervision and falls within the new regulatory requirements covering the solvency ratio to be implemented in 2006.

While relying on existing expertise, the new approach involves specific identification and evaluation of operational risk, accompanied by standardized monitoring and control procedures as well as the implementation of appropriate risk reduction measures, as necessary.

This approach lies within the context of standardized procedures, tools and methods that are defined and developed under the responsibilty of the Risk Division, but whose practical implementation is the resposibility of the commercial and support divisions.

The commercial and support divisions remain fully responsible for monitoring and controlling the operational risks they incur and for any financial consequences of these risks.

Operational risk management

So as to allow a standardized and effective approach to management of operational risks, the Group has drawn up a precise and exhaustive classification of all banking operational risks, broken down into 8 event types, as follows:

- commercial disputes,
- disputes with the authorities,
- errors in pricing or risk evaluation,
- execution errors,
- fraud and other criminal acts,
- rogue trading,
- loss of operating environment or capability,
- systems interruptions.

In addition, the Group has decided to implement tools to enable the quantitative and qualitative assessment of operational risks, including the following elements:

- a database of internal operational losses, fed by the whole Group and enabling each division to analyze the major errors or losses (profiles and trends) incurred by its activity, and to take the necessary corrective action;
- a database of external operational losses (extreme losses suffered by other banks active in the same businesses as the Group), in order to complement historical internal data;
- a qualitative method for assessing the Group's vulnerability to actual or potential residual operational risks, starting with an analysis of the intrinsic risks of each activity, complemented by a self-assessment scoring of the effectiveness of the controls over these risks;
- key indicators of operational risks, enabling potential sources of losses to be identified for each activity.

Operational risk measurement

The Group is developing operational risk measurement methodologies to put it in a position to apply the most advanced approaches when the regulatory requirements that are currently being drawn up are finalized.

Within the category of operational risks, legal risks, regulatory risks and industrial risks linked to the environment are analyzed individually below.

Legal risks

Dependency

Société Générale is not dependent on any patent or licence, nor on any industrial, commercial or financial provision contract.

Risks and litigation

At the present time, there are no extraordinary circumstances or disputes that are liable to materially affect the Group's results and financial position, and whose consequences, estimated at December 31, 2002, have not been taken into account in the Group's Financial Statements.

Adequate provision was set up at the closing of the 2002 Group's financial statement for the consequences of the notifications of tax adjustments which could affect until December 31, 2002 the results of both Société Générale and its subsidiaries included in the consolidated financial statements. Adequate provision was set up as well for the tax adjustments concerning VAT which were notified in December 2002.

On January 19, 2000, High Risk Opportunities Hub Fund Ltd, a hedge fund in receivership, represented by its receivers, brought legal action against Société Générale (and another bank), before the Supreme Court of the State of New York. This fund claimed compensation up to an amount of USD 1 billion for direct and indirect damages resulting from its liquidation alleging that the liquidation was caused by the non-execution of undelivered forward USD/RUR contracts. Société Générale considered this allegation to be unjustified. An agreement in principle on a settlement, which remains to be approved by the Court, has been entered into. A prudential provision, which had already been booked in the Group's previous financial statements, covers this amount.

On November 27, 2000, a lawsuit was filed against SG Cowen before the United States Court for the district of Massachusetts by the New England Teamsters and Trucking Industry Pension Fund. The lawsuit, which is seeking compensation in the amount of EUR 232 million for the fall in value of securities managed by SG Cowen on behalf of the Pension Fund, is currently being examined. A prudential provision has been booked in the Group's financial statements. SG Cowen has solid arguments with which to contest this charge, notably because the action is based on grievances that fall outside its contractual obligations. An insurance policy covers the risk of the court's decision possibly going against SG Cowen.

At the end of 2001 and in the early 2002, a number of Société Générale managers and executives and the company itself, were placed under investigation in relation to a money laundering case under investigation in Paris.

Like other banks working in France, Société Générale is implicated either because some checks drawn on Société Générale and considered by investigators as corresponding to money laundering transactions were paid by the bank or because they were presented by Société Générale for payment to other French banks, in its capacity as correspondent bank for some foreign banks.

The investigators contest the absence of systematic verification of checks processed, as they have done for other banks previously placed under investigation. However, no evidence suggests that a Société Générale employee or department was knowingly involved in money laundering.

Moreover, no civil action for damages has been brought against either Société Générale or its employees.

The question of the duties of banks with respect to verifying checks concerns all banking institutions in France, as well as the regulatory authorities. At the request of the French Banking Federation, a new regulation was adopted on April 26, 2002 by the Banking and Financial Regulation Committee. This regulation now imposes diligence duties to the banks regarding checks to fight against money laundering and anti-terrorism financing.

In January 2002, Société Générale was informed of a fraud committed by a former employee of the retail brokerage business of SG Cowen Securities, which was sold in October 2000. The employee was subsequently sentenced for having misappropriated assets that he managed for his successive employers over a number of years. Within this framework, a number of former SG Cowen clients have taken legal action against the different parties involved, including SG Cowen.

Société Générale is co-operating fully with the different legal and regulatory authorities involved in the matter. The necessary steps have been taken vis-à-vis the Group's insurance companies, and a provision of EUR 159 million has been booked by way of precaution, in 2002, to cover the various consequences of this affair.

Environmental risks

See page 79 of "Review 2002".

Insurance for operational risks

I – Description of insurance policies: general policy

Société Générale has a global insurance policy that consists in seeking the broadest and most comprehensive guarantees available with respect to the risks to which the Group is exposed. Additional insurance policies may be taken out locally, to provide either first-level guarantees that may be below the global guarantee threshold, or particular guarantees applicable to specific activities.

The contraction of the insurance market since 2001 made it more difficult to set up insurance programs adapted to the Group's requirements in 2002, a problem shared by all major companies.

While it was possible to renew most of the policies providing traditional guarantees, the difficulties experienced by insurers made it impossible to retain the level of guarantees that existed in the past, in particular those relating to financial activities.

However, in spite of insurers' reluctance to cover these risks, the Group was able to set up insurance policies that considerably exceeded the level of losses realized.

II – Description of coverage

a) General risks:

1. Buildings and their contents, including IT equipment, are insured at their replacement value. In France, the budget amounted to EUR 2.9 million.

2. Liability other than professional liability (i.e. relating to operations, senior officers, vehicles, etc.) is covered by insurance policies around the world. The amounts insured vary from country to country, but correspond to operating requirements. The budget in France amounted to EUR 1.6 million.

b) Risks arising from activity:

Insurance is only one of the ways of offsetting the consequences of the risks inherent in the Group's activity, and as such it complements the Group's risk management policy.

1. Mortgage loans:

90% of mortgage loans granted by the bank are accompanied by life insurance policies covering the borrower.

2. Theft/fraud:

These risks are included in a "global banking" policy that insures all the bank's activities around the world.

3. Professional liability:

The consequences of any lawsuits are insured under a global policy. The level of cover is the best available on the market.

4. Operating losses

The consequences of an accidental interruption in activity are insured by a global policy. This policy complements plans made with respect to continuing operations. The amounts insured are designed to cover losses incurred between the time of the event and the implementation of an emergency solution.

Other risks

The Group is aware of no other risk to be mentioned in this respect.

Regulatory ratios

International solvency ratio
(B.I.S. ratio)

The international solvency ratio requires financial institutions handling a significant volume of international business to maintain a minimum level of equity in reserve on a permanent basis, in order to cover their credit exposure and capital market risks.

Until December 31, 1997, the B.I.S. ratio was limited to counterparty risks. Since January 1998, it has been extended to cover also market risks (interest rate, exchange rate, equity price and commodity price risks).

The regulatory framework for monitoring market risk exposure allows banks to calculate their regulatory capital requirements using internal models, provided that these models meet certain criteria and reflect an adequate risk management strategy, and that the model itself has been approved by the banks' supervisory authorities. Société Générale's internal VaR model has been approved by the French Banking Commission (see section on "Market Risk Valuation Method", p.23).

Since December 31, 1998, the market risks for the majority of transactions have been calculated using this method, while the standard method is used for all other operations.

The Group's B.I.S. ratio stood at 11.13% at December 31, 2002, not including Tier-3 capital, compared with 11.49% at end-December, 2001 and 12.51% in December 2000.

Risk-based capital, risk-weighted assets and solvency ratios

(in millions of euros at December 31)	2002	2001
Risk-based capital		
Group shareholders' equity	15,734	15,750
Dividends	(853)	(850)
General reserve for banking risks	207	366
Minority interests after appropriation of net income	1,768	1,704
Preferred shares	1,668	1,890
Prudential deductions (1)	(3,265)	(3,524)
Total Tier-1 capital	**15,259**	**15,337**
Total Tier-2 capital	**9,219**	**9,178**
Other deductions (2)	**(3,621)**	**(3,446)**
Total risk-based capital	**20,857**	**21,069**
Risk-weighted assets	**187,834**	**183,431**
International solvency ratio (B.I.S. ratio)	**11.13%**	**11.49%**
Tier-1 ratio	**8.14%**	**8.36%**

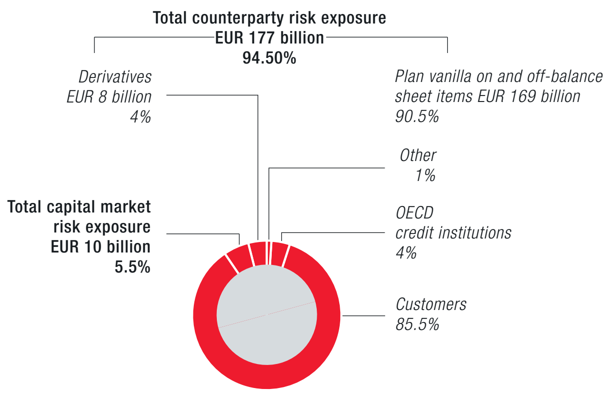
(1) Essentially goodwill and intangible assets.
(2) Holdings in non-consolidated financial companies or those accounted for by the equity method.

Group shareholders' equity at end-December 2002 totalled EUR 15.7 billion (compared with EUR 15.8 billion in 2001). After taking into account minority interests, preferred shares, the general reserve for banking risks, and prudential deductions, total Tier-1 capital stood at EUR 15.3 billion, giving a Tier-1 ratio of 8.14% at December 31, 2002 (compared with 8.36% at December 31, 2001).

Risk-weighted assets by type of activity break down as follows:

- the increase (+ EUR 4 billion) in risk-weighted assets over 2002 resulted from the rise in counterparty risk. These latter accounted for 94.5% of risk-weighted assets amounting to EUR 177 billion at December 31, 2002 (94% at December 31, 2001);
- Risk-weighted assets relating to market risk accounted for 5.5% of the total, relatively stable compared with 2001 (6%).

The credit risk on derivatives essentially relates to instruments with maturities under five years (a detailed analysis of these instruments is included in the notes to the consolidated financial statements on page 61, note 21).



at Dec. 31, 2002

BEAKDOWN OF RISK-WEIGHTED ASSETS BY TYPE OF RISK

Capital adequacy ratio
(CAD ratio)

This ratio replaced the European solvency ratio in 1996, and sets out the minimum capital required to cover counterparty and market risks.

At December 31, 2002, these risks were 154.3% covered by Group equity, excluding any Tier-3 capital (compared with 156.8% at December 31, 2001).

As regards the international solvency ratio, the Group's equity requirements principally arise from "plain vanilla" banking activities.

Ratio of large exposures

The ratio of large exposures is calculated on a quarterly basis, but Société Générale respects this ratio on an on-going basis:

- the total risk incurred by Société Générale in respect of any debtor taken individually does not exceed 25% of consolidated net equity;
- the total risk incurred by Société Générale in respect of all debtors which, taken individually, represent risks of over 10% of consolidated net equity, does not exceed eight times consolidated net equity.

Liquidity ratio

Société Générale's one-month liquidity ratio, which is used to monitor short-term liquidity, averaged 120% over 2002. At the end of each month in 2002, it was above the minimum regulatory requirement of 100%.

Prudential long-term
(funding ratio)

The prudential long-term ratio, which is used to determine long-term liquidity, measures receivables due in more than five years against funds with a remaining maturity of more than five years. At December 31, 2002, this ratio stood at 99.3%, above the minimum regulatory standard of 60%.

FINANCIAL STATEMENTS

Consolidated balance sheet at December 31, 2002

Assets

(in millions of euros at December 31)	2002	2001	2000
Cash, due from central banks and post office accounts	5,090	6,979	3,276
Due from banks *(Note 3)*	54,354	63,548	54,174
Customer loans (*Note 4)* *	184,642	182,738*	163,464*
Lease financing and similar agreements (*Note 5)* *	17,351	16,634*	11,369*
Treasury notes and similar securities (*Note 6)*	28,010	38,648	27,657
Bonds and other debt securities *(Note 6)*	65,295	52,361	51,568
Shares and other equity securities *(Note 6)*	35,019	37,588	41,994
Investments of insurance companies (*Note 7)*	37,257	35,361	32,618
Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments *(Note 8)*	6,267	6,479	6,291
Investments in subsidiaries and affiliates accounted for by the equity method	591	701	837
Tangible and intangible fixed assets *(Note 9)* *	5,740	5,781*	4,208*
Goodwill (*Note 10)*	2,154	2,462	400
Accruals, other accounts receivable and other assets (*Note 11)*	59,495	63,219	58,025
Total	**501,265**	**512,499**	**455,881**

Off-balance sheet items

Loan commitments granted *(Note 19)*	82,154	99,603	98,519
Guarantee commitments granted *(Note 19)*	48,046	35,439	38,282
Commitments granted on securities	7,206	6,359	11,649
Foreign exchange transactions *(Note 20)*	349,409	342,685	289,063
Forward financial instrument commitments *(Note 21)*	5,187,753	5,290,456	4,999,529
Insurance commitments granted	342	348	356

(The accompanying notes are an integral part of the consolidated financial statements).

* Amounts restated in relation to those given in 2000 and 2001 annual reports.

Liabilities and shareholders' equity

(in millions of euros at December 31)	2002	2001	2000
Due to central banks and post office accounts	1,478	1,847	2,890
Due to banks *(Note 12)*	69,239	85,124	83,369
Customer deposits *(Note 13)*	196,085	200,316	164,717
Securitized debt payable *(Note 14)*	77,877	62,974	50,479
Underwriting reserves of insurance companies *(Note 15)*	35,760	34,134	32,022
Accruals, other accounts payable and other liabilities *(Note 16)*	87,767	95,280	93,441
Negative goodwill *(Note 10)*	–	7	36
Provisions for general risks and commitments *(Note 17)*	2,347	2,396	2,320
Subordinated debt *(Note 18)*	11,199	10,483	9,671
General reserve for banking risks	207	366	366
Preferred shares	1,668	1,890	1,360
Minority interests	1,904	1,932	1,523
Shareholders' equity			
Common stock	538	539	529
Additional paid-in capital	3,819	3,980	3,526
Treasury stock	(924)	(1,162)	(1,064)
Retained earnings	10,904	10,239	7,998
Net income	1,397	2,154	2,698
Sub-total	**15,734**	**15,750**	**13,687**
Total	**501,265**	**512,499**	**455,881**

Off-balance sheet items

Loan commitments received	3,739	3,765	6,795
Guarantee commitments received	33,723	33,029	31,148
Commitments received on securities	7,185	8,279	11,021
Foreign exchange transactions *(Note 20)*	351,801	344,428	289,499
Insurance commitments received	140	117	98

(The accompanying notes are an integral part of the consolidated financial statements).

Consolidated income statement

(in millions of euros at December 31)	2002	2001	2000
Net interest income from:			
Transactions with banks *(Note 24)*	(1,224)	(1,318)	(1,934)
Transactions with customers (*Note 25)*	4,224	3,073	3,712
Bonds and other debt securities	1,291	1,545	798
Other interest and similar revenues	102	552	661
Net income from lease financing and similar agreements *(Note 26)*	1,374	1,234	854
Sub-total	**5,767**	**5,086**	**4,091**
Dividend income *(Note 27)*	291	211	291
Dividends paid on preferred shares *(Note 1)*	(131)	(109)	(100)
Net interest and similar income	**5,927**	**5,188**	**4,282**
Net fee income *(Note 28)*	**4,874**	**4,916**	**4,900**
Net income from financial transactions *(Note 29)*	**3,263**	**3,258**	**4,223**
Other net operating income	**390**	**512**	**394**
Gross margin of insurance business (Note 30)	*51*	*136*	*45*
Net income from other activities (Note 31)	*99*	*146*	*149*
Net banking income	**14,454**	**13,874**	**13,799**
Personnel expenses *(Note 32)*	(6,060)	(5,805)	(5,893)
Other operating expenses	(3,669)	(3,698)	(3,273)
Depreciation and amortization	(678)	(601)	(488)
Total operating expenses	**(10,407)**	**(10,104)**	**(9,654)**
Gross operating income	**4,047**	**3,770**	**4,145**
Cost of risk *(Note 33)*	(1,301)	(1,067)	(753)
Operating income	**2,746**	**2,703**	**3,392**
Net income from companies accounted for by the equity method (*Note 34)*	48	(18)	31
Net income from long-term investments *(Note 35)*	(299)	474	941
Earnings before exceptional items and tax	**2,495**	**3,159**	**4,364**
Exceptional items *(Note 36)*	(170)	(17)	(70)
Income tax *(Note 37)*	(649)	(739)	(1,357)
Amortization of goodwill	(184)	(76)	(60)
Reversal from the General Reserve for Banking Risks	159	–	–
Net income before minority interests	**1,651**	**2,327**	**2,877**
Minority interests	(254)	(173)	(179)
Net income	**1,397**	**2,154**	**2,698**
Earnings per share in euros *	**3,41**	**5,35**	**6,78**
Diluted earning per share in euros *	**3,41**	**5,35**	**6,74**

(The accompanying notes are an integral part of consolidated financial statements).

* Earnings per share (EPS) are calculated on the basis of the average number of outstanding shares over the financial year, after deducting treasury stock from shareholders' equity.
Diluted EPS also takes into account the existence of stock options that have been awarded but not yet exercised, and excludes Société Générale shares held on an escrow account to be used to make possible adjustments to the acquisition price paid for TCW.

Changes in shareholders' equity

(in millions of euros)	Common stock and additional paid-in capital (1)	Treasury stock & assimilated(2)	Retained earnings	Revaluation and reassessment reserves	Shareholders' equity
Balance at December 31, 2000	**4,055**	**(1,064)**	**10,281**	**415**	**13,687**
Increase in common stock (1)	460				460
Net income for the period			2,154		2,154
Dividends paid			(847)		(847)
Revaluation and reassessment reserves				(18)	(18)
Treasury stock (2)		35	121		156
Société Générale shares in escrow account (2)		(133)			(133)
Translation differences and other (4)			44		44
Restatement of underwriting reserves of insurance companies (5)			243		243
Goodwill charged	4				4
Balance at December 31, 2001	**4,519**	**(1,162)**	**11,996**	**397**	**15,750**
Increase in common stock (1)	(163)				(163)
Net income for the period			1,397		1,397
Dividends paid			(871)		(871)
Revaluation and reassessment reserves				(15)	(15)
Treasury stock (2)		222	17		239
Société Générale shares in escrow account (2)		16			16
Translation differences and other (4)			(558)		(558)
Restatement of underwriting reserves of insurance companies (5)			(61)		(61)
Goodwill charged					–
Balance at December 31, 2002	**4,356**	**(924)**	**11,920**	**382**	**15,734**

(in millions of euros)	Shareholders' equity	General reserve for banking risks (6)	Minority interests	Preferred shares (3)	Total equity
Balance at December 31, 2000	**13,687**	**366**	**1,523**	**1,360**	**16,936**
Increase in common stock	460				460
Net income for the period	2,154		173		2,327
Dividends paid	(847)		(123)		(970)
Revaluation and reassessment reserves	(18)				(18)
Treasury stock	156				156
Société Générale shares in escrow account (2)	(133)				(133)
Translation differences and other (4)	44		359	530	933
Restatement of underwriting reserves of insurance companies (5)	243				243
Goodwill charged	4				4
Balance at December 31, 2001	**15,750**	**366**	**1,932**	**1,890**	**19,938**
Increase in common stock (1)	(163)				(163)
Net income for the period	1,397		254		1,651
Dividends paid	(871)		(133)		(1,004)
Revaluation and reassessment reserves	(15)				(15)
Treasury stock (2)	239				239
Société Générale shares in escrow account (3)	16				16
Translation differences and other (4)	(558)	(159)	(149)	(222)	(1,088)
Restatement of underwriting reserves of insurance companies (5)	(61)				(61)
Goodwill charged	–				–
Balance at December 31, 2002	**15,734**	**207**	**1,904**	**1,668**	**19,513**

(1) At December 31, 2002, Société Générale's fully paid-up capital stock amounted to EUR 537,712,831 and was made up of 430,170,265 shares with a nominal value of EUR 1.25.
During the first half of 2002, Société Générale reduced its capital stock by EUR 9 million through the cancellation of 7,200,000 shares, together with EUR 429.4 million of additional paid-in capital.
Furthermore, Société Générale carried out capital increases for a total amount of EUR 7.3 million, with EUR 268.2 million of additional paid-in capital, as follows :
– EUR 6.1 million, with EUR 252.7 million of additional paid-in capital, was the result of employees subscribing for shares under the Employee Share Ownership Plan;
– EUR 1.2 million, with EUR 15.5 million of additional paid-in capital, resulted from the exercise by employees of options granted by the Board of Directors.
Goodwill on acquisitions that were financed by the conversion into shares of the convertible bonds issued in May 1993 were charged in 1998 against the additional capital arising on this capital increase, in proportion to the part of the total acquisition cost covered by the capital increase.
If the goodwill relating to these transactions had not been charged against shareholders' equity, it would have given rise to an amortization expense of EUR 35.3 million for the 2002 financial year and an exceptional amortization expense of EUR 23.1 million. It would have been booked on the assets side of the consolidated balance sheet for a net amount of EUR 178 million at December 31, 2002.

(2) Treasury stock held by Group companies at December 31, 2002 (20,416,951 shares; EUR 807.5 million) represented 4.75% of Société Générale's capital stock. The change in treasury stock breaks down as follows:
– 7,200,000 shares were cancelled for a total amount of EUR 438.4 million;
– Société Générale bought back its own shares for a net amount (after deduction of disposals) of EUR 216.3 million.
Net capital losses on treasury stock have been charged against the shareholders' equity for an amount of EUR 2 million. Dividend income on these shares (EUR 18.9 million) has been eliminated from consolidated income.
Moreover, the 2,116,427 Société Générale shares deposited in an escrow account to enable possible adjustments to the acquisition price paid for TCW were deducted from shareholders' equity for an amount of EUR 117.4 million at December 31, 2002. The percentage of treasury stock does not take into account these shares.

(3) In 1997, Société Générale issued USD 800 million of preferred shares in the United States through its subsidiary SocGen Real Estate Company LLC. Société Générale repeated this operation in 2000 by issuing EUR 500 million of preferred shares through its subsidiary SG Capital Trust, and in 2001 by issuing USD 425 million through SG Americas.
These preferred shares are included in Tier-one capital for the purpose of determining Société Générale's prudential ratios.

(4) In accordance with the new accounting standards applicable to insurance companies, a significant part of the capitalization and equalization reserves of the Group's two insurance subsidiaries, Sogécap and Généras, were restated in 2001 for a total amount of EUR 243 million. The balance of the capitalization reserves not assigned to the provision for deferred policy owner benefits was reincorporated into shareholders' equity.
In 2002, drawing on stochastic models available since the end of the financial year, the recalculation of the capitalization reserve draw-down probabilities over a 4-year period led to an adjustment in the amount of EUR 60.6 million being made to the provisioning requirement initially calculated with respect to deferred policy owner benefits.
The correction of this error was booked under shareholders' equity, in the same way as the reclassification carried out on January 1, 2001

(5) At December 31, 2002 currency translation differences related to foreign branches of Group banks and consolidated companies within the euro zone amounted to EUR –4 million.

(6) A reversal of EUR 159 million was made from the General Reserve for Banking Risks to cover charges and allowances linked to a fraud affecting Cowen's former private client brokerage division.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1

Significant accounting principles

The consolidated financial statements of the Société Générale Group for the 2002 financial year have been drawn up in accordance with the provisions of Regulation 99-07 of the French Accounting Regulation Committee *(Comité de la réglementation comptable)* on the consolidation rules applicable to companies that come under the French Banking and Financial Regulation Committee *(Comité de la réglementation bancaire et financière).*

The presentation of the financial statements complies with the provisions of Regulation 2000-04 of the French Accounting Regulation Committee concerning consolidated financial statements produced by companies that come under the French Banking and Financial Regulation Committee.

Income and expenses booked on the income statement are classified by type of instrument rather than by purpose.

The consolidated financial statements of Société Générale include the financial statements of the Parent Company and of the French and foreign companies making up the Group. Since the financial statements of foreign subsidiaries are prepared using accounting principles generally accepted in their respective countries, any necessary restatements and adjustments are made prior to consolidation so that they comply with the accounting principles used by the Société Générale Group.

Consolidation principles

Consolidation methods

The consolidated financial statements are established on the basis of the financial statements of Société Générale and of all significant subsidiaries over which Société Générale exercises control. Companies with a fiscal year ending more than three months before or after that of Société Générale prepare pro-forma statements for a twelve-month period ended December 31.

The following consolidation methods are used:

Full consolidation

This method of consolidation applies to companies over which Société Générale exercises sole control and which are involved in banking and finance activities, or activities directly linked to the same (insurance, property development, computer equipment leasing, vehicle leasing, oil trading).

Sole control over a subsidiary is defined as the power to dictate the financial and operating policies of the said subsidiary. It is achieved:

– either by directly or indirectly holding the majority of voting rights in the subsidiary;

– or by appointing for two successive financial years the majority of the members of the board of directors, executive committee or supervisory board of the subsidiary; the Group is assumed to have appointed the said majority when it has held directly or indirectly during this period over 40% of the voting rights in the said subsidiary and no other partner or shareholder has held directly or indirectly a proportion of the voting rights greater than its own;

– or by the ability to exercise a controlling influence over a subsidiary under the terms of a contract or in accordance with the subsidiary's by-laws, when the applicable law allows the same and the Group is a shareholder in or partner of the said subsidiary; controlling influence is understood to exist as soon as the Group has the possibility to draw on or decide on the use of the assets, liabilities and off-balance sheet items of the said subsidiary in the same way that it can make use of these items in subsidiaries under its sole control. In the absence of such contracts or by-laws, controlling influence over a credit institution or investment company is also assumed to exist when the Group holds at least 20% of the voting rights and no other shareholder or group of shareholders holds a proportion of the voting rights greater than its own.

However, only companies that make a significant contribution to the Group accounts, and in particular those companies with total assets in excess of 0.02% of total Group assets or in which the shareholders' equity held by the Group is in excess of 0.10% of Group shareholders' equity, are fully consolidated.

Proportionate consolidation

Companies over which the Group exercises joint control are consolidated by the proportionate method.

Joint control exists when control over a subsidiary run jointly by a limited number of partners or shareholders is shared in such a way that the financial and operating policies of the said subsidiary are determined by mutual agreement.

A contractual agreement must require the consent of all partners or shareholders for exercising control over the economic activity of the said subsidiary and taking any strategic decisions.

Equity Method

Companies over which the Group exercises significant influence are accounted for by the equity method. Significant influence is the power to influence the financial and operating policies of a subsidiary without exercising control over the said subsidiary. In particular, significant influence can result from Société Générale being represented on the board of directors or supervisory board, from involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Société Générale. The Group is assumed to exercise significant influence over the financial and operating policies of a subsidiary when it holds directly or indirectly at least 20% of the voting rights in this subsidiary.

However, only companies in which Société Générale's share of the net worth exceeds 0.10% of Group shareholders'equity, are consolidated by the equity method.

Specific treatment for special purpose vehicles

The independent legal entities ("special purpose vehicles") that are controlled in substance by the Group are consolidated even in cases where the Group holds none of the capital in the entities.

Regulation 99-07 of the French Accounting Regulation Committee defines three criteria that must be considered in order to determine the existence of such control, but states that each of them taken independently is not sufficient to prove the control. These three criteria are:

– the management and decision-making power over the ordinary activities of the entity;

– the ability to receive the majority or all of the entity's earnings;

– the exposure to the majority of the risks related to the entity.

The existence of an "autopilot" mechanism does not presuppose effective control. For special purpose vehicles involved in securitization transactions carried out under the provisions of the law No.88-1201 of December 23, 1988 related to mutual funds and securitization vehicles *(fonds communs de créances),* or under the provisions of an equivalent foreign regulation, the only criterion to be considered for assessing the control is that relating to management and decision-making power.

The French Securities and Exchange Commission *(Commission des Opérations de Bourse)* and the French Banking Commission *(Commission Bancaire)* issued a joint opinion at the end of 2002 setting out their interpretation of the aforementioned regulatory provisions. Pursuant to this opinion, two special purpose vehicles dedicated to arbitrage transactions were consolidated in the Group's accounts as of the fourth quarter of 2002, even though they only meet one of the three criteria given in Regulation 99-07.

Translation of foreign currency financial statements

The on- and off-balance sheet items of consolidated companies reporting in foreign currencies are translated at the official exchange rates prevailing at year-end. Income statement items of these companies are translated at average exchange rates for the year. Gains and losses arising from the translation of capital, reserves, retained earnings and income are included in shareholders' equity under *Translation differences.* Gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in shareholders' equity under the same heading.

In accordance with Recommendation 98-01 of the French National Accounting Standards Board *(Conseil national de la comptabilité),* translation differences relating to subsidiaries and branches in the euro zone are retained in shareholders' equity, and are only recognized on the income statement in the event that the said entities are sold.

The financial statements of companies operating in countries with high inflation are restated to reflect the value of their currency at year-end. The corresponding gain or loss on the net monetary assets of these companies is included in the determination of net income, while gains or losses on net non-monetary assets are included in shareholders' equity. Balance sheet, off-balance sheet and income statement items, restated as described above, are translated at the official exchange rate at closing of the accounts.

Significant adjustments made for consolidation

The main restatements made in drawing up the consolidated accounts are as follows:

Treatment of acquisitions and goodwill

The difference between the purchase price and the share of net assets acquired is allocated in the first instance to identified on- and off-balance sheet items. The analyses and appraisals required to establish the initial valuation of these items, together with any subsequent adjustments made in the light of new information, can be carried out at any time up to the closing of the first full financial year following the acquisition. Any changes made to the book values of the identified items are charged against the gross goodwill and the corresponding accrued amortization expenses are adjusted accordingly.

Goodwill, which is carried on the assets or liabilities side of the consolidated balance sheet, represents the balance of non-allocated differences. Goodwill is recorded in the local currency of the acquired entity, and translated at the official exchange rate at closing of the accounts. Goodwill is amortized according to a predefined plan over a set period according to the assumptions used and objectives set at the time of the acquisition, and which cannot in any event exceed 20 years. In the event of significant unfavorable changes to the items used to determine the amortization plan, either the said plan is amended accordingly or an exceptional amortization expense is booked.

The goodwill booked on acquisitions made before January 1, 2000 and financed through capital increases are charged against the additional paid-in capital, in proportion to the part of the total purchase price covered by the capital increase. Regulation 99-07 no longer permits this method to be applied as of January 1, 2000 but does not oblige a retroactive restatement of transactions concluded before this date.

