Registration Document

according to section 12 (1) German Securities Prospectus Act
(*Wertpapierprospektgesetz*) in connection with
Art. 14 and Annex XI Commission Regulation (EC) No 809/2004
of April 29, 2004

of

Société Générale S.A.

dated

January 25, 2006

CONTENTS

I. RISK FACTORS ASSOCIATED WITH SOCIÉTÉ GÉNÉRALE

The material risks incurred on banking activities of the guarantor 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 and interest rates, in 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.

  Structural interest rate risks arise from residual surpluses or deficits on fixed-rate outstanding positions with future maturities – after hedging.

  Structural exchange rate 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 that used for its funding.

- Operational risks: risk of loss resulting from unsuitable or failed procedures, persons or internal systems, or caused by external events. They include risks linked to the security of information systems, legal and regulatory risks and environmental risks, along with risks to the Bank's business activity an reputation risk. Operational risk is inherent in each of the Group's businesses and service activities.

II. RESPONSIBILITY FOR THE INFORMATION IN THE REGISTRATION DOCUMENT

Société Générale S.A., Paris, assumes responsibility for the information provided in this Registration Document.

Société Générale S.A., Paris declares that it has taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.

III. STATUTORY AUDITORS

According to the laws of the Republic of France the Company needs two statutory auditors ("commissaires aux comptes") and two substitute statutory auditors.

The current statutory auditors are:

Name: Cabinet Ernst & Young Audit (represented by Christian Mouillon)
Address: 11, allée de l'Arche - 92400 Courbevoie (France)
Date of first appointment: April 18, 2000
Term of mandate: 6 financial years
End of current mandate: at the close of the ordinary general meeting which will approve the financial statements for the year ended December 31, 2005.

Name: Société Deloitte et Associés (represented by José-Luis Garcia)
Address: 185, avenue Charles de Gaulle - 92200 Neuilly-sur-Seine (France)
Date of first appointment: April 18, 2003
Term of mandate: 3 financial years
End of current mandate: at the close of the ordinary general meeting which will approve the financial statements for the year ended December 31, 2005.

The substitute statutory auditors are Gabriel Galet and Alain Pons.

The statutory auditors for the financial years 2002 and 2003 were:

- (until April 18, 2003): Barbier, Frinault & Autres – Arthur Andersen (represented by Philippe Peuch-Lestrade and Isabelle Santenac), 41, rue Ybry, 92576 Neuilly-sur-Seine (France)

- (since April 18, 2003): Deloitte et Associés (represented by José-Luis Garcia), 185, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine (France)

  and

- Ernst & Young Audit (represented by Christian Mouillon), 4, rue Auber, 75009 Paris (France).

The auditors are members of "Compagnie Régionale des Commissaires aux Comptes de Versailles".

IV. INFORMATION RELATING TO SOCIÉTÉ GÉNÉRALE

1. Company History and Company Development

The legal name of the company is Société Générale S.A. The commercial name is Société Générale. Société Générale is a limited liability corporation (*société anonyme*) under French law and has the status of a bank.

The Company's registration number is 552 120 222 RCS Paris. Société Générale was incorporated by deed approved by the Decree of May 4, 1864. The duration of the Company 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, notably the relevant articles of the Monetary and Financial Code (Code Monétaire et Financier), Société Générale is subject to the commercial laws, and in particular Articles L. 210-1 et seq. of the French Commercial Code, as well as the current by-laws.

The Company's registered office and phone number is:

Société Générale S.A.
29, boulevard Haussmann,
75009 Paris, France
Phone.: +33 (0) 1 42 14 20 00

Following the end of the last financial year the following important incidents have taken place with respect to the business activity of Société Générale.

In the first quarter of the financial year 2005 Société Générale Group has entered into the following transactions:

- Acquisition of 75% in the capital of Hanseatic Bank, a subsidiary of the Otto Group. Hanseatic Bank ranks fourth within the German specialists for consumer credits.

- Disposal of the Argentine subsidiary Banco Société Générale Argentine (BSGA) to the Argentine banking group Banco Banex S.A.

In the second quarter of the financial year 2005 Société Générale Group has entered into the following transactions:

- Acquisition of Bank of America's structured product hedge fund business: SG Corporate & Investment Banking (SG CIB) has completed the acquisition of Bank of America's Structured Investments business, which provides institutional investors focused on hedge funds with lending and structured product solutions. The deal includes certain proprietary technology and the transfer of client financing transactions and related assets, including structured products linked to alternative investment funds of funds.

- Acquisition of PreferredTrade (USA) by Fimat International Banque S.A: The Fimat Group has expanded its global range of brokerage services to include the clearing to the entire U.S. listed equities complex, consisting of cash equities, listed equity options and index futures and options, continuing to evolve into a truly global agency broker.

- Acquisition of Finagen's financing business by Fiditalia: Fiditalia S.p.A. (Société Générale Group), the financial services firm specialized in consumer credit in Italy, has acquired the financing activities of Finagen, a financial services firm of the Alleanza Group specialized in medium and long term credit.

- Acquisition of 51% of shares in Alfa Oto Filo Kiralama, a Turkish company specialized in operational automotive leasing, by ALD International: ALD Automotive, one of the leading international companies in full service leasing and fleet management, establishes itself on the Turkish market.

In the third quarter of the financial year 2005 Société Générale Group has entered into the following transactions:

- Acquisition of Eurobank, a Polish company specialized in consumer credits: Eurobank is a major player in the consumer credit market in Poland. Specialised in the direct distribution of cash loans, and with a strong national network of over 110 sales branches, Eurobank had over EUR 240 million of outstanding loans as at the end of June 2005.

- Acquisition of Comdirect UK, a British Online-Broker, by Boursorama: Comdirect UK is a major online broker in the United Kingdom with nearly 90,000 accounts and over 650,000 orders executed in 2004. Comdirect UK posted 2004 net banking income of EUR 16.3 million (+51% yoy) and net income of EUR 0.2 million. This compares to net losses in 2002 and 2003 of EUR 10.3 million and EUR 4.6 million, respectively. With 812,000 executed orders and 163,000 direct accounts at the end of 2004, the enlarged group would rank second in the sector, handling 19% of online orders and 7% of all London Stock Exchange retail orders.

- Acquisition of 100% of Promek Bank, a subsidiary of the Sok Group (Russia), completed in the fourth quarter of the financial year 2005. The acquisition of Promek Bank complements the geographical scope of Rusfinance. Rusfinance is the consumer finance subsidiary of Société Générale group in Russia , launched in August 2004 jointly with Barings Vostok Capital Partners.

- Acquisition of 100% of DeltaCredit Bank, which is specialized in mortgage loans in Russia; the acquisition has been completed in the fourth quarter of the financial year 2005. DeltaCredit Bank, founded by US Russia Investment Fund and managed by Delta Private Equity Partners, is the leading domestic mortgage lender in the Russian Federation. It has developed innovative mortgage products aimed at satisfying diverse housing needs of individuals in Russia. DeltaCredit Bank has 128 employees and outstanding mortgage loans of around USD 200 million in Russia.

- Acquisition of MIBank by National Société Générale Bank (NSGB); completed in the fourth quarter of the financial year 2005. With a network of 30 branches and 1,300 staff, MIBank is the second largest privately-owned universal bank in Egypt, with a client base comprising 50,000 individuals and 800 corporates.

- Disposal of the 2.08% stake in Banco Santander: In August 2005, Société Générale sold its full 2.08% stake in Banco Santander, as part of its policy to reduce its equity investment portfolio. Société Générale purchased its stake in Banco Santander's capital in 2000.

In the fourth quarter of the financial year 2005 Société Générale Group has entered into the following transactions:

- IPO of SG Cowen & Co.: SG Corporate & Investment Banking ("SG CIB") plans to pursue an initial public offering (IPO) of one of its U.S. broker-dealer subsidiaries, SG Cowen & Co., LLC, a firm that provides investment banking services, including underwriting and other capital raising solutions, equity research, sales, trading and M&A, to emerging growth companies in sectors including healthcare, technology, media, telecommunications, and consumer. Société Générale expects to file a registration statement with the U.S. Securities and Exchange Commission during the first quarter of the year 2006 and hopes to complete the IPO later in 2006, subject to market conditions and receipt of various regulatory approvals.

- Acquisition of 100% of Oster Lizing, a consumer finance company in Hungary. Headquartered in Budapest, Oster Lizing has progressively developed its consumer finance outstandings over the past year, reaching almost 40 million EUR. Employing over 30 staff, Oster Lizing serves 2000 customers in Hungary. This acquisition will be completed in the course of 2006.

- Acquisition of 64.44% of the capital of Montenegro's Podgoricka Banka: Podgoricka Banka is Montenegro's third largest bank in terms of assets, with a market share of 13.3%. It currently employs 280 people and has a retail network of around 20 branches. In addition, Société Générale has committed to acquire the 10% stake held by the International Finance Corporation (IFC), and to offer to buy out the bank's remaining shareholders. This acquisition will be completed in the course of 2006.

Information with respect to Société Générale's and its subsidiaries' organisational structure are given under No. IV. 3. in this Registration Document.

2. Business Overview

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:

- banking transactions;
- transactions related to banking operations, including in particular, investment related services or allied services as provided by Articles L. 321-1 und L. 321-2 of the French Monetary and Financial Code;
- acquisitions of interest in other companies.

Société Générale may also engage on a regular basis in transactions other than those listed above, including in particular insurance brokerage, under the conditions set by the *Comité de la Règlementation Bancaire et Financière* (French Banking and Financial Regulations Committee)

Generally Société Générale may carry out, on its own behalf, on behalf of third parties or jointly, all financial, commercial, industrial or agricultural personality or realty transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.
The purpose of the Company is to engage in banking, finance, insurance brokerage and credit operations in France and outside France with all persons, corporate entities, public and local authorities in accordance with the regulations applicable to "Etablissements de Crédit" (credit institutions).

Société Générale operates in the geographical markets France, Europe, America, Asia, Africa and Oceania. The 2004 geographical breakdown of net banking income is the following:

Geographical breakdown of net banking income*

In millions of euros at December 31	France	Europe	Americas	Asia	Africa	Oceania	Total
Net interest and similar income [(1)]	2,050	2,357	1,496	65	346	99	6,413
Net fee income	3,085	839	998	153	168	26	5,269
Net income from financial transactions	3,558	314	(34)	350	33	(4)	4,217
Other net operating income	258	233	5	4	18	(1)	517
Net banking income	8,951	3,743	2,465	572	565	120	16,416

* Geographical regions in which companies recording income are located.
(1) including dividend income and net income from lease financing and similar agreements.

A survey of Société Générale' main activities in the financial year 2004 is also provided in the following statements from the Annual Report 2004.

Group activity in 2004: Overview of activity in 2004

The Group's activity is well balanced between three core businesses:

- Retail Banking and Financial Services, which groups:

- the Société Générale and Crédit du Nord Group networks in France,
- Financial Services: specialized finance for business and individual customer, life and property insurance,
- Retail Banking outside France.

- Global Investment Management and Services, comprising asset management, private banking, Boursorama and the newly created securities arm, which groups together the following: (i) Fimat, the Group's brokerage arm specializing in listed derivatives, (ii) all securities services for institutional investors, management companies, investment banks, market intermediaries and individuals, and (iii) securities services and employee savings for business customers.

- Corporate and Investment Banking, which covers:
- Corporate Banking and Fixed Income;
- Equity and Advisory.

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), looks after the Group's asset and liability management, acts as the central funding department, and bears the cost of goodwill amortization charges for all the Group's operating divisions.

As in 2003, Retail Banking and Financial Services and Global Investment Management and Services together accounted for nearly three quarters of capital allocated to the core businesses (including non-amortized goodwill) in 2004.

The Group confirmed its ability to deliver strong growth over the year, thanks to its well-balanced business mix and the dynamic contribution of its growth drivers – Retail Banking outside France, Financial Services and Global Investment Management & Services. Net banking income in the Corporate and Investment Banking arm remained stable with respect to 2003, which was already a high base, and the proportion of client-driven revenues increased. All the Group's other businesses posted a rise in revenues, notably the growth drivers.

	2003	2004	Variation	
Net banking income	**15.6**	**16.4**	**+ 5.0%**	**+ 6.0% (1)**
Operating expenses	(10.6)	(11.0)	+ 3.8%	+ 2.9% (1)
Gross operating income	**5.1**	**5.4**	**+ 7,5%**	**+12.7% (1)**
Net allocation to provisions	(1.2)	(0.5)	- 55.9%	- 56.3% (1)
Operating income	**3.8**	**4.9**	**+27.7%**	**+ 36.2% (1)**
Net income from long-term investments	0.4 (2)	0.1		
Amortization of goodwill	(0.2)	(0.2)		
Exceptional items and general reserve for banking risks	(0.2)	(0.0)		
Net income	**2.5**	**3.1**	**+ 25.4**	**+ 35.0% (1)**
Group ROE after tax	16.2%	18.9%		
Business line ROE after tax	24.0%	28.3%		
Tier-one ratio	8.7%	8.5%		

(1) When adjusted for changes in Group structure, at constant exchange rates and excluding the capital gain of EUR 187 million on the disposal of the Trocadéro property booked under NBI in the first quarter of 2003.

(2) Of which exceptional capital gain on Crédit Lyonnais: EUR 242 million before tax in the second quarter of 2003.

NB: 2003 and 2004 accounts presented under French accounting principles

Growth in business activities

In 2004, the Group continued to expand its franchises in all its business, through a combination of organic growth and acquisitions.

The French Networks registered a 2.2% increase in the number of current accounts, despite a banking penetration rate of close to 100% in the French market. New loan issuance and inflows into personal savings products, particularly life insurance products, remained robust over the year.

Retail Banking outside France continued to expand at a dynamic pace, through organic growth and acquisitions. In 2004, it notably integrated General Bank of Greece (GBG), following the acquisition of a majority stake (50.01%). The core of the division's activities shifted towards Europe over the year, and it now derives some 70% of its revenues from subsidiaries in EU member states and accession countries. The Financial Services arm has become a major European player with a well diversified geographical presence, generating more than 60% of its revenues outside France. In 2004, it integrated the Equipment Finance and Factoring activities of the Norwegian player, Elcon.

The Global Investment Management and Services division posted record net inflows of EUR 24.8 billion in 2004, bringing total assets under management to EUR 315 billion at December 31, 2004.

The Corporate and Investment Banking arm retained its leading position in derivative products and structured finance, and consolidated its share of client-driven revenues. Revenues from trading and arbitrage activities accounted for only 30% of total NBI in 2004, compared with 34% in 2003.

Total net banking income for the Group rose by 5.0%, to EUR 6.4 billion (+6.0% when adjusted for changes in Group structure and at constant exchange rates). Revenues grew by 3.9% in the French Networks, +16.3% in Retail Banking outside France, +12.7% in Financial Services and +14.3% in Global Investment Management and Services. On a same scope and currency basis, Corporate and Investment Banking posted a 1.6% rise in revenues on 2003, which was a particularly high base. The Group's NBI growth is primarily derived from the expansion of its existing franchises, coupled with a few targeted acquisitions in its growth drivers over 2004.

Tight cost control and further reductions in the cost/income ratio

In 2004, the Group continued to rationalize its operating expenses, focusing on three main areas:

- roll-out of the multi-channel distribution platform and centralization of the back-office functions,
- centralization of Group purchases,
- integration of acquisitions and harnessing of synergies.

The Group's operating expenses grew at a slower pace than its revenues, coming out at EUR 11.0 billion, up just 3.8% on 2003 (+2.9% when adjusted for changes in Group structure and at constant exchange rates). This increase reflects the Group's ongoing investment policy, coupled with tight control of its operating expenses.

The Group's cost/income ratio stood at 66.8% for the year, down from 67.6% in 2003.

The combination of NBI growth and effective cost control pushed Group gross operating income up 12.7% (when adjusted for changes in Group structure, at constant exchange rates and excluding the capital gain of EUR 187 million on the disposal of property booked under NBI in the first quarter of 2003.)

Low level of risk provisioning

The net allocation to provisions fell by 56% over the year to a particularly low level, reflecting a favourable credit environment and specific factors within the Group, namely the systematic diversification of the business portfolio, improved risk management and conservative provisioning of risk exposure. In 2004, the cost of risk for the French Networks came out oat 32 bp of riskweighted assets compared with 37 bp in 2003, confirming the structural improvement in the division's risk profile. Risk provisioning in Retail Banking outside France and Financial Services was reduced by 6%. The Corporate and Investment Banking arm booked a net write-back of EUR 60 million for the year as a whole, achieved exclusively through the write-back of specific provisions following the sale or reimbursement of loans, with no write-back from the general credit risk reserve.

Strong growth in results

Thanks to the low level of risk provisioning over the year, the Group was able to post strong growth in its operating income: +36.2% on a like-for-like basis and excluding the capital gain on the disposal of property. Group net income stood at EUR 3.1 billion, up 25.4% on 2003. Operating income rose sharply to EUR 4.9 billion (+28% in absolute terms, +36% when adjusted for changes in Group structure, at constant exchange rates and excluding the capital gain on the disposal of property).

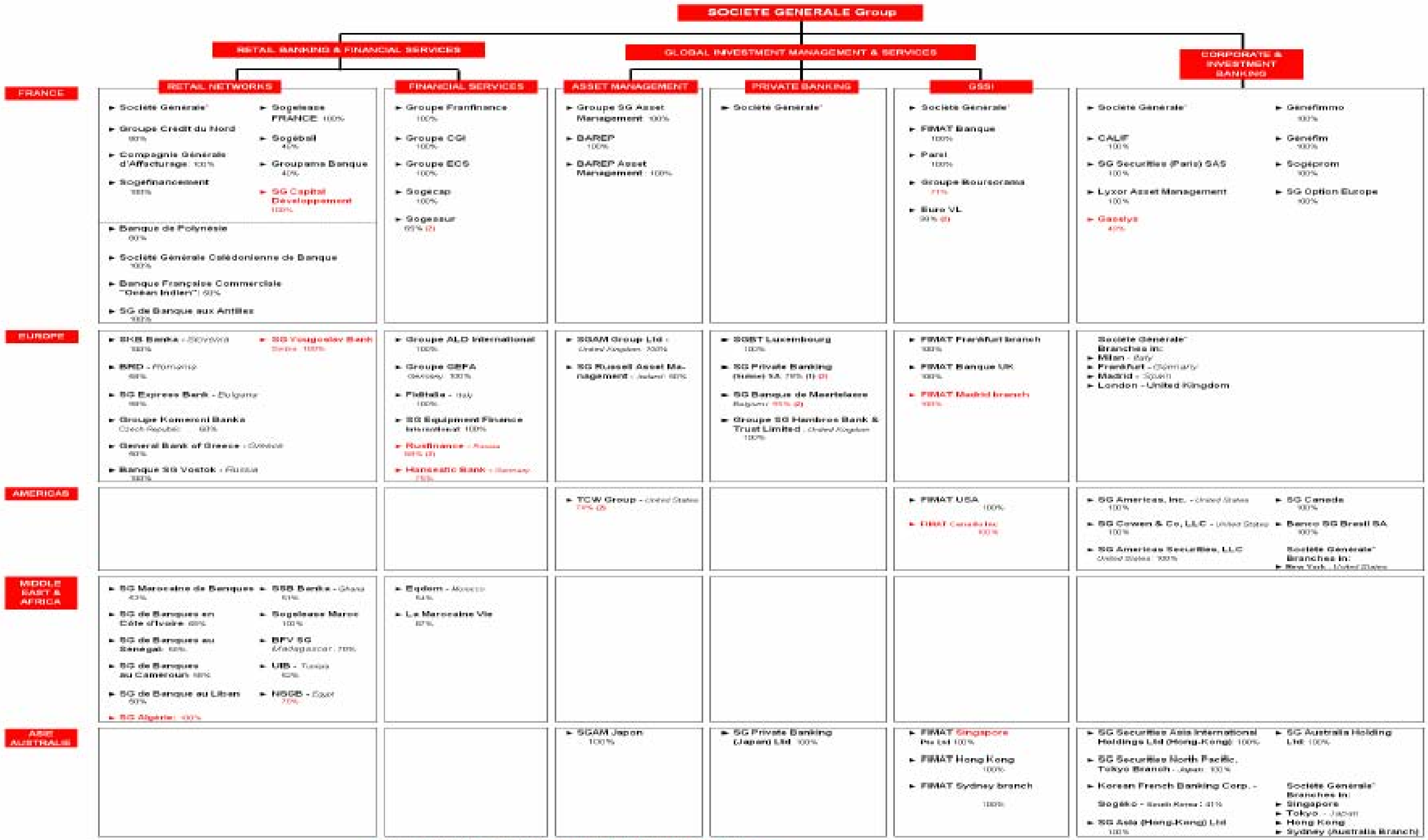
In a stock market environment lacking clear-cut trends, and in the absence of major deals, net income from long-term investments stood at EUR 119 million for the year. After goodwill amortization, corporate income tax (effective annual tax rate of 28%) and minority interests, net income totalled EUR 3.1 billion, up 25% on 2003. Group ROE after tax stood at 18.9% for the year, compared with 16.2% in 2003.

The Group's financial structure remains solid: at December 31, 2004, its Tier-one ratio stood at 8.54%.

3. Organisational Structure

Société Générale Group represents one of the largest banking groups of the world. The business activity of Société Générale Group comprises all material fields of banking business such as Retail Banking, Corporate Banking, Capital Markets and Leasing. The stock of Société Générale S.A. is listed on the Paris Stock Exchange.

The following chart provides a survey of Société Générale Group and its main activities.



(1) Subsidiary of SGBT Luxembourg

(2) Under IAS 32, which requires that future commitments to buy back minority interests be taken into account in calculating the size of a controlling stake, this figure has risen to 100%.

Notes:
- % share of capital held by the Société Générale Group
- Groups are listed under the geographical region in which they carry out their main activities

* Parent company

4. Trend Information

Since the date of its last published audited financial statements there has been no material adverse change in the prospects of Société Générale.

With respect to the most recent developments and forecasts reference is made to the following details provided in the Annual Report 2004 of Société Générale.

Recent developments and future prospects

In line with the past few years, the Group will continue to focus on four strategies over 2005: maintenance of a balanced risk exposure and business mix, expansion of its European franchise, search for long-term growth and improvement of its operating efficiency.

With a satisfactory growth outlook in all its core businesses, the Group should be able to maintain its combination of high profitability and a diversified and balanced risk profile:

The French Networks should assert their solid positions while at the same time continuing to open new branches and profiting from the multi-channel banking platform implemented in the Société Générale Network and the success of the local regional banking model adopted by Crédit du Nord.

The Corporate & Investment Banking arm will capitalize on its leader-ship positions in derivatives (equity, commodities, forex and interest rates), structured finance and euro capital markets to continue to grow in key European countries and retain its reputation as one of the most innovative players in the market. To achieve this goal, it has implemented a number of targeted initiatives (Turbo Growth Venture 2008) which illustrate its dynamism.

The Group's growth drivers, Financial Services, Retail Banking outside France and Global Investment Management Services, will continue to make a substantial contribution to its earnings growth, thanks to an ongoing focus on organic expansion and the implementation of operational synergies (harmonization of IT systems in the foreign retail banking subsidiaries, coordination of the financial services offering, cross-selling between the various platforms and asset management entities, etc.).

In parallel to these organic initiatives, the Group will continue to examine opportunities for acquisitions or partnerships that offer potential, but will play close attention to criteria such as risk, profitability and potential for integration.

At the same time, the Group will continue to improve its operating efficiency through the ongoing rationalization of its platforms and processes, both in the front and back offices, and in the core businesses and corporate departments.

5. Administration and Management

Pursuant to the Statutes, the business affairs of the Company are administered by the Board of Directors. The Board of Directors is composed of the following persons:

Name	Principal activities
Daniel BOUTON Chairman and Chief Executive Officer	Director: Schneider Electric SA, Total SA, Veolia Environnement
Philippe CITERNE Chief Executive Officer	Chairman: Systèmes Technologiques d'Echanges et de Traitement (STET) Director: Crédit du Nord, Généval, Grosvenor Continental Europe, SG Hambros Bank & Trust Ltd, Trust Company of the West TCW group, Unicredito Italiano Member of the Supervisory Board: Sopra Groupe Permanent representative of Société Générale on the Board of Directors: Accor
Marc VIÈNOT Honorary Chairman Director	Director: Alcatel, Ciments français Member of the Supervisory Board: Groupe Barrière, SG Marocaine de Banque
Jean AZEMA Chief Executive Officer of Groupama Director	Director: Médiobianca, Véolia Environnement Permanent representative of Groupama on the Board of Directors: Bolloré Investissement Chief Executive Officer: Groupama Holding, Groupama Holding 2
Euan BAIRD Director	Director: Scottish Power, Areva Chairman of Rolls-Royce until June 2004
Yves CANNAC Director	Director: AGF, Caisse des Dépôts Développement Member of the Supervisory Board: Solving International
Michel CICUREL Chairman of the Management Board of Cie Financière Edmond de Rothschild et Cie Financière Saint Honoré Director	Member of the Supervisory Board: Publicis, Chairman of the Supervisory Board: Edmond de Rothschild Private Equity Partners SAS, Chairman of the Board of Directors: ERS, Edmond de Rothschild SGR SpA (Italy), Edmond de Rothschild SIM SpA (Italy),

	Director: Banque Privée Edmond de Rothschild (Geneva), Edmond de Rothschild Limited (London), La Compagnie Financière Holding Edmond et Benjamin de Rothschild (Geneva), La Compagnie de Trésorerie Benjamin de Rothschild (Geneva), Cdb Web Tech (Italy),Cir International (Luxembourg), Rexecode, Non-voting director: Paris-Orléans, Member of the Council of Sponsors: Rothschild & Compagnie Banque, Permanent representative of Compagnie fmancière Saint-Honoré: Cogifrance, Permanent representative of Compagnie fmancière Edmond de Rothschild Banque: Assurances et Conseils Saint-Honoré, Edmond de Rothschild Corporate Finance, Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Edmond de Rothschild Multi Management, Equity Vision (Italy).
Elie COHEN Director	None
Robert DAY Chairman and Chief Executive Officer TCW group Director	Chairman: Oakmont Corporation, Director: Freeport, Freeport McMoran Copper and Gold Inc, McMoran Exploration Cy, Syntroleum Corporation, Synta Pharmaceuticals, Fischer Scientific Inc.
Antoine JEANCOURT GALIGNANI Chairman of Gecina Director	Chairman of GECINA Director: AGF, Total SA, Kaufman et Broad Chairman of the Supervisory Board: Euro Disney Sca Chairman of the Board of Directors (non executive): SNA Group Liban. Member of the Supervisory Board: Jetix Europe NV, Hypo Real Estate Holding AG.
Elisabeth LULIN Founder and CEO of Paradigmes et Caetera Director	Director: Doma Viva SA
Patrick RICARD Chairman and Chief Executive Officer of Pernod-Ricard Director	Director: Provimi, Altadis Chairman of the Board of Directors: Comrie P1c Chairman and Chief Executive Officer: World Brands Duty Free Ltd Chairman: Austin Nichols Export Sales Inc. Member of the Supervisory Board: Wyborowa S.A.,

	Director: PR Finance S.A., Société Paul Ricard, Martell & Co S.A., Chivas Brothers Ltd, The Glenlivet Distillers Ltd, Aberlour Glenlivet Distillery Ltd, Boulevard Export Sales Inc, Peribel S.A., Distillerie Fratelli Ramazzotti Spa, Duncan Fraser and Company Ltd, Glenforres Glenlivet Distillery Ltd, House of Campbell Ltd, Irish Distillers Group Ltd, Larios Pernod Ricard S.A., Muir Mackenzie Ad Company Ltd, Pernod Ricard Swiss S.A., Polairen Trading Ltd, Sankaty Trading Ltd, Peri Mauritius Ltd, Populus Trading Ltd, White Heather Distillers Ltd, W. Whiteley and Company Ltd, PR acquisitions II Corp, William Whiteley & Co Inc. Vice-Chairman of the Board of Directors: Austin Nichols and Co Inc, Permanent representative of Pernod Ricard on the Board of Directors: Cusenier S.A., JFA S.A., Pernod Ricard Europe S.A., Pernod S.A., Ricard S.A., Santa Lina S.A., Campbell Distillers Ltd, Ets VINICOLES champenois (E.V.C.) Galibert et Varon, Permanent representative of Santa Lina on the Board of Directors: Cie Financière des Produits Orangina (C.F.P.O.) S.A., Société Immobiliere et Financière pour 1'alimentation (S.I.F.A.) S.A., Permanent representative of International Cognac Holding on the Board of Directors: Renault Bisquit S.A.
Gérard BAUDE Director elected by employees	None
Philippe PRUVOST Director elected by employees	None
Marc SONNET Director elected by employees	None
Anthony WYAND Director	Chairman: Grosvenor Continental Europe SAS, Director: Unicredito Italiano SPA, Société Foncière Lyonnaise, Adyal, Aviva Participations, Permanent representative: Aviva Spain, CU Italia, Member of the Supervisory Board: Aviva France, Non-Executive Director: Grosvenor Group Holding Ltd.

The members of the Board of Directors may be reached at the Company's address under 29, boulevard Haussmann, 75009 Paris 9.

On May 24th 2005, the Board of Directors appointed Mr. Ryotaro Kaneka, Chairman of Meiji Yasuda Life Insurance Company, as non-voting director.

There are no potential conflicts of interest between any duties to Société Générale of members of the Board of Directors and their private interests or other duties.

6. Major Shareholders

With respect to the investments in Société Générale reference is made to the following details provided in the Annual Report 2004 of Société Générale.

Common stock

At December 31, 2004, the Group's common stock comprised 445.2 million shares with a nominal value of EUR 1.25 per share.

This increase of 6.7 million in the number of outstanding shares during 2004 breaks down as follows:

- 5.2 million shares issued and subscribed for by Group employees under the Company-sponsored employee share ownership plan.
- 1.5 million shares issued following the exercise of stock options. If all vested stock options were to be exercised, 448.5 million shares would be issued, representing a maximum potential dilution of 0.74%. The Group's common stock would then amount to EUR 560,585,283.75, divided into 448,468,227 shares.

At November 22, 2005, the Group’s common stock comprised 433.2 million shares with a nominal value of EUR 1.25 per share.

The decrease of 11.6 million in the number of outstanding shares since the beginning of 2005 breaks down as follows:

- 5.7 million shares issued and subscribed for by Group employees under the Company-sponsored employee share ownership plan.
- 0.8 million shares issued following the exercise of stock options.
- -18.1 million shares cancelled.

At November 22, 2005 the Group's common capital stock amounts to EUR 541,906,598.75 subdivided into 433,525,279 shares with a nominal value of EUR 1,25 per share.

Share buybacks

Since the launch of its share buyback program in September 1999, Société Générale has bought back 65.1 million of its own shares, for a total net amount of EUR 3.8 billion. In February 2002, it cancelled 7.2 million shares, representing a total of EUR 438 million. In 2004, the Group bought back 14 million shares for a total of EUR 961 million and sold or transferred 4.7 million shares with a book value of EUR 271 million. Since the beginning of 2005, the Group purchased 8.6 million shares net of sales.

At December 31, 2004, the Group held 30.4 million of its own shares (excluding 9 million treasury shares, representing 2.02% of share capital), representing 6.82% of the share capital and a book value of EUR 1,831 million. Of this total, 15.7 million shares with a book value of EUR 844 million are used to cover stock options granted to employees. At its meeting of February 9, 2005, the Board of Directors cancelled 11 million Société Générale shares, under the authorization granted by the General Meeting of Shareholders of April 29, 2004.

At November 22, 2005, the Group held 27.1 million of its own shares excluding those held for trading purposes (ie 6.3% of its capital).

Changes in share ownership

In 2004, the "Fonds E" (the Société Générale employee share ownership plan) reduced its stake in Société Générale's capital from 8.03% to 6.88%.

BREAKDOWN OF CAPITAL AND VOTING RIGHTS(1) OVER 3 YEARS

	At Dec. 31, 2004		At Dec. 31, 2003		At Dec. 31, 2002	
	% of capital	% of voting rights	% of capital	% of voting rights	% of capital	% of voting rights
Employees and former employees via the Group employee share ownership plan	7.42	13.57	8.46	14.21	7.83	13.11
Groupama	2.97	2.92	3.02	2.89	3.08	2.82
Meiji Yasuda LifeInsurance Cy	2.49	4.73	2.52	4.68	2.97	5.28
CDC (general section)	1.87	3.10	1.97	3.14	1.88	2.94
Fondazione CRT	1.66	1.63	1.68	1.61	(2)	(2)
Dexia	1.44	1.42	1.31	1.26	1.40	1.28
Aviva	1.39	1.37	1.37	1.33	4.14	4.51
PSA	(2)	(2)	0.80	1.38	1.66	3.00
Pernod Ricard	(2)	(2)	(2)	(2)	0.69	1.26
Free float	71.92	71.26	72.01	69.50	70.80	65.80

Buybacks	6.82	0.00	4.81	0.00	3.46	0.00
Treasury stock	2.02	0.00	2.05	0.00	2.09	0.00
Total	100.00	100.00	100.00	100.00	100.00	100.00
Number of outstanding shares	445.153.159	452,307,138	438,434,749	457,086,131	430,170,265	469,480,478

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 transferables securities (UCITS)).

(1) Including double voting rights (Article 14 of the Company's by-laws).
(2) Shareholders with less than 1% of capital or voting rights.

7. Financial Information on the Financial and Earnings Position of Société Générale

a) Historical Financial Information for the financial year 2003

In respect of the audited Financial Information for the financial year 2003, reference is made to Annex I.

b) Historical Financial Information for the financial year 2004

In respect of the audited Financial Information for the financial year 2003, reference is made to Annex II.

c) Consolidated Financial Statement

In respect of the consolidated annual financial statement of 2003, reference is made to Annex I.

In respect of the consolidated annual financial statement of 2004, reference is made to Annex II.

d) Audit of Financial Statements

The auditors have audited the annual Financial Statements for the financial years of 2003 and 2004 without qualification:

„In our opinion the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.“

e) Interim Financial Information

The Interim Financial Information of Société Générale for the first quarter of 2005 as per May 25, 2005 (Quarterly Report) is attached to this Registration Document as Annex III. This Interim Financial Information is unaudited.

The Consolidated Financial Statement of Société Générale as per June 30, 2005 (Half-Year-Report) as well as the Examination Report of the auditors to the Half-Year-Report dated September 14, 2005 are attached to this Registration Document as Annex IV.

The Interim Financial Information of Société Générale for the third quarter of 2005 as per November 17, 2005 (Quarterly Report) is attached to this Registration Document as Annex V. This Interim Financial Information is unaudited.

f) Legal and arbitration proceedings

Reference is made to the risks described in pages 151 to 154 of the excerpts of the Annual Report 2004 as attached as Annex II

There are no further legal or arbitration proceedings which may have or have had in the recent past significant effects on the Société Générale and/or group's financial position or profitability, nor, to the best knowledge of Société Générale, are there any such proceeding threatened.

g) Significant Change in the Financial or Trading Position of Société Générale

Since the end of the financial year 2004 there has been no material change in the financial or trading position of Société Générale.

8. Documents on Display

During the period of validity of this Registration Document copies of documents referred to in this Registration Document in relation to Société Générale and marked out for publication are available for inspection free of charge at the business premises of Société Générale at Tour Société Générale, 17, Cours Valmy, 92972 Paris - La Défense Cedex, France or on www.ir.socgen.com.

Annex I

EXCERPTS OF THE ANNUAL REPORT 2003 OF SOCIÉTÉ GÉNÉRALE

Contents:

Please note that the following pages are only excerpts of the Annual Report 2003 of Société Générale. Advertising parts have been deleted. Therefore, the above mentioned page numbers refer to the page numbers newly inserted down left in the following document.

Group management report

Group activity and results

The 2003 financial year was marked by a gradual improvement in the global equity markets, with both stock market indexes and trading volumes on the primary and secondary markets picking up from the second quarter of the year. At the same time, interest rates remained persistently low over the first nine months of the year in both the United States and Europe.

The economic climate brightened in the United States compared with 2002, while Europe experienced sluggish growth. In parallel, the euro firmed up significantly against the dollar, hitting record highs at the end of 2003 (the EUR/USD parity stood at 1.26 at the end of December 2003 and averaged 1.13 over the year).

Against this backdrop, the Société Générale Group turned in very good performances, notching up 40% growth in operating income over 2003. These solid results were achieved thanks to the expansion and development of the Group's franchises through a combination of organic growth and selective acquisitions, enhanced operating efficiency and an improved risk profile. Lastly, the industrial equity portfolio made a small positive contribution to Group earnings.

Net income for the financial year came out at EUR 2.5 billion, up 78% on 2002. The Group's return on equity (ROE) after tax stood at 16.2% in 2003, up from 9.4% in 2002.

Summary consolidated income statement

(in millions of euros)	2003	2002	Change (%)
Net banking income	**15,637**	**14,573**	**+ 7**
Operating expenses	(10,568)	(10,526)	+ 0
Gross operating income	**5,069**	**4,047**	**+ 25**
Net allocation to provisions	(1,226)	(1,301)	– 6
Operating income	**3,843**	**2,746**	**+ 40**
Net income from long-term investments	397	(299)	NM
Net income from companies accounted for by the equity method	43	48	– 10
Exceptional items	(150)	(11)	x 13.6
Amortization of goodwill	(217)	(184)	+ 18
Income tax	(1,161)	(649)	+ 79
Net income before minority interests	2,755	1,651	+ 67
Minority interests	(263)	(254)	+ 4
Net income	**2,492**	**1 397**	**+ 78**
ROE after tax %	**16.2**	**9.4**	

During 2003, the Group integrated the Tunisian bank UIB (Union Internationale de Banques), as well as the European multi-make operational leasing and fleet management activities of Hertz Lease (these acquisitions were finalized at the end of 2002). The Group also acquired and consolidated in its 2003 accounts Compagnie Bancaire Genève, which bolstered the Group's private banking platform in Switzerland, Constellation Financial Management (a management fees securitization business), and two retail banks outside France in Réunion (BFCOI) and Ghana (SSB).

Net banking income rose by 7% to EUR 15.6 billion (up 8.7% when adjusted for changes in Group structure and at constant exchange rates). Revenues increased by 4.3% in the French Retail Banking Networks, 17.6% in Financial Services and 7.8% in Corporate and Investment Banking (+15.6% when adjusted for changes in Group structure and at constant exchange rates). Net banking income generated by Global Investment Management was stable over the full year when adjusted for changes in Group structure and at constant exchange rates, with a marked pickup seen in the second half of the year. Revenue growth was principally underpinned by the development of the Group's existing franchises, together with selective acquisitions in businesses offering strong potential for profitable growth (notably Financial Services and Private Banking).

Revenues for the period included a capital gain in the amount of EUR 187 million realized on the disposal of a property asset.

When adjusted for changes in Group structure, at constant exchange rates and excluding this capital gain, net banking income was up 7.3%.

Operating expenses came out at EUR 10.6 billion, stable in absolute terms and up 2% when adjusted for changes in Group structure and at constant exchange rates. This trend reflects the full impact of the rightsizing of the Cash Equity and Advisory platform decided in 2002, as well as the continued implementation of the major productivity enhancement programs launched in 2001 (in particular, centralization of purchasing function and rationalization of European back offices). At the same time, a tight rein was kept on the headcount (total staff numbers dipped 0.7% between 2002 and 2003), while the Group pursued its policy of selective investment in sales and information systems.

The combined effect of revenue growth and rigorous cost control produced a sharp fall in the cost/income ratio from 72.2% in 2002 to 67.6% in 2003.

Gross operating income rose by 25% between 2002 and 2003 to stand at EUR 5.1 billion. When adjusted for changes in Group structure, at constant exchange rates and excluding the capital gain on the property disposal, it was up by 22%.

The net allocation to provisions fell 6% to EUR 1.2 billion in 2003. Expressed as a proportion of risk-weighted assets at the end of the year, the cost of commercial risk fell over the year to 59 bp versus 70 bp in 2002. On the Corporate and Investment Banking side, this included a marked reduction in specific provisioning for identified risks and a reinforcement of the general credit risk reserve in the amount of EUR 285 million. Risk provisioning booked by Retail Banking and Financial Services was stable at around EUR 650 million, while the cost of risk of the French Networks held steady at 37 bp in 2003 versus 36 bp in 2002.

The combination of sustained growth in gross operating income and lower risk provisioning drove operating income up 40% on 2002 to EUR 3.8 billion in 2003. When adjusted for changes in Group structure, at constant exchange rates and excluding the capital gain on the property disposal, operating income showed a rise of 32%.

Net income from long-term investments had a positive impact of EUR 397 million in 2003 versus a negative contribution of EUR 299 million in 2002. This change reflects:

- on one hand, the contribution made by the Group's industrial equity portfolio (EUR 124 million in 2003 versus EUR -350 million in 2002) in light of the pickup in the Paris Bourse over the period (CAC 40: +16%). At December 31, 2003, the market value of the industrial equity portfolio stood at EUR 3.0 billion, representing an unrealized capital gain of EUR 0.4 billion;
- on the other hand, the Group disposed of its stake in Crédit Lyonnais during the year, generating a pre-tax capital gain of EUR 242 million. The planned trimming of the industrial equity and real estate investment portfolios was begun in 2003 (EUR – 320 million of net disposals over the year).

Goodwill amortization totaled EUR 217 million compared with EUR 184 million in 2002, reflecting the acquisitions made and exceptional amortization expenses of EUR 48 million booked over the period on goodwill related to past acquisitions.

Exceptional items, which amounted to EUR – 150 million, notably included an allocation of EUR 150 million to the general reserve for banking risks and exceptional charges linked to the Gruttadauria fraud totaling EUR 46 million, which were offset by a write-back in the same amount from the general reserve for banking risks.

Corporate income tax came out at EUR 1,161 million, corresponding to an effective tax rate of 27.4% versus 26.6% in 2002.

Overall, attributable net income stood at EUR 2.5 billion in 2003 compared with EUR 1.4 billion in 2002. The ROE after tax came out at 16.2% (with average allocated capital of EUR 15.4 billion) versus 9.4% in 2002 (with average allocated capital of EUR 14.9 billion).

Earnings per share (EPS) in 2003 stood at EUR 6.07, up 78% on 2002.

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

- Retail Banking and Financial Services, which groups the Société Générale and Crédit du Nord networks in France, the retail banking networks outside France, the Group's business finance subsidiaries (vendor finance, IT asset leasing and management, operational vehicle leasing and fleet management), consumer credit, banking services and securities (means of payment, correspondent banking, custody services), and life and non-life insurance activities;

- Global Investment Management, which comprises the Group's Asset Management and Private Banking businesses;
- Corporate and Investment Banking, which covers two types of activity:

– Corporate Banking and Fixed Income, including:

• the Debt Finance platform, which groups the structured finance (export finance, project finance, acquisition finance, property finance, financial engineering), debt, currency and treasury activities,

• brokerage on the financial futures and commodities markets (FIMAT),

• commodity finance and trading,

• commercial banking (notably, plain vanilla corporate loans),

– Equity and Advisory activities comprising:

• equity activities (primary market, brokerage, derivatives, trading),

• advisory (mergers and acquisitions),

• private equity.

In addition, the Corporate Center acts as the central funding department of the Group's three core businesses. As such, it recognizes the cost of carry of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's asset/liability management (ALM) and the amortization of goodwill. Furthermore, income from the Group's industrial equity and real estate investment 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 Global Investment Management, 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 their 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, 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 activities and the nature of its revenues.

Summary of results and profitability by core business

Income statement by core business

(in millions of euros)	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	Retail Banking and Financial Services		Global investment Management		Corporate and Investment Banking		Corporate Centre and other		Group	
Net banking income	**9,222**	**8,684**	**1,270**	**1,304**	**5,141**	**4,769**	**4**	**(184)**	**15,637**	**14,573**
Operating expenses	(6,200)	(5,873)	(864)	(905)	(3,274)	(3,487)	(230)	(261)	(10,568)	(10,526)
Gross operating income	**3,022**	**2,811**	**406**	**399**	**1,867**	**1,282**	**(226)**	**(445)**	**5,069**	**4,047**
Net allocation to provisions	(648)	(653)	(2)	(14)	(519)	(717)	(57)	83	(1,226)	(1,301)
Operating income	**2,374**	**2,158**	**404**	**385**	**1,348**	**565**	**(283)**	**(362)**	**3,843**	**2,746**
Net income from long-term investments	5	21	(11)	(10)	29	24	374	(334)	397	(299)
Net income from companies accounted for by the equity method	13	14	0	0	17	18	13	16	43	48
Exceptional items	0	0	0	0	0	0	(150)	(11)	(150)	(11)
Amortization of goodwill	0	0	0	0	0	0	(217)	(184)	(217)	(184)
Income tax	(812)	(741)	(120)	(120)	(307)	(78)	78	290	(1,161)	(649)
Net income before minority interests	1,580	1,452	273	255	1,087	529	(185)	(585)	2,755	1,651
Minority interests	(187)	(175)	(24)	(15)	(8)	(20)	(44)	(44)	(263)	(254)
Net income	**1,393**	**1,277**	**249**	**240**	**1,079**	**509**	**(229)**	**(629)**	**2,492**	**1,397**
Allocated capital	**7,415**	**6,858**	**420**	**356**	**3,579**	**3,593**	**3,945**	**4,085**	**15,359**	**14,892**
ROE after tax (%)	**18.8**	**18.6**	**59.3**	**67.4**	**30.1**	**14.2**			**16.2**	**9.4**

In 2003, all the Group's Retail Banking and Financial Services activities turned in robust performances, while the Global Investment Management businesses held up well under difficult stock market conditions at the start of the year. Thanks to excellent performances by the fixed income and equity derivatives businesses, the full impact of cost-cutting initiatives and an optimized capital allocation policy, the Corporate and Investment Banking arm registered an exceptionally high level of profitability in 2003 (ROE after tax of 30.1%).

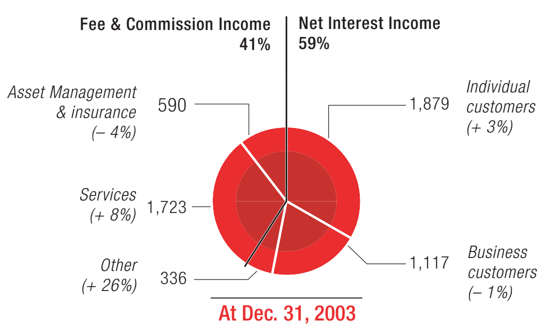
Retail Banking and Financial Services

(in millions of euros)	2003	2002	Change %
Net banking income	**9,222**	**8,684**	**+ 6**
Operating expenses	(6,200)	(5,873)	+ 6
Gross operating income	**3,022**	**2,811**	**+ 8**
Net allocation to provisionss	(648)	(653)	– 1
Operating income	**2,374**	**2,158**	**+ 10**
Net income from long-term investments	5	21	– 76
Net income from companies accounted for by the equity method	13	14	– 7
Income tax	(812)	(741)	+ 10
Net income before minority interests	1,580	1,452	+ 9
Minority interests	(187)	(175)	+ 7
Net income	**1,393**	**1,277**	**+ 9**
Of which:			
Société Générale Network	*738*	*706*	*+ 5*
Crédit du Nord Network	*140*	*121*	*+ 16*
Specialized Financial Services	*301*	*260*	*+ 16*
Retail Banking outside France	*214*	*190*	*+ 13*
Average allocated capital	**7,415**	**6,858**	**+ 8**
ROE after tax (%)	**18.8**	**18.6**	

Retail Banking and Financial Services saw net income rise by 9% in 2003 for an ROE after tax of 18.8%, compared with 18.6% in 2002. These results reflected excellent commercial and financial performances across the board.

French Networks: growth and profitability

In France, 2003 was marked by a lackluster economic environment and low interest rates. Against this backdrop, the Group's two domestic retail banking networks – Société Générale and Crédit du Nord – once again demonstrated the robustness and performance potential of their banking models.



REVENUE MIX OF FRENCH NETWORKS
in millions of euros

The quality of the networks' franchises, the accent placed on the customer relationship and the harnessing of synergies between customer segments remained the cornerstones of the banking models of both networks, which complement each other in terms of their respective structures and organizations. Serving 8.3 million customers at the end of 2003, the two networks form the leading non-mutual retail banking group in France.

Both networks continued to attract new customers in 2003, with a net increase of 129,000 current accounts (+2.4%). At the same time, the quality of the customer relationships produced a further increase in the average number of products held per current account, which stood at 7.4 at the end of 2003 versus 7.1 at the end of 2002. Lastly, new loans and inflows into savings products were particularly robust on the mortgage loan (+39% versus 2002), consumer credit (+10%) and customer deposit (+3%) segments.

Under these circumstances, net banking income rose 4.3% between 2002 and 2003 to stand at EUR 5,645 million. Despite low interest rates over the year, net interest income rose 3.9% in relation to 2002 on the back of growth in customer loans and deposits, notably on the individual customer segment. Fee and commission income rose strongly over the year (+4.9%), fuelled by service commissions (+8.4%).

As part of the rationalization of its platform, the Société Générale network continued to centralize its back offices. The number of local back-office structures thus fell from 136 to 109 between 2000 and 2003, while 7 customer service units (which are intended to pool the after-sales service activities handled up to now within the branch groups) were in place at the end of 2003. At Crédit du Nord, the administrative tasks of 550 branches serving individual customers and SMEs are currently being transferred across to 27 specialized regional processing centers. At the same time, the customer relationship management (CRM) tools and channels are continuing to be deployed: in the Société Générale network, 21,000 staff were trained in the CRM application in 2003, while the multimedia customer relations centers continued to develop, employing 580 staff at the end of 2003 versus 370 at end-2002. Lastly, the Société Générale and Crédit du Nord networks continued to optimize their geographical footprint, opening 32 points of sale over the year and installing an additional 339 ATMs in 2003.

Despite continued sales investment, the French Networks kept the increase in operating expenses down to 2.9% versus 2002, with a stabilization of staff numbers. The cost/income ratio shed one point between 2002 and 2003 to stand at 69.4%.

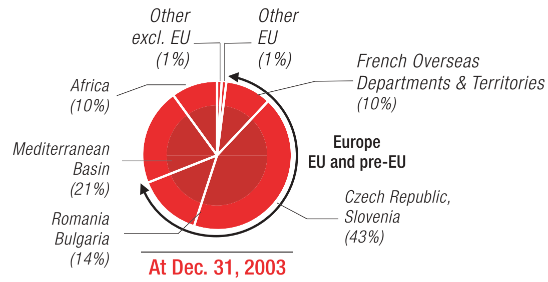
This combination of growth in net banking income and tight cost control produced an 8% rise in gross operating income.

The cost of risk of the French Networks was stable in 2003 at 37 bp compared with 36 bp in 2002.

Operating income was up by 7% on 2002.

Net income booked by the French Networks came out at EUR 878 million in 2003, up 6% on 2002. The ROE after tax for the year was a remarkable 19.7%, up 0.4 point on the previous year.

Retail Banking outside France: ongoing development and high profitability



BREAKDOWN OF NET BANKING INCOME BY REGION

In order to bolster its international retail banking platform, the Group acquired two banks in 2003 in Réunion (BFCOI) and Ghana (SSB). Furthermore, Union Internationale de Banques (UIB) in Tunisia, which was taken over at the end of 2002, was consolidated in the Group's accounts at the start of 2003. Before recognizing the acquisition of General Bank of Greece, which should be completed in the first half of 2004, 64% of the business line's outstanding loans were concentrated in EU member states or accession countries.

Thanks to sustained organic growth and after recognizing those acquisitions made during the year, the business line served over 5 million customers (individuals and businesses) across 31 entities at the end of 2003. The international retail banking networks were reinforced over the period with the opening of 63 new outlets (on a like-for-like basis).

Net banking income was up by 1.6% in 2003 (+2.9% when adjusted for changes in Group structure and at constant exchange rates). Revenue growth, which was fuelled by the robust commercial development of all entities, was nevertheless limited at Komercni Banka by two factors: first, the negative impact of the disposal of part of the bad loan book built up prior to the bank's takeover by the Société Générale Group, and second, the negative impact on the bank's interest margin of the convergence of Czech interest rates on those of the European Union.

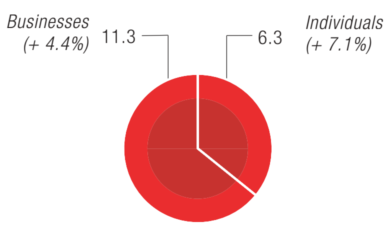
In 2003, the international retail banking networks accounted for 11% of Group net banking income.

The business line kept a lid on operating expenses, which rose by 3.1% when adjusted for changes in Group structure and at constant exchange rates. The positive effects of the restructuring plan at Komercni Banka (6% drop in operating expenses at constant exchange rates) offset the cost of investments in certain entities such as Egypt and Russia (3 branches at the end of 2003).

The net allocation to provisions was down sharply (-25% when adjusted for changes in Group structure and at constant exchange rates) on 2002, when the business line was affected by provisioning linked to the crisis in Argentina. Consequently, net income rose by 13% in 2003 to stand at EUR 214 million, while the ROE after tax came out at 32.1% for the year (30% in 2002), above the target level.

Financial Services: increase in core profitability

The Group's Financial Services activities encompass three business lines: Specialized Financing, Life Insurance, and Securities and Banking Services.



OUTSTANDING LOANS IN 2003
(% change vs. 2002)
in billions of euros

In 2003, the Group consolidated the European activities of Hertz Lease, which have bolstered its European **operational leasing, fleet management and vehicle financing** platform. With a presence in 19 countries, this activity had over 500,000 vehicles under management at the end of 2003 (up 3% on 2002), ranking it second in Europe.

In **equipment finance**, the Group registered further dynamic top-line growth on the large corporates segment. New leasing volumes were up by 2.5% over the year and margins improved by 8 bp.

The **consumer credit activities** also turned in a satisfactory performance, with growth in existing activities (new loans up 10% when adjusted for changes in Group structure) and developments under way in the Czech Republic and Russia.

Net banking income booked by the Group's Specialized Financing activities in 2003 rose by 8.4% when adjusted for changes in Group structure and at constant exchange rates. The business line's operating income over the period was up by 18.5% on the previous year, while the ROE after tax stood at 17.1% in 2003 compared with 14.9% in 2002.

The **Life Insurance business line** registered a sustained level of activity in 2003, with written premiums in France rising by 18% in relation to 2002, compared with 10% growth for the French bancassurance market as a whole. Investments are currently being made in support of the Group's international retail banking network (in Morocco, the Czech Republic and Egypt). Over the year, net banking income generated by the business line was up 10% on 2002 when adjusted for changes in Group structure and at constant exchange rates.

Despite little improvement in market conditions until the end of the year, the **Securities and Banking Services business line** saw assets under custody grow by 32% between the end of 2002 and the end of 2003 on the back of successful sales activity.

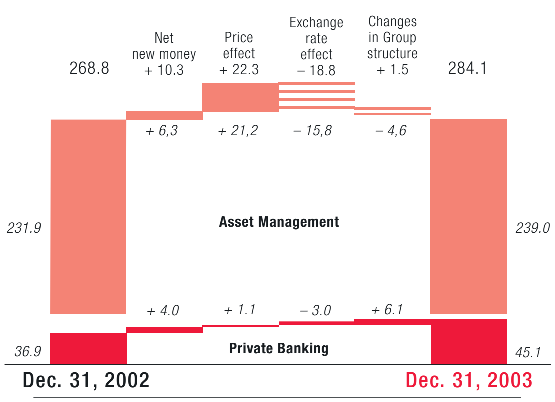
Overall, the **Financial Services** arm booked net income of EUR 301 million in 2003, up 16% on 2002. The ROE after tax in 2003 came out at 13.1%, stable against the previous year.

Global Investment Management:
resilient performance over year

(in millions of euros)	2003	2002	Change %
Net banking income	**1,270**	**1,304**	**– 3**
Operating expenses	(864)	(905)	– 5
Gross operating income	**406**	**399**	**+ 2**
Net allocation to provisions	(2)	(14)	– 85
Operating income	**404**	**385**	**+ 5**
Net income from long-term investments	(11)	(10)	+ 10
Income tax	(120)	(120)	+ 0
Net income before minority interests	273	255	+ 7
Minority interests	(24)	(15)	+ 60
Net income	**249**	**240**	**+ 4**
Of which:			
Asset Management	*188*	*201*	*– 6*
Private Banking	*61*	*39*	*+ 56*

Following a difficult start to the year, the Group's Global Investment Management arm confirmed its recovery potential in the second half against the backdrop of more bullish stock markets and an improved financial environment. In 2003, this business booked net income of EUR 249 million, up slightly on 2002 (+4%).

Assets under management amounted to EUR 284.1 billion at end-December 2003 compared with EUR 268.8 billion at end-December 2002, up 6% thanks to a robust net inflow of new money (EUR +10.3 billion) and a favorable price effect (EUR +22.3 billion). The exchange rate effect remained negative over the period at EUR -18.8 billion. The Private Banking business recognized the acquisition of Compagnie Bancaire Genève in the second quarter of 2003, with EUR 8 billion under management.



ASSETS UNDER MANAGEMENT

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

Asset Management

The Asset Management business line registered EUR 6.3 billion of net new money in 2003. After recognizing price effects (EUR +21 billion), exchange rate effects (EUR -16 billion), and the disposal and closure of low-margin activities in the United States (EUR – 4.6 billion), assets under management stood at EUR 239 billion at end-December 2003, ranking the Group as the fourth largest euro-zone bank in asset management.

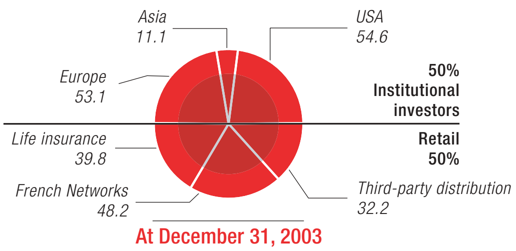
The Group's alternative management(1) activities continued to develop successfully with over EUR 30 billion(2) of assets under management at the end of 2003 and a net inflow of EUR 2.8 billion (9% of total assets invested in alternative management products), making the Group one of the European leaders on this segment. Commercial innovation in this activity was notably reflected in the launch of the first real estate investment trust in France, as well as new funds including Oil & Gas and growth capital funds in France and Eastern Europe. Moreover, the Group continued to reinforce its structured products offering on the credit derivatives, mortgage-backed securities and hedge fund segments.

In terms of commercial development, the joint venture set up by SG Asset Management in 2002 with Baosteel, the leading Chinese industrial group, attracted nearly EUR 0.5 billion of new money in 2003 with the launch of its first mutual fund, distributed through the second largest Chinese bank (China Construction Bank).

(1) Performance-guaranteed funds, future funds, hedge funds, private equity.
(2) Excluding assets managed by Lyxor Asset Management (EUR 28 billion at December 31, 2003), whose results are consolidated in the Equity and Advisory business line.

The performance of funds remained excellent: 90% of equity products managed by SG AM Paris outperformed their benchmark over one year and 82% ranked in the 1st and 2nd performance quartiles. Moreover, 98% of equity assets managed by TCW outperformed their benchmark over one year.

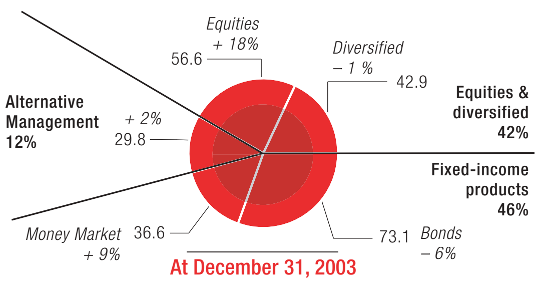
The breakdown of assets between institutional investors and retail clients remained well balanced. Assets managed for institutional investors totaled EUR 118.8 billion, representing 50% of total assets under management. Moreover, the geographic diversification of assets (USA 30%, Europe 65%, Asia 5%) ensures a strong capacity to weather any crises on local markets.



BREAKDOWN OF ASSETS UNDER MANAGEMENT BY CLIENT SEGMENT AND GEOGRAPHIC REGION
in billions of euros

The share of assets invested in equity, diversified and alternative management products rose to 54% in 2003 from 52% in 2002. Assets invested in alternative management accounted for 12% of total assets under management at the end of 2003, compared with 13% in 2002.

After a difficult start to 2003, revenues booked by Asset Management picked up steadily and held up well over the full year (–1% 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 39 bp, compared with 40 bp in 2002.



BREAKDOWN OF ASSETS UNDER MANAGEMENT BY TYPE OF PRODUCT
in billions of euros

Operating expenses were stable between 2002 and 2003 when adjusted for changes in Group structure and at constant exchange rates, enabling operating income in 2003 to come out at a level close to that seen in 2002 (–1.5% when adjusted for changes in Group structure and at constant exchange rates). Net income for the year amounted to EUR 188 million, compared with EUR 201 million in 2002.

Private Banking

2003 saw the Group's Private Banking arm reinforce its platform in Europe, with the acquisition of Compagnie Bancaire Genève bolstering the business line's presence on offshore markets in Europe. SG Private Banking Suisse, which was formed by the merger of Compagnie Bancaire Genève and SG Rüegg (the Group's existing Swiss subsidiary), had EUR 12.1 billion under management at end-December 2003 and gathered EUR 0.4 billion of net new money over the second half of 2003.

Private Banking also reaped the rewards of its sales strategy in Asia, where it had EUR 6.2 billion under management at end-2003, representing average annual growth in assets under management of 20% over the past three years.

At the same time, the business line continued to develop its structured product and alternative management offering, with revenues from these products accounting for 11% of total revenues in 2003 compared with 2% in 2000. Total assets invested in alternative management products grew by 50% in 2003 to stand just shy of EUR 600 million.

Total assets under management amounted to EUR 45.1 billion(3). The net inflow of new money remained robust at EUR +4 billion including Compagnie Bancaire Genève. Price and exchange rate effects were slightly negative at EUR -1.9 billion versus EUR – 5.8 billion in 2002.

When adjusted for changes in Group structure and at constant exchange rates, net banking income was up by 8%, essentially driven by the sharp increase in commissions on structured products (notably in Asia). Operating expenses were up 5% on the same basis. Operating income totaled EUR 78 million, up 41% on 2002 when adjusted for changes in Group structure and at constant exchange rates, while net income amounted to EUR 61 million (against EUR 39 million in 2002).

(3) Excluding the assets of customers managed directly by the French networks (EUR 63 billion held by clients with financial assets exceeding EUR 150,000).

Corporate and Investment Banking:
exceptional profitability

(in millions of euros)	2003	2002	Change %
Net banking income	**5,141**	**4,769**	**+ 8**
Operating expenses	(3,274)	(3,487)	– 6
Gross operating income	**1,867**	**1,282**	**+ 46**
Net allocation to provisions	(519)	(717)	– 28
Operating income	**1,348**	**565**	**x 2.4**
Net income from long-term investments	29	24	+ 21
Net income from companies accounted for by the equity method	17	18	– 6
Income tax	(307)	(78)	x 3.9
Net income before minority interests	1,087	529	x 2.1
Minority interests	(8)	(20)	– 60
Net income	**1,079**	**509**	**x 2.1**
Average allocated capital	**3,579**	**3,593**	**– 0**
ROE after tax (%)	**30.1**	**14.2**	

In 2003, the Group's Corporate and Investment Banking arm turned in excellent performances in an environment marked by very low interest rates over the large part of the year and an upswing on the equity markets. The Corporate Banking and Fixed Income business line booked a high level of revenues, essentially driven by the treasury and fixed income activities, while the Equity and Advisory businesses produced excellent performances, notably thanks to very good results from equity derivatives. As a result, net banking income was up 16% when adjusted for changes in Group structure and at constant exchange rates.

Against this backdrop, the Group maintained its top-tier positions in structured finance and derivatives. At the same time, it improved its competitive positions on the euro capital markets, notably in corporate euro bond issues (ranked 6th in 2003 versus 8th in 2002 – source: *Thomson Financial).* Some notable success was achieved in Europe outside France, notably with bond issues for German corporates and syndicated loans for Spanish corporates.

2003 saw the full impact of the cost-cutting measures in place since the end of 2001: operating expenses were down by 6.1% in absolute terms (+2% on a like-for-like basis). The exceptional level of revenues booked by the treasury and fixed income activities, combined with the sizeable reduction in costs, produced a 7-point drop in the cost/income ratio versus 2002 at 64% (excluding restructuring costs). The compensation ratio (total compensation/net banking income, net of provisions) was also down at 46.5% in 2003 compared with 49.3% in 2002 (excluding severance costs).

The net allocation to provisions booked by Corporate and Investment Banking dropped from EUR 717 million in 2002 to EUR 519 million in 2003, while including an allocation of EUR 285 million to the general credit risk reserve. Following the sizeable level of provisioning booked in 2001, this fall reflected both the marked improvement in the US economic climate and the positive effects of a dynamic portfolio management policy.

Under these conditions, Corporate and Investment Banking generated net income of EUR 1.079 billion, a twofold increase on 2002. With the level of allocated capital stable between 2002 and 2003 at EUR 3.6 billion, the ROE after tax of the business stood at 30.1% in 2003.

Corporate Banking and Fixed Income

(in millions of euros)	2003	2002	Change %
Net banking income	**3,277**	**3,187**	**+ 3**
Operating expenses	(1,945)	(1,969)	– 1
Gross operating income	**1,332**	**1,218**	**+ 9**
Net allocation to provisions	(482)	(699)	– 31
Operating income	**850**	**519**	**+ 64**
Net income from long-term investments	31	40	– 23
Net income from companies accounted for by the equity method	17	18	– 6
Income tax	(185)	(111)	+ 67
Net income before minority interests	713	466	+ 53
Minority interests	(8)	(20)	– 60
Net income	**705**	**446**	**+ 58**
Average allocated capital	**3,185**	**3,150**	**+ 1**
ROE after tax (%)	**22.1**	**14.2**	

2003 was marked by very low interest rates over the first nine months of the year in both the United States and Europe. In addition, sluggish economic growth in Europe weighed on business investment

2003 highlights

Fixed Income

The Group ranked 6th in 2003 for corporate euro bond issues compared with 8th in 2002 (source: *Thomson Financial)* and made significant progress on its target segments in Europe outside France, namely German corporate euro bond issues where it ranked 3rd (10th in 2002) and Spanish syndicated loans in Europe where it ranked 4th in 2003 (8th in 2002). Over the year, the Group won several mandates from French and European issuers, notably including a EUR 5 billion bond issue for KfW, convertible into Deutsche Telekom shares. In addition, the Group was bookrunner of an innovative deal for Michelin: the first deeply subordinated issue under the new Financial Security Act enabling issuers to launch lowest ranking subordinated debt issues.

Financing

Despite a persistently low level of productive investment, the financing activities enjoyed a satisfactory year overall. The Group consolidated its leadership or position among the global leaders in export finance (ranked 1st worldwide by *Trade Finance* for the second consecutive year and among the top 3 every year for the past 9 years), project finance (ranked 5th worldwide by *Project Finance International)* and commodity finance (ranked 1st worldwide by *Trade Finance*). Among the highlights in 2003, the Group participated in the financing of a power plant for AES (Spain/US) in the amount of EUR 665 million. The bank also financed the acquisition of SigmaKalon (France), a subsidiary of Total, by Bain Capital.

FIMAT (financial instruments and commodities brokerage)

Fimat produced a sound performance in 2003 and remains among the worldwide leaders in its markets.

Results

Corporate Banking and Fixed Income was able to capitalize on this environment, registering revenue growth over the year (+3% in absolute terms). This performance was essentially driven by the exceptional performances of the treasury and fixed income activities over the first three quarters of the year. At the same time, the financing activities showed a slight pick-up against a backdrop of particularly weak economic growth.

The increase in revenues generated by Corporate Banking and Fixed Income was accompanied by a 1% drop in operating expenses in absolute terms, notably thanks to tight control of recruitment.

The net allocation to provisions booked by Corporate Banking and Fixed Income fell by 31% in 2003. This drop reflected the fall in specific provisioning for identified risks, while the general credit risk reserve was reinforced over the period by EUR 285 million.

Overall, net income was up 58% and the ROE after tax stood at a high level of 22.1% versus 14.2% in 2002.

Equity and Advisory

(in millions of euros)	2003	2002	Change %
Net banking income	**1,864**	**1,582**	**+ 18**
Operating expenses	(1,329)	(1,518)	– 12
Gross operating income	**535**	**64**	**x 8.4**
Net allocation to provisions	(37)	(18)	x 2.1
Operating income	**498**	**46**	**x 10.8**
Net income from long-term investments	(2)	(16)	– 88
Net income from companies accounted for by the equity method	0	0	NM
Income tax	(122)	33	NM
Net income before minority interest	374	63	x 5.9
Minority interests	0	0	NM
Net income	**374**	**63**	**x 5.9**
Average allocated capital	**394**	**443**	**– 11**
ROE after tax (%)	**94.9**	**14.2**	

2003 highlights

Equity Derivatives

The Equity Derivatives business line held onto its position as global market leader (named "Equity Derivatives House of the Year" by *The Banker* in September 2003). In addition, the Group ranked 1st in warrants and among the Top 3 in Europe for Exchange Traded Funds (ETF). In 2003, the Group developed its range of innovative structured products based on equities, indexes, equity baskets and fund units (creation of Titanium range, Prestissim, etc.). The arbitrage and volatility trading activities notched up strong performances in 2003.

Primary Equity

In a European primary market up by 8%, the Group maintained its position among the leading players in Europe and was top in France. The main deals managed by the Group in 2003 included convertible issues for PPR and Alcatel and a secondary offering for Renault.

Equity Brokerage

After a difficult 2002, the 2003 financial year saw a recovery in global equity markets, which the Group was able to capitalize on. The Group retained its position as the number one broker on the French market with a market share of 11.3% (versus 10.7% in 2002). The equity research department was restructured and was ranked number 3 in France at the end of 2003 *(source: Agefi).*

Mergers and acquisitions

In a market down by 6% in Europe and by 31% in France in 2003, the Group ranked 3rd in France on the basis of announced deals and 9th on the basis of completed deals. It was notably involved in two major transactions: the public exchange offer made by France Telecom for Orange as advisor and the purchase offer made by Alcan for Pechiney.

Private Equity

In 2003, the Private Equity activity generated positive revenues after a 2002 marked by the significant depreciation of US and UK funds, as well as sizeable capital losses on disposals. The decision to downsize this portfolio resulted in several lines being sold during 2003.

Results

The Equity and Advisory activities saw net banking income rise 18% in relation to 2002. This growth reflected solid performances by Equity Derivatives, which registered very high levels of client-driven activity in structured and listed products.

Operating expenses of the Equity and Advisory business line fell by 6% in 2003 in absolute terms and excluding restructuring costs. This reflected the full impact of the restructuring initiatives implemented in 2001 and 2002. The headcount (excluding support functions and management) dropped by 6% between end-December 2002 and end-December 2003.

Overall, net income booked by Equity and Advisory came out at EUR 374 million in 2003 for an ROE after tax of 95%, compared with 14% in 2002.

Corporate Center

(in millions of euros)	2003	2002
Net banking income	**4**	**(184)**
Operating expenses	(230)	(261)
Gross operating income	**(226)**	**(445)**
Net allocation to provisions	(57)	83
Operating income	**(283)**	**(362)**
Net income from long-term investments	374	(334)
Net income from companies accounted for by the equity method	13	16
Exceptional items	(150)	(11)
Amortization of goodwill	(217)	(184)
Income tax	78	290
Net income before minority interests	(185)	(585)
Minority interests	(44)	(44)
Net income	**(229)**	**(629)**

Over the 2003 financial year, the Corporate Center showed a negative bottom line of EUR 229 million, compared with a negative net income of EUR 629 million in 2002.

This improvement was due to the following elements:

– a pick-up in gross operating income of EUR 220 million following the disposal of a property asset (capital gain of EUR 187 million) and tighter cost control (EUR -40 million);

– net income from long-term investments of EUR 374 million versus a negative contribution of EUR 334 million in 2002. A capital gain of EUR 242 million was booked on the disposal of the Group's shares in Crédit Lyonnais. In addition, capital gains and write-backs of provisions were booked on the industrial equity portfolio in the amount of EUR 124 million. At December 31, 2003, the net book value of the industrial equity portfolio stood at EUR 2.6 billion, representing an unrealized capital gain of EUR 0.4 billion. The Group began to trim its industrial equity and real estate portfolios in 2003, with EUR 0.3 billion (book value) being sold during the second half of 2003.

The Corporate Center also recognized:

– a net allocation to provisions for litigation of EUR 57 million;

– a net allocation to the general reserve for banking risks of EUR 105 million;

– a goodwill amortization expense of EUR 217 million, including an accelerated amortization charge of EUR 48 million.

Financial policy

The objective of the Group's capital management policy is to optimize the use of capital in order to maximize the short- and long-term return for shareholders, while maintaining a capital adequacy ratio (Tier-one ratio) in keeping with the share's stock market status and the target rating needed for the Group's capital market activities.

The Tier-one ratio stood at 8.7% at December 31st 2003 and reflected the respective changes in available funds and funds used over the period.

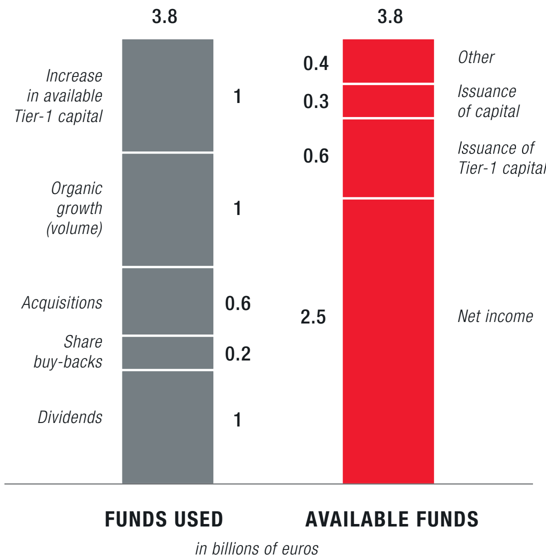
Available funds:

- attributable net income of EUR 2.5 billion;
- additional paid-in capital from the issuance of preferred shares in October 2003 in the amount of EUR 0.6 billion;
- additional paid-in capital from capital increases reserved for employees in the amount of EUR 0.3 billion;
- various elements, including the amortization of goodwill and changes in reserves in the amount of EUR 0.4 billion, excluding the impact of fluctuations in the US dollar.

Funds used:

- financing of organic growth: EUR 1 billion in 2003 at constant exchange rates, notably linked to the development of the Group's franchises in France and in Specialized Financing;
- financing of acquisitions: EUR 0.6 billion in 2003 (including EUR 0.3 billion for Compagnie Bancaire Genève);
- the 2003 dividend, which was up 19% on 2002 (payout ratio of 41% in 2003);
- share buybacks intended to offset the dilutive impact of capital increases reserved for employees, corresponding to 6.3 million shares in 2003 (EUR 0.2 billion).

The balance of available funds (EUR 1 billion) contributed directly in 2003 to increasing the Group's Tier-one ratio.



At constant exchange rates.

Recent developments and future prospects

The Group will pursue its **strategy of profitable growth** in 2004 **while continuing to reduce its cost/income ratio.**

The Group will further enhance the quality and size of its franchises.

It will reinforce its centers of excellence, namely the French Networks and Corporate and Investment Banking.

As regards the French Networks, the Group has a high-quality franchise. The reorganization of the Société Générale network in 2003 and the local banking model of Credit du Nord's network of regional banks are principally intended to meet the needs of their customers as fully as possible. The new IT tools enabling even more effective customer relationship management and the customer service units will further enhance the dynamic sales performance and service quality of the networks in 2004.

In Corporate and Investment Banking, the Group has a robust platform that has produced one of the highest returns on equity in Continental Europe over the past 5 years. It will continue with its strategy of profitable growth while harnessing synergies with the Group's other core businesses:

– by drawing on its three core competency businesses: euro capital markets, derivatives and structured finance;

– by focusing on Europe for its geographical development;

– by enhancing the offering aimed at financial institution groups.

The Group **will develop its growth drivers** through a combination of organic growth, partnerships and selective acquisitions.

It will continue to **expand its customer base in international retail banking** by pursuing its strategy of organic growth and acquisitions ("EU 25", emerging countries) and by reinforcing synergies between entities (information systems, sales practices, risk management).

The **Financial Services** activities, **which have taken on a true European dimension, will continue to develop within the enlarged European Union,** with priority given to equipment finance, operational vehicle leasing and consumer credit.

Global Investment Management currently has a powerful and well-balanced platform. While giving priority to reinforcing its presence on high-potential product segments (alternative management, multi-management, etc.) and to its commercial development, this business **will continue to look into opportunities for partnerships and acquisitions, notably in Europe and Asia.** It will be bolstered by a competitive service offering following the integration of all the Group's securities business lines (Global Securities Services for Investors) in 2004.

Lastly, the Group will pursue the **goal of lowering its cost/income ratio** in 2004.

In order to meet customer expectations as efficiently and cost-effectively as possible, the Group stands by its objective of realizing cost savings of some EUR 750 million by 2004 relative to its 2001 cost base.

The continued implementation of the major cost-cutting programs will be reflected in:

– increased efficiency of the back offices;

– the rationalization and pooling of cross-business processes, notably in terms of human resources;

– tighter control of external expenditure by developing the Group-wide approach to purchasing and relations with suppliers, and by rationalizing purchasing policies (office tools, telecoms, etc.).

In conclusion, this strategy should enable the Group to continue to create shareholder value and reinforce its competitive position.

Furthermore, it will be implemented while preserving a satisfactory financial structure (notably in terms of the Tier-one ratio) that is consistent with the Group's rating.

Activity seen over the first few weeks of 2004 was in line with that at the end of 2003.

Post-closing events

Disposal of stake in Sophia

The Société Générale Group tendered its 25.2% stake in the capital of Sophia, a property management company, to the public purchase offer made by GE Real Estate Investment France in December 2003.

At closing of the offer in February 2004, GE held 88.8% of the capital and 96.8% of the voting rights in Sophia.

The capital gain of some EUR 100 million, net of tax, realized on this disposal will be booked in the Société Générale Group's accounts in the first quarter of 2004.

Acquisition of General Bank of Greece

On March 5, 2004, Société Générale acquired a stake in General Bank of Greece (GBG) and subscribed for a reserved capital increase, which together gave it a 50.01% stake in GBG's capital. Société Générale will launch a public purchase offer for the remaining share capital at the end of the first quarter of 2004.

With a network of 114 branches and 2,300 employees, GBG is the seventh largest bank in Greece with total assets of EUR 3 billion.

Analysis of consolidated balance sheet

(in billions of euros at December 31)	2003	2002	Change %
Assets			
Interbank and money market assets	26.0	28.4	– 8.2
Customer loans	177.5	174.2	+ 1.9
Securities (1)	226.0	193.6	+ 16.8
of which: securities purchased under resale agreements	*75.4*	*59.0*	*+ 27.7*
Net investments of insurance companies	42.9	37.3	+ 15.1
Other assets	56.5	59.5	– 5.0
of which: option premiums	*21.4*	*21.5*	*– 0.2*
Long-term assets	10.4	8.5	+ 22.2
Total assets	**539.4**	**501.4**	**+ 7.6**
Liabilities and shareholders' equity			
Interbank and money market liabilities (2)	147.1	125.0	+ 17.7
Customer deposits	160.2	152.8	+ 4.9
Bonds and subordinated debt (3)	17.3	18.2	– 5.0
Securities	92.9	90.7	+ 2.4
of which: securities sold under repurchase agreements	*51.7*	*59.8*	*– 13.5*
Other liabilities and provisions	59.4	59.3	+ 0.1
of which: option premiums	*23.7*	*21.7*	*+ 9.2*
Underwriting reserves of insurance companies	41.2	35.8	+ 15.1
Equity and general reserve for banking risks	21.3	19.5	+ 9.0
General reserve for banking risks	*0.3*	*0.2*	*+ 50.7*
Minority interests	*2.0*	*1.9*	*+ 2.5*
Preferred shares	*2.1*	*1.7*	*+ 27.1*
Shareholders' equity	*16.9*	*15.7*	*+ 7.3*
Total liabilities and shareholders' equity	**539.4**	**501.4**	**+ 7.6**

(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.

The principal changes in the consolidated balance sheet were as follows:

- Customer loans at December 31, 2003 totaled EUR 177.5 billion, up 2% in relation to end-December 2002 (of which 1% linked to changes in Group structure). This increase notably reflected growth in mortgage loans (+16%) and in equipment loans to SMEs (+34%).
- The securities portfolio amounted to EUR 226 billion, up 17% despite an unfavorable dollar effect. This change was principally linked to the increase in the portfolio of securities purchased under resale agreements (+28%) and in the equity portfolio (+34%).
- Customer deposits totaled EUR 160.2 billion at December 31, 2003, up 5% on the previous year (of which +2% linked to changes in Group structure). This increase was essentially driven by growth in individual customer sight deposits (+19%) and special savings account deposits (+18%). Term deposits were down 12%.

Group shareholders' equity stood at EUR 16.9 billion at December 31, 2003, representing an increase of 7% in relation to end-December 2002. This stability essentially reflected the following:

– net income for the period: EUR 2.5 billion;

– the dividend paid during the 2003 financial year: EUR – 0.9 billion;

– translation differences, notably linked to the dollar's depreciation: EUR -0.6 billion.

A net allocation of EUR 105 million was made to the general reserve for banking risks.

After recognizing the general reserve for banking risks (EUR 0.3 billion), minority interests (EUR 2 billion) and preferred shares (EUR 2.1 billion), total equity amounted to EUR 21.3 billion.

This represented a B.I.S. ratio of 11.7% at December 31, 2003. The Tier-one ratio stood at 8.7% of risk-weighted assets (EUR 195.6 billion) compared with 8.1% at December 31, 2002.

Changeover to IAS

(International Accounting Standards)

Main differences identified between the accounting standards currently applied by the Société Générale Group and the IFRS (International Financial and Reporting Standards) adopted by the European Accounting Regulation Committee in July 2003.

All the accounting principles applied by the Group in accordance with Regulations 1999-07 and 2000-04 of the *Comité de la Réglementation Comptable (*French Accounting Regulation Committee) are described in detail in Note 1 of the notes to the consolidated financial statements.

These principles differ in certain aspects from those that must be applied by all listed companies as of January 1, 2005, in accordance with the European regulation published by the European Commission on July 19, 2002. Europe has opted for IFRS as the European financial reporting framework, subject to the said standards being validated by the European Accounting Regulation Committee (ARC).

Consequently, the differences identified at this stage do not take into account the standards relating to the treatment of financial instruments (IAS 39) and equity and debt instruments (IAS 32), which have not been adopted by the ARC, nor amendments to adopted standards still to be approved by the ARC, nor those standards still in the form of exposure drafts that will be published by the IASB (International Accounting Standards Board).

The main differences identified to date between the IFRS approved by the ARC and the accounting principles applied in preparing the Société Générale Group's consolidated financial statements for the 2003 financial year are set out below.

Business combinations (IAS 22)

The Group has retained the option provided for under the standard with respect to the first-time adoption of the International Financial Reporting Standards (IFRS 1), which consists in not restating acquisitions made prior to January 1, 2004 (opening balance). As such, goodwill on acquisitions financed by capital increases before January 1, 2000 and charged directly against capital will be retained in the opening balance.

This accounting treatment is no longer allowed with future acquisitions.

The draft amendment to IAS 22 currently provides for the elimination of goodwill amortization and the introduction of a goodwill impairment test at least once a year.

General reserve for banking risks (IAS 30 and 37)

The Société Générale Group has built up a general reserve for banking risks. Allocations to and write-backs from this general reserve are recognized under a special account heading on the income statement, below *Earnings before exceptional items and tax.*

Along with general risk reserves that do not comply with the conditions for accounting recognition defined in the standards, the general reserve for banking risks cannot be maintained in the accounts under IAS and instead is considered to constitute retained earnings.

Tangible fixed assets (IAS 16 and 36)

The revaluations of operating assets carried out by the Group in 1991 and 1992 may be either cancelled by adopting the historical cost valuation method or maintained by applying the provisions of the standard on the first-time adoption of IFRS. Moreover, this standard offers the possibility of revaluing fixed assets individually at their market value upon the first-time adoption of IFRS and of subsequently retaining this value as the historical cost of the revalued assets. Furthermore, the adoption of the component depreciation method, which demands the use of different depreciation lives for each component of a single fixed asset, should result in the calculation of a depreciation difference charged against capital.

As regards proprietary real estate investments held with a view to generating rental income and earning a return on the invested capital, the Group has not yet decided whether it will opt for the possibility of valuing such assets at their recoverable value, which would lead to the recognition of an unrealized capital gain increasing Group equity.

Leases (IAS 17)

The analysis of the substance of lease contracts, in accordance with IAS 17, which is more specific than the equivalent French standards, could lead to some contracts currently treated as finance leases being reclassified as rental agreements. In addition, IAS 17 imposes a more systematic revision of unsecured estimated residual values used to calculate the gross investment of the lessor in the finance lease and the need to adjust any financial income already recognized in the accounts.

Commissions (IAS 18)

The methods for the forward averaging of certain commissions received or paid in the course of financial intermediation activities will lead to the reversal of income and expenses booked under the current rules when issuing the loans in order to reintegrate the amounts at the effective interest rate of these loans in accordance with IAS 18.

Employee benefits (IAS 19)

In accordance with the accounting principles described in Note 1 of the notes to the consolidated financial statements for the 2003 financial year, the Group books provisions covering its pension liabilities, lump-sum retirement payments and long-service awards.

The main differences identified to date between these principles and the provisions of IAS 19 are as follows:

• Scope of benefits

A certain number of additional benefit categories are provided for under IAS, principally those related to retiree medical and life insurance.

• Valuation methods

At the current time, all entities within the Group use the valuation methods authorized in the country in which they are based. IAS 19 imposes the adoption of a single method based on coherent and consistent assumptions (for example, harmonization of actuarial calculations, discount rates, demographic assumptions, etc.) and the valuation of financial hedges at their market value, capped according to specific rules.

• Financial reporting rules

The current rules are complemented by the recognition on the balance sheet of certain hedges.

• Publication requirements

In addition, the notes to the financial statements will set out the methodology and assumptions used, the sensitivity of the results to these assumptions and additional non-accounting information explaining the possible future impact on results (unrecognized actuarial differences, amortizable past service costs).

Main impact on processes and systems

The changes linked to the adoption of the new accounting standards are felt at three different levels:

– At the operating level: modification of processes and systems for handling banking transactions in order to obtain the information required for accounting purposes under the new standards.

– At the level of each legal entity: adjustments to the accounting system of each legal entity so that it is able to produce IAS-compliant accounts alongside accounts prepared in accordance with local standards.

– At the Group level: enhancement of the Group's reporting standards, which are currently based on French standards and which in future will enable parallel reporting under two sets of standards in order to meet both French regulatory constraints and European requirements.

The adoption of IAS supposes a prior impact analysis for each of the Group’s operating activities. The accounting systems of the entities and the Group's reporting systems can be adapted in parallel. The operational roll-out subsequently requires the integration of the various systems in order to ensure the quality of the information produced.

Organization of the program for the changeover to IFRS within the Société Générale Group

At the start of 2002, the Société Générale Group began a preliminary analysis of the impact of the changeover to IFRS in Europe. Following the publication in July 2002 of the European regulations confirming the implementation timetable, the Group set about creating the necessary project structures. A Group-level program was put in place at the start of 2003 in order to handle coordination of the various projects and look after monitoring at the General Management level. A steering committee meets once a quarter to this end. The program manager reports to the Group chief financial officer.

The program is responsible for analyzing IAS, interpreting the standards, and translating them into accounting principles for the Société Générale Group. It handles the functional coordination (verification of compliance with the Group’s IFRS) of system and process upgrades, and checks the quality of the information produced during testing and the certification process. A change management project was launched to coordinate training, communication initiatives and changes to working practices.

The program comprises a set of projects, with each project featuring a project management team and dedicated resources. Projects have been set up within each business and for each of the corporate departments concerned.

Progress of groundwork for adopting new standards

As at the end of 2003, the majority of IFRS applicable in 2005 have been covered by a preliminary analysis and impact study. The most significant systems impacts have been covered by specifications, and will be developed and implemented in 2004.

Overall, there will be a gradual roll-out throughout the 2004 financial year, based on:

– A first stage at the start of 2004 aimed at enabling the production of comparative data based on the standards validated by ARC, i.e. excluding IAS 32 and IAS 39 on financial instruments.

– A second stage at the start of 2005 that takes on board the standards validated by Europe during 2004.

General IAS training initiatives were run throughout 2003, with priority given to those staff involved in the work of the program. The first half of 2004 will see the Group step up these efforts, notably as regards operational staff responsible for producing 2004 comparative data (staff from the Finance Department and operational staff from the core businesses). The second half of the year will be dedicated to preparations for January 1, 2005 (production of the opening balance over a full normative basis), including additional operational training on standards not applicable in 2004 and systems and process tests.

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 and interest rates, in 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 unsuitable 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 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 the risk management framework is solid and effective. The Risk Division also includes risk modeling teams, information system project managers, industry experts and economic research teams, and is responsible for:

– defining and validating the methods used to analyze, assess, approve and monitor 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 all such 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, which bring together members of the Executive Committee and managers from the Risk Division.

This committee considers the main strategic stakes wherever necessary: risk taking policies, measuring methods, material and human resources, analyses of portfolios and the cost of risk, market limits and credit concentration limits (by product, country, sector, region, etc.), crisis management.

Each department (commercial banking or business line) is responsible for submitting all new products and activities, 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 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 will sufficiently reflect 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 handled centrally by a single operating division. The centralizing division is designated on a case-by-case basis in order to ensure a consistent approach to risk management and permanent control of the Group's potential exposure to major clients;
- responsibility for analyzing and approving risk is delegated to the most appropriate section of the business lines and credit risk units;
- risk assessment departments are fully independent at each decision-making level.

The Risk Division has a specialized department for financial institutions, which aims to increase the Group's expertise 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 these concentrations. The management of the Group's concentration risks is based on a series of procedures that include a system for analyzing exposure 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 risk limits is intended to assign an appropriate exposure limit to each emerging market, on the basis of the risk incurred and the expected return on transactions in each country. The allocation of limits is subject to final approval by Group 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. It 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.

In the second half of the 1990's, the bank launched a major project to quantify all its credit 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 quantitative methods.

Internal rating

To this end, the Group has adopted an internal ratings scale similar to that used by external ratings agencies. It includes 22 levels of risk, three of which concern high-risk/defaulting counterparties (outstanding loans classified as doubtful or non-performing).

The Group's rating scale comprises a series of methods and tools, each adapted to the specific nature of each client (size, nationality, industry, etc.) and the characteristics of each transaction (maturity, guaranties, type of transaction). It enables the bank to estimate the average potential loss and capital per client and per transaction.

The Group's rating models have been constructed jointly by banking experts (commercial and risk departments) and modeling teams. The methodologies used are updated on a regular basis.

Risk ratings are determined at the start of a relationship or a transaction, then regularly reviewed and/or modified whenever considered necessary in view of a particular event.

The rating enables the bank to analyze the degree of risk entailed in each credit transaction, 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 capital).

The tools used for rating and measuring risk and risk-adjusted performance are now widely implemented across the Group.

They are regularly used by customer relationship managers and risk managers to determine the various risk factors, set exposure limits and calculate the risk-adjusted return.

The rating approach is thus an integral part of all decision-making processes and of credit risk management.

For the Group's investment portfolio, a methodology has been developed for allocating capital based on risk measurement, which takes into account the correlation between geographical regions, industrial sectors and counterparty credit ratings, in order to estimate the potential losses on the basis of a predefined confidence interval. These techniques enable the Group to assess the extraordinary losses in the event of a significant deterioration in economic conditions.

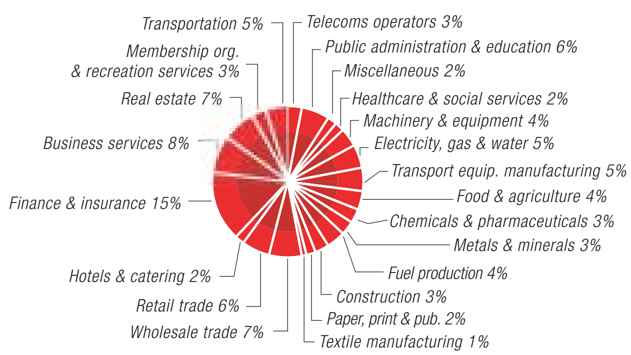
At the Group level, these tools are currently used for analyzing client profitability and for active portfolio management.

They are used directly by the Finance and Corporate Planning Department to forecast capital allocation requirements.

Credit portfolio analysis

Outstanding on individual and business customers

At December 31, 2003, on- and off-balance sheet loans gross of provisions granted by the Société Générale Group to its non-banking clients totaled EUR 267 billion (including EUR 184 billion of outstanding balance sheet loans). The Group's commitments on its ten largest industrial counterparties account for 6% of this portfolio.

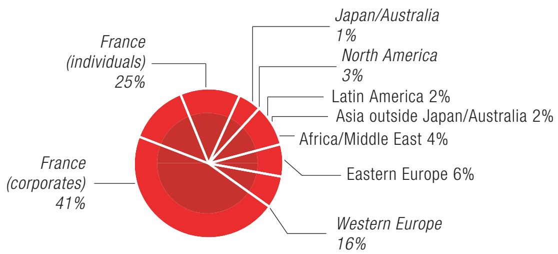


At Dec. 31, 2003

BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP COMMERCIAL OUTSTANDING BY INDUSTRY (excluding individual customers)

Total on-and off-balance sheet commitments: EUR 212 billion

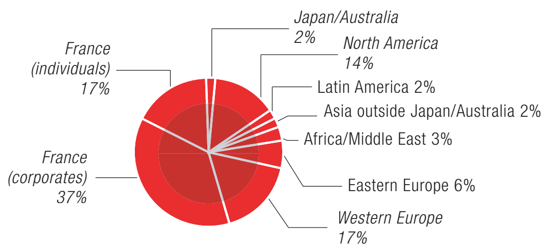
The Group's loan portfolio is highly diversified in terms of sectors, and generally matches the structure of world GDP. Only one sector accounts for more than 10% of total Group outstanding (finance & insurance excluding banks), and is characterized by a moderate cost of risk.



At Dec. 31, 2003

BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP LOANS TO NON-BANKING CUSTOMERS BY GEOGRAPHICAL REGION (including individual customers)

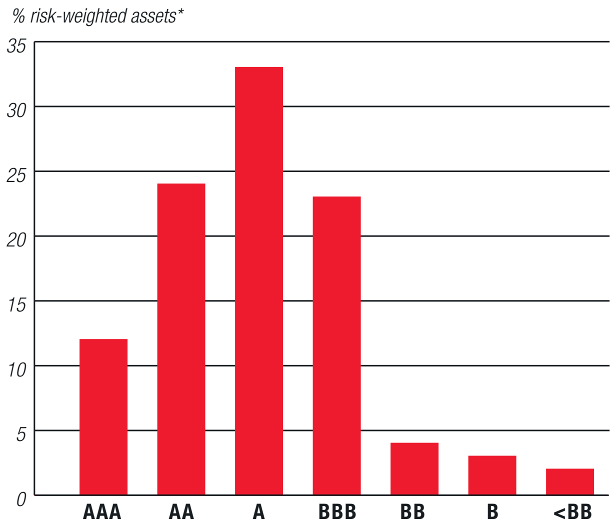
Total balance sheet commitments: EUR 184 billion



At Dec. 31, 2003

BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP LOANS TO NON-BANKING CUSTOMERS BY GEOGRAPHICAL REGION (including individual customers)

Total on-and off-balance sheet commitments: EUR 267 billion



At Dec. 31, 2003

BREAKDOWN OF RISK BY INTERNAL RATING* FOR GROUP BANKING CUSTOMERS

S&P equivalent of internal rating

** Borrower risk (including issuer risk) and replacement risk, excluding doubtful loans.*

At December 31, 2003, 87% 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 17% to individual customers).

Commitments on Banking Counterparties

Authorizations relating to banking and similar counterparties are defined using an internal method for evaluating financial institutions and within a table of maximum limits (broken down by credit rating and maturity) approved by General Management.

At December 31, 2003 on-balance sheet banking commitments (excluding securities purchased under resale agreements) and off-balance sheet commitments amounted to EUR 23 billion (excluding delivery and replacement risk). The large majority of these risks (more than 88%) relates to banks rated "Investment Grade" by the rating agencies, while the Group's exposure is highly diversified and short-term exclusively in the case of banks with lower ratings. Consequently, Société Générale's cost of risk on its banking counterparties remains structurally very low.

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, 2003, nearly three-quarters (EUR 14.4 billion) of the outstanding loans not covered concerned Retail Banking activities (which has good risk diversification), with the remaining quarter relating to Corporate and Investment Banking.