In the event of the full or partial disposal of companies acquired in this way, the corresponding goodwill, which was originally charged against capital, is used to adjust the capital gain or loss on disposal on the consolidated income statement, after deducting any amortization that should have been booked up to the date of disposal if this goodwill had been kept on the assets side of the consolidated balance sheet.

Revaluation reserves

This caption includes differences which arise from:

– the statutory asset revaluations carried out in France in 1977 and 1978,

– restructuring operations and intercompany transfers of assets carried out up to December 31, 1991.

On January 1, 1987, following a series of mergers and spin-offs benefiting from preferential taxation treatment under article 210 A of the French Tax Code, Société Générale reorganized its major shareholdings into four holding companies (Généval, Généfitec, Généfimmo and Généfinance).

Securities held by these companies are valued using the methods described below in the *"Securities Portfolio"* section. Any necessary provisions are first deducted from the related revaluation reserve in the amount of the capital gain realized on the transfer. The net allocation for the year is therefore calculated in relation to the original cost of the securities.

Revaluation reserves resulting from intercompany profits on transfers of fixed assets subject to depreciation are recognized on the income statement in proportion to the additional depreciation booked by the company acquiring the asset.

Similarly, when such assets are sold to third parties, the corresponding share of the revaluation reserve is credited to income. The profit or loss on disposal is determined by reference to the historical cost of the assets (less depreciation and allowances, which are themselves determined by reference to historical cost).

Reassessment reserves

Intercompany transfers involving most of Société Générale's offices and other premises took place during 1992. These assets, which were previously held by the Parent Company and certain real estate subsidiaries, were transferred to wholly-owned subsidiaries, which are included in the tax consolidation.

Capital gains recorded by the contributing companies in their non-consolidated financial statements were eliminated when determining consolidated net income. These gains, net of the related deferred taxation, are included in Reassessment reserves in accordance with Directive 91-06 of the French Banking Commission.

The reassessment reserve is recorded in accordance with the same principles as those described above for revaluation reserves. Société Générale's proprietary real estate assets were written down in line with current market values, and the provisions were first charged against reassessment reserves, reversing the accounting treatment used in 1992. Deferred taxes relating to these residual reserves were adjusted accordingly.

Deferred taxes

Deferred taxes resulting from consolidation adjustments are determined separately for each taxable entity, by reference to its own tax position.

Full consolidation of insurance companies

The accounting principles specific to insurance activities have been maintained in the Group's consolidated accounts, with the exception of the valuation method used to assess the provision for early redemption risk, as described hereafter.

Regulation No. 2000-05 of the French Accounting Regulation Committee on the consolidation rules applicable to companies governed by the Insurance Code has been in force as of January 1, 2001. The principal change introduced by this regulation has been the reclassification of the majority of capitalization and equalization reserves recognized in the individual accounts of insurance subsidiaries, amounting to EUR 243 million, under shareholders' equity. The residual amount of the capitalization reserve has been reclassified under the provision for deferred policy owner benefits. In 2002, using stochastic valuation models available at year-end and based on the parameters determined at the end of 2000, the recalculation of the capitalization reserves draw-down probabilities over a 4-year period has led to an adjustment of EUR 60.6 million in the provision for deferred policy owner benefits. This correction has been recorded under shareholders' equity, in the same way as the reclassification made on January 1, 2001.

The constituent items of insurance companies that are consolidated by either the full or proportionate method are presented under the same heading on the consolidated balance sheet, off-balance sheet and income statement, with the exception of the following items, which are posted in distinct rows in the consolidated financial statements:

Net investments of insurance companies

The investments of insurance companies include investments held to guarantee unit-linked policies, as well as other investments made to back life insurance policies and other insurance policies. Investments in the form of securities issued by companies consolidated in the Group accounts are eliminated.

Investments held to guarantee unit-linked policies are marked to market; the total value of these securities corresponds to the total insurance liabilities.

Property investments are recorded at their purchase price, less acquisition costs and taxes, and inclusive of the cost of any building or renovation work; buildings are depreciated using the straight-line method over their estimated economic life. A provision for depreciation is booked in the event of a lasting and significant fall in the value of the buildings.

Bonds and other debt securities are stated at cost, exclusive of accrued interest and acquisition costs. If the redemption value of the security differs from the purchase price, the difference for each line of securities is amortized to income using an actuarial method over the term to maturity of these securities. A provision for depreciation is booked if there is a risk that the debtors will be unable to repay the principal or honor the interest payments.

Shares and other equity securities are booked at their purchase price, exclusive of costs. A provision for depreciation is booked in the event of a sustained fall in the value of the securities as determined on the basis of the estimated recoverable value.

Provisions for early redemption risk are intended to cover the risk of insufficient investment liquidity in the event of a change in the claims experience. They serve to cover the risk of realizing capital losses on securities that come under Article R332-20 of the Insurance Code (principally shares, units in undertakings for collective investment in transferable securities and buildings). The economic valuation of this risk is based on forward-looking simulations of forced sales of securities by the insurance subsidiaries in a worst-case scenario where the policies are closed to new business and conservative estimates of buyback rates. The provisions are booked for the discounted amount of forecast capital gains or losses, to which an additional safety margin is applied.

Underwriting reserves of insurance companies

Underwriting reserves correspond to the commitments of insurance companies with respect to insured persons and the beneficiaries of policies.

Underwriting reserves for unit-linked policies are valued at the end of the financial year on the basis of the market value of the assets underlying these policies.

Life insurance underwriting reserves principally comprise mathematical reserves, which correspond to the difference between the current value of commitments respectively made by the insurer and insured persons, and reserves for outstanding losses.

Non-life insurance underwriting reserves comprise provisions for unearned premiums (share of premium income relating to following financial years) and for outstanding losses.

Gross margin of insurance businesses

The banking account classification by type of income and expense item is used in place of the insurance companies' classification by destination. The item *Gross margin of insurance businesses* is made up of the following technical income and expense items, after reclassification by type of other technical income and expense items and elimination of intercompany items: premiums or contributions that are earned, paid or accrued, cost of benefits, net of disposals and retrocessions, including fluctuations in reserves, and net income from allocated investments.

Accounting principles and valuation methods

In accordance with the accounting principles applicable to French banks, the majority of transactions are recorded using valuation methods that take into account the purpose for which they were made.

In financial intermediation transactions, assets and liabilities are carried at historical cost, and provisions are booked where counterparty risks arise. Revenues and expenses arising from these transactions are recorded over the life of the transaction in accordance with the time period concept. Transactions on financial futures carried out for hedging purposes or to manage the bank's overall interest rate risk are accounted for using the same principles.

Trading transactions are generally marked to market at year-end, except for loans, borrowings and short-term investment securities, which are recorded at their face value (see below). When instruments are traded on illiquid markets, the market value used is reduced for reasons of prudence. Moreover, a provision for risks is booked to cover valuations established on the basis of in-house models (Reserve Policy), which is determined according to the complexity of the model used and the life of the financial instrument.

Amounts due from banks, customer loans, guarantees and endorsements

Amounts due from banks and customer loans are classified according to their initial duration and type into: demand deposits (current accounts and overnight transactions) and term deposits in the case of banks; and commercial loans, overdrafts and other loans in the case of customers. They also include securities purchased from banks and customers under resale agreements and loans secured by notes and securities.

Only amounts due and customer loans which meet the following criteria are offset on the balance sheet: those with the same counterparty, due date, currency, and accounting entity, and those for which an agreement exists with the counterparty allowing the Group to combine the accounts and exercise the right of offset.

Interest accrued on these receivables is recorded with these assets as *Related receivables.*

Guarantees and endorsements booked off-balance sheet represent transactions that have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

Where there is a risk that borrowers may not be able to honor a part or all of their liabilities or commitments, a provision for doubtful loans or for risks is charged against income. In accordance with the recommendations of the French Banking Commission, loans and commitments for which a payment is more than three months overdue (six months in the case of real estate loans) are reclassified as doubtful or contested, and a provision is booked to cover the depreciation. Furthermore, interest on doubtful loans is fully provisioned for. Provisions, write-backs of provisions, losses on bad debts and recovery of depreciated debts are recorded under the heading *Cost of risk*, with the exception of net provisions for interest on doubtful loans, which are recognized with the doubtful loans in *Net banking income.*

The provisions booked on loans made to the real estate industry (and all real estate assets) are valued on the basis of the type of program involved as follows:

Real estate development and major renovation projects

Provisions are made based on regularly revised estimates of losses on completion, which take into account market prices and the time necessary for constructing and/or selling the property, as observed in the market for new property.

Completed buildings

Completed buildings are valued based on the rental yield, or their market value, determined if necessary on the basis of expert appraisals.

Lease financing and similar agreements

This item includes financing leases, lease-purchase agreements, and similar agreements under which lessor does not intend to keep the asset at the end of the lease.

Fixed assets under pure rental agreements are booked with non-operating assets in the account *Tangible and intangible fixed assets.*

Assets subject to financing leases, lease-purchase agreements or similar agreements are carried on the consolidated balance sheet at their financial value, that is, total future lease payments receivable, less the interest included in these payments. These amounts are substituted for those determined for tax purposes, and the difference, net of deferred taxes, is included in the consolidated reserves.

Interest accrued included in lease payments not yet due is recorded with the underlying assets as *related receivables.* Provisions are booked for doubtful financing leases and similar agreements in the same manner as amounts due from banks and customer loans.

In order to harmonize the accounting principles applied to operational leasing transactions, following recent acquisitions made by the Group, the following changes have been applied as of January 1, 2002: the acquisition cost of leased vehicles is now amortized on a straight-line basis over the life of the contract and no longer over the estimated useful life of the vehicles; similarly, all rebates granted by car manufacturers on the purchase price of the leased vehicles (volume discount) are spread out over the life of the contracts, whereas previously they could be booked immediately under income. The impact of these changes in methodology on the consolidated net worth at January 1, 2002 was recorded under shareholders' equity in the amount of EUR 16.2 million, net of tax effects.

Securities portfolio

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank certificates), shares and other equity securities;
- the purpose for which they were acquired: trading, short-term investment or long-term investment.

All securities in each category are accounted for using similar methods, as follows:

Trading securities

Trading securities are securities for which there exists a liquid market and which are acquired with a view to rapid resale (within a maximum period of six months). They also include securities that are held for a period of over six months in the context of market-making activities or in relation to a hedging or arbitrage transaction. They are valued at market price at year-end. Net unrealized gains or losses, together with net gains or losses on disposals, are recognized on the income statement under *Net income from financial transactions.* Coupon payments received on fixed-income securities in the trading portfolio are recorded on the income statement in the account *Net interest income from bonds and other debt securities.*

Short-term investment securities

Short-term investment securities are all those intended to be held for more than six months, except for those classified as long-term investment securities (see below).

Shares and other equity securities

Equity securities are carried on the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realizable value. For listed securities, realizable value is defined as the most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, without the said provision being set off against any unrealized capital gains. Income from these securities is recorded in *Dividend income.*

Bonds and other debt securities

These securities are carried at cost excluding acquisition expenses and, in the case of bonds, excluding interest accrued and not yet due at the date of purchase. The positive or negative difference between cost and redemption value is amortized to income over the life of the securities concerned. Accrued interest receivable on these securities is recorded with the underlying assets as *Related receivables*. Income from these securities is included in *Net interest income from bonds and other debt securities.*

At year-end, cost is compared to realizable value or, in the case of listed securities, to the most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, after recognizing gains made on any related hedging transactions.

Allocations to and reversals of provisions for losses on short-term investment securities, together with capital gains and losses on sales of these securities, are recorded under *Net income from financial transactions* on the consolidated income statement.

Long-term investment securities

Long-term investment securities are debt securities that the Group intends to hold on a long-term basis, in principle until maturity, and where the Group has the necessary means to:

– either permanently hedge its position against a possible depreciation in the securities due to interest rate fluctuations, using interest rate futures;

– or hold the securities on a long-term basis by obtaining funds, including available capital, which are matched and used to finance these securities.

When the interest rate or liquidity matching no longer complies with the regulations set by the French Banking Commission, the securities are reclassified as short-term investment securities.

Long-term investment securities are booked following the same principles as those applied to short-term investment securities, except that no provision is made for unrealized losses at the closing of the financial year, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of provisions for losses on long-term investment securities, together with capital gains and losses on sales of these securities, are recorded under *Net income from long-term investments* on the consolidated income statement.

Shares intended for portfolio activity

This category of securities covers investments made on a regular basis with the sole aim of realizing a capital gain in the medium term and without the intention of making a long-term investment in the development of the issuing company's business, nor of participating actively in its operational management. The profitability of these investments results principally from the capital gains realized on disposal. This activity is carried out on a significant and ongoing basis through ad hoc subsidiaries or structures. This category notably includes shares held in the context of a venture capital activity.

These securities are recognized on the balance sheet at their purchase price, less acquisition costs. At the closing of the financial year, they are valued at their value in use determined on the basis of the issuing company's general development prospects and the remainder of the investment horizon (for listed companies, the average share price over the last three months is considered as representative of the value in use). Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, without the said provision being set off against any unrealized capital gains. Allocations to and reversals of provisions for depreciation, as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss from tendering these securities to public share exchange offers, are booked under *Net income from financial transactions.*

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments

This category of securities covers shares held in non-consolidated subsidiaries and affiliates, when it is deemed useful to the business of the company to hold the said shares in the long term. This notably covers investments that meet the following criteria:

– shares in companies that share directors or senior managers with the holding company, under circumstances where an influence can be exercised over the company in which the shares are held;

– shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the Group and ensure that decisions are taken in unison;

– shares representing more than 10% of the voting rights in the capital issued by a credit institution or a company whose business is directly linked to that of the Group.

This category also includes other long-term equity investments, comprising equity investments made by the Group with the aim of developing ongoing professional relations by creating a privileged link with the issuing company but without exercising any influence on the management of the company due to the low proportion of voting rights attached to the shares held.

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price exclusive of acquisition costs or, in the case of securities subject to a revaluation as described above under *Revaluation reserves,* at their new value. Dividend income earned on these securities is booked on the income statement under *Dividend income.*

At closing of the financial year, investments in non-consolidated subsidiaries and affiliates are valued at their value in use, representing the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. The three-month average share price is the dominant criterion for holdings in the Group's industrial equity portfolio. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses. Allocations to and reversals of provisions for depreciation, as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss from tendering such securities to public share exchange offers, are booked under *Net income from long-term investments.*

Premises, equipment and other fixed assets

Premises, equipment and other fixed assets are carried at their purchase price or, in the case of investments which have been revalued as described above under *Revaluation reserves*, at the revalued amounts.

In general, depreciation is calculated using the straight-line or diminishing balance method over the estimated useful life of the asset, as follows:

Buildings	20-35 years
Improvements	10 years
Office equipment and furniture	10 years
Other equipment and vehicles	4 or 5 years
Purchased software	3 to 5 years

This item includes assets leased under pure rental agreements.

Amounts due to banks, customer deposits

Amounts due to banks and customer deposits are classified according to their initial duration and type into: demand (demand deposits and current accounts) and term deposits and borrowings in the case of banks; and into special savings accounts and other deposits in the case of customers. They also include securities sold to banks and customers under repurchase agreements.

Interest accrued on these deposits is recorded with these liabilities as *Related payables.*

Securitized debt payables

These liabilities are classified by type of security: loan notes, interbank market certificates, negotiable debt instruments, bonds and other debt securities, but exclude subordinated notes which are classified under *Subordinated debt.*

Interest accrued is recorded with the underlying liabilities as *Related payables.* Bond issuance and redemption premiums are amortized using the straight-line or actuarial method over the life of the related borrowings. The resulting expense is recorded in *Net interest income from bonds and other debt securities.*

Bond issuance costs are deferred and amortized on a straight-line basis over the life of the bonds. The corresponding amortization expense is booked on the income statement under *Net interest income from other interest and similar revenues.*

Subordinated debt

This item includes all dated or undated borrowings, whether or not in the form of securitized debt, which in the case of liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Interest accrued and payable in respect of long-term subordinated debt, if any, is shown with the underlying liabilities as *Related payables.*

Provisions for general risks and commitments

These provisions include:

– provisions for country risks, which are made on a lump-sum basis based on estimates by Société Générale of its risks on the related countries and on debtors located in these countries at the balance sheet date, using criteria such as estimates of the country's economic, financial, social and political situation, or the discount rate on the secondary market,

– provisions for guarantees and endorsements,

– provisions for contingencies and disputes.

A description of contingencies and disputes is provided in the Risk Management Report.

Regulation 2000-06 of the French Accounting Regulation Committee on liabilities is applicable to financial statements covering periods beginning on or after January 1, 2002. In accordance with this regulation, provisions for general risks and commitments are now defined as liabilities without a precisely defined amount or due date; a liability represents an obligation of the entity towards a third party that will probably or necessarily lead to a transfer of funds to the third party, without compensation for at least an equivalent amount being expected from this third party. This new definition had no impact on the amount of provisions for general risks and commitments booked on the liabilities side of the consolidated balance sheet at the beginning of 2002.

A provision had been booked on December 31, 1999 for the costs relating to the second stage of the introduction of the euro in 2002 and had been readjusted on December 31, 2000 and December 31, 2001. In accordance with the recommendation made by the French National Accounting Standards Board, this charge related to additional expenses to be incurred as a result of this change over the period 2001 through 2002. On December 31, 2002, this provision was fully reversed.

Regulation 99-06 of the French Banking Regulation Committee defines the funds necessary for the deposit guarantee fund. These resources comprise certificates of association acquired by each entity, together with annual subscription fees. Regulation 99-08 of the same Committee set the total amount of these subscription fees, which were payable over the period 1999 through 2002 in order to endow the fund. Half of the said fees were paid in the form of guarantee deposits. Certificates of association and guarantee deposits are booked on the balance sheet under other receivables. The annual fees are recorded under exceptional items, and a provision was booked at the end of 1999 for all fees to be paid by Group companies over the 2000-2002 period.

A provision was booked in 2002 in relation to the agreement on early retirement signed by Société Générale, which came into force on January 1, 2002. The cost attached to employees taking early retirement, as calculated using an actuarial cost method, is averaged over the remaining service life of the employees in question, until March 31, 2006, when the agreement expires.

General reserve for banking risks

In accordance with Regulations 90-02 and 92-05 of the French Banking Regulation Committee, a General reserve for banking risks was set up in 1993 via a transfer from the general reserve for country risks, net of related deferred taxes. An additional allocation was made to this fund in 1996.

During the 2002 financial year, SG Cowen recorded a charge and an exceptional provision intended to cover the various consequences of a fraud committed over a period of ten years, which affected the former private client brokerage division of this company. This activity was acquired with Cowen & Company in 1998 and was subsequently sold in 2000. Insofar as this fraud does not relate to the day-to-day management of one of the Group's operating activities but instead to a business that has since been sold and essentially concerns a period prior to the Group's acquisition of the business, these charges were booked under exceptional items. In light of the nature of these charges, a reversal was made from the General reserve for banking risks in the same amount.

Preferred shares

In the second half of 1997, Société Générale issued USD 800 million in preferred shares through a wholly-owned US subsidiary. These non-voting securities are entitled to a fixed non-cumulative dividend equal to 7.64% of nominal value. This dividend is payable semi-annually by decision of the subsidiary's Board of Directors.

In the first half of 2000, Société Générale issued EUR 500 million in preferred shares through a wholly-owned US subsidiary. These securities are entitled to a fixed non-cumulative dividend equal to 7.875% of nominal value payable annually, with a step-up clause that comes into effect after 10 years.

In the fourth quarter of 2001, Société Générale issued USD 425 million in preferred shares through a wholly-owned US subsidiary. These securities are entitled to a non-cumulative dividend payable quarterly (USD 335 million paying a fixed rate of 6.302% and USD 90 million paying a variable rate of Libor + 0.92%), with a step-up clause that comes into effect after 10 years.

Dividend income is charged to the item *Dividends paid on preferred shares*. Preferred shares are included in Tier-one capital for the purpose of determining Société Générale's prudential ratios.

Treasury stock

In accordance with the provisions of Recommendation No. 00-05 of the French National Accounting Standards Board relating to the recognition in the accounts of treasury stock held by companies governed by the French Banking and Financial Regulation Committee, Société Générale shares acquired by the Group with a view to allocating the same to employees are booked as short-term investment securities (treasury stock) on the assets side of the balance sheet.

Société Générale shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are booked under trading securities.

Other Société Générale shares, and in particular those held by certain Group companies for purposes of control or cancellation, are deducted from capital and reserves when determining shareholders' equity.

Transactions denominated in foreign currencies

Gains and losses arising from ordinary activities in foreign currencies are booked on the income statement. In accordance with Regulation 89-01 of the French Banking Regulation Committee, outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the currency involved for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealized gains and losses are recognized on the income statement. Premiums and discounts resulting from hedged forward foreign exchange transactions, as defined by article 9 of the above-mentioned regulation, are amortized to income on a straight-line basis over the remaining term to maturity of these transactions.

Forward financial instruments

Forward financial instruments relating to interest rates, currencies or equities are used for trading and hedging purposes and are accounted for in compliance with Regulations 88-02 and 92-04 of the French Banking Regulation Committee and Directive 88-01 of the French Banking Commission. Nominal commitments on forward financial instruments are posted as a distinct off-balance sheet item. The nominal contract value represents the volume of outstanding transactions and reflects neither the market risk nor the counterparty risk on such transactions.

Accounting income or expense on these instruments depends on the purpose for which the transaction was concluded, as follows:

Hedging transactions

Revenues and expenses on forward financial instruments used as a hedge, and assigned from the outset to an identifiable item or group of similar items, are recognized in the income statement in the same manner as revenues and expenses on the hedged item. Revenues and expenses on interest rate instruments are booked as net interest income in the same interest income or expense account as the items hedged. Revenues and expenses on other instruments such as equity securities, stock market indices or currencies are booked as net income from financial transactions in the account *Net income from forward financial instruments.*

Revenues and expenses on forward financial instruments used to hedge or manage an overall interest rate risk are recognized in the income statement over the life of the instrument as net income from financial transactions in the account *Net income from forward financial instruments.*

Trading transactions

Trading transactions include instruments traded on organized or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets, together with debt securities with a forward financial instrument component, as soon as this classification in the accounts most appropriately reflects the results and associated risks. Trading transactions are marked to market at year-end; in the absence of a liquid market, this value is generally determined on the basis of in-house models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a conservative valuation of all the instruments, regardless of the liquidity of the corresponding market,
- a reserve calculated according to the size of the position and intended to cover the risk that the Group will be unable to liquidate the investment in one go due to the size of the holding,
- an adjustment for the reduced liquidity of instruments and modeling risks in the case of complex products, as well as transactions on less liquid markets (less liquid since they have developed recently or are more specialized).

Furthermore, for over-the-counter transactions on forward interest rate instruments, the market value recognizes counterparty risks and the discounted value of future management costs.

The corresponding gains or losses are directly booked as income for the period, regardless of whether they are realized or unrealized. They are recognized on the income statement as *Net income from financial transactions.*

Gains or losses corresponding to contracts concluded within the scope of cash management activities managed by the trading room, in order to benefit from any interest rate fluctuations, are recorded when liquidated or over the life of the contract, depending on the type of instrument. A provision is made for unrealized losses at year-end and the corresponding amount is booked under *Net income from financial transactions.*

Personnel expenses

This item includes all expenses related to personnel, notably the cost of the legal employee profit sharing and incentive plans for the financial year, as well as the cost of internal restructuring operations.

A provision is booked to cover stock options or shares allocated to employees at year-end, for an amount determined on the basis of the value of the underlying securities.

Cost of risk

This item is limited to net provisions for counterparty risks, country risks and disputes. Net provisions for general risks and commitments are classified by type of risk in the corresponding accounts on the income statement.

Net income from long-term investments

This item covers capital gains or losses realized on disposals, as well as the net allocation to provisions for investments in non-consolidated subsidiaries and affiliates, other long-term equity investments, long-term investment securities, and offices and other premises. Income from real-estate holdings excluding offices (essentially assets held in the Group's real estate portfolio) is booked under *Net banking income.*

Income tax

Current taxes

In France, the normal corporate income tax rate is 33.3%. However, long-term capital gains on equity investments are taxed at 19%. Moreover, French companies are subject to a surcharge introduced in 1995 equal to 3% of the tax due before allocation of tax credits, and to a *Contribution sociale de solidarité* (national contribution payment based on pre-tax earnings) introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). Dividends from companies in which Société Générale's interest is at least 5% are tax exempt.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account to the extent that they have effectively been applied in settlement of income taxes for the year. The related tax charge is included under *Income tax* on the consolidated income statement.

Deferred taxes

Deferred taxes are booked when there is a timing difference between the restated book value and the tax value of balance sheet items. They are calculated using the liability method of tax allocation. Deferred taxes recorded in earlier years are adjusted for subsequent changes in the tax rate. The effect of such changes is included when determining the deferred tax expense for the period. Net deferred tax assets are not recorded unless it is probable that the subsidiary is set to recover the same within a fixed time frame.

For 2002 and following years, tax rates applicable to French companies to determine their deferred tax are 35.43% for the normal rate and 20.20% for the reduced rate.

Deferred taxes are determined by each tax entity within the Group and are not discounted when the corresponding effect is not significant or when a precise timetable has not been drawn up.

Exceptional items

This caption includes income earned and expenses incurred by the Group that are considered to be exceptional in view of either the amount involved or the manner in which they were generated. In most cases, the said income or expenses are produced by events that fall outside the Group's activity.

Pension and retirement costs

– In 1993, Société Générale and its French banking subsidiaries, together with the rest of the French banking industry, joined the national unfunded multi-employer retirement plans Agirc and Arrco. As a result, these companies' pension schemes have been closed and they are only liable for benefits in relation to employees who have already retired and payments relating to the past services of current employees. The actuarial present value of residual liabilities under these plans has been estimated, based on information currently available. The assets of the retirement plans and the provisions made are sufficient to cover the present value of liabilities. In case of shortage, this cost is recorded as an allowance over the average remaining service life of the employees in question.

– In addition, several Group companies pay retirement benefits based on the number of years of service to retiring employees, as well as long-service awards and supplementary pensions. The actuarial present value of Société Générale's liabilities under these plans amounted to EUR 970 million at December 31, 2002, which is provided for in full.

Note 2

Consolidation scope

The consolidation scope included 655 companies at December 31, 2002:

• 564 fully consolidated companies,

• 42 proportionately consolidated companies,

• 49 companies accounted for by the equity method.

In accordance with the consolidation rules defined in Regulation 99-07 of the French Accounting Regulation Committee, none of the special purpose vehicles created within the framework of Société Générale's securitization activities are controlled by the Group.

Any commitments granted to these entities, notably in the form of liquidity lines or letters of guarantee, are recognized and valued in accordance with the generally accepted accounting principles applicable to these instruments.

The main changes made to the consolidation scope at December 31, 2002 compared with the scope at December 31, 2001 are as follows:

• During the first half of 2002:

– the Group acquired the activities and licenses of Chase Trust Bank Japan. This transaction led to the creation of SG Private Banking (Japan) Limited, which is fully consolidated;

– the Group took a 53.43% stake in the capital of Eqdom, a consumer credit company in Morocco;

– Fimatex bought out Finance Net, the Boursorama holding company: this acquisition was paid partly in Fimatex shares and partly in cash. Following this acquisition, the Group's ownership interest in Fimatex was reduced from 77.50% to 66.69%;

– Lyxor Master Funds, the unincorporated mutual funds wholly owned by the Group, are fully consolidated.

• During the second half of 2002:

– the Group took a 52% stake in the capital of Union Internationale de Banques in Tunisia;

– the Group exchanged the whole of its equity interest in Sifa for 100% of the capital in Fonvalor 2, which is fully consolidated;

– Amber, a dedicated fund owned by the Group, is fully consolidated;

– Société Générale raised its stake in TCW to 59.75%, corresponding to an increase of 7.42% over the year.

As a reminder, the agreements signed at the time of the acquisition provide for deferred put and call options relating to 14.25% of TCW's capital, broken down into equal tranches of 4.75% over three years. The strike price of these options depends on the company's future performances.

Lastly, the balance of the shares held by employees are subject to deferred put and call options, exercisable from 2008, at strike prices dependent on future performances.

– Two arbitrage vehicles, Trident and Tobp in the United States, are fully consolidated.

Note 3

Due from banks

(in millions of euros at December 31)	2002	2001	2000
Deposits and loans			
Demand			
Current accounts	8,583	8,579	10,877
Overnight deposits and loans	267	301	367
Loans secured by overnight notes	385	–	–
Term			
Term deposits and loans (1)	12,928	12,881	12,232
Subordinated and participating loans	539	418	374
Loans secured by notes and securities	187	227	131
Related receivables	270	250	419
Gross amount	**23,159**	**22,656**	**24,400**
Provisions for possible losses	(114)	(118)	(114)
Net amount	**23,045**	**22,538**	**24,286**
Securities purchased under resale agreements.	31,309	41,010	29,888
Total	**54,354**	**63,548**	**54,174**

(1) Including doubtful loans of EUR 117 million at December 31, 2002, compared with EUR 149 million at December 31, 2001 and EUR 143 million at December 31, 2000.

Note 4

Customer loans

(in millions of euros at December 31)	2002	2001	2000
Trade notes	7,903	6,771	3,878
Other loans (1) (2):			
Short-term loans	43,610	42,763	48,380
Export loans	4,649	4,948	5,235
Equipment loans	27,506	25,502	19,161
Mortgage loans	35,233	32,182	29,732
Other loans	31,105	31,521	22,347
Sub-total	**142,103**	**136,916**	**124,855**
Overdrafts	12,361	11,358	12,399
Related receivables	1,386	1,356 *	1,333 *
Gross amount	**163,753**	**156,401**	**142,465**
Allowances for possible losses	(7,021)	(6,706)*	(5,756)*
Net amount	**156,732**	**149,695**	**136,709**
Loans secured by notes and securities	227	168	445
Securities purchased under resale agreements	27,683	32,875	26,310
Total	**184,642**	**182,738 ***	**163,464 ***

(1) Other loans by customer type:			
Non-financial customers			
– Corporates	70,724	71,832	63,414
– Individual customers	45,926	41,668	34,933
– Local authorities	6,762	5,201	4,528
– Self-employed professionals	6,455	6,135	4,937
– Governments and central administrations	2,116	1,977	7,023
– Other	1,755	2,715	5,729
Financial customers	8,365	7,388	4,291
Total	**142,103**	**136,916**	**124,855**

(2) Including doubtful loans of EUR 10,064 million at December 31, 2002, compared with EUR 9,066 million at December 31, 2001 and EUR 7,219 million at December 31, 2000.

*Amounts restated in relation to those given in 2001 and 2000 annual reports: related receivables and doubtful loans related to pure rental transactions have been reclassified under customer loans.

Note 5

Lease financing and similar agreements

(in millions of euros at December 31)	2002	2001	2000
Real estate lease financing agreements	5,452	5,222	4,532
Equipment lease financing agreements	7,224	6,531	4,231
Lease-purchase and similar agreements	4,669	4,826 *	2,671 *
Related receivables	188	255 *	116 *
Gross amount (1)	**17,533**	**16,834**	**11,550**
Provisions for possible losses	(182)	(200)*	(181)*
Net amount	**17,351**	**16,634**	**11,369**

(1) Including doubtful loans of EUR 284 million at December 31, 2002, compared with EUR 256 million at December 31, 2001 and EUR 199 million at December 31, 2000.

The acquisitions made in 2001 in the specialized financing business (GEFA and ALD Group) had an impact of EUR 5,232 million on the gross amount of lease financing and similar agreements.

* Amounts restated in relation to those given in 2001 and 2000 reports: pure rental transactions have been reclassified under fixed assets; related receivables and doubtful loans have been reclassified under customer loans.

Note 6

Treasury notes, bonds and other debt securities, shares and other equity securities

(in millions of euros at December 31)	2002				2001				2000
	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities	Total	Treasury notes and similar securities	Shares and other equity securities	Bonds and other debt securities	Total	Total
Trading securities	18,562	28,002	30,073	76,637	24,019	33,270	23,364	80,653	78,787
Short-term investment securities:									
Gross book value	3,363	7,244	13,926 (2)	24,533	3,921	4,539	12,096	20,556	19,385
Provisions	(23)	(316)	(191)	(530)	(27)	(226)	(207)	(460)	(289)
Net book value	3,340	6,928 (1)	13,735	24,003	3,894	4,313 (1)	11,889	20,096	19,096
Long-term investment securities:									
Gross book value	5,945	–	20,961 (2)	26,906	10,477	–	16,594	27,071	22,568
Provisions	–	–	–	–	–	–	(1)	(1)	(6)
Net book value	5,945	–	20,961	26,906	10,477	–	16,593	27,070	22,562
Related receivables	163	89	526	778	258	5	515	778	774
Total	**28,010**	**35,019**	**65,295**	**128,324**	**38,648**	**37,588**	**52,361**	**128,597**	**121,219**

(1) Of which Société Générale shares assigned to cover stock options awarded to employees: EUR 167.3 million (compared with EUR 167.9 million at December 31, 2001 and EUR 168.4 at December 31, 2000).

	2002	2001
Number of shares	3,469,650	3,482,800
Nominal value per share (in euros)	1.25	1.25
Market value per share (in euros)	55.50	62.85
Book value per share (in euros)	48.22	48.21

(2) Of which securities carried by newly consolidated special purpose vehicles:
– EUR 4.8 billion of municipal bonds intended to be held to maturity,
– EUR 5.0 billion of shares issued by debt securitization funds.

Continued on next page

Note 6 (continued from previous page)

Additional information on securities

(in millions of euros at December 31)	2002	2001	2000
Estimated market value of short-term investment securities:			
Unrealized capital gains*	178	92	215
Estimated value of long-term investment securities (1)	(64)	137	28
Premiums and discounts relating to short-term and long-term investment securities	(15)	70	(58)
Securities which changed category during the year:			
Trading securities reclassified as short-term investment securities	525	6	109
Securities reclassified as long-term investment securities	195	266	–
Long-term investment securities reclassified as short-term investment securities	778	46	2,656 (2)
Long-term investment securities sold before maturity	542	31	3,862 (2)
Investments in mutual funds:			
French mutual funds	8,747	5,844 (3)	2,993
Foreign mutual funds	2,751	1,736 (3)	1,348
Of which capital appreciation funds	675	80	118
Listed securities	112,641	109,590	97,573
Subordinated securities	357	263	275
Securities lent	4,027	3,848	6,156

* Not including unrealized gains or losses on any forward financial instruments used to hedge short-term investment securities.

(1) Including unrealized gain or loss on instruments used to hedge long-term investment securities.

(2) As part of its long-term investment management policy, the Group decided to transfer certain categories of securities from its long-term investment securities portfolio to its short-term investment securities portfolio. This reclassification led the Group on June 30, 2000 to book a provision in the amount of EUR 79 million for the US Mortgage Backed Securities (MBS) portfolio, charged against net banking income, and a provision of EUR 45 million on the Mexican Brady bonds portfolio, charged against net income from long-term investments.
Furthermore, in 2000 the Group realized capital losses of EUR 42 million on the Brady bonds and capital gains amounting to EUR 45 million on GICs (Guaranteed Investment Contracts) that were sold before maturity.

(3) Amounts amended in relation to those given in 2001 report.

Note 7

Investments of insurance companies

(in millions of euros at December 31)	2002	2001	2000
Real estate investments	223	170	125
Bonds and other debt securities	21,222	17,887	15,956
Investments held to guarantee unit-linked policies	13,384	15,294	15,168
Other investments	867	1,002	414
Shares and other equity securities	1,561	1,008	955
Total	**37,257**	**35,361**	**32,618**

Note 8

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments

(in millions of euros at December 31)	2002	2001
Principal companies (1)		
0 to 5% Accor, Adecco Nom, Alcatel, Alstom, Altadis, Arcelor, Aviva, Business Objects, Cap Gemini Ernst & Young, Carrefour, Crédit Lyonnais, Danone, Dexia, Havas Advertising, Michelin, ONA, Orange, Pernod Ricard, Peugeot SA, Renault, Sanofi, SCH, Schneider Electric, Sodexho, Suez, TF1, Total Fina Elf, Vinci, Vivendi Environnement, Vivendi Universal, Zodiac	**5,213**	**4,597**
5 to 10% SFL, Cologne Re Managers, Hornby Lane	**605**	**478**
10 to 20% Crédit Logement, Sopra, SCI,Secovalde, Sommer SA	**367**	**301**
Sub-total	**6,185**	**5,376**
Other companies	**1,400**	**1,664**
Gross book value (2)	**7,585**	**7,040**
Provisions for possible losses	(1,332)	(572)
Advances to non-consolidated companies	14	11
Net book value (3)	**6,267**	**6,479**

(1) Only investments with a book value over EUR 30 million at December 31, 2002 are mentioned.
(2) Movements over the 2002 fiscal year: EUR 545.4 million, of which: acquisitions = EUR 1,558.7 million, disposals = EUR 926.1 million, changes in consolidation scope and other movements = EUR (87.2) million.
(3) Of which listed companies: net book value at December 31, 2002 = EUR 4,669 million; market value = EUR 4,356 million.

Note 9

Tangible and intangible fixed assets

(in millions of euros at December 31)	Gross book value 2001	Acquisitions	Disposals	Changes in consolidation scope and other movements	Gross book value 2002	Accumulated depreciation and amortization 2002	Net book value 2002
Operating assets							
Intangible assets							
Start-up costs	42	5	–	(20)	27	(20)	7
Software, EDP development costs	1,019	119	(23)	172	1,287	(832)	455
Other	443	174	(3)	(173)	441	(58)	383
Sub-total	**1,504**	**298**	**(26)**	**(21)**	**1,755**	**(910)**	**845**
Tangible assets							
Land and buildings	2,803	34	(60)	23	2,800	(745)	2,055
Other	3,476	427	(141)	(234)	3,528	(2,297)	1,231
Sub-total	**6,279**	**461**	**(201)**	**(211)**	**6,328**	**(3,042)**	**3,286**
Non-operating assets (1)							
Tangible assets							
Land and buildings	516	3	(121)	(9)	389	(113)	276
Pure rental transactions and other	2,072*	156	(117)	89	2,200	(867)	1,333
Sub-total	**2,588**	**159**	**(238)**	**80**	**2,589**	**(980)**	**1,609**
Total	**10,371**	**918**	**(465)**	**(152)**	**10,672**	**(4,932)**	**5,740**

* Amounts restated in relation to those given in 2001 and 2000 annual reports: pure rental transactions have been reclassified under fixed assets.

(1) Not including the proprietary real estate investment portfolio held by specialized financing companies.

Note 10

*Goodwill**

(in millions of euros at December 31)	2002			2001			2000
	Gross book value	Accumulated amortization	Net book value	Gross book value	Accumulated amortization	Net book value	Net book value
Goodwill							
Retail Banking	**1,526**	**(182)**	**1,344**	**1,552**	**(102)**	**1,450**	**133**
French networks	113	(57)	56	114	(52)	62	45
Retail Banking outside France (1)	1,064	(86)	978	1,121	(34)	1,087	88
Specialized subsidiaries and other (2)	349	(39)	310	317	(16)	301	–
Corporate and Investment Banking	**237**	**(161)**	**76**	**277**	**(149)**	**128**	**149**
Corporate Banking	54	(31)	23	61	(34)	27	33
Investment Banking	183	(130)	53	216	(115)	101	116
Asset Management & Private Banking	**840**	**(107)**	**733**	**940**	**(57)**	**883**	**116**
Asset Management	678	(69)	609	768	(27)	741	16
Private Banking	162	(38)	124	172	(30)	142	100
Corporate Center	**2**	**(1)**	**1**	**5**	**(4)**	**1**	**2**
Sub-total	**2,605**	**(451)**	**2,154**	**2,774**	**(312)**	**2,462**	**400**
Negative Goodwill							
Retail Banking							
Retail Banking outside France	–	–	–	(15)	15	–	(8)
Corporate and Investment Banking							
Corporate Banking	**(42)**	**42**	**–**	**(63)**	**56**	**(7)**	**(28)**
Sub-total	**(42)**	**42**	**–**	**(78)**	**71**	**(7)**	**(36)**
Net total	**2,563**	**(409)**	**2,154**	**2,696**	**(241)**	**2,455**	**364**

* Current and exceptional amortizations expenses are assigned to the Corporate Center.

(1) The change in 2002 is essentially due to:
– a downward adjustment of goodwill from companies acquired in 2001,
– the acquisition during the fourth quarter of 2002 of the Union Internationale de Banques in Tunisia.
(2) During the first half of 2002, the Group acquired the Moroccan company Eqdom.

Note 11

Accruals, other accounts receivable and other assets

(in millions of euros at December 31)	2002	2001	2000
Other assets			
Miscellaneous receivables	12,607	11,285	7,220
Premiums on options purchased	21,481	25,804	30,349
Settlement accounts on securities transactions	2,192	5,109	2,334
Other assets	1,148	786	485
Other insurance assets	212	190	134
Sub-total	**37,640**	**43,174**	**40,522**
Accruals and similar			
Prepaid expenses	400	517	379
Accrued income (1)	2,724	4,507	3,016
Other	18,952	15,241	14,296
Sub-total	**22,076**	**20,265**	**17,691**
Gross amount	**59,716**	**63,439**	**58,213**
Allowances for possible losses	(221)	(220)	(188)
Net amount	**59,495**	**63,219**	**58,025**

(1) This item includes the guarantee valued at EUR 181 million granted by the Czech government to cover non-performing loans.

Note 12

Due to banks

(in millions of euros at December 31)	2002	2001	2000
Demand deposits			
Demand deposits and current accounts	12,311	22,139	15,700
Borrowings secured by overnight notes	43	61	200
Sub-total	**12,354**	**22,200**	**15,900**
Term deposits			
Term deposits and borrowings	37,508	40,593	40,913
Borrowings secured by notes and securities	245	303	1,421
Sub-total	**37,753**	**40,896**	**42,334**
Related payables	395	481	846
Securities sold under repurchase agreements	18,737	21,547	24,289
Total	**69,239**	**85,124**	**83,369**

Note 13

Customer deposits

(in millions of euros at December 31)	2002	2001	2000
Special savings accounts			
Demand	18,287	16,250	15,053
Term	21,775	22,200	21,971
Sub-total	**40,062**	**38,450**	**37,024**
Other demand deposits			
Businesses and sole proprietors	24,866	24,291	20,616
Individual customers	21,594	20,894	17,669
Financial institutions	5,753	5,908	6,525
Other	5,303	3,692	2,867
Sub-total	**57,516**	**54,785**	**47,677**
Other term deposits			
Businesses and sole proprietors	25,051	20,283	16,896
Individual customers	10,988	12,687	9,322
Financial institutions	12,309	16,977	3,828
Other	5,902	6,478	8,063
Sub-total	**54,250**	**56,425**	**38,109**
Related payables	949	875	918
Total customer deposits	**152,777**	**150,535**	**123,728**
Borrowings secured by notes and securities	2,210	2,915	2,343
Securities sold to customers under repurchase agreements	41,098	46,866	38,646
Total	**196,085**	**200,316**	**164,717**

Note 14

Securitized debt payables

(in millions of euros at December 31)	2002	2001	2000
Term savings certificates	881	865	566
Bond borrowings	5,253	7,333	6,082
Related payables	185	215	235
Sub-total	**6,319**	**8,413**	**6,883**
Interbank certificates and negotiable debt instruments	71,104	53,706	43,006
Related payables	454	855	590
Total	**77,877**	**62,974**	**50,479**

Note 15

Underwriting reserves of insurance companies

(in millions of euros at December 31)	2002	2001	2000
Unit-linked policy underwriting reserves	13,400	15,317	15,206
Life insurance underwriting reserves	22,262	18,726	16,772
Non-life insurance underwriting reserves	98	91	37
Equalization reserves	–	–	7
Total	**35,760**	**34,134**	**32,022**

Note 16

Accruals, other accounts payable and other liabilities

(in millions of euros at December 31)	2002	2001	2000
Transactions on securities			
Amounts payable for borrowed securities	6,640	6,325	8,138
Other amounts due for securities	24,272	28,870	22,540
Sub-total	**30,912**	**35,195**	**30,678**
Other liabilities			
Miscellaneous payables	12,627	10,239	11,691
Premiums on sold options	21,700	24,916	30,615
Settlement accounts on securities transactions	2,975	7,683	2,787
Other securities transactions	51	60	67
Related payables	180	227	363
Other insurance liabilities	84	58	39
Sub-total	**37,617**	**43,183**	**45,562**
Accruals and similar			
Accrued expenses	4,148	4,226	5,111
Deferred taxes	89	324	456
Deferred income	2,358	1,533	752
Others	12,643	10,819	10,882
Sub-total	**19,238**	**16,902**	**17,201**
Total	**87,767**	**95,280**	**93,441**

Breakdown of deferred tax by categories

(in millions of euros at December 31, 2002)	Deferred income tax assets	Deferred income tax liabilities
Timing differences related to:		
Inner reserve arising from lease financing transactions	10	557
Results of partnerships	–	228
Reassessment reserves *(Note 1)*	–	34
Others (principally related to other reserves)	1,265	545
Total	**1,275**	**1,364**

Note 17

Provisions and reserves

(in millions of euros at December 31)	2002	2001	2000
Provisions for possible losses charged against assets			
Banks	114	118	114
Customer loans	7,021	6,706*	5,755*
Lease financing agreements	182	201*	181*
Other	263	283*	207*
Sub-total	**7,580**	**7,308**	**6,257**
Provisions for general risks and commitments booked as a liability			
Prudential general country risk reserve *(Note 1)*	465	599	600
Prudential Asian risk reserve	–	–	83
Commitments made to banks	4	4	4
Commitments made to customers	447	308	225
Other	1,431	1,485	1,408
Sub-total	**2,347**	**2,396**	**2,320**
Total provisions (excluding securities) (1)	**9,927**	**9,704**	**8,577**
Provisions on securities	1,862	1,032	607
Provisions on investments of insurance companies	10	4	1
Total provisions (2)	**11,799**	**10,740**	**9,185**

* Amounts restated in relation to those given in 2001 and 2000 annual reports.

(1) The change in risk reserves breaks down as follows:

(in millions of euros)	December 31, 2001	Net allocations	Others income statement balances (4)	Used provisions	Change in scope and exchange rates	December 31, 2002
Prudential country risk reserve	599	(61)	0	0	(73)	465
Provisions for identified risks	7,620	1,243	642	(1,369)	(105)	8,031
Provisions for general risks and commitments (3)	1,485	18	114	(92)	(94)	1,431
Total	**9,704**	**1,200**	**756**	**(1,461)**	**(272)**	**9,927**

As regards the Group's Argentine risk, total provisions booked at December 31, 2002 stood at EUR 305 million, including EUR 251 million of provisions for commercial risks and other assets, EUR 43 million in the form of the prudential country risk reserve, EUR 11 million of provisions for general risks and commitments.

(2) An analysis of risk provisioning is given in the Management Report and the principles for allocating provisions are set out in the "Risk management" section of the annual report.
The insurance underwriting reserves are presented in *Note 15*.

(3) Analysis of provisions for general risks and commitments

(in millions of euros)	December 31, 2001	Net allocations	Others income statement balances (4)	Used provisions	Change in scope and exchange rates	December 31, 2002
Provisions for pensions and other post-retirement benefits	246	0	13	0	2	261
Provisions for restructuring costs and litigation expenses	222	0	(3)	(11)	(26)	182
Provisions for tax adjustments	154	0	12	(28)	(7)	131
Provisions for forward financial instruments	103	0	(57)	(4)	(3)	39
Other provisions for risks and litigation	760	18	149	(49)	(60)	818
Total	**1,485**	**18**	**114**	**(92)**	**(94)**	**1,431**

(4) Provisions for unpaid interest income are charged against net banking income and the impact on earnings of provisions for general risks and commitments is recognized in the income statement balances.

Note 18

Subordinated debt

(in millions of euros at December 31) **Issuance currency**	Outstanding	2003	2004	2005	2006	2007	Beyond 2007	Undated
Subordinated capital notes								
EUR	7,420	334	471	567	274	547	4,909	318
USD	2,819	286	–	339	763	–	518	913
GBP	307	–	–	–	–	–	–	307
Other currencies	338	–	–	–	48	–	54	236
Sub-total	**10,884**	**620**	**471**	**906**	**1,085**	**547**	**5,481**	**1,774**
Dated subordinated debt								
EUR	7	–	–	–	–	–	–	7
USD	34						–	34
Other currencies	26	–	–	24	–	2	–	–
Sub-total	**67**	**–**	**–**	**24**	**–**	**2**	**–**	**41**
Related payables	248	–	–	–	–	–	–	248
Total	**11,199**	**620**	**471**	**930**	**1,085**	**549**	**5,481**	**2,063**

Note 19

Commitments granted

(in millions of euros at December 31)	2002	2001	2000
Loan commitments			
to banks	5,163	6,401	5,166
to customers (1)	76,991	93,202	93,353
Total	**82,154**	**99,603**	**98,519**
Guarantee commitments			
on behalf of banks	4,999	3,185	7,169
on behalf of customers (1)	43,047	32,254	31,113
Total	**48,046**	**35,439**	**38,282**

(1) As at December 31, 2002, credit lines and guarantee commitments granted to securitization vehicles and other special purpose vehicles amounted to EUR 16.8 billion and EUR 0.9 billion respectively.

Securitization transactions

The Société Générale Group carries out securitization transactions on behalf of customers or investors, and to this end provides credit enhancement and liquidity facilities to the securitization vehicles.

These vehicles are not consolidated in the Group's financial statements, in accordance with current accounting regulations.

As at December 31, 2002, there were six non-consolidated vehicles (Barton, Antalis, Asset One, Pace, Homes, ACE) structured by the Group on behalf of customers or investors. Total assets held by these vehicles and financed through the issuance of commercial paper amounted to EUR 14,996 million on this date.

The default risk on these assets is borne in the first place by the transferors of the underlying receivables or by third parties. The Société Générale Group provides an additional guarantee as a credit enhancement through the issuance of letters of credit in the amount of EUR 825 million, and also holds securities issued by a vehicle in the amount of EUR 67 million at December 31, 2002. Lastly, the Group has granted these vehicles liquidity lines in the amount of EUR 16,610 million on this date.

Note 20

Foreign exchange transactions

(in millions of euros at December 31)	2002				2001				2000			
	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered
EUR	302,868	288,076	60,921	86,421	283,285	265,761	66,123	85,287	242,314	231,333	66,904	77,917
USD	124,151	142,916	166,817	143,769	147,794	168,626	163,887	146,032	141,150	147,335	135,741	122,914
GBP	16,147	16,295	28,503	26,865	17,571	16,661	25,394	24,679	15,515	16,368	19,371	17,318
JPY	12,894	8,285	23,719	28,070	21,853	18,323	23,844	26,017	19,446	19,517	16,585	17,338
Other currencies	45,205	45,693	69,449	66,676	41,996	43,128	63,437	62,413	37,456	41,328	50,462	54,012
Total	**501,265**	**501,265**	**349,409**	**351,801**	**512,499**	**512,499**	**342,685**	**344,428**	**455,881**	**455,881**	**289,063**	**289,499**

Note 21

Forward financial instrument commitments

(in millions of euros at December 31)	Trading transactions	Hedging transactions	2002	Total 2001	2000
Firm transactions					
Transactions on organized markets					
– Interest rate futures	392,584	23,623	416,207	422,037	328,179
– Currency futures	1,225	1,941	3,166	4,199	2,613
– Other forward contracts	66,677	4,779	71,456	59,734	81,914
OTC agreements					
– Interest rate swaps	2,745,349	86,562	2,831,911	2,696,379	2,611,064
– Currency financing swaps	98,267	3,515	101,782	87,480	68,750
– Forward Rate Agreements (FRA)	302,167	979	303,146	331,763	262,491
– Other	17,203	24,522	41,725	17,547	18,557
Options					
– Interest rate options	1,016,747	4,326	1,021,073	1,024,197	797,585
– Currency options	94,292	132	94,424	130,835	86,057
– Options on stock market indices and equities	244,259	11,127	255,386	451,793	683,466
– Other	47,477	–	47,477	64,492	58,853
Total	**5,026,247**	**161,506**	**5,187,753**	**5,290,456**	**4,999,529**

Credit risk equivalent (in millions of euros at December 31)

At December 31, 2002, the credit risk equivalent on these transactions determined in accordance with the methods recommended by the Basle Committee for the calculation of the international solvency ratio, breaks down as follows:

	2002	2001	2000
– OECD member governments and central banks	369	443	338
– OECD member banks and local authorities	16,414	15,949	14,991
– Customers	8,535	8,816	7,653
– Non-OECD member banks and central banks	420	305	411
Total (including netting agreements)	**25,738**	**25,513**	**23,393**

Bilateral netting agreements reduced the credit risk equivalent by EUR 66,701 million at December 31, 2002, compared with EUR 50,903 million at December 31, 2001 and EUR 46,719 million at December 31, 2000.

Term to maturity (in millions of euros)

	2002		
	0-1 year	1-5 years	over 5 years
– Interest rate swaps	1,385,241	1,275,497	171,173
– Currency financing swaps	56,246	28,932	16,604
– Interest rate futures	670,355	39,793	9,205
– Currency futures	3,122	43	1
– Other firm instruments	75,465	22,486	15,230
– Interest rate options	326,019	651,105	43,949
– Currency options	82,436	11,892	96
– Other options	270,434	29,717	2,712
Total	**2,869,318**	**2,059,465**	**258,970**

Note 22

Breakdown of assets and liabilities by term to maturity

(in millions of euros at December 31, 2002)	0-3 months	3 months 1 year	1-5 years	Over 5 years	Inter-company eliminations	Total
Assets						
Transactions with banks						
Due from banks	140,692	22,534	36,056	30,702	(175,630)	**54,354**
Transactions with customers						
Customer loans	80,430	28,782	64,426	35,558	(24,554)	**184,642**
Lease financing and similar agreements	2,315	3,037	7,814	4,225	(40)	**17,351**
Bonds and other debt securities						
Trading securities	9,356	34,424	1,259	320	(15,285)	**30,074**
Short-term investment securities	1,097	7,140	10,837	7,942	(12,907)	**14,109**
Long-term investment securities	771	1,134	5,505	15,863	(2,161)	**21,112**
Liabilities						
Transactions with banks						
Due to banks	155,736	27,584	41,029	21,687	(176,797)	**69,239**
Transactions with customers						
Customer deposits	155,321	10,747	23,682	26,893	(20,558)	**196,085**
Securitized debt payables	48,268	13,248	27,649	18,264	(29,552)	**77,877**

Note 23

Consolidated cash flow statement

(in millions of euros at December 31, 2002)	Uses	Sources
Cash flow		4,070
Dividends paid	985	
Net Cash Flow (a)		**3,085**
Capital increase	438	276
Treasury stock decrease/increase	442	661
Subordinated debt decrease/increase	238	954
Capital transactions (b)		**772**
(I) - Long-term funds (a)+(b)		**3,857**
Cost of investment in newly consolidated affiliates	84	133*
Purchase/proceeds from sale of affiliates and other long-term investments	1,299	1,286
Purchase/proceeds from sale of fixed assets	837	191
(II) - Net cash inflow/(outflow) from investing activities	**610**	
(I) + (II) Change in working capital		**3,247**
Interbank activities and cash		5,029
Customer loans	9,340	
Customer deposits		2,188
Securities activities		2,442
Bond debt	2,148	
Forward financial instrument commitments		1,569
Lease financing activities	698	
(III) - Net cash inflow/(outflow) from banking activities	**958**	
Insurance investments	1,893	
Insurance deposits		1,557
(IV) - Cash inflow/(outflow) from non-banking activities	**336**	
(V) - Other	**1,953**	
(III) + (IV) + (V) Change in cash inflow/(outflow) from operating activities	**3,247**	

* Effect of a downward adjustment of goodwill on companies acquired in 2001.

The cash flow statement summarizes the cash flows resulting from transactions carried out by the Group that have an impact on its liquidity. Non-cash flows do not figure in this statement, notably the waiver of accounts receivable.

The investment of funds is recognized at the cost price.
The funds generated on the disposal of fixed assets are booked at the selling price (including capital gains or losses).

Translation adjustments relating to capital transactions are booked in the account "Other items". In contrast, translation adjustments concerning banking and non-banking activities are recognized in the corresponding accounts.

Note 24

Interest income and expenses from transactions with banks

(in millions of euros at December 31)	2002	2001	2000
Transactions with central banks, post office accounts and banks	2,090	2,973	2,852
Net premiums and discounts	77	52	(89)
Total interest income	**2,167**	**3,025**	**2,763**
Transactions with central banks, post office accounts and banks	(3,382)	(4,094)	(4,181)
Total interest expense	**(3,382)**	**(4,094)**	**(4,181)**
Securities purchased under resale agreements and loans secured by notes and securities	2,112	2,667	3,314
Securities sold under repurchase agreements and borrowings secured by notes and securities	(2,121)	(2,916)	(3,830)
Net interest income from transactions with banks	**(1,224)**	**(1,318)**	**(1,934)**

Note 25

Interest income and expenses from transactions with customers

(in millions of euros at December 31)	2002	2001	2000
Trade notes	693	619	464
Other customer loans			
– short-term loans	2,583	3,150	3,232
– export loans	524	647	607
– equipment loans	1,489	1,278	1,099
– mortgage loans	1,918	1,870	1,798
– other loans	1,079	921	1,100
Sub-total	**7,593**	**7,866**	**7,836**
Overdrafts	779	866	1,109
Net premiums and discounts	(22)	14	46
Total interest income	**9,043**	**9,365**	**9,455**
Special savings accounts	(1,298)	(1,311)	(1,342)
Other deposits	(2,510)	(3,374)	(3,302)
Total interest expense	**(3,808)**	**(4,685)**	**(4,644)**
Securities purchased under resale agreements and loans secured by notes and securities	1,593	1,561	1,397
Securities sold under repurchase agreements and borrowings secured by notes and securities	(2,604)	(3,168)	(2,496)
Net interest income from transactions with customers	**4,224**	**3,073**	**3,712**

Note 26

Net income from lease financing and similar agreements

(in millions of euros at December 31)	2002	2001	2000
Real estate lease financing agreements	305	336	257
Equipment lease financing agreements	421	329	266
Lease-purchase and similar agreements	648	569	331
Net total	**1,374**	**1,234**	**854**

Note 27

Dividend income

(in millions of euros at December 31)	2002	2001	2000
Dividends from shares and other equity securities	92	29	120
Dividends from investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments	199	182	171
Total (1)	**291**	**211**	**291**

(1) Dividends received from investments in the trading portfolio have been classified under "Net income from financial transactions".

Note 28

Net fee income

(in millions of euros at December 31)	2002	2001	2000
Fee income from:			
Transactions with banks	93	72	51
Transactions with customers	1,353	1,194	994
Securities transactions	2,513	2,370	2,454
Primary market transactions	171	270	278
Foreign exchange transactions and forward financial instruments	520	369	331
Loan and guarantee commitments	454	410	348
Services and other	1,374	1,280	1,314
Sub-total	**6,478**	**5,965**	**5,770**
Fee expense on:			
Transactions with banks	(153)	(132)	(108)
Securities transactions	(487)	(216)	(256)
Foreign exchange transactions and forward financial instruments	(411)	(360)	(244)
Loan and guarantee commitments	(125)	(88)	(63)
Other	(428)	(253)	(199)
Sub-total	**(1,604)**	**(1,049)**	**(870)**
Net total (1)	**4,874**	**4,916**	**4,900**

(1) Net fee income breaks down by type of service as follows:

– banking services and advisory	*2,078*	*1,964*	*1,774*
– guarantees and endorsements	*330*	*323*	*284*
– issuance	*171*	*270*	*279*
– asset management and life insurance	*1,770*	*1,545*	*1,283*
– brokerage and other	*525*	*814*	*1,280*

Note 29

Net income from financial transactions

(in millions of euros at December 31)	2002	2001	2000
Net income from the trading portfolio:			
Net income from transactions on trading securities	(4,959)	(1,881)	(630)
Net income from forward financial instruments	7,528	5,114	4,450
Net income from foreign exchange transactions	769	(28)	321
Sub-total (1)	**3,338**	**3,205**	**4,141**
Net income from short-term investment securities:			
Gains on sale	145	187	211
Losses on sale	(128)	(174)	(185)
Net reversal of provisions	26	84	(61)
Sub-total	**43**	**97**	**(35)**
Net income on shares intended for portfolio activity:			
Gains on shares intended for portfolio activity	(31)	63	131
Net allocation to provisions for portfolio activity	(87)	(107)	(14)
Sub-total	**(118)**	**(44)**	**117**
Net total	**3,263**	**3,258**	**4,223**

(1) As transactions are recognized on the basis of the type of instrument and not on the basis of the purpose for which they are used, the income generated by the same must be assessed as a whole.
It should be noted that this income does not include either the refinancing cost of financial transactions, or trading coupons.
However, it does include the sales margin generated on structured products integrating forward financial instruments or on the distribution of complex products.

Note 30

Gross margin of insurance business

(in millions of euros at December 31)	2002	2001	2000
Earned premiums	5,398	4,804	5,388
Cost of benefits (including change in reserves)	(5,150)	(4,474)	(5,252)
Net income from investments	172	135	210
Other technical income and expenses	(287)	(245)	(230)
Reclassification of operating expenses	(82)	(84)	(71)
Total	**51**	**136**	**45**

The gross margin of the insurance companies corresponds to the income generated on life and non-life insurance policies. In particular, it does not include front-end loads, management fees charged on the policy outstanding, commissions paid to the distribution networks, and financial income realized on capital investments, which are broken down in the other items making up net banking income.

The contribution of insurance companies to consolidated net banking income is as follows:

(in millions of euros at December 31)	2002	2001	2000
Contribution to NBI before elimination of intercompany transactions	284	358	274
Elimination of intercompany transactions*	165	140	94
Contribution to NBI after elimination of intercompany transactions	449	498	368

* This essentially concerns the elimination of commissions paid by the insurance companies to the distribution networks and the elimination of financial income on investments made in other Group companies.

Note 31

Net income from other activities

(in millions of euros at December 31)	2002	2001	2000
Net income from real estate development	45	29	27
Net income from real estate investments (1)	38	107	95
Net income from other activities	16	10	27
Total	**99**	**146**	**149**

(1) Net Income from real estate investments in 2001 essentially comprised the capital gain of EUR 61 million realized on the disposal of the Patriges Grace Church building. The income booked in 2000 principally included the capital gain realized on the transfer of the Group's real estate companies and assets to Sophia.