• Retail Banking

In Retail Banking, the outstanding on emerging markets not covered by specific provisions stood at EUR 14.4 billion at December 31, 2003, compared with EUR 14.0 billion at year-end 2002. This amount includes off balance-sheet commitments and takes into account the integration in 2003 of SG-SSB in Ghana (impact: EUR 0.1 billion). Furthermore, commitments in the amount of EUR 1.5 billion are covered by specific provisions. This portfolio covers 16 countries in four geographical regions (Eastern Europe, the Mediterranean basin, French-speaking Africa and Latin America). The majority of the corresponding commitments are denominated in the local currency and refinanced locally.

Change in non-banking exposure on emerging markets (Retail Banking)*

In EUR bn, incl. recent acquisitions	Dec. 31, 2002	Dec. 31, 2003
Individual customers	2.0	3.0
Corporates	12.0	11.4
Total	**14.0**	**14.4**

** On- and off-balance sheet, net of specific provisions for identified risks.*

Out of this total, commitments to countries which will join the European Union on May 1, 2004 stood at EUR 8.1 billion at end-2003. Outstanding loans in other emerging countries are limited to EUR 6.3 billion.

- 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 5.2 billion on December 31, 2003 (half of which are to Investment Grade countries), up slightly against December 31, 2002 (EUR 5.1 billion).

Change in non-banking exposure on emerging markets (Corporate and Investment Banking)*

(In billions of euros)	Dec. 31, 2002	Dec. 31, 2003
Mitigated country risk**	2.0	2.3
Standard country risk	3.1	2.9
Total	**5.1**	**5.2**

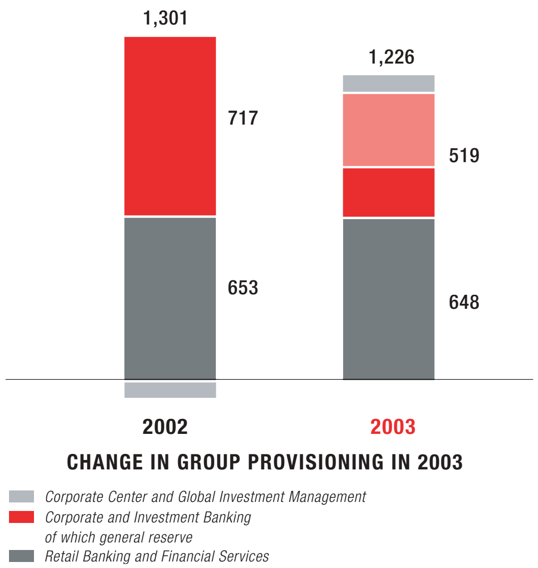
** On- and off-balance sheet, net of specific provisions for identified risks and guarantees (ECA, cash collateral).*
*** Transactions where the structure reduces the country risk, though without eliminating it (export prefinancing with offshore payment, political risk insurance, participation in financing extended by International Financial Institutions).*

Furthermore, outstanding covered by specific provisions amounted to EUR 0.4 billion.

Credit risk coverage, provisions and provisioning policy

Provisioning for credit risks at December 31, 2003

The net allocation to provisions for Société Générale Group commercial risk (excluding disputes) in 2003 amounted to EUR 1,106 million, compared with EUR 1,268 million at December 31, 2002.



CHANGE IN GROUP PROVISIONING IN 2003

The Group's cost of risk (excluding disputes) in 2003 therefore declined to 59 basis points, compared with 70 basis points a year earlier.

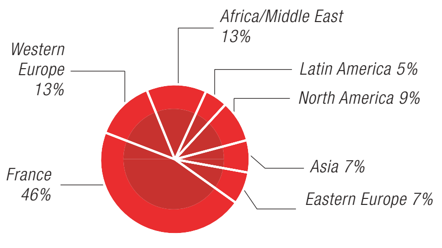
Over the year, the Group's net allocation to provisions (including disputes) fell by 6%.

This fall is primarily down due to the drop in specific provisioning for identified risks in Corporate Banking, which relates mainly to the US portfolio: the allocation to provisions for US risks was EUR 66 million in 2003, against EUR 345 million in 2002.

In 2003, a net allocation of EUR 285 million was made to the general reserve for the Corporate and Investment Banking division.

Provisioning for credit risks

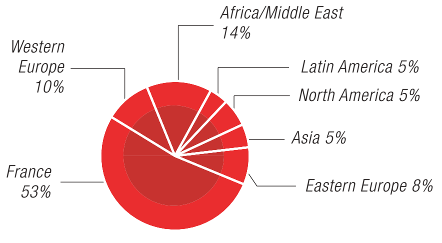
Provisioning for credit risks principally covers doubtful and disputed loans. These loans totaled EUR 10.7 billion at December 31, 2003.



BREAKDOWN OF DOUBTFUL LOANS BY GEOGRAPHICAL REGION

Total doubtful and disputed loans: EUR 10.7 billion

These loans are covered by specific provisions amounting to EUR 7.3 billion at December 31, 2003.



BREAKDOWN OF PROVISIONS BY GEOGRAPHICAL REGION

Total provisions: EUR 7.3 billion

In view of the specific provisions for identified risks, the country risks reserve and general risk reserve (totaling EUR 8.3 billion), the coverage ratio for the Group's doubtful and disputed loans is very high at 78%.

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, 2003, this provision totaled EUR 453 million.

General risk reserves (excluding country risk reserve)

Total general risk reserves booked by the Group amounted to EUR 558 million at December 31, 2003 compared with EUR 277 million at end-2002. This change was principally due to the Group's Corporate and Investment Banking arm reinforcing its general credit risk reserve by EUR 285 million, essentially related to the European loan book.

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 methods used to calculate risks and results and approving 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, in accordance with the regulatory model, 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 coherency between the total risk limits and the operational limits used by the front office. These limits also enable risks only partially detected 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. 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.

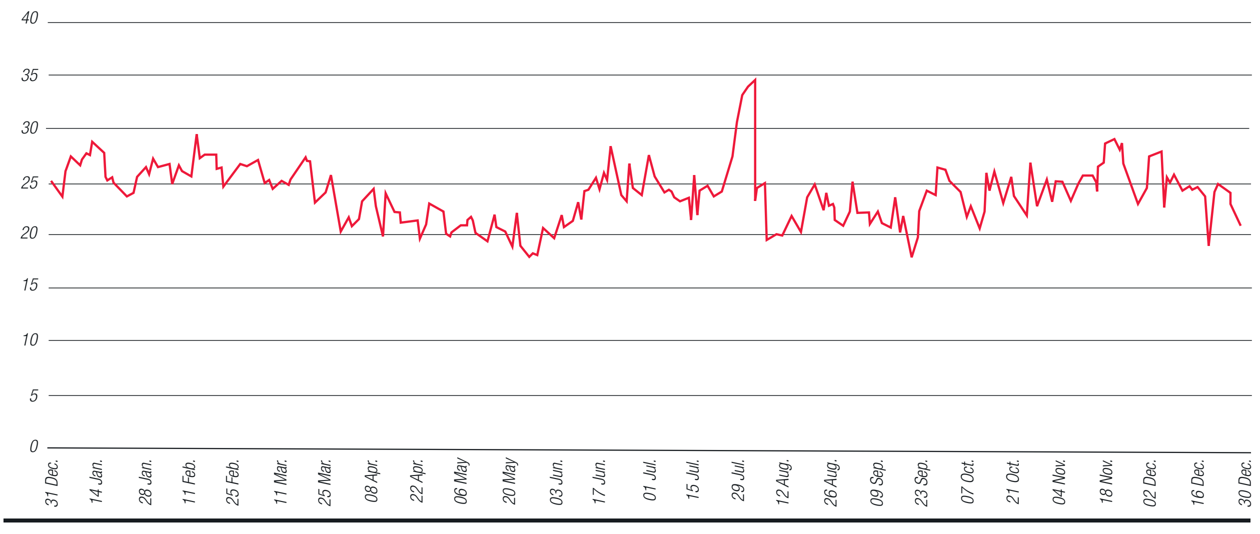
The method used is the "historical simulation" method, which implicitly takes into account the correlation between all markets and abnormal distributions of variations in market parameters. It is based on the following principles:

- 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 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 these 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 2003, 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 2003:



EVOLUTION OF THE TRADING VALUE AT RISK (TRADING MARKET ACTIVITIES PORTFOLIO) DURING 2003 (1 DAY, 99%)

In millions of euros

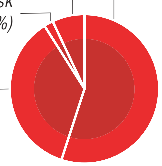
Breakdown of trading VaR by type of risk – Change between 2002 and 2003

(In millions of euros)

1-day, 99%	Year-end		Average		Minimum		Maximum	
	2003	2002	2003	2002	2003	2002	2003	2002
Interest rate risk	(23)	(27)	(22)	(30)	(17)	(23)	(30)	(43)
Equity price risk	(15)	(12)	(14)	(17)	(8)	(8)	(24)	(30)
Exchange rate risk	(1)	(1)	(1)	(1)	(1)	(1)	(3)	(3)
Commodity price risk	(3)	(2)	(3)	(4)	(2)	(1)	(5)	(6)
Compensation effect	18	16	17	20	NM*	NM*	NM*	NM*
Total	**(24)**	**(26)**	**(24)**	**(32)**	**(17)**	**(20)**	**(34)**	**(56)**

** Compensation not significant since the potential minimum and maximum losses do not occur on the same date.*

As we can see in the chart above, the average VaR fell from EUR 32 million to EUR 24 million between 2002 and 2003, largely due to the reduction in exposure to interest rates. Compensation remained high, reflecting the bank's high degree of risk diversification.



BREAKDOWN OF TRADING VaR BY TYPE OF RISK

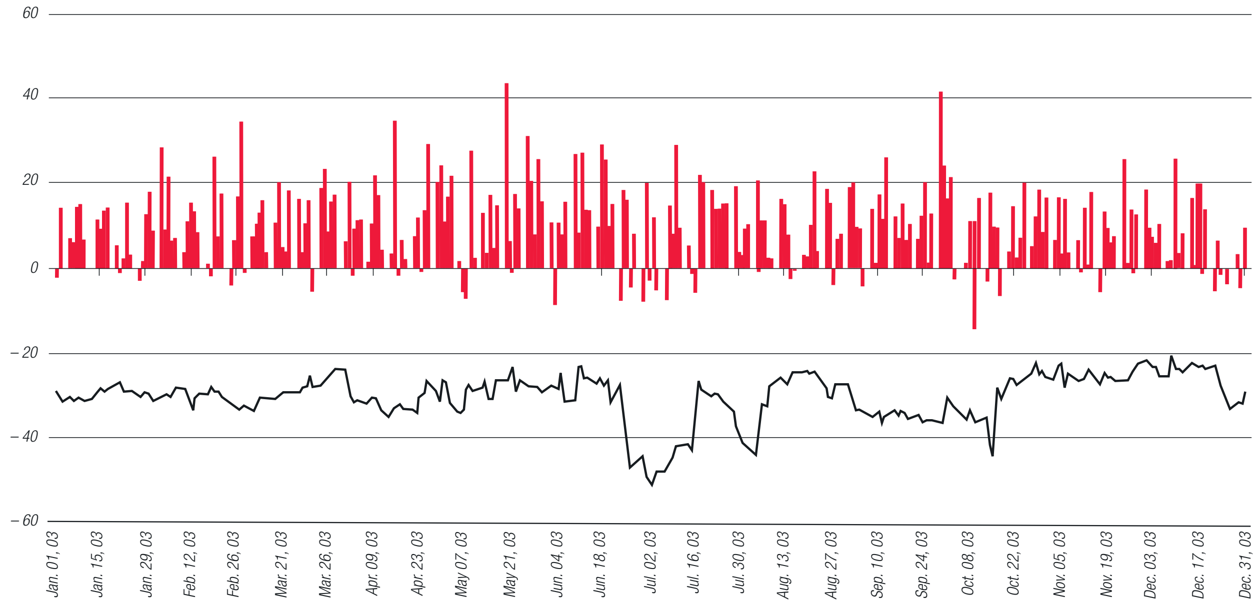
Methodological limits to VaR assessment

The VaR assessment is based on a model and conventional 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 exceptionally large fluctuations;
- 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 is 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 represents the back-testing of the VaR on the regulatory scope. The daily total never exceeded the amount of the VaR in 2003. Statistically, the 99% confidence interval would still be valid if the VaR is exceeded two or three times a year;
- complementing the VaR system with stress-test measurements.



VaR BACK-TESTING USING THE REGULATORY SCOPE DURING 2003 (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 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 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 the summer of 2002, the autumn of 2001, the summer of 1998, the Asian crisis of 1997 and 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, 2003 (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 Department.

Ten-year stress-test risk: exposure at December 31, 2003 and underlying assumptions

Stress-test scenarios	Exposure at December 31, 2003 and assumptions
Exchange rate risk:	**Exposure at December 31, 2003: EUR – 32 million**
Exchange rate risk	Risk measured by currency, on the basis of a +/-6% variation in the exchange rate for non-emerging market currencies, a +6/-10% variation for strong emerging market currencies, a +10/-15% for free-floating emerging market currencies and a +10/-30% variation in high-risk emerging market currencies.
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, 2003: EUR – 268 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 of 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/investment-grade 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, 2003: EUR – 435 million**
Cash equity positions	A fall in market prices of 15% for non-emerging markets and 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-month to -5% for 5-year) with spot price unchanged.
Commodity price risk:	**Exposure at December 31, 2003: EUR – 11 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, 2003: EUR – 42 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 CRBF (French Banking and Financial Regulation Committee) on internal control provided Société Générale 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 divisional heads is assisted by a "structural risks officer", responsible for risk analysis and reporting (first-level controls). Entities use a common system for reporting structural risks.

The Asset and Liability Management unit of the Finance and Corporate Planning department is responsible for directly monitoring domestic activities, as well as consolidating the risks taken by each Group entity. This unit also assists in preparing and validating the models used by the different divisions (second-level control).

The unit works in liaison with the division finance departments, which are responsible for the quality of information reported. These quarterly reports 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, currency and liquidity risks drawn up by the Asset and Liability Management unit. 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 on the basis of a global assessment of the evolution of outstanding positions for both fixed-rate and floating-rate products.

Assets and liabilities are analyzed independently, without any *a priori* allocation of funds. The maturity of the outstanding positions takes account of models of historical client behavior patterns (special savings accounts, early redemption, etc.), as well as assumptions relating to some aggregates (principally 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 calculation of the position's sensitivity to changes in interest rates.

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 relating to retail banking activities in France are mostly considered to be fixed-rate funds, and their total exceeds the duration of commitments of a similar nature. Due to macro-hedging operations, essentially carried out through fixed-rate swaps, and on the basis of the assumptions used, the sensitivity of the French Networks is low. Overall the retail banking sensitivity in France is less than EUR 200 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 exchange rate risks

Structural exchange rate 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 that used for its funding.

Société Générale chooses to take up these positions, since Group policy for its very long-term investments 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 in France and abroad, 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, 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 the unsuitability or failure of internal procedures, persons or systems, or caused by external events (disasters, fire, physical attacks, etc.). It includes risks linked to the security of information systems, legal and regulatory risks and environmental risks, along with risks to the Bank's business activity and reputation risk.

Operational risk is inherent in each of the Group's businesses and service activities. Its management is based on a system of prevention, control and coverage, integrating detailed procedures, permanent supervision and insurance policies, alongside work carried out by the internal audit and General Inspection departments.

Over the last few years, the Group has developed a thorough and coherent approach designed to reinforce the control and active management of operational risk within the Group.

The target system is based on a coherent series of procedures, measurement tools, management methods and reporting. It is in line with the Basel Committee's 2003 publication “Sound Practices for the Management and Supervision of Operational Risk” and meets the new regulatory requirements concerning the solvency ratio to be implemented in 2006.

The design of these tools and overall implementation of the project is the responsibility of the Operational Risk unit of the Basel II Program department. The practical application of the system is the responsibility of the operating divisions and corporate departments, and is currently in line with the multi-year plan approved by General Management.

The audit and General Inspection teams verify each element of the system before it is deployed.

Operational risk management

The Group maintains a database of all internal operating losses, and has extended its scope to cover all entities, both in France and abroad. This common database enables the Risk Department and each commercial division or support department to analyze their losses (by type of event, cause, activity, etc.) and monitor their evolution, along with the proposed action plans.

A specific methodology for evaluating the control environment has also been formally defined. This process is designed to alert the commercial divisions as soon as possible if they are vulnerable to risks so that they can react and reduce potential losses. Under this methodology, the risks inherent in each activity are defined in a risk map, and the quality and efficiency of the corresponding control procedure is rated on a regular basis.

The Group is currently finalizing a software application for managing its operational risks, integrating data from all its entities.

Operational risk measurement

The Group is developing an internal model to calculate the capital that must be allocated to operational risks under regulatory requirements.

Business continuity plans

- The Audit Department recently carried out a study to assess the coherency and efficiency of the Business Continuity Plans for the Group's main businesses.
- A coordination team was set up, which is responsible for:
  - standardizing all Business Continuity Plans;
  - circulating information on internal and external best practices throughout the Group;
  - monitoring the development and updating of the continuity systems.
- Various tests have been carried out to evaluate the efficiency of the Business Continuity Plans, with the involvement of the operational staff of the various divisions.
- The Board of Directors has also been kept informed of the work carried out in this area.

Legal risks

Dependency

Société Générale is not dependent on any patent or license, nor on any industrial, commercial or financial provisioning contract.

Risks and litigation

- Risks arising out of material litigation matters initiated against the Group are subject to a quarterly review. To this end, the managers of subsidiaries and branches, in France and abroad, review these litigations every quarter and assess the potential loss if any. These assessments are forwarded to the Paris Headquarters where they are reviewed by a committee headed by the Corporate Secretary and composed of members of the Financial, Legal and Risk Departments. This committee makes recommendations on the basis of which the General management decides the amount of the reserves or whether any existing reserves should be reversed.
- Like many financial institutions, Société Générale is subject to numerous litigations, including securities class actions lawsuits in the U.S., and to regulatory investigations. The Group has taken provisions in its financial statements for those matters that are liable to have or have recently had a significant impact on the financial condition of the Group, its results or its business, as assessed at December 31, 2003. Except as set forth below, the other litigation matters are not anticipated to have a material effect on the Group's financial condition or it is still too early to determine at this stage whether they may have such an impact.
- On January 19, 2000, High Risk Opportunities Hub Fund Ltd. (HRO), a hedge fund in receivership, represented by its receivers, commenced a lawsuit against Société Générale (and another bank), before the Supreme Court of the State of New York asserting two claims for breach of contract relating to a series of non-deliverable USD/Russian ruble foreign exchange transactions.

  On one cause of action, which has been dismissed by the court and potentially could be appealed, HRO seeks consequential damages of at least USD 1 billion. On the second cause of action, with respect to which both HRO and Société Générale have moved for summary judgement, HRO seeks compensatory damages of more than USD 190 million plus interest. In April 2003, Société Générale and HRO entered into a settlement agreement that is subject to the approval of the Grand Court of the Cayman Islands, which is presiding over HRO's bankruptcy proceedings. In July 2003, the Grand Court refused to approve the settlement. HRO has appealed that ruling. The settlement agreement between Société Générale and HRO remains in effect while HRO pursues its appeal. Société Générale has established provisions for this matter.
- The lawsuit filed against SG Cowen Securities Corporation (SG Cowen) before the United States Court for the District of Massachussetts by the New England Teamsters and Trucking Industry Pension Fund, was settled in late 2003. Insurance carriers funded the full amount of the settlement. The lawsuit has been dismissed.
- In January 2002, Société Générale was informed that Frank Gruttadauria ("Gruttadauria"), a former employee of SG Cowen's retail brokerage business that was sold in October 2000, had defrauded numerous customers and misappropriated their assets at various firms that had employed him, including SG Cowen. Gruttadauria has been convicted and sentenced in federal court in Ohio to a seven-year term of imprisonment for his crimes. Numerous former customers of SG Cowen have commenced or threatened to commence lawsuits

and arbitrations against Société Générale and SG Cowen arising out of Gruttadauria's fraudulent conduct. Société Générale and SG Cowen have reached settlements with many former customers and are attempting to resolve the remaining disputes with their former customers, but many lawsuits and arbitrations filed by former customers are ongoing and some of them are scheduled for hearings in the first quarter of 2004. SG Cowen has reimbursed former customers for the out-of-pocket losses they incurred resulting from Gruttadauria's misconduct.

In August 2003, SG Cowen entered into consent orders with the New York Stock Exchange ("NYSE") and the US Securities and Exchange Commission ("SEC"), under which SG Cowen was charged with failure to supervise Gruttadauria during the 27-month period he was employed by SG Cowen, and violations of the federal securities laws arising out of SG Cowen's failure to maintain accurate and complete books and records during the same time period. Pursuant to the orders, SG Cowen agreed, among other things: to a censure imposed by the SEC; to pay a total of USD 5 million in fines to the NYSE and the SEC; to undertake a review of certain firm policies, procedures, practices, and supervisory systems; and to participate in an expedited arbitration procedure to resolve the claims of former customers who choose to take advantage of the procedure.

On December 16, 2003, SG Cowen entered into an agreement with the Cuyahoga County (Ohio) Prosecutor under which the Prosecutor agreed not to file any civil, criminal or administrative charges against SG Cowen relating to the criminal activities of Gruttadauria while he was an employee of the firm from July 1998 through October 13, 2002. SG Cowen agreed to pay a total of USD 4.5 million to Cuyahoga County and the State of Ohio, representing the forfeiture of certain fees generated by Gruttadauria and the cost of the Prosecutor's investigation.

Société Générale has established provisions for all the financial consequences of this matter. This provision has been set off by a reversal for the same amount from the General Reserve for Banking Risks (Fonds pour risques bancaires généraux).

- SG Cowen is one of several defendants named in lawsuits arising out of the accounting fraud that caused the collapse of Lernout & Hauspie Speech Products, N.V. (L&H), a former client of SG Cowen.

In one lawsuit pending in the federal court in Boston, the former owners of Dragon Systems, Inc. allege that SG Cowen violated federal securities and state laws by making material misrepresentations to the plaintiffs while SG Cowen was advising L&H in connection with its acquisition of Dragon and published materially misleading research on L&H. Discovery is under way in that case.

In another lawsuit pending in the same court, the Trustee of the Dictaphone Litigation Trust alleges that SG Cowen made material misrepresentations to Dictaphone while SG Cowen was a financial advisor to L&H on its acquisition of Dictaphone, and published materially misleading research on L&H, in violation of various federal and state laws. SG Cowen has moved to dismiss the amended complaint filed in that lawsuit. In another L&H lawsuit pending in federal court in New Jersey, short-sellers of L&H stock allege that SG Cowen participated in a scheme to artificially inflate L&H's stock price through allegedly false and misleading research reports published by SG Cowen, in violation of federal securities laws and state laws. SG Cowen's motion to dismiss the complaint is pending.

Société Générale has established reserves for these matters.

Environmental risks

See page 84.

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 thresholds, or particular guarantees applicable to specific activities.

The contraction of the insurance market since 2001 has made it more difficult to set up insurance programs adapted to the Group's requirements since 2002, a problem shared by all major companies.

In the case of traditional guarantees, the Group was able to renew the majority of the policies bought on the market. Despite the difficulties experienced by insurers, Société Générale kept and in some cases improved its existing level of cover, particularly as regards guarantees for risks linked to financial activities.

The Group has an internal reinsurance company that intervenes with some policies to reduce the deductible imposed by insurers, which in some cases is particularly high.

As a result, despite the contraction in the market for the insurance of these risks, the Group was able to set up insurance policies that considerably exceed the level of losses realized.

II – Description of cover

a) General risks

1. Buildings and their contents, including IT equipment, are insured at their replacement value. In France, the budget amounted to EUR 3.2 million.
2. Liability other than professional liability (i.e. relating to operations, directors and officers, vehicles, etc.) is covered by insurance policies around the world. The amounts insured vary from country to country, but correspond to operating requirements. In France, the budget amounted to EUR 1.7 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 under a global policy. This policy complements the business continuity plans. The amounts insured are designed to cover losses incurred between the time of the event and the implementation of an emergency solution.

Other risks

The Group is aware of no other risk to be mentioned in this respect.

Regulatory ratios

International solvency ratio

(B.I.S. ratio)

The international solvency ratio requires financial institutions handling a significant volume of international business to maintain a minimum level of equity in reserve on a permanent basis, in order to cover their credit exposure and capital market risks.

Until December 31, 1997, the B.I.S. ratio was essentially limited to counterparty risks. Since January 1998, it has been extended to cover 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. 117).

Since December 31, 1998, the market risks for the majority of transactions have been calculated using this internal model, while the standard method is used for all other operations.

The Group's B.I.S. ratio stood at 11.68% at December 31, 2003, excluding Tier-3 capital, compared with 11.13% at end-December 2002 and 11.49% at end-December, 2001.

Risk-based capital, risk-weighted assets and solvency ratios

(in millions of euros at December 31)	2003	2002
Risk-based capital		
Group shareholders' equity	16,877	15,734
Dividends	(1,021)	(853)
General reserve for banking risks	312	207
Minority interests after appropriation of net income	1,847	1,768
Preferred shares	2,120	1,668
Prudential deductions (1)	(3,194)	(3,265)
Total Tier-1 capital	**16,941**	**15,259**
Total Tier-2 capital	**9,066**	**9,219**
Other deductions (2)	**(3,164)**	**(3,621)**
Total risk-based capital	**22,843**	**20,857**
Risk-weighted assets	**195,593**	**187,384**
International solvency ratio (B.I.S. ratio)	**11.68%**	**11.13%**
Tier-1 ratio	**8.66%**	**8.14%**

(1) Essentially goodwill and intangible assets.
(2) Holdings in non-consolidated financial companies or those accounted for by the equity method.

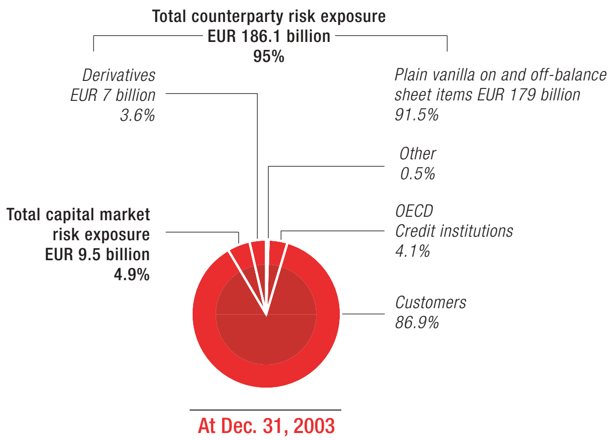
Regulatory ratios

Group shareholders' equity at end-December 2003 totaled EUR 16.9 billion (compared with EUR 15.7 billion in 2002). After taking into account minority interests, preferred shares, the general reserve for banking risks and prudential deductions, total Tier-1 capital stood at EUR 16.9 billion, giving a Tier-1 ratio of 8.66% at December 31, 2003 (compared with 8.14% at December 31, 2002).

Risk-weighted assets by type of activity break down as follows:

- the increase in risk-weighted assets over 2003 (EUR +8.2 billion) resulted from the rise in counterparty risks. These accounted for 95% of risk-weighted assets, amounting to EUR 186.1 billion, at December 31, 2003 (94.5% at December 31, 2002);
- risk-weighted assets relating to market risk accounted for 5% of the total, down slightly on 2002 (5.5%).

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 167, note 21).



BREAKDOWN 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 156.7% covered by Group equity, excluding any Tier-3 capital (compared with 154.3% at December 31, 2002).

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 113.5 % over 2003. At the end of each month in 2003, it was above the minimum regulatory requirement of 100%.

Prudential ratio

(funding ratio)

The prudential ratio, which is used to determine long-term liquidity, measures receivables due in more than five years against funds with a remaining maturity of more than five years. At December 31, 2003, this ratio stood at 93.9%, above the minimum regulatory standard of 60%.

Report of the Chairman on internal control procedures

This report has been prepared in compliance with articles L. 225-37 and L. 225-68 of the French Commercial Code, pursuant to Article 117 of the law on financial security dated August 1, 2003. It relates to the internal controls carried out by the consolidated Société Générale Group. In addition, the chairman of each French limited liability company that is a subsidiary of the Group is required to draft a specific report.

Given the extent and diversity of the risks inherent in banking activities, internal control within banks is a vital instrument in risk management and thus plays an important role in ensuring the sustainability of their activities. It forms part of a strict regulatory framework defined at the national level, and is also a focus of various projects at the international level (Basel Committee). Internal control concerns all areas of the Group – primary responsibility lies with the operational staff, but a number of support departments are also involved, notably the Risk Department, the Internal Audit Department and the *Inspection Générale*, together with all the Group's Finance Departments.

The Role of the Board of Directors' Audit Committee:

In addition to its responsibilities relating to the work of the Statutory Auditors (selecting the auditors, ensuring they are independent and examining their work schedule), the Audit Committee also plays an essential role in the Board of Directors' assessment of the Group's internal control.

The Committee is responsible for the following:

- *examining the consistency of the internal mechanisms implemented to control procedures, risks and ethical compliance;*
- *examining the Group's schedule of internal audits and the annual report on the internal control system, which is drawn up in accordance with banking regulations, and evaluating the organization and functioning of the internal control departments;*
- *examining follow-up letters sent by the French Banking Commission and evaluating the draft responses to these letters;*
- *examining the policy for risk management and monitoring off-balance sheet commitments, notably in accordance with the notes on this subject drafted by the Finance Department, Risk Department and Statutory Auditors.*

In order to carry out these functions, the Audit Committee is entitled to question, under the conditions it decides, the chief executive officers of the Company, the Statutory Auditors and the managers in charge of the accounts, internal control, risk management and ethical compliance (see "Corporate Governance", p. 11).

Internal control is part of a strict regulatory framework to which all banking establishments are subject, and concerns all Group staff

A strict regulatory framework

The conditions for conducting internal controls in banking establishments are defined in the amended regulation No. 97/02 of the French Banking and Financial Regulation Committee. This text, which applies to all credit institutions and investment companies, defines the concept of internal control, together with a number of specific requirements relating to the measurement and limitation of the various risks inherent in the activities of the companies in question, and the procedures under which the deliberating body must assess and evaluate the quality of the internal controls carried out.

In August 2001, the Basel Committee published a consultation paper reaffirming the four principles – independence, universality, impartiality, and sufficient resources – which must form the basis of the internal audits carried out by credit institutions.

At Société Générale, these principles have been applied primarily through five directives, one of which constitutes the Group audit charter, while the other four relate to the work of the Risk Department, the management of credit risks, the management of market risks and the management of interest rate, exchange rate and structural liquidity risks.

The audit Charter defines internal control as the resources that enable the Group's General Management to ascertain whether the transactions carried out and the organization and procedures put in place in the Company are compliant with the legal and regulatory provisions in force, professional and ethical practices, internal regulations and the policies defined by the Company's executive body. The internal control is designed to:

- detect and measure the risks borne by the Company, and ensure they are adequately controlled;
- guarantee the reliability, integrity and availability of financial and management accounting information;
- verify the quality of the information and communication systems.

The first level of responsibility for internal control lies with the operational staff

The cornerstone of our internal control system is the permanent supervision of activities at the local level by operational staff. This comprises all procedures implemented on a permanent basis to guarantee that transactions carried out at the operational level are correctly handled, secure and valid. Permanent supervision comprises two elements:

– **everyday security:** all operational staff are required to permanently comply with the applicable rules and procedures in all transactions carried out;

– **formal supervision:** management is required to make regular checks using written procedures, to verify that staff are complying with rules and procedures for processing transactions and for ensuring effective day-to-day security.

In order to ensure this system functions correctly, operating methods need to be formally defined and communicated to all Group staff. The permanent supervision procedures are adapted for each Group entity on the basis of their particular activities, and are set out in specific documents.

Other functions involved in internal control

Over and above the administrative and financial processing of transactions, the middle and back offices responsible for executing and recording all transactions carried out within the Group also carry out first-level controls in accordance with regulatory requirements.

At the same time, a number of functional departments, which are independent from the operational departments, also control Group transactions:

– **the Risk Department,** which is in charge of identifying all risks borne by the Group, defining or validating methods and procedures for analyzing, measuring, approving and monitoring risks, ensuring the adequacy of risk information systems and managing risk portfolios, monitoring cross-business risks and anticipating risk provisioning for the Group. The department also helps to assess risk by giving an opinion on all transactions proposed by sales managers;

– *the Group Finance Department:* in addition to its strategic and financial management responsibilities, the Finance Department also carries out extensive controls. It analyses the financial aspects of the Group's capital transactions and its financial structure, is responsible for asset/liability management, and consequently defines, manages and controls the Group's financial position and structural risks. Furthermore, it ensures that the regulatory financial ratios are complied with, defines accounting standards, reference frameworks, principles and procedures for the Group, ensures they are respected and verifies that all financial and accounting data published by the Group is reliable;

– **the Division Finance Departments** are hierarchically attached to the division managers and functionally attached to the Group Finance Department. They make sure that decisions taken at the local level are correctly implemented and control the quality of the information in the consolidated financial reports submitted to the Group;

– **the Compliance Department** ensures that all compliance rules and principles applicable to the Group’s various activities are disseminated throughout the Company and respected by the staff;

– **the legal and tax departments** monitor all fiscal and legal aspects of the Group's activities;

– **the Internal Audit and** *Inspection Générale,* whose activities are described in this document.

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

A strictly controlled acquisition process.

In light of the risks inherent in the acquisition of new entities, the Group has implemented a clear body of rules that is updated on a regular basis.

Acquisition projects are analyzed thoroughly to assess their potential for value creation. Group internal rules specify that the following aspects must be examined in depth:

- *the various risks inherent in the project;*
- *the reliability of financial and management accounting data;*
- *internal control procedures;*
- *the soundness of the Company's financial position;*
- *how realistic the development forecasts are, in terms of both cost synergies and earnings growth;*
- *the conditions for integration and the follow-up of this integration.*

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

The Group Finance Department then submits a report based on this analysis to the Executive Committee, which takes the final decision.

Once acquired, the entity is integrated into the relevant division of the Group according to specific procedures, which are evaluated every six months by the appropriate management level, according to the importance of the acquisition (Chief Financial Officer, Group General Management, Executive Committee).

Moreover, the Company has implemented a specific procedure whereby strategic acquisitions are monitored by the Group Audit Committee and the Board of Directors. Consequently, the recent acquisitions carried out by the Financial Services and Global Investment Management businesses were reviewed in 2003.

Risk evaluation and management

Banking activities are subject to a variety of risks

Given the diversity and ongoing evolution of its activities, the Group is exposed to a wide variety of risks, which are generally grouped into four categories:

- **Credit risk** (including country risk): the risk of loss due to the inability of clients, governments and other counterparties to meet their financial obligations with respect to the Group;
- **Market risk:** the risk of loss due to changes in market prices and interest rates, the correlation between the two factors and levels of volatility;
- **Structural risk:** the risk of loss due to the bank's inability to refinance its balance sheet commitments at reasonable rates of interest and with an appropriate repayment schedule;
- **Operational risk** (including legal, compliance, accounting and environmental risks): the risk of loss or of producing incorrect financial and accounting data due to inadequacies or failures in procedures and internal systems, human error or external events.

Risk management procedures are defined at the top management level

The Group organizes a monthly Risk Committee meeting, at which the Executive Committee defines the framework required to manage risk, reviews changes in the characteristics and risks of Group portfolios, and decides on any necessary strategic changes. The Group also has a “Major Risks” Committee, which focuses on reviewing areas of substantial risk exposure (individual files or segments of the portfolio).

At the business level, each division is required to submit any new products or activities to their respective New Product Committee, which ensures that the associated risks are correctly analyzed, measured and controlled before the product or activity can be launched.

Lastly, the procedures for managing, preventing and evaluating risks are analyzed in-depth by the Board of Directors and, in particular, its Audit Committee.

An independent Risk Department, responsible for implementing an efficient risk management system and for ensuring homogenous monitoring of risk at a consolidated Group level

The Group Risk Department is an independent function reporting directly to Group General Management. It comprises 510 staff, responsible for promoting the development and profitability of the Group by ensuring the risk control system in place is robust and efficient (see above for its specific functions).

Procedures and organization

Based on the monitoring framework defined by the Risk Committee, a set of specific procedures has been compiled for each type of risk.

Procedures for **counterparty risks:**

- the Risk Department submits its recommendations to the Risk Committee on the specific concentration limits it feels are appropriate at a given time for different countries, geographic zones, sectors, products, client types, etc.;
- all requests for authorization received from the business lines regarding a particular client or client group are directed to a single sales department that has in-depth knowledge of the client;
- the business lines and Risk Department submit all commitment files for analysis and approval to the team best suited to deal with the type of risk incurred.

Procedures for **market risk:**

- the Group Risk Committee defines limits for each type of activity, based on the Risk Department's recommendations;
- independent middle-office teams report daily on risks and results;
- dedicated risk controllers on the trading floor monitor trading positions and results on a permanent basis, carry out daily checks on the market parameters used to calculate risks and results, and calculate the daily market risk exposure;
- precise methods have been defined for evaluating risks, and the Risk Department must validate the valuation models used to calculate risks, results and provisioning levels.

Structural risk is managed by each division finance department, which analyses exposure and prepares the necessary reports. The Group Finance Department's asset/liability management unit monitors structural risk at the consolidated level and provides support to the various entities by validating their models and methods. At top level, the Finance Committee, which is part of Group General Management, validates the risk analysis and evaluation methods, and sets exposure limits for each Group entity.

Given the importance of **operational risks** in the banking sector, and in accordance with the recommendations of the Basel Committee on Banking Supervision, the Group's General Management has adopted a rigorous and coherent approach to reinforce the management of operational risks across the businesses. It has compiled a map of the different types of operational risks, together with databases of internal and external operational losses. In addition, specific procedures have been implemented to monitor and control the different types of operational risk. This is all part of a common framework of procedures, tools and methods developed by the Risk Department, but implemented by the sales and functional departments.

Methodology and information systems

Société Générale dedicates significant resources to adapting risk management and monitoring methods to its various activities. The information systems, in particular, are constantly being modified to accommodate changes in the products traded and the associated risk management techniques.

In the case of counterparty risk with respect to capital market products, the current methods used to measure exposure are backed up using worst-case scenario analyses, to reinforce the transaction selection process.

With respect to market risks, the current in-house risk measurement model has been approved by the French Banking Commission for use with nearly all types of transaction.

In terms of credit risk, the existing approval and monitoring procedures have been reinforced over the last few years with the introduction of economic capital, risk-adjusted return on capital (RAROC) and economic value-added (EVA) indicators. As a result, major efforts have been made to model the Group's activities and adapt the information system accordingly.

The Internal Audit Departments cover all entities within the Group

Internal Audit is a permanent system designed to evaluate the efficiency of the internal controls employed by the entity to which it is attached. All Group activities and entities have an Internal Audit Department, which is authorized to inspect all aspects of their operations. Given the risks at stake, each department is provided with adequate resources, from both a qualitative and quantitative point of view, to carry out its functions effectively.

Key figures

The Internal Audit Departments comprise 920 auditors, 80% of whom are employed in Retail Banking, 13% in Corporate and Investment Banking and 5% in Global Investment Management.

The *Inspection Générale* comprises 167 persons of which 144 inspectors and controllers.

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

Each Group division has its own Internal Audit Department, managed by the chief auditor (contrôleur général), who reports directly to the division manager. The chief auditor has hierarchical and functional authority over all the auditors in the division. The system was recently reinforced with the creation of an Audit Department for the Corporate Departments, which reports to the Group's Corporate Secretary.

Each Internal Audit Department regularly identifies the areas of risk to which its division is exposed. It then defines an annual schedule of audits to ensure that the exposure is covered in full. The groups comprising the retail banking distribution network, for example, are audited every fifteen months, while in the Corporate and Investment Banking Division, the highest-risk entities are audited once a year.

Within this framework, the auditors carry out controls to check the security, compliance and efficiency of the division's activities, and evaluate the quality of the permanent supervision system in place. They then put forward recommendations based on their findings, and follow these up to ensure they are implemented correctly. In total, over 4,000 audit assignments (ranging in time between several days and several months) are carried out each year at the various Group entities.

This system is reinforced with specialized audits in areas requiring specific skills: these include accounting audits, legal audits, audits of counterparty risks and information technology security. The head of the functional department in question takes direct responsibility for these specialized audits, and is thus able to monitor compliance with Group principles and procedures within the business and keep a closer eye on activities at operational level. The specialized audits can also complement the divisional audits in specific areas.

The *Inspection Générale* carries out around 100 missions each year and verifies the overall quality of the internal control system

The *Inspection Générale* audits the business activities and operations of all entities within the Group. It reports its findings, conclusions and recommendations to General Management, and covers all Group entities without exception. In the course of its assignments, it makes a certain number of recommendations, the implementation of which is monitored on a quarterly basis by the Group Executive Committee. The department follows an annual audit plan that is validated by Group General Management.

Furthermore, **the *Inspection Générale* is responsible for ensuring that the internal control system implemented across Société Générale and its subsidiaries is coherent and effective.**

To do this, the *Inspection Générale* carries out the following functions:

– it audits the various functional departments involved in internal control;

– it assesses the quality of the work carried out by the Audit departments. To this end, it receives copies of all reports submitted by the auditors and appraises their quality. It also conducts specific inspections of the Group audit departments (6 assignments in 2003) and assesses the quality of the services carried out by the Audit department in the entity concerned;

– it validates the audit plans submitted by the Audit departments.

– the *Inspecteur Général* exercises functional control over the general controllers and the specialized audit managers. To this end, he notably organizes audit committees in each Group division.

Audit committees

Audit committees, which bring together the audit departments of each division with their hierarchical and functional management, play a vital role in the internal control system. They enable the functioning and activity of this system to be appraised at least once a year. In accordance with an agenda set by the Inspecteur Général*, they cover aspects such as permanent supervision, the missions carried out over the course of the year and the forthcoming audit plan, the implementation of the* Inspection Générale *recommendations and, where applicable, those of the supervisory authorities and external auditors.*

As part of his role, the *Inspecteur Général* is required to meet regularly with the Audit Committee of the Board of Directors.

During these meetings, he submits an annual report on the internal control system, as specified in Article 42 of the amended regulation 97/02. The Audit Committee examines the Group internal audit plan and submits its observations on the organization and functioning of the internal control departments. The *Inspecteur Général* also maintains close ties with the Statutory Auditors and representatives of the supervisory authorities. Lastly, the *Inspection Générale* works in conjunction with the Internal Audit Departments to ensure that the recommendations made by the supervisory authorities are implemented.

Control of the production and publication of financial and management accounting information

The departments involved

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

– the middle office in the Corporate and Investment Banking division validates the valuations of marketable financial instruments. It also reconciles the economic results produced by the front office with the accounting results produced by the back office;

– the back office is responsible for all support functions relating to transactions carried out by the front offices. It checks that financial transactions are economically justified, records transactions in the accounts and manages means of payment;

– the subsidiary and division finance departments carry out second-level controls on the accounting data and book entries input by the back offices and the management data submitted by the front offices. They compile the financial statements and regulatory information required at the local level and submit reports (accounting data, management control, regulatory reports, etc.) to the Group Finance Department;

– the Group Finance Department gathers all financial and management accounting data compiled by the subsidiaries and divisions in a series of standardized reports. It consolidates and controls this information so that it can be used in the overall management of the Group and can be disclosed to third parties (control bodies, investors, etc.).

Accounting standards

Local accounts are drawn up in accordance with local accounting standards, and the consolidated Group accounts are compiled in accordance with the standards defined by the Group Finance Department. The latter are based on general French laws and on legislation specific to the banking sector published by the French Accounting Regulation Committee. The Group Finance Department has a specific standards unit, which monitors the applicable regulations and drafts new internal standards to comply with any changes in the regulatory framework. The Group is currently adapting its body of standards in order to produce financial and reporting statements that are compliant with IFRS, which will become applicable for consolidated accounts from 2005.

Procedures for producing financial and accounting data

Each entity within the Group compiles its own local financial and management accounting statements on a monthly basis. The information is then consolidated each month at Group level and published for the markets on a quarterly basis. The division finance departments also submit analytical reviews and notes validating their accounting data to the Group Finance Department to allow it to compile the consolidated financial reports (accounting, management reporting, regulatory, etc.) that it then transmits to General Management and any interested third parties.

Internal control procedures governing the production of accounting and financial data

Accounting data are compiled independently from the front offices

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

– daily verification of the economic justification of the reported information;

– reconciliation, within the specified deadlines, of financial and management accounting data, in accordance with specific procedures;

– production of a quarterly analytical report on the supervision carried out, which is submitted to the management of the entity or division, and to the Group Finance Department.

Given the increasing complexity of financial activities and organizations, staff training and the IT tools are reviewed on a permanent basis to ensure the production and verification of financial and management accounting data are effective and reliable.

Scope of control

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

– ensure the transactions entered in the Group's accounts are exhaustive and accurate;

– validate the valuation methods used for certain transactions;

– ensure that transactions (including off-balance sheet transactions) are correctly assigned to the corresponding fiscal period and recorded in the accounts in accordance with the applicable accounting regulations, and that the accounting aggregates used to compile the Group accounts are compliant with the regulations in force;

– check that the operational risks associated with the production and transmission of accounting data through the IT system are correctly controlled, that the necessary adjustments are made accurately, that the reconciliation of financial and management accounting data is satisfactory, and that the flows of cash payments and other items generated by transactions are exhaustive and adequate.

Second-level control by the division finance departments

The division finance departments employ over 500 staff across the Group to manage the transmission of accounting and financial data and carry out second-level controls.

– Financial data are transmitted via computerized accounting systems, which trace all events that generate an accounting entry (notion of audit trail).

– The local finance department, which is in charge of local accounts and reporting, harmonizes this data with Group standards. It ensures the information is reliable and consistent with the various accounting frameworks defined for the Group.

– At the division level, the finance department controls the consistency of the data produced by the entities and, in conjunction with the Group Finance Department, resolves any difficulties in the interpretation of accounting, regulatory or management data.

Supervision by the Group Finance Department

Once the accounts produced by the various entities have been restated according to Group standards, they are entered into a central database and processed to produce the consolidated accounts.

The department in charge of consolidation checks that the consolidation scope is compliant with the applicable accounting standards and controls a number of aspects of the data received for consolidation: validation of the aggregates produced with the collected data, verification of recurrent and non-recurrent consolidation entries, exhaustive treatment of critical points in the consolidation process, and processing of any residual differences in intercompany accounts. Lastly, the department checks the overall consolidation process by carrying out analytical reviews of the summary data and checking the consistency of the main aggregates in the financial statements. Changes in shareholders' equity, provisions and any deferred taxes consolidated in the fiscal year in question are also analyzed.

A three-level accounting audit system, in line with the Group Audit Charter.

Control by all operational staff involved in the production of accounting, financial and management data.

The operational staff monitor their activities via a permanent supervision process, under the direct responsibility of their management teams, verifying the quality of the controls carried out on accounting data and the associated accounting treatment.

Second-level control carried out by the division audit departments and the audit team in the Group Finance Department that is responsible for controlling accounting data and compliance with regulations (attached to the Group Accounting Department).

In the course of their assignments, the division audit departments systematically verify the quality of the financial and management accounting data produced by the audited entities. They check certain accounts, assess the reconciliations between financial and management accounting data, and the quality of the permanent supervision procedures for the production and control of accounting data. They also identify any areas where manual processing may be required to make up for gaps in the IT tools and which therefore needs to be checked rigorously. The departments then make recommendations to those people involved in the production and control of accounting, financial and management data in order to improve this process through more specific initiatives aimed at particular entities or activities.

The audit team responsible for controlling accounting data and compliance with regulations carries out the following functions:

– permanent supervision of the application of accounting standards and regulations. It issues questionnaires designed to assess whether the accounts submitted to the head office are compliant with Group standards;
– specific audits, requested by the Finance Department, or following the publication of any new accounting directives or regulations that significantly modify the accounting and/or regulatory treatment of transactions;
– provision of technical and methodological expertise to the generalist division audit departments or to the *Inspection Générale*, notably through joint inspections;
– preventive intervention at entities that are to be integrated into the Group in the near future, in order to evaluate the impact of the application of Group accounting standards;
– maintenance of links with the Group Statutory Auditors and monitoring of recommendations issued by external bodies.

This specific control body comprises experienced audit professionals, and helps to ensure the security of internal controls relating to the production of consolidated accounting and regulatory information. It carried out more than 15 missions in 2003, covering all Group activities.