Note 32

Personnel expenses

(in millions of euros at December 31)	2002	2001	2000
Employee compensation (1)	4,309	4,202	4,260
Social security benefits and payroll taxes (1)	1,537	1,419	1,394
Employee profit sharing and incentives (2)	214	184	239
Total	**6,060**	**5,805**	**5,893**
Average staff *	**88,278**	**86,574**	**71,149**
In France	50,689	49,020	47,395
Outside France	37,589	37,554	23,754

The average headcount of the newly acquired subsidiaries is not adjusted in proportion to the length of time that the subsidiaries have been owned.

* Including temporary staff.
The companies acquired in 2002 contributed 1,820 employees.

(1) Of which EUR 1,310 million for bonuses at December 31, 2002 (EUR 1,309 million at December 31, 2001 and EUR 1,708 million at December 31, 2000).

(2) Analysis of personnel expenses over the last five years:

(in millions of euros at December 31)	2002	2001	2000	1999	1998
Société Générale *					
Profit sharing	(1)	1	52	5	2
Incentives	62	50	55	41	40
Employer contribution	74	67	62	54	56
Sub-total	**135**	**118**	**169**	**100**	**98**
Subsidiaries	79	66	70	54	31
Total	**214**	**184**	**239**	**154**	**129**

* Including Sogénal in 2001.

Remuneration of members of the Board of Directors and Senior Managers
Total attendance fees paid in February 2003 to the Company'directors for the 2002 financial year amounted to EUR 0.46 million.
The remuneration paid in 2002 to Senior management (*) totalled EUR 7.59 million.

*This comprises the nine members of the Executive Committee in 2002.

Note 33

Cost of risk

(in millions of euros at December 31)	2002	2001	2000
Net allocation to provisions for identified risks			
– Provisions for identified risks [1]	(1,243)	(960)	(512)
– Provisions for risks and charges	(18)	(66)	(139)
– Losses not covered by provisions and amounts recovered on write-offs	(101)	(51)	(92)
Sub-total	**(1,362)**	**(1,077)**	**(743)**
Net allocation to general country risk reserves [2]	61	10	(10)
Net allocation to provisions for receivables and commitments	**(1,301)**	**(1,067)**	**(753)**
(1) Of which provisions booked for identified Argentine risks.	(132)	(125)	(35)

(2) The provisions for identified Argentine risks are offset by a reversal from the country risk reserves in the amount of EUR 115 million.

Note 34

Companies accounted for by the equity method

(in millions of euros at December 31)	% voting interest	Activity	Société Générale's equity contribution *	Société Générale's share in net income (loss)		
				2002	2001	2000
Non-financial companies						
Chesapeake Holding (CHC)	36.35	Financing	(21)	12	12	13
Sifa [1]	47.07	Portfolio management	–	4	4	4
Géodis [2]	27.17	Industrial and commercial company	(34)	(13)	(36)	–
Property companies of the Sogéprom group [3]		Property companies	7	7		
Other			–	–	1	9
Sub-total			**(48)**	**10**	**(19)**	**26**
Financial companies						
ACL	36.05	Bank	(273)		–	(3)
Fiditalia Spa [4]	100.00	Specialized financing	–	–	(22)	–
Sophia	29.45	Property company	(22)	24	17	6
United Arab Bank	20.00	Bank	14	4	4	4
Other [5]			16	10	2	(2)
Sub-total			**(265)**	**38**	**1**	**5**
Total			**(313)**	**48**	**(18)**	**31**

(*) Including the Group's 2002 earnings.
(1) Exchange transaction during the second half of 2002 with the full stake exchanged for 100% of Fonvalor2's capital, which is now fully consolidated.
(2) Company consolidated in the second half of 2001. The contribution for the 2002 financial year corresponds to an adjustment to take account of the final earnings figures for the 2001 financial year and an estimate of Géodis six-monthly results for 2002.
(3) Widening of Sogeprom's consolidation's scope.
(4) Now fully consolidated.
(5) This item notably comprises subconsolidated entities of Komercni Banka (CAC Leasing and Vseobecna Stavebni Sporitelna) and of Crédit du Nord.

Note 35

Net income from long-term investments

(in millions of euros at December 31)	2002	2001	2000
Long-term investment securities			
Net capital gains (or losses) on sale	47	(12)	(37)
Net allocation to provisions	–	5	13
Sub-total	**47**	**(7)**	**(24)**
Investments in non-consolidated subsidiaries and affiliates			
Gains on sale	484	756	1,020
Losses on sale	(125)	(94)	(39)
Net allocation to provisions	(710)	(201)	(38)
Sub-total (1)	**(351)**	**461**	**943**
Operating fixed assets			
Gains on sale	33	34	33
Losses on sale	(27)	(11)	(9)
Net allocation to provisions	(1)	(3)	(2)
Sub-total	**5**	**20**	**22**
Net total	**(299)**	**474**	**941**

(1) Income from investments in non-consolidated subsidiaries and affiliates at December 31, 2002 includes EUR 376 million from the disposal of industrial equity holdings (versus EUR 677 million at December 31, 2001) and EUR 772 million of provisions on the industrial equity portfolio (EUR 194 million at December 31, 2001).

Note 36

Exceptional items

(in millions of euros at December 31)	2002	2001	2000
Exceptional income	13	31	17
Exceptional losses	(183)	(48)	(87)
Total net	**(170)**	**(17)**	**(70)**

Breakdown of exceptional items

– Provisions for costs linked to introduction of the single European currency and Y2K *(see Note 1)*	(9)	(9)	(51)
– Contribution by French banks to the Compensation Fund and to *"Fondation du Souvenir des victimes de la Shoah"*	(2)	(3)	(23)
– Provisions for contributions to the deposit and securities guarantee fund *(see Note 1)*	–	(5)	4
– Provisions booked to cover the fraud affecting Cowen's former private client brokerage division*	(159)	–	–

* See *Note 1*. A reversal for an equivalent amount from the General Reserve for Banking Risks was recognized in the accounts at December 31, 2002.

Note 37

Income tax

(in millions of euros at December 31)	2002	2001	2000
Current taxes	(767)	(764)	(1,529)
Deferred taxes	118	25	172
Total (1)	**(649)**	**(739)**	**(1,357)**

(1) *The reconciliation of the difference between the Group's normative tax rate and its effective tax rate breaks down as follows:*

Income before tax, amortization of goodwill and net income from companies accounted for by the equity method	*2.436*	*3.160*	*4.263*
Normal tax rate applicable to French companies (including 3% and 3.3% tax surcharges)	*35.4%*	*36.4%*	*37.8%*
Permanent differences	*– 5.6%*	*– 6.2%**	*– 2.0%*
Differential on items taxed at reduced rate	*2.7%*	*– 2.9%*	*– 4.6%*
Tax rate differential on profits taxed outside France	*– 5.2%*	*– 1.2%*	*– 0.5%*
Impact of non-deductible losses for the period and use of losses carried forward	*– 0.6%*	*– 2.9%**	*1.1%*
Effective tax rate	***26.7%***	***23.4%***	***31.8%***

* Amounts restated in relation to those given in 2001.

Note 38

Income statement by core business

(in millions of euros at December 31)	Retail Banking			Asset Management & Private Banking			Coporate & Investment Banking			Corporate Center and other			Group		
	2002	2001	2000	2002	2001	2000	2002	2001	2000	2002	2001	2000	2002	2001	2000
Net banking income	8,692	7,810	6,832	1,296	1,097	919	4,650	5,037	5,998	(184)	(70)	50	14,454	13,874	13,799
Operating expenses	(5,878)	(5,322)	(4,776)	(900)	(687)	(507)	(3,368)	(3,721)	(4,124)	(261)	(374)	(247)	(10,407)	(10,104)	(9,654)
Gross operating income	**2,814**	**2,488**	**2,056**	**396**	**410**	**412**	**1,282**	**1,316**	**1,874**	**(445)**	**(444)**	**(197)**	**4,047**	**3,770**	**4,145**
Cost of risk	(653)	(511)	(370)	(14)	(1)	(4)	(717)	(543)	(254)	83,	(12)	(125)	(1,301)	(1,067)	(753)
Net income from companies accounted for by the equity method	14	(16)	16	0	0	0	18	12	5	16	(14)	10	48	(18)	31
Net income from long-term investments	21	13	46	(10)	(5)	0	24	11	80	(334)	455	815	(299)	474	941
Earnings before exceptional items and tax	**2,196**	**1,974**	**1,748**	**372**	**404**	**408**	**607**	**796**	**1,705**	**(680)**	**(15)**	**503**	**2,495**	**3,159**	**4,364**
Exceptional items	0	0	0	0	0	0	0	0	0	(170)	(17)	(70)	(170)	(17)	(70)
Income tax	(741)	(704)	(626)	(120)	(137)	(145)	(78)	(131)	(557)	290	233	(29)	(649)	(739)	(1,357)
Amortization of goodwill	0	0	0	0	0	0	0	0	0	(184)	(76)	(60)	(184)	(76)	(60)
Net reversal from General Reserve for Banking Risks	0	0	0	0	0	0	0	0	0	159	0	0	159	0	0
Net income before minority interests	**1,455**	**1,270**	**1,122**	**252**	**267**	**263**	**529**	**665**	**1,148**	**(585)**	**125**	**344**	**1,651**	**2,327**	**2,877**
Minority interests	(175)	(131)	(108)	(15)	(12)	(6)	(20)	(11)	(5)	(44)	(19)	(60)	(254)	(173)	(179)
Net income	**1,280**	**1,139**	**1,014**	**237**	**255**	**257**	**509**	**654**	**1,143**	**(629)**	**106**	**284**	**1,397**	**2,154**	**2,698**

The principles and methodology for determining results by core business are detailed in the Management Report.

Results by core business have been restated in relation to those given in 2001 and 2002 annual reports due to internal business transfer.

Note 39

*Geographical breakdown of net banking income**

(in millions of euros at December 31, 2002)	France	Rest of Europe	Americas	Asia	Africa	Oceania	Total
Net interest and similar income (1)	4,372	1,597	1,221	100	358	103	7,751
Net fee income	3,022	728	850	118	129	27	4,874
Net income from financial transactions	1,021	236	(63)	244	10	(9)	1,439
Other net operating income	287	83	–	–	21	(1)	390
Net banking income	**8,702**	**2,644**	**2,008**	**462**	**518**	**120**	**14,454**

* Geographical region in which companies recording income are located.

(1) Including dividend income and net income from lease financing and similar agreements.

Note 40

Companies included in the consolidation scope

at December 31	Country	Method FULL: full consolidation PROP: proportionate consolidation EQUITY: equity method	Group ownership interest 2002	Group ownership interest 2001	Group voting interest 2002	Group voting interest 2001
FRANCE						
Banks						
Banque de Polynésie	France	FULL	80.00	80.00	80.00	80.00
Barep	France	FULL	100.00	100.00	100.00	100.00
Calif	France	FULL	100.00	100.00	100.00	100.00
Crédit du Nord (1)	France	FULL	80.00	80.00	80.00	80.00
Génébanque	France	FULL	100.00	100.00	100.00	100.00
SG Calédonienne de Banque	France	FULL	100.00	100.00	100.00	100.00
SG de Banque aux Antilles	France	FULL	100.00	100.00	100.00	100.00
Financial companies						
Barep Gestion	France	FULL	100.00	100.00	100.00	100.00
IEC	France	FULL	100.00	100.00	100.00	100.00
Euro VL	France	FULL	100.00	100.00	100.00	100.00
Lyxor Asset Management	France	FULL	100.00	100.00	100.00	100.00
Lyxor International Asset Management (2)	France	FULL	100.00	–	100.00	–
Nofirec (1)	France	FULL	100.00	100.00	100.00	100.00
Pargesfonds (2)	France	FULL	100.00	–	100.00	–
SG Asset Management	France	FULL	100.00	100.00	100.00	100.00
SG Structured Asset Management	France	FULL	100.00	99.99	100.00	99.99
SGAM Finance	France	FULL	100.00	100.00	100.00	100.00
SGOP	France	FULL	100.00	100.00	100.00	100.00
Specialized financing						
Airbail	France	FULL	100.00	100.00	100.00	100.00
Bull Finance	France	FULL	51.35	51.35	51.35	51.35
Cafirec (2)	France	FULL	100.00	–	100.00	–
Cofranteg	France	FULL	100.00	100.00	100.00	100.00
Compagnie Générale de Location d'Equipements (1)	France	FULL	84.57	84.57	84.57	84.57
Dalarec	France	FULL	100.00	100.00	100.00	100.00
Diebold Computer Leasing	France	FULL	100.00	100.00	100.00	100.00
FCC ELEC	France	FULL	100.00	100.00	100.00	100.00
Fenwick Lease	France	PROP	49.41	49.41	49.41	49.41
Franfinance (1)	France	FULL	99.99	99.99	99.99	99.99
Franfinance Location	France	FULL	99.99	99.99	100.00	100.00
Génécal	France	FULL	65.05	61.78	65.05	61.35
Génécomi	France	FULL	72.43	72.43	72.43	72.43
Interleasing France (GEFA-ALD Group) (10)	France	FULL	–	88.73	–	100.00
Orpavimob SA	France	FULL	100.00	100.00	100.00	100.00
Promopart (2)	France	FULL	100.00	–	100.00	–
SCP Clémence	France	FULL	100.00	90.00	100.00	90.00
SCP Cygne	France	FULL	100.00	100.00	100.00	100.00
SCP de la Prose	France	FULL	100.00	90.00	100.00	90.00
SCP Muscade	France	FULL	100.00	90.00	100.00	90.00
SCP Philibert	France	FULL	100.00	90.00	100.00	90.00
SCP Salomé	France	FULL	100.00	100.00	100.00	100.00
SG Services	France	FULL	100.00	100.00	100.00	100.00
SNC Cofininvest	France	FULL	100.00	100.00	100.00	100.00
SNC Distinvest	France	FULL	100.00	100.00	100.00	100.00
SNC Finovadis (2)	France	FULL	100.00	–	100.00	–
SNC Fininva (2)	France	FULL	100.00	–	100.00	–
SNC Paris Strasbourg	France	FULL	100.00	100.00	100.00	100.00
SNC Financières Valmy Investissements	France	FULL	100.00	100.00	100.00	100.00
Sofinabail	France	FULL	100.00	100.00	100.00	100.00
SAS IPF (2)	France	FULL	100.00	–	100.00	–

Companies included in the consolidation scope

at December 31	Country	Method FULL: full consolidation PROP: proportionate consolidation EQUITY: equity method	Group ownership interest		Group voting interest	
			2002	2001	2002	2001
Sofinauto [3]	France	FULL	–	100.00	–	100.00
Sofom	France	FULL	100.00	100.00	100.00	100.00
Sofrafi	France	FULL	100.00	100.00	100.00	100.00
Sogéfimur	France	FULL	100.00	100.00	100.00	100.00
Sogéfinancement	France	FULL	100.00	100.00	100.00	100.00
Sogéfinerg	France	FULL	100.00	100.00	100.00	100.00
Sogéga PME [2]	France	FULL	100.00	–	100.00	-
Sogelease France	France	FULL	100.00	100.00	100.00	100.00
Solocvi	France	FULL	100.00	100.00	100.00	100.00
Temsys [1] [10]	France	FULL	100.00	100.00	100.00	100.00
Portfolio management						
Aurelec	France	FULL	100.00	100.00	100.00	100.00
Cofragir [3]	France	FULL	–	100.00	–	100.00
Finareg	France	FULL	100.00	100.00	100.00	100.00
Finecorp	France	FULL	100.00	100.00	100.00	100.00
Fonvalor [3]	France	FULL	–	50.01	–	50.01
Fonvalor2 [2] [9]	France	FULL	100.00	–	100.00	–
Geforpat	France	FULL	100.00	100.00	100.00	100.00
Géné Act 1	France	FULL	100.00	100.00	100.00	100.00
Généfinance	France	FULL	100.00	100.00	100.00	100.00
Généfitec	France	FULL	100.00	100.00	100.00	100.00
Généinvestissement	France	FULL	100.00	100.00	100.00	100.00
Généplus	France	FULL	100.00	100.00	100.00	100.00
Généval	France	FULL	100.00	100.00	100.00	100.00
Geninfo	France	FULL	100.00	100.00	100.00	100.00
Libécap	France	FULL	100.00	100.00	100.00	100.00
Megaval [2]	France	FULL	100.00	–	100.00	–
Salvépar [1]	France	FULL	51.42	51.42	51.42	51.42
SCA Valides [3]	France	FULL	–	100.00	–	100.00
SCI Foncière Défense	France	FULL	99.99	99.99	100.00	100.00
SG Capital Développement	France	FULL	100.00	100.00	100.00	100.00
SGOP Holding	France	FULL	100.00	100.00	100.00	100.00
SHTV Holding	France	FULL	100.00	100.00	100.00	100.00
SIFA [3] [9]	France	EQUITY	–	47.07	–	47.07
Sivalparts	France	FULL	100.00	100.00	100.00	100.00
Sogéfim	France	FULL	100.00	100.00	100.00	100.00
Sogénal Participations [2] [4]	France	FULL	100.00	–	100.00	–
Sogéparticipations (ex-Sogénal) [1]	France	FULL	100.00	100.00	100.00	100.00
Sogéparts	France	FULL	100.00	100.00	100.00	100.00
Sogéplus	France	FULL	100.00	100.00	100.00	100.00
Soginnove	France	FULL	100.00	100.00	100.00	100.00
Sté Rue Edouard- VII	France	FULL	99.91	99.91	99.91	99.91
Valminco	France	FULL	100.00	100.00	100.00	100.00
Vouric	France	FULL	100.00	100.00	100.00	100.00
Brokers						
Fimat Banque	France	FULL	100.00	100.00	100.00	100.00
Fimat SNC	France	FULL	100.00	100.00	100.00	100.00
Fimatex [1] [5]	France	FULL	67.04	77.50	67.04	77.50
SG Énergie [1]	France	FULL	100.00	100.00	100.00	100.00
Gaselys	France	PROP	49.00	49.00	49.00	49.00
Nabab	France	FULL	100.00	100.00	100.00	100.00
Clickoptions	France	FULL	100.00	100.00	100.00	100.00
SG Euro CT	France	FULL	100.00	100.00	100.00	100.00
SG Options Europe	France	FULL	100.00	100.00	100.00	100.00
SG Securities Paris	France	FULL	100.00	100.00	100.00	100.00

Companies included in the consolidation scope

at December 31	Country	Method FULL: full consolidation PROP: proportionate consolidation EQUITY: equity method	Group ownership interest		Group voting interest	
			2002	2001	2002	2001
Real estate and real estate financing						
Coprim (1)	France	FULL	100.00	94.79	100.00	94.79
Crédit Immobilier Général	France	FULL	100.00	100.00	100.00	100.00
Galybet	France	FULL	100.00	100.00	100.00	100.00
Généfim (1)	France	FULL	100.00	100.00	100.00	100.00
Généfimmo (1)	France	FULL	100.00	100.00	100.00	100.00
Patriges Grace Church	France	FULL	100.00	100.00	100.00	100.00
SCA Paris- Trocadéro	France	FULL	100.00	100.00	100.00	100.00
SFCC	France	FULL	99.99	99.99	99.99	99.99
Sogébail	France	FULL	45.92	48.14	40.67	57.44
Sogéprom (1)	France	FULL	68.21	68.29	59.99	60.00
Sophia (1)	France	EQUITY	27.41	27.63	29.45	29.37
Sophia-bail	France	FULL	64.43	64.54	51.00	51.00
Services						
CGA	France	FULL	100.00	100.00	100.00	100.00
ECS (1)	France	FULL	100.00	100.00	100.00	100.00
Parel	France	FULL	100.00	100.00	100.00	100.00
Socogéfi	France	FULL	100.00	100.00	100.00	100.00
Group real estate management companies						
CFM	France	FULL	100.00	100.00	100.00	100.00
Eléaparts	France	FULL	100.00	100.00	100.00	100.00
Génégis 1	France	FULL	100.00	100.00	100.00	100.00
Génégis 2	France	FULL	100.00	100.00	100.00	100.00
Génévalmy	France	FULL	100.00	100.00	100.00	100.00
SC Alicante 2000	France	FULL	71.52	71.52	100.00	100.00
SC Chassagne 2000	France	FULL	71.52	71.52	100.00	100.00
SCI Opéra 72	France	FULL	99.99	99.99	100.00	100.00
SI 29 Haussmann	France	FULL	100.00	100.00	100.00	100.00
Société Immobilière de Strasbourg (4)	France	FULL	100.00	–	100.00	–
Sogé Colline Sud	France	FULL	100.00	100.00	100.00	100.00
Sogé Périval 1	France	FULL	100.00	100.00	100.00	100.00
Sogé Périval 2	France	FULL	100.00	100.00	100.00	100.00
Sogé Périval 3	France	FULL	100.00	100.00	100.00	100.00
Sogé Périval 4	France	FULL	100.00	100.00	100.00	100.00
Sogéfontenay	France	FULL	100.00	100.00	100.00	100.00
Soginfo	France	FULL	100.00	100.00	100.00	100.00
STIP	France	FULL	99.99	99.99	100.00	100.00
Valminvest	France	FULL	100.00	100.00	100.00	100.00
Insurance						
Génécar	France	FULL	100.00	100.00	100.00	100.00
Sogécap	France	FULL	100.00	100.00	100.00	100.00
Sogessur	France	FULL	65.00	65.00	65.00	65.00
EUROPE						
Banks						
Banca Romana Pentru Devzvoltare (1)	Romania	FULL	51.00	51.00	51.00	51.00
Komercni Banka (1)	Czech Republic	FULL	60.35	60.00	60.35	60.00
Ruegg Bank	Switzerland	FULL	100.00	100.00	100.00	100.00
SG Bank Nederland NV	Netherlands	FULL	100.00	100.00	100.00	100.00
SG Express Bank	Bulgaria	FULL	97.95	97.95	97.95	97.95
SG Hambros Bank Limited (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Hungaria Bank RT (3)	Hungary	FULL	–	100.00	–	100.00

Companies included in the consolidation scope

at December 31	Country	Method FULL: full consolidation PROP: proportionate consolidation EQUITY: equity method	Group ownership interest 2002	Group ownership interest 2001	Group voting interest 2002	Group voting interest 2001
SG Vostok	Russia	FULL	100.00	100.00	100.00	100.00
SGBT Luxembourg	Luxembourg	FULL	100.00	100.00	100.00	100.00
SGBT Monaco	Monaco	FULL	100.00	100.00	100.00	100.00
SKB Banka (1)	Slovenia	FULL	97.82	97.82	97.82	97.82
Société Générale Cyprus Ltd	Cyprus	FULL	51.00	51.00	51.00	51.00
Sogéparticipations Belgique (1)	Belgium	FULL	100.00	100.00	100.00	100.00
Financial companies						
SG Wertpapierhandelsgeselleschaft Mbh (ex-BSI Beteiligung)	Germany	FULL	100.00	100.00	100.00	100.00
Horizon Equity Sarl (1)	Luxembourg	FULL	100.00	100.00	100.00	100.00
Intersoge	Switzerland	FULL	100.00	100.00	100.00	100.00
Nofirec	Ireland	FULL	100.00	100.00	100.00	100.00
Lyxor Master Funds (2)	Jersey	FULL	100.00	100.00	100.00	100.00
SG Acceptance	Netherlands	FULL	100.00	100.00	100.00	100.00
SG Asset Management Group Ltd (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SGAM Iberia	Spain	FULL	100.00	–	100.00	–
SG Effekten	Germany	FULL	100.00	100.00	100.00	100.00
SG Finance Ireland	Ireland	FULL	100.00	100.00	100.00	100.00
SG Financial Product Cyprus	Cyprus	FULL	100.00	100.00	100.00	100.00
SG Investment UK Ltd (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Russel Asset Management	Ireland	PROP	50.00	50.00	50.00	50.00
SG Securities London	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Securities Madrid (3)	Spain	FULL	–	100.00	–	100.00
Specialized financing						
Promopart Senc (2)	Luxembourg	FULL	100.00		100.00	
Sogega Pme Senc (2)	Luxembourg	FULL	100.00		100.00	
Adria Leasing Spa (GEFA-ALD Group)	Italy	FULL	100.00	100.00	100.00	100.00
ALD Autoleasing GmbH (GEFA-ALD Group)	Germany	FULL	92.59	88.73	92.59	88.73
ALD Automotive Group PLC (ex-Group BCH) (GEFA-ALD Group) (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
ALD International GmbH (2)	Germany	FULL	100.00	–	100.00	–
ALD International SA (2)	Germany	FULL	100.00	–	100.00	–
Amber (2)	Great Britain	FULL	100.00	–	100.00	–
DB Carplan (GEFA-ALD Group)	Spain	FULL	100.00	100.00	100.00	100.00
DB Factoring Spa (GEFA-ALD Group)	Italy	FULL	100.00	100.00	100.00	100.00
Franfinance Leasing Italia Spa (ex-DB Leasing Spa) (GEFA-ALD Group)	Italy	FULL	100.00	100.00	100.00	100.00
Deufin Beteiligungsgesellschaft mbH (GEFA-ALD Group)	Germany	FULL	100.00	100.00	100.00	100.00
DFS Czech Republik Sro (GEFA-ALD Group)	Czech Republic	FULL	100.00	100.00	100.00	100.00
Franfinance Polska Sp zoo (GEFA-ALD Group) (2)	Poland	FULL	99.01	–	99.01	–
Fiditalia Spa (1)	Italy	FULL	100.00	100.00	100.00	100.00
Fraer Leasing Spa (GEFA-ALD Group)	Italy	FULL	67.75	67.75	67.75	67.75
Gefa Gesellschaft Abstatzfinanzierung (GEFA-ALD Group)	Germany	FULL	100.00	100.00	100.00	100.00
Gefa Leasing GmbH (GEFA-ALD Group)	Germany	FULL	100.00	100.00	100.00	100.00
Sogelease BV Nederland	Netherlands	FULL	100.00	100.00	100.00	100.00
Sogelease Italia	Italy	FULL	100.00	100.00	100.00	100.00
Brokers						
Clickborsa Sim SPA (3)	Italy	FULL	–	100.00	–	100.00
Fimat Switzerland AG	Switzerland	FULL	100.00	100.00	100.00	100.00
Fimat London Branch (7)	Great Britain	FULL	100.00	–	100.00	–
Fimat Frankfurt Branch (7)	Germany	FULL	100.00	–	100.00	–
Fimat Madrid Branch (7)	Spain	FULL	100.00	–	100.00	–

Companies included in the consolidation scope

at December 31	Country	Method FULL: full consolidation PROP: proportionate consolidation EQUITY: equity method	Group ownership interest		Group voting interest	
			2002	2001	2002	2001
Insurance						
Généras	Luxembourg	FULL	100.00	100.00	100.00	100.00
Inora Life	Ireland	FULL	100.00	100.00	100.00	100.00
Meteo Transformer	Jersey	PROP	50.00	50.00	50.00	50.00
Sogelife	Luxembourg	FULL	100.00	100.00	100.00	100.00
AFRICA AND THE MIDDLE-EAST						
Banks						
BFV-SG (Madagascar)	Madagascar	FULL	70.00	70.00	70.00	70.00
National SG Bank SAE	Egypt	FULL	54.33	54.33	54.33	54.33
SG Banque au Liban (1)	Lebanon	FULL	50.00	50.00	50.00	50.00
SG Banque en Guinée	Guinea	FULL	52.94	52.94	52.94	52.94
SG Banques au Sénégal	Senegal	FULL	57.73	57.72	57.73	57.72
SG Banques en Côte-d’Ivoire (1)	Côte d’Ivoire	FULL	56.63	56.63	56.63	56.63
SG Marocaine de Banques (1)	Morocco	FULL	51.91	51.91	51.91	51.91
SGB Cameroun	Cameroon	FULL	58.08	43.42	58.08	43.42
United Arab Bank	United Arab Emirates	EQUITY	20.00	20.00	20.00	20.00
Union International de Banques (2)	Tunisia	FULL	52.00		52.00	
Specialized financing						
Sogelease Maroc	Morocco	FULL	71.15	71.15	100.00	100.00
Eqdom (2)	Morocco	FULL	44.64	–	53.61	–
Insurance						
La Marocaine Vie	Morocco	FULL	52.70	52.46	61.19	60.74
THE AMERICAS						
Banks						
Banco Société Générale SA (ex-Banco Supervielle)	Argentina	FULL	99.53	99.25	99.54	99.26
Banco Société Générale Brazil SA (ex-Banco Sogéral) (1)	Brazil	FULL	100.00	100.00	100.00	100.00
SG Canada (1)	Canada	FULL	100.00	100.00	100.00	100.00
Financial companies						
SG Americas Inc. (1)	United States	FULL	100.00	100.00	100.00	100.00
SG Capital Trust (1)	United States	FULL	–	100.00	100.00	100.00
SG Cowen Asset Management	United States	FULL	100.00	100.00	100.00	100.00
SG Preferred Capital LLC (6)	United States	FULL	–	100.00	–	100.00
SG Warrants Limited	United States	FULL	100.00	100.00	100.00	100.00
SocGen Real Estate Company L.L.C.	United States	FULL	50.31	50.31	100.00	100.00
Societe General North America Inc.	United States	FULL	100.00	100.00	100.00	100.00
TCW Group (1)	United States	FULL	59.75	52.33	59.86	52.48
Brokers						
Fimat Derivatives Canada Inc.	Canada	FULL	100.00	100.00	100.00	100.00
Fimat USA Inc.	United States	FULL	100.00	100.00	100.00	100.00
Services						
Fimat Facilities Management (2)	United States	FULL	100.00		100.00	

Companies included in the consolidation scope

at December 31,	Country	Method FULL: full consolidation PROP: proportionate consolidation EQUITY: equity method	Group ownership interest 2002	Group ownership interest 2001	Group voting interest 2002	Group voting interest 2001
Specialized financing						
Makatea JV Inc. (2)	United States	FULL	100.00	–	60.00	–
Mehetia Inc. (2)	United States	FULL	100.00	–	51.00	–
SG Ariki Inc. (1) (2)	United States	FULL	100.00	–	100.00	–
SG Finance Inc. (2)	United States	FULL	100.00	–	100.00	–
Surzur Overseas Ltd	Cayman Islands	FULL	100.00	100.00	100.00	100.00
Portfolio management						
Sofital	Argentina	FULL	99.90	99.90	100.00	100.00
ASIA AND OCEANIA						
Banks						
Bank SG Indonesia	Indonesia	FULL	100.00	100.00	100.00	100.00
SG Australia Holdings (1)	Australia	FULL	100.00	100.00	100.00	100.00
SG Private Banking (Japan) Limited (2)	Japan	FULL	100.00	–	100.00	–
SG Securities North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
Financial companies						
Asia Credit Ltd (1)	Thailand	EQUITY	36.05	36.05	36.05	36.05
SG Asia (Singapore) Ltd	Singapore	FULL	100.00	100.00	100.00	100.00
SG Yamaichi Asset Management Singapore	Singapore	FULL	95.75	95.75	100.00	100.00
SG Yamaichi Asset Management Tokyo	Japan	FULL	95.00	95.00	95.00	95.00
Société Générale Asia Ltd (Hong Kong)	Hong Kong	FULL	100.00	100.00	100.00	100.00
Sogeko	South Korea	PROP	41.35	39.77	42.15	40.68
Specialist financing						
Sogelease Malaysia (1)	Malaysia	FULL	50.00	50.00	50.00	50.00
Portfolio management						
SG Asset Management North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
Brokers						
Fimat Asia Pte Limited	Singapore	FULL	100.00	100.00	100.00	100.00
Fimat Futures Hong Kong	Hong Kong	FULL	100.00	100.00	100.00	100.00
SG Securities Asia Int. Holdings (1)	Singapore	FULL	100.00	100.00	100.00	100.00
Fimat Sydney (8)	Australia	FULL	100.00	–	100.00	–

(1) Company carrying out sub-consolidation.
(2) Consolidated for the first time in 2002.
(3) Removed from the consolidation scope in 2002.
(4) Sogénal Participations and Société Immobilière de Strasbourg were formerly sub-consolidated within Sogéparticipations.
(5) Boursorama acquisition.
(6) SG Preferred Capital is now sub-consolidated within SG Capital Trust.
(7) These branches were formerly sub-consolidated within Fimat Bank
(8) This branch was formerly sub-consolidated within Fimat SNC.
(9) Exchange of interest in SIFA against 100% of Fonvalor 2 's capital.
(10) Interleasing France is now sub-consolidated within Temsys.

SPECIAL PURPOSE VEHICLES

TRIDENT		
Arbitrage Vehicle	United States	FULL
TOBP		
Arbitrage Vehicle	United States	FULL

Report of the statutory auditors on the consolidated account

(Free translation of the French original)

Year ended December 31, 2002

To the shareholders of Société Générale,

In our capacity as statutory auditors, we have audited the accompanying consolidated accounts of Société Générale, presented in euros, in accordance with French accounting principles as of December 31, 2002.

These consolidated accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with French professional standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated account presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts present fairly, in all material respects, the financial position of the Group as of December 31, 2002 and the results of the Group's operations included in the consolidation for the year then ended, in accordance with French accounting principles.

We have also reviewed the information relating to the Group contained in the Board of Directors' report.
We have nothing to report with respect to the fairness of such information and its consistency with the consolidated accounts.

Neuilly-sur-Seine and Paris, March 5, 2003

The Statutory Auditors

BARBIER FRINAULT & AUTRES

Philippe Peuch-Lestrade

Isabelle Santenac

ERNST & YOUNG AUDIT

Christian Mouillon

Summary balance sheet of Société Générale

(in billions of euros at December 31)	2002	2001	Variation
Assets			
Interbank and money market assets	54.1	54.2	– 0.1
Customer loans	121.5	113.0	8.5
Securities (1)	156.9	156.5	0.4
of which sécurities purchased under resale agreements	*40.7*	*35.7*	*5.0*
Other assets	52.8	87.0	– 34.2
of which options premiums	*32.3*	*60.2*	*– 27.9*
Long-term investments	1.3	1.3	0.0
Total assets	**386.6**	**412.0**	**– 25.4**
Liabilities and shareholders' equity			
Interbank and money market liabilities (2)	123.8	127.6	– 3.8
Customer deposits	117.6	111.6	6.0
Bonds and subordinated debt (3)	13.6	15.3	– 1.7
Securities	64.1	62.1	2.0
of which securities sold under repurchase agreements	*41.4*	*38.9*	*2.5*
Other liabilities and provisions	53.0	81.5	– 28.5
of which option premiums	*32.0*	*58.2*	*– 26.2*
Equity and general reserve for banking risks	14.5	13.9	0.6
of which general reserve for banking risks	*0.2*	*0.4*	*– 0.2*
of which shareholders'equity	*14.3*	*13.5*	*0.8*
Total liabilities and shareholders'equity	**386.6**	**412.0**	**– 25.4**

(1) Including securities purchased under resale agreements.
(2) Including negotiable debt instruments.
(3) Including undated subordinated capital notes.

As at December 31, 2002, the parent company's total assets and liabilities amounted to EUR 386.6 billion, down 6.2% on December 31, 2001. The development of its activities was reflected in the key balance sheet figures.

- The increase in customer loans (+7.5%), which totalled EUR 121.5 billion at December 31, 2002, was essentially driven by the growth in mortgage loans (EUR +2.4 billion), capital goods financing (EUR +1.9 billion) and loans to financial institutions (EUR +1.9 billion). A notable rise of 12.3% was seen in outstanding loans to individual customers, fuelled primarily by the housing loan segment.
- The securities portfolio, excluding securities purchased under resale agreements, stood at EUR 116.2 billion at December 31, 2002, down 3.8% on year-end 2001. This fall was notably due to the combined effect of the decline in the long-term investment portfolio (EUR -8.1 billion, including a negative exchange rate effect of EUR –3.1 billion) and the increase in investments in non-consolidated subsidiaries and affiliates (EUR +4.5 billion).
- Premiums on bought options fell against December 31, 2001 (EUR –27.9 billion) owing to a sharp reduction in issuance volumes. The same trend was seen in premiums on sold options.
- Customer deposits totaled EUR 117.6 billion at December 31, 2002, up 5.4% in relation to December 31, 2001 at EUR 6 billion. This growth principally resulted from the increase in corporate term deposits (EUR +6.3 billion).

Parent company financial statements

Summary income statement of Société Générale

(in millions of euros at December 31)	2002						2001		
	France	02/01 (%)	Abroad	02/01 (%)	Société Générale	02/01 (%)	France	Abroad	Société Générale
Net banking income	**6.451**	**1.2**	**1.453**	**– 19.1**	**7.904**	**– 3.3**	**6.375**	**1.796**	**8.171**
Operating expenses	(4.530)	5.6	(915)	– 17.0	(5.445)	1.0	(4.288)	(1.103)	(5.391)
Gross operating income	**1.921**	**– 8.0**	**538**	**– 22.4**	**2.459**	**– 11.5**	**2.087**	**693**	**2.780**
Cost of risk	(485)	74.5	(303)	– 0.7	(788)	35.2	(278)	(305)	(583)
Operating income	**1.436**	**– 20.6**	**235**	**– 39.4**	**1.671**	**– 23.9**	**1.809**	**388**	**2.197**
Net income from long-term, investments	(347)	17.2	46	NM	(301)	3.1	(296)	4	(292)
Earnings before exceptional items and tax	**1.089**	**– 28.0**	**281**	**– 28.3**	**1.370**	**– 28.1**	**1.513**	**392**	**1.905**
Exceptional items	(9)	– 40.0	(2)	0.0	(11)	– 35.3	(15)	(2)	(17)
Income tax	333	NM	17	– 78.5	350	194.1	40	79	119
Net reversal from general reserve for banking risks	159.	NM	–	NM	159	NM	–	–	–
Net income	**1.572**	**2.2**	**296**	**– 36.9**	**1.868**	**– 6.9**	**1.538**	**469**	**2.007**

Parent company net income for the 2002 financial year stood at EUR 1,868 million, down 6.9% on 2001. The breakdown of results between Société Générale in France and abroad is given in the above table.

The principal changes in the income statement were as follows:

– Gross operating income came out at EUR 2,459 million, representing a drop of 11.5% in relation to the previous year:

- net banking income amounted to EUR 7,904 million, down 3.3% on 2001, and reflected mixed results. Retail Banking turned in excellent sales performances, marked by growth in the average volume of deposits (+4.4% on the individual customer segment) and loans (notably with an 11% increase in mortgage loans), as well as a rise of 4.4% in fee income from banking services. Revenues generated by the Equity & Advisory business were affected in 2002 by a difficult economic environment and extremely bearish equity markets, while the Fixed Income activities held up well over the period.
- operating expenses totaled EUR 5,445 million, up 1% in relation to 2001.

– The net allocation to provisions stood at EUR 788 million in 2002, compared with EUR 583 million in 2001. This significant rise reflected the deterioration in the economic environment, both in France and abroad. The 2002 financial year was marked by an increase in American risk, notably in the media/telecom and energy sectors.

– Net income from long-term investments came out at EUR –301 million in 2002. It included the additional depreciation expense booked on the equity investment in SG Americas in the amount of EUR 244 million.

As a reminder, the same item in 2001 notably included the depreciation expense recorded on the equity investments in SG Americas, Fimatex and SG Argentina, which was partially offset by the capital gain realized on the sale of treasury stock to SG Asset Management (EUR +204 million).

– Exceptional items amounted to EUR –11 million in 2002 and principally comprised:

- additional costs related to the introduction of the European single currency (EUR –9 million),
- an adjustment to the contribution paid into the Compensation Fund and the Memorial Foundation for Victims of the Holocaust (EUR –2 million).

– Income tax in 2002 represented a tax gain of EUR 350 million (compared with a gain of EUR 119 million in 2001).

– A reversal in the amount of EUR 159 million was made from the General reserve for banking risks to cover the various costs and provisions related to a fraud that concerned the former private client brokerage division of Cowen, a subsidiary of SG Americas. This activity, which was acquired with Cowen & Company in 1998, was sold in 2000.

Balance sheet

Assets

(in millions of euros)	2002	2001	2000
Cash, due from central banks and post office accounts	1,546	3,191	1,387
Due from banks	70,842	73,985	64,178
Customer loans	143,787	125,606	114,491
Lease financing and similar agreements	110	130	133
Treasury notes and similar securities	22,592	28,939	21,678
Bonds and other debt securities	48,173	49,803	45,824
Shares and other equity securities	23,968	24,927	31,709
Affiliates and other long-term securities	875	728	401
Investments in subsidiaries	19,821	15,371	12,282
Tangible and intangible fixed assets	1,258	1,286	989
Treasury stock	783	1,005	1,071
Accruals, other accounts receivable and other assets	52,836	86,998	73,026
Total	**386,591**	**411,969**	**367,169**

Liabilities and shareholders' equity

(in millions of euros)	2002	2001	2000
Due to central banks and post office accounts	698	1,241	2,884
Due to banks	93,612	81,987	85,608
Customer deposits	149,236	140,262	114,556
Securitized debt payables	41,299	59,171	48,161
Accruals, other accounts payable and other liabilities	74,355	103,220	92,181
Provisions for general risks and commitments	1,285	1,471	1,730
Subordinated debt and notes	11,575	10,792	9,840
General reserve for banking risks	207	366	366
Shareholders' equity			
Common stock	538	539	529
Additional paid-in capital	5,388	5,518	5,068
Retained earnings	6,530	5,395	3,980
Net income	1,868	2,007	2,266
Sub-total	**14,324**	**13,459**	**11,843**
Total	**386,591**	**411,969**	**367,169**

Off-balance sheet items

(in millions of euros)	2002	2001	2000
Commitments received			
Loan commitments from banks	1,496	1,937	2,274
Guarantee commitments from banks	29,419	29,598	26,451
Commitments on securities	2,717	4,402	3,041
Foreign exchange transactions	313,651	315,471	254,093
Commitments granted			
Loan commitments	76,872	83,054	81,695
Guarantee commitments	78,622	63,530	57,396
Commitments on securities	3,594	3,345	2,488
Foreign exchange transactions	311,134	314,103	253,560
Forward financial instrument commitments	5,291,600	5,796,794	5,200,091

Parent company financial statements

Income statement

(in millions of euros at December 31)	2002	2001	2000
Net interest income from:			
Transactions with banks	(448)	(902)	(1,728)
Transactions with customers	2,216	1,649	2,548
Bonds and other debt securities	551	508	476
Other interest and similar revenues	21	590	393
Net income from lease financing and similar agreements	8	9	15
Sub-total	**2,348**	**1,854**	**1,704**
Dividend income	1,292	1,153	1,091
Net interest and similar income	**3,640**	**3,007**	**2,795**
Net fee income	**2,029**	**2,073**	**1,974**
Net income from financial transactions	**2,112**	**2,985**	**3,077**
Other net operating income	**123**	**106**	**94**
Net banking income	**7,904**	**8,171**	**7,940**
Personnel expenses	(3,305)	(3,222)	(3,318)
Other operating expenses	(1,834)	(1,912)	(1,799)
Depreciation and amortization	(306)	(257)	(221)
Total operating expenses	**(5,445)**	**(5,391)**	**(5,338)**
Gross operating income	**2,459**	**2,780**	**2,602**
Cost of risk	(788)	(583)	(210)
Operating income	**1,671**	**2,197**	**2,392**
Net income from long-term investments	(301)	(292)	182
Earnings before exceptional items and tax	**1,370**	**1,905**	**2,574**
Exceptional items	(11)	(17)	(55)
Income tax	350	119,	(253)
Net reversal from General Reserve for Banking Risks	159		
Net income	**1,868**	**2,007**	**2,266**

Changes in shareholders' equity

(in millions of euros)	Common stock	Additional paid-in-capital	Retained earnings	Shareholders' equity	General reserve for banking risks	Total equity
At December 31, 2000	**529**	**5,068**	**6,246**	**11,843**	**366**	**12,209**
Increase in common stock	10	450	–	460	–	460
Net income for the period	–	–	2,007	2,007	–	2,007
Dividends paid (1)	–	–	(847)	(847)	–	(847)
Revaluation reserves	–	–	(4)	(4)	–	(4)
At December 31, 2001	**539**	**5,518**	**7,402**	**13,459**	**366**	**13,825**
Increase in common stock	(1)	(130)		(131)		(131)
Net income for the period	–		1,868	1,868		1,868
Dividends paid (2)	–		(872)	(872)		(872)
Others movements (3)	–			–	(159)	(159)
At December 31, 2002	**538**	**5,388**	**8,398**	**14,324**	**207**	**14,531**

(1) After elimination of treasury stock dividend: EUR 42.2 million.
(2) After elimination of treasury stock dividend: EUR 19.8 million.
(3) A reversal in the amount of EUR 159 million was made from General Reserve for Banking Risks to cover charges and allowances linked to fraud affecting Cowen's former private client brokerage division.

Five-year financial summary

	2002	2001	2000	1999 *	1998 *
Financial position at year-end					
Capital stock (in millions of euros) (1)	538	539	529	522	467
Number of outstanding shares (2)	430,170,265	431,538,522	423,248,418	104,330,621	102,183,148
Result of operations (in millions of euros)					
Gross banking and other income (3)	21,261	23,251	23,874	20,875	22,373
Earnings before income tax, depreciation, amortization, provisions, employee profit sharing and general reserve for banking risks	3,298	3,210	2,485	2,106	2,118
Employee profit sharing	(1)	1	52	5	2
Income tax	(350)	(119)	253	68	(432)
Net income	1,868	2,007	2,266	1,645	455
Total dividend paid	903	891**	889	647	383
Earnings per share (in millions of euros)					
Earnings after tax but before depreciation, amortization and provisions	8,48	7,71	5,15***	19,54	24,96
Earnings after tax, depreciation, amortization and provisions	4,34	4,65	5,35***	15,77	4,45
Dividend paid per share	2,10	2,10	2,10***	6,20	3,75
Personnel					
Number of employees	39,713	38,989	37,323	36,220	36,769
Total salaries (in millions of euros)	2,270	2,266	2,289	1,925	1,673
Employee benefits (Social security and other) (in millions of euros)	970	931	928	833	742

* After impact of the SG Paribas project.
** After impact of the cancellation of 7,200,000 shares decided by the Board of Directors at its meeting of February 20, 2002.
*** Following the four-for-one stock split, the number of shares increased fourfold.

(1) In 2002, Société Générale carried out a capital reduction of EUR 9.0 million through the cancellation of 7,200,000 shares, combined with a reduction in additional paid-in capital of EUR 398.0 million.
Over the period, Société Générale also increased its common stock by EUR 7.3 million, with EUR 268.2 million of additional paid-in capital, as follows:
– EUR 6.1 million, with EUR 252.7 million of additional paid-in capital, was the result of employees subscribing for shares under the Employee Share Ownership Plan;
– EUR 1.2 million, with EUR 15.5 million of additional paid-up capital, resulted from employees exercising stock options vested by the Board of Directors.
(2) At December 31, 2002, Société Générale's common stock comprised 430,170,265 shares with a nominal value of EUR 1.25 per share.
(3) Gross banking income and other income is made up of interest income, dividend income, fee income, income from financial transactions and other operating income.

List of subsidiaries and affiliates

(in thousands of euros or local currencies) Company/Head Office		Registered capital (local currency)	Shareholders' equity other than capital (local currency)	Share of capital held (%)	Book value of shares held Gross (in EUR)	Net (in EUR)
I - Information of investment whose book value is in excess of 1% of Société Générale's capital						
A) Subsidiaries (more than 50 % owned by Société Générale)						
Généval 29, boulevard,Haussmann, 75009 Paris	EUR	538,630	1,515,170	100.00	1,910,368	1,910,368
Généfinance 29, boulevard,Haussmann, 75009 Paris	EUR	1,600,000	231,756	100.00	1,736,024	1,736,024
SG Asset Management 17, cours Valmy, 92800 Puteaux	EUR	292,800	1,249,318	100.00	1,539,478	1,539,478
Généfitec 29, boulevard Haussmann, 75009 Paris	EUR	745,845	45,840	100.00	1,203,563	1,203,563
SG Americas Inc. 1221 avenue of the Americas - New York, 10020 - USA	USD	–	1,602,691	100.00	1,505,957	886,949
Généfimmo 29, boulevard Haussmann, 75009 Paris	EUR	392,340	(5,034)	100.00	651,732	611,793
SG Hambros Ltd. Exchange House - Primrose St. - London EC2A 2HT Great Britain	GBP	282,185	15,398	100.00	434,733	434,733
SG Ariki Inc. Corporation Trust Center, 1209 Orange Street, Wilmington New Castel - Delaware - USA	USD	337,345	–	100.00	320,545	320,545
Soginfo 29, boulevard Haussmann, 75009 Paris	EUR	232,303	34,071	100.00	265,797	265,797
Valminvest 29, boulevard Haussmann, 75009 Paris	EUR	248,877	(32,445)	100.00	249,426	249,426
Fiditalia SPA Via G. Ciardi, 9 - 20148 - Milan - Italy	EUR	63,278	108,779	100.00	224,318	224,318
Nofirec 17, cours Valmy, 92800 Puteaux	EUR	202,929	20,443	100.00	223,227	223,227
SG Securities North Pacific Ark Mori Building - 13-32 Akasaka 1 - Chome, Minato+Ku 107-6015 Tokyo - Japan	JPY	14,203,000	161,000	100.00	215,445	215,445
Centre d'Affaires Paris-Trocadéro 29, boulevard Haussmann, 75009 Paris	EUR	169,061	3,209	100.00	196,109	196,109
Génégis I 29, boulevard Haussmann, 75009 Paris	EUR	192,900	3,932	100.00	196,055	196,055
Société Générale Canada Montréal Québec H3B 3A7 - Canada	CAD	250,772	5,645	100.00	172,403	172,403
Crédit Immobilier Général 18, avenue d'Alsace, 92978 Paris-La Défense Cedex	EUR	109,424	4,557	100.00	124,292	214,292
Société Immobilière 29 Haussmann 29, boulevard Haussmann, 75009 Paris	EUR	114,413	951	100.00	114,375	114,375
Fimat Banque SA 50, boulevard Haussmann, 75009 Paris	EUR	98,553	10,528	100.00	103,752	103,752
SG Securities Asia Intl Holding Ltd. 80, Robinson road, 21-00 - 0688898 Singapore	USD	96,990	(15,678)	100.00	95,356	95,356
Société Générale Finance (Ireland) Ltd. 31/32 Morisson Chambers, Nassau street, Dublin 2 - Ireland	EUR	77,454	9,382	100.00	81,960	81,960
Compagnie Foncière de la Méditerranée 29, boulevard Haussmann, 75009 Paris	EUR	76,627	2,216	100.00	155,837	80,739
Orpavimob SA 29, boulevard Haussmann, 75009 Paris	EUR	65,288	9	100.00	65,288	65,288
SG Asia Ltd. 42/F Edinburgh Tower - 15 Queen's Road Central, Hong Kong	HKD	400,000	161,508	100.00	48,910	48,910
Banco Sogeral Rua Verbo Divino 1207, Chãcara Santo Antonio, São Paulo CEP 04719-002, Brazil	BRL	83,000	(16,276)	100.00	48,228	37,803

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue of the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation difference
–	–	175,813	(227,369)	318,465	
–	92,188	311,815	194,063	219,000	
–	–	642,650	189,779	142,970	
–	–	218,307	162,620	92,530	
465,857	–	1,809,457[1]	24,357	–	capital = USD 1 EUR 1 = USD 1.0487
100,627	623	41,695	35,756	–	
–	–	73,999	16,400	15,911	EUR 1 = GBP 0.6505
–	–	23,672	2,142	–	EUR 1 = USD 1.0487
–	1,000	26,338	8,351	5,517	
–	–	5,088	(957)	–	
–	–	288,838	8,818	–	
–	–	253	11,428	7,170	of which 2002 advance of 7,035
80,392	1,564,587	4,325,000	2,040,000	–	EUR 1 = JPY 124.39
–	–	17,206	5,637	8,312	
–	–	162,117	(435)	1,286	
	–	1,471,972	37,154	–	year-end October 31, 2002 EUR 1 = CAD 1.655
–	37,711	62,851	16,160	–	
–	–	6,216	2,227	2,401	
44,210	130	20,553	18,751	25,266	
–	–	38,066	31,769	–	1 EUR = USD 1.0487
–	–	11,227	5,982	8,400	
–	–	7,046	2,129	2,243	
–	–	2,764	2,249	–	
–	–	167,612	64,145	–	capital converted into USD in January 2001 EUR 1 = HKD 8.1781
–	–	931,708	(6,909)	–	EUR 1 = BRL 3.7124

Company/Head Office *(in thousands of euros or local currencies)*		Registered capital (local currency)	Shareholders' equity other than capital (local currency)	Share of capital held (%)	Book value of shares held Gross (in EUR)	Book value of shares held Net (in EUR)
Eléaparts 29, boulevard Haussmann, 75009 Paris	EUR	42,040	(5,665)	100.00	48,070	37,547
SG Wertpapierhandelsgesellschaft mbH Mainze Landstrasse 36 - D60325 Frankfurt am Main - Germany	EUR	55	(77,934)	100.00	31,586	31,586
Patriges Gracechurch 29, boulevard Haussmann, 75009 Paris	EUR	27,479	2,761	100.00	27 479	27,479
Pt Bank SG Indonesia Nugra Santana building, 6th floor, J1 Jenderal Sudirman Kav. 7-8, Jakarta 10220 - Indonesia	IDR	114,500,000	(8,027,120)	100.00	26,857	26,857
Société Générale Australia Holding Ltd. 350, George Street - Sydney NSW 3000 - Australia	AUD	21,500	195,654	100.00	22,789	22,789
Werbrow Holdings 1 Earlsfort Centre, Hatch Street - Dublin 2 - Ireland	EUR	20,659	552	100.00	20,658	20,658
Géninfo Les Miroirs, Bt. C, 18, avenue d'Alsace, 92400 Courbevoie	EUR	18,524	29,370	100.00	20 477	20,477
Nabab 10, rue Treilhard, 75008 Paris	EUR	30,000	(7,067)	100.00	15 900	15,900
Inora Life Ltd. (ex-Lyxor Life Ltd.) 6, Exchange Place, International Financial Services Center, Dublin 1 - Ireland	EUR	15,000	(1,523)	100.00	15,000	15,000
SG Energie 17, cours Valmy, 92800 Puteaux	EUR	13,000	4,344	100.00	14,785	14,785
Sogé Colline Sud 29, boulevard Haussmann, 75009 Paris	EUR	14,250	27	100.00	14,483	14,483
SG Asia (Singapore) Ltd. 80, Robinson Road # 24-00 - 068898 Singapore	SGD	23,136	20,780	100.00	12,483	12,483
Réalia Tour Bastion, place du Champs-de-Mars 5, 1050 Brussels Belgium	EUR	16,578	(3,279)	100.00	17,221	13,515
Intersogé Talstrasse 66, BP 671, CH-8039 Zurich - Switzerland	CHF	11,320	17,905	100.00	10,111	10,111
Société Générale Bank Nederland N.V. Museumplein 17 1071 DJ Amsterdam - Netherlands	EUR	7,714	2 815	100.00	8 042	8 042
Soge Périval IV 29, boulevard Haussmann, 75009 Paris	EUR	6,405	425	100.00	6,704	6,704
Société de la rue Edouard-VII 29, boulevard Haussmann, 75009 Paris	EUR	11,396	714	99.86	59,605	12,327
SG Financial Inc. Corporation Trust Center, 1209 Orange Street, Wilmington New Castel - Delaware - USA	USD	2,030,000	–	99.70	1,930,009	1,930,009
Sogéfontenay 17, cours Valmy, 92800 Puteaux	EUR	4,200	321	99.00	9,055	9,055
Société Générale Investments (UK) Ltd. SG House, 41 Tower Hill, EC3N 4SG London - Great Britain	GBP	157,883	5,020	98.96	239,646	239,646
SG Expressbank 36, rue Dragan Tsankov, 1040 Sofia - Bulgaria	BGN	28,530	43,884	97.95	34,256	34,256
SKB Banka Adjovscina,4 - 1513 Ljubljana - Slovenia	SIT	12,649,200	23,172,920	96.17	218,034	218,034
Soge Périval I 29, boulevard Haussmann, 75009 Paris	EUR	7,701	470	94.98	7,313	7,313
Soge Périval III 29, boulevard Haussmann, 75009 Paris	EUR	7,473	523	94.83	7,095	7,095
Soge Périval II 29, boulevard Haussmann, 75009 Paris	EUR	7,816	474	94.75	7,402	7,402
SG Vostok 5, Nikitsky Pereulok, 103009 Moscou - Russia	RUB	222,350	281,693	90.00	13,470	13,470
Banque de Polynésie Bd Pomare, BP 530, Papeete, Tahiti - French Polynesia	XPF	1,380,000	3,515,542	80.00	12,560	12,560
Crédit du Nord 28, place Rihour, 59800 Lille	EUR	740,263	178,067	79.97	584,255	584,255

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue of the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation difference
–	–	1,884	(3,731)	–	
–	–	106,198	20,166	–	
–	–	–	1,134	37,618	
–	–	28,848,107	(6,809,786)	1,953	EUR 1 = IDR 9.386
–	808,202	668,489	(17,248)	–	EUR 1 = AUD 1.8556
–	–	1,779	1,766	1,710	
–	–	1,223	(17,072)	1,297	
–	4 ,584	1,476	(5,863)	–	
–	–	90,848	(1,730)	–	
	–	903,950	(4,799)	–	
–	–	2,298	419	–	
–	–	26,371	1,835	–	capital partially converted into USD in December 2000 EUR 1 = SGD 1.8199
–	–	–	192	–	
–	–	514	(13)	–	difference = 2.311 EUR 1 = CHF 1.4524
–	–	171,661	2,253	–	
4,269	–	1,603	244	–	
–	–	483	289	245	difference = 16.509
–	–	19,164	5,384	–	Created in December 2002
11,434	–	1,791	98	–	
–	643,669	6,629	(8,484)	–	EUR 1 = GBP 0.6505
–	–	55,200	15,086	2,307	EUR 1 = BGN 1.9546
162,889	5	1,219,700	4,524,527	–	EUR 1 = SIT 230.158
–	–	1,721	245	–	
5,865	–	1,729	283	–	
5,869	–	1,751	287	–	
–	17,087	442,962	26,090	–	EUR 1 = RUB 33.5112
–	49,983	8,487,504	1,822,924	5,529	difference = 45 EUR 1 = XFP 119.33174
–	–	1,435,604	173,139	74,021	

(in thousands of euros or local currencies) Company/Head Office		Registered capital (local currency)	Shareholders' equity other than capital (local currency)	Share of capital held (%)	Book value of shares held Gross (in EUR)	Net (in EUR)
BFV - SG 14, Lalana Jeneraly Rabehevitra, BP 196, Antananarivo 101 - Madagascar	MGF	70,000,000	9,194,980	70.00	7,614	7,614
Sogessur 2, rue Jacques-Daguerre, 92565 Rueil-Malmaison	EUR	25,500	(2,375)	65.00	60,885	9,481
Komercni Banka Centrala Na Prokope 33 - Postovni Prihradka 839 - 114 07 Prague 1 Czech Republic	CZK	19,004,926	3,638,746	60.35	1 193 851	1,193,851
Makatéa Inc. 1221, Avenue of the Americas, New York, NY 10020 - USA	USD	1,502,000	(23,735)	60.00	953 562	953,562
Sogéparts 29, boulevard Haussmann, 75009 Paris	EUR	17,600	4,603	60.00	11,253	11,253
Société Générale de Banques au Cameroun Rue Joss - Douala - Cameroon	XAF	6,250,000	17,328,596	58.08	16,940	16,940
Société Générale de Banques au Sénégal 19, avenue Léopold Sédar Senghor, Dakar - Senegal	XAF	4,527,600	16,871,723	57.73	5,855	5,855
Généfim 29, boulevard Haussmann, 75009 Paris	EUR	72,779	117,993	57.62	89,846	89,846
Société Générale de Banques en Côte-d'Ivoire 5 & 7, avenue J. Anoma, 01 BP 1355, Abidjan 01 - Côte-d'Ivoire	XAF	15,333,335	30,911,249	56.63	20,820	20,820
Fimatex 11, rue de Prony, 75848 Paris Cedex 17	EUR	27,307	126,541	56.04	247,211	130,075
National Société Générale Bank 5, rue Champollion - Cairo - Egypt	EGP	400,000	175,817	54.33	14,997	14,997
Union Internationale de Banques 65, avenue Habib Bourguiba, 1000A Tunis - Tunisia	TND	70,000	51,100	52.00	75,516	75,516
Société Générale Marocaine de Banques 55, boulevard Abdelmoumen, Casablanca - Morocco	MAD	1,170,000	855,533	51.91	71,866	71,866
Méhétia Inc. 1105, North Market Street Wilmington De 19 890, Delaware - USA	USD	2,559,917	(40,571)	51.00	1,430,497	1 430,497
Romanian Bank for Development A, Doamnei street, 70016 Bucarest 3, Romania	ROL	3,484,507,000	8 077 131,000	51.00	170,226	170,226
Socgen Real Estate Company 1221, Avenue of the Americas, New York, NY 10020 - USA	USD	800,000	794,359	50.31	810,022	810,022
B) Affiliates (10 to 50% owned by Société Générale)						
Société Générale Calédonienne de Banque 56, rue de la Victoire, Nouméa, New Caledonia	XPF	1,068,375	5,935,220	30.50	18,220	18,220
SG Asset Management Group Ltd. 1st floor - Ludgate Hill London - EC4M 7 RE London Great Britain	GBP	21,250	(27,858)	30.00	34,752	34,752
Banca SAI Corso Galilei,12 - 10126 Turin - Italy	EUR	36,890	–	30.00	11,067	11,067
United Arab Bank Po Box 3562 Abu Dhabi - United Arab Emirates	AED	275,091	115,919	20.00	10,432	10,432
Sophia 68, avenue des Champs-Elysées, 75008 Paris	EUR	362,346	530,486	16.46	184,806	184,806
Crédit Logement 50, boulevard Sébastopol, 75003 Paris	EUR	843,995	53,174	13.50	115,680	115,680
Bank Muscat (S.A.O.G.) Po Box 134, Ruwi, Poste Code 112 - Oman	OMR	49,037	54,303	11.15	23,702	23,702

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue of the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation difference
–	19,884	110,026,599	18,850,345	1,954	EUR 1 = MGF 6.391.16
–	239	19,943	(11,121)	–	
–	149,698	35,389,595	4,742,123	7,950	EUR 1 = CZK 31.577
–	–	40,533	26,341	23,213	EUR 1 = USD 1.0487
–	–	9,349	1,451	931	
–	–	32,941,396	3,811,316	2,258	difference = 1.675 EUR = XAF 655.957
–	–	36,166,904	6,041,695	2,868	difference = 1.447 EUR 1 = XAF 655.957
–	7,113	10,027	24,352	16,303	
–	–	55,414,000	1,705,240	3,467	difference = 5.166 EUR 1 = XAF 655.957
–	–	53,500	(3,223)	–	
–	25,351	748,750	154,105	3,826	EUR 1 = EGP 4.845
–	–	119,899	5,100	–	EUR 1 = TND 1.4021
–	–	2,500,647	397,544	9,156	difference = 1.142 EUR 1 = MAD 10.6747
–	–	69,324	45,036	39,679	EUR 1 = USD 1.0487
–	–	11,286,519,000	1,048,395,000	18,827	EUR 1 = ROL 35.135
–	–	83,694	36,781	–	EUR 1 = USD 1.0487
–	43,494	8,156,672	1,838,916	3,642	EUR 1 = XPF 119.33174
–	–	29,694	(34,377)	–	EUR 1 = GBP 0.6505
–	–	NC	–	–	
–	–	158,116	73,617	3,922	difference = 81 EUR 1 = AED 3.8518
–	–	322,616	96,218	9,061	
450,046	229,222	143,960	44,450	5,735	
–	133	121,427	22,855	1,545	EUR 1 = OMR 0.38245

List of subsidiaries and affiliates

(in thousands of euros)	Book value of shares		Unreimbursed loans and advance made by the Company	Guarantees given by the Company	Dividends received by the Company during the year	Remarks/ revaluation difference
	Gross	Net				
II - Information concerning other subsidiaries and affiliates						
A) Subsidiaries not included in 1						
1) French subsidiaries	40,214	26,273	5,691,396	228,833	60,273	Revaluation difference: 2,158
2) Foreign subsidiaries	238,868	59,913	6,200	104,760	5,130	Revaluation difference: 267
B) Affiliates not included in 1						
1) French companies	21,005	5,753	135	114	178	Revaluation difference: 0
2) Foreign companies	71,205	11,484	60,466	257	602	Revaluation difference: 0

Report of the statutory auditors on the annual accounts

(Free translation of the French original)

Year ended December 31, 2002

To the shareholders of Société Générale,

In our capacity as statutory auditors, we present below our report on:

• the accompanying annual accounts of Société Générale, presented in euros, in accordance with French accounting principles and

• the specific procedures and disclosures prescribed by law, for the year ended December 31, 2002

These annual accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these annual accounts based on our audit.