Third-level control carried out by the *Inspection Générale*

At the third level of control, the *Inspection Générale* generally carries out accounting audits as part of its general inspections, but also conducts specific audits to check the quality of the controls carried out by the staff responsible for producing accounting, financial and management data. In 2003, for example, it inspected the Finance Department of the Retail Banking Division and the accounting controls carried out within the Corporate and Investment Banking Division.

Report of the statutory auditors on the consolidated account

(Free translation of the French original)

Statutory auditors' report, prepared in accordance with article L.225-235 of the French Company Law (Code de Commerce), on the report prepared by the Chairman of the Board of Directors of Société Générale, on the internal control procedures relating to the preparation and processing of financial and accounting information.

To the Shareholders of Société Générale,

In our capacity as statutory auditors of Société Générale, and in accordance with article L.225-235 of the French Company Law *(Code de Commerce),* we report to you on the report prepared by the Chairman of the Board of Directors of your company in accordance with article L.225-37 of the French Company Law for the year ended December 31, 2003.

Under the responsibility of the Board of Directors, Company's management has to determine and implement appropriate and effective internal control procedures. It is for the President to give an account, in his report, of the conditions in which the tasks of Board of directors are prepared and organized and the internal control procedures in place within the company.

It is our responsibility to report to you our observations on the information and assertions set out in the report of the Chairman of the Board of Directors, on the internal control procedures relating to the preparation and processing of financial and accounting information.

In accordance with the professional guidelines applicable in France we have obtained an understanding of the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the report of the Chairman of the Board of Directors.

On the basis of these procedures, we have no matters to report in connection with the information and the assertions given on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the report of the Chairman of the Board of Directors, prepared in accordance with article L.225-37 of the French Company Law.

Neuilly-sur-Seine and Courbevoie, March 12, 2004

The Statutory Auditors

DELOITTE TOUCHE TOHMATSU

José-Luis Garcia

ERNST & YOUNG AUDIT

Christian Mouillon

Consolidated balance sheet at December 31, 2003

Assets

(in millions of euros at December 31)	2003	2002	2001
Cash, due from central banks and post office accounts	6,755	5,090	6,979
Due from banks *(Note 3)*	60,282	54,354	63,548
Customer loans *(Note 4)*	193,547	184,769*	182,738*
Lease financing and similar agreements *(Note 5)*	18,321	17,351	16,634*
Treasury notes and similar securities *(Note 6)*	30,610	28,010	38,648
Bonds and other debt securities *(Note 6)*	67,772	65,295	52,361
Shares and other equity securities *(Note 6)*	46,864	34,852	37,420
Treasury stock (short-term investment portfolio) *(Note 6)*	163	167	168
Investments of insurance companies *(Note 7)*	42,884	37,257	35,361
Investments in non-consolidated subsidiaries and affiliates and other long-term equity investments *(Note 8)*	5,274	6,267	6,479
Investments in subsidiaries and affiliates accounted for by the equity method	554	591	701
Tangible and intangible fixed assets *(Note 9)*	7,663	5,740	5,781*
Goodwill *(Note 10)*	2,150	2,154	2,462
Accruals, other accounts receivable and other assets *(Note 11)*	56,548	59,495	63,219
Total	**539,387**	**501,392**	**512,499**

Off-balance sheet items

	2003	2002	2001
Loan commitments granted *(Note 19)*	86,656	82,154	99,603
Guarantee commitments granted *(Note 19)*	46,336	44,590*	39,546*
Commitments granted on securities	12,474	7,206	6,359
Foreign exchange transactions *(Note 20)*	318,862	349,409	342,685
Forward financial instrument commitments *(Note 21)*	5,546,999	5,187,753	5,290,456
Insurance commitments granted	354	342	348

(The accompanying notes are an integral part of the consolidated financial statements).

* *Amounts restated in relation to those given in the 2001 and 2002 annual reports.*

Liabilites and shareholders' equity

(in millions of euros at December 31)	2003	2002	2001
Due to central banks and post office accounts	2,827	1,478	1,847
Due to banks *(Note 12)*	83,608	69,239	85,124
Customer deposits *(Note 13)*	196,090	196,085	200,316
Securitized debt payables *(Note 14)*	82,917	77,877	62,974
Underwriting reserves of insurance companies *(Note 15)*	41,164	35,760	34,134
Accruals, other accounts payable and other liabilities *(Note 16)*	97,726	87,767	95,280
Negative goodwill *(Note 10)*	1	–	7
Provisions for general risks and commitments *(Note 17)*	2,849	2,474*	2,396
Subordinated debt *(Note 18)*	10,945	11,199	10,483
General reserve for banking risks	312	207	366
Preferred shares	2,120	1,668	1,890
Minority interests	1,951	1,904	1,932
Shareholders' equity			
Common stock	548	538	539
Additional paid-in capital	4,200	3,819	3,980
Treasury stock	(1,139)	(924)	(1,162)
Retained earnings	10,776	10,904	10,239
Net income	2,492	1,397	2,154
Sub-total	**16,877**	**15,734**	**15,750**
Total	**539,387**	**501,392**	**512,499**

Off-balance sheet items

	2003	2002	2001
Loan commitments received	2,782	3,739	3,765
Guarantee commitments received	34,898	33,723	33,029
Commitments received on securities	10,438	7,185	8,279
Foreign exchange transactions *(Note 20)*	321,435	351,801	344,428
Insurance commitments received	177	140	117

(The accompanying notes are an integral part of the consolidated financial statements).

** Amounts restated in relation to those given in the 2002 annual report.*

Consolidated income statement

(in millions of euros at December 31)	2003	2002	2001
Net interest income from:			
Transactions with banks *(Note 24)*	(1,176)	(1,224)	(1,318)
Transactions with customers *(Note 25)*	4,374	4,224	3,073
Bonds and other debt securities	1,632	1,291	1,545
Other interest and similar revenues	295	102	552
Net income from lease financing and similar agreements *(Note 26)*	1,488	1,374	1,234
Sub-total	**6,613**	**5,767**	**5,086**
Dividend income *(Note 27)*	582	291	211
Dividends paid on preferred shares *(Note 1)*	(120)	(131)	(109)
Net interest and similar income	**7,075**	**5,927**	**5,188**
Net fee income *(Note 28)*	**5,084**	**4,993***	**5,008***
Net income from financial transactions *(Note 29)*	**3,002**	**3,263**	**3,258**
Other net operating income	**476**	**390**	**512**
Gross margin of insurance business (Note 30)	*45*	*51*	*136*
Net income from other activities (Note 31)	*284*	*99*	*146*
Net banking income	**15,637**	**14,573**	**13,966**
Personnel expenses *(Note 32)*	(6,323)	(6,179)*	(5,897)*
Other operating expenses	(3,580)	(3,669)	(3,698)
Depreciation and amortization	(665)	(678)	(601)
Total operating expenses	**(10,568)**	**(10,526)**	**(10,196)**
Gross operating income	**5,069**	**4,047**	**3,770**
Cost of risk *(Note 33)*	(1,226)	(1,301)	(1,067)
Operating income	**3,843**	**2,746**	**2,703**
Net income from companies accounted for by the equity method *(Note 34)*	43	48	(18)
Net income from long-term investments *(Note 35)*	397	(299)	474
Earnings before exceptional items and tax	**4,283**	**2,495**	**3,159**
Exceptional items *(Note 36)*	(46)	(170)	(17)
Income tax *(Note 37)*	(1,161)	(649)	(739)
Amortization of goodwill	(217)	(184)	(76)
Allocation to/reversal from the General reserve for banking risks	(104)	159	–
Net income before minority interests	**2,755**	**1,651**	**2,327**
Minority interests	(263)	(254)	(173)
Net income	**2,492**	**1,397**	**2,154**
Earnings per share in euros (1)	**6.07**	**3.41**	**5.35**
Diluted earning per share in euros (1)	**6.02**	**3.41**	**5.35**

(The accompanying notes are an integral part of consolidated financial statements).

** Amounts restated in relation to those given in the 2001 and 2002 annual reports.*

(1) 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.

Changes in shareholders' equity

(in millions of euros)	Common stock and additional paid-in capital (1)	Treasury stock and assimilated (2)	Retained earnings	Revaluation and reassessment reserves	Shareholders' equity
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			(61)		(61)
Goodwill charged (1)					–
Balance at December 31, 2002	**4,356**	**(924)**	**11,920**	**382**	**15,734**
Increase in common stock (1)	321				321
Net income for the period			2,492		2,492
Dividends paid			(864)		(864)
Revaluation and reassessment reserves				(104)	(104)
Treasury stock (2)		(215)	18		(197)
Translation differences and other (4)	71		(576)		(505)
Restatement of underwriting reserves of insurance companies					–
Goodwill charged (1)					–
Balance at December 31, 2003	**4,748**	**(1,139)**	**12,990**	**278**	**16,877**

(in millions of euros)	Shareholders' equity	General reserve for banking risks (5)	Minority interests	Preferred shares (3)	Total equity
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 (2)	16				16
Translation differences and other (4)	(558)	(159)	(149)	(222)	(1,088)
Restatement of underwriting reserves of insurance companies	(61)				(61)
Goodwill charged (1)	–				–
Balance at December 31, 2002	**15,734**	**207**	**1,904**	**1,668**	**19,513**
Increase in common stock (1)	321				321
Net income for the period	2,492		263		2,755
Dividends paid	(864)		(127)		(991)
Revaluation and reassessment reserves	(104)				(104)
Treasury stock (2)	(197)				(197)
Société Générale shares in escrow account (4)	(505)	105	(89)	452	(37)
Restatement of underwriting reserves of insurance companies	–				–
Goodwill charged (1)	–				–
Balance at December 31, 2003	**16,877**	**312**	**1,951**	**2,120**	**21,260**

(1) At December 31, 2003, Société Générale's fully paid-up capital stock amounted to EUR 548,043,436 and was made up of 438,434,749 shares with a nominal value of EUR 1.25.
During 2003, Société Générale carried out capital increases for a total amount of EUR 10.3 million, with EUR 310.4 million of additional paid-in capital, as follows:
– EUR 9.2 million, with EUR 282.9 million of additional paid-in capital, was the result of employees subscribing for shares under the Company-sponsored employee share ownership plan.
– EUR 1.1 million, with EUR 27.5 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 20 million for the 2003 financial year and an exceptional amortization expense of EUR 84 million.
It would have been booked on the assets side of the consolidated balance sheet for a net amount of EUR 57 million at December 31, 2003.

(2) Treasury stock held by Group companies at December 31, 2003 (26,688,579 shares; EUR 1,139 million) represented 6.09% of Société Générale's capital stock.
Société Générale bought back its own shares for a net amount (after deduction of disposals) of EUR 211 million in 2003.
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 returned to Société Générale.
Net capital losses on treasury stock in 2003 have been charged against shareholders' equity for an amount of EUR 1.2 million.
Dividend income on these shares (EUR 18.9 million) has been eliminated from consolidated income.

(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.
In 2003, Société Générale issued a further EUR 650 million of preferred shares in the United States through its subsidiary SG Capital Trust III.
These preferred shares are included in Tier-one capital for the purpose of determining Société Générale's prudential ratios.

(4) At December 31, 2003, currency translation differences related to foreign branches of Group banks and consolidated companies within the euro zone amounted to EUR (4) million.
The variation in the currency translation difference at Group level over the 2003 financial year was EUR (571) million. EUR (368) million of this change can be attributed to the fall of the dollar against the euro, EUR (46) million to the fall of Sterling, EUR (33) million to the fall of the Egyptian pound and EUR (24) million to the fall of the Czech Koruna.
Given the strong probability of recovery, SG Cowen booked deferred taxes in 2003 relating to the amortization of the goodwill generated in 1998 when it was acquired by Société Générale. The contra entries of these deferred taxes were apportioned in the respective amounts of EUR 18 million and EUR 70 million to the income statement and capital stock according to the same distribution ratio as that used when the goodwill was originally booked in the consolidated accounts.

(5) Reversals of EUR 159 million in 2002 and EUR 45.6 million in 2003 were 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. An allocation of EUR 150 million was also made to the general reserve over the 2003 financial year (see Note 1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1

Significant accounting principles

The consolidated accounts of the Société Générale Group for the 2003 financial year have been drawn up in accordance with the provisions of Regulation No. 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 Finance Regulation Committee *(Comité de la réglementation bancaire et financière).*

The presentation of the financial statements complies with the provisions of Regulation No. 2000-04 of the French Accounting Regulation Committee concerning consolidated financial statements produced by companies that come under the French Banking and Finance 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 Société Générale.

Consolidation principles

Consolidation methods

The consolidated financial statements include 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 operational 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 and conditions 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 which make a significant contribution to the Parent Company 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 Parent Company 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 Parent Company 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 No. 99-07 of the French Accounting Regulation Committee defines three criteria that must be considered in order to determine the existence of such a 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 securitisation 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. Further 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 No. 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 on transactions used to hedge net investments in foreign consolidated entities or their income in foreign currencies, along with gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in 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 made at any time up to the closing of the first full financial year following the acquisition. Any changes made to the posting 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 activity of the acquired company, the stability of its business portfolio and its teams, and according to the assumptions used and objectives set at the time of the acquisition. This period cannot in any event exceed 20 years. Goodwill is subject to a regular review based on analyses using multiple criteria similar to those employed during the initial valuation of the acquired companies. The parameters used in the valuations, such as *discounted cash flow, earning multiples, comparable valuations in recent transactions, market shares or assets under management,* vary depending on the business concerned. Once this review is completed, an exceptional amortization expense is booked in the event that significant unfavorable changes have affected the elements used to calculate the amortization schedule.

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.

The tax gains generated as a result of the amortization of this goodwill are similarly charged against capital provided they are tax deductible.

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 before December 31, 1991.

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 on to third parties, the corresponding share of the revaluation reserve is credited to income. As a consequence, 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 for the determination of 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 *(Commission bancaire).*

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.

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 draw-down probabilities over 4 years of the capitalization reserves has led to an adjustment of EUR 60.6 million in the provision for deferred policy owner benefits. This correction has been recorded under equity, in the same way as the reclassification made on January 1, 2001.

Furthermore, Decree 2002-970 dated July 4, 2002 modified the Insurance Code, further specifying certain rules relating to the use of forward instruments by French insurance companies. This decree was accompanied by the publication on December 12, 2002 of Regulation No. 2002-09 of the French Accounting Regulation Committee which defines the accounting rules to be used by French insurance companies as of January 1, 2003. The consequences of these new texts were treated as a change in accounting methodology; its impact on the consolidated opening net worth was recorded under shareholders' equity in the amount of EUR 8 million.

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 Parent Company accounts are eliminated.

Investments held to guarantee unit-linked policies are marked to market; the total value of these securities corresponds to the total insurance liabilities.

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 in the individual accounts of insurance companies 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).

Following an analysis of these provisions in compliance with notice No. 2004-B of the French National Accounting Standards Board's Emergency Committee, published on January 21, 2004, they were written back in 2003 for the following reasons:

- the prudential provision booked in 2002 at the request of the Insurance Control Commission, the supervisory authority for insurance companies, was based on a forward simulation which integrated a safety margin,
- the risk of booking unrealized capital losses on assets which fall under the scope of the provision for early redemption risks is covered by the provisions for long-term depreciation which have been deducted from the assets in question.

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 accounting principles applicable to French banks, the majority of transactions are recorded using valuation methods which 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 which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

Regulation No. 2002-03 of the French Accounting Regulation Committee relating to the accounting treatment of credit risks in companies governed by the Banking and Finance Regulation Committee and published on December 12, 2002 is applicable as of January 1, 2003. This new regulation specifies the conditions for the classification of doubtful loans in the balance sheet and the treatment of restructured loans then bearing an off-market interest rate.

If a commitment carries an identified credit risk which makes it probable that the Group will not recover all or part of the amounts due under the counterparty's commitment in accordance with the original conditions of the contract, despite the existence of a guarantee, the related outstanding loan is classified as a doubtful loan if one or more payments are more than three months overdue (six months in the case of real estate loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed, if it can be assumed that there is an identified risk, or if legal proceedings have been started.

If a loan to a given borrower is classified as doubtful, all outstanding loans or commitments for that borrower are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Provisions for doubtful loans are booked for doubtful loans or for risks in the amount of the probable losses. Furthermore, interest on doubtful loans is fully provisioned for. Provisions, write-backs of provisions, losses on bad debts and recovery of depreciated debts are booked under *Cost of risk,* except for net provisions for interest on doubtful loans which are booked under *Net Banking Income.*

Doubtful loans can be reclassified as performing loans when regular repayments have been resumed according to the original terms of the contract. Similarly, doubtful loans which have been restructured can be reclassified as performing loans. If the loans have been restructured, under off-market conditions, the difference between the new conditions and the lesser of market conditions and original ones must be booked under *Cost of risk* when the loan is restructured, then reincorporated into net interest income for the remaining term of the loan. Given the small volume of loans restructured outside the market in the 2003 financial year and previous years, this new accounting procedure has no effect on net worth at the beginning of the year in the consolidated income statement for 2003.

When a borrower's solvency is such that even after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, the loan is identified as a non-performing loan. A loan is classified as non-performing in the event of an early termination of the contract and in any case one year after it was classified as doubtful, except when the original clauses of the contract have been respected or when the loan is covered by guarantees which ensures its recovery. Loans which have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

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 when 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 and similar agreements are carried on the consolidated balance sheet at their financial value, that is, total future lease rentals receivable less the interest included in these rentals. 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 rentals 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, and to provide clearer information, 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 recorded as deferred income and 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 and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments.

All securities in each category are accounted for using similar methods, as follows:

Trading securities

Trading securities are securities for which a liquid market exists and that are acquired with a view to rapid resale (within a maximum period of six months). They also include liquid securities that are held for a period of over six months in the context of market-making activities or in relation to a hedging or arbitrage transaction. They are 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 their most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, after consideration of gains made on any related hedging transactions.

Allocations to and reversals of provisions for losses on short-term investment securities together with gains and losses on sales of these securities are recorded under *Net income from financial transactions* on the consolidated income statement.

Long-term investment securities

Long-term investment securities are debt securities held by the Group, which intends to hold them on a long-term basis, 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 using the same principles as those applied to short-term investment securities, except that no provision is made for unrealized losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of provisions for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded 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 venture capital activities.

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 generated when tendering these securities to public share exchange offers, are booked under *Net income from financial transactions.*

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments

This category of securities covers shares held in non-consolidated subsidiaries and affiliates, when it is deemed useful to the business of the company to hold the said shares in the long term. This notably covers investments that meet the following criteria:

- shares in companies that share directors or senior managers with the holding company, 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 companies in which shares are held due to the low proportion of attached voting rights.

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price exclusive of acquisition costs, 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. 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 generated when 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.

Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development, which includes expenditure on hardware and services and personnel expenses that can be attributed directly to the production and preparation of the asset for use.

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	4-5 years
Software	3-5 years

This item includes assets leased under pure rental agreements.

Regulation No. 2002-10 of the French Accounting Regulation Committee relating to the amortization and depreciation of assets will only apply to accounts for financial years beginning after January 1, 2005. However, as of January 1, 2003, in accordance with the transitional provisions specified in article 15 of the regulation and in the terms of notice No. 2003-F of the French National Accounting Board's Emergency Committee, expenditure for major repairs on fixed assets is booked as provisions for risks and charges on a straight-line basis over the period between successive major repairs. These expenditures, which must be specified in major maintenance programmes which are designed exclusively for the upkeep of the fixed assets in question and not to extend their lifetime beyond that which was initially defined, are limited within the Group to renovation work on the façades of buildings. The effect of the change in accounting methods on net worth at January 1, 2003 was booked under capital in the amount of EUR 3 million, net of tax.

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 time deposits and borrowings in the case of banks; and into regulated savings accounts and other deposits in the case of customers. They also include securities sold to banks and customers under repurchase agreements.

Interest accrued on these deposits is recorded 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 commitments;

– provisions for contingencies and disputes.

A description of contingencies and disputes is provided in the Risk Management Report.

Regulation No. 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 risks and contingencies are 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 risks and contingencies booked on the liabilities side of the consolidated balance sheet at the beginning of 2002.

A provision had been booked at 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 No. 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 No. 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 sundry debtors.* A provision was booked at the end of 1999 under *Exceptional items* for all subscription fees to be paid by Group companies over the 2000-2002 period for the initial endowment of the guarantee fund. Subsequent fees were booked under *Other operating expenses.*

A provision is booked to cover stock options or shares allocated to employees at year-end, for an amount determined on the basis of the value of the underlying securities and booked under *Personnel expenses.*

Société Générale signed an early retirement agreement which came into force on January 1, 2002 and will be applicable until March 31, 2006. A provision was booked on the basis of the cost attached to employees who were granted early retirement.

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. Additional allocations were made to this fund in 1996 and 2003.

During the 2002 and 2003 financial years, SG Cowen recorded charges and exceptional provisions intended to cover the various consequences of a fraud committed over a period of ten years, which affected the former retail brokerage activity of this company. 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 in 2002 and 2003.

Preferred shares

In the second half of 1997, Société Générale issued USD 800 million in preferred securities 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 securities 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 securities 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.

In the fourth quarter of 2003, Société Générale issued EUR 650 million of preferred shares through a wholly-owned US subsidiary (paying a non-cumulative dividend of 5.419% annually) with a step-up clause that comes into effect after 10 years.

Dividend income is charged to the item *Dividends paid on preferred shares.* Preferred securities 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. 2000-05 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 Finance 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 for the determination of 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, foreign exchange 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 one off-balance sheet item. The nominal contract value represents the volume of outstanding transactions and does not represent the potential for gain or loss associated with the market or counterparty risk on such transactions.

Credit derivatives purchased to hedge credit risks on financial assets that are not valued at market value are classified and treated as guarantee commitments received.

Accounting income or expense on these forward financial 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 beginning to an identifiable item or group of similar items, are recognized in the income statement in the same manner as revenues and expenses on the hedged item. 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 indexes or foreign exchange 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 prudential valuation of all the instruments, regardless of the liquidity of the corresponding market,
- a reserve calculated according to the size of the position and intended to cover the risk that 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. Unrealized losses are provided for 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.

Under law No. 2003-775 dated August 21, 2003 which reformed the French pension system, the method used to estimate provisions for retirement payments in the Group's French subsidiaries was changed. The difference in results is booked under *Personnel expenses* as of the date on which the regime was changed, and on a straight-line basis for the average number years still to be worked by the staff entitled to the payment.

Cost of risk

The item *Net cost of risk* is limited to net allocation to provisions for counterparty risks, country risks and disputes. Net provisions for 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 has a recovery in view on a determined time.

For 2003 and the 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 France

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.

Commitments under these various plans amounted to EUR 958 million at December 31, 2003 and were fully covered by assets or provisions.

Outside France

The commitments under these various plans (pensions, retirement payments, long-service awards) are covered by assets or provisions. The majority of these commitments relate to retirement benefits accruing to active staff or former staff who have left the company.

At December 31, 2003, the commitments relating to the Group's main foreign entities were estimated at EUR 874 million, of which 80% were covered by assets or provisions.

The remaining 20% is the unfunded actuarial liability. In accordance with Group practice, this is covered by a provision which is booked over the average remaining period of active service of the employees in question.

Under IFRS standards adopted in July 2003 by the European Accounting Regulation Committee, the accounting principles described in this note for Société Générale Group's consolidated accounts will be modified for the 2005 accounts and for the comparative data published for the 2004 financial year. A description of the main differences between the adopted IFRS standards and the accounting principles described in this note can be found in the Group Management Report.

Note 2

Consolidation scope

As at December 31, 2003, the Group's consolidation scope included 701 companies:

- 607 fully consolidated companies,
- 48 proportionately consolidated companies,
- 46 companies accounted for by the equity method.

In accordance with the consolidation rules defined in Regulation No. 99-07 of the French Accounting Regulation Committee, none of the special purpose vehicles created in the course of Société Générale's client-related 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 to the consolidation scope at December 31, 2003 compared with the scope applicable for the accounts at December 31, 2002 were as follows:

- During the first half of 2003:

– the Group acquired a 47.66% stake in the capital of SSB Bank in Ghana, which was fully consolidated.

– Société Générale bought the car leasing group Axus International from the Ford Group.

– Boursorama, which is 67%-owned by the Société Générale Group, acquired 100% of the online broker Selftrade. These two entities were merged during the second half of 2003.

– the Group raised its stake in TCW to 60.90%, representing a 1.15% increase against December 31, 2002.

Agreements signed at the time of the acquisition of TCW include deferred put and call options on 14.25% of TCW's capital, broken down into annual tranches of 4.75% over the period 2004-2006. The strike price of these options is dependent on the company's future performance.

The balance of shares held by employees is subject to deferred call and put options, exercisable from 2008, at strike prices that are dependent on future performance.

– The Société Générale Group acquired a further 15% of C.G.L., raising its total holding to 99.73% at the end of December 2003.

– The Group increased its stake in La Marocaine Vie from 52.70% at December 31, 2002 to 70.15% at June 30, 2003.

– The US arbitrage vehicle, Pace, was fully consolidated.

- During the second half of 2003:

– the assets acquired from Constellation were transferred to a specially created and wholly owned company, SG Constellation LLC, which was fully consolidated. At the same time, the Group purchased a 51% stake in Lightning Finance Company Ltd., which was also fully consolidated;

– Société Générale took a 67% stake in Compagnie Bancaire Genève. Following the merger with SG Rüegg Bank, the Group's ownership interest in the newly created SG Private Banking (Suisse) stood at 77.6%.

Agreements provide for deferred put and call options on the 22.4% of the capital held by minority interests, exercisable as of April 1, 2008 at the earliest, at strike prices that are dependent on the company's future performance.

– Société Générale acquired 50% of the capital in Banque Française Commerciale de l'Océan Indien, which was fully consolidated.

– Société Générale created ONYX TRUST, a wholly owned Korean investment fund, which was fully consolidated.

– ALD Czech Republic and ALD Portugal, which are wholly owned by the Group, were fully consolidated.

– Locat Rent, in which the Group holds 50% of the capital, was proportionately consolidated.

– Groupama Banque, in which Société Générale holds a 40% stake, was proportionately consolidated.

– The Group acquired 50% of the UK-based Infrastructure Principal Finance Fund, which was proportionately consolidated.

– Lyxor Europerformance 1, an investment fund wholly owned by the Group, was fully consolidated.

– SGAM HDG Investment, a dedicated fund owned by the Group, was fully consolidated.

– The Group bought out the minority interests in Fenwick Lease by acquiring the 50.59% of shares that it did not already own. Fenwick Lease was subsequently fully consolidated.

Note 3

Due from banks

(in millions of euros at December 31)	2003	2002	2001
Deposits and loans			
Demand			
Current accounts	7,590	8,583	8,579
Overnight deposits and loans	702	267	301
Loans secured by overnight notes	53	385	–
Term			
Term deposits and loans (1)	9,635	12,928	12,881
Subordinated and participating loans	688	539	418
Loans secured by notes and securities	45	187	227
Related receivables	208	270	250
Gross amount	**18,921**	**23,159**	**22,656**
Provisions for possible losses	(94)	(114)	(118)
Net amount	**18,827**	**23,045**	**22,538**
Securities purchased under resale agreements	41,455	31,309	41,010
Total	**60,282**	**54,354**	**63,548**

(1) At December 31, 2003 doubtful loans amounted to EUR 143 million (of which EUR 124 million were non-performing loans) against EUR 117 million at December 31, 2002 and EUR 149 million at December 31, 2001.

Note 4

Customer loans

(in millions of euros at December 31)	2003	2002	2001
Trade notes	7,729	7,903	6,771
Other loans (1) (2) :			
Short-term loans	39,021	43,610	42,763
Export loans	3,610	4,649	4,948
Equipment loans	33,214	27,506	25,502
Mortgage loans	40,743	35,233	32,182
Other loans	27,690	31,105*	31,521
Sub-total	**144,278**	**142,103**	**136,916**
Overdrafts	12,238	12,361	11,358
Related receivables	1,461	1,386*	1,356 *
Gross amount	**165,706**	**163,753**	**156,401**
Provisions for possible losses	(6,497)	(6,894)*	(6,706)*
Net amount	**159,209**	**156,859**	**149,695**
Loans secured by notes and securities	443	227	168
Securities purchased under resale agreements	33,895	27,683	32,875
Total	**193,547**	**184,769***	**182,738***
(1) Other loans by customer type:			
Non-financial customers			
– Corporates	68,286	70,724	71,832
– Individual customers	52,568	45,926	41,668
– Local authorities	6,265	6,762	5,201
– Self-employed professionals	6,870	6,455	6,135
– Governments and central administrations	1,959	2,116	1,977
– Other	2,440	1,755	2,715
Financial customers	5,890	8,365	7,388
Total	**144,278**	**142,103**	**136,916**

(2) At December 31, 2003 doubtful loans amounted to EUR 10,115 million (of which EUR 5,693 million were non-performing loans) against EUR 10,064 million at December 31,2002 and EUR 9,066 million at December 31, 2001.

** Amounts restated in relation to those given in the 2001 and 2002 annual reports.*

Note 5

Lease financing and similar agreements

(in millions of euros at December 31)	2003	2002	2001
Real estate lease financing agreements	5,650	5,452	5,222
Equipment lease financing agreements	9,513	8,848*	8,181*
Lease-purchase and similar agreements	3,202	3,045*	3,176*
Related receivables	206	188	255*
Gross amount (1)	**18,571**	**17,533**	**16,834**
Provisions for possible losses	(250)	(182)	(200)*
Net amount	**18,321**	**17,351**	**16,634**

(1) At December 31, 2003 doubtful loans amounted to EUR 418 million (of which EUR 117 million were non-performing loans) against EUR 284 million at December 31, 2002 and EUR 256 million at December 31, 2001.

** Amounts restated in relation to those given in the 2001 and 2002 annual reports.*

Note 6

Treasury notes, bonds and other debt securities, shares and other equity securities

(in millions of euros at December 31)	2003				2002				2001
	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	21,792	39,125	31,706	92,623	18,562	28,002	30,073	76,637	80,653
Short-term investment securities:									
Gross book value	4,281	8,071	15,150 (2)	27,502	3,363	7,244	13,926	24,533	20,556
Provisions	(24)	(225)	(215)	(464)	(23)	(316)	(191)	(530)	(460)
Net book value	4 257	7,846 (1)	14,935	27,038	3,340	6,928 (1)	13,735	24,003	20,096
Long-term investment securities:									
Gross book value	4,391	–	20,705 (2)	25,096	5,945	–	20,961	26,906	27,071
Provisions	–	–	(1)	(1)	–	–	–	–	(1)
Net book value	4,391	–	20,704	25,095	5,945	–	20,961	26,906	27,070
Related receivables	170	56	427	653	163	89	526	778	778
Total	**30,610**	**47,027**	**67,772**	**145,409**	**28,010**	**35,019**	**65,295**	**128,324**	**128,597**

(1) Of which Société Générale shares assigned to cover stock options awarded to employees: EUR 162.9 million (compared with EUR 167.3 million at December 31, 2002 and EUR 167.9 million at December 31, 2001).

	2003	2002
Number of shares	3,377,145	3,469,650
Nominal value per share (in euros)	1.25	1.25
Market value per share (in euros)	70.0	55.5
Book value per share (in euros)	48.22	48.22

(2) Of which securities carried by newly consolidated special purpose vehicles:
– EUR 4 billion of municipal bonds intended to be held to maturity,
– EUR 4 billion of shares issued by debt securitization funds.

Continue on next page

Note 6 (continued from previous page)

Additional information on securities

(in millions of euros at December 31)	2003	2002	2001
Estimated market value of short-term investment securities:			
Unrealized capital gains (1)	70	178	92
Estimated value of long-term investment securities (2)	(2)	(64)	137
Premiums and discounts relating to short-term and long-term investment securities	(86)	(15)	70
Securities which changed category during the year:			
Trading securities reclassified as short-term investment securities	695	525	6
Securities reclassified as long-term investment securities	–	195	266
Long-term investment securities reclassified as short-term investment securities	624	778	46
Long-term investment securities sold before maturity	69	542	31
Investment in mutual funds:			
French mutual funds	12,810	8,747	5,844*
Foreign mutual funds	3,369	2,751	1,736*
Of which capital appreciation funds	688	675	80
Listed securities	117,427	112,641	109,590
Subordinated securities	727	357	263
Securities lent	3,656	4,027	3,848

(1) Not including unrealized gains or losses on any forward financial instruments used to hedge short-term investment securities.
(2) Including unrealized gain or loss on instruments used to hedge long-term investment securities.

** Amounts restated in relation to those given in the 2001 annual report.*

Note 7

Investments of insurance companies

(in millions of euros at December 31)	2003	2002	2001
Real estate investments	265	223	170
Bonds and other debt securities	25,728	21,222	17,887
Investments held to guarantee unit-linked policies	14,031	13,384	15,294
Other investments	1,117	867	1,002
Shares and other equity securities	1,743	1,561	1,008
Total	**42,884**	**37,257**	**35,361**

Note 8

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments

(in millions of euros at December 31)	2003	2002
Principal companies [(1)]		
0 to 5 % Accor, Adecco, Alcatel, Altadis, Arcelor, Aviva, Business Objects, Cap Gemini Ernst & Young, Carrefour, Danone, Dexia, France Télécom, Havas, ONA, Pernod Ricard, Peugeot SA, Renault, Sanofi, SCH, Schneider Electric, Sodexho, Suez, TF1, Total, Veolia Environnement, Vivendi Universal, Zodiac	**4,381**	**5,213**
5 to 10% SFL, Alstom, Cologne Re Managers, Hornby Lane	**629**	**605**
10 to 30% Crédit Logement, Sopra, SCI Secovalde, Sommer SA, Sicovam Holding	**376**	**367**
Sub-total	**5,386**	**6,185**
Other companies	**1,236**	**1,400**
Gross book value [(2)]	**6,622**	**7,585**
Provisions for possible losses	(1,352)	(1,332)
Advances to non-consolidated companies	4	14
Net book value [(3)]	**5,274**	**6,267**

(1) Only investments with a book value over EUR 30 million at December 31, 2003 are mentioned.
(2) Movements over the 2003 fiscal year: EUR (963) million, of which: acquisitions = EUR 251 million, disposals = EUR (1,087) million, changes in consolidation scope and other movements = EUR (127) million.
(3) Of which listed companies: net book value at December 31, 2003 = EUR 3,879 million; market value = EUR 4,053 million.

Note 9

Tangible and intangible fixed assets

(in millions of euros)	Gross book value 2002	Acquisitions	Disposals	Changes in consolidation scope and other movements	Gross book value 2003	Accumulated depreciation and amortization 2003	Net book value 2003
Operating assets							
Intangible assets							
Start-up costs	27	5	–	(13)	19	(13)	6
Software, EDP development costs	1,287	229	(17)	33	1,532	(1,032)	500
Other	441	175	(7)	(153)	456	(82)	374
Sub-total	**1,755**	**409**	**(24)**	**(133)**	**2,007**	**(1,127)**	**880**
Tangible assets							
Land and buildings	2,800	74	(47)	32	2,859	(809)	2,050
Other	3,528	370	(144)	(167)	3,587	(2,446)	1,141
Sub-total	**6,328**	**444**	**(191)**	**(135)**	**6,446**	**(3,255)**	**3,191**
Non-operating assets [(1)]							
Tangible assets							
Land and buildings	389	4	(11)	(232)	150	(57)	93
Pure rental transactions and other	2,200	607	(381)	2,572	4,998	(1,499)	3,499
Sub-total	**2,589**	**611**	**(392)**	**2,340**	**5,148**	**(1,556)**	**3,592**
Total	**10,672**	**1,464**	**(607)**	**2,072**	**13,601**	**(5,938)**	**7,663**

(1) Not including the proprietary real estate investment portfolio held by specialized financing companies.

The acquisitions made in 2003 had an impact of EUR 2,243 million on the Group's net fixed assets as at December 31, 2003 (gross fixed assets: EUR 3,174 million). AXUS International, the vehicle leasing group, accounted for EUR 1,981 million in net value terms (gross value: EUR 2,777 million).

Note 10

Goodwill (1)

(in millions of euros at December 31)	2003			2002			2001
	Gross book value	Accumulated amortization	Net book value	Gross book value	Accumulated amortization	Net book value	Net book value
Goodwill							
Retail Banking	**1,581**	**(266)**	**1,315**	**1,526**	**(182)**	**1,344**	**1,450**
French networks	115	(62)	53	113	(57)	56	62
Retail Banking outside France (2)	1,033	(135)	898	1 046*	(85)*	961*	1,087
Specialized subsidiaries and other (3)	433	(69)	364	367*	(40)*	327*	301
Corporate and Investment Banking	**256**	**(177)**	**79**	**237**	**(161)**	**76**	**128**
Corporate Banking (4)	112	(41)	71	54	(31)	23	27
Investment Banking	144	(136)	8	183	(130)	53	101
Global Investment Management	**918**	**(162)**	**756**	**840**	**(107)**	**733**	**883**
Asset Management	595	(97)	498	678	(69)	609	741
Private Banking (5)	323	(65)	258	162	(38)	124	142
Corporate Center	**3**	**(3)**	**–**	**2**	**(1)**	**1**	**1**
Sub-total	**2,758**	**(608)**	**2,150**	**2,605**	**(451)**	**2,154**	**2,462**
Negative Goodwill							
Corporate and Investment Banking	**(1)**	**–**	**(1)**	**(42)**	**42**	**–**	**(7)**
Sub-total	**(1)**	**–**	**(1)**	**(42)**	**42**	**–**	**(7)**
Net total	**2,757**	**(608)**	**2,149**	**2,563**	**(409)**	**2,154**	**2,455**

** Amounts restated in relation to those given in the 2002 annual report.*

(1) Current and exceptional amortization expenses are assigned to the Corporate Center.
(2) The change over 2003 in gross goodwill booked by Retail Banking outside France is essentially due to:
– impact of currency translation on goodwill booked in foreign currencies (EUR -26 million);
– downward revision of the goodwill on a previous acquisition (EUR -11 million);
– the acquisition of SSB Bank in Ghana in the second quarter of 2003;
– the acquisition of the Banque Française Commerciale de l'Océan Indien in the third quarter of 2003.
(3) Mainly the acquisition of the vehicle leasing group, AXUS International, in the first quarter of 2003.
(4) Acquisition of Selftrade in the first quarter of 2003 and increase in SG's controlling stake in Boursorama.
(5) Acquisition of Compagnie Bancaire Genève in the third quarter of 2003.

Note 11

Accruals, other accounts receivable and other assets

(in millions of euros at December 31)	2003	2002	2001
Other assets			
Miscellaneous receivables	13,737	12,607	11,285
Premiums on options purchased	21,441	21,481	25,804
Settlement accounts on securities transactions	3,934	2,192	5,109
Other assets	759	1,148	786
Other insurance assets	323	212	190
Sub-total	**40,194**	**37,640**	**43,174**
Accruals and similar			
Prepaid expenses	524	400	517
Accrued income (1)	2,941	2,724	4,507
Deferred taxes (2)	90	–	–
Other (3)	13,013	18,952	15,241
Sub-total	**16,568**	**22,076**	**20,265**
Gross amount	**56,762**	**59,716**	**63,439**
Allowances for possible losses	(214)	(221)	(220)
Net amount	**56,548**	**59,495**	**63,219**

(1) This item includes the guarantee valued at EUR 157 million granted by the Czech government to cover non-performing loans at Komercni Banka.

(2) Breakdown of deferred taxes by category

(in millions of euros at December 31, 2003)	Deferred income tax assets	Deferred income tax liabilities
Timing differences related to:		
Inner reserve arising from lease financing transactions	30	662
Results of partnerships	–	218
Reassessment reserves *(Note 1)*	–	25
Other (principally relating to the deductibility of provisions)	1,370	405
Total	**1,400**	**1,310**

(3) Other accruals mainly comprise foreign currency debit adjustment accounts, discounts at issuance or redemption of bonds and assimilated securities, and the profits on revaluation of forward financial instruments.

Note 12

Due to banks

(in millions of euros at December 31)	2003	2002	2001
Demand deposits			
Demand deposits and current accounts	17,582	12,311	22,139
Borrowings secured by overnight notes	–	43	61
Sub-total	**17,582**	**12,354**	**22,200**
Term deposits			
Term deposits and borrowings	46,309	37,508	40,593
Borrowings secured by notes and securities	312	245	303
Sub-total	**46,621**	**37,753**	**40,896**
Related payables	324	395	481
Securities sold under repurchase agreements	19,081	18,737	21,547
Total	**83,608**	**69,239**	**85,124**

Note 13

Customer deposits

(in millions of euros at December 31)	2003	2002	2001
Special savings accounts			
Demand	21,587	18,287	16,250
Term	21,874	21,775	22,200
Sub-total	**43,461**	**40,062**	**38,450**
Other demand deposits			
Businesses and sole proprietors	29,650	24,866	24,291
Individual customers	23,745	21,594	20,894
Financial institutions	10,705	5,753	5,908
Other	4,184	5,303	3,692
Sub-total	**68,284**	**57,516**	**54,785**
Other term deposits			
Businesses and sole proprietors	25,783	25,051	20,283
Individual customers	10,213	10,988	12,687
Financial institutions	5,797	12,309	16,977
Other	5,717	5,902	6,478
Sub-total	**47,510**	**54,250**	**56,425**
Related payables	951	949	875
Total customer deposits	**160,206**	**152,777**	**150,535**
Borrowings secured by notes and securities	3,229	2,210	2,915
Securities sold to customers under repurchase agreements	32,655	41,098	46,866
Total	**196,090**	**196,085**	**200,316**

Note 14

Securitized debt payables

(in millions of euros at December 31)	2003	2002	2001
Term savings certificates	841	881	865
Bond borrowings	4,607	5,253	7,333
Related payables	84	185	215
Sub-total	**5,532**	**6,319**	**8,413**
Interbank certificates and negotiable debt instruments	77,052	71,104	53,706
Related payables	333	454	855
Total (1)	**82,917**	**77,877**	**62,974**

(1) Newly consolidated entities have an impact of EUR 1,365 million on the Group's securitized debt payables at December 31, 2003.

Note 15

Underwriting reserves of insurance companies

(in millions of euros at December 31)	2003	2002	2001
Unit-linked policy underwriting reserves	14,149	13,400	15,317
Life insurance underwriting reserves	26,882	22,262	18,726
Non-life insurance underwriting reserves	133	98	91
Total	**41,164**	**35,760**	**34,134**

Note 16

Accruals, other accounts payable and other liabilities

(in millions of euros at December 31)	2003	2002	2001
Transactions on securities			
Amounts payable for borrowed securities	8,611	6,640	6,325
Other amounts due for securities	32,575	24,272	28,870
Sub-total	**41,186**	**30,912**	**35,195**
Other liabilities			
Miscellaneous payables	13,927	12,627	10,239
Premiums on sold options	23,699	21,700	24,916
Settlement accounts on securities transactions	3,901	2,975	7,683
Other securities transactions	70	51	60
Related payables	227	180	227
Other insurance liabilities	73	84	58
Sub-total	**41,897**	**37,617**	**43,183**
Accruals and similar			
Accrued expenses	3,858	4,148	4,226
Deferred taxes	–	89	324
Deferred income	2,014	2,358	1,533
Other (1)	8,771	12,643	10,819
Sub-total	**14,643**	**19,238**	**16,902**
Total	**97,726**	**87,767**	**95,280**

(1) This item mainly comprises foreign currency credit adjustment accounts and the losses on revaluation of forward financial instruments.

Note 17

Provisions and reserves

(in millions of euros at December 31)	2003	2002	2001
Provisions for possible losses charged against assets			
Banks	94	114	118
Customer loans	6,497	6,894*	6,706*
Lease financing agreements	250	182	201*
Other	302	263	283*
Sub-total	**7,143**	**7,453**	**7,308**
Provisions for general risks and commitments booked as a liability			
Prudential general country risk reserve *(Note 1)*	453	465	599
Commitments made to banks	6	4	4
Commitments made to customers	273	327*	308
Sectoral provisions and other (1)	558	277*	–
Provisions for other risks and commitments	1,559	1,401*	1,485
Sub-total	**2,849**	**2,474**	**2,396**
Total provisions (excluding securities) (2)	**9,992**	**9,927**	**9,704**
Provisions on securities	1,816	1,862	1,032
Provisions on investments of insurance companies	2	10	4
Total provisions (3)	**11,810**	**11,799**	**10,740**

** Amounts restated in relation to those given in the 2001 and 2002 annual reports.*

(1) As of January 1, 2003, all sectoral provisions that cannot be assigned to a single non-performing loan have been grouped in a specific account. The financial statements as at December 31, 2002 were restated accordingly for the purpose of comparison. These provisions were charged against the assets side of the balance sheet in the amount of EUR 176 million or were carried on the liabilities side of the balance sheet in the amount of EUR 101 million (EUR 71 million in off-balance sheet items relating to commitments made to customers and EUR 30 million in provisions for risks and commitments).

(2) The change in risk reserves breaks down as follows :

(in millions of euros at December 31)	2002	Net allocations	Others income statement balances (5)	Used provisions	Change in scope and exchange rates	2003
Prudential country risk reserve	465	51	–	–	(63)	453
Provisions for identified risks	8,061	948	(4)	(1,019)	(6)	7,980
Provisions for general risks and commitments (4)	1,401	83	357	(191)	(91)	1,559
Total	**9,927**	**1,082**	**353**	**(1,210)**	**(160)**	**9,992**

As regards the Group's Argentine risk, total provisions booked at December 31, 2003 stood at EUR 255 million, including EUR 219 million of provisions for commercial risks and other assets, EUR 25 million in the form of the prudential country risk reserve, and EUR 11 million of provision for general risks and commitments.

(3) 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.

(4) Analysis of provisions for general risks and commitments

(in millions of euros at December 31)	2002	Net allocations	Others income statement balances (5)	Used provisions	Change in scope and exchange rates	2003
Provisions for pensions and other post-retirement benefits	261	–	29	–	12	302
Provisions for restructuring costs and litigations expenses	182	–	28	(10)	(21)	179
Provisions for tax adjustments	131	–	175	(3)	1	304
Provisions for forward financial instruments	39	–	70	(2)	–	107
Other provisions for risks and litigation	788	83	55	(176)	(83)	667
Total	**1,401**	**83**	**357**	**(191)**	**(91)**	**1,559**

(5) 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

Surbodinated debt

(in millions of euros at December 31) **Issuance currency**	Outstanding	2004	2005	2006	2007	2008	Beyond 2008	Undated
Subordinated capital notes								
EUR	7,411	471	567	274	547	122	5,112	318
USD	1,847	–	282	633	–	–	174	758
GBP	993	–	–	–	–	–	851	142
Other currencies (1)	345	–	22	45	–	54	–	224
Sub-total	**10,596**	**471**	**871**	**952**	**547**	**176**	**6,137**	**1,442**
Dated subordinated debt								
EUR	19	–	–	–	–	–	–	19
USD	60	–	–	–	–	–	32	28
Other currencies (1)	2	–	–	–	2	–	–	–
Sub-total	**81**	**–**	**–**	**–**	**2**	**–**	**32**	**47**
Related payables	268	–	–	–	–	–	–	268
Total	**10,945**	**471**	**871**	**952**	**549**	**176**	**6,169**	**1,757**

(1) Including EUR 22 million of subordinated debt reclassified as subordinated capital notes between December 31, 2002 and December 31, 2003.

Note 19

Commitments granted

(in millions of euros at December 31)	2003	2002	2001
Loan commitments			
to banks	3,725	5,163	6,401
to customers (1)	82,931	76,991	93,202
Total	**86,656**	**82,154**	**99,603**
Guarantee commitments			
on behalf of banks	2,340	4,999	3,185
on behalf of customers (1) (2)	43,996	39,591*	36,361*
Total	**46,336**	**44,590**	**39,546**

** Amounts restated in relation to those given in the 2001 and 2002 annual reports.*

(1) As at December 31, 2003, credit lines and guarantee commitments granted to securitization vehicles and other special purpose vehicles amounted to EUR 19.2 billion and EUR 0.7 billion respectively.
(2) Including capital and performance guarantees given to the holders of units in mutual funds managed by Group entities.

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, 2003, there were five non-consolidated vehicles (Barton, Antalis, Asset One, 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 13,324 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 737 million. Furthermore, the Group has granted these vehicles liquidity lines in the amount of EUR 19,167 million on this date.