1. Opinion on the annual accounts

We conducted our audit in accordance with French professional standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall annual account presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual accounts present fairly, in all material respects, the financial position of the Company at December 31, 2002 and the results of its operations for the year then ended, in accordance with French accounting principles.

2. Specific procedures and disclosures prescribed by law

We have also carried out, in accordance with French professional standards, the specific procedures prescribed by French law.

We have nothing to report with respect to the fairness of information contained in the Board of Directors' report and its consistency with the annual accounts and other information presented to shareholders concerning the financial position and annual accounts.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names and voting rights of the principal shareholders has been properly disclosed in the Board of Directors' report.

Neuilly-sur-Seine and Paris, March 5, 2003

The Statutory Auditors

BARBIER FRINAULT & AUTRES

Philippe Peuch-Lestrade

Isabelle Santenac

ERNST & YOUNG AUDIT

Christian Mouillon

INFORMATION ON COMMON STOCK

Three-year breakdown of capital and voting rights (1)

	At December 31,		At December 31,		At December 31,	
	% of capital	% of voting rights	% of capital	% of voting rights	% of capital	% of voting rights
Employees and former employees via the E-Fund (39,344 people)	7.65%	12.87%	7.35%	12.30%	7. 35%	12.45%
Aviva	4.14%	4.51%	6.69%	8.20%	6.75%	7.73%
Groupama / GAN	3.08%	2.82%	(3)	(3)	(3)	(3)
Meiji Life	2.97%	5.28%	3.19%	5.63%	3.25%	5.76%
CDC (2)	1.88%	2.94%	2.52%	3.39%	2.52%	3.43%
PSA	1.66%	3.00%	2.10%	3.47%	2.14%	3.55%
Dexia	1.40%	1.28%	1.32%	1.17%	NA	NA
Pernod Ricard	0.69%	1.26%	1.16%	2.06%	1.19%	2.10%
AGF	(3)	(3)	2.50%	3.94%	2.77%	4.39%
SCH	(3)	(3)	1.50%	1.33%	5.93%	5.25%
Free float	70.98%	66.04%	65.46%	58.51%	61.22%	55.34%
Treasury stock	3.46%	0.00%	4.12%	0.00%	4.76%	0.00%
Buybacks	2.09%	0.00%	2.08%	0.00%	2.12%	0.00%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Number of outstanding shares	**430.170.265**	**469.480.478**	**431.538.522**	**488.787.663**	**423.248.418**	**477.614.214**

To the best of Société Générale's knowledge, no other shareholders hold more than 1% of the capital or voting rights, excluding undertakings for collective investment in transferable securities (UCITS).
(1) Including double voting rights (Article 14 of the Company's by-laws).
(2) CDC (general section only), excluding CDC IXIS Capital Markets and lent securities.
(3) Shareholders holding less than 1% of the capital or voting rights, at the closing date.

At June 30, 2002, on the basis of a study of identifiable bearer securities, the Société Générale Group had over 300,000 individual shareholders (representing 6.9% of the capital, excluding the employee share ownership plan and shares held directly by employees).

Amount of common stock

At December 31, 2002, Société Générale's common stock amounted to EUR 537,712,831.25 and was divided into 430,170,265 shares with a nominal value of EUR1.25 per share, all eligible for dividends paid out of income earned from Janury 1, 2003.

If all vested stock options were to be exercised, 5,924,235 shares would be issued, representing a maximum potential dilution of 1.38%. The Group's common stock would then amount to EUR 545,118,125, divided into 436,094,500 shares.

As part of the Group's capital market activities, transactions involving indices or underlyings with a Société Générale share component may be carried out. These transactions do not have an impact on the Group's future capital.

Changes in common stock

Description of operation	Date of record or completion	Change in number of shares	Total number of shares after operation	Common stock	Change in common stock resulting from operation (%)
			(in Francs) (nominal value: FRF 30)		
Exercise of stock options (1st half 1998)	Apr.10, 1998	44,570	98,736,639	2,962,099,170	0.05
Conversion of convertible bonds (1st half 1998)	Apr.10, 1998	1,489,932	100,226,571	3,006,797,130	1.51
Increase through Company Savings Scheme – 1998	Jul.10, 1998	1,855,360	102,081,931	3,062,457,930	1.85
Exercise of stock options (1st half 1998	Jul.10, 1998	24,372	102,106,303	3,063,189,090	0.02
Exercise of stock options (2nd half 1998)	Jan.27, 1999	76,845	102,183,148	3,065,494,440	0.08
			(in EUR) (nominal value: EUR 5)		
Conversion of capital into euros:	Jan.27, 1999		102,183,148	510,915,740	
Incorporation de reserves:					
Increase through Company Savings Scheme - 1999	Jun. 4, 1999	1,697,190	103,880,338	519,401,650	1.66
Exercise of stock options (1st half 1999)	Jul.29, 1999	79,368	103,959,706	519,798,530	0.08
Exercise of stock options (2nd half 1999)	Aug.6, 1999	16,425	103,976,131	519,880,655	0.02
	Jan.24, 2000	354,490	104,330,621	521,653,105	0.3
Exercise of stock options (1st half 2000 until May 10, 2000)	May 10, 2000	33,590	104,364,211	521,821,055	0.03
			(in EUR) (nominal value: EUR 1.25)		
Four-for-one stock split	May 17, 2000		417,456,844	521,821,055	0.03
Exercise of stock options (1st half 2000 until June 30, 2000)	Jul.20, 2000	152,860	417,609,704	522,012,130	0.04
Increase through Company Savings Scheme - 2000	Aug.2, 2000	5,389,594	422,999,298	528,749,122.50	1.29
Exercise of stock options (2nd half 2000)	Jan.16, 2001	249,120	423,248,418	529,060,522.50	0.06
Increase through contribution of assets by Sogénal	May 4, 2001	2,685,156	425,933,574	532,416,967.50	0.63
Increase through Company Savings Scheme - 2001	May 16, 2001	4,747,048	430,680,622	538,350,777.50	1.11
Exercise of stock options (1st half 2001)	Jul.16, 2001	286,060	430,966,682	538,708,352.50	0.07,
Exercise of stock options (2nd half 2001)	Jan.11 2002	571,840	431,538,522	539,423,152.50	0.13
Cancellation of shares	Feb.20, 2002	7,200,000	424,338,522	530,423,152.50	1.67
Exercise of stock options (1st half 2002)	Aug.1, 2002	566,080	429,791,220	537,239,025.25	1.28
Increase through Company Savings Scheme – 2002		4,886,618			
Exercise of stock options (2nd half 2002)	Jan.28, 2003	379,045	430,170,265	537,712,831.25	0.09

Under the authorization granted to it by the Extraordinary General Meetings of May 13, 1997, the Board of Directors, during its meetings of June 25, 1997, June 24, 1998, and January 12, 2001 granted stock options to certain employees and officers. Moreover, following a recommendation by the Compensation Committee, the Board of Directors granted additional stock options on September 8, 1999, August 2, 2000 and January 16, 2000.

At December 31, 2002, there were 5,924,235 options outstanding, which could result in the issuance of 5,924,235 new shares representing additional nominal common stock of EUR 7.4 million (see “Stock Options” on page 26 of “Review 2002”).

The Joint General Meeting of May 13, 1997 authorized the Board of Directors to carry out capital increases reserved for:

• those Société Générale employees, and former employees who are retired or on early retirement, who are members of the Company Savings Scheme;

• those employees, and former employees, who are retired or on early retirement, of Société Générale and of other Group companies, and who are members of the Company or Group Savings Schemes, for a maximum nominal amount of FRF 400 million. The purpose of this authorization is to enable qualifying employees to subscribe, through a mutual fund, to Société Générale shares at a price that may not be higher than the average opening price of the share on the twenty trading days preceding the date of the Board's decision setting the opening date for the subscription, nor lower than such average reduced by the maximum discount permitted by law on the day of the Board's decision.

An initial operation had been carried out under this authorization in 1998 for a nominal amount of FRF 55.7 million, pursuant to the decision taken by the Board of Directors on March 11, 1998, followed by a second operation in 1999, in the amount of EUR 8.5 million. A third operation was carried out in 2000, in the amount of EUR 6.7 million, followed by a fourth in 2001, in the amount of EUR 5.9 million and a fifth in 2002, in the amount of EUR 6.1 million.

Authorization to carry out stock market dealings in own shares

The Joint General Meeting of April 23, 2002 authorized the Company to buy or sell its own shares on the stock market with a view to canceling the shares, enabling the introduction of an employee incentive scheme or transactions reserved for employees, as well as allowing acquisitions of all types or the management of shareholders' equity to be carried out, under the conditions and limits set by article L225-209 and following of the French Commercial Code, and within the following limits:
– maximum purchase price: EUR 97;
– minimum selling price: EUR 39;
– maximum number of shares that may be purchased: 10% of total common stock.

The volume and average price of shares purchased and sold under this authorization during 2002 is indicated on page 9 of "Review 2002".

Duration of authorization

Eighteen months. The next Shareholders' Meeting will be asked to renew this authorization under the terms defined in the fourteenth resolution (see page 109).

Identification of holders of bearer shares (article 6 of the by-laws)

The Company may, at any time, in accordance with current laws and regulations, request the organization in charge of clearing transactions on its shares to provide it with any information regarding those shares and other securities which confer on their owners an immediate or deferred voting right at shareholders' meetings and the holders of such shares and securities.

Information on the portion of capital held by employees under the Company and Group Savings Schemes

In accordance with article L225-102 of the French Commercial Code, it is hereby declared that at December 31, 2002, employees of Société Générale and Crédit du Nord and its subsidiaries held a total of 33,600,205 of Société Générale's shares, representing 7.81% of common stock, through the mutual fund created under the Société Générale Company and Group Employee Savings Schemes.

Shareholder agreements

1. 1. On June 27, 1997, an agreement was reached between the Pernod Ricard Group and Société Générale. Under the terms of this agreement, Santa Lina (a company within the Pernod Ricard Group) grants Société Générale a pre-emptive right to the Société Générale shares it holds in the event that it opts to sell all or part of its holding. The French Financial Markets Council *(Conseil des marchés financiers)* was informed of this pre-emptive clause and published the same in its Decision No. 201C1375 dated November 19, 2001.

On December 18, 2002, Société Générale, Pernod Ricard and Santa Lina signed an amendment to the agreement concluded on June 27, 1997. This new agreement, which expires on December 31, 2006, limits the scope of the pre-emptive right granted to Société Générale by Santa Lina to those Société Générale shares held on the date of signing, namely 3,350,800 shares.

It also modifies the terms governing the exercise of this right. The French Financial Markets Council was informed of these new terms and published the same in Decision No. 202C1745 dated December 30, 2002.

2. On July 24, 2000, Société Générale signed an agreement with Santander Central Hispano concerning the management of the two parties' cross-holdings. Under the terms of this agreement, Société Générale and Santander Central Hispano each grant the other party a pre-emptive right to the shares held directly or via a subsidiary by each of the parties in the capital of the other, with this right not applying in the event of a public offer made by a third party for the shares of one or other of the parties.

The agreement was initially concluded for a period of three years from the date of signing and is subsequently renewable for two-year periods.

This pre-emptive clause was published by the French Financial Markets Council in Decision No. 201C1417 dated November 30, 2001. This agreement was still in place at December 31, 2002. However, at this date, Santander Central Hispano no longer held any shares in Société Générale.

Major changes in the investment portfolio in 2002

In 2002, the following transactions affected Société Générale's investment portfolio:

Outside France

Participation in the creation of
SG Financial Inc. – SG Ariki Inc.

Acquisition

Acquisition of equity in
MTS Spain – CLS Group Holding – Union Internationale de Banques – Centradia Group Ltd.

Increase of interest in
Euronext – SG de Banques au Cameroun – Komercni Banka – Société Générale de Banques au Burkina Faso – SKB Banka dd.

Subscription to capital increases
Bank Muscat – United Arab Bank (Pda) – Sogeko – SG Investment UK – Al Meezan Investment Bank – Makatea Inc. – Méhétia Inc. – Banco Société Générale Buenos Aires.

Disposal of total interest in
SG Securities Madrid – Sg Yugoslav Bank – Aviation Asset Finance Clickborsa – Imfor – CLS Service (following exchange for shares in CLS Group Holding) – Cedel – Windermere Consultants – Blue Value – Sogelease CR AS Tcéchoslovaquie.

Reduction of interest in
Super Twin Dragons – SG Hungaria Bank.

In France

Participation in the creation of
Epargne Service Entreprise (ESE).

Acquisition
Crédit Immobilier Général – Barfin – Nabab.

Acquisition of equity in
Séchilienne-Sidec.

Increase of interest in
Fimatex – Caisse de Refinancement Hypothécaire (CRH) – Fimat Banque – Sogéservice – SG Asset Management – Sogéfinancement – CreserfiS – Sofaris – Sogéperival 4.

Subscription to capital increases
CEPME – Sofaris – Crédit Logement – Orpavimob – BMS Exploitation – SFPMEI – Answork – Valminvest – Sas Carte Bleue – Sogessur.

Disposal of total interest in
Antibes Communication – Ise International – Sci Le Parvis – Port de Pauillac – Sofrapi – Strehmel – Sidec (following the takeover by Séchilienne-Sidec) – Téléfact – Cyber Comm – Investimage 3 – Investimage 4 – Cipcom – Rhodafin – Sci Les Marines du Port – Fimatex Société Générale – Sci Simon Bolivar – Printemps Réassurance – Soprimnor.

Reduction of interest in
Answork – Promopart – Sogega Pme – Alorfim.

In accordance with Article L.233.6 of the French Commercial Code, the following table summarizes the significant changes in Société Générale's investment portfolio in 2002.

Increase

Declaration threshold	Company	% of capital Dec. 31, 2002	% of capital previously
5%	Bank Muscat	11.15	6.83
	Al Meezan Investment Bank	6.80	–
10%	Sas Carte Bleue	13.63	–
20%	Centradia Group Ltd.	29.03	–
50%	Nabab	100.00	–
	Crédit Immobilier Général	100.00	–
	SG Ariki Inc.	100.00	–
	Épargne Service Entreprise (ESE)	100.00	–
	Barfin	99.88	–
	SG Financial Inc.	99.70	–
	Makatea Inc.	60.00	–
	SG de Banques au Cameroun	58.08	43.42
	Union Internationale de Banques	52.00	–
	Méhétia Inc.	51.00	–

Decrease

Declaration threshold	Company	% of capital Dec. 31, 2002	% of capital previously
5%	Printemps Réassurance	–	15.00
	Sci Simon Bolivar	–	10.00
	Sofrapi	–	10.00
	Sci Les Marines du Port	–	10.00
	Sci Le Parvis	–	10.00
	Cipcom	–	8.30
	Cyber Comm	–	7.78
	Soprimnor	–	6.00
10%	Strehmel	–	19.91
	Soparsico	9.27	10.96
33%	Fimatex Société Générale	–	50.00
50%	Sogega PME	0.12	99.76
	Promopart	0.04	99.76
	Aviation Asset Finance	–	100.00
	Click Borsa	–	100.00
	Blue Value	–	100.00
	SG Securities Madrid	–	100.00
	Sogelease CR AS Tchécoslovaquie	–	100.00
	Windermere Consultants	–	99.90
	SG Yougoslav Bank	–	95.00
	Imfor	–	90.00

Table of Directors' individual remuneration

(Received in 2002 from Société Générale (Art.L225-102-1 of the French Commercial Code)

(in euros)

Name of Directors	Fixed amount	Variable amount*	Attendance fees	Benefits in kind
Daniel BOUTON	1,000,008	1,250,000	28,470.(a)	Car
Philippe CITERNE	550,008	687,500	13,460.(a)	Car
Euan BAIRD			12,833.	
Gérard BAUDE			24,819.(b)	
Pierre BILGER			22,993.	
Jacques CALVET			47,812.	
Yves CANNAC			47,812.	
Robert A. DAY			6,524.(c)	
Guy DEJOUANY			15,010.	
Jean-Paul DELACOUR			9,534.	
Heirs of Pierre FAURRE			6,697.	
Daniel GOURICHON			24,819.(d)	
Kenjiro HATA			10,400.(e)	
Antoine JEANCOURT GALIGNANI			28,470.	
Philippe PRUVOST			24,819.(b)	
Patrick RICARD			22,993.	
Ernest-Antoine SEILLIÈRE			26,644.(f)	
Serge TCHURUK			19,343.	
Marc VIÉNOT			21,168.	
Anthony WYAND			33,121.(g)	

a) The attendance fees received by the Chairman and the Chief Executive Officer are deducted from the variable part of their remuneration and are not received in addition to the same.
b) Paid to Société Générale SNB trade union.
c) Remuneration paid in capacity of non-voting director.
d) Paid to Société Générale CFDT trade union.
e) Paid to Meiji Life Insurance Cy.
f) Paid to CGIP, now Wendel Investissement.
g) Paid to CGNU Plc, now AVIVA Plc.

* Variable amount relating to the 2002 financial year and paid in March 2003.

Daniel BOUTON	800,000
Philippe CITERNE	440,000

Fees paid to the statutory auditors – 2002 financial year

(in thousands of euros)

	Ernst & Young Audit		Barbier Frinault et Autres (1)		Deloitte Touche Tohmatsu (2)	
	Amount	%	Amount	%	Amount	%
Audit						
Statutory audit work, certification, examination of parent company and consolidated accounts	6,022		5,567		1,741	
Related assignments	1,227		1,248		192	
Sub-total	**7,249**	**95 %**	**68,15**	**93 %**	**1,933**	
Other services						
Legal, tax, social			222			
Information technology						
Internal audit	200					
Other	156		301			
Sub-total	**356**	**5 %**	**523**	**7 %**		
Total	**7,605**	**100 %**	**7,338**	**100 %**	**1,933**	

(1) Including the former Andersen offices taken over by the Ernst & Young network.
(2) Including the former Andersen offices taken over by the Deloitte Touche Tohmatsu network.

Activities of principal subsidiaries and affiliates

Amounts in millions of euros (Company accounts of subsidiaries prepared in accordance with local accounting standards before consolidation restatements)

Company name	Year end	% interest	Activities	Total assets	Shareholders' equity (1)
Groupe Crédit du Nord	Dec.31, 2001 Dec.31, 2002	80.0 80.0	Retail banking France	23,667. 0 23,660.6	1,105.2 1,188.0
Société Générale de Banques aux Antilles (SGBA)	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Retail banking outside France	281.3 299.0	10.0 10.0
Société Générale Calédonienne de Banques (SGCB)	Dec.31, 2001 Dec.31. 2002	100.0 100.0	Retail banking outside France	766.0 776.0	68.4 72.0
Banque de Polynésie (**BDP**)	Dec.31, 2001 Dec.31, 2002	80.0 80.0	Retail banking outside France	762.6 870.0	48.1 56.0
Banco SG SA - Argentina	Dec.31, 2001 Dec.31, 2002	99.3 99.5	Retail banking outside France	1,059.6 341.0	122.5 62.0
Société Générale de Banques en Côte-d'Ivoire (SGBCI)	Dec.31, 2001 Dec.31, 2002	56.6 56.6	Retail banking outside France	762.7 727.0	77.5 79.0
Société Générale de Banques au Sénégal (SGBS)	Dec.31, 2001 Dec.31, 2002	57.7 57.7	Retail banking outside France	429.3 490.0	29.0 44.0
National Société Générale Bank (NSGB) SAE Cairo - Egypt	Dec.31, 2001 Dec.31, 2002	54.3 54.3	Retail banking outside France	1,639.0 1,823.0	141.4 157.0
Société Générale de Banques au Liban (SGBL)	Dec.31, 2001 Dec.31, 2002	50.0 50.0	Retail banking outside France	2,496.0 2,200.0	135.0 111.0
Société Générale Marocaine de Banques (SGMB)	Dec.31, 2001 Dec.31, 2002	51.9 51.9	Retail banking outside France	2,228.0 2,324.0	220.0 227. 0
Union Internationale de Banque (UIB) - Tunisia	Dec.31, 2001 Dec.31. 2002	N/A 52.0	Retail banking outside France	N/A 1,247.0	N/A 90.0
Banque Roumaine pour le Développement (BRD)	Dec.31, 2001 Dec.31, 2002	51.0 51.0	Retail banking outside France	1,947.0 1,815.0	285.0 257. 0
Komercni Banka (KB) Czech Republic	Dec.31, 2001 Dec.31, 2002	60.0 60.4	Retail banking outside France	13,498.0 13,937. 4	595.0 1,073.9
SG Express Bank - Bulgaria	Dec.31, 2001 Dec.31, 2002	98.0 98.0	Retail banking outside France	298.0 308.0	39.0 44.0
SKB - Slovenia	Dec.31, 2001 Dec.31, 2002	97.8 97.8	Retail banking outside France	1,651.0 1,564.0	129.0 124.0
ALD Autoleasing GmbH	Dec.31. 2001 Dec.31, 2002	88.7 92.6	Specialized Finance	1,722.8 1,638.5	107.5 165.2
ALD Automotive (ex- TEMsys)	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Specialized Finance	671.8 1,179.2	20.2 62.0
Compagnie Générale de Location d'Équipements (CGI)	Dec.31, 2001 Dec.31, 2002	84.6 84.6	Specialized Finance	2,226.6 2,394.1	114.3 132.4
Eqdom - Tunisia	Dec.31, 2001 Dec.31. 2002	N/A 44.6	Specialized Finance	N/A 382.9	N/A 85.5
Fiditalia	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Specialized Finance	2,370.4 2,503.9	172.1 169.8
Franfinance	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Specialized Finance	3,202.6 3,200.7	248.4 250.9
GEFA Bank	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Specialized Finance	3,714.1 5,256.3	267. 5 516.1
Sogébail (Société Générale pour le développement des opérations de crédit-bail)	Dec.31, 2001 Dec.31, 2002	48.1 45.9	Specialized Finance	2,007. 5 1,780.5	257.6 227.8
Sogéfimur	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Specialized Finance	684.8 905.4	68.0 66.1
Sogelease France	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Specialized Finance	1,256.3 1,449.9	26.4 57. 7
Compagnie Générale d'Affacturage (CGA)	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Factoring	1,050.1 1,402.1	23.7 26.9

(1) Shareholders'equity including net income.
(2) For insurance companies.
(3) For stockholders, insurance and service companies to which this notion applies.

Customer deposits	Customer loans	Mathematical/ technical provisions (2)	Sales (3)	Net income after corporate tax	Net banking income	Employees
13,283.1	14,009.2	–	–	154.9	1,135.3	8,009
13,846.3	14,976.4	–	–	175.7	1 162.9	8,007
155.0	167.0	–	–	(0.0)	17.7	141
154.0	169.0	–	–	(1.0)	16.0	134
598.9	594.5	–	–	15.5	52.2	285
598.0	589.0	–	–	16.0	53.0	284
674.0	588.9	–	–	10.1	50.8	300
720.0	683.0	–	–	15.0	55.0	290
739.8	721.1	–	–	(1.2)	109.4	1,096
230.0	153.0	–	–	(36.0)	32.0	963
496.9	608.8	–	–	9.0	62.9	1,009
553.0	587.0	–	–	1.0	61.0	983
330.4	272.7	–	–	9.2	36.5	387
357.0	312.0	–	–	9.0	42.0	445
1,349.8	1,057.1	–	–	34.9	78.5	691
1,536.0	1,073.0	–	–	38.0	83.0	808
1,861.0	854.0	–	–	18.0	76.0	1,016
1,653.0	693.0	–	–	10.0	80.0	1,013
1,629.0	1,302.0	–	–	39.7	142.0	2,057
1,659.0	1,355.0	–	–	37.0	143.0	2,061
N/A	N/A	N/A	N/A	N/A	N/A	N/A
915.0	832.0	–	–	4.0	46.0	1,463
1,516.0	765.6	–	–	73.0	188.1	4,507
1,416.0	861.0	–	–	66.0	185.0	4,365
9,962.0	4,276.0	–	–	93.0	278.0	10,473
10,632.8	3,834.0	–	–	282.9	715.1	8,704
242.0	120.0	–	–	5.7	21.0	802
251.0	145.0	–	–	8.0	24.0	805
1,146.0	766.0	–	–	(90.0)	61.0	1,084
1,089.0	752.0	–	–	–	72,0	1,052
–	–	–	–	5.0	47.2	476
–	–	–	–	61.5	82.4	498
6.4	622.8	–	–	6.2	32.2	333
8.4	976.9	–	–	8.3	45.7	475
7.1	1,416.0	–	–	0.3	83.3	546
6.4	1,513.6	–	–	25.3	108.3	529
N/A	N/A	N/A	N/A	N/A	N/A	N/A
–	369.8	–	–	6.6	24.5	229
–	2,152.7	–	–	(28.2)	122.4	665
–	2,240.4	–	–	11.1	140.6	619
–	2,829.2	–	–	31.5	165.6	1,056
–	2,919.8	–	–	39.9	179.0	1,093
49.3	3,631.2	–	–	11.8	106.8	729
21.2	5,181.7	–	–	183.9	286.7	723
	1,750.9	–	–	15.5	29.6	–
–	1,531.2	–	–	15.0	28.1	–
–	591.4	–	–	3.0	7.4	–
–	734.9	–	–	3.1	7.8	–
–	1,195.2	–	–	1.2	16.2	–
–	1,376.8	–	–	1.3	18.6	–
–	1,047.4	–	5 262.0	5.5	31.9	165
–	1,388.7	–	6 035.3	6.5	35.8	171

Parent company financial statement

Amount in millions of euros

Company name	Year end	% interest	Activities	Total assets	Shareholders' equity (1)
Sogécap	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Insurance	34,396.4 35,836.9	858.6 810.6
Sogessur	Dec.31, 2001 Dec.31, 2002	65.0 65.0	Insurance	65.7 79.3	9.1 12.0
Europe Computer Systèmes (Groupe ECS)	Dec.31, 2001 Dec.31, 2002	100.0 100.0	IT Equipment leasing and management	612.6 617.5	82.3 94.4
Banque de Réescompte et de Placement (BAREP)	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Treasury Banking	8,799.1 7,388.4	50.9 50.5
Parel	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Custody cash management	1,648.0 1,516.0	27.1 23.6
SG Cowen Securities Corporation	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Investment Banking	46,140.3 12,986.8	1,130.5 814.2
SG Securities London Ltd. (SGSL)	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Securities Brokerage	3,149.3 2,207.0	138.6 145.6
Société Générale Securities Paris	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Securities Brokerage	499.5 277.3	13.6 17.4
Société Générale Asia Limited	Dec.31, 2001 Dec.31. 2002	100.0 100.0	Investment Banking	234.8 232.5	100.4 106.5
SG Securities Asia International Holdings Ltd.	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Securities Brokerage	249.7 356.3	95.1 119.7
Groupe Fimat	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Derivatives Brokerage	11,428.0 8,700.0	164.2 165.0
Fimatex-Boursorama	Dec.31, 2001 Dec.31. 2002	77.5 67.0	Online Brokerage	517.0 398.1	– 150.6
Société Générale Holding Australia Ltd. (SGAL)	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Corporate Banking	6,264.7 10,034.5	127.3 115.5
Banco Société Générale Brasil SA - Sogeral-Brazil	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Corporate Banking	289.5 122.7	34.1 17.3
Société Générale Canada	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Corporate Banking	3,362.6 3,358.6	175.8 177.4
Korean French Banking Corporation-Sogéko	Dec.31, 2001 Dec.31, 2002	39.8 41.4	Corporate Banking	786.5 294.4	39.4 24.8
Crédit Immobilier Général (CIG)	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Real Estate Finance	1,192.0 1,186.9	131.3 128.8
Généfim	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Real Estate Finance	1,120.0 1,149.3	169.5 167.5
SG Asset Management (SG AM)	Dec.31, 2001 Dec.31. 2002	100.0 100.0	Asset Management	1,918.7 1,982.9	1,699.0 1,728.8
Trust Company of the West (TCW)	Dec.31, 2001 Dec.31, 2002	52.3 59.8	Asset Management	383.4 343.7	185.9 178.6
Société Générale Bank & Trust (SGBT)	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Private Banking Europe	11,612.5 11,309.1	409.1 1,015.3
Société Générale Hambros Bank and Trust (SGHBT)	Dec.31, 2001 Dec.31, 2002	100.0 100.0	Private Banking Europe	3,470.2 3,203.7	504.0 481.7
SG Banque De Maertelaere (SGBDM)	Dec.31, 2001 Dec.31, 2002	94.5 95.5	Private Banking Europe	262.1 308.5	27.5 34.1

(1) Shareholders'equity including net income.
(2) For insurance companies.
(3) For stockholders, insurance and service companies to which this notion applies.

Subsidiaries for which no staff numbers are given do not have any dedicated employees.

Banco SG Argentina
The 2002 financial year was marked by the economic and financial markets crisis in Argentina, which was reflected in an 11% drop in net banking income, a 70% devaluation of the peso and 41% inflation after 10 years of price stability.

UIB
In November 2002, the Société Générale Group acquired a 52% stake in the capital of Union Internationale de Banques in Tunisia. The data concerning the net banking income and net income were calculated for the post-acquisition period.

Customer deposits	Customer loans	Mathematical/ technical provisions (2)	Sales (3)	Net income after corporate tax	Net banking income	Employees
–	–	31,525.0	4,317.8	118.6	249.9	337
–	–	32,717.7	4,765.3	65.4	166.5	366
–	–	43.8	44.0	(12.5)	8.6	213
–	–	53.4	59.6	(11.1)	9.4	219
–	–	–	1,862.4	22.8	139.5	905
–	–	–	1,887. 7	24.6	148.2	975
2,114.6	992.7	–	–	11.5	35.1	91
2,034.9	1,517. 8	–	–	11.1	38.6	87
–	–	–	21.1	8.6	24.9	55
–	–	–	17.2	4.6	19.5	57
108.1	54.0	–	–	(5.2)	661.6	947
17.3	7.3	–	–	(311.5)	537. 2	716
–	–	–	–	(106.9)	121.0	672
–	–	–	–	(45.4)	70.9	358
–	–	–	229.1	11.0	89.1	148
–	–	–	117.5	15.4	68.8	132
–	28.0	–	–	2.7	27,6	69
–	16.9	–	–	9.3	33.1	72
–	–	–	71.5	(6.4	76.9	387
–	–	–	120.0	24.4	119.5	156
6,744.0	148.0	–	–	39.2	252.0	1,036
8,279.0	559.0	–	–	41.0	271.0	1,101
204.8	8.8	–	–	–	–	259
162.8	5.6	–	53.5	(3.2)	40.6	219
181.4	1,316.2	–	–	(20.4)	89.4	260
180.5	1,388.1	–	–	(7.6)	107.1	255
108.1	27.0	–	–	0.1	9.1	77
60.6	15.1	–	–	(1.9)	14.4	81
1,451.9	1,917. 6	–	–	10.8	52.6	123
1,283.6	1,168.0	–	–	6.9	48.2	119
213.9	343.0	–	–	(42.8)	(6.9)	76
90.5	166.1	–	–	(28.5)	14.6	74
–	995.7	–	–	20.2	29.8	70
–	1,049.8	–	–	16.7	29.5	72
–	982.1	–	–	31.6	46.4	47
–	1,034.1	–	–	26.3	41.0	43
–	–	–	572.9	162.2	–	663
–	–	–	562.6	186.7	–	705
–	–	–	383.8	50.3	377. 6	592
–	–	–	314.3	14.8	310.1	588
5,334.1	3,925.4	–	–	74.2	202.3	655
5,021.5	4,467. 8	–	–	102.7	229.5	658
2,890.2	452.6	–	–	23.8	120.3	487
2,662.9	401.1	–	–	27. 8	113.5	487
194.5	1.7	–	–	6.8	25.8	155
227.7	3.6	–	–	5.8	25.4	164

ALD Automotive
2002 was marked by the merger of the TEMsys and Interleasing teams under the “ALD Automotive” brand.

Eqdom
In April 2002, the Société Générale Group acquired 52.81% of the capital of Eqdom in Morocco.
The data concerning the net banking income and net income were calculated for the post-acquisition period.

Fimatex-Boursorama
Boursorama was formed in March 2002 by the merger of Fimatex and Finance Net (company that developed the Boursorama website).

Legal information

2002

Report of the Board of Directors on resolutions submitted to the General meeting

We have called this Joint Shareholders' Meeting today to submit sixteen resolutions for your approval.
The purpose of each resolution is detailed and commented upon below..

Report of the Board of Directors on the resolutions to be considered by the meeting as an ordinary meeting

Approval of the 2002 financial statements, dividend payment and related party agreements

The *first* and *second resolutions* concern the approval of the parent company financial statements for 2002 and the allocation of income. Detailed comments on the parent company financial statements are included in the annual report.

The dividend per share is set at EUR 2.10, with a 50% tax credit of EUR 1.05 in France. For some legal entities, the tax credit is now equal to 10% of the dividend paid.

The share will be traded ex-dividend as of April 24, 2003 and the dividend will be payable in cash of that date.

The *third resolution* seeks your approval of the consolidated financial statements. Comments on the consolidated financial statements are also included in the annual report.

The *fourth resolution* concerns related party agreements covered by article L. 225-38 of the French Commercial Code, which are covered in the special report of the Statutory Auditors. As no new related party agreements were concluded during 2002, this report only covers the application of previously approved agreements.

Board of Directors: renewal and appointment of Directors, attendance fees

Resolutions *five* through *eight* concern the renewal of the directors' mandates of:

– Messrs Daniel Bouton, Marc Viénot and Anthony Wyand for a period of four years,

– Mr Yves Cannac, independent Director, for a period of three years.

The *ninth* and *tenth resolutions* relate to the appointment of two new independent Directors:

– Mr Elie Cohen for a period of three years,

– Ms Elisabeth Lulin for a period of two years, corresponding to the remaining term of the mandate of Mr Ernest-Antoine Seillière de Laborde, who has resigned his seat on the Board.

In accordance with article 7 of the Company's by-laws, the proposed terms of these mandates are set to allow a regular review of the composition of the Board; each year, around one-quarter of the Directors' mandates will expire.

Following a proposal by the Nomination Committee, the Board of Directors has examined the situation of each Board member with respect to the criteria set out in the AFEP-MEDEF report of September 2002. If the General Meeting approves the aforementioned appointments and renewals, 47% of the Board will be made up of independent directors (8 out of 17).

The *eleventh resolution* proposes to raise the total annual attendance fees paid to the Board of Directors, which has been set at EUR 460,000 since 1999, to EUR 650,000. This adjustment would fix the total attendance fees at a level comparable to that paid by the majority of companies in the CAC 40 and takes into account the reality of the new tasks and responsibilities incumbent on the Directors.

Since 1996, pursuant to the decision of the Board of Directors, half of total attendance fees are shared equally between all Directors, although members of the Audit Committee each receive two portions, while the other half are shared between the Directors according to the number of Board or Committee meetings they attended during the year.

Statutory Auditors

The *twelfth* and *thirteenth resolutions* concern the appointment, for the remaining term of the mandates of Barbier Frinault & Autres, Statutory Auditor, and Mr Thierry Gorlin, Substitute Statutory Auditor, who have resigned their mandates, of Deloitte Touche Tohmatsu, represented by Mr José-Luis Garcia, and Mr Alain Pons respectively.

The aforementioned resignations are due to the merger of the Company's two Statutory Auditors, Barbier Frinault & Autres (Arthur Andersen) and Ernst & Young Audit, which is liable to quickly compromise the ability of the two Statutory Auditors to act independently of one another.

The appointments that have been submitted for the approval of the General Meeting are those recommended by the Audit Committee, which presented a detailed opinion on the choice of audit firm as part of the invitation to tender process, which it supervised and which was launched at the decision of the Board.

In accordance with the AFEP-MEDEF report of September 2002, Deloitte Touche Tohmatsu has undertaken, on its own behalf and on behalf of the network to which it belongs, to refrain from carrying out any consulting work either directly or indirectly for the Société Générale Group.

Authorization to buy back Société Générale shares

The *fourteenth resolution* concerns the renewal of the authorization for the Company to buy back its own shares, which was granted to the Board of Directors by the Shareholders' Meeting of April 23, 2002.

As under the previous authorization, the number of shares thus bought may not exceed the legal limit of 10% of the Company's issued capital stock at the time of purchase, and the number of shares held by the Company after these purchases may not exceed 10% of the capital stock. This authorization is valid for a period of eighteen months.

It is submitted for approval for the same reasons as those given in the past.

As such, these share buybacks may be used to actively manage shareholders' equity, implement an employee and senior manager incentive scheme tied to Group targets, make any acquisitions, regulate the Company's share price by systematically acting against the prevailing market trend, or buy and sell shares according to opportunities on the market.

Buybacks may also be carried out with a view to canceling shares in order to improve the return on equity and earnings per share. This is in line with the decision of the General Meeting in 2002 to renew, for a period of twenty-six months, the authorization to reduce the Company's capital, as required for any cancellation.

The buying, selling or transfer of these shares may be carried out by any means, at any time, and on one or more occasions, including in the event of public offers, in compliance with the laws in force. The shares may be bought, sold or otherwise transferred over-the-counter, in blocks, or in the form of options or derivatives.

The maximum buying price is set at EUR 97, representing around 2.5 times the net assets per share, and the minimum selling price is fixed at EUR 39, approximately equal to the net assets per share at December 31, 2002.

An information notice duly registered with the French Securities and Exchange Commission (Commission des opérations de bourse) was drawn up prior to this Meeting.

As required by law, shareholders are informed that during 2002, under the previous authorizations to buy and sell Société Générale shares, 7,588,009 shares were bought at an average price of EUR 58.23 and 3,269,554 shares were sold at an average price of EUR 62.44. In addition, 13,150 shares were allocated following the exercise of stock options at a strike price of EUR 48.50. These transactions were carried out with a view to actively managing shareholders' equity and vesting stock options. Total trading costs including taxes amounted to EUR 636,445.

At December 31, 2002 the company held 14,899,585 of its own shares (3.46 % of capital), with a nominal value of EUR 1.25 per share, valued at cost at EUR 814,057,253.

Under the share buyback programs authorized by the previous General Meetings, 34,509,967 shares were bought back prior to the 2002 financial year.

These buybacks were notably used to:

– implement stock option plans in 1999, 2000 and 2002;

– pay for the acquisition of a 51% stake in TCW in shares in 2001;

– cancel 7,200,000 shares on February 20, 2002.

In light of shares purchased since December 31, 2002 and the use made of buybacks, the Company held 14,977,081 shares at February 12, 2003.

Report of the Board of Directors on the resolutions to be considered by the meeting as an extraordinary meeting

Limitation of the authorization to increase capital stock in the event of a public purchase or exchange offer for the Company's shares

Until 1999, shareholders regularly authorized the Board to utilize the powers granted to it to increase the Company's capital by all legal means, in compliance with current regulations, in the event of a public purchase or exchange offer for the Company's shares.

Following the publication of the recommendations of the second report of the Committee on Corporate Governance in 1999, the Board proposed limiting the scope of this authorization, which in any case cannot concern capital increases reserved for named beneficiaries.

The General Meetings in 2001 and 2002 thus only authorized the Board to increase the Company's capital during a public offer where the capital increase was required to complete acquisitions presented to the Board prior to the launch of the offer. This authorization can in no case be used for purely defensive purposes.

Under the *fifteenth resolution,* the Board proposes that this authorization be renewed in its existing form.

Delegation of authority

As in the past, the *sixteenth resolution* delegates general authority for completing formalities.

Special report of the statutory auditors on certain related party transactions

(Free translation from the French original)

Year ended December 31, 2002

To the shareholders of Société Générale,

In our capacity as statutory auditors of your Company, we are required to report on certain contractual agreements with certain related parties.

We are not required to ascertain whether any contractual agreements exist but to inform you, on the basis of the information provided to us, of the terms and conditions of agreements indicated to us. It is not our role to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of Article 92 of the March 23, 1967 Decree, to evaluate the benefits resulting from these agreements prior to their approval.

We hereby inform you that we have not been advised of any agreements concluded during the year ended December 31, 2002 which would be covered by Article L. 225-38 of French Company Law *(Code de Commerce).*

In accordance with the March 23, 1967 Decree, we have been advised that the following agreements, approved in prior years, remained effective in the year ended December 31, 2002.

Agreement with Société Foncière Sophia and AGF

On August 2, 2000, the Board of Directors of your Company approved an agreement concerning a partnership with Société Foncière Sophia including the partial disposal of the property development business of Société Générale that has occurred in 2001, via the sale of 30% of the share capital of Sogéprom to Sophia and of 10% to AGF. This sale is subjected to a supplementary transaction amount based on the net results for the financial years 2001 and 2002; no supplementary amount has been paid in respect of this transaction for the 2002 financial year.

Agreement with Société Foncière Lyonnaise

On December 8, 1997, your Company signed with Société Foncière Lyonnaise, a subsidiary of Commercial Union Assurance Company plc, an agreement concerning the sale of the “Edouard VII” real estate complex. The terms and conditions of the guarantees on the operation included:

– a rental guarantee granted to the purchaser by Societe Foncière Capucines Caumartin; no payment has been made by your Company in relation to this guarantee during the 2002 financial year.

– a price adjustment of 21.2 millions euros that has been paid to Societe Foncière Capucines Caumartin by the purchaser on July 17, 2002.

We conducted our work in accordance with professional standards. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

Neuilly-sur-Seine and Paris, March 5, 2003

The Statutory Auditors

BARBIER FRINAULT & AUTRES

Philippe Peuch-Lestrade

Isabelle Santenac

ERNST & YOUNG AUDIT

Christian Mouillon

Resolutions

For consideration by the meeting as an ordinary meeting:

First resolution

Approval of the parent company financial statements

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the Board of Directors' and Statutory Auditors' reports, approves the parent company financial statements at December 31, 2002, as well as the transactions reflected in these statements and described in the reports.

The General Meeting approves net income after taxes of EUR 1,868,036,397.03 for the 2002 financial year.

Second resolution

Allocation of income and dividend payment

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, resolves to appropriate the net income after taxes for the period of EUR 1,868,036,397.03, together with the retained earnings from the previous year of EUR 2,452,328,964.08, representing a total income of EUR 4,320,365,361.11 available for distribution, as follows:

– allocation of EUR 964,678,840.53 to retained earnings;

– allocation to common shares of total dividends of EUR 903,357,556.50. The dividend per share amounts to EUR 2.10, plus a tax credit of EUR 1.05 for physical persons and legal entities under the parent companies regime or, for other shareholders, a tax credit of 10% of the dividend paid.

Shares will be traded ex-dividend as of April 24, 2003 and dividends will be payable from this date.

Following these appropriations:

– reserves are reduced from EUR 9,579,262,586.06 at year-end 2001 to EUR 9,449,486,432.52, in view of the additional paid-in capital on capital increases and the cancellation of 7,200,000 shares in 2002 for a negative net amount of EUR 129,776,153.54;

– retained earnings stand at EUR 3,417,007,804.61, compared with EUR 2,452,328,964.08 at year-end 2001. Retained earnings may be increased by the dividends on any Société Générale shares held by the Company as treasury stock at the time dividends are paid for the 2002 financial year.

The General Meeting notes, in accordance with the law, that the dividend paid on each share for the three preceding fiscal years was as follows:

	1999 *		2000 **		2001**	
	Net divident	Tax credit ***	Net divident	Tax credit ***	Net divident	Tax credit ***
(in EUR)	6.20	3.10	2.10	1.05	2.10	1.05

* Nominal value of EUR 5.
** Nominal value of EUR 1.25.
*** Tax credit of 50%.

Third resolution

Approval of the consolidated financial statements

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the Board of Directors' and Statutory Auditors' reports, approves the consolidated financial statements at December 31, 2002.

Fourth resolution

Approval of agreements covered by article L. 225-38 of the French Commercial Code

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the special report of the Statutory Auditors on the absence of related party agreements covered by article L. 225-38 of the French Commercial Code signed during 2002, and on the implementation of such agreements that had previously been concluded and authorized by the General Meeting, approves the transactions described in the said report.

Fifth resolution

Renewal of the Director's mandate of Mr Daniel Bouton

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, renews the Director's mandate of Mr Daniel Bouton.

This mandate is granted for a period of four years and will expire following the General Meeting to be held in 2007 to approve the financial statements for the preceding fiscal year.

Sixth resolution

Renewal of the Director's mandate of Mr Yves Cannac

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, renews the Director's mandate of Mr Yves Cannac.

This mandate is granted for a period of three years and will expire following the General Meeting to be held in 2006 to approve the financial statements for the preceding fiscal year.

Seventh resolution

Renewal of the Director's mandate of Mr Marc Viénot

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, renews the Director's mandate of Mr Marc Viénot.

This mandate is granted for a period of four years and will expire following the General Meeting to be held in 2007 to approve the financial statements for the preceding fiscal year.

Eighth resolution

Renewal of the Director's mandate of Mr Anthony Wyand

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, renews the Director's mandate of Mr Anthony Wyand.

This mandate is granted for a period of four years and will expire following the General Meeting to be held in 2007 to approve the financial statements for the preceding fiscal year.

Ninth resolution

Appointment of Mr Elie Cohen as a Director

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, appoints Mr Elie Cohen as a Director.

This mandate is granted for a period of three years and will expire following the General Meeting to be held in 2006 to approve the financial statements for the preceding fiscal year.

Tenth resolution

Appointment of Ms Elisabeth Lulin as a Director

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, appoints Ms Elisabeth Lulin as a Director.

This mandate is granted for a period of two years and will expire following the General Meeting to be held in 2005 to approve the financial statements for the preceding fiscal year.

Eleventh resolution

Attendance fees

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, sets the annual attendance fees paid to the Board of Directors at EUR 650,000, until decided otherwise.

Twelfth resolution

Appointment of a Statutory Auditor to replace Barbier Frinault & Autres, following the resignation of the latter

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, appoints Deloitte Touche Tohmatsu, of 185 avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, as Statutory Auditor for the fiscal years 2003 through to 2005, corresponding to the remaining term of the mandate of Barbier Frinault & Autres, following the resignation of the latter.

The representative of Deloitte Touche Tohmatsu shall be Mr José-Luis Garcia.

Thirteenth resolution

Appointment of a Substitute Statutory Auditor to replace Mr Thierry Gorlin

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, appoints Mr Alain Pons, of 185 avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, as Substitute Statutory Auditor for Deloitte Touche Tohmatsu, for the fiscal years 2003 through to 2005, corresponding to the remaining term of the mandate of Mr Thierry Gorlin, following the resignation of the latter.

Fourteenth resolution

Authorization to buy and sell Société Générale shares

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the report of the Board of Directors and the information notice approved by the French Securities and Exchange Commission *(Commission des opérations de Bourse)*, authorizes the Board of Directors to buy Société Générale shares, in accordance with article L. 225-209 et seq. of the French Commercial Code.

The buying, selling or transfer of these shares may be carried out by any means, at any time, and on one or more occasions, including in the event of public offers, in compliance with the laws in force. The shares may be bought, sold or otherwise transferred over-the-counter, in blocks, or in the form of options or derivatives.

The maximum buying price is set at EUR 97 and the minimum selling price is fixed at EUR 39. These shares may be freely allocated, under the conditions provided for by law, in particular articles L. 443-1 et seq. of French labor law.

The number of shares thus bought may not, on the date the purchases are made, exceed 10% of the Company's issued capital stock and the number of shares held by the Company following these purchases may not exceed 10% of the capital stock.

On the basis of the capital stock at February 12, 2003, and without taking into account shares already held by the Company, a maximum theoretical number of 43,017,026 shares could be bought, for a maximum theoretical amount of EUR 4,172,651,522.

This authorization is intended to allow the following operations:

– holding, selling or otherwise transferring the shares with a view to actively managing the shareholders' equity of the Company;

– using shares as part of an employee and senior manager incentive scheme tied to Group targets, notably:

  • offering employees of the Company or affiliated companies under article L. 233-16 of the French Commercial Code the possibility of acquiring shares, either directly or through a Company investment fund, under the conditions provided for by law, in particular articles L. 443-1 et seq. of the French Labor Code;

  • granting stock options to employees or senior officers of the Company or affiliated companies under article L. 225-180 of the French Commercial Code;

– using shares with a view to acquiring new companies through an exchange offer or any other means liable to improve the conditions of such an transaction;

– buying or selling shares according to opportunities on the market;

– regulating the Company share price, by systematically acting against the prevailing market trend;

– canceling shares in order to increase the return on equity and earnings per share.

Shares purchased may be held, sold or transferred using any means, or may be canceled in accordance with the authorization granted under the seventeenth resolution of the Joint Shareholders' Meeting of April 23, 2002.

Full powers are granted to the Board of Directors to use this authorization, with the option of delegating all the necessary powers to the Chairman or a Chief Executive Officer or any member of General Management, to:

– effectively carry out transactions, complete formalities and make any necessary declarations;

– adjust the buying or selling price of the shares, as well as the maximum number stipulated above, in the event of a change in the nominal share value, an increase in the capital stock through the incorporation of reserves or allocation of bonus shares, a stock spilt or reverse split, a reduction in the capital stock, a distribution of reserves or other assets, or any other transaction on the capital stock, according to the impact of these financial operations on the value and the number of outstanding shares.

This authorization is valid for an eighteen-month period.

This authorization will replace, as of the date on which the Board of Directors decides to use it, that granted by the Joint Shareholders' Meeting of April 23, 2002 under the sixth resolution, for the remaining term of the same.

For consideration by the meeting as an extraordinary meeting:

Fifteenth resolution

Authorization to increase capital stock in the event of a public purchase or exchange offer for the Company's shares

The General Meeting, under the conditions required for Extraordinary Meetings as to quorum and majority, decides that, in the event of a public purchase or exchange offer for the Company's shares, the Board of Directors may only use the authorizations granted to it by the General Meeting to increase the capital stock if the capital increase, which may be carried out by all legal means and in accordance with the legal provisions in force, is designed to enable the completion of acquisitions presented to the Board of Directors prior to the public offer and if the said capital increase is not reserved for named beneficiaries.

This decision will remain in force until the next General Meeting called to approve the financial statements for the preceding fiscal year.

Sixteenth resolution

Delegation of authority

Full powers are granted to holders of a copy or extract of the minutes of this Meeting to carry out all formalities and make all publications relative to the aforementioned resolutions.

CORPORATE GOVERNANCE

By-laws

Type of company - Name Registered office - Purpose

Article 1

The Company, named Société Générale, is a joint-stock company incorporated by deed approved by the Decree of May 4, 1864, and is approved as a bank.

The duration of Société Générale, previously fixed at 50 years with effect from January 1, 1899, was then extended by 99 years with effect from January 1, 1949.

Under the legislative and regulatory provisions relating to credit institutions, notably the articles of the Monetary and Financial Code that apply to them, the Company is subject to commercial laws, in particular articles 210-1 and following of the French Commercial Code, as well as by the current by-laws.

Article 2

Société Générale's registered office is at 29, boulevard Haussmann, Paris 9.

In accordance with current legal and statutory provisions it may be transferred to any other location.

Article 3

The purpose of Société Générale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals or corporate entities, in France or abroad:

– all banking transactions;

– all transactions related to banking operations, including in particular investment related services or allied services as listed by articles L321-1 and L321-2 of the Monetary and Financial Code;

– all acquisitions of interests in other companies.

Société Générale may also on a regular basis, as defined in the conditions set by the French Banking Regulation Committee, engage in all transactions other than those mentioned above, including in particular insurance brokerage.

Generally, Société Générale may carry out, on its own behalf, on behalf of a third party or jointly, all financial, commercial, industrial or agricultural personalty or realty transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

Capital - Shares

Article 4

The share capital amounts to EUR 537,712,831.25 euros. It is divided into 430,170,265 shares of EUR 1.25 par value, each fully paid up.

The capital may be increased, reduced or divided into shares of different par value on decision of the competent meeting or meetings of shareholders.

Article 5

Each share gives right, in the ownership of the Company's assets and in the liquidating surplus, to a percentage equal to that fraction of the registered capital that it represents.

All shares which make up or which will make up the registered capital will be given equal rank as regards taxes. Consequently, all taxes which for whatever reason may become payable on account of capital reimbursement for certain of them only, either during the life of the Company or during its liquidation, shall be divided between all the shares making up the capital during such reimbursement so that, while allowing for the par and non-amortized value of the shares and for their respective rights, all present or future shares shall carry entitlement for their owners to the same effective advantages and to the right to receive the same net sum.

Whenever it is necessary to possess a certain number of shares in order to exercise a right, it is incumbent on shareholders who own fewer shares than the total number required to assemble the necessary number of shares.

Article 6

Shares may, in accordance with the holder's wishes, be registered or bearer shares. Such shares shall be freely negotiable unless otherwise stipulated by law.

Any shareholder acting on his own or jointly, who comes to hold directly or indirectly at least 0.5% of the capital or voting rights or a multiple thereof, must inform the Company within fifteen days of the time at which he exceeds each of these thresholds, and must also indicate in his declaration the number of any securities he holds which may give rise to his holding capital stock in the future. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage.

Failure to comply with this requirement will be penalized in accordance with legal provisions on this matter, at the request of one or more shareholders with at least a 5% holding in the Company's capital or voting rights. The said request will be duly recorded in the minutes of the General Meeting.

Any shareholder acting on his own or jointly, is also required to inform the Company within fifteen days if the percentage of his capital or voting rights falls below each of the thresholds described in paragraph 2 above.

The Company can at any time, in accordance with current statutory and regulatory provisions, request that the organisation responsible for securities clearing provide information relating to the shares giving the right to vote in its General Meetings, either immediately or over the long term, as well as to holders of the said shares.

The rights of shareholders shall comply with applicable statutory and regulatory provisions.

Board of Directors

Article 7

I – Directors

The Company is administered by a Board of Directors made up of two categories of Directors:

1. Directors appointed by the Shareholders' Ordinary General Meeting

   There are at least nine of these Directors, and fifteen at the most.

   The functions of directors appointed by the Ordinary General Meeting shall expire four years after the approval of the current article. This provision does not apply to Directors in office at the time of this approval.

   However, the Ordinary General Meeting shall be able to set a term of between two and four years for the mandates of Directors it will appoint on expiry of current mandates of Directors, in order that a sufficient number of mandates of Directors appointed by this meeting will be renewed each year to enable the full renewal of all mandates in four years' time.

   When, in application of current legal and statutory provisions, a Director is appointed to replace another, then his term of office shall not exceed that term of office remaining to be served by his predecessor.

2. Directors elected by personnel

   The status and methods of electing these Directors are laid down by Articles L225-27 to L225-34 of the French Commercial Code, as well as by these by-laws.

   There are three elected Directors, with one of these three representing the executives and the other two representing other personnel.

   In any event, their number may not exceed one-third of the Directors appointed by the General Meeting.

   Their term of office is three years.

Regardless of the appointment procedure, the duties of a Director cease at the end of the Ordinary General Meeting called to approve the financial statements of the previous fiscal year and held during the year in which his term of office expires.

Directors may be re-elected, as long as they meet the legal provisions, particularly with regard to age.

Each Director must hold at least two hundred shares.

II – Methods of electing Directors elected by personnel

For each seat to be filled, the voting procedure is that set forth by law.

The first Directors elected by the staff will begin their term of office during the Board of Directors' Meeting held after publication of the full results of the first elections.

Subsequent Directors shall take up office on expiration of the out-going Directors' terms of office.

If, in any circumstances and for any reason whatsoever, there shall remain in office less than three Directors before the normal end of the term of office of such Directors, vacant seats shall remain vacant until the end of such term of office and the Board shall continue to meet and take decisions validly until that date.

Elections shall be organized every three years so that a second vote may take place at the latest fifteen days before the normal end of the term of office of out-going Directors.

For both the first and second ballot, the following deadlines should be adhered to:

– posting of the date of the election at least eight weeks before the date of polling,

– posting of the lists of the electors at least six weeks before the date of polling,

– registration of candidates at least five weeks before the date of polling,

– posting of lists of candidates at least four weeks before the date of polling,

– sending of documents required for absentee voting at least three weeks before the date of polling.

The candidatures or lists of candidates other than those entered by a representative trade union should be accompanied by a document including the names and signatures of one hundred employees presenting the candidates.

Polling takes place the same day, at the work place, and during working hours. Nevertheless, the following may enter absentee votes:

– employees not present on the day of polling,

– employees working abroad,

– employees of a department or office, or seconded to a subsidiary in France not having a polling station, or who cannot vote in another office.

Each polling station consists of three elective members, with the Chairman being the oldest one among them. The Chairman is responsible for seeing that voting operations proceed correctly.

Votes are counted in each polling station, and immediately after closing of the polls; the report is drawn up as soon as the counting has been completed.

Results are immediately sent to the Head Office of Société Générale, where a centralized results station will be set up with a view to drafting the summary report and announcing the results.

Methods of polling not specified by Articles L225-27 to L225-34 of the French Commercial Code or these articles of incorporation, are decreed by the General Management after consulting with representative trade unions.

III – Non-voting directors "Censeurs"

On the proposal of the Chairman, the Board of Directors may appoint one or two non-voting directors "Censeurs".

"Censeurs" are convened and attend Board of Directors' meetings in a consultative capacity.

They are appointed for a period not exceeding four years and the Board can renew their term of office or put an end to it at any time.

They may be selected from among the shareholders or non-shareholders, and receive an annual remuneration determined by the Board of Directors.

Article 8

The Board of Directors determines the Company's strategy and ensures its implementation. Subject to the powers expressly attributed to the General Meeting and within the scope provided for in the corporate purpose, it considers all matters that affect the Company's operations and settles by its decisions matters which concern it.

Article 9

The Board of Directors elects a Chairman from among its natural person members, determines his remuneration and sets the duration of his term of office, which may not exceed that of his term of office as Director.

No member of 70 years of age or more shall be appointed Chairman. If the Chairman in office reaches the age of 70, his duties shall cease after the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

The Chairman represents the Board of Directors. He organizes and manages its work, and reports to the General Meeting. He ensures the Company's bodies operate correctly and in particular ensures that the Directors are able to fulfil their functions.

Article 10

The Board of Directors meets as often as is required by the interests of the Company, upon convocation by the Chairman, either at the registered office or in any other place indicated in the convocation. The Board examines the questions placed on the agenda.

It will meet when at least one third of Board members or the Chief Executive Officer submits a request for a meeting with a specific agenda to the Chairman.

If the Chairman is unable to attend, the Board of Directors can be convened either by one third of its members, or the Chief Executive Officer or a Chief Executive Officer "délégué"[1], provided they are a member of the Board.

Apart from where specifically provided for, Directors are called to meetings by letter or by any other means. In any event, the Board may always deliberate validly if all its members are present or represented.

Article 11

Board meetings are chaired by the Chairman of the Board of Directors, or in his absence, by a Director designated for this purpose at the beginning of the meeting.

Every Director may give his proxy to another Director, but a Director may act as proxy for only one other Director and a proxy can only be given for one specific meeting of the Board.

In all cases, deliberations of the Board are valid only if at least half the members are present.

The Chief Executive Officer attends meetings of the Board.

One or several delegates of the Central Works Council attend Board meetings, under conditions laid down by the legislation in force.

At the request of the Chairman of the Board of Directors, members of General Management, the Statutory Auditors or other persons from outside the Company with specific expertise with respect to the items on the agenda may attend all or part of a Board meeting.

Resolutions are adopted by a majority vote of the Directors present or represented. In the event of a tie, the Chairman holds a casting vote.

A member of management staff named by the Chairman serves as Secretary of the Board.

Minutes are prepared and copies or extracts certified and delivered in accordance with the law.

Article 12

Members of the Board may receive Director's fees in the form of a global sum set by the General Meeting distributed by the Board among its members as it sees fit.

General Management

Article 13

The General Management of the Company is the responsibility of either the Chairman of the Board of Directors, or any other individual appointed by the Board of Directors to act as Chief Executive Officer.

The Board of Directors may choose between the two general management structures, and its decision is only valid if:

– the agenda with respect to this choice is sent to members at least 15 days before the date of the Board meeting,

– at least two-thirds of Directors are present or represented.

Shareholders and third parties shall be informed of this decision in accordance with the regulations in force.

When the Chairman of the Board of Directors assumes responsibility for the general management of the Company, the provisions relating to the Chief Executive Officer shall be applicable to him.