Note 20

Foreign exchange transactions

(in millions of euros at December 31)	2003				2002				2001			
	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	330,871	326,459	59,950	72,928	302,842*	288,050*	60,921	86,421	283,285	265,761	66,123	85,287
USD	126,962	140,756	146,595	129,541	124,273*	143,038*	166,817	143,769	147,794	168,626	163,887	146,032
GBP	18,563	19,484	29,389	28,369	16,147	16,295	28,503	26,865	17,571	16,661	25,394	24,679
JPY	14,817	8,493	22,378	28,988	12,894	8,285	23,719	28,070	21,853	18,323	23,844	26,017
Other currencies	48,174	44,195	60,550	61,609	45,236*	45,724*	69,449	66,676	41,996	43,128	63,437	62,413
Total	**539,387**	**539,387**	**318,862**	**321,435**	**501,392**	**501,392**	**349,409**	**351,801**	**512,499**	**512,499**	**342,685**	**344,428**

** Amounts restated in relation to those given in the 2002 annual report.*

Note 21

Forward financial instrument commitments

(in millions of euros at December 31)	Trading transactions	Hedging transactions	2003	Total 2002	Total 2001
Firm transactions					
Transactions on organized markets					
– Interest rate futures	410,671	12,450	423,121	416,207	422,037
– Currency futures	2,258	967	3,225	3,166	4,199
– Other forward contracts	136,150	60	136,210	71,456	59,734
OTC agreements					
– Interest rate swaps	2,641,499	109,229	2,750,728	2,831,911	2,696,379
– Currency financing swaps	113,025	3,058	116,083	101,782	87,480
– Forward Rate Agreements (FRA)	340,394	402	340,796	303,146	331,763
– Other	28,245	19,563	47,808	41,725	17,547
Options					
– Interest rate options	1,212,844	4,702	1,217,546	1,021,073	1,024,197
– Currency options	101,722	365	102,087	94,424	130,835
– Options on stock market indexes and equities	351,213	11,803	363,016	255,386	451,793
– Other	46,370	9	46,379	47,477	64,492
Total	**5,384,391**	**162,608**	**5,546,999**	**5,187,753**	**5,290,456**

Credit risk equivalent (in millions of euros at December 31)

At December 31, 2003, 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:

	2003	2002	2001
– OECD member governments and central banks	717	369	443
– OECD member banks and local authorities	14,282	16,414	15,949
– Customers	7,938	8,535	8,816
– Non-OECD member banks and central banks	447	420	305
Total (including netting agreements)	**23,384**	**25,738**	**25,513**

Bilateral netting agreements reduced the credit risk equivalent by EUR 59,994 million at December 31, 2003 versus EUR 66,701 million at December 31, 2002 and EUR 50,903 million at December 31, 2001.

Term to maturity (in millions of euros)

	2003		
	0-1 year	1-5 years	over 5 years
– Interest rate swaps	1,124,609	1,456,897	169,222
– Currency financing swaps	71,488	27,012	17,583
– Interest rate futures	676,069	78,216	9,632
– Foreign exchange futures	3,165	58	2
– Other firm instruments	113,571	48,517	21,930
– Interest rate options	337,562	839,544	40,440
– Foreign exchange options	94,817	7,088	182
– Other options	295,451	105,975	7,969
Total	**2,716,732**	**2,563,307**	**266,960**

Note 22

Breakdown of assets and liabilities by term to maturity

(in millions of euros at December 31) 2003	0-3 months	3 months-1 year	1-5 years	Over 5 years	Inter-company eliminations	Total
Assets						
Transactions with banks						
Due from banks	169,494	28,097	43,900	31,105	(212,314)	**60,282**
Transactions with customers						
Customer loans	92,931	22,791	69,945	41,470	(33,590)	**193,547**
Lease financing and similar agreements	1,679	2,905	9,473	4,276	(12)	**18,321**
Bonds and other debt securities						
Trading securities	11,027	38,537	1,208	351	(19,417)	**31,706**
Short-term investment securities	3,663	8,398	12,513	5,974	(15,394)	**15,154**
Long-term investment securities	703	795	7,077	13,702	(1,365)	**20,912**
Liabilities						
Transactions with banks						
Due to banks	198,045	31,880	46,765	30,616	(223,698)	**83,608**
Transactions with customers						
Customer deposits	163,281	8,293	20,685	21,507	(17,676)	**196,090**
Securitized debt payables	43,621	23,997	30,669	20,034	(35,404)	**82,917**

Note 23

Consolidated cash flow statement

(in millions of euros at December 31,2003)	Uses	Sources
Cash flow		4,006
Dividends paid	972	
Net cash flow (a)		**3,034**
Capital increase		321
Preferred shares increase		650
Treasury stock decrease/increase	368	153
Subordinated debt decrease/increase	620	340
Capital transactions (b)		**476**
(I) - Long-term funds (a) + (b)		**3,510**
Cost of investment in newly consolidated affiliates	343	
Purchase/proceeds from sale of affiliates and other long-term investments	75	1,482
Purchase/proceeds from sale of fixed assets	1,464	365
(II) - Net cash inflow/(outflow) from investing activities	**35**	
(I) – (II) Change in working capital		**3,475**
Interbank activities and cash		23,499
Customer loans	2,463	
Customer deposits		7,391
Securities activities	30,568	
Bond debt	747	
Forward financial instrument commitments	311	
Lease financing activities	1,038	
(III) - Net cash inflow/(outflow) from banking activities	**4,237**	
Insurance investments	5,749	
Insurance deposits		5,370
(IV) - Cash inflow/(outflow) from non-banking activities	**379**	
(V) - Other		**1,141**
(III) + (IV) – (V) Change in cash inflow/(outflow) from operating activities	**3,475**	

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 expense from transaction with banks

(in millions of euros at December 31)	2003	2002	2001
Transactions with central banks, post office accounts and banks	1,601	2,090	2,973
Net premiums and discounts	75	77	52
Total interest income	**1,676**	**2,167**	**3,025**
Transactions with central banks, post office accounts and banks	(2,592)	(3,382)	(4,094)
Total interest expense	**(2,592)**	**(3,382)**	**(4,094)**
Securities purchased under resale agreements and loans secured by notes and securities	1,744	2,112	2,667
Securities sold under repurchase agreements and borrowings secured by notes and securities	(2,004)	(2,121)	(2,916)
Net interest income from transactions with banks	**(1,176)**	**(1,224)**	**(1,318)**

Note 25

Interest income and expenses from transactions with customers

(in millions of euros at December 31)	2003	2002	2001
Trade notes	660	693	619
Other customer loans			
– short-term loans	2,173	2,583	3,150
– export loans	242	524	647
– equipment loans	1,552	1,489	1,278
– mortgage loans	2,040	1,918	1,870
– other loans	1,010	1,079	921
Sub-total	**7,017**	**7,593**	**7,866**
Overdrafts	684	779	866
Net premiums and discounts	(9)	(22)	14
Total interest income	**8,352**	**9,043**	**9,365**
Special savings accounts	(1,276)	(1,298)	(1,311)
Other deposits	(1,806)	(2,510)	(3,374)
Total interest expense	**(3,082)**	**(3,808)**	**(4,685)**
Securities purchased under resale agreements and loans secured by notes and securities	1,698	1,593	1,561
Securities sold under repurchase agreements and borrowings secured by notes and securities	(2,594)	(2,604)	(3,168)
Net interest income from transactions with customers	**4,374**	**4,224**	**3,073**

Note 26

Net income from lease financing and similar agreements

(in millions of euros at December 31)	2003	2002	2001
Real estate lease financing agreements	311	305	336
Equipment lease financing agreements	565	421	329
Lease-purchase and similar agreements	612	648	569
Net total	**1,488**	**1,374**	**1,234**

Note 27

Dividend income

(in millions of euros at December 31)	2003	2002	2001
Dividends from shares and other equity securities	393	92	29
Dividends from investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments	189	199	182
Total (1)	**582**	**291**	**211**

(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)	2003	2002	2001
Fee income from:			
Transactions with banks	123	93	72
Transactions with customers	1,575	1,353	1,194
Securities transactions	2,170	2,513	2,370
Primary market transactions	222	171	270
Foreign exchange transactions and forward financial instruments	428	520	369
Loan and guarantee commitments	482	454	410
Services and other	1,507	1,374	1,280
Sub-total	**6,507**	**6,478**	**5,965**
Fee expense on:			
Transactions with banks	(154)	(153)	(132)
Securities transactions	(293)	(368)*	(124)*
Foreign exchange transactions and forward financial instruments	(347)	(411)	(360)
Loan and guarantee commitments	(123)	(125)	(88)
Other	(506)	(428)	(253)
Sub-total	**(1,423)**	**(1,485)**	**(957)**
Net total (1)	**5,084**	**4,993***	**5,008***
(1) Net fee income breaks down by type of service, as follows:			
– banking services and advisory	*2,342*	*2,078*	*1,964*
– guarantees and endorsements	*358*	*330*	*323*
– issuance	*222*	*171*	*270*
– asset management and life insurance	*1,655*	*1,770*	*1,545*
– brokerage and other	*507*	*644**	*906**

** As of January 1, 2003, commissions paid to brokers considered to have the same status as salaried employees, which were previously booked as fees and commissions directly charged against Net Banking Income, are now recognized under personnel expenses. The commissions have been restated in the financial statements as at December 31, 2002 in the amount of EUR 119 million and as at December 31, 2001 in the amount of EUR 92 million.*

Note 29

Net income from financial transactions

(in millions of euros at December 31)	2003	2002	2001
Net income from the trading portfolio:			
Net income from transactions on trading securities	4,615	(4,959)	(1,881)
Net income from forward financial instruments	(3,244)	7,528	5,114
Net income from foreign exchange transactions	1,514	769	(28)
Sub-total (1)	**2,885**	**3,338**	**3,205**
Net income from short-term investment securities:			
Gains on sale	172	145	187
Losses on sale	(98)	(128)	(174)
Net reversal of provisions	23	26	84
Sub-total	**97**	**43**	**97**
Net income from shares intended for portfolio activity:			
Gains on shares intended for portfolio activity	(20)	(31)	63
Net allocation to provisions for portfolio activity	40	(87)	(107)
Sub-total	**20**	**(118)**	**(44)**
Net total	**3,002**	**3,263**	**3,258**

(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)	2003	2002	2001
Earned premiums	6,524	5,398	4,804
Cost of benefits (including change in reserves)	(6,236)	(5,150)	(4,474)
Net income from investments	151	172	135
Other technical income and expenses	(302)	(287)	(245)
Reclassification of operating expenses	(92)	(82)	(84)
Total	**45**	**51**	**136**

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)	2003	2002	2001
Contribution to NBI before elimination of intercompany transactions	306	284	358
Elimination of intercompany transactions*	159	165	140
Contribution to NBI after elimination of intercompany transactions	465	449	498

** 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)	2003	2002	2001
Net income from real estate development	30	45	29
Net income from real estate investments (1) (2)	227	38	107
Net income from other activities	27	16	10
Total	**284**	**99**	**146**

(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.
(2) Net income from real estate investments in 2003 includes a capital gain of EUR 189 million realized on the disposal of the Paris Trocadéro building.

Note 32

Personnel expenses

(in millions of euros at December 31)	2003	2002	2001
Employee compensation (1)	4,431	4,428*	4,294*
Social security benefits and payroll taxes (1)	1,657	1,537	1,419
Employee profit sharing and incentives (3)	235	214	184
Total	**6,323**	**6,179**	**5,897**
Average staff (2)	**90,040**	**88,278**	**86,574**
In France	51,349	50,689	49,020
Outside France	38,691	37,589	37,554

The average headcount of the newly acquired subsidiaries is not adjusted in proportion to the length of time that the subsidiaries have been owned.

The companies acquired in 2003 contributed 2,399 employees.

** As of January 1, 2003, commissions paid to brokers who are considered to have the same status as salaried employees, which were previously booked as fees and commissions directly charged against Net Banking Income, are now recognized under personnel expenses. Personnel expenses have been restated in the financial statements as at December 31, 2002 in the amount of EUR 119 million and as at December 31, 2001 in the amount of EUR 92 million.*

(1) Of which EUR 1,560 million for bonuses at December 31, 2003 (EUR 1,310 million at December 31, 2002 and EUR 1,309 million at December 31, 2001).

(2) Including temporary staff.

(3) Analysis of personnel expenses for the last five years:

(in millions of euros at December 31)	2003	2002	2001	2000	1999
Société Générale *					
Profit sharing	15**	(1)	1	52	5
Incentives	49	62	50	55	41
Employer contribution	72	74	67	62	54
Sub-total	**136**	**135**	**118**	**169**	**100**
Subsidiaries	99	79	66	70	54
Total	**235**	**214**	**184**	**239**	**154**

** Including Sogénal in 2001.*
*** Provision for profit sharing.*

Remuneration of members of the Board of Directors and Chief Executive Officers
Total attendance fees paid in January 2004 to the Company's directors for the 2003 financial year amounted to EUR 0.65 million.
The remuneration paid in 2003 to the Chief Executive Officers totaled EUR 2.79 million (including EUR 1.24 million in performance-linked bonuses for the 2002 financial year).

Note 33

Cost of risk

(in millions of euros at December 31)	2003	2002	2001
Net allocation to provisions for identified risks			
– Provisions for identified risks	(948)	(1,243)	(960)
– Provisions for risks and charges	(83)	(18)	(66)
– Losses not covered by provisions and amounts recovered on write-offs	(144)	(101)	(51)
Sub-total	**(1,175)**	**(1,362)**	**(1,077)**
Net allocation to general country risk reserves	(51)	61	10
Net allocation to provisions for receivables and commitments	**(1,226)**	**(1,301)**	**(1,067)**

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)		
				2003	2002	2001
Non-financial companies						
Chesapeake Holding (CHC)	36.35	Structured finance	(56)	9	12	12
Sifa (1)	–	Portfolio management	–	–	4	4
Géodis	27.17	Industrial and commercial company	(29)	5	(13)	(36)
Property companies of the Sogéprom group		Property companies	14	7	7	–
Other			1	–	–	1
Sub-total			**(70)**	**21**	**10**	**(19)**
Financial companies						
Fiditalia Spa (2)	100.00	Specialized financing	–		–	(22)
ACL	36.05	Bank	(273)	–	–	–
Sophia (3)	25.20	Property company	(28)	9	24	17
United Arab Bank	20.00	Bank	10	4	4	4
Other (4)			26	9	10	2
Sub-total			**(265)**	**22**	**38**	**1**
Total			**(335)**	**43**	**48**	**(18)**

** Including the Group's 2003 earnings.*

(1) Exchange transaction during the second half of 2002 with the full stake exchanged for 100% of the capital of Fonvalor II, which is now fully consolidated.
(2) This company is now fully consolidated.
(3) This company was sold in February 2004 under the public offering made by GE Real Estate Investissement France, a subsidiary of General Electric.
(4) This item notably comprises the subsidiaries sub-consolidated by Komercni Banka (Vseobecna Stavebni Sporitelna) and by Crédit du Nord.

Note 35

Net income from long-term investments

(in millions of euros at December 31)	2003	2002	2001
Long-term investment securities			
Net capital gains (or losses) on sale	4	47	(12)
Net allocation to provisions	–	–	5
Sub-total	**4**	**47**	**(7)**
Investments in non-consolidated subsidiaries and affiliates			
Gains on sale	466	484	756
Losses on sale.	(48)	(125)	(94)
Net allocation to provisions	(47)	(710)	(201)
Sub-total (1)	**371**	**(351)**	**461**
Operating fixed assets			
Gains on sale	37	33	34
Losses on sale	(15)	(28)	(14)
Sub-total	**22**	**5**	**20**
Net total	**397**	**(299)**	**474**

(1) Income from investments in non-consolidated subsidiaries and affiliates at December 31, 2003 includes EUR 242 million from the disposal of equity holdings in banks and EUR 15 million of provisions on the industrial equity portfolio (EUR 772 million at December 31, 2002).

Note 36

Exceptional items

(in millions of euros at December 31)	2003	2002	2001
Exceptional income	2	13	31
Exceptional losses	(48)	(183)	(48)
Net total	**(46)**	**(170)**	**(17)**

Breakdown of exceptional items

– Provisions for costs linked to introduction of the single European currency and Y2K	–	(9)	(9)
– Contribution by French banks to the Compensation Fund and to *“Fondation du Souvenir des victimes de la Shoah”*	–	(2)	(3)
– Provisions for contributions to the deposits and securities guarantee fund *(see Note 1)*	–	–	(5)
– Provision booked to cover the fraud affecting Cowen’s former private client brokerage division *	(46)	(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 and December 31, 2003.*

Note 37

Income tax

(in millions of euros at December 31)	2003	2002	2001
Current taxes	(1,194)	(767)	(764)
Deferred taxes	33	118	25
Total (1)	**(1,161)**	**(649)**	**(739)**

(1) The reconciliation of the difference between the Group's normative tax rate and its effective tax rate breaks down as follows:

	2003	2002	2001
Income before tax and net income from companies accounted for by the equity method	*4,240*	*2,447*	*3 ,177*
Normal tax rate applicable to French companies (including 3% and 3.3% tax surcharges)	*35.4%*	*35.4%*	*36.4%*
Permanent differences	*– 2.5%*	*– 5.7%**	*– 6.2%**
Differential on items taxed at reduced rate	*– 0.7%*	*+ 2.7%*	*– 2.9%*
Tax rate differential on profits taxed outside France	*– 3.4%*	*– 5.2%*	*– 1.2%*
Impact of non-deductible losses for the period and use of losses carried forward	*– 1.4%*	*– 0.6%**	*– 2.9%**
Effective tax rate	***27.4%***	***26.6%***	***23.2%***

** Amounts restated in relation to those given in the 2001 and 2002 annual reports.*

Note 38

Income statement by core business

(in millions of euros at December 31)	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001	2003	2002	2001
	Retail Banking			Asset Management and Private Banking			Corporate and Investment Banking			Corporate Center and other			Group		
Net banking income	9,222	8,684	7,801	1,270	1,304	1,106	5,141	4,769	5,129	4	(184)	(70)	15,637	14,573	13,966
Operating expenses	(6,200)	(5,873)	(5,317)	(864)	(905)	(692)	(3,274)	(3,487)	(3,813)	(230)	(261)	(374)	(10,568)	(10,526)	(10,196)
Gross operating income	**3,022**	**2,811**	**2,484**	**406**	**399**	**414**	**1,867**	**1,282**	**1,316**	**(226)**	**(445)**	**(444)**	**5,069**	**4,047**	**3,770**
Cost of risk	(648)	(653)	(503)	(2)	(14)	(9)	(519)	(717)	(543)	(57)	83	(12)	(1,226)	(1,301)	(1,067)
Net income from companies accounted for by the equity method	13	14	(16)	–	–	–	17	18	12	13	16	(14)	43	48	(18)
Net income from long-term investments	5	21	13	(11)	(10)	(5)	29	24	11	374	(334)	455	397	(299)	474
Earnings before exceptional items and tax	**2,392**	**2,193**	**1,978**	**393**	**375**	**400**	**1,394**	**607**	**796**	**104**	**(680)**	**(15)**	**4,283**	**2,495**	**3,159**
Exceptional items	–	–	–	–	–	–	–	–	–	(46)	(170)	(17)	(46)	(170)	(17)
Income tax	(812)	(741)	(705)	(120)	(120)	(136)	(307)	(78)	(131)	78	290	233	(1,161)	(649)	(739)
Amortization of goodwill	–	–	–	–	–	–	–	–	–	(217)	(184)	(76)	(217)	(184)	(76)
Net reversal from General reserve for banking risks	–	–	–	–	–	–	–	–	–	(104)	159	–	(104)	159	–
Net income before minority interests	**1,580**	**1,452**	**1,273**	**273**	**255**	**264**	**1,087**	**529**	**665**	**(185)**	**(585)**	**125**	**2,755**	**1,651**	**2,327**
Minority interests	(187)	(175)	(131)	(24)	(15)	(12)	(8)	(20)	(11)	(44)	(44)	(19)	(263)	(254)	(173)
Net income	**1,393**	**1,277**	**1,142**	**249**	**240**	**252**	**1,079**	**509**	**654**	**(229)**	**(629)**	**106**	**2,492**	**1,397**	**2,154**

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 the 2002 annual report due to internal business transfers.

Note 39

*Geographical breakdown of net banking income**

(in millions of euros at December 31) 2003	France	Rest of Europe	Americas	Asia	Africa	Oceania	Total
Net interest and similar income (1)	4,838	2,332	1,420	59	407	129	9,185
Net fee income	3,098	737	956	114	159	20	5,084
Net income from financial transactions	591	(10)	2	315	27	(33)	892
Other net operating income	291	172	5	1	9	(2)	476
Net banking income	**8,818**	**3,231**	**2,383**	**489**	**602**	**114**	**15,637**

** 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 2003	Group ownership interest 2002	Group voting interest 2003	Group voting interest 2002
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
BFCOI (2)	France	FULL	50.00	–	50.00	–
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
Groupama Banques (2)	France	PROP	40.00	–	40.00	–
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
Euro VL (1)	France	FULL	100.00	100.00	100.00	100.00
IEC	France	FULL	100.00	100.00	100.00	100.00
Lyxor Asset Management	France	FULL	100.00	100.00	100.00	100.00
Lyxor International Asset Management	France	FULL	100.00	100.00	100.00	100.00
Nofirec (1)	France	FULL	100.00	100.00	100.00	100.00
Pargesfonds	France	FULL	100.00	100.00	100.00	100.00
SG Asset Management	France	FULL	100.00	100.00	100.00	100.00
SGAM AI	France	FULL	100.00	100.00	100.00	100.00
SGAM Finance(1)	France	FULL	100.00	100.00	100.00	100.00
SGOP	France	FULL	100.00	100.00	100.00	100.00
Specialized financing						
Airbail	France	FULL	100.00	100.00	100.00	100.00
Ipersoc SAS (2)	France	FULL	100.00	–	100.00	–
Bull Finance	France	FULL	51.35	51.35	51.35	51.35
Cafirec	France	FULL	100.00	100.00	100.00	100.00
Cofranteg	France	FULL	100.00	100.00	100.00	100.00
Compagnie Générale de Location d'Équipements (1)	France	FULL	99.73	84.57	99.73	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
Fenwick Lease (10)	France	FULL	100.00	49.41	100.00	49.41
Fontanor (1) (2)	France	FULL	100.00	–	100.00	–
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	75.01	65.05	75.01	65.05
Génécomi	France	FULL	72.43	72.43	72.43	72.43
Linden SAS (2)	France	FULL	100.00	–	100.00	–
Locaplan S.A. (2)	France	FULL	100.00	–	100.00	–
Orpavimob S.A.	France	FULL	100.00	100.00	100.00	100.00
Promopart	France	FULL	100.00	100.00	100.00	100.00
SCP Clémence	France	FULL	100.00	100.00	100.00	100.00
SCP Cygne	France	FULL	100.00	100.00	100.00	100.00
SCP de la Prose	France	FULL	100.00	100.00	100.00	100.00
SCP Muscade	France	FULL	100.00	100.00	100.00	100.00
SCP Philibert	France	FULL	100.00	100.00	100.00	100.00
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 Athena Investissements (2)	France	FULL	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	France	FULL	100.00	100.00	100.00	100.00
SNC Fininva	France	FULL	100.00	100.00	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

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Companies included in the consolidation scope

at December 31	Country	Method FULL: full consolidation PROP: proportionate consolidation EQUITY: equity method	Group ownership interest 2003	Group ownership interest 2002	Group voting interest 2003	Group voting interest 2002
SAS IPF	France	FULL	100.00	100.00	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	France	FULL	100.00	100.00	100.00	100.00
Sogelease France	France	FULL	100.00	100.00	100.00	100.00
Solocvi	France	FULL	100.00	100.00	100.00	100.00
Temsys (1)	France	FULL	100.00	100.00	100.00	100.00
Valmyfin (2)	France	FULL	100.00	–	100.00	–
Varoner 2 (2)	France	FULL	100.00	–	100.00	–
Portfolio management						
Aurelec	France	FULL	100.00	100.00	100.00	100.00
Ezépart (2)	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
Fonvalor2	France	FULL	100.00	100.00	100.00	100.00
Geforpat	France	FULL	100.00	100.00	100.00	100.00
Géné Act 1	France	FULL	100.00	100.00	100.00	100.00
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	France	FULL	100.00	100.00	100.00	100.00
Salvépar (1)	France	FULL	51.42	51.42	51.42	51.42
SCI Foncière Défense	France	FULL	99.99	99.99	100.00	100.00
SG Capital 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
Sivalparts	France	FULL	100.00	100.00	100.00	100.00
Sogéfim	France	FULL	100.00	100.00	100.00	100.00
Sogénal Participations	France	FULL	100.00	100.00	100.00	100.00
Sogéparts	France	FULL	100.00	100.00	100.00	100.00
Sogéparticipations (ex-Sogénal) (1)	France	FULL	100.00	100.00	100.00	100.00
Sogéplus	France	FULL	100.00	100.00	100.00	100.00
Soginnove	France	FULL	100.00	100.00	100.00	100.00
Sté Rue Edouard-VII	France	FULL	99.91	99.91	99.91	99.91
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
Boursorama (1) (5)	France	FULL	71.01	67.04	71.01	67.04
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 (3)	France	FULL	–	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
Real estate and real estate financing						
Coprim (1)	France	FULL	100.00	100.00	100.00	100.00
Crédit Immobilier Général (3)	France	FULL	–	100.00	–	100.00
Galybet	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 2003	Group ownership interest 2002	Group voting interest 2003	Group voting interest 2002
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 [3]	France	FULL	–	100.00	–	100.00
SFCC	France	FULL	99.99	99.99	99.99	99.99
Sogébail	France	FULL	44.26	45.92	46.79	40.67
Sogéprom [1]	France	FULL	77.56	68.21	69.99	59.99
Sophia [1]	France	EQUITY	25.20	27.41	25.20	29.45
Sophia-bail	France	FULL	63.35	64.43	51.00	51.00
Services						
CGA	France	FULL	100.00	100.00	100.00	100.00
ECS [1]	France	FULL	100.00	100.00	100.00	100.00
Parel	France	FULL	100.00	100.00	100.00	100.00
Socogéfi	France	FULL	100.00	100.00	100.00	100.00
Group real estate management companies						
CFM [1]	France	FULL	100.00	100.00	100.00	100.00
Eléaparts	France	FULL	100.00	100.00	100.00	100.00
Génégis 1	France	FULL	100.00	100.00	100.00	100.00
Génégis 2	France	FULL	100.00	100.00	100.00	100.00
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	France	FULL	100.00	100.00	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 [1]	France	FULL	100.00	100.00	100.00	100.00
STIP	France	FULL	99.99	99.99	100.00	100.00
Valminvest	France	FULL	100.00	100.00	100.00	100.00
Insurance						
Génécar	France	FULL	100.00	100.00	100.00	100.00
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] [4]	Czech Republic	FULL	60.35	60.35	60.35	60.35
Rüegg Bank [9]	Switzerland	FULL	0.00	100.00	0.00	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 Private Banking (Suisse) [1] [2] [9]	Switzerland	FULL	77.62	–	77.62	–
SG Vostok	Russia	FULL	100.00	100.00	100.00	100.00
SGBT Luxembourg [1]	Luxembourg	FULL	100.00	100.00	100.00	100.00
SGBT Monaco	Monaco	FULL	100.00	100.00	100.00	100.00
SKB Banka [1]	Slovenia	FULL	99.58	97.82	99.58	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

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	
			2003	2002	2003	2002
Financial companies						
Euro-VL Luxembourg (2)	Luxembourg	FULL	100.00	–	100.00	–
SG Wertpapierhandelsgesellschaft mbH (1)	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
Lightning Finance Company Ltd. (2)	Ireland	FULL	51.00	–	51.00	–
Lyxor Master Funds	Jersey	FULL	100.00	100.00	100.00	100.00
Primafair SAS (2)	Luxembourg	FULL	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	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
Specialized financing						
Axus Belgium (1) (2)	Belgium	FULL	100.00	–	100.00	–
Axus Danmark A/S (2)	Denmark	FULL	100.00	–	100.00	–
Axus Finland Oy (2)	Finland	FULL	100.00	–	100.00	–
Axus Italiana S.R.L (2)	Italy	FULL	100.00	–	100.00	–
Axus Nederland B.V. (2)	Netherlands	FULL	100.00	–	100.00	–
Axus Norge S.A. (2)	Norway	FULL	100.00	–	100.00	–
Axus Sverig AB (2)	Sweden	FULL	100.00	–	100.00	–
Axus UK Limited (2)	Great Britain	FULL	100.00	–	100.00	–
Hertz Lease de Espana S.A. (2)	Spain	FULL	100.00	–	100.00	–
Promopart Snc	Luxembourg	FULL	100.00	100.00	100.00	100.00
Sogega Pme Snc	Luxembourg	FULL	100.00	100.00	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) (1)	Germany	FULL	92.59	92.59	92.59	92.59
ALD Automotive Group PLC (ex- BCH Group) (GEFA-ALD group) (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
ALD International GmbH	Germany	FULL	100.00	100.00	100.00	100.00
ALD International S.A. (1)	Germany	FULL	100.00	100.00	100.00	100.00
ALD Portugal (1) (2)	Portugal	FULL	100.00	–	100.00	–
Amber	Great Britain	FULL	100.00	100.00	100.00	100.00
ALD Automotive S.A.U.	Spain	FULL	100.00	100.00	100.00	100.00
SG Factoring Spa	Italy	FULL	100.00	100.00	100.00	100.00
Franfinance Leasing Italia Spa (ex-DB Leasing Spa) (GEFA-ALD group) (6)	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)	Poland	FULL	99.01	99.01	99.01	99.01
Fiditalia Spa	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
ALD Czech Republic (2)	Czech Republic	FULL	100.00	–	100.00	–
Locat Rent (2)	Italy	PROP	50.00	–	50.00	–
SG Holding de Valores y Participationes (2)	Spain	FULL	100.00	–	100.00	–
Sogelease BV Nederland	Netherlands	FULL	100.00	100.00	100.00	100.00
Sogelease Italia (6)	Italy	FULL	–	100.00	–	100.00
Brokers						
Fimat Switzerland AG	Switzerland	FULL	100.00	100.00	100.00	100.00
Fimat London branch (7)	Great Britain	FULL	100.00	100.00	100.00	100.00
Fimat Frankfurt branch (7)	Germany	FULL	100.00	100.00	100.00	100.00
Fimat Madrid branch (7)	Spain	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 2003	Group ownership interest 2002	Group voting interest 2003	Group voting interest 2002
Insurance						
Généras	Luxembourg	FULL	100.00	100.00	100.00	100.00
Inora Life	Ireland	FULL	100.00	100.00	100.00	100.00
Komercni Pojistovna (4)	Czech Republic	FULL	60.35	–	60.35	–
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	57.73	57.73	57.73
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	58.08	58.08	58.08
SSB Bank Ghana (2)	Ghana	FULL	51.00	–	51.00	–
United Arab Bank	United Arab Emirates	EQUITY	20.00	20.00	20.00	20.00
Union International de Banques	Tunisia	FULL	52.00	52.00	52.00	52.00
Financial companies						
Sogelease Maroc	Morocco	FULL	71.15	71.15	100.00	100.00
Eqdom	Morocco	FULL	44.64	44.64	53.61	53.61
Insurance						
La Marocaine Vie	Morocco	FULL	70.15	52.70	82.83	61.19
THE AMERICAS						
Banks						
Banco Société Générale SA	Argentina	FULL	99.53	99.53	99.54	99.54
Banco Société Générale Brazil SA (1)	Brazil	FULL	100.00	100.00	100.00	100.00
SG Canada (1)	Canada	FULL	100.00	100.00	100.00	100.00
Financial companies						
SG Americas Inc. (1) (11)	United States	FULL	100.00	100.00	100.00	100.00
SG Capital Trust (1)	United States	FULL	–	–	100.00	100.00
SG Cowen Asset Management	United States	FULL	100.00	100.00	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. (11)	United States	FULL	–	100.00	–	100.00
TCW Group (1)	United States	FULL	60.90	59.75	60.90	59.86
Turquoise (2)	Cayman Islands	FULL	100.00	–	100.00	–
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	United States	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 2003	Group ownership interest 2002	Group voting interest 2003	Group voting interest 2002
Specialized financing						
Cousto Investments LP (2)	United States	FULL	100.00	–	55.00	–
Makatea JV Inc.	United States	FULL	100.00	100.00	60.00	60.00
Mehetia Inc.	United States	FULL	100.00	100.00	51.00	51.00
SG Ariki Inc. (1)	United States	FULL	100.00	100.00	100.00	100.00
SG Astro Finance LP (2)	United States	FULL	100.00	–	100.00	–
SG Astro Finance Trust (2)	United States	FULL	100.00	–	100.00	–
SG Finance Inc.	United States	FULL	100.00	100.00	100.00	100.00
SG Preferred Capital III LLC (1) (2)	United States	FULL	100.00	–	100.00	–
Sorbier Investment Corp (2)	United States	FULL	100.00	–	60.00	–
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 (acquisition of Chase Trust Bank)	Japan	FULL	100.00	100.00	100.00	100.00
SG Securities North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
Financial companies						
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 Asset Management Singapore Ltd.	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	41.35	42.15	42.15
Onyx Trust (2)	South Korea	FULL	100.00	–	100.00	–
Specialized 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
Succursale Fimat Sydney (8)	Australia	FULL	100.00	100.00	100.00	100.00

(1) Company carrying out sub-consolidation.
(2) Consolidated for the first time in 2003.
(3) Merged into parent company in 2003.
(4) Komercni Pojistovna was previously sub-consolidated by Komercni Banka.
(5) Merger of Fimatex Sa, Finance Net, Fimatex SG and Selftrade.
(6) Sogelease Italia was merged into Franfinance Leasing Italia.
(7) Branches previously sub-consolidated by Fimat Banque.
(8) Branch previously sub-consolidated by Fimat SNC.
(9) SG Rüegg Bank was merged into SG Private Banking (Suisse).
(10) After the purchase of an additional stake of 50.59% from minority shareholders, Fenwick Lease is now fully consolidated (previously proportionately consolidated).
(11) Société Générale North America Inc. is now sub-consolidated by SG Americas Inc.

SPECIAL PURPOSE VEHICLES

PACE (2)	Arbitrage Vehicle	United States	FULL
TOBP	Arbitrage Vehicle	United States	FULL
TRIDENT	Arbitrage Vehicle	United States	FULL

Report of the Statutory Auditors on the consolidated accounts

(Free translation of the French original)

Year ended December 31, 2003

This is a free translation into English of the statutory auditors' reports issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes for the information of the reader, as required under French law in any auditor's report, whether qualified of not, explanatory paragraphs separate from and presented below the audit opinion discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account caption or on information taken outside of the consolidated financial statements. Such report, together with the statutory auditors report addressing financial reporting in management's report on internal control, should be read in conjunction and construed in accordance with French law and French auditing professional standards.

To the Shareholders of Société Générale,

In our capacity as statutory auditors, appointed by your shareholders' meeting, we have audited the accompanying consolidated accounts of Société Générale for the year ended December 31, 2003.

These consolidated accounts have been prepared by the Company's management. Our responsibility is to express an opinion on these consolidated accounts based on our audit.

Opinion on the consolidated 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 consolidated accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in these accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, 2003 and the results of the Group's operations included in the consolidation for the year then ended, in accordance with French accounting principles.

Without qualifying our opinion, we draw attention to Note 1 to the consolidated accounts with respect to the changes in the accounting principles coming from the application of the regulation CRC-2002-03 related to the accounting treatment of the credit risk and of the regulation CRC-2002-10 related to asset amortization and depreciation.

Justification of our assessments

In accordance with the requirements of article L.225-235 of the French Code de Commerce relating to the justification of our assessments, which came into effect for the first time this year, we bring to your attention the following matters:

- As detailed in Note 1 to the notes, your company records provision to cover the credit risks inherent to its activities. We have reviewed the procedures implemented by the Management for identifying and assessing these risks and determining the amount of provisions considered as necessary.
- As detailed in Note 1 to the notes, your Company uses internal models to value financial instruments that are not listed on organized markets. As such, we have reviewed the control procedures related to the models dedicated to the determination of the parameters used and the inclusion of the risks associated to these instruments.
- In its current year-end process, significant accounting estimates are performed by the Group related in particular to the value of the non consolidated investments in subsidiaries, the recovery of deferred tax assets and the evaluation of goodwills and pension and retirement liabilities. We have reviewed the underlying assumptions and verified that these accounting estimates are based on documented methods in accordance with the accounting principles described in Note 1 to the notes.

On this basis, we have assessed the reasonableness of these estimates.

Our assessment on these matters were made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the development of the unqualified opinion expressed in the first part of this report.

Specific procedures prescribed by law

We have also reviewed the information contained in the Board of Directors' report in accordance with French professional standards.

We have nothing to report with respect to the fairness of this information and its consistency with the consolidated accounts.

Neuilly-sur-Seine and Courbevoie, March 12, 2004

The Statutory Auditors

DELOITTE TOUCHE TOHMATSU

José-Luis Garcia

ERNST & YOUNG AUDIT

Christian Mouillon

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Summary balance sheet of Société Générale

in billions of euros at December 31	2003	2002	Change
Assets			
Interbank and money market assets	65.8	54.1	11.7
Customer loans	127.5	121.6	5.9
Securities	190.0	156.9	33.1
of which securities purchased under resale agreements	*50.7*	*40.7*	*10.0*
Other assets	55.7	52.8	2.9
of which option premiums	*34.7*	*32.3*	*2.4*
Long-term investments	1.2	1.3	– 0.1
Total assets	**440.2**	**386.7**	**53.5**
Liabilities and shareholders' equity			
Interbank and money liabilities (1)	161.9	122.5	39.4
Customer deposits	118.8	117.6	1.2
Bonds and subordinated debt (2)	14.1	13.6	0.5
Securities	73.3	64.1	9.2
of which securities sold under repurchase agreements	*37.4*	*41.4*	*– 4.0*
Other liabilities and provisions	56.6	54.4	2.2
of which option premiums	*34.7*	*32.0*	*2.7*
Equity and general reserve for banking risks	15.5	14.5	1.0
of which general reserve for banking risks	*0.3*	*0.2*	*0.1*
of which shareholders' equity	*15.2*	*14.3*	*0.9*
Total liabilities and shareholders' equity	**440.2**	**386.7**	**53.5**

(1) Including negotiable debt instruments.
(2) Including undated subordinated capital notes.

As at December 31, 2003, the parent company's total assets and liabilities amounted to EUR 440.2 billion, up 13.8% on December 31, 2002. The development of its activities was reflected in the key balance sheet figures.

- The increase in customer loans (+4.9%), which totaled EUR 127.5 billion at December 31, 2003, was essentially driven by the growth in mortgage loans (EUR +4.8 billion), equipment financing (EUR +4.5 billion) and loans to financial institutions (EUR +2.4 billion). This was offset by the decline in short-term credit facilities (EUR – 3.8 billion) and commercial loans (EUR – 1.7 billion). A notable rise of 12% was seen in outstanding loans to individual customers, fuelled primarily by the housing loan segment.
- Securities carried on the assets side of the balance sheet, excluding securities purchased under resale agreements, stood at EUR 139.3 billion at December 31, 2003, up 19.9% on year-end 2002. This increase was notably due to the combined effect of growth in the trading portfolio (EUR +23.7 billion), investments in non-consolidated subsidiaries and affiliates (EUR +3.1 billion) and a drop in the long-term investment portfolio (EUR – 5.9 billion, including a negative EUR/USD exchange rate effect of EUR – 2 billion).
- Customer deposits rose by EUR 1.2 billion (+1%) in relation to December 31, 2002 to stand at EUR 118.8 billion at December 31, 2003. This growth essentially reflected the increase in sight deposits (EUR +6.2 billion) and special savings account deposits (EUR +2.5 billion), and the decrease in the term deposits of financial institutions (EUR – 6.5 billion).
- The increase in securities carried on the liabilities side of the balance sheet, which totaled EUR 73.3 billion at December 31, 2003 (+14.4%), principally stemmed from the rise in short sales of securities (EUR +10 billion).

Summary income statement of Société Générale

in millions of euros at December 31	2003						2002		
	France	03/02 (%)	International	03/02 (%)	Société Générale	03/02 (%)	France	International	Société Générale
Net banking income	**5,998**	**– 7.0**	**1,707**	**17.5**	**7,705**	**– 2.5**	**6,451**	**1,453**	**7,904**
Operating expenses	(4,811)	6.2	(914)	– 0.1	(5,725)	5.1	(4,530)	(915)	(5,445)
Gross operating income	**1,187**	**– 38.2**	**793**	**47.4**	**1,980**	**– 19.5**	**1,921**	**538**	**2,459**
Cost of risk	(613)	26.4	(109)	– 64.2	(722)	– 8.4	(485)	(303)	(788)
Operating income	**574**	**– 60.0**	**684**	**191.2**	**1,258**	**– 24.7**	**1,436**	**235**	**1,671**
Net income from long-term investments	70	– 120.2	20	– 57.5	90	– 129.8	(347)	46	(301)
Operating income before tax	**644**	**– 40.8**	**704**	**150.5**	**1,348**	**– 1.6**	**1,089**	**281**	**1,370**
Exceptional items	43	NM	–	– 100.0	43	NM	(9)	(2)	(11)
Income tax	212	– 36.3	(115)	NM	97	– 72.3	333	17	350
Net reversal from general reserve for banking risks	(104)	– 165.4	–	NM	(104)	NM	159	–	159
Net income	**795**	**– 49.4**	**589**	**99.0**	**1,384**	**– 25.9**	**1,572**	**296**	**1,868**

Parent company net income for the 2003 financial year stood at EUR 1,384 million, down 25.9% on 2002. The breakdown of results for 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 1,980 million, representing a drop of 19.5% in relation to the previous year:
  - Net banking income amounted to EUR 7,705 million, down 2.5% on 2002, reflecting mixed results:
    - The French Networks turned in another excellent sales performance, marked by:
      - an increase in the average volume of savings under management as a result of the steady rise in customer deposits (+4.2% in individual customer deposits),
      - renewed growth in assets invested in life insurance and mutual fund products due to more bullish markets (+1.5% compared with -0.8% in 2002),
      - record levels of new loans (notably with a 12% rise in outstanding mortgage loans),
      - significant growth in service commissions (+9%).
    - Corporate and Investment Banking saw a pick-up in revenues, due primarily to the improvement in the fixed-income activities and, to a lesser extent, to the transfer of SG Securities London's business to the London branch. In contrast, revenues generated by the treasury business in New York were down compared with 2002;
    - refinancing costs rose sharply on the back of growth in capital transactions.
  - Operating expenses totaled EUR 5,725 million, up 5.1% on 2002. The rise was seen in both the French Networks and Corporate and Investment Banking:
    - the rise in the operating expenses of the French Networks was essentially linked to growth in activity, the implementation of the French law on financial security and the continuing roll-out of the multi-channel banking platform;
    - Corporate and Investment Banking saw an increase in performance-linked pay.
- The cost of risk stood at EUR 722 million in 2003 compared with EUR 788 million in 2002. The fall in risk provisioning was essentially due to the drop of nearly EUR 300 million in US risk, which was offset by the recognition of EUR 285 million in sectoral provisions over the financial year.
- Net income from long-term investments came out at EUR 90 million in 2003. It included a EUR 52 million reversal of provisions previously booked on the equity investment in Boursorama.

  As a reminder, this item in 2002 income included an additional depreciation expense booked on the equity investment in SG Americas in the amount of EUR 244 million.
- Exceptional items corresponded to the capital gain of EUR 43 million from the merger of SCAPT with Société Générale.
- Income tax in 2003 represented a tax gain of EUR 97 million, compared with a gain of EUR 350 million in 2002.
- Changes in the general reserve for banking risks:
  - a reversal in the amount of EUR 46 million was made 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;
  - an additional allocation was made in the amount of EUR 150 million.

Balance sheet

Assets

(in millions of euros at December 31)	2003	2002	2001
Cash, due from central banks and post office accounts	2,468	1,546	3,191
Due from banks	88,619	70,842	73,985
Customer loans	152,784	143,883*	125,606
Lease financing and similar agreements	135	110	130
Treasury notes and similar securities	23,532	22,592	28,939
Bonds and other debt securities	51,490	48,192*	50,358*
Shares and other equity securities	39,401	23,968	24,927
Affiliates and other long-term securities	775	875	728
Investments in subsidiaries	22,954	19,821	15,371
Tangible and intangible fixed assets	1,193	1,258	1,286
Treasury stock	1,141	783	1,005
Accruals, other accounts receivable and other assets	55,714	52,862*	86,998
Total	**440,206**	**386,732**	**412,524**

Liabilities and shareholders' equity

(in millions of euros at December 31)	2003	2002	2001
Due to central banks and post office accounts	424	698	1,241
Due to banks	124,352	92,665*	81,987
Customer deposits	143,720	149,218*	140,262
Securitized debt payables	51,734	40,963*	58,396*
Accruals, other accounts payable and other liabilities	88,565	74,174*	103,181*
Provisions for general risks and commitments	3,955	2,908*	2,840*
Subordinated debt and notes	11,979	11,575	10,792
General reserve for banking risks	312	207	366
Shareholders' equity			
Common stock	548	538	539
Additional paid-in capital	5,698	5,388	5,518
Retained earnings	7,535	6,530	5,395
Net income	1,384	1,868	2,007
Sub-total	**15,165**	**14,324**	**13,459**
Total	**440,206**	**386,732**	**412,524**

Off-balance sheet items

(in millions of euros at December 31)	2003	2002	2001
Commitments received			
Loan commitments received from banks	2,246	1,496	1,937
Guarantee commitments received from banks	28,178	29,419	29,598
Commitments received on securities	7,663	2,717	4,402
Foreign exchange transactions	284,774	313,651	315,471
Commitments granted			
Loan commitments	77,520	76,872	83,054
Guarantee commitments	98,967	84,361*	67,637*
Commitments made on securities	9,195	3,594	3,345
Foreign exchange transactions	283,485	311,134	314,103
Forward financial instrument commitments	5,713,518	5,291,600	5,796,794

** Amounts restated in relation to those given in the 2001 and 2002 annual reports.*

Income statement

(in millions of euros at December 31)	2003	2002	2001
Net interest income from:			
Transactions with banks	(571)	(448)	(902)
Transactions with customers	2,349	2,216	1,649
Bonds and other debt securities	304	551	508
Other interest and similar revenues	257	21	590
Net income from lease financing and similar agreements	6	8	9
Sub-total	**2,345**	**2,348**	**1,854**
Dividend income	1,050	1,292	1,153
Net interest and similar income	**3,395**	**3,640**	**3,007**
Net fee income	**2,188**	**2,029**	**2,073**
Net income from financial transactions	**2,067**	**2,112**	**2,985**
Other net operating income	**55**	**123**	**106**
Net banking income	**7,705**	**7,904**	**8,171**
Personnel expenses	(3,587)	(3,305)	(3,222)
Other operating expenses	(1,839)	(1,834)	(1,912)
Depreciation and amortization	(299)	(306)	(257)
Total operating expenses	**(5,725)**	**(5,445)**	**(5,391)**
Gross operating income	**1,980**	**2,459**	**2,780**
Cost of risk	(722)	(788)	(583)
Operating income	**1,258**	**1,671**	**2,197**
Net income from long-term investments	90	(301)	(292)
Operating income before tax	**1,348**	**1,370**	**1,905**
Exceptional items	43	(11)	(17)
Income tax (loss)	97	350	119
Net allocation to the General reserve for banking risks	(104)	159	
Net income	**1,384**	**1,868**	**2,007**

(The accompanying notes are an integral part of the Parent Company financial statements).

Changes in shareholders' equity

(in millions of euros)	Capital stock	Additional paid-in capital	Reserves unappropriated retained earnings	Net worth	General reserve for banking risks	Shareholders' equity
At December 31, 2001	**539**	**5,518**	**7,402**	**13,459**	**366**	**13,825**
Increase in capital stock	(1)	(130)		(131)	–	(131)
Net income for the period	–		1,868	1,868	–	1,868
Dividends paid (1)	–		(872)	(872)	–	(872)
Other movements (2)	–			–	(159)	(159)
At December 31, 2002	**538**	**5,388**	**8,398**	**14,324**	**207**	**14,531**
Increase in capital stock	10	310		320	–	320
Net income for the period	–		1,384	1,384	–	1,384
Dividends paid (3)	–		(864)	(864)	–	(864)
Other movements (2)	–		1	1	105	106
At December 31, 2003	**548**	**5,698**	**8,919**	**15,165**	**312**	**15,477**

(1) After elimination of treasury stock dividend: EUR 19.8 million.
(2) Reversals in the amount of EUR 159 million in 2002 and EUR 45.6 million in 2003 were 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.
In addition, EUR 150 million was allocated to the general reserve for banking risks in 2003.
(3) After elimination of treasury stock dividend: EUR 39.4 million.

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Five-year financial summary of Société Générale

	2003	2002	2001	2000	1999*
Financial position at year-end					
Capital stock (in millions of euros) (1)	548	538	539	529	522
Number of outstanding shares (2)	438,434,749	430,170,265	431,538,522	423,248,418	104,330,621
Results of operations (in millions of euros)					
Gross banking and other income (3)	18,943	21,261	23,251	23,874	20,875
Earnings before tax, depreciation, amortization, provisions employee profit sharing and general reserve for banking risks	2,667	3,298	3,210	2,485	2,106
Employee profit sharing	15	(1)	1	52	5
Income tax	(97)	(350)	(119)	253	68
Net income	1,384	1,868	2,007	2,266	1,645
Total dividends paid	1,096	903	891**	889	647
Earnings per share (in euros)					
Earnings after tax but before depreciation, amortization and provisions	6.27	8.48	7.71	5.15 ***	19.54
Net income	3.16	4.34	4.65	5.35 ***	15.77
Dividend paid per share	2.50	2.10	2.10	2.10 ***	6.20
Personnel					
Number of employees	39,102	39,713	38,989	37,323	36,220
Total payroll (in millions of euros)	2,436	2,270	2,266	2,289	1,925
Employee benefits (Social Security and other) (in millions of euros)	1,055	970	931	928	833

** After impact of the SG Paribas operation.*
*** After impact of the cancellation of 7,200,000 shares decided by the Board of Directors at its meeting of February 20, 2002.*
**** After the four-for-one stock split, the number of shares increased fourfold.*

(1) In 2003, Société Générale increased its capital stock by EUR 10.3 million, with EUR 310.4 million of additional paid-in capital, as follows:
– EUR 9.2 million, with EUR 282.9 million of additional paid-in capital, was the result of employees subscribing for shares under the Employee Share Ownership Plan.
– EUR 1.1 million, with EUR 27.6 million of additional paid-up capital, resulted from employees exercising options granted by the Board of Directors.
(2) At December 31, 2003, Société Générale's common stock comprised 438,434,749 shares with a nominal value of EUR 1.25 per share.
(3) Gross banking and other income is made up of interest income, dividend income, fee income, income from financial transactions and other operating income.

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 on investments with a book value in excess of 1% of Société Générale's capital						
A) Subsidiaries (more than 50% owned by Société Générale)						
SG Americas Inc. 1221, Avenue of the Americas - New York 10020 - USA	USD	–	3,183,423	100.00	2,598,617	1,963,143
Généval 29, boulevard Haussmann, 75009 Paris - France	EUR	538,630	1,272,388	100.00	1,910,368	1,910,368
Généfinance 29, boulevard Haussmann, 75009 Paris - France	EUR	1,600,000	243,268	100.00	1,736,024	1,736,024
SG Asset Management 17, cours Valmy, 92800 Puteaux - France	EUR	293,439	1,250,029	100.00	1,540,066	1,540,066
Ipersoc 12, rue de la Mare à Guillaume, 94210 Fontenay-sous-Bois - France	EUR	52	1,829,999	100.00	1,448,971	1,448,971
Généfitec 29, boulevard Haussmann, 75009 Paris - France	EUR	745,845	54,585	100.00	1,203,563	1,203,563
Linden 17, cours Valmy, 92800 Puteaux - France	EUR	1,001,040	–	100.00	1,001,040	1,001,040
Généfimmo 29, boulevard Haussmann, 75009 Paris - France	EUR	392,340	31,072	100.00	651,732	636,491
SG Hambros Ltd. Exchange House - Primrose St. - London EC2A 2HT - United Kingdom	GBP	282,185	26,883	100.00	409,565	409,565
SG Ariki Inc. Corporation Trust Center, 1209 Orange street, Wilmington - New Castel - Delaware - USA	USD	344,158	2,142	100.00	272,781	272,781
Soginfo 29, boulevard Haussmann, 75009 Paris - France	EUR	232,303	34,360	100.00	265,797	265,797
Valminvest 29, boulevard Haussmann, 75009 Paris - France	EUR	248,877	(33,402)	100.00	249,426	249,426
Nofirec 17, cours Valmy, 92800 Puteaux - France	EUR	202,929	20,659	100.00	223,227	223,227
Fiditalia SPA Via G. Ciardi, 9 - 20148 - Milan - Italy	EUR	63,278	116,814	100.00	224,318	217,528
SG Securities North Pacific Ark Mori Building - 13-32 Akasaka 1 - Chome, Minato+Ku - 107-6015 Tokyo - Japan	JPY	14,203,000	2,111,000	100.00	215,445	215,445
Génégis I 29, boulevard Haussmann, 75009 Paris - France	EUR	192,900	2,423	100.00	196,055	196,055
Société Générale Canada Montréal Quebec H3B 3A7 - Canada	CAD	250,772	31,444	100.00	172,403	172,403
Société Immobilière 29 Haussmann 29, boulevard Haussmann, 75009 Paris - France	EUR	114,413	1,077	100.00	114,375	114,375
Orpavimob SA 29, boulevard Haussmann, 75009 Paris - France	EUR	104,700	2,193	100.00	104,700	104,700
Fimat Banque SA 50, boulevard Haussman, 75009 Paris - France	EUR	98,553	28,666	100.00	103,752	103,752
SG Securities Asia Intl Hold Ltd. 80, Robinson Road, 21-00 - 068898 Singapore	USD	96,990	78,574	100.00	95,356	95,356
Compagnie Foncière de la Méditerranée 29, boulevard Haussmann, 75009 Paris - France	EUR	76,627	2,092	100.00	155,837	80,589
Fontanor 17, cours Valmy, 92800 Puteaux - France	EUR	40	91,568	100.00	79,342	79,342
Société Générale Finance (Ireland) Ltd. 31/32 Morisson Chambers, Nassau Street, Dublin 2 - Ireland	EUR	77,454	9,463	100.00	78,318	78,318
Ezepart 17, cours Valmy, 92800 Puteaux - France	EUR	45,040	7,243	100.00	45,057	45,057
SG Asia Ltd. 42/F Edinburgh Tower - 15 Queen's Road Central, Hong Kong	HKD	400,000	225,653	100.00	40,611	40,611

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks/ revaluation difference
–	–	1,837,388 (1)	55,078	–	Capital = USD 1 EUR 1 = USD 1.263
–	–	148,820	175,428	–	
4,151,569	–	366,308	152,267	126,000	
–	–	606,013	148,816	164,544	
–	–	0	(2)	–	
2,556,810	–	109,467	20,501	103,184	
–	–	16,837	14,271	–	
97,371	111	34,352	34,339	–	
–	–	112,919	6,560	9,923	EUR 1 = GBP 0.7048
–	–	194,890	13,949	–	EUR 1 = USD 1.263
–	2,000	26,410	752	7,840	
–	–	6,053	368	–	
–	–	35	9,412	5,953	Of which 2003 interim dividend of 5,953
–	–	362,227	15,872	–	
–	–	5,792,000	3,646,000	–	EUR 1 = JPY 135.05
–	–	163,881	1,292	–	
–	–	1,124,752	8,774	6,641	EUR 1 = CAD 1.6234
–	–	7,168	622	2,101	
–	–	3,974	4,116	–	
–	–	20,042	15,970	15,187	
71,990	–	13,336	61,597	–	EUR 1 = USD 1.263
–	–	6,123	1,924	2,691	
–	–	3,813	6,554	–	
–	–	10,599	5,728	5,900	
–	–	917	591	516	
–	–	193,650	120,703	–	EUR 1 = HKD 9.8049

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List of subsidiaries and affiliates

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)	Net (in EUR)
Eléaparts 29, boulevard Haussmann, 75009 Paris - France	EUR	42,040	(9,396)	100.00	48,070	35,944
SG Wertpapierhandelsgesellschaft mbH Mainze Landstrasse 36 - D60325 Frankfurt am Main - Germany	EUR	55	(76,838)	100.00	31,590	31,590
Banco SG Brazil Rua Verbo Divino 1207, Châcara Santo Antonio, São Paulo CEP 04719-002, Brazil	BRL	125,110	(23,185)	100.00	60,641	24,232
Patriges Gracechurch 29, boulevard Haussmann, 75009 Paris - France	EUR	27,479	2,748	100.00	27,479	23,613
Société Générale Australia Holding Ltd. 350, George Street - Sydney NSW 3000 - Australia	AUD	21,500	178,405	100.00	22,789	22,789
Géninfo Les Miroirs, Bt. C, 18, avenue d'Alsace, 92400 Courbevoie - France	EUR	18,524	12,298	100.00	20,477	20,477
Inora Life Ltd. (ex Lyxor Life Ltd.) 6, Exchange Place, International Financial Services Center, Dublin 1 - Ireland	EUR	15,000	(1,183)	100.00	15,000	15,000
SG Energie 17, cours Valmy, 92800 Puteaux - France	EUR	13 000	1,026	100.00	14,785	14,785
Sogé Colline Sud 29, boulevard Haussmann, 75009 Paris - France	EUR	14,250	256	100.00	14,483	14,483
SG Yugoslav Bank STR Vladimira Popovica 3 Belgrade - Serbia - Montenegro	CSD	624,854	257,223	100.00	10,131	10,131
Intersogé Talstrasse 66, BP 671, CH-8039 Zurich - Switzerland	CHF	11,320	17,832	100.00	10,111	10,111
Pt Bank SG Indonesia Nugra Santana building, 6th floor, J1 Jenderal Sudirman Kav. 7-8, Jakarta 10220 - Indonesia	IDR	114,500,000	(19,479,895)	100.00	26,857	9,501
Société Générale Bank Nederland N.V. Museumplein 17 1071 DJ Amsterdam - The Netherlands	EUR	7,714	–	100.00	8,042	8,042
Soge Périval IV 29, boulevard Haussmann, 75009 Paris - France	EUR	6,405	672	100.00	6,704	6,704
Société de la rue Edouard-VII 29, boulevard Haussmann, 75009 Paris - France	EUR	11,396	729	99.87	59,612	12,321
SG Financial Inc. Corporation Trust Center, 1209 Orange Street, Wilmington - New Castel - Delaware - USA	USD	2,030,000	(3,134)	99.70	1,602,534	1,602,534
Sogéfontenay 17, cours Valmy, 92800 Puteaux - France	EUR	4,200	462	99.00	9,055	9,055
Société Générale Investments (UK) Ltd. SG House, 41 Tower Hill, EC3N 4SG London - United Kingdom	GBP	157,883	(4,155)	98.96	226,194	226,194
SG Expressbank 92, Bld VI Varnentchik, 9000 Varna - Bulgaria	BGN	28,530	49,667	97.95	34,256	34,256
SKB Banka Adjovscina,4 - 1513 Ljubljana - Slovenia	SIT	12,649,200	43,512,893	97.43	219,593	219,593
SG Vostok 5, Nikitsky Pereulok, 103009 Moscow - Russia	RUB	478,000	1,216,328	95.35	43,470	43,470
Soge Périval I 29, boulevard Haussmann, 75009 Paris - France	EUR	7,701	714	94.99	7,313	7,313
Soge Périval III 29, boulevard Haussmann, 75009 Paris - France	EUR	7,473	806	94.83	7,095	7,095
Soge Périval II 29, boulevard Haussmann, 75009 Paris - France	EUR	7,816	761	94.75	7,402	7,402
Banque de Polynésie Bd Pomare, BP 530, Papeete, Tahiti - French Polynesia	XPF	1,380,000	3,991,586	80.00	12,560	12,560
Crédit du Nord 28, place Rihour, 59800 Lille - France	EUR	740,263	247,228	79.99	584,255	584,255
Boursorama 11, rue de Prony, 75848 Paris - France	EUR	27,308	122,405	71.01	298,985	234,154

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks/ revaluation difference
–	–	1,786	3,230	–	
–	–	261,509	14,991	–	
–	–	256,715	(31,539)	–	EUR 1 = BRL 3.664594
–	–	768	(6,596)	1,082	
–	897,768	733,152	68,381	–	EUR 1 = AUD 1.6802
–	–	956	20,569	–	
–	–	188,801	(1,643)	–	
–	–	77,473	4,278	–	
–	–	1,989	225	190	
–	–	676,326	(175,416)	–	EUR 1 = CSD 69.0068 Difference = 2,311
–	–	37	(33)	–	EUR 1 = CHF 1.5579
–	–	16 ,494,965	5,120,586	431	EUR 1 = IDR 10,637.6175
–	38,503	105,571	1,445	4,818	
3,171	–	1,603	138	–	Difference = 16,509
–	–	383	236	260	
–	–	790,844	9,047	82,916	
10,633	–	1,793	179	–	
–	913,774	41,194	29,817	–	EUR 1 = GBP 0.7048
–	–	64,200	18,851	3,529	EUR 1 = BGN 1.9557
–	14,903	35,181,602	3,737,143	–	EUR 1 = SIT 236.7
–	6,913	418,433	(87,599)	–	EUR 1 = RUB 36.936435
3,293	–	1,756	169	–	
3,171	–	1,736	186	–	
3,171	–	1,757	186	–	Difference = 45
–	85,576	8,763,659	1,693,899	8,126	EUR 1 = XFP 119.33174
–	–	1,393,331	157,284	82,903	
–	–	67,856	(16,907)	–	

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)
BFV - SG 14, Lalana Jeneraly Rabehevitra, BP 196, Antananarivo 101 - Madagascar	MGF	70,000,000	12,012,356	70.00	7,614	7,614
Sogessur 2, rue Jacques-Daguerre, 92565 Rueil-Malmaison - France	EUR	25,500	(5,743)	65.00	65,769	8,707
Komercni Banka Centrala Na Prokope 33 - Postovni Prihradka 839 - 114 07 Praha 1 - Czech Republic	CZK	19,004,926	7,481,704	60.35	1,181,319	1,181,319
Makatéa Inc. 1221, Avenue of the Americas, New York, NY 10020 - USA	USD	1,502,000	2,606	60.00	791,766	791,766
AIG Sorbier 50, Danbury Road, Wiltom - USA	USD	1,500,000	–	60.00	634,204	634,204
Sogéparts 29, boulevard Haussmann, 75009 Paris - France	EUR	17,600	4,677	60.00	11,253	11,253
Société Générale de Banques au Cameroun Rue Joss - Douala - Cameroon	XAF	6,250,000	17,276,536	58.08	16,940	16,940
Société Générale de Banques au Sénégal 19, avenue Léopold Sédar Senghor, Dakar - Senegal	XAF	4,527,600	19,291,339	57.72	5,855	5,855
Généfim 29, boulevard Haussmann, 75009 Paris - France	EUR	72,779	116,054	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	37,522,355	56.63	20,820	20,820
National Société Générale Bank 5, rue Champollion - Cairo - Egypt	EGP	500,000	182,234	54.33	14,997	14,997
Union Internationale de Banque 65, avenue Habib Bourguiba, 1000A Tunis - Tunisia	TND	70,000	55,243	52.00	75,516	75,516
Société Générale Marocaine de Banques 55, boulevard Abdelmoumen, Casablanca - Morocco	MAD	1,170,000	1,071,331	51.91	71,866	71,866
Méhétia Inc. 1105, North Market Street Wilmington - De 19 890, Delaware - USA	USD	2,559,917	4,466	51.00	1,187,777	1,187,777
Banque Roumaine de Développement A, Doamnei street, 70016 Bucarest 3 - Romania	ROL	4,181,408,000	8,706,867,000	51.00	170,226	170,226
Socgen Real Estate Company 1221, avenue of the Americas, New York, NY 10020 - USA	USD	800,000	5,999	50.31	810,222	810,222
B) Affiliates (10 to 50% owned by Société Générale)						
Société Générale Calédonienne de Banque 56, rue de la Victoire, Noumea, New Caledonia	XPF	1,068,375	6,274,136	30.50	18,220	18,220
Banca SAI Corso Galilei,12 - 10126 Turin - Italy	EUR	36,890	1,000	30.00	11,067	11,067
United Arab Bank Po Box 3562 Abu Dhabi - United Arab Emirates	AED	302,600	132,718	20.00	11,801	11,801
Sophia 68, avenue des Champs-Elysées, 75008 Paris - France	EUR	399,858	951,205	16.45	184,806	184,806
Crédit Logement 50, boulevard Sébastopol, 75003 Paris - France	EUR	1,123,980	58,424	13.50	153,485	153,485
Bank Muscat (S.A.O.G.) Po Box 134, Ruwi, Post Code 112 - Oman	OMR	51,489	94,508	11.15	24,321	24,321

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks/ revaluation difference
–	15,877	138,818,918	37,115,964	1,357	EUR 1 = MGF 7,085.58
–	–	52,598	(9,798)	–	
–	169,201	28,804,781	6,975,134	25,477	EUR 1 = CZK 32.41 of which 2003 interim dividend of 49,610
–	–	91,390	59,383	49,610	EUR 1 = USD 1.263 of which 2003 interim dividend of 27,403
–	–	54,790	35,572	27,403	EUR 1 = USD 1.263
–	–	5,838	5,990	739	
–	70,562	30,975,437	7,011,460	376	Difference = 1,675 EUR 1 = XAF 655.957
–	–	36,099,904	7,262,183	2,868	Difference = 1,447 EUR 1 = XAF 655.957
–	7,332	6,801	31,348	15,150	
–	60,367	51,266,958	3,878,728	117	Difference = 5,166 EUR 1 = XOF 655.957
–	16,156	953,058	272,233	3,901	EUR 1 = EGP 7.78008
–	–	133,207	7,798	1,188	EUR 1 = TND 1.531514
–	–	2,062,311	385,319	7,543	Difference = 1,142 EUR 1 = MAD 11.075626 of which 2003 interim dividend of 77,372
–	–	143,775	93,295	77,372	EUR 1 = USD 1.263
–	–	8,568,449,000	1,808,071,000	14,585	EUR 1 = ROL 41,158
–	–	69,312	(980)	–	EUR 1 = USD 1.263
–	43,344	8,093,876	2,009,654	3,642	EUR 1 = XPF 119.33174
–	–	NA	(5,167)	–	
–	–	150,733	77,734	2,738	Difference = 81 EUR 1 = AED 4.639126
–	–	324,523	65,556	9,956	
564,095	–	157,335	75,636	5,701	
–	–	NA	NA	2,475	EUR 1 = OMR 0.46153

List of subsidiaries and affiliates (continued)

In thousands of euros	Book value of shares held Gross	Net	Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Dividends received by the Company during the year	Remarks
II - Information concerning other subsidiaries and affiliates						
A) Subsidiaries not included in 1						
1) French subsidiaries	32,284	21,116	6,560,123	707,452	80,517	Revaluation difference: –
2) Foreign subsidiaries	228,048	57,388	–	26 697	14,025	Revaluation difference: –
B) Affiliates not included in 1						
1) French companies	21,876	4,724	–	–	270	Revaluation difference: –
2) Foreign companies	80,564	12,690	121,822	–	2,296	Revaluation difference: –

Report of the Statutory Auditors on the annual accounts

(Free translation of the French original)

Year ended December 31, 2003

This is a free translation into English of the statutory auditors' reports issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes for the information of the reader, as required under French law in any auditor's report, whether qualified of not, explanatory paragraphs separate from and presented below the audit opinion discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account caption or on information taken outside of the financial statements. Such report, together with the statutory auditors report addressing financial reporting in management's report on internal control, should be read in conjunction and construed in accordance with French law and French auditing professional standards.

To the Shareholders of Société Générale,

In our capacity as statutory auditors, appointed by your shareholders' meeting, we present below our report on:

- the audit of the accompanying annual accounts of Société Générale, and
- the specific procedures and disclosures prescribed by law for the year ended December 31, 2003.

These annual accounts have been prepared by the Company’s management. Our responsibility is to express an opinion on these annual accounts based on our audit.

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 as of December 31, 2003 and the results of its operations for the year then ended, in accordance with French accounting principles.

Without qualifying our opinion, we draw attention to Note 1 to the annual accounts with respect to the changes in the accounting principles coming from the application of the regulation CRC-2002-03 related to the accounting treatment of the credit risk and of the regulation CRC-2002-10 related to asset amortization and depreciation.

Justification of our assessments

In accordance with the requirements of article L.225-235 of the French Code de Commerce relating to the justification of our assessments, which came into effect for the first time this year, we bring to your attention the following matters:

- As detailed in Note 1 to the notes, your Company records provision to cover the credit risks inherent to its activities. We have reviewed the procedures implemented by the Management for identifying and assessing these risks and determining the amount of provisions considered as necessary.
- As detailed in Note 1 to the notes, your Company uses internal models to value financial instruments that are not listed on organised markets. As such, we have reviewed the control procedures related to the models dedicated to the determination of the parameters used and the inclusion of the risks associated to these instruments.
- In its current year-end process, significant accounting estimates are performed by the Group related in particular to the value of the investments in subsidiaries, the recovery of deferred tax assets and the evaluation of pension and retirement liabilities. We have reviewed the underlying assumptions and verified that these accounting estimates are based on documented methods in accordance with the accounting principles described in Note 1.

On this basis, we have assessed the reasonableness of these estimates.

Our assessment on these matters were made in the context of the performance of our audit of the annual financial statements taken as a whole and therefore contributed to the development of the unqualified opinion expressed in the first part of this report.

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 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 Courbevoie, March 12, 2004

The Statutory Auditors

DELOITTE TOUCHE TOHMATSU

José-Luis Garcia

ERNST & YOUNG AUDIT

Christian Mouillon

Annex II

EXCERPTS OF THE ANNUAL REPORT 2004 OF SOCIÉTÉ GÉNÉRALE

Contents:

Please note that the following pages are only excerpts of the Annual Report 2004 of Société Générale. Advertising parts have been deleted. Therefore, the above mentioned page numbers refer to the page numbers newly inserted down left in the following document.

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 and interest rates, in 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 unsuitable 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 1997-02, 2001-01 and 2004-02 of the French Banking and Financial Regulation Committee *(Comité de la réglementation bancaire et financière)*:
- risk assessment departments are independent of operating divisions,
- a consistent approach to risk assessment and monitoring is applied at the 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 the risk management framework is solid and effective. The Risk Division also includes risk modeling teams, information system project managers, industry experts and economic research teams, and is responsible for:
- defining and validating the methods used to analyze, assess, approve and monitor 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 all such 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, which bring together members of the Executive Committee and managers from the Risk Division.

This Committee considers the main strategic stakes wherever necessary: risk taking policies, measuring methods, material and human resources, analyses of portfolios and the cost of risk, market limits and credit concentration limits (by product, country, sector, region, etc.), crisis management.

Each department (commercial banking or business line) is responsible for submitting all new products and activities, 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 sound knowledge of the customer, the Group's risk strategy, the purpose, nature and structure of the transaction and the sources of repayment. It assumes that the return on the transaction will sufficiently reflect the risk of loss in the event of default.

The risk approval process is based on 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 handled centrally by a single operating division. The centralizing division is designated on a case-by-case basis in order to ensure a consistent approach to risk management and permanent control of the Group's potential exposure to major clients;
- responsibility for analyzing and approving risk is delegated to the most appropriate section of the business lines or credit risk units;
- risk assessment departments are fully independent at each decision-making level.

The Risk Division has a specialized department for financial institutions, which aims to increase the Group's expertise 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 these concentrations. The management of the Group's concentration risks is based on a series of procedures that include a system for analyzing exposure 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 risk limits is intended to assign an appropriate exposure limit to each emerging market, on the basis of the risk incurred and the expected return on transactions in each country. The allocation of limits is subject to final approval by Group 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. It 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 amended article 43 of regulation 1997-02 of the French Banking and Financial Regulation Committee, before the said audit is submitted to the Board of Directors.

Risk measurement

After carrying out an assessment of counterparty risks arising from capital market activities at the end of the 1980's, Société Générale launched a major project in the second half of the 1990's to quantify all its credit 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 quantitative methods.

Internal ratings

To this end, the Group has adopted an internal ratings scale similar to that used by external rating agencies. It includes 22 levels of risk, three of which concern high-risk/defaulting counterparties (outstanding loans classified as doubtful or non-performing).

The Group's rating scale comprises a series of methods and tools, each adapted to the specific nature of each client (size, nationality, industry, etc.) and the characteristics of each transaction (maturity, guaranties, type of transaction). It enables the bank to estimate the average loss and capital requirement per client and per transaction.

The Group's rating models have been constructed jointly by banking experts (commercial and risk departments) and modeling teams. The methodologies used are updated on a regular basis.

Risk ratings are determined at the start of a relationship or a transaction, then regularly reviewed and/or modified whenever considered necessary in view of a particular event.

The rating enables the bank to analyze the degree of risk entailed in each credit transaction, 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 capital).

The tools used for rating and measuring risk and risk-adjusted performance are now widely implemented across the Group.

They are regularly used by customer relationship managers and risk managers to determine the various risk factors, set exposure limits and calculate the risk-adjusted return.

The rating approach is thus an integral part of all decision-making processes and of credit risk management.

For the Group's portfolio, a methodology has been developed which takes into account the correlation between geographical regions, industrial sectors and counterparty credit ratings, in order to estimate potential losses on the basis of a pre-defined confidence interval. These techniques enable the Group to assess extraordinary losses in the event of a significant deterioration in economic conditions.
At the Group level, these tools are currently used for analyzing client profitability and for active portfolio management.

They are used by the Finance and Corporate Planning Department for capital allocation purposes.

All existing tools are currently being adapted to meet the requirements of the future Basel II regulations and will be used to calculate the Group's new capital adequacy ratio.

Credit portfolio analysis

Outstanding on individual and business customers

At December 31, 2004, on- and off-balance sheet loans gross of provisions granted by the Société Générale Group to its non-banking clients totaled EUR 304 billion (including EUR 205 billion of outstanding balance sheet loans). The Group's commitments on its ten largest industrial counterparties account for 6% of this portfolio.

BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP COMMERCIAL OUTSTANDING BY INDUSTRY AT DECEMBER 31, 2004

(excl. individuals)

Telecom operators	4%	Construction	3%
Public administration & Education	7%	Paper, printing & publishing	2%
Healthcare & social services	2%	Textile manufacturing	1%
Machinery & equipment	4%	Wholesale trade	7%
Electricity, gas & water	4%	Retail trade	6%
Transport equipment manufacturing	5%	Hotels & catering	2%
Food & agriculture	4%	Finance & insurance	15%
Chemicals & pharmaceuticals	4%	Business services	6%
Metals & minerals	3%	Real estate	8%
Oil & gas extraction	3%	Membership organizations & recreation services	3%
		Transportation	5%
		Other	2%

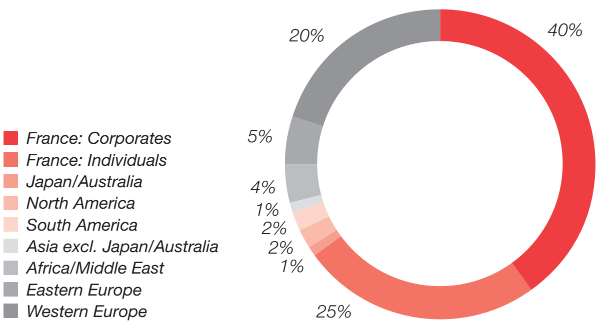
Total on- and off-balance sheet commitments: EUR 241 billion

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), and is characterized by a moderate cost of risk.

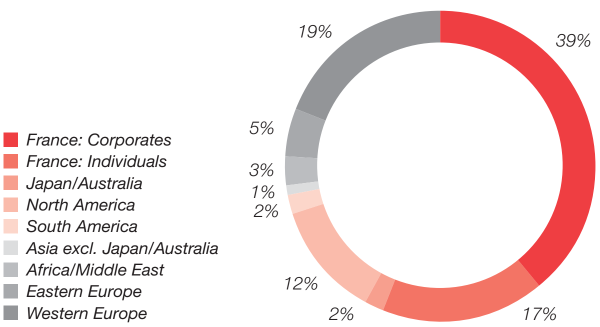
BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP LOANS TO NON-BANKING CUSTOMERS BY GEOGRAPHICAL REGION AT DEC. 31, 2004

(including individuals)

■ Balance sheet commitments: EUR 205 billion



■ On- and off-balance sheet commitments: EUR 304 billion



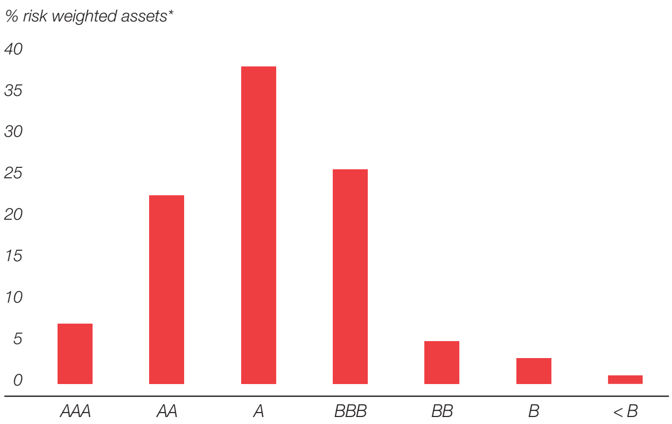
At December 31, 2004, 89% of the Société Générale Group's on- and off-balance sheet outstanding was concentrated on the major industrialized countries. Over 50% of loans are to French customers (39% to corporates and 17% to individual customers).

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 the General Management.

At December 31, 2004, balance sheet banking commitments (excluding securities purchased under resale agreements) and off-balance sheet commitments amounted to EUR 27 billion (excluding delivery and replacement risk).

BREAKDOWN OF RISK BY INTERNAL RATING* FOR GROUP BANKING CUSTOMERS AT DEC. 31, 2004



S&P equivalent of internal rating

* Borrower risk (including issuer risk) and replacement risk, excluding doubtful loans.

The large majority of these risks (91%) relates to banks rated "Investment Grade" by the rating agencies. Exposure on non-Investment Grade banks essentially concerns reserves with central banks in countries where Société Générale has retail banking activities. For the remainder, the exposure is highly diversified and exclusively short-term. Consequently, Société Générale's cost of risk on its banking counterparties remains structurally very low.

Outstanding on emerging markets

The Group's outstanding on business and individual customers in emerging markets is subject to limits validated on an annual basis by the General Management. Excluding countries that joined the EU on May 1, 2004, these commitments now account for less than 7% of Société Générale's loan portfolio.

At December 31, 2004, nearly 60% (EUR 7.4 billion) of the outstanding loans not covered by guarantees concerned Retail Banking (which has good risk diversification), with the remainder relating to Corporate and Investment Banking.

■ **Retail Banking**

In Retail Banking, the net outstanding on emerging markets (excluding countries that have joined the EU) stood at EUR 7.4 billion at December 31, 2004, compared with EUR 6.3 billion at year-end 2003. This amount includes off balance-sheet commitments and takes into account the integration in 2004 of Société Générale Yugoslav Bank A.D. (impact: EUR 0.2 billion). Furthermore, commitments in the amount of EUR 1.1 billion are covered by specific provisions. This portfolio covers 15 countries in four geographical regions (Eastern Europe, the Mediterranean basin, French-speaking Africa and Latin America). The majority of the corresponding commitments are denominated in the local currency and refinanced locally.

CHANGE IN NON-BANKING EXPOSURE ON EMERGING MARKETS*

(including recent acquisitions) - Retail Banking

In billions of euros	Dec. 31, 2003	Dec. 31, 2004
Individual customers	1.7	2.1
Business customers	4.6	5.3
Total	**6.3**	**7.4**

** On- and off-balance sheet, net of specific provisions for identified risks.*

Furthermore, commitments to countries which joined the European Union on May 1, 2004 (not included above) stood at EUR 9.4 billion at year-end 2004, compared with EUR 8.1 billion in 2003.

■ **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 5.3 billion on December 31, 2004 (nearly half of which are in Investment Grade countries), excluding countries that joined the EU on May 1, 2004, representing an increase on December 31, 2003 (EUR 4.8 billion).

CHANGE IN NON-BANKING EXPOSURE ON EMERGING MARKETS*

Corporate and Investment Banking

In billions of euros	Dec. 31, 2003	Dec. 31, 2004
Mitigated country risk**	2.2	2.1
Standard country risk	2.6	3.2
Total	**4.8**	**5.3**

** On- and off-balance sheet, net of specific provisions for identified risks and guarantees (ECA, cash collateral).*

*** Transactions where the structure reduces the country risk, without eliminating it (export prefinancing with offshore payment, political risk insurance, participation in financing extended by International Financial Institutions).*

Furthermore, outstanding covered by specific provisions amounted to EUR 0.3 billion.

Commitments net of provisions to countries which joined the EU on May 1, 2004, not included above, totaled EUR 0.3 billion at December 31, 2004 and EUR 0.4 billion at year-end 2003.

Credit risk coverage and provisions

Management of the loan portfolio

■ **Organization**

In the Corporate and Investment Banking division, the bank's loan portfolio is managed by a specific department, set up five years ago, which works in conjunction with the Risk Division and business lines to reduce excess concentrations and respond quickly to any deterioration in a counterparty's credit quality liable to affect the portfolio. Concentrations are measured using an internal model and individual concentration limits are defined for the largest exposures. Exceeded concentration limits are managed by reducing exposure, hedging positions in the secondary market and/or selling assets.

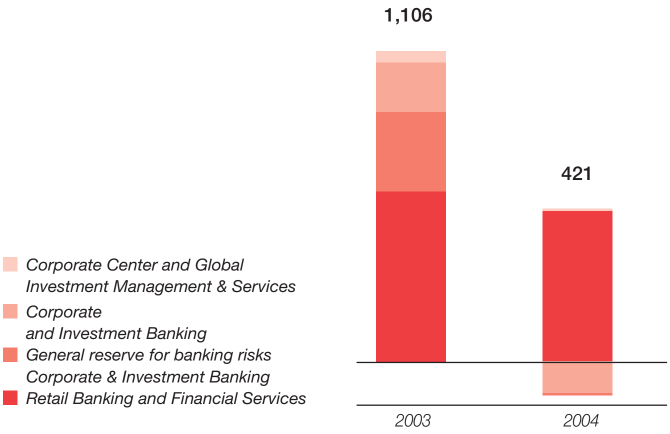
■ **Use of credit derivatives**

The Group uses credit derivatives in the management of its loan portfolio. They are primarily used to manage the concentration of our outstanding corporate loans. This reduces exposure to certain counterparties. The notional amount for credit derivatives purchased for the purpose of managing concentrations in the corporate portfolio is booked under "guarantee commitments received" in off-balance sheet items. The Group's current positions in credit derivatives are almost exclusively hedging positions. The nominal amount of Credit Default Swaps (CDS) acquired at end-December 2004 was EUR 6.5 billion, with an average residual maturity of 2.9 years (hedging positions).

Provisioning for credit risks at December 31, 2004

The net allocation to provisions for Société Générale Group commercial risk (excluding disputes) in 2004 amounted to EUR 421 million, compared with EUR 1,106 million at December 31, 2003, representing a reduction of 62%.

CHANGE IN GROUP PROVISIONING IN 2004 (excluding legal disputes)



The Group's cost of risk (excluding disputes) in 2004 therefore fell to 20 basis points, compared with 59 basis points in 2003.

This fall is primarily due to the reduction in specific provisioning for identified risks in Corporate Banking. Very few new loans were provisioned, and specific provisions were written back following the repayment or sale of certain loans.

There was no significant change in the general reserve for banking risks in 2004.

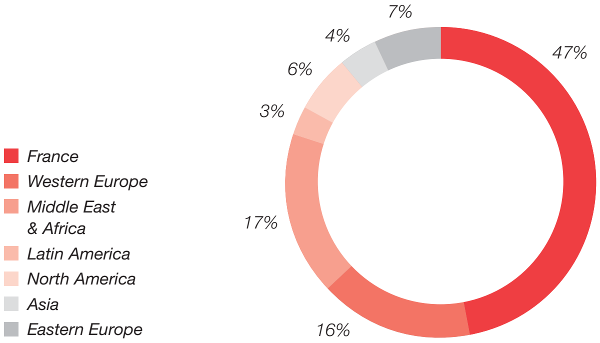
■ **Provisioning for credit risks**

Provisioning for credit risks principally covers doubtful and disputed loans. These loans totaled EUR 10.3 billion at December 31, 2004.

These loans are covered by specific provisions amounting to EUR 7 billion at December 31, 2004.

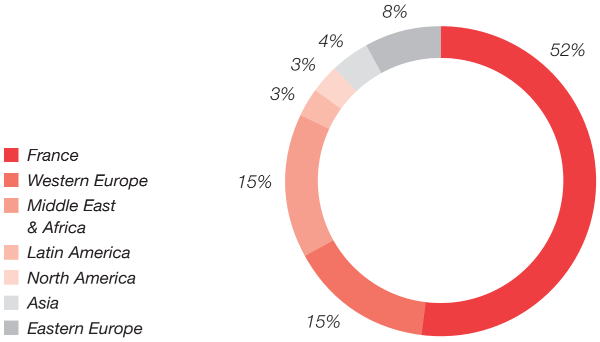
Taking into account specific provisions for identified risks, the general reserve for banking risks and country and sector risk reserves (totaling EUR 8.0 billion), the coverage ratio for the Group's doubtful and disputed loans is 77%.

BREAKDOWN OF DOUBTFUL AND DISPUTED LOANS BY GEOGRAPHICAL REGION AT DECEMBER 31, 2004



Total doubtful and disputed loans: EUR 10.3 billion

BREAKDOWN OF SPECIFIC PROVISIONS BY GEOGRAPHICAL REGION AT DECEMBER 31, 2004



Total specific provisions: EUR 7.0 billion

■ General provisions for sector and country risk

Total general provisions for sector risk (excluding country risk) amounted to EUR 572 million at December 31, 2004, against a total stock of EUR 558 million at end-2003.

Over and above the usual provisions covering credit risks, the bank books a general "country risk" reserve, intended to cover its risk exposure on emerging markets. At December 31, 2004, this provision totaled EUR 432 million.

Hedge funds

Hedge funds have registered particularly strong growth in assets under management over the past two years, becoming major players in the financial markets and therefore an increasingly important client segment for our business lines. The Group also sells structured products based on hedge funds to its investor client base.

Hedge funds generate specific risks due to the lack of regulation governing their activities and the strong correlation between credit and market risk. As a result, Société Générale has adopted a specific risk management system based on the following:

• Stress tests to measure market risk and the risk associated with financing transactions guaranteed with shares in hedge funds.

• Due diligence procedures and monitoring of hedge fund performances by teams within the business lines. These teams are in close contact with the hedge funds, but operate according to the procedures and methods validated by the Risk Division.

• Centralization of all risk exposure on hedge funds with the Risk Division, which monitors counterparty and market risk on a daily basis.

All activities with hedge funds, throughout the Group, are governed by two global limits set by the Chairman:

• A credit VaR limit which controls replacement risk.

• A stress test limit governing market risk and risks related to financing transactions guaranteed by shares in hedge funds.

Market risks

Organization

The 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 analysis (independently from the front office) of the exposure and risks incurred by all the Group's market activities and comparison of this exposure and risk with the limits set;
• defining the methods for assessing and managing risk, approving the valuation methods used to calculate risks and results and establishing provisions for market risk (reserves and adjustments to earnings);
• 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 analysis 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 ongoing verification of the adequacy of the limits 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, in accordance with the regulatory model, 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 coherency between the total risk limits and the operational limits used by the front office. These limits also enable risks only partially detected 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. 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 abnormal distributions of variations in market parameters. It is based on the following principles:

- the creation of a database containing risk factors which are representative of Société Générale's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.). The VaR is calculated using a database of nearly 10,000 risk factors;
- the definition of 250 scenarios, corresponding to one-day variations in these market parameters over a sliding one year period;
- the application of these 250 scenarios to the daily market parameters;
- the revaluation of daily positions, on the basis of the adjusted daily market conditions and on the basis of a revaluation taking into account the non-linearity of these positions.

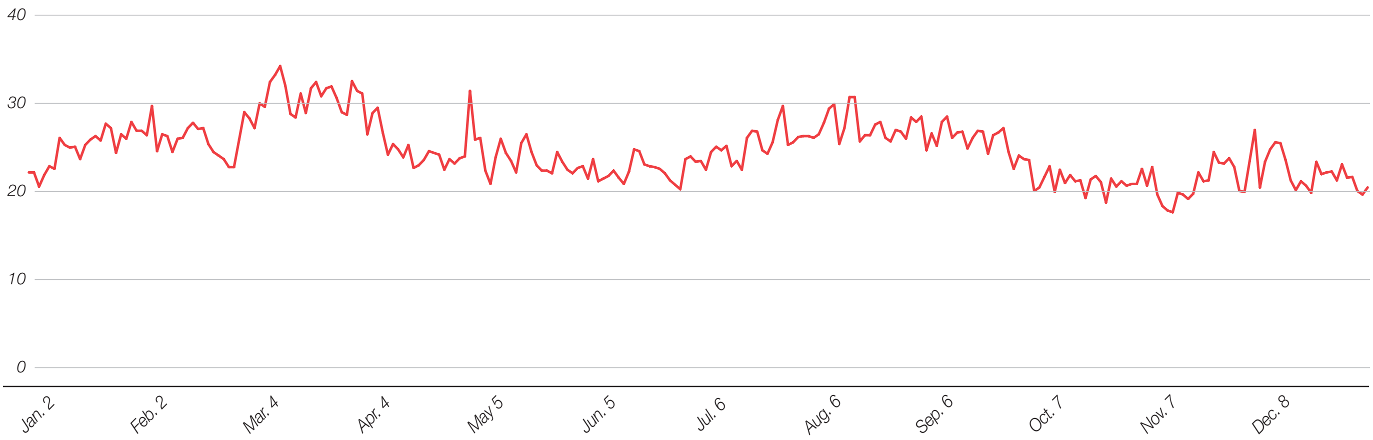
The 99% Value at Risk is the largest loss that would be incurred after eliminating the top 1% of most unfavorable occurrences. Over one year, or 250 scenarios, it corresponds to the average of the second and third largest losses observed.

The VaR is first and foremost designed to monitor market activity in the Bank's trading portfolios. In 2004, the VaR limit for all trading activities was set at EUR 60 million.

The value at risk in the Group's trading activities, across the full scope of activities monitored, evolved as follows in 2004:

EVOLUTION OF THE VaR IN TRADING ACTIVITIES (TRADING PORTFOLIOS) DURING 2004 (1 DAY, 99%)

In millions of euros

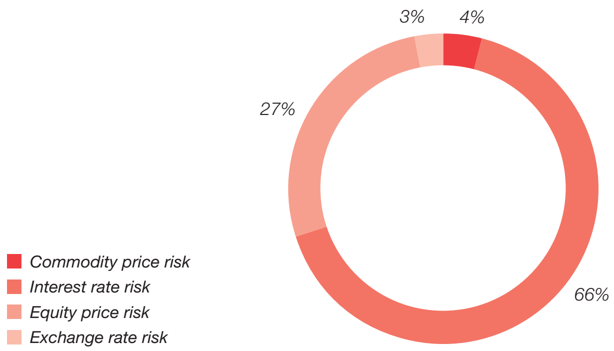


BREAKDOWN OF TRADING VaR BY TYPE OF RISK CHANGE BETWEEN 2003 AND 2004

In millions of euros	Year-end		Average		Minimum		Maximum	
1-day, 99%	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**
Interest rate risk	– 22	– 23	– 30	– 22	– 19	– 17	– 38	– 30
Equity price risk	– 14	– 15	– 12	– 14	– 6	– 8	– 21	– 24
Exchange rate risk	– 1	– 1	– 1	– 1	0	– 1	– 3	– 3
Commodity price risk	– 2	– 3	– 2	– 3	– 1	– 2	– 4	– 5
Compensation effect	16	18	21	17	NM*	NM*	NM*	NM*
Total	**–22**	**–24**	**–25**	**–24**	**–18**	**–17**	**–34**	**–34**

(*) Compensation not significant since the potential minimum and maximum losses do not occur on the same date.

BREAKDOWN OF TRADING VaR BY TYPE OF RISK



The average VaR remained stable at EUR 25 million compared with EUR 24 million in 2003. The increase in exposure to interest rates, from EUR 22 million to EUR 30 million, was largely offset by a slight reduction in equity price risk and an increase in the compensation effect between the various risks (from EUR 17 million to EUR 21 million) reflecting the bank's high degree of risk diversification.

Methodological limits to VaR assessment

The VaR assessment is based on a model and conventional 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 exceptionally large fluctuations;
• 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 perimeters for which a VaR is calculated, enabling the process to be validated at both a global and sub-activity level. The chart below represents the back-testing of the VaR on the regulatory perimeters. The daily total never exceeded the amount of the VaR in 2004. Statistically, the confidence interval would still be valid if the VaR is exceeded two or three times a year;
• complementing the VaR system with stress-test measurements.

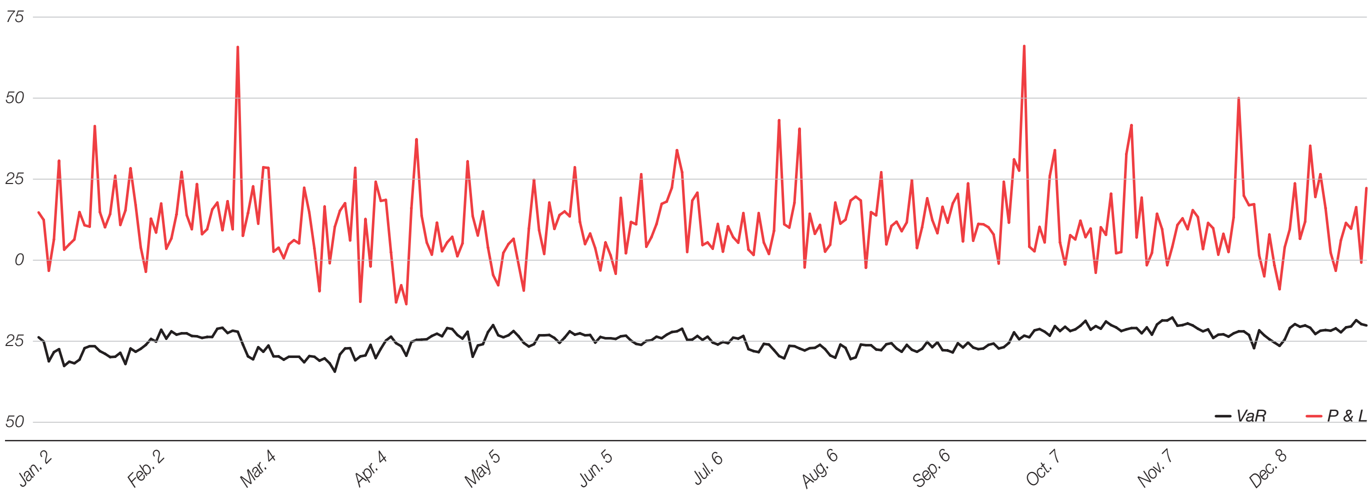
The Stress Test model

Alongside the internal VaR model, Société Générale monitors its exposure using the "stress test" method so as to take exceptional market occurrences into account.

The stress test risk assessment methodology was greatly improved in 2004 with the introduction, at the end of January, of 18 historical scenarios and 7 hypothetical scenarios to supplement the existing Société Générale hypothetical scenario used since the start of the 1990's. The stress test is one of the main pillars of our risk management system, alongside the VaR model, and is based on the following principles:
• risks are calculated every day for each of the bank's market activities (all products), using the 18 historical scenarios and 8 hypothetical scenarios;
• stress-test limits are established for the Group's activity as a whole and then for the different business lines, based on the maximum potential losses identified using the 25 historical and hypothetical scenarios, and the Société Générale hypothetical scenario;
• the different stress-test scenarios are reviewed and expanded by the Risk Division on a regular basis, in conjunction with the Group's teams of economists and specialsts.