The Chief Executive Officer shall be granted exhaustive powers to act on behalf of the Company in all matters. He shall exercise these powers within the scope of the Company's purpose and subject to those powers expressly assigned by law to meetings of shareholders and Board of Directors. He shall represent the company vis-à-vis third parties.

The Board of Directors sets the remuneration and the duration of the Chief Executive Officer's term, which may not exceed that of the dissociation of the functions of Chairman and Chief Executive Office nor, where applicable, the term of his Directorship.

No person aged 70 or more shall be appointed Chief Executive Officer. If the Chief Executive Officer in office reaches 70 years of age, his functions shall end at the end of the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

On recommendation by the Chief Executive Officer, the Board of Directors can appoint up to five persons to assist the Chief Executive Officer, who shall have the title Chief Executive Officer "délégué".

In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to Chief Executive Officers "délégués". The Board of Directors sets their remuneration. With respect to third parties, Chief Executive Officers "délégués" have the same powers as the Chief Executive Officer.

(1) Legal term when another person in the Company has the function of CEO.

Shareholders' meeting

Article 14

The General Meeting is made up of all Société Générale shareholders.

It is called and deliberates as provided by legal provisions in force.

The Meeting may be publicly broadcast if decided by the Board of Directors and announced in the notice of meeting and/or convocation.

It meets at the Company's head office or in any other place in metropolitan France indicated in the convocation notice.

Such meetings are chaired by the Chairman of the Board or in his absence by a Director appointed for the purpose by the Chairman of the Board.

Regardless of the number of shares held, every shareholder has the right, upon proof of his identity, to participate in the General Meetings, by personally attending them, by returning his ballot by mail or by a representative, provided:

– in the case of holders of registered shares, that their names are entered in the Company registry;

– in the case of holders of bearer shares, that they have deposited at the place mentioned in the convocation notice, a certificate delivered by a qualified person stating that the shares in their account are unavailable until the date of the Meeting,

– and, where applicable, to provide the Company with proof of their identity, in line with the legal provisions in force.

These formalities must be completed at least two days, or a shorter period if mentioned in the Meeting notice, before the Meeting is held, unless the regulations in force shorten this period.

The registration and non-transferability of shares may only be revoked in accordance with the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication authorized by the law, subject to the conditions set by the law and when stipulated in the meeting notice.

As from January 1, 1993, double voting rights in relation to the share of capital stock they represent are allocated to all those shares which are fully paid up and which have been registered in the name of the same shareholder for two years. Double voting rights are also allocated to new registered shares that may be allocated freely to a shareholder in respect of the shares with double voting rights already held by him, on the occasion of an increase in capital stock by incorporation of reserves, unappropriated retained earnings, net income or additional paid-in capital.

The number of votes at General Meetings to be used by one shareholder, either individually or by a proxy, may not exceed 15% of total voting rights at the date of the Meeting.

This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for which they act as proxy complies with the rule stipulated above.

For the purposes of applying these limits, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L233-7 and following of the French Commercial Code.

This limit ceases to apply when a shareholder acquires – either directly or indirectly or jointly with another person – more than 50.01% of the company's voting rights following a public share exchange offer.

In all General Meetings of shareholders the voting right attached to shares which entail an usufructuary right, is exercised by the usufructuary.

Special meetings

Article 15

When there exist different categories of shares, special meetings must be convened for the holders of shares in such categories to discuss and vote in the conditions provided for by the regulations in force.

They meet at the head office or in any other place within metropolitan France indicated on the convocation notice.

They are chaired in the same manner as the General Meetings and the right to vote at these meetings is exercised under the same terms.

Legal information

Auditors

Article 16

Auditors are appointed and discharged of their duties according to the applicable statutory and regulatory provisions.

Annual accounts

Article 17

The fiscal year is the calendar year.

The Board prepares the financial statements for the year under the conditions fixed by the applicable laws and regulations.

All other documents prescribed by the applicable laws and regulations are also drawn up.

Article 18

The results of the year are determined in accordance with applicable regulatory and statutory provisions.

A deduction is made from the profits of the year reduced by any previous losses, of at least 5% to constitute the reserve fund prescribed by law until the said fund reaches 10% of the capital.

Net income available after this transfer, increased by net income brought forward, if any, constitutes income available for distribution, to be successively allocated to ordinary, extraordinary or special reserves or to be carried forward in those amounts which the General Meeting may deem useful, upon the recommendation of the Board of Directors.

The balance is then distributed to shareholders in proportion to their shareholding.

The shareholders' General Meeting approving the annual accounts may, with regard to the whole or part of the dividend or interim dividend, grant each shareholder the option to choose between payment of the dividend or interim dividend in cash or payment in shares in accordance with the conditions set by the laws in force. The shareholder will have to exercise his option on the whole dividend or interim dividend attached to his shares.

Other than cases of reduction of capital, no distribution may be made to shareholders if the capital of the Company is or may subsequently become less than the sum of capital and reserves that the law or the articles by-laws do not allow to be distributed.

Dissolution

Article 19

In the event Société Générale is wound up and unless otherwise provided by law, the General Meeting determines the method of liquidation, appoints the liquidators on proposal by the Board of Directors and continues to exercise its assigned powers during said liquidation until completion thereof.

The net assets remaining after repayment of the par value of the shares are distributed among the shareholders, in proportion to their share of the capital.

Board's internal rules*

(adopted by the Board of Directors on January 15, 2003)

Preamble

The Board of Directors of Société Générale functions in accordance with the corporate governance principles set out in the 1995, 1999 and 2002 AFEP-MEDEF reports on corporate governance. The Board's organisation and operating procedures are defined in these Internal Rules, a copy of which is included in the Company's annual report.

Article 1: Powers

The Board shall deliberate on any question coming under its legal or regulatory functions.

Moreover, the Board:

a) shall approve the Group's strategic direction and review the Group's strategy at least once a year;

b) shall approve strategic investment projects and all transactions, notably acquisitions or disposals, liable to have a material impact on the Group's earnings, its balance sheet structure or its risk profile.

Except where precluded by justified reasons of urgency, this prior approval process concerns:

- organic growth where this represents a unit amount exceeding EUR 250 million and is not already approved within the framework of the annual budget or the strategic plan;
- acquisitions for an amount exceeding EUR 400 million, or exceeding EUR 250 million where the acquisition does not fit in with the development priorities approved in the strategic plan;
- disposals for an amount exceeding EUR 250 million;
- partnerships involving a cash payment exceeding EUR 250 million;
- ransactions that would result in a substantial deterioration of the Group's risk profile.

If it is impossible to convoke a meeting of the Board to deliberate on a transaction that falls under the aforementioned provisions for reasons of urgency, the Chairman shall do his utmost to obtain the opinion of all Directors before taking a decision.

The Chairman assesses on a case-by-case basis the appropriateness of convoking the Board to deliberate on a transaction that does not fall under the aforementioned categories.

During each Board meeting, the Chairman shall give a report on the transactions concluded since the previous meeting, as well as on the main projects in progress that are liable to be concluded before the next Board meeting.

The Board shall receive copies of all press releases relating to acquisition or disposals prior to their release to the press, save where justified by reasons of urgency:

c) shall deliberate on modifications to the Group's management structures prior to their occurrence and shall be informed of the principal changes to its organisation,

d) shall deliberate on the Company's exposure to all types of risk at least once a year,

e) shall approve the report of the Board and the Board committees to be included in the Company's annual report,

f) shall approve the presentation of the Directors to be included in the annual report, including the list of independent Directors and the criteria used, based on the proposal made by the Nomination Committee,

g) shall set the compensation of the Chairman and the Company's Chief Executive Officers based on the proposal made by the Compensation Committee,

h) shall approve the management report, as well as those sections of the annual report dealing with corporate governance and presenting the Company's compensation and stock options policy.

Article 2: Meetings

The Board shall meet at least five times a year. At least, once a year, it shall devote an item of its agenda to an evaluation of the Board's performance.

* This document does not form part pf Société Générale's by-laws. It is not enforceable against third parties. It may not be cited by third parties or shareholders as evidence against Société Générale or its chief executive officers.

The Directors participating in the Board meeting via videoconferencing shall be considered present for calculating a quorum and the majority. The nature and conditions of such videoconferencing applications shall be as determined by a *"décret en Conseil d'Etat".*

This provision is not valid for the following decisions:

– establishment and closure of annual and consolidated corporate accounts and of the management report,

– election or removal of the Chairman of the Board,

– nomination or dismissal of the CEO,

– nomination or dismissal of the delegated General Managers.

Any notices to attend Board meetings issued by the Secretary of the Board or the Corporate Secretary may be sent by letter, telex, telegram, fax of electronic mail, or be given verbally.

Article 3: Information about the Board of Directors

Each Director shall receive all information necessary for him to complete his mission and may request that all documents he deems useful be provided to him.

The Board meetings are preceded by sending, in due time, a file addressing the agenda items needing special analysis and prior reflection, whenever confidentiality rules allow.

Moreover, the Directors shall receive, between meeting, any pertinent information, including criticism, about significant events or transactions for the company. In particular, they shall receive copies of all press releases issued by the company.

The Board shall be informed at least once a year, and shall discuss from time to time, the General Director of the Group's policies regarding human resources, information systems and organisation.

Article 4: Training of Directors

Each Director may benefit, either at the time of his appointment or during the term of his mandate, from any training that he deems necessary for the exercise of his duties.

This training shall be organised and proposed by the Company, which shall bear its cost.

Article 5: The Board's Committees

For certain fields, the Board's resolutions are prepared by specialized Committees composed of Directors appointed by the Board, who examine the issues within their competencies and submit their advice and proposals to the Board.

There are three permanent committees :

- the Audit Committee,
- the Compensation Committee,
- the Nomination Committee.

The Board may create one or more "ad hoc" committees.

The committees shall be chaired by a Director appointed by the Board of Directors based on a proposal made by the Nomination Committee.

The secretarial functions for each committee shall be provided by a person appointed by the Chairman of the committee.

Article 6: The Compensation Committee

The Compensation Committee:

a) proposes to the Board the criteria for determining the compensation of the Company's Chief Executive Officers *("mandataires sociaux"),* as well as the amount of this compensation, including benefits in kind, welfare benefits or retirement benefits, and any compensation received from Group companies ; the Committee ensures that these criteria are correctly applied, in particular as regards the calculation of the variable component;

b) prepares the annual performance appraisal of the Chairman and the Company's Chief Executive Officers; and convokes the outside Directors to deliberate on the same;

c) submits a proposal to the Board of Directors for the stock options policy and formulates an opinion on the list of beneficiaries;

d) prepares the decisions of the Board relating to the employee savings plan;

e) is informed of the Group's compensation policy, in particular with respect to senior managers ;

f) gives the Board of Directors its opinion on the section of the annual report dealing with these issues ;

g) produces an annual report submitted for the approval of the Board and intended for inclusion in the Company's annual report .

It is made up of at least three Directors, of whom at least two-thirds shall be independent as per the definition given in the Company's corporate governance rules. The Chairman and the

Company's Chief Executive Officers or Directors linked to the Company or one of its subsidiaries by an employment contract may not sit on this committee.

The Chairman and the Company's Chief Executive Officers may be present during meetings on issues that do not concern them.

Article 7: Nomination Committee

This Committee is assigned the task of proposing, to the Board Directors for nomination, as well as for the succession of the Chairman and the Chief Executive Officers especially in the instance of an unforeseeable opening.

The Committee carries out preparatory work for the examination by the Board of Directors of corporate governance issues. It is responsible for conducting the evaluation of the performance of the Board of Directors, which shall be carried out at least once every three years.

It submits a proposal to the Board of Directors for the presentation of the Board of Directors to be included in the annual report and notably the list of independent Directors.

It recommends candidates to the Board for Board membership, after carrying out any necessary inquiries.

It produces an annual report submitted for the approval of the Board and intended for inclusion in the Company's annual report.

The Nomination Committee is informed prior to the appointment of any member of the Group's Executive Committee and any head of a corporate department who does not sit on this committee. It is informed of the plan for replacing these senior managers.

It is composed of the members of the compensation Committee and the Chairman of the Board. Its chairman is the Chairman of the Compensation Committee.

Article 8: The Audit Committee

This Committee's mission is:

– to examine the drafts of the accounts to be submitted to the Board, with a view to verifying how they have been drawn up and to ensuring the pertinence and permanence of the principles and methods of accounting applied;

– to examine the choice of account consolidation principles ;

– to examine the consolidation scope of Group companies and the corresponding justification;

– to examine the consistency of the mechanisms set in place for internal control of the procedures, risks, and ethics;

– to manage the procedure for selecting the Statutory Auditors and provide the Board of Directors with an opinion on the appointment of the Statutory Auditors, as well as on their remuneration;

– to verify the independence of the Statutory Auditors, in particular by analysing the breakdown of fees paid by the Group to the Statutory Auditors, as well as to the network to which they belong, and by approving prior to commencement all assignments that do not fall within the strict framework of statutory audit work but which are a consequence or corollary of the same, with all other assignments being prohibited;

– to examine the work program of the Statutory Auditors;

– to examine the Group's internal audit program and the annual report on internal control drawn up in accordance with banking regulations, and to formulate an opinion on the organisation and functioning of the internal control departments;

– to examine the follow-up letters sent by the *Commission Bancaire* (French Banking Commission) and formulate an opinion on draft responses to these letters;

– to examine the risk management policy and the policy for monitoring off-balance sheet commitments, notably in view of the memos produced to this end by the Finance Department, the Risk Department and the Statutory Auditors.

To this end, it may, as it sees fit, consult with the Chairman and the Company's Chief Executive Officers, the Statutory Auditors and the executive staff in charge of preparing the accounts, internal control, risk management and ethical compliance. The Statutory Auditors shall attend meetings of the Audit Committee, unless the Committee decides otherwise.

The Chairman of the Committee reports the Committee's work to the Board.

The Committee produces an annual report submitted for the approval of the Board and intended for inclusion in the Company's annual report.

The Audit Committee is made up of at least three Directors appointed by the Board of Directors, who may be neither the Company's Chief Executive Officers nor employees of the Group nor members of another committee. At least two-thirds of the members of the Committee shall be independent as per the definition given in the Company's corporate governance principles.

Article 9: Conflicts of interest

Any Director in a conflict of interest situation, even a potential situation, especially when it deals with his responsibilities to another corporation, should inform the Board and abstain from voting on the corresponding resolution.

The Chairman may invite him to refrain from voting on the resolution.

Article 10: Director's fees

Half of the total director's fees are equally split between each of the Directors ; the members of the Audit Committee each receive 2 portions, however.

The other half of the total director's fees are split, at the end of the year, based on the number of Board or Committee meetings in which each Director will have participated.

For their participation at Board meetings, the Non-Voting Director "Censeur" compensation is equal to the directors' fees paid to the Directors who where not members of a Committee, according to the terms defined hereinabove.

Article 11: Secret

Each Director or Non-Voting director "Censeur" should consider himself as obligated by true professional secrecy for the confidential information that he receives in his capacity as Board member, as well as for the meaning of the opinions expressed by each one.

Director's charter*

(As modified by the Board of Directors on January 15, 2003)

Article 1: Representation

The Board of Directors represents all shareholders and acts in the best interests of the Company. Each Director represents all the Company's shareholders, regardless of the manner of his appointment.

Article 2: Mission

Each Director undertakes to improve his knowledge of the Company and its sector of activity on an ongoing basis. He assumes an obligation of vigilance, circumspection and confidentiality.

Each Director undertakes to preserve his independence of analysis, judgement, decision and action in all circumstances.

Each Director undertakes not to seek, not to accept, any benefit liable to compromise his independence.

Article 3: Knowledge of rights and obligations

When a new Director or Non-Voting director "Censeur" is appointed, the Corporate Secretary provides him with a file containing the by-laws, the provisions enacted by the Board governing its functioning, and a presentation of the legal principles as regards the responsibilities of Directors.

Each Director or Non-Voting director "Censeur" may consult with the Corporate Secretary, at any time, regarding the scope of these documents and his rights and obligations as Director or Non-Voting director "Censeur".

Article 4: Personally-owned shares

It is preferable that each Director nominated by the General Meeting (be it as an individual or as a permanent representative of a corporation) holds the equivalent of at least 600 shares, directly or indirectly through the " E Fund" intermediary, for these who are entitled to the fund.

Article 5: Insider trading rules

Each Director or Non-Voting director "Censeur" shall refrain from carrying out transactions on the shares of companies where (and insofar as) he has access in his capacity as Board member to privileged information not yet publicly disclosed.

Article 6: Actions taken regarding Société Générale's stock **

The Directors and Non-Voting director "Censeur" shall abstain from acting on the stock market during the 30 calendar days prior to the publication of Société Générale's quarterly, biannual, and annual results.

The Directors and Non-Voting director "Censeur" shall abstain from carrying out speculative transactions or those with a levering effect on the stocks and to that end:

– shall conserve the acquired stocks for at least two months from their date of purchase;

– shall abstain from using financial instruments likely to allow them to carry out speculative transactions. This specifically applies to put and call transaction, except when they correspond to hedging.

The Directors and Non-Voting director "Censeur" shall bring any difficulty in enforcing this provision that they might encounter, to the attention of the Corporate Secretary.

Article 7: Transparency

The Directors of Société Générale abides by Recommendation N° 2002.01 of the Commission des Opérations de Bourse (French Securities and Exchange Commission).

Consequently, the Director shall register all new Société Générale securities they acquire on or after 1 june 2002 ; it is recommended that they register any Société Générale securities held previously.

*This document does not form part of Société Générale's by-laws. It is not enforceable against third parties. It may not be cited by third parties or shareholders as evidence against Société Générale.

**Stocks means: on the one hand, securities giving the buyer the right, however this right may be exercised, to buy or sell Société Générale shares or to receive a sum calculated by referral to the current share price upon exercising this right; on the other hand, assets composed primarily of Société Générale shares or related stocks for example, units in Fonds "E" (Société Générale's employee sgare ownership plan).

The Directors shall inform the Secretariat of the Board of any subscription, purchase or sale transactions involving Société Générale shares (except when stock options are exercised), involving subscription warrants or securities convertible to Société Générale shares, involving forward financial instruments based on the Société Générale share or involving shares in mutual funds invested in Société Générale securities. They shall declare such transactions when carried out by themselves, by their minor children whose assets they manage of by a spouse not in separation, and also when entered into through an authorised intermediary or through a company or entity under their control. However, Directors that are legal entities do not declare transactions carried out within their Group.

Each transaction gives rise to a declaration to the Secretary of the Board of Directors.

Declarations are filed at the Corporate Secretariat.

No later than two months following the end of each six-month period, this information is submitted on an aggregate and anonymous basis to the *Commission des Opérations de Bourse* (French Securities and Exchange Commission), after verification with each Director that the information is correct.

Article 8: Conflict of interests

Each Director or Non-Voting director "Censeur" shall inform the Board of any real or potential conflict of interest to which he may be directly of indirectly exposed. He shall refrain from participating in any discussion and voting on such matters.

Article 9: Regular attendance

Each Director or Non-Voting director "Censeur" shall dedicate the necessary time to fulfil his duties. In the event that a Director or Non-Voting director "Censeur" accepts a new Directorship or changes his professional responsibilities, he shall inform the chairman of the Nomination Committee of the same.

The annual report shall indicate the rate of attendance of Directors at Board meetings and meetings of the Board Committees on which they sit.

Each Director shall strive to attend the Annual General Meeting of Shareholders.

ADDITIONAL INFORMATION

General description of the company

Corporate name

Société Générale

Head office

29, boulevard Haussmann, 75009 Paris

Administrative office

17, cours Valmy, 92972 Paris-La Défense

Legal form

Société Générale is a French limited liability company (Société Anonyme), registered in France and having the status of a bank.

Governing law

Subject to the legal and regulatory provisions relating to credit institutions, notably the applicable articles of the Monetary and Financial Code, the Company is governed by commercial legislation, in particular articles 210-1 and following of the French Commercial Code *(Code de Commerce)*.

Date of formation and duration

Société Générale was incorporated by deed approved by the decree of May 4, 1864. The company will expire on December 31, 2047, unless it is wound up or its duration extended.

Corporate purpose (article 3 of the by-laws)

The purpose of Société Générale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals and corporate entities, in France and abroad:

- all banking transactions,
- all banking-related transactions, including in particular investment-related services or allied services as listed in articles L 321-1 and 321-2 of the Monetary and Financial Code,
- all acquisitions of interests in other companies.

Société Générale may also engage on a regular basis in all transactions other than those listed above, including in particular insurance brokerage, under the conditions set by the French Banking and Financial Regulations Committee *(Comité de la Réglementation Bancaire et Financière).*

Generally, Société Générale may also carry out, for itself and on behalf of third parties or in joint venture, all financial, commercial, industrial, agricultural, investment and real property operations, directly or indirectly related to the above or with the aim of aiding in their accomplishment.

Registration number

Société Générale is registered in the Commercial Register *(Registre du Commerce)* under number:
552 120 222 RCS Paris.
Its activities code is APE 651C.

Company reports and documents

All Société Générale’s reports and documents, including in particular its By-laws *(Statuts),* financial statements and reports submitted to shareholders’ meetings by the Board of Directors and the Statutory Auditors may be inspected at the Company’s administrative offices, Tour Société Générale, 17, Cours Valmy, 92972 Paris-La-Défense Cedex, France.

The current version of the By-laws has been registered with public notaries “Maîtres Thibierge, Pône, Pecheteau, Fremeaux, Palud et Sarrazin”, in Paris, France.

Fiscal year

The fiscal year starts on January 1 and ends on December 31.

Allocation and distribution of income (article 18 of the by-laws)

Net income for the year is determined in accordance with currently applicable laws and regulations.

At least 5% of net income for the year, less previous accumulated losses if any, must, by law, be set aside to form a legal reserve until this reserve reaches one-tenth of the amount of capital stock.

Net income available after this transfer, increased by net income brought forward, if any, constitutes income available for distribution to be carried forward or allocated to ordinary, extraordinary or special reserves in those amounts which the

General Meeting may deem useful, upon the recommendation of the Board of Directors. The remaining balance is then paid out to shareholders in proportion to their shareholdings.

The General Meeting called to approve the financial statements for the year may, in respect of all or part of final or interim dividends proposed for distribution, offer each shareholder the option to receive payment of his final or interim dividend in cash or in shares, under the conditions laid down by current regulations. The shareholder who exercises this option must do so for all the final or interim dividends attributable to his entire shareholding.

Except in the case of a reduction in capital stock, no distribution to shareholders may take place if shareholders' equity is, or will be as a result of such distribution, less than an amount equal to the sum of capital stock and those reserves which by law or under the By-laws are not available for distribution.

Shareholders Meetings (articles 14 of the by-laws)

The General Meeting is made up of all Société Générale shareholders.

It is called and deliberates as provided by legal provisions in force.

The Meeting may be publicly broadcast if decided by the Board of Directors and announced in the notice of meeting and/or convocation.

It meets at the Company's head office or in any other place in metropolitan France indicated in the convocation notice.

Such meetings are chaired by the Chairman of the Board or in his absence by a Director appointed for the purpose by the Chairman of the Board.

Regardless of the number of shares held, every shareholder has the right, upon proof of his identity, to participate in the General Meetings, by personally attending them, by returning his ballot by mail or by a representative, provided:

– in the case of holders of registered shares, that their names are entered in the Company registry;

– in the case of holders of bearer shares, that they have deposited at the place mentioned in the convocation notice, a certificate delivered by a qualified person stating that the shares in their account are unavailable until the date of the Meeting,

– and, where applicable, to provide the Company with proof of their identity, in line with the legal provisions in force.

These formalities must be completed at least two days, or a shorter period if mentioned in the Meeting notice, before the Meeting is held, unless the regulations in force shorten this period.

The registration and non-transferability of shares may only be revoked in accordance with the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication authorized by the law, subject to the conditions set by the law and when stipulated in the meeting notice.

As from January 1, 1993, double voting rights in relation to the share of capital stock they represent are allocated to all those shares which are fully paid up and which have been registered in the name of the same shareholder for two years. Double voting rights are also allocated to new registered shares that may be allocated freely to a shareholder in respect of the shares with double voting rights already held by him, on the occasion of an increase in capital stock by incorporation of reserves, unappropriated retained earnings, net income or additional paid-in capital.

The number of votes at General Meetings to be used by one shareholder, either individually or by a proxy, may not exceed 15% of total voting rights at the date of the Meeting.

This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for which they act as proxy complies with the rule stipulated above.

For the purposes of applying these limits, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L233-7 and following of the French Commercial Code.

This limit ceases to apply when a shareholder acquires – either directly or indirectly or jointly with another person – more than 50.01% of the company's voting rights following a public share exchange offer.

In all General Meetings of shareholders the voting right attached to shares which entail an usufructuary right, is exercised by the usufructuary.

Disclosure of changes in holdings Declaration thresholds laid down in the by-laws (article 6 of the by-laws)

Any shareholder who, acting alone or jointly with others, holds directly or indirectly at least 0.5% of the capital or the voting rights of the Company or a multiple of such percentage must disclose this situation to the Company within a period of fifteen days from the date of reaching this threshold. He must also indicate the number of securities he owns which give access to capital stock at a future date. Similarly, mutual fund management companies must provide this information on the total number of shares held in the Company by the funds they manage.

Non-compliance with this obligation is sanctioned as provided by law, at the request, entered into the minutes of the General Meeting, of one or more shareholders holding at least 5% of the capital or the voting rights in the Company.

Any shareholder, acting alone or jointly with others, must also inform the Company within a period of fifteen days when the percentage of the capital or the voting rights he holds falls below any of the thresholds described above.

Legal information

Business of Société Générale

History

Société Générale was founded in 1864 by public subscription. It rapidly became involved in the financing of industrial and infrastucture investments through lending, equity investments and bond issues.

Société Générale progressively built up a nationwide network, with 1,500 branches in 1940, compared with 32 in 1870. This network still remains the core of its business.

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

Société Générale opened its first foreign office in London in 1871. It has since rapidly developed an international network through the extension of Sogénal's network into central Europe (Germany, Austria, Switzerland and Luxembourg), by establishing branches in North Africa in 1909-1911 and later in the United States (1940).

Société Générale was nationalized in 1945, and it played an active role in financing post-war reconstruction and meeting the needs born of the thirty years of rapid economic growth that followed the Second World War. It contributed to the spread of new financing techniques (such as medium-term discountable credit, off-balance sheet operations and lease finance).

Following the liberalization of the French banking system in 1966, Société Générale diversified its activities and reached out to new categories of customers. In particular, it expanded its clientele of individual customers.

Fully owned by the French state after its second nationalization in 1982, Société Générale was returned to the private sector when it was privatized in July 1987.

The acquisition of Crédit du Nord in 1997 confirms the Société Générale Group's commitment to take full advantage of the restructuring and concentration within the French banking system.

Société Générale has expanded considerably since 1997, notably extending its international presence via acquisitions in its different businesses. The Group has developed its retail banking network outside France with acquisitions in Romania, Madagascar, Chad, Slovenia, the Czech Republic, Tunisia, and in particular acquired Hambros in Private Banking, Cowen in Investment Banking, GEFA-ALD in Specialized Financial Services and Yamaïchi and TCW in Asset Management.

Person responsible for the Reference Document and persons responsible for the audit of the financial statements

Person responsible for the Reference Document

Daniel Bouton

Chairman of the Board of Directors of Société Générale.

Certification of the person responsible for the Reference Document

To the best of my knowledge, the information set out in the reference document is true and includes all the information needed by investors to form an opinion regarding Société Générale's assets and liabilities, business, financial position, results and prospects. There are no omissions that could impair its meaning.

Chairman and Chief Executive Officer

Daniel Bouton

Persons responsible for the audit of the financial statements

Statutory Auditors

Name: Cabinet Ernst & Young Audit represented by Christian Mouillon

Address: 4, rue Auber – 75009 Paris, France

Date of first appointment: April 18, 2000

Term of office: six fiscal years

End of current office: at the close of the Shareholders' General Meeting which will approve the financial statements for the year ended December 31, 2005.

Name: Barbier, Frinault & Autres represented by Philippe Peuch-Lestrade and Isabelle Santenac

Address: 41, rue Ybry - 92576 Neuilly-sur-Seine, France

Date of first appointment: April 18, 2000

Term of office: six fiscal years

End of current office: at the close of the Shareholders' General Meeting which will approve the financial statements for the year ended December 31, 2005.

Substitute Statutory Auditors

Gabriel Galet

Thierry Gorlin

Report of the statutory auditors on the registration document *(document de référence)*

(Free translation of the French original)

For the year ended December 31, 2002

To the Shareholders of Société Générale,

In our capacity as statutory auditors of Société Générale and in compliance with the *Commission des Opérations de Bourse* (the French Securities and Exchange Commission), Regulation 98-01, we have verified, in accordance with French professional standards, the information in respect of the financial position and historic financial statements included in the accompanying Registration Document *(Document de Référence).*

This Registration Document is the responsibility of Management. Our responsibility is to issue an opinion on the fairness of the information contained therein with respect to the financial position and financial statements.

We conducted our review in accordance with French professional standards. This review consisted in assessing the fairness of the information on the financial position and financial statements and to verify their consistency with the audited financial statements. We also reviewed other financial information contained in the Registration Document in order to identify any significant inconsistency with information in respect of the financial position and financial statements and to bring to your attention any obvious misstatements we noted based on our general understanding of the Company gained through our audit. The forecasts provided in the Registration Document are the application of the expectations and intentions of Management's strategy and not individual projected items of information obtained through a formalized process.

We performed an audit on the annual and consolidated financial statements for the years ended December 31, 2000, 2001 and 2002 drawn up by the Board of Directors, in accordance with French professional standards. Our reports were unqualified but contained the following emphasis of matters:

– For year ending December 31, 2000, Note 1 to the annual financial statements disclosed a change to the presentation of the annual financial statements following the early application of the regulation CRC2000-3 rule relating to the presentation of annual financial statements of credit institutions.

– For year ending December 31, 2000, Notes 1 and 38 to the consolidated financial statements disclosed a change in accounting principles coming from the application of the consolidation rules prescribed by regulation CRC 99-07. Note 1 also disclosed a change to the presentation of the consolidated financial statements following the early application of the regulation CRC 2000-04 rules relating to the presentation of consolidated financial statements of credit institutions.

– For year ending December 31, 2001, Notes 1 and 15 to the consolidated financial statements disclosed the application of a change in accounting principles coming from the application of the new consolidations rules prescribed by regulation CRC 2000-5 relating to the consolidation of entities governed by the Insurance Code.

We have nothing to report with respect to the fairness of the information on the financial position and financial statements contained in the Registration Document.

Neuilly-sur-Seine and Paris, March 20, 2003

The Statutory Auditors

BARBIER FRINAULT & AUTRES

Philippe Peuch-Lestrade

Isabelle Santenac

ERNST & YOUNG AUDIT

Christian Mouillon

Cross-reference index

The cross-reference index below indicates the principal elements required under Regulation 98-01 of the *Commission des Opérations de Bourse* and the corresponding pages in the annual report on which they appear.

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92972 Paris – La Défense Cedex

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75009 Paris
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A French corporation founded in 1864
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552 120 222 RCS Paris

Translation

Willemetz Consultants

Design

wprintel – Christophe Syren

Printing

STIPA

SOCIETE GENERALE

GROUP

RETAIL BANKING ▪ ASSET MANAGEMENT & PRIVATE BANKING ▪ CORPORATE & INVESTMENT BANKING

Réf. 170150