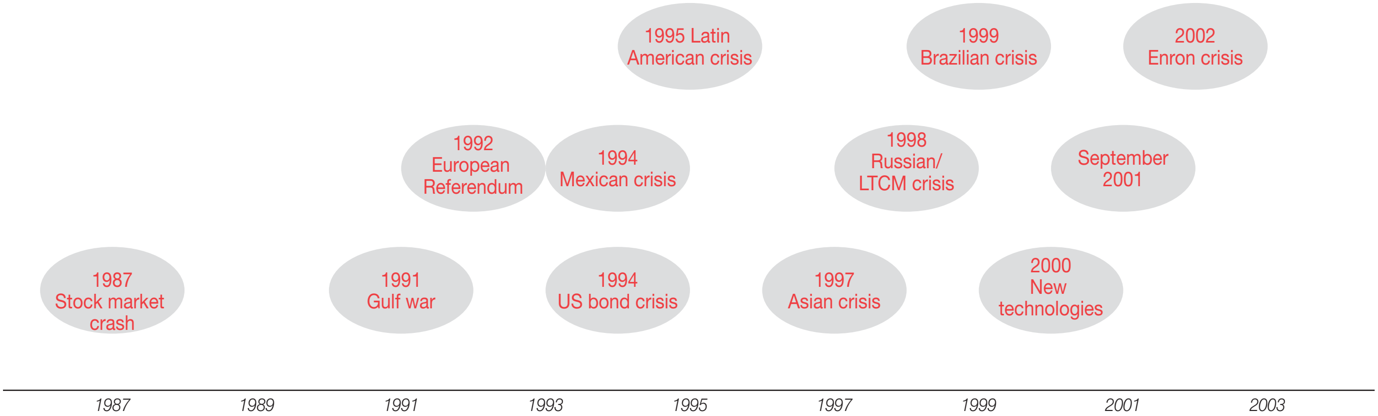
VaR BACK-TESTING USING THE REGULATORY SCOPE DURING 2004 (1 DAY, 99%)

In millions of euros



Historical stress tests

This method consists in an analysis of the major economic crises that have affected the financial markets over the past 20 years.



The changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises are analyzed in order to define scenarios for potential variations in these risk factors which, when applied to the bank's trading positions, could generate significant losses. Using this methodology, Société Générale has established 18 historical scenarios.

Hypothetical stress tests

The hypothetical scenarios are defined by the bank's economists and aim to identify possible sequences of events that could lead to a major crisis in the financial markets (e.g. major terrorist attack, political instability in the main oil-producing countries, etc.). The bank aims to select extreme, but nonetheless plausible, events which would have major repercussions on all international markets. Société Générale has adopted 8 hypothetical scenarios.

Results at December 31, 2004

Société Générale applied each of these scenarios to its trading positions at December 31, 2004 and obtained the results indicated in the chart below.

The highest potential loss obtained (around EUR 600 million) corresponds to very severe or extreme shocks to the prices of all asset classes held by the bank (e.g. fall of between 15 and 30% in all global stock market indexes, etc.). Moreover, the probability of such a stress scenario, which involves simultaneous shocks to the prices of all financial assets over a period of a few days, is very low and can be estimated at once every 40 years.

Structural risks

The application of regulations 97-02 and 2001-01 of the CRBF (French Banking and Financial Regulation Committee) on internal control provided Société Générale 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 divisional heads is assisted by a "structural risks officer", responsible for risk analysis and reporting (first-level controls). Entities use a common system for reporting structural risks.

The Asset and Liability Management unit of the Finance and Corporate Planning department is responsible for directly monitoring domestic activities, as well as consolidating the risks taken by each Group entity. This unit also assists in preparing and validating the models used by the different divisions (second-level control).

The unit works in liaison with the division finance departments, which are responsible for the quality of information reported. These quarterly reports 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 and sets exposure limits for each Group entity. The Finance Committee periodically examines the analysis of interest rate, currency and liquidity risks drawn up by the Asset and Liability Management unit. 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 on the basis of a global assessment of the evolution of outstanding positions for both fixed-rate and floating-rate products.

Assets and liabilities are analyzed independently, without any *a priori* allocation of funds. The maturity of the outstanding positions takes account of models of historical client behavior patterns (special savings accounts, early redemption, etc.), as well as assumptions relating to some aggregates (principally 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 calculation of the position's sensitivity to changes in interest rates.

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 relating to retail banking activities in France are mostly considered to be fixed-rate funds, and their total exceeds the duration of commitments of a similar nature. Due to macro-hedging operations, essentially carried out through fixed-rate swaps, and on the basis of the assumptions used, the sensitivity of the French Networks 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 exchange rate risks

Structural exchange rate 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 that 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 in France and abroad, 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, for several years Société Générale has mainly issued bonds via subordinated loans or structured issues intended to meet specific commercial requirements. Similarly, use of the overnight market is deliberately restricted, 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 the unsuitability or failure of internal procedures, persons or systems, or caused by external events (disasters, fire, physical attacks, changes in regulations, etc.). They include risks linked to the security of information systems, legal and regulatory risks and environmental risks, along with risks to the Bank's business activity and reputation risk.

Operational risk is inherent in each of the Group's businesses and service activities. Its management is based on a system of prevention, control and coverage, integrating detailed procedures, permanent supervision and insurance policies, alongside work carried out by the internal audit and General Inspection departments.

Approach adopted by the Group

Over the last few years, the Group has developed a thorough and coherent approach designed to reinforce the control and active management of operational risk within the Group.

The target system is based on a coherent series of procedures, measurement tools, management methods and reporting. It is in line with the Basel Committee's 2003 publication "Sound Practices for the Management and Supervision of Operational Risk" and meets the new regulatory requirements concerning the solvency ratio to be implemented at the end of 2007. The Group has adopted the Advanced Measurement Approach (AMA) for the calculation of its regulatory capital.

The design of these tools and overall implementation of the project is the responsibility of the Operational Risk unit of the Basel II Program department. The practical application of the system is the responsibility of the operating divisions and corporate departments, and is currently in line with the multi-year plan approved by General Management.

The audit and General Inspection teams verify the integrity and solidity of the system and may use elements of the system in the preparation and execution of their assignments.

Operational risk management

The Group has appointed operational risk managers in all the operating divisions and corporate departments.

Since 2003, it has maintained a database of all internal operating losses, both in France and abroad. This common database is used to analyze losses (by type of event, cause, activity, etc.) and monitor their evolution, along with the proposed action plans. The Group is currently implementing an IT tool within its entities to standardize the collection and identification of losses. Each quarter, a list of internal losses is submitted to the General Management.

A specific methodology for evaluating the control environment has also been formally defined. This process is designed to alert the operating divisions as soon as possible if they are vulnerable to risks so that they can react and reduce potential losses. Under this methodology, the risks inherent in each activity are defined in a risk map, and the quality and efficiency of the corresponding control procedure is rated on a regular basis. Once the effectiveness of the chosen methodology has been tested by a panel of representatives from the entities, it will be deployed throughout the divisions as of the second half of 2005.

Operational risk measurement

The Group is developing an internal model to calculate the economic and regulatory capital that must be allocated to operational risks. This model is based on an LDA approach (Loss Distribution Approach) and integrates internal losses, analyses of potential loss scenarios, the effects of the diversification of the Group's businesses and its insurance cover.

Legal risks

Dependency

Société Générale is not dependent on any patent or license, nor on any industrial, commercial or financial provisioning contract.

Risks and litigation

■ Risks arising out of material litigation matters initiated against the Group are subject to a quarterly review. To this end, the managers of the subsidiaries and the branches, in France and abroad, draw up a report every quarter setting forth these litigations and assessing the potential loss if any. These reports are forwarded to the Parisian Headquarters where they are reviewed by a committee headed by the Corporate Secretary and composed of members of the Financial, Legal and Risk Departments. This committee gives grounded advice on the basis of which the General Management decides the reserves' amount or its reversal.

■ Like many financial institutions, Société Générale is subject to numerous litigations, including securities class actions lawsuits in the US, and to regulatory investigations. The consequences, as assessed on December 31, 2004, of those that are liable to have or have recently had a significant impact on the financial condition of the Group, its results or its business have been provisioned in the Group's financial statements. Subject to the details set below concerning the major cases, other litigation matters have no material effect on the Group's financial condition or it is still too early to determine at this stage whether they may have such an impact or not.

■ On January 19, 2000, High Risk Opportunities Hub Fund Ltd. (HRO), a hedge fund in receivership, represented by its receivers, commenced a lawsuit against Société Générale (and another bank), before the Supreme Court of the State of New York asserting two claims for breach of contract relating to a series of non-deliverable USD/Russian ruble foreign exchange transactions.
In April 2003, Société Générale and HRO entered into a settlement agreement which, since then, has been approved by the Cayman's court of appeal after having been dismissed by the Grand Court. The transaction is now final and has been carried out in 2004. Its financial consequences for the Group have been charged on the provision previously constituted.

■ In January 2002, Société Générale was informed that Frank Gruttadauria ("Gruttadauria"), a former employee of SG Cowen's retail brokerage business that was sold in October 2000, had defrauded numerous customers and misappropriated their assets at various firms that had employed him, including SG Cowen. Gruttadauria has been convicted and sentenced in federal court in Ohio to a seven-year term of imprisonment for his crimes. Numerous former customers of SG Cowen have commenced or threatened to commence lawsuits and arbitrations against Société Générale and SG Cowen arising out of Gruttadauria's fraudulent conduct. Société Générale and SG Cowen have reached settlements with many former customers and are attempting to resolve the remaining disputes with their former customers, but some lawsuits and arbitrations filed by former customers are still ongoing. SG Cowen has reimbursed former customers for the out-of-pocket losses they incurred resulting from Gruttadauria's misconduct.

In August 2003, SG Cowen entered into consent orders with the New York Stock Exchange ("NYSE") and the US Securities and Exchange Commission ("SEC"), under which SG Cowen was charged with failure to supervise Gruttadauria during the 27-month period he was employed by SG Cowen, and violations of the federal securities laws arising out of SG Cowen's failure to maintain accurate and complete books and records during the same time period. Pursuant to the orders, SG Cowen agreed, among other things: to a censure imposed by the SEC, to pay a total of USD 5 million in fines to the NYSE and the SEC, to undertake a review of certain firm policies, procedures, practices, and supervisory systems, and to participate in an expedited arbitration procedure to resolve the claims of former customers who choose to take advantage of the procedure.

On December 16, 2003, SG Cowen entered into an agreement with the Cuyahoga County (Ohio) Prosecutor under which the Prosecutor agreed not to file any civil, criminal or administrative charges against SG Cowen relating to the criminal activities of Gruttadauria while he was an employee of the firm from July 1998 through October 13, 2002. SG Cowen agreed to pay a total of USD 4.5 million to Cuyahoga County and the State of Ohio, representing the forfeiture of certain fees generated by Gruttadauria and the cost of the Prosecutor's investigation.

Société Générale has established provisions for all the reasonably anticipated financial consequences of this matter.

■ SG Cowen is one of several defendants named in lawsuits arising out of the accounting fraud that caused the collapse of Lernout & Hauspie Speech Products, NV ("L&H"), a former client of SG Cowen. In one lawsuit pending in federal court in Boston, the former owners of Dragon Systems, Inc. allege that SG Cowen violated federal securities and state laws by making material misrepresentations to the plaintiffs while SG Cowen was advising L&H in connection with its acquisition of Dragon and published materially misleading research on L&H. Discovery has recently been completed. SG Cowen and the plaintiffs each have filed motions for summary judgement. Each party's respective motion argues that the facts adduced during discovery warrant judgment in its favor as a matter of law. If the court were to grant SG Cowen's summary judgment motion, the complaint would be dismissed.

In another lawsuit pending in the same court, the Trustee of the Dictaphone Litigation Trust has alleged that SG Cowen had made material misrepresentations to Dictaphone while SG Cowen was a financial advisor to L&H on its acquisition of Dictaphone, and published materially misleading research on L&H, in violation of various federal and state laws. The court has granted SG Cowen's motion to dismiss the complaint. The plaintiff is expected to file an appeal, but has not yet done so because the order of dismissal is not yet a final order because there are still claims pending against other defendants.

In a last L&H lawsuit pending in federal court in New Jersey, short-sellers of L&H stock allege that SG Cowen participated in a scheme to artificially inflate L&H's stock price through allegedly false and misleading research reports published by SG Cowen, in violation of federal securities laws and state laws. SG Cowen's motion to dismiss the complaint is pending.

Société Générale has established reserves for these matters.

■ After conducting investigations on tax frauds allegedly committed by buyers of certain types of companies in Belgium since 1997, the Belgian State and the liquidator of some of these companies have brought actions against the various participants in these transactions in an attempt to recuperate the eluded tax or to seek damages. Société Générale and one of its affiliates were implicated in 2004, because of the role played as counsel in several transactions by an ex-employee of the bank, now deceased, who concealed from Société Générale that he continued to play this role in spite of the prohibition notified to him by this supervisor several years ago, after the risks of such transactions had been identified. Société Générale fully cooperated with the Belgian State's investigations. These investigations having given rise to the opening of a criminal proceedings, Société Générale and its affiliate have also filed a complaint to shed light on the circumstances of this case. A provision has been made.

■ In July 2004, the European Commission conveyed a *Communication des griefs* (statement of objections) to nine French banks including Société Générale, and to the *Groupement des cartes bancaires*. The objections relate to an alleged secret and anticompetitive agreement on bank payment cards by which the banks, colluding with the *Groupement des cartes bancaires*, are alleged to have agreed to erect entrance barriers to the French market of the issuance of payment cards in order to preclude competition from new entrants and to reduce competition between themselves. In the Commission's view, the alleged agreement would severely limit the scope for lower card prices and technical innovation. Société Générale has answered to these allegations which it considers unjustified and intends to demonstrate that the tariff reform, adopted in late 2002, is wholly consistent with the law and fully justified. The implementation of this reform has been suspended after the Commission initiated the investigation, a few weeks before receipt of the statement of objections.

Environmental risks

See page 63.

Insurance for operational risks

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 thresholds, or particular guarantees applicable to specific activities.

The contraction of the insurance market since 2001 has made it more difficult to set up insurance programs adapted to the Group's requirements, a problem shared by all major companies.

In the case of traditional guarantees, the Group was able to renew the majority of the policies bought on the market. Despite the difficulties experienced by insurers, Société Générale kept and in some cases improved its existing level of cover, particularly as regards guarantees for risks linked to financial activities.

The Group has an internal reinsurance company that intervenes with some policies to reduce the deductible imposed by insurers, which in some cases is particularly high.

As a result, despite the contraction in the market for the insurance of these risks, the Group was able to set up insurance policies that considerably exceed the level of losses realized.

Description of cover

■ General risks

1. Buildings and their contents, including IT equipment, are insured at their replacement value. In France, the budget amounted to EUR 3.7 million.
2. Liability other than professional liability (i.e. relating to operations, chief executive officers, vehicles, etc.) is covered by insurance policies around the world. The amounts insured vary from country to country, but correspond to operating requirements. In France, the budget amounted to EUR 1.9 million.

■ 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 under a global policy. This policy complements the business continuity plans. The amounts insured are designed to cover losses incurred between the time of the event and the implementation of an emergency solution.

Other risks

The Group is aware of no other risk to be mentioned in this respect.

Regulatory ratios

Reform of the international solvency ratio (Basel II reforms)

On June 26, 2004, the Basel Committee published a text defining the terms of the reform of the international solvency ratio which is to take effect as of 2008.

In terms of credit risk, in addition to the “standardized” approach, the new text authorizes lending institutions to calculate their capital requirements using their internal models and according to two approaches: a “foundation” approach *(Internal Ratings Based – Foundation or IRBF)* and an “advanced” approach *(Internal Ratings Based - Advanced or IRBA)*.

The Société Générale Group intends to use the IRBA advanced internal ratings method in monitoring and managing credit risk on the majority of its portfolios. To do so, the Group will need to obtain the approval of the Secretary General of the French Banking Commission who will notably verify that said internal ratings methods are inherent to Société Générale’s risk culture and that they comply with the requirements of the reform. In 2008, however, part of the Group’s commitments (certain transactions, certain overseas subsidiaries, etc.) will continue to be subject to the “standardized” or “foundation” (IRBF) approach, the aim being to extend the application of the IRBA method to all types of transaction.

Launched in 2003, Société Générale’s “Basel II” project is a major initiative that affects all Group activities, the Risk Division and the Group’s Finance Department. Monitored by the Group’s General Management, the project has the following aims:

- to adapt the existing internal ratings system to the provisions of the new Basel text, notably by developing counterparty ratings models based on an estimation of the probability of default at one year as well as transaction ratings models based on an estimation of loss given default;
- to ensure the systematic use of these internal ratings for the majority of the Group’s portfolios and entities, notably when it comes to approving loans;
- to heighten and ensure the complete and systematic gathering of information regarding defaults and losses booked in order to control the validity and accuracy of the internal ratings models used on a regular basis (“back testing”);
- to define and implement procedures and systems that comply with the new regulatory requirements, particularly as regards the rating of counterparties and transactions, the factoring in of guarantees and collateral and collection of data on defaults and losses;
- to develop information systems to automatically calculate capital requirements and solvency ratios according to the provisions of the text published by the Basel Committee;
- to justify the quality of the data used to calculate the ratio by proving its coherence with accounting figures.

The three-year period during which credit institutions must be able to justify an internal ratings culture for all portfolios for which advanced ratings methods are used applied to Société Générale Group as of the start of 2005.

The next milestone is the “parallel calculation” period which will run from the start of 2006 to the end of 2007 and during which institutions will be required to submit a solvency ratio calculated on the basis of the new Basel texts to the Secretary General of the French Banking Commission along with the international solvency ratio.

International solvency ratio

(B.I.S. ratio)

The international solvency ratio requires financial institutions handling a significant volume of international business to maintain a minimum level of equity in reserve on a permanent basis, in order to cover their credit exposure and capital market risks.

Until December 31, 1997, the B.I.S. ratio was essentially limited to counterparty risks. Since January 1998, it has been extended to cover market risks (interest rate, exchange rate, equity price and commodity price risks).

The regulatory framework for monitoring market risk exposure allows banks to calculate their regulatory capital requirements using internal models, provided that these models meet certain criteria and reflect an adequate risk management strategy, and that the model itself has been approved by the banks' supervisory authorities. Société Générale's internal VaR model has been approved by the French Banking Commission (see section on "Methods of measuring market risk", p.140)

Since December 31, 1998, the market risks for the majority of transactions have been calculated using this internal model, while the standard method is used for all other operations.

The Group's B.I.S. ratio stood at 11.86% at December 31, 2004, excluding Tier-3 capital, compared with 11.68% at end-December 2003 and 11.13% at end-December 2002.

RISK-BASED CAPITAL, RISK-WEIGHTED ASSETS AND SOLVENCY RATIOS

In millions of euros at December 31	2004	2003	2002
Risk-based capital			
Group shareholders' equity	18,576	16,877	15,734
Dividends	(1,339)	(1,201)	(853)
General reserve for banking risks	284	312	207
Minority interests after appropriation of net income	1,920	1,847	1,768
Preferred shares	2,049	2,120	1,668
Prudential deductions (1)	(3,129)	(3,194)	(3,265)
Total Tier-1 capital	**18,361**	**16,941**	**15,259**
Total Tier-2 capital	**9,983**	**9,066**	**9,219**
Other deductions (2)	**(2,858)**	**(3,164)**	**(3,621)**
Total risk-based capital	**25,486**	**22,843**	**20,857**
Risk-weighted assets	**214,976**	**195,593**	**187,384**
International solvency ratio (B.I.S. ratio)	**11.86%**	**11.68%**	**11.13%**
Tier-1 ratio	**8.54%**	**8.66%**	**8.14%**

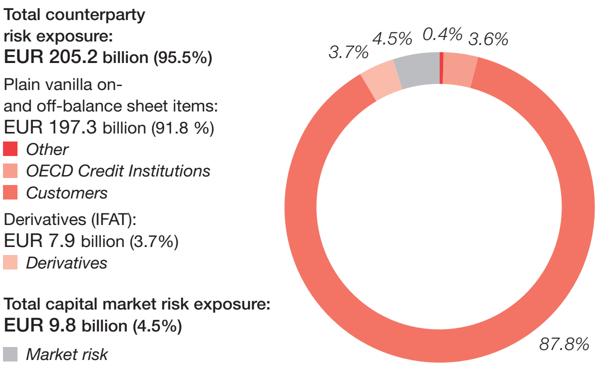
(1) Essentially goodwill and intangible assets.
(2) Holdings in non-consolidated financial companies or those accounted for by the equity method.

Group shareholders' equity at end-December 2004 totaled EUR 18.6 billion (compared with EUR 16.9 billion in 2003). After taking into account minority interests, preferred shares, the general reserve for banking risks and prudential deductions, total Tier-1 capital stood at EUR 18.4 billion, giving a Tier-1 ratio of 8.54% at December 31, 2004 (compared with 8.66% at December 31, 2003).

Risk-weighted assets by type of activity break down as follows:
• the increase in risk-weighted assets over 2004 (EUR +19.4 billion) resulted from the rise in counterparty risks. These accounted for 95.5% of risk-weighted assets, amounting to EUR 205.2 billion at December 31, 2004 (95% at December 31, 2003),
• risk-weighted assets relating to market risk accounted for 4.5% of the total, down slightly on 2003 (5%).

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 192, note 21).

BREAKDOWN OF RISK-WEIGHTED ASSETS BY TYPE OF RISK At December 31,



Capital adequacy ratio

(CAD ratio)

This ratio replaced the European solvency ratio in 1998, and sets out the minimum capital required to cover counterparty and market risks.

At December 31, 2004, these risks were 156.8% covered by Group equity, excluding any Tier-3 capital (compared with 156.7% at December 31, 2003).

As with 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 is complied with on an on-going basis by Société Générale Group:
• the total risk incurred by Société Générale in respect of any debtor taken individually does not exceed 25% of consolidated net equity,
• the total risk incurred by Société Générale in respect of all debtors which, taken individually, represent risks of over 10% of consolidated net equity, does not exceed eight times consolidated net equity.

Liquidity ratio

Société Générale's one-month liquidity ratio, which is used to monitor short-term liquidity, averaged 113.7% over 2004. At the end of each month in 2004, it was above the minimum regulatory requirement of 100%.

Prudential ratio

(funding ratio)

The prudential ratio, which is used to determine long-term liquidity, measures receivables due in more than five years against funds with a remaining maturity of more than five years. At December 31, 2004, this ratio stood at 87.8%, above the minimum regulatory standard of 80%.

Consolidated financial statements

Consolidated balance sheet at December 31, 2004

Assets

In millions of euros at December 31	2004	2003	2002
Cash, due from central banks and post office accounts	5,206	6,755	5,090
Due from banks *(Note 3)*	66,114	60,282	54,354
Customer loans *(Note 4)*	209,839	193,547	184,769*
Lease financing and similar agreements *(Note 5)*	20,636	17,886*	17,351
Treasury notes and similar securities *(Note 6)*	41,082	30,610	28,010
Bonds and other debt securities *(Note 6)*	74,839	67,772	65,295
Shares and other equity securities *(Note 6)*	47,845	46,864	34,852
Treasury stock (short-term investment portfolio) *(Note 6)*	113	163	167
Investments of insurance companies *(Note 7)*	48,954	42,884	37,257
Investments in non consolidated subsidiaries and affiliates and other long-term equity investments *(Note 8)*	4,660	5,274	6,267
Investments in subsidiaries and affiliates accounted for by the equity method	343	554	591
Tangible and intangible fixed assets *(Note 9)*	8,709	8,098*	5,740
Goodwill *(Note 10)*	2,106	2,150	2,154
Accruals, other accounts receivable and other assets *(Note 11)*	70,643	56,548	59,495
Total	**601,089**	**539,387**	**501,392**

Off-balance sheet items

In millions of euros at December 31	2004	2003	2002
Loan commitments granted *(Note 19)*	104,201	99,276*	91,122*
Guarantee commitments granted *(Note 19)*	50,309	46,336	44,590*
Commitments granted on securities	14,531	12,474	7,206
Foreign exchange transactions *(Note 20)*	407,096	318,862	349,409
Forward financial instrument commitments *(Note 21)*	6,855,946	5,546,999	5,187,753
Insurance commitments granted	338	354	342

** Amounts restated in relation to those given in 2002 and 2003 annual reports.*

(The accompanying notes are an integral part of the consolidated financial statements).

Liabilities and shareholders' equity

In millions of euros at December 31	2004	2003	2002
Due to central banks and post office accounts	1,505	2,827	1,478
Due to banks *(Note 12)*	92,361	83,608	69,239
Customer deposits *(Note 13)*	213,433	196,090	196,085
Securitized debt payables *(Note 14)*	97,730	82,917	77,877
Underwriting reserves of insurance companies *(Note 15)*	46,828	41,164	35,760
Accruals, other accounts payable and other liabilities *(Note 16)*	111,246	97,726	87,767
Negative goodwill	–	1	–
Provisions for general risks and commitments *(Note 17)*	3,042	2,849	2,474*
Subordinated debt *(Note 18)*	11,930	10,945	11,199
General reserve for banking risks	284	312	207
Preferred shares	2,049	2,120	1,668
Minority interests	2,105	1,951	1,904
Shareholders' equity			
Common stock	556	548	538
Additional paid-in capital	4,550	4,200	3,819
Treasury stock	(1,878)	(1,139)	(924)
Retained earnings	12,223	10,776	10,904
Net income	3,125	2,492	1,397
Sub-total	**18,576**	**16,877**	**15,734**
Total	**601,089**	**539,387**	**501,392**

Off-balance sheet items

In millions of euros at December 31	2004	2003	2002
Loan commitments received	3,726	6,346*	6,317*
Guarantee commitments received	41,661	34,898	33,723
Commitments received on securities	15,552	10,438	7,185
Foreign exchange transactions *(Note 20)*	408,846	321,435	351,801
Insurance commitments received	232	177	140

** Amounts restated in relation to those given in 2002 and 2003 annual reports.*

(The accompanying notes are an integral part of the consolidated financial statements).

Consolidated income statement

In millions of euros at December 31	2004	2003	2002
Net interest income from:			
Transactions with banks *(Note 24)*	(784)	(1,316)*	(1,224)
Transactions with customers *(Note 25)*	4,437	4,374	4,224
Bonds and other debt securities	1,127	1,064*	1,291
Other interest and similar revenues	(291)	295	102
Net income from lease financing and similar agreements *(Note 26)*	1,672	1,488	1,374
Sub-total	**6,161**	**5,905**	**5,767**
Dividend income *(Note 27)*	396	582	291
Dividends paid on preferred shares *(Note 1)*	(144)	(120)	(131)
Net interest and similar income	**6,413**	**6,367**	**5,927**
Net fee income *(Note 28)*	**5,269**	**5,084**	**4,993***
Net income from financial transactions *(Note 29)*	**4,217**	**3,710***	**3,263**
Other net operating income	**517**	**476**	**390**
Gross margin of insurance business (Note 30)	*103*	*45*	*51*
Net income from other activities (Note 31)	*102*	*284*	*99*
Net banking income	**16,416**	**15,637**	**14,573**
Personnel expenses *(Note 32)*	(6,603)	(6,323)	(6,179)*
Other operating expenses	(3,702)	(3,580)	(3,669)
Depreciation and amortization	(662)	(665)	(678)
Total operating expenses	**(10,967)**	**(10,568)**	**(10,526)**
Gross operating income	**5,449**	**5,069**	**4,047**
Cost of risk *(Note 33)*	(541)	(1,226)	(1,301)
Operating income	**4,908**	**3,843**	**2,746**
Net income from companies accounted for by the equity method *(Note 34)*	42	43	48
Net income from long-term investments *(Note 35)*	119	397	(299)
Earnings before exceptional items and tax	**5,069**	**4,283**	**2,495**
Exceptional items *(Note 36)*	(48)	(46)	(170)
Income tax *(Note 37)*	(1,398)	(1,161)	(649)
Amortization of goodwill	(186)	(217)	(184)
Allocation to reversal from the general reserve for banking risks	28	(104)	159
Net income before minority interests	**3,465**	**2,755**	**1,651**
Minority interests	(340)	(263)	(254)
Net income	**3,125**	**2,492**	**1,397**
Earnings per share in euros (1)	**7.65**	**6.07**	**3.41**
Diluted earning per share in euros (1)	**7.59**	**6.02**	**3.41**

** Amounts restated in relation to those given in 2002 and 2003 annual reports.*

(1) 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.

(The accompanying notes are an integral part of consolidated financial statements).

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, 2002	**4,356**	**(924)**	**11,920**	**382**	**15,734**
Increase in common stock (1)	321				321
Net income for the period			2,492		2,492
Dividends paid			(864)		(864)
Revaluation and reassessment reserves				(104)	(104)
Treasury stock (2)		(215)	18		(197)
Translation differences and other (3)	71		(576)		(505)
Balance at December 31, 2003	**4,748**	**(1,139)**	**12,990**	**278**	**16,877**
Increase in capital stock (1)	358				358
Net income for the period			3,125		3,125
Dividends paid			(1,031)		(1,031)
Revaluation and reassessment reserves				(15)	(15)
Treasury stock (2)		(739)	30		(709)
Translation differences and other (3)			(29)		(29)
Balance at December 31, 2004	**5,106**	**(1,878)**	**15,085**	**263**	**18,576**

In millions of euros	Shareholders' equity	General reserve for banking risks (4)	Minority interests	Preferred shares (5)	Total equity
Balance at December 31, 2002	**15,734**	**207**	**1,904**	**1,668**	**19,513**
Increase in capital stock (1)	321				321
Net income for the period	2,492		263		2,755
Dividends paid	(864)		(127)		(991)
Revaluation and reassessment reserves	(104)				(104)
Treasury stock (2)	(197)				(197)
Translation differences and other (3)	(505)	105	(89)	452	(37)
Balance at December 31, 2003	**16,877**	**312**	**1,951**	**2,120**	**21,260**
Increase in common stock (1)	358				358
Net income for the period	3,125		340		3,465
Dividends paid	(1,031)		(190)		(1,221)
Revaluation and reassessment reserves	(15)				(15)
Treasury stock (2)	(709)				(709)
Translation differences and other (3)	(29)	(28)	4	(71)	(124)
Balance at December 31, 2004	**18,576**	**284**	**2,105**	**2,049**	**23,014**

(1) At December 31, 2004, Société Générale's fully paid-up capital stock amounted to EUR 556,441,449 and was made up of 445,153,159 shares with a nominal value of EUR 1.25. During the year 2004, Société Générale carried out capital increases for a total amount of EUR 8.4 million, with EUR 349.2 million of additional paid-in capital, as follows:
• EUR 6.5 million, with EUR 296.4 million of additional paid-in capital, was the result of employees subscribing to shares under the Employee Share Ownership Plan;
• EUR 1.9 million, with EUR 52.8 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 10.5 million for the 2004 financial year.
It would have been booked on the assets side of the consolidated balance sheet for a net amount of EUR 46.5 million at December 31, 2004.

(2) Treasury stock held by Group companies at December 31, 2004 (36,990,431 shares; EUR 1,878 million) represented 8.31% of Société Générale's capital stock.
Société Générale bought back its own shares for a net amount (after deduction of disposals) of EUR 739 million.
Net capital gains on treasury stock in 2004 have been charged against the shareholders' equity for an amount of EUR 7.4 million. Dividend income on these shares (EUR 22.4 million) has been eliminated from consolidated income.

(3) At December 31, 2004, currency translation differences related to foreign branches of Group banks and consolidated companies within the euro zone amounted to EUR (4) million.
The variation in the currency translation difference at group level over the financial year 2004 was EUR (24) million, and can be attributed to the fall of the dollar against the euro in the amount of EUR (140) million and to the rise of the Czech Koruna in the amount of EUR 57 million.
The gain on the disposal of Asia Credit Limited (reporting in Thai Baht) amounted to EUR 38 million.
The gain on the liquidation of BSGI (reporting in Indonesian Rupees) amounted to EUR 53 million.

(4) A reversal of EUR 45.6 million was made in 2003 from the General Reserve for Banking Risks and of EUR 28 million in 2004. An allocation of EUR 150 million was also made to the general reserve over the 2003 financial year (see Note 1).

(5) 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.
In 2003, Société Générale issued a further EUR 650 million of preferred shares in the United States through its subsidiary SG Capital Trust III.
These preferred shares are included in Tier-one capital for the purpose of determining Société Générale's prudential ratios.

Notes to the consolidated financial statements

Note 1
Significant accounting principles

The consolidated accounts of the Société Générale Group for the 2004 financial year have been drawn up in accordance with the provisions of Regulation No. 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 Finance Regulation Committee *(Comité de la réglementation bancaire et financière)*.

The presentation of the financial statements complies with the provisions of Regulation No. 2000-04 of the French Accounting Regulation Committee concerning consolidated financial statements produced by companies that come under the French Banking and Finance 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 Société Générale.

Consolidation principles

Consolidation methods
The consolidated financial statements include 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 operational policies of the said subsidiary so as to obtain benefits from its activities. 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 and conditions of a contract or in accordance with the subsidiary's bylaws, 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 bylaws, 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 which make a significant contribution to the Parent Company 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 Parent Company 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 Parent Company shareholders' equity, are consolidated by the equity method.

Specific treatment for special purpose vehicles

The independent legal entities ("special purpose vehicles") that are set up specifically to manage a transaction or group of similar transactions are consolidated whenever they are substantially controlled by the Group particularly by virtue of contracts, agreements or statutory clauses, even in cases where the Group holds none of the capital in the entities.

Regulation No. 99-07 of the French Accounting Regulation Committee defines three criteria that must be considered in order to determine the existence of such a control, but states that each of them taken independently is not sufficient to prove the control. These three criteria are:

- the decision-making power, accompanied or not by the management power, over the ordinary activities of the entity or over its assets, whether this power is effectively exercised or not;
- the ability to receive the majority of the entity's economic benefits;
- the exposure to the majority of the risks related to the entity.

The existence of an "autopilot" mechanism does not presuppose effective control.

The in-substance appreciation of the decision making power criteria is decisive for determining the consolidation of special purpose vehicles involved in securitization transactions carried out for the Group's needs, notably securitization vehicles *(fonds communs de créances)* set up under the provisions of the French financial and monetary code and similar foreign entities set up under the provisions of a regulation providing guarantees equivalent to those existing in France.

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. Further 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 No. 99-07. One of these vehicles has ceased its activities and was excluded from the consolidation scope during the fourth quarter of 2004.

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 on transactions used to hedge net investments in foreign consolidated entities or their income in foreign currencies, along with gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in 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.

Following the first time adoption of IFRS in consolidated accounts since January 1, 2005, the cumulative translation differences will be offset against consolidated retained earnings and deemed to be zero at the date of transition - January 1, 2004. Consequently, the translation differences as measured at December 31, 2004 will be excluded from gains or losses on subsequent disposals of foreign consolidated entities.

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 made at any time up to the closing of the first full financial year following the acquisition. Any changes made to the posting values of the identified items are charged against the gross goodwill and the corresponding accrued amortization expenses are adjusted accordingly.

For each acquisition, the balance of non-allocated differences is recorded in the balance sheet under Goodwill as an asset or a liability, depending on its arithmetical value. Goodwill is recorded in the local currency of the acquired entity, and translated at the official exchange rate at closing of the accounts. Positive goodwill is amortized and negative goodwill is recognized in income according to a predefined plan over a set period according to the activity of the acquired company, the stability of its business portfolio and its teams, and according to the assumptions used and objectives set at the time of each acquisition. This period cannot in any event exceed 20 years. Goodwill is subject to a regular review based on analyses using multiple criteria similar to those employed during the initial valuation of the acquired companies. The parameters used in the valuations, such as *discounted cash flow, earnings multiples, comparable valuations in recent transactions, market shares* or *assets under management,* vary depending on the business concerned. Once this review is completed, an exceptional amortization expense is booked in the event that significant unfavorable changes have affected the elements used to calculate the amortization schedule.

The goodwill booked on acquisitions made before January 1, 2000 and financed through capital increases is 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.

The tax gains generated as a result of the amortization of this goodwill are similarly charged against capital provided they are tax deductible.

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 before December 31, 1991.

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 on to third parties, the corresponding share of the revaluation reserve is credited to income. As a consequence, 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 for the determination of 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 *(Commission Bancaire)*.

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 Group applies the provisions of Regulation No. 2000-05 of the French Accounting Regulation Committee on the consolidation rules applicable to companies governed by the Insurance Code.

The specific accounting regulations applied for insurance activities are maintained in the Group's consolidated accounts.

Decree 2002-970 dated July 4, 2002 modified the Insurance Code, further specifying certain rules relating to the use of forward instruments by French insurance companies. This decree was accompanied by the publication on December 12, 2002 of Regulation No. 2002-09 of the French Accounting Regulation Committee which defines the accounting rules to be used by French insurance companies as of January 1, 2003. The consequences of these new texts were treated as a change in accounting methodology; its impact on the consolidated opening net worth was recorded under shareholder's equity in 2003 for an amount of EUR 8 million.

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 Parent Company accounts are eliminated.

Investments held to guarantee unit-linked policies are marked to market; the total value of these securities corresponds to the total insurance liabilities.

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 in the individual accounts of insurance companies 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 R. 332-20 of the Insurance Code (principally shares, units in undertakings for collective investment in transferable securities and buildings), when such risk is not covered by an other provision. Following an analysis of these provisions in compliance with notice No. 2004-B of the French National Accounting Standards Board's Emergency Committee, published on January 21, 2004, they were written back in 2003. Consequently, the new Regulation No. 2004-10 of the French Accounting Regulation Committee, specifying the elimination of provisions for early redemption risk in the consolidated accounts, had no impact on the accounts for 2004.

■ 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 accounting principles applicable to French banks, the majority of transactions are recorded using valuation methods which 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 which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

Regulation No. 2002-03 of the French Accounting Regulation Committee relating to the accounting treatment of credit risks in companies governed by the Banking and Finance Regulation Committee and published on December 12, 2002 is applicable as of January 1, 2003. This new regulation specifies the conditions for the classification of doubtful loans in the balance sheet and the treatment of restructured loans then bearing an off-market interest rate.

If a commitment carries an identified credit risk which makes it probable that the Group will not recover all or part of the amounts due under the counterparty's commitment in accordance with the original conditions of the contract, despite the existence of a guarantee, the related outstanding loan is classified as a doubtful loan if one or more payments are more than three months overdue (six months in the case of real estate loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed if it can be assumed that there is an identified risk, or if legal proceedings have been started.

If a loan to a given borrower is classified as doubtful, all outstanding loans or commitments for that borrower are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Provisions for doubtful loans are booked for doubtful loans or for risks in the amount of the probable losses. Furthermore, interest on doubtful loans is fully provisioned for. Provisions, write-backs of provisions, losses on bad debts and recovery of depreciated debts are booked under *Cost of risk*, except for net provisions for interest on doubtful loans which are booked under *Net Banking Income*.

Doubtful loans can be reclassified as performing loans when regular repayments have been resumed according to the original terms of the contract. Similarly, doubtful loans which have been restructured can be reclassified as performing loans. If the loans have been restructured under off-market conditions, the difference between the new conditions and the lesser of market conditions and original ones must be booked under *Cost of risk* when the loan is restructured then reincorporated into net interest income for the remaining term of the loan. When a borrower's solvency is such that even after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, the loan is identified as a non-performing loan. A loan is classified as non-performing in the event of an early termination of the contract and in any case one year after it was classified as doubtful, except when the original clauses of the contract have been respected or when the loan is covered by guarantees which ensure its recovery. Loans which have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

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 when 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 the 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 and similar agreements are carried on the consolidated balance sheet at their financial value, that is, total future lease rentals receivable, less the interest included in these rentals. 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 rentals 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.

The acquisition cost of assets leased under operational leases is amortized on a straight-line basis over the life of the contract; similarly, all rebates granted by suppliers on the purchase price of the leased assets (volume discount) are recorded as deferred income and spread out over the life of the contracts. The accounting treatment of income invoiced for maintenance services provided in connection with leasing activities aims to show a constant margin on these products in relation to the expenses incurred, over the duration of the leasing contract. The harmonization of the models used within the Group to calculate income to be deferred under this treatment resulted in a change in this estimate. The impact of this change was recognized in the form of an *Exceptional loss* of EUR 20 million in the first quarter of 2004, and the deferred tax income relative to this expense was booked under *Income tax* in the amount of EUR 7 million.

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 and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments. All securities in each category are accounted for using similar methods, as follows:

Trading securities

Trading securities are securities for which a liquid market exists and that are acquired with a view to rapid resale (within a maximum period of six months). They also include liquid securities that are held for a period of over six months in the context of market-making activities or in relation to a hedging or arbitrage transaction. They are 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 offset against any unrealized capital gains. Income from these securities is recorded in *Dividend income.*

■ Bonds and other debt securities

These securities are carried at cost excluding acquisition expenses and, in the case of bonds, excluding interest accrued and not yet due at the date of purchase. The positive or negative difference between cost and redemption value is amortized to income over the life of the 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 their most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, after consideration of gains made on any related hedging transactions.

Allocations to and reversals of provisions for losses on short-term investment securities together with gains and losses on sales of these securities are recorded under *Net income from financial transactions* on the consolidated income statement.

Long-term investment securities

Long-term investment securities are debt securities held by the Group, which intends to hold them on a long-term basis, 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 using the same principles as those applied to short-term investment securities, except that no provision is made for unrealized losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of provisions for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded 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 venture capital activities.

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 offset against any unrealized capital gains. Allocations to and reversals of provisions for depreciation, as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from financial transactions*.

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments

This category of securities covers shares held in non-consolidated subsidiaries and affiliates, when it is deemed useful to the business of the company to hold the said shares in the long term. This notably covers investments that meet the following criteria:

- shares in companies that share directors or senior managers with the holding company, 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 companies in which shares are held due to the low proportion of attached voting rights.

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price exclusive of acquisition costs, 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. 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 generated when 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.

Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development, which includes expenditure on hardware and services and personnel expenses which can be attributed directly to the production and preparation of the asset for use.

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	4-5 years
Software	3-5 years

This item includes assets leased under pure rental agreements.

Regulation No. 2002-10 of the French Accounting Regulation Committee relating to the amortization and depreciation of assets will only apply to accounts for financial years beginning after January 1, 2005. However, as of January 1, 2003, in accordance with the transitional provisions specified in article 15 of the regulation and in the terms of notice No. 2003-F of the French National Accounting Board's Emergency Committee, expenditure for major repairs on fixed assets is booked as provisions for risks and charges on a straight-line basis over the period between successive major repairs. These expenditures, which must be specified in major maintenance programmes which are designed exclusively for the upkeep of the fixed assets in question and not to extend their lifetime beyond that which was initially defined, are limited within the Group to renovation work on the façades of buildings. The effect of the change in accounting methods on net worth at January 1, 2003 was booked under capital in the amount of EUR 3 million, net of tax.

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 time deposits and borrowings in the case of banks; and into regulated savings accounts and other deposits in the case of customers. They also include securities sold to banks and customers under repurchase agreements.

Interest accrued on these deposits is recorded 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 commitments;
- provisions for contingencies and disputes.

A description of contingencies and disputes is provided in the Risk Management report.

Provisions for contingencies and disputes are defined as liabilities without a precisely defined amount or due date. Their recording is subordinated to the existence of 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.

A provision had been booked at 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 No. 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 No. 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 sundry debtors*. A provision was booked at the end of 1999 under *Exceptional items* for all subscription fees to be paid by Group companies over the 2000-2002 period for the initial endowment of the guarantee fund. Subsequent fees were booked under *Other operating expenses*.

A provision is booked to cover stock options or shares allocated to employees at year-end, for an amount determined on the basis of the value of the underlying securities and booked under *Personnel expenses*.

Société Générale signed an early retirement agreement which came into force on January 1, 2002 and will be applicable until March 31, 2006. A provision was booked on the basis of the cost attached to employees who were granted early retirement.

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. Additional allocations were made to this fund in 1996 and 2003.

During the 2002, 2003 and 2004 financial years, SG Cowen recorded charges and exceptional provisions intended to cover the various consequences of a fraud committed over a period of ten years, which affected the former retail brokerage activity of this company. 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 in 2002, 2003 and 2004.

Preferred shares

In the second half of 1997, Société Générale issued USD 800 million in preferred securities 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 securities 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 securities 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.

In the fourth quarter of 2003, Société Générale issued EUR 650 million of preferred shares through a wholly-owned US subsidiary (paying a non-cumulative dividend of 5.419% annually) with a step-up clause that comes into effect after 10 years.

Dividend income is charged to the item *Dividends paid on preferred shares.* Preferred securities 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. 2000-05 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 Finance 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 for the determination of 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, foreign exchange 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 one off-balance sheet item. The nominal contract value represents the volume of outstanding transactions and does not represent the potential for gain or loss associated with the market or counterparty risk on such transactions.

Credit derivatives purchased to hedge credit risks on financial assets which are not valued at market value are classified and treated as guarantee commitments received.

Accounting income or expense on these forward financial 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 beginning to an identifiable item or group of similar items, are recognized in the income statement in the same manner as revenues and expenses on the hedged item. 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 indexes or foreign exchange 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 prudential valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated according to the size of the position and intended to cover the risk that 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. Unrealized losses are provided for 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.

Under law No. 2003-775 dated August 21, 2003 which reformed the French pension system, the method used to estimate provisions for retirement payments in the Group's French subsidiaries was changed. The difference in results is booked under *Personnel expenses* as of the date on which the regime was changed, and on a straight-line basis for the average number of years still to be worked by the staff entitled to the payment.

Cost of risk

The item *Net cost of risk* is limited to net allocations to provisions for counterparty risks, country risks and disputes. Net provisions for 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, until December 31, 2004 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, which will be progressively reduced to zero until 2006. Additionaly, a *Contribution sociale de solidarité* (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). Dividends from companies in which Société Générale's interest is at least 5% are tax exempt. The Amending Finance Law for 2004, published on December 30, 2004 will progressively reduce the tax rate for gains on the disposal of equity investments to 15% or 0% depending on the tax qualification of the securities. In parallel to this reduction, the Law has introduced an exceptional tax on the special reserve for long-term gains recorded by French companies in their individual accounts during previous years for the share of annual net income corresponding to long-term gains on disposal of equity investments. At December 31, 2004 French liable entities have recorded the expense relating to this exceptional tax under Income tax for a consolidated amount of EUR 18 million.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account 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 has a recovery in view on a determined time.

For 2004 and the following years, the normal tax rate applicable to French companies to determine their deferred tax is 34.93%, and the reduced rate is between 1.71% and 15.72% depending on the nature of the taxed transactions.

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 France

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.

Commitments under these various plans amounted to EUR 1,081 million at December 31, 2004 and were fully covered by assets or provisions.

■ Outside France

The commitments under these various plans (pensions, retirement payments, long-service awards) are covered by assets or provisions. The majority of these commitments relate to retirement benefits accruing to active staff or former staff who have left the company.

At December 31, 2004, the commitments relating to the Group's foreign entities were estimated at EUR 1,036 million, of which 79% were covered by assets or provisions. The remaining 21% is the unfunded actuarial liability. In accordance with Group practice, this is covered by a provision which is booked over the average remaining period of active service of the employees in question.

Under IFRS standards adopted in July 2003 by the European Accounting Regulation Committee, the accounting principles described in this note for Société Générale Group's consolidated accounts will be modified for the 2005 accounts and for the comparative data published for the 2004 financial year. The accounting principles that will then be applied to restate the comparative information for 2004 are presented in the specific IAS section of the annual report.

Note 2
Consolidation scope

As at December 31, 2004, the Group's consolidation scope included 683 companies:

- 616 fully consolidated companies;
- 53 proportionately consolidated companies;
- 14 companies accounted for by the equity method.

In accordance with the consolidation rules defined in Regulation No. 99-07 of the French Accounting Regulation Committee, none of the special purpose vehicles created in the course of Société Générale's client-related 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 to the consolidation scope at December 31, 2004 compared with the scope applicable for the accounts at December 31, 2003 were as follows:

During the first half of 2004

■ The Group raised its stake in TCW to 66.54%, representing a 5.64% increase against December 31, 2003.
Agreements signed at the time of the acquisition of TCW include deferred put and call options on 9.5% of TCW's capital, broken down into annual tranches of 4.75% over the period 2005-2006. The strike prices of these options are dependent on the company's future performance.
Finally, the balance of shares held by employees is subject to deferred call and put options, exercisable from 2008, at strike prices that are dependent on the company's future performance.
■ Sogelease Egypt, which is 61.73%-owned, is fully consolidated.
■ Sagem Lease, which is wholly-owned by the Group, was fully consolidated.
■ SG Serbie Bank, which was deconsolidated on December 31, 2000, was reincorporated into the consolidation scope.
■ The Group increased its stake in Sogéprom from 70% at December 31, 2003 to 100% at June 30, 2004.
■ Société Générale took a 50.01% stake in General Bank of Greece (GBG), which was fully consolidated.
■ Following the sale of Sophia, 31 companies previously consolidated by the equity method were removed from the consolidation scope.

During the second half of 2004:

■ SG Equipment Finance Schweiz AG, wholly-owned by the Group, was fully consolidated.
■ Société Générale took over all the Equipment Finance and Factoring activities of the Norwegian group Elcon, which were fully consolidated.
■ The debt securitisation fund French Supermarkets 1, wholly-owned, was fully consolidated.
■ The Lyxor Strategium 1 fund, wholly-owned by Société Générale, was fully consolidated.
■ OOO Rusfinance, in which the Group holds a 51.01% stake, was fully consolidated.
■ Société Générale acquired 100% of the capital of Parsys Espana, which was fully consolidated.

Note 3
Due from banks

In millions of euros at December 31	2004	2003	2002
Demand deposits and loans			
Current accounts	9,002	7,590	8,583
Overnight deposits and loans	413	702	267
Loans secured by overnight notes	8	53	385
Term			
Term deposits and loans (1)	10,438	9,635	12,928
Subordinated and participating loans	713	688	539
Loans secured by notes and securities	100	45	187
Related receivables	189	208	270
Gross amount	**20,863**	**18,921**	**23,159**
Provisions for possible losses	(77)	(94)	(114)
Net amount	**20,786**	**18,827**	**23,045**
Securities purchased under resale agreements	45,328	41,455	31,309
Total	**66,114**	**60,282**	**54,354**

(1) At December 31, 2004, doubtful loans amounted to EUR 127 million (of which EUR 113 million were non-performing loans) against EUR 143 million at December 31, 2003 and EUR 117 million at December 31, 2002.

Note 4
Customer loans

In millions of euros at December 31	2004	2003	2002
Trade notes	8,085	7,729	7,903
Other loans (1) (2):			
– Short-term loans	46,509	39,021	43,610
– Export loans	3,388	3,610	4,649
– Equipment loans	35,486	33,214	27,506
– Mortgage loans	46,127	40,743	35,233
Other loans	31,411	27,690	31,105*
Sub-total	**162,921**	**144,278**	**142,103**
Overdrafts	11,981	12,238	12,361
Related Receivables	1,568	1,461	1,386*
Gross Amount	**184,555**	**165,706**	**163,753**
Allowances for possible losses	(6,275)	(6,497)	(6,894)*
Net amount (3)	**178,280**	**159,209**	**156,859**
Loans secured by notes and securities	64	443	227
Securities purchased under resale agreements	31,495	33,895	27,683
Total	**209,839**	**193,547**	**184,769**

** Amounts restated in relation to those given in 2002 annual report.*

(1) Other loans by customer type:			
Non-financial customer			
– Corporates	73,489	68,286	70,724
– Individual customers	59,833	52,568	45,926
– Local authorities	8,327	6,265	6,762
– Self-employed professionals	7,117	6,870	6,455
– Governments and central administrations	1,778	1,959	2,116
– Other	2,949	2,440	1,755
Financial customers	9,428	5,890	8,365
Total	**162,921**	**144,278**	**142,103**

(2) At December 31, 2004, doubtful loans amounted to EUR 9,797 million (of which EUR 5,492 million were non-performing loans) against EUR 10,115 million at December 31, 2003 and EUR 10,064 million at December 31, 2002.

(3) Entities acquired since December 31, 2003 accounted for EUR 2,929 million in net outstanding customer loans.

Note 5
Lease financing and similar agreements

In millions of euros at December 31	2004	2003	2002
Real estate lease financing agreements	5,824	5,650	5,452
Equipment lease financing agreements	10,400	9,176*	8,848*
Lease-purchase and similar agreements	4,503	3,104*	3,045*
Related receivables	153	206	188
Gross amount (1)	**20,880**	**18,136**	**17,533**
Provisions for possible losses	(244)	(250)	(182)
Net amount (2)	**20,636**	**17,886**	**17,351**

** Amounts restated in relation to those given in 2002 and 2003 annual reports.*

(1) At December 31, 2004, doubtful loans amounted to EUR 394 million (of which EUR 133 million were non-performing loans) against EUR 418 million at December 31, 2003 and EUR 284 million at December 31, 2002.

(2) Entities acquired since December 31, 2003 accounted for EUR 1,976 million in net lease financing and similar agreements.

Note 6
Treasury notes, bonds and other debt securities, shares and other equity securities

	2004				2003				2002
In millions of euros at December 31	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	30,452	39,771	43,323	113,546	21,792	39,125	31,706	92,623	76,637
Short-term investment securities:									
– Gross book value	5,517	8,313	11,932	25,762	4,281	8,071	15,150	27,502	24,533
– Provisions	(26)	(195)	(67)	(288)	(24)	(225)	(215)	(464)	(530)
– Net book value	5,491	8,118 (1)	11,865	25,474	4,257	7,846 (1)	14,935	27,038	24,003
Long-term investment securities:									
– Gross book value	4,941	–	19,287 (2)	24,228	4,391	–	20,705	25,096	26,906
– Provisions	–	–	–	–	–	–	(1)	(1)	–
– Net book value	4,941	–	19,287	24,228	4,391	–	20,704	25,095	26,906
Related receivables	198	69	364	631	170	56	427	653	778
Total	**41,082**	**47,958**	**74,839**	**163,879**	**30,610**	**47,027**	**67,772**	**145,409**	**128,324**

(1) Including treasury stock held for allocation to employees: EUR 112.6 million (against EUR 169.2 million at December 31, 2003 and EUR 167,3 million at December 31, 2002).

	2004	2003
Number of shares	2,334,060	3,377,145
Nominal value per share (in euros)	1.25	1.25
Market value per share (in euros)	74.5	70.0
Book value per share (in euros)	48.22	48.22

(2) Of which securities carried by newly consolidated special purpose vehicles: EUR 3.7 billion of municipal bonds intended to be held to maturity.

Note 6 (continued from previous page)

Additional information on securities

In millions of euros at December 31	2004	2003	2002
Estimated market value of short-term investment securities:			
– Unrealized capital gains (1)	270	70	178
Estimated value of long-term investment securities (2)	76	(2)	(64)
Premiums and discounts relating to short-term and long-term investment securities	62	(86)	(15)
Securities which changed category during the year:			
– Trading securities reclassified as short-term investment securities	131	695	525
– Securities reclassified as long-term investment securities	–	–	195
– Long-term investment securities reclassified as short-term investment securities	48	624	778
Long-term investment securities sold before maturity	353	69	542
Investment in mutual funds:			
– French mutual funds	15,353	12,810	8,747
– Foreign mutual funds	5,741	3,369	2,751
Of which capital appreciation funds	*638*	*688*	*675*
Listed securities	130,087	117,427	112,641
Subordinated securities	686	727	357
Securities lent	6,972	3,656	4,027

(1) Not including unrealized gains or losses on any forward financial instruments used to hedge short-term investment securities.
(2) Including unrealized gain or loss on instruments used to hedge long-term investment securities.

Note 7

Investments of insurance companies

In millions of euros at December 31	2004	2003	2002
Real estate investments	344	265	223
Bonds and other debt securities	29,516	25,728	21,222
Investments held to guarantee unit-linked policies	15,052	14,031	13,384
Other investments	1,126	1,117	867
Shares and other equity securities	2,916	1,743	1,561
Total	**48,954**	**42,884**	**37,257**

Note 8
Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments

In millions of euros at December 31	2004	2003	2002
Principal companies (1)**:**			
0 to 5% Accor, Adecco, Alcatel, Altadis, Arcelor, Aviva, Carrefour, Dexia, France Télécom, ONA, Pernod Ricard, Peugeot SA, Sanofi, SCH, Sodexho Alliance, TF1, Total, Veolia Environnement, Vivendi Universal	3,376	4,381	5,213
5 to 10% Cologne Re Managers, Hornby Lane	398	629	605
10 to 20% Crédit Logement, Sopra, Sommer SA, Sicovam Holding	351	339*	255*
+ 20% G Finance Luxembourg, Lysus, SCI Secovalde	255	82*	112*
Sub-total	**4,380**	**5,431**	**6,185**
Other companies	**1,160**	**1,191***	**1,400***
Gross book value (2)	**5,540**	**6,622**	**7,585**
Provisions for possible losses	(883)	(1,352)	(1,332)
Advances to non-consolidated companies	3	4	14
Net book value (3)	**4,660**	**5,274**	**6,267**

** Amounts restated in relation to those given in 2002 and 2003 annual reports.*

(1) Only investments with a book value over EUR 30 million at December 31, 2004 are mentioned.

(2) Movements over the 2004 fiscal year: EUR (1,082) million, of which: acquisitions = EUR 554 million, disposals = EUR (1,573) million, changes in consolidation scope and other movements = EUR (63) million.

(3) Of which listed companies: net book value at December 31, 2004 = EUR 3,062 million; market value = EUR 3,440 million.

Note 9
Tangible and intangible fixed assets

In millions of euros at December 31	Gross book value 2003	Acquisitions	Disposals	Changes in consolidation scope and other movements	2004 Gross book value	2004 Accumulated depreciation and amortization 2004	2004 Net book value 2004
Operating assets							
Intangible assets							
Start-up costs	19	4	–	3	26	(18)	8
Software, EDP development costs	1,532	93	(11)	101	1,715	(1,228)	487
Other	456	194	(1)	(154)	495	(88)	407
Sub-total	**2,007**	**291**	**(12)**	**(50)**	**2,236**	**(1,334)**	**902**
Tangible assets							
Land and buildings	2,859	20	(39)	93	2,933	(842)	2,091
Other	3,587	393	(105)	(19)	3,856	(2,651)	1,205
Sub-total	**6,446**	**413**	**(144)**	**74**	**6,789**	**(3,493)**	**3,296**
Non-operating assets (1)							
Tangible assets							
Land and buildings	150	2	(4)	(35)	113	(38)	75
Pure rental transactions and other	5,577*	2,277	(1,679)	(14)	6,161	(1,725)	4,436
Sub-total	**5,727**	**2,279**	**(1,683)**	**(49)**	**6,274**	**(1,763)**	**4,511**
Total fixed assets	**14,180**	**2,983**	**(1,839)**	**(25)**	**15,299**	**(6,590)**	**8,709**

** Amounts restated in relation to those given in 2003 annual report.*

(1) Not including the proprietary real estate investment portfolio held by specialized financing companies.

Note 10

Goodwill (1)

In millions of euros at December 31	2004 Gross book value	2004 Accumulated amortization	2004 Net book value	2003 Gross book value	2003 Accumulated amortization	2003 Net book value	2002 Net book value
Retail Banking	**1,739**	**(383)**	**1,356**	**1,581**	**(266)**	**1,315**	**1,344**
French Networks	114	(66)	48	115	(62)	53	56
Retail Banking network outside France (2)	1,141	(217)	924	1,033	(135)	898	961*
Specialized subsidiaries and other (3)	484	(100)	384	433	(69)	364	327*
Corporate and Investment Banking	**170**	**(160)**	**10**	**180**	**(161)**	**19**	**71**
Corporate Banking	45	(40)	5	45*	(34)*	11*	19*
Investment Banking	125	(120)	5	135*	(127)*	8*	52*
Global Investment Management and Services	**965**	**(231)**	**734**	**994**	**(178)**	**816**	**738**
Asset Management	590	(130)	460	595	(97)	498	609
Private Banking	321	(85)	236	323	(65)	258	124
Boursorama (4)	49	(11)	38	67*	(7)*	60*	5*
Securities Services	5	(5)	–	9*	(9)*	–	–
Corporate Center and other	**7**	**(1)**	**6**	**3**	**(3)**	**–**	**1**
Total	**2,881**	**(775)**	**2,106**	**2,758**	**(608)**	**2,150**	**2,154**

** Amounts restated in relation to those given in 2002 and 2003 annual reports.*

(1) Current and exceptional amortizations expenses are assigned to the Corporate Center.

(2) The change over 2004 in gross goodwill booked by Retail Banking outside France is essentially due to:
– the acquisition of the General Bank of Greece (GBG) in the second quarter of 2004,
– the impact of currency translation on goodwill booked in foreign currencies,
– the acquisition of an additional 7.32% stake in the capital of Banque Roumaine pour le Développement in the fourth quarter of 2004.

(3) The change over 2004 in gross goodwill booked by specialized subsidiaries is essentially due to:
– the acquisition of SG Fimans AS Norway (formerly Elcon) in the third quarter of 2004.
– the consolidation of Rusfinance in the fourth quarter of 2004.

(4) The goodwill on Selftrade, which merged with Boursorama in 2003, was revised in the fourth quarter of 2004.

Note 11
Accruals, other accounts receivable and other assets

In millions of euros at December 31	2004	2003	2002
Other assets			
Miscellaneous receivables	17,786	14,106*	12,607
Premiums on options purchased	32,555	21,441	21,481
Settlement accounts on securities transactions	1,903	3,934	2,192
Other assets	1,021	759	1,148
Other insurance assets	390	323	212
Sub-total	**53,655**	**40,563**	**37,640**
Accruals and similar			
Prepaid expenses	546	524	400
Accrued income	1,890	2,572*	2,724
Deferred taxes (1)	192	90	–
Other (2)	14,527	13,013	18,952
Sub-total	**17,155**	**16,199**	**22,076**
Gross amount	**70,810**	**56,762**	**59,716**
Provisions for possible losses	(167)	(214)	(221)
Net amount	**70,643**	**56,548**	**59,495**

** Amounts restated in relation to those given in 2003 annual report.*

(1) Breakdown of deferred tax by category

In millions of euros at December 31 2004	Deferred income tax assets	Deferred income tax liabilities
Timing differences related to:		
Inner reserve arising from lease financing transactions		*722*
Results of partnerships		*187*
Reassessment reserves (Note 1)		*17*
Others (principally relating to the deductibility of provisions)	1,118	
Total	**1,118**	**926**

(2) Other accruals mainly comprise foreign currency debit adjustment accounts, bonds discounts at issuance or redemption of bonds and similar securities, and the profits on revaluation of forward financial instruments.

Note 12
Due to banks

In millions of euros at December 31	2004	2003	2002
Demand deposits			
Demand deposits and current accounts.	19,018	17,582	12,311
Borrowings secured by overnight notes	–	–	43
Sub-total	**19,018**	**17,582**	**12,354**
Term deposits			
Term deposits and borrowings	49,045	46,309	37,508
Borrowings secured by notes and securities	144	312	245
Sub-total	**49,189**	**46,621**	**37,753**
Related payables	345	324	395
Securities sold under repurchase agreements	23,809	19,081	18,737
Total	**92,361**	**83,608**	**69,239**

Note 13
Customer deposits

In millions of euros at December 31	2004	2003	2002
Special savings accounts			
Demand	25,188	21,587	18,287
Term	21,471	21,874	21,775
Sub-total	**46,659**	**43,461**	**40,062**
Other demand deposits			
Businesses and sole proprietors	31,898	29,650	24,866
Individual customers	26,077	23,745	21,594
Financial institutions	9,570	10,705	5,753
Other	7,071	4,184	5,303
Sub-total	**74,616**	**68,284**	**57,516**
Other term deposits			
Businesses and sole proprietors	19,156	25,783	25,051
Individual customers	11,797	10,213	10,988
Financial institutions	17,458	5,797	12,309
Other	3,847	5,717	5,902
Sub-total	**52,258**	**47,510**	**54,250**
Related payables	1,007	951	949
Total customer deposits (1)	**174,540**	**160,206**	**152,777**
Borrowings secured by notes and securities	1,626	3,229	2,210
Securities sold to customers under repurchase agreements	37,267	32,655	41,098
Total	**213,433**	**196,090**	**196,085**

(1) Entities acquired in 2004 accounted for EUR 2,315 million in customer deposits.

Note 14
Securitized debt payables

In millions of euros at December 31	2004	2003	2002
Term savings certificates.	772	841	881
Bond borrowings	5,111	4,607	5,253
Related payables	31	84	185
Sub-total	**5,914**	**5,532**	**6,319**
Interbank certificates and negotiable debt instruments	91,376	77,052	71,104
Related payables	440	333	454
Total	**97,730**	**82,917**	**77,877**

Note 15
Underwriting reserves of insurance companies

In millions of euros at December 31	2004	2003	2002
Unit-linked policy underwriting reserves	14,797	14,149	13,400
Life insurance underwriting reserves	31,890	26,882	22,262
Non-life insurance underwriting reserves	141	133	98
Total	**46,828**	**41,164**	**35,760**

Note 16
Accruals, other accounts payable and other liabilities

In millions of euros at December 31	2004	2003	2002
Transactions on securities			
Amounts payable for borrowed securities	8,523	8,611	6,640
Other amounts due for securities	28,880	32,575	24,272
Sub-total	**37,403**	**41,186**	**30,912**
Other liabilities			
Miscellaneous payables	15,665	13,927	12,627
Premiums on sold options	34,853	23,699	21,700
Settlement accounts on securities transactions	1,826	3,901	2,975
Other securities transaction	121	70	51
Related payables	148	227	180
Other insurance liabilities	78	73	84
Sub-total	**52,691**	**41,897**	**37,617**
Accruals and similar			
Accrued expenses	3,893	3,858	4,148
Deferred taxes	–	–	89
Deferred income	1,884	2,014	2,358
Other (1)	15,375	8,771	12,643
Sub-total	**21,152**	**14,643**	**19,238**
Total	**111,246**	**97,726**	**87,767**

(1) This item mainly includes foreign currency credit adjustment accounts and the losses on revaluation of forward financial instruments.

Note 17
Provisions and reserves

In millions of euros at December 31	2004	2003	2002
Provisions for possible losses charged against assets			
Banks	77	94	114
Customer loans	6,275	6,497	6,894*
Lease financing agreements	244	250	182
Other	245	302	263
Sub-total	**6,841**	**7,143**	**7,453**
Provisions for general risks and commitments booked as a liability			
Prudential general country risk reserve *(Note 1)*	432	453	465
Commitments made to banks	6	6	4
Commitments made to customers	221	273	327*
Sectoral provisions and other (1)	572	558	277*
Provisions for other risks and commitments	1,811	1,559	1,401*
Sub-total	**3,042**	**2,849**	**2,474**
Total provisions (excluding securities) (2)	**9,883**	**9,992**	**9,927**
Provisions on securities	1,171	1,816	1,862
Provisions on investments of insurance companies	8	2	10
Total provisions (3)	**11,062**	**11,810**	**11,799**

** Amounts restated in relation to those given in 2002 annual report.*

(1) As of January 1, 2003, all sectoral provisions that cannot be assigned to a single non-performing loan have been grouped in a specific account. The financial statements as of December 31, 2002 were restated accordingly for the purpose of comparison. These provisions were charged against the assets side of the balance sheet in the amount of EUR 176 million or were carried on the liabilities side of the balance sheet in the amount of EUR 101 million (EUR 71 million in off-balance sheet items for commitments made to customers and EUR 30 million in provisions for risks and commitments).

(2) The change in risk reserves breaks down as follows:

In millions of euros at December 31	2003	Net allocations	Other income statement balances (5)	Used provisions	Change in scope and exchange rates	2004
Prudential country risk reserve	453	6	–	–	(27)	432
Provisions for identified risks	7,980	328	32	(839)	139	7,640
Provisions for general risks and commitments (4)	1,559	101	187	(135)	99	1,811
Total	**9,992**	**435**	**219**	**(974)**	**211**	**9,883**

(3) 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.

(4) Analysis of provisions for general risks and commitments:

In millions of euros at December 31	2003	Net allocations	Other income statement balances (5)	Used provisions	Change in scope and exchange rates	2004
Provisions for pensions and other post-retirement benefits	302	–	16	–	23	341
Provisions for restructuring costs and litigation expenses	179	–	26	(3)	1	203
Provisions for tax adjustments	304	–	71	(11)	(1)	363
Provisions for forward financial instruments	107	–	70	(4)	(36)	137
Other provisions for risks and litigation	667	101	4	(117)	112	767
Total	**1,559**	**101**	**187**	**(135)**	**99**	**1,811**

(5) 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

Currency issue	Outstanding	2005	2006	2007	2008	2009	Beyond 2009	Undated
Subordinated Capital notes								
EUR	8,421	566	274	547	122	314	6,281	317
USD	1,824	261	588	–	–	–	272	703
GBP	993	–	–	–	–	–	851	142
Other currencies	336	21	45	–	54	–	–	216
Sub-total	**11,574**	**848**	**907**	**547**	**176**	**314**	**7,404**	**1,378**
Dated subordinated debt								
EUR	29	–	–	–	–	–	9	20
USD	56	–	–	–	–	–	30	26
Other currencies	2	–	–	2	–	–	–	–
Sub-total	**87**	**–**	**–**	**2**	**–**	**–**	**39**	**46**
Related payables	269	–	–	–	–	–	–	269
Total	**11,930**	**848**	**907**	**549**	**176**	**314**	**7,443**	**1,693**

Note 19
Commitments granted

In millions of euros at December 31	2004	2003	2002
Loan commitments			
to banks	6,067	5,988*	10,578*
to customers (1)	98,134	93,288*	80,544*
Total	**104,201**	**99,276**	**91,122**
Guarantee commitments			
on behalf of banks	1,739	2,340	4,999*
on behalf of customers (1) (2)	48,570	43,996	39,591*
Total	**50,309**	**46,336**	**44,590**

** Amounts restated in relation to those given in 2002 and 2003 annual reports.*

(1) As at December 31, 2004, credit lines and guarantee commitments granted to securitization vehicles and other special purpose vehicles amounted to EUR 21.4 billion and EUR 0.7 billion respectively.

(2) Including capital and performance guarantees given to the holders of units in mutual funds managed by entities of the Group.

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, 2004, there were six non-consolidated vehicles (Barton, Antalis, Asset One, Homes, ACE, PACE) 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 15,053 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 692 million. Furthermore, the Group has granted these vehicles liquidity lines in the amount of EUR 21,369 million on this date.

Use of credit derivatives

■ Guarantee commitments granted

Credit derivatives account for a marginal part of the hedging sales activity.

■ Guarantee commitments received

The Group uses credit derivatives in the management of its loan portfolio. They are primarily used to manage the concentration of our outstanding corporate loans. This reduces exposure to certain counterparties.

The notional amounts of credit derivatives purchased for this purpose are recorded under off-balance sheet commitments received. They are almost exclusively hedging positions. In nominal terms, EUR 6.5 billion in credit default swaps (CDS) were purchased at the end of December 2004 with an average residual maturity of 2.9 years (hedging positions).

■ *Trading*

Credit derivatives are also purchased and sold for trading purposes. Nominal amounts are not relevant to assess the level of risk for these activities, which are monitored using the VaR method.

Note 20
Foreign exchange transactions

In millions of euros at December 31	2004 Assets	2004 Liabi-lities	2004 Currencies bought, not yet received	2004 Currencies sold, not yet delivered	2003 Assets	2003 Liabi-lities	2003 Currencies bought, not yet received	2003 Currencies sold, not yet delivered	2002 Assets	2002 Liabi-lities	2002 Currencies bought, not yet received	2002 Currencies sold, not yet delivered
EUR	373,481	358,666	79,122	101,956	330,871	326,459	59,950	72,928	302,842*	288,050*	60,921	86,421
USD	136,550	158,138	187,736	161,378	126,962	140,756	146,595	129,541	124,273*	143,038*	166,817	143,769
GBP	16,181	18,026	31,268	31,948	18,563	19,484	29,389	28,369	16,147	16,295	28,503	26,865
JPY	15,114	10,699	38,528	41,726	14,817	8,493	22,378	28,988	12,894	8,285	23,719	28,070
Other currencies	59,763	55,560	70,442	71,838	48,174	44,195	60,550	61,609	45,236*	45,724*	69,449	66,676
Total	**601,089**	**601,089**	**407,096**	**408,846**	**539,387**	**539,387**	**318,862**	**321,435**	**501,392**	**501,392**	**349,409**	**351,801**

** Amounts restated in relation to those given in 2002 annual report.*

Note 21
Forward financial instrument commitments

In millions of euros at December 31	Fair Value at December 31, 2004 Assets	Fair Value at December 31, 2004 Liabilities	Trading transactions	Hedging transactions	Total commitments 2004	Total commitments 2003	Total commitments 2002
FIRM TRANSACTIONS							
Transactions on organized markets							
– Interest rate futures	0	0	578,752	2,351	581,103	423,121	416,207
– Currency futures	5,218	5,181	15,896	3,197	19,093	3,225	3,166
– Other forward contracts	5,447	4,666	247,313	66	247,379	136,210	71,456
OTC agreements							
– Interest rate swaps	68,731	69,427	3,297,215	88,695	3,385,910	2,750,728	2,831,911
– Currency financing swaps	54	38	131,470	2,698	134,168	116,083	101,782
– Forward Rate Agreements (FRA)	248	216	394,951	570	395,521	340,796	303,146
– Other	1,016	1,241	12,990	26,169	39,159	47,808	41,725
OPTIONS							
– Interest rate options	8,474	8,597	1,398,912	54,500	1,453,412	1,217,546	1,021,073
– Currency options	3,002	2,393	179,122	402	179,524	102,087	94,424
– Options on stock exchange indices and equities	19,035	22,130	326,426	11,900	338,326	363,016	255,386
– Other	3,047	3,480	82,312	39	82,351	46,379	47,477
Total	**114,272**	**117,369**	**6,665,359**	**190,587**	**6,855,946**	**5,546,999**	**5,187,753**

Credit risk equivalent

The credit risk equivalent on these transactions determined in accordance with the methods recommended by the Basel Committee for the calculation of the international solvency ratio, breaks down as follows:

In millions of euros at December 31	2004	2003	2002
OECD member governments and central banks	758	717	369
OECD member banks and local authorities	15,786	14,282	16,414
Customers	8,825	7,938	8,535
Non-OECD member banks and central banks	590	447	420
Total (including netting agreements)	**25,959**	**23,384**	**25,738**

Bilateral netting agreements reduced the credit risk equivalent by EUR 71,687 million at December 31, 2004 versus EUR 59,994 million at December 31, 2003 and EUR 66,701 million at December 31, 2002.

Remaining term of the notional amounts of commitments

In millions of euros at December 31	0-1 year	1-5 years	Over 5 years	Total
Interest rate swaps	2,160,419	731,975	493,516	3,385,910
Currency financing swaps	58,314	66,607	9,247	134,168
Interest rate futures	898,469	77,810	345	976,624
Foreign exchange futures	18,949	144	–	19,093
Other firm instruments	159,080	117,597	9,861	286,538
Interest rate options	480,072	931,538	41,802	1,453,412
Foreign exchange options	162,957	14,897	1,670	179,524
Other options	351,944	61,771	6,962	420,677
Total	**4,290,204**	**2,002,339**	**563,403**	**6,855,946**

Note 22
Breakdown of assets and liabilities by term to maturity

In millions of euros at December 31	0-3 months	3 months - 1 year	1-5 years	Over 5 years	Inter-company eliminations	Total
ASSETS						
Transactions with banks						
Due from banks	213,879	31,787	41,467	36,311	(257,330)	**66,114**
Transactions with customers						
Customer loans	99,906	26,366	72,715	49,414	(38,562)	**209,839**
Lease financing and similar agreements	1,869	3,152	10,745	4,870	–	**20,636**
Bonds and other debt securities						
Trading securities	18,045	46,875	876	264	(22,737)	**43,323**
Short-term investment securities	1,715	6,360	12,962	4,812	(13,797)	**12,052**
Long-term investment securities	549	2,270	6,237	11,369	(961)	**19,464**
LIABILITIES						
Transactions with banks						
Due to banks	241,626	33,912	49,561	40,145	(272,883)	**92,361**
Transactions with customers						
Customer loans	180,911	8,497	23,986	19,189	(19,150)	**213,433**
Securitized debt payables	57,556	24,514	28,236	23,395	(35,971)	**97,730**

Note 23
Consolidated cash flow statement

In millions of euros	Uses	Sources
Cash flow		3,993
Dividends paid	1,199	
Net Cash Flow (a)		**2,794**
Capital increase		358
Treasury stock decrease/increase	896	163
Subordinated debt decrease/increase	471	1,352
Capital transactions (b)		**506**
(I) – Long-term funds (a) + (b)		**3,300**
Cost of investment in newly consolidated affiliates	312	
Purchase/proceeds from sale of affiliates and other long-term investments	279	1,769
Purchase/proceeds from sale of fixed assets	1,755	471
(II) – Net cash inflow/(outflow) from investing activities	**106**	
(I) – (II) Change in working capital		**3,194**
Interbank activities and cash		15,886
Customer loans	20,861	
Customer deposits		14,208
Securities activities	14,130	
Bond debt		451
Forward financial instrument commitments		1,319
Lease financing activities	1,268	
(III) – Net cash inflow/(outflow) from banking activities	**4,395**	
Insurance investments	6,132	
Insurance deposits		5,656
(IV) – Cash inflow/(outflow) from non banking activities	**476**	
(V) – Other		**1,677**
(III) + (IV) – (V) Change in cash inflow/(outflow) from operating activities	**3,194**	

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	2004	2003	2002
Transactions with central banks, post office accounts and banks	1,578	1,461*	2,090
Net premiums and discounts	78	75	77
Total interest income	**1,656**	**1,536**	**2,167**
Transactions with central banks, post office accounts and banks	(2,356)	(2,592)	(3,382)
Total interest expenses	**(2,356)**	**(2,592)**	**(3,382)**
Securities purchased under resale agreements and loans secured by notes and securities	2,409	1,744	2,112
Securities sold under repurchase agreements and borrowings secured by notes and securities	(2,493)	(2,004)	(2,121)
Net interest income from transactions with banks	**(784)**	**(1,316)**	**(1,224)**

** Amounts restated in relation to those given in 2003 annual report.*

Note 25
Interest income and expenses from transactions with customers

In millions of euros at December 31	2004	2003	2002
Trade notes	690	660	693
Other customer loan			
– Short-term loans	2,237	2,173	2,583
– Export loans	211	242	524
– Equipment loans	1,621	1,552	1,489
– Mortgage loans	2,187	2,040	1,918
– Other loans	1,055	1,010	1,079
Sub-total	**7,311**	**7,017**	**7,593**
Overdrafts	626	684	779
Net premiums and discounts	(27)	(9)	(22)
Total interest income	**8,600**	**8,352**	**9,043**
Special savings accounts	(1,224)	(1,276)	(1,298)
Other deposits	(2,076)	(1,806)	(2,510)
Total interest expenses	**(3,300)**	**(3,082)**	**(3,808)**
Securities purchased under resale agreements and loans secured by notes and securities	1,544	1,698	1,593
Securities sold under repurchase agreements and borrowings secured by notes and securities	(2,407)	(2,594)	(2,604)
Net interest income from transactions with customers	**4,437**	**4,374**	**4,224**

Note 26
Net income from lease financing and similar agreements

In millions of euros at December 31	2004	2003	2002
Real estate lease financing agreements	267	311	305
Equipment lease financing agreements	531	565	421
Lease-purchase and similar agreements	874	612	648
Net total	**1,672**	**1,488**	**1,374**

Note 27
Dividend income

In millions of euros at December 31	2004	2003	2002
Dividends from shares and other equity securities	217	393	92
Dividends from investments in non-consolidated subsidiaries and affiliates and other long-term securities	179	189	199
Total (1)	**396**	**582**	**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	2004	2003	2002
Fee income from:			
Transactions with banks	145	123	93
Transactions with customers	1,658	1,575	1,353
Securities transactions	2,542	2,170	2,513
Primary market transactions	224	222	171
Foreign exchange transactions and forward financial instruments	509	428	520
Loan and guarantee commitments	459	482	454
Services and other	1,601	1,507	1,374
Sub-total	**7,138**	**6,507**	**6,478**
Fee expense on:			
Transactions with banks	(164)	(154)	(153)
Securities transactions	(381)	(293)	(368)*
Foreign exchange transactions and forward financial instruments	(382)	(347)	(411)
Loan and guarantee commitments	(340)	(123)	(125)
Other	(602)	(506)	(428)
Sub-total	**(1,869)**	**(1,423)**	**(1,485)**
Net total (1)	**5,269**	**5,084**	**4,993**
(1) Net fee income breaks down by type of service, as follows:			
– banking services and advisory	2,413	2,342	2,078
– guarantees and endorsements	118	358	330
– issuance	224	222	171
– asset management and life insurance	1,920	1,655	1,770
– brokerage and other	594	507	644*

** As of January 1, 2003, commissions paid to brokers who are considered to have the same status as salaried employees, which were previously booked as fees and commisions directly charged against Net Banking Income are recognized under personnal expenses. The commissions have been restated in the financial statements as of December 31, 2002 in the amount of EUR 119 million.*

Note 29
Net income from financial transactions

In millions of euros at December 31	2004	2003	2002
Net income from the trading portfolio			
Net income from operations on trading securities	3,854	4,615	(4,959)
Net income from forward financial instruments	(601)	(2,536)*	7,528
Net income from foreign exchange transactions	826	1,514	769
Sub-total (1)	**4,079**	**3,593**	**3,338**
Net income from short-term investment securities			
Gains on sale	338	172	145
Losses on sale	(417)	(98)	(128)
Net reversal of provisions	177	23	26
Sub-total	**98**	**97**	**43**
Net income from shares intended for portfolio activity			
Gains on shares intended for portfolio activity	12	(20)	(31)
Net allocation to provisions for portfolio activity	28	40	(87)
Sub-total	**40**	**20**	**(118)**
Net total	**4,217**	**3,710**	**3,263**

** Amounts restated in relation to those given in 2003 annual report.*

(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	2004	2003	2002
Earned premiums	7,448	6,524	5,398
Cost of benefits (including change in reserves)	(7,210)	(6,236)	(5,150)
Net income from investments	338	151	172
Other technical income and expenses	(348)	(302)	(287)
Reclassification of operating expenses	(125)	(92)	(82)
Total	**103**	**45**	**51**

The gross margin of 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	2004	2003	2002
Contribution to NBI before elimination of intercompany transactions	593	465	449
Elimination of intercompany transactions (1)	222	159	165
Contribution to NBI after elimination of intercompany transactions	371	306	284

(1) 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	2004	2003	2002
Net income from real estate development	40	30	45
Net income from real estate investments (1)	39	227	38
Net income from other activities	23	27	16
Total	**102**	**284**	**99**

(1) Net income from real-estate investments in the 2003 financial year includes a capital gain of EUR 189 million from the sale of the Paris Trocadéro building.

Note 32
Personnel expenses

In millions of euros at December 31	2004	2003	2002
Employee compensation (1)	4,626	4,431	4,428*
Social security benefits and payroll taxes (1)	1,772	1,657	1,537
Employee profit sharing and incentives (3)	205	235	214
Total	**6,603**	**6,323**	**6,179**
Average staff (2)	**93,359**	**90,040**	**88,278**
In France	51,753	51,349	50,689
Outside France	41,606	38,691	37,589

** As of January 1, 2003, commissions paid to brokers who are considered to have the same status as salaried employees which were previously booked as fees and commisions directly charged against Net Banking Income are recognized under personnal expenses.*
Personnel expenses have been restated in the financial statements as of December 31, 2002 in the amount of EUR 119 million.

(1) Of which EUR 1,628 million for bonuses at December 31, 2004 (EUR 1,560 million at December 31, 2003 and EUR 1,310 million at December 31, 2002).
(2) Including temporary staff. The average headcount of newly acquired entities is not broken down on a pro rata basis over the holding period. Acquisitions in 2004 account for 2,707 staff.
(3) Analysis of personnel expenses for the last five years:

In millions of euros at December 31	2004	2003	2002	2001	2000
Société Générale (4)					
Profit sharing	–	15 (5)	(1)	1	52
Incentives	50	49	62	50	55
Employer contribution	72	72	74	67	62
Sub-total	**122**	**136**	**135**	**118**	**169**
Subsidiaries	83	99	79	66	70
Total	**205**	**235**	**214**	**184**	**239**

(4) Including SOGENAL in 2001.
(5) Provision for profit sharing.

Remuneration of members of the Board of Directors and Chief Executive Officers

Total attendance fees paid in February 2005 to the Company' directors for the 2004 financial year amounted to EUR 0.65 million. The remuneration paid in 2004 to the Chief Executive Officers amounted to EUR 4.35 million (including EUR 2.77 million in the form of performance-linked bonuses for the 2003 financial year).

Note 33
Cost of risk

In millions of euros at December 31	2004	2003	2002
Net allocation to provisions for identified risks			
Provisions for identified risks	(328)	(948)	(1,243)
Provisions for risks and charges	(101)	(83)	(18)
Losses not covered by provisions and amounts recovered on write-offs	(106)	(144)	(101)
Sub-total	**(535)**	**(1,175)**	**(1,362)**
Net allocation to general country risk reserves	(6)	(51)	61
Net allocation to provisions for receivables and commitments	**(541)**	**(1,226)**	**(1,301)**

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) 2004	2003	2002
Non-financial companies						
Chesapeake Holding (CHC)	36.35	Structured finance	(68)	9	9	12
SIFA [(1)]	–	Portfolio management	–	–	–	4
Géodis [(2)]	16.63	Industrial and commercial company	(8)	9	5	(13)
Property companies of the Sogéprom group		Property companies	28	14	7	7
Other [(4)]			(3)	–	–	–
Sub-total			**(51)**	**32**	**21**	**10**
Financial companies						
Sophia [(3)]	–	Property company	–	–	9	24
United Arab Bank	20.00	Bank	10	4	4	4
Companies of the SG Investment UK group [(5)]	–	Industrial and commercial companies	4	4	–	–
Other [(4)]			15	2	9	10
Sub-total			**29**	**10**	**22**	**38**
Total			**(22)**	**42**	**43**	**48**

* *Including the Group's 2004 earnings.*

(1) Exchange transaction in the second half of 2002 with the full stake exchanged for 100% of the capital of Fontanor II, which is now fully consolidated.
(2) In the second half of 2004, the Group sold 10.54% of its stake in Géodis.
(3) A company sold in February 2004 as part of the public offer launched by GE Real Estate Investissement France, a subsidiary of General Electric.
(4) Includes notably subsidiaries sub-consolidated by Komercni Banka (MPSS) and Crédit du Nord.
(5) Includes companies held by the Infrastructure Principal Finance Fund.

Note 35
Net income from long-term investments

In millions of euros at December 31	2004	2003	2002
Long-term investment securities			
Net capital gains (or losses) on sale	2	4	47
Net allocation to provisions	1	–	–
Sub-total	**3**	**4**	**47**
Investments in non-consolidated subsidiaries and affiliates			
Gains on sale [(1)]	275	466	744*
Losses on sale [(1)]	(79)	(48)	(268)*
Net allocation to provisions	(95)	(47)	(827)*
Sub-total	**101**	**371**	**(351)**
Operating fixed assets			
Gains on sale	25	37	33
Losses on sale	(10)	(15)	(28)
Sub-total	**15**	**22**	**5**
Net total	**119**	**397**	**(299)**

* *Amounts restated in relation to those given in 2002 annual report.*

(1) Capital gains or losses on disposals are calculated using the net book value of the shares sold, including the write-back of provisions booked at the end of the previous financial period if applicable.

Note 36
Exceptional items

In millions of euros at December 31	2004	2003	2002
Exceptional gains	2	2	13
Exceptional losses	(50)	(48)	(183)
Net total	**(48)**	**(46)**	**(170)**

Breakdown of exceptional items

In millions of euros at December 31	2004	2003	2002
Provision booked to cover the fraud affecting Cowen's former private client brokerage division (1)	(28)	(46)	(159)
Change in estimate of income invoiced for maintenance services provided in connection with operating leasing activities (2)	(20)	–	–
Provisions for costs linked to introduction of the single European currency and Y2K	–	–	(9)
Contribution by French banks to the Compensation Fund and to "Fondation du Souvenir des victimes de la Shoah"	–	–	(2)

(1) 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, December 31, 2003 and December 31, 2004.

(2) The accounting treatment of income invoiced for maintenance services provided in connection with leasing activities aims to show a constant margin on these products in relation to the expenses incurred, over the duration of the leasing contract. The harmonization of the models used within the Group to calculate income to be deferred under this treatment resulted in a change in this estimate. The impact of this change was recognized in the form of an Exceptional loss of EUR 20 million in the first half of 2004, and the deferred tax income relative to this expense was booked under Income tax in the amount of EUR 7 million.

Note 37
Income tax

In millions of euros at December 31	2004	2003	2002
Current taxes	(1,341)	(1,194)	(767)
Deferred taxes	(57)	33	118
Total (1)	**(1,398)**	**(1,161)**	**(649)**

(1) The reconciliation of the difference between the Group's normative tax rate and its effective tax rate breaks down as follows:

In millions of euros at December 31	2004	2003	2002
Income before tax and net income from companies accounted for by the equity method	5,007	4,240	2,447
Normal tax rate applicable to French companies (including 3% and 3.3% tax surcharges)	35.4%	35.4%	35.4%
Permanent differences	–0.5%	–2.5%	–5.7%*
Differential on items taxed at reduced rate	–1.1%	–0.7%	2.7%
Tax rate differential on profits taxed outside France	–3.3%	–3.4%	–5.2%
Impact of non-deductible losses for the period and use of losses carried forward	–2.6%	–1.4%	–0.6%*
Effective tax rate	**27.9%**	**27.4%**	**26.6%**

** Amounts restated in relation to those given in 2002 annual report.*

Note 38
Income statement by core business

In millions of euros at December 31	Retail Banking			Global Investment & Management Services			Corporate & Investment Banking			Corporate Center			Group		
	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002	2004	2003	2002
Net banking income	9,685	8,980	8,447	2,266	1,983	1,982	4,697	4,734	4,365	(232)	(60)	(221)	16,416	15,637	14,573
Operating expenses	(6,346)	(5,983)	(5,694)	(1,631)	(1,511)	(1,480)	(2,887)	(2,913)	(3,139)	(103)	(161)	(213)	(10,967)	(10,568)	(10,526)
Gross operating income	**3,339**	**2,997**	**2,753**	**635**	**472**	**502**	**1,810**	**1,821**	**1,226**	**(335)**	**(221)**	**(434)**	**5,449**	**5,069**	**4,047**
Cost of risk	(589)	(647)	(650)	(8)	(13)	(14)	60	(510)	(720)	(4)	(56)	83	(541)	(1,226)	(1,301)
Net income from companies accounted for by the equity method	5	13	14	–	–	–	28	17	18	9	13	16	42	43	48
Net income from long-term investments	33	6	21	2	(10)	(9)	16	27	24	68	374	(335)	119	397	(299)
Earnings before exceptional items and tax	**2,788**	**2,369**	**2,138**	**629**	**449**	**479**	**1,914**	**1,355**	**548**	**(262)**	**110**	**(670)**	**5,069**	**4,283**	**2,495**
Exceptional items	–	–	–	–	–	–	–	–	–	(48)	(46)	(170)	(48)	(46)	(170)
Income tax	(955)	(805)	(723)	(193)	(138)	(153)	(449)	(295)	(57)	199	77	284	(1,398)	(1,161)	(649)
Amortization of goodwill	–	–	–	–	–	–	–	–	–	(186)	(217)	(184)	(186)	(217)	(184)
Net reversal from General Reserve for Banking Risks	–	–	–	–	–	–	–	–	–	28	(104)	159	28	(104)	159
Net income before minority interests	**1,833**	**1,564**	**1,415**	**436**	**311**	**326**	**1,465**	**1,060**	**491**	**(269)**	**(180)**	**(581)**	**3,465**	**2,755**	**1,651**
Minority interests	(218)	(187)	(172)	(44)	(21)	(16)	(6)	(8)	(21)	(72)	(47)	(45)	(340)	(263)	(254)
Net income	**1,615**	**1,377**	**1,243**	**392**	**290**	**310**	**1,459**	**1,052**	**470**	**(341)**	**(227)**	**(626)**	**3,125**	**2,492**	**1,397**

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 the 2002 and 2003 annual reports due notably to internal transfers.

Note 39
Geographical breakdown of net banking income*

In millions of euros at December 31	France	Europe	Americas	Asia	Africa	Oceania	Total
Net interest and similar income (1)	2,050	2,357	1,496	65	346	99	6,413
Net fee income	3,085	839	998	153	168	26	5,269
Net income from financial transactions	3,558	314	(34)	350	33	(4)	4,217
Other net operating income	258	233	5	4	18	(1)	517
Net banking income	**8,951**	**3,743**	**2,465**	**572**	**565**	**120**	**16,416**

** Geographical regions 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*	Group ownership interest 2004	Group ownership interest 2003	Group voting interest 2004	Group voting interest 2003
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
BFCOI	France	FULL	50.00	50.00	50.00	50.00
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
Groupama Banques	France	PROP	40.00	40.00	40.00	40.00
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
Euro VL (1)	France	FULL	100.00	100.00	100.00	100.00
IEC	France	FULL	100.00	100.00	100.00	100.00
Lyxor Asset Management	France	FULL	100.00	100.00	100.00	100.00
Lyxor International Asset Management	France	FULL	100.00	100.00	100.00	100.00
Lyxor Strategium N° 1 (2)	France	FULL	100.00	0	100.00	0
Nofirec (1)	France	FULL	100.00	100.00	100.00	100.00
Pargesfonds	France	FULL	100.00	100.00	100.00	100.00
Primafair SAS	France	FULL	100.00	100.00	100.00	100.00
SG Asset Management	France	FULL	100.00	100.00	100.00	100.00
SGAM AI	France	FULL	100.00	100.00	100.00	100.00
SGAM Finance (1)	France	FULL	100.00	100.00	100.00	100.00
SGAM HDG Investment (3)	France	FULL	100.00	–	100.00	–
SGOP (4)	France	FULL	–	100.00	–	100.00
Specialized financing						
Airbail	France	FULL	100.00	100.00	100.00	100.00
Ipersoc SAS	France	FULL	100.00	100.00	100.00	100.00
Bull Finance	France	FULL	51.35	51.35	51.35	51.35
Cafirec	France	FULL	100.00	100.00	100.00	100.00
Cofranteg	France	FULL	100.00	100.00	100.00	100.00
Compagnie Générale de Location d’Équipements (1)	France	FULL	99.73	99.73	99.73	99.73
Dalarec	France	FULL	100.00	100.00	100.00	100.00
Diebold Computer Leasing	France	FULL	100.00	100.00	100.00	100.00
Evalparts (2)	France	FULL	100.00	–	100.00	–
Fenwick Lease	France	FULL	100.00	100.00	100.00	100.00
Fontanor (1)	France	FULL	100.00	100.00	100.00	100.00
Franfinance (1)	France	FULL	99.99	99.99	99.99	99.99
Franfinance Location	France	FULL	99.99	99.99	100.00	100.00
French Supermarkets 1 (2)	France	FULL	100.00	–	100.00	–
Génécal	France	FULL	89.08	75.01	89.08	75.01
Génécomi	France	FULL	56.52	72.43	56.52	72.43
Haoroa SAS (2)	France	FULL	100.00	–	100.00	–
Linden SAS	France	FULL	100.00	100.00	100.00	100.00
Locaplan SA (6)	France	FULL	–	100.00	–	100.00
Orpavimob SA	France	FULL	100.00	100.00	100.00	100.00
Promopart	France	FULL	100.00	100.00	100.00	100.00

** FULL: full consolidation - PROP: proportionate consolidation - EQUITY: equity method.*

Companies included in the consolidation scope

At December 31	Country	Method*	Group ownership interest 2004	Group ownership interest 2003	Group voting interest 2004	Group voting interest 2003
Rusfinance SAS (2)	France	FULL	51.01	–	51.01	–
Sagem Lease (2)	France	FULL	100.00	–	100.00	–
SCP Clémence	France	FULL	100.00	100.00	100.00	100.00
SCP Cygne	France	FULL	100.00	100.00	100.00	100.00
SCP de la Prose	France	FULL	100.00	100.00	100.00	100.00
SCP Muscade	France	FULL	100.00	100.00	100.00	100.00
SCP Philibert	France	FULL	100.00	100.00	100.00	100.00
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 Athena Investissements	France	FULL	100.00	100.00	100.00	100.00
SNC Cofininvest	France	FULL	100.00	100.00	100.00	100.00
SNC Distinvest	France	FULL	100.00	100.00	100.00	100.00
SNC Finovadis	France	FULL	100.00	100.00	100.00	100.00
SNC Fininva	France	FULL	100.00	100.00	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
SNC Sirius (2)	France	FULL	100.00	–	100.00	–
Sofinabail	France	FULL	100.00	100.00	100.00	100.00
SAS IPF	France	FULL	100.00	100.00	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	France	FULL	100.00	100.00	100.00	100.00
Sogelease France	France	FULL	100.00	100.00	100.00	100.00
Solocvi	France	FULL	100.00	100.00	100.00	100.00
Temsys (1)	France	FULL	100.00	100.00	100.00	100.00
Valmyfin	France	FULL	100.00	100.00	100.00	100.00
Varoner 2	France	FULL	100.00	100.00	100.00	100.00
Portofolio management						
Aurelec	France	FULL	100.00	100.00	100.00	100.00
Ezépart	France	FULL	100.00	100.00	100.00	100.00
Finareg	France	FULL	100.00	100.00	100.00	100.00
Finecorp	France	FULL	100.00	100.00	100.00	100.00
Fonvalor2	France	FULL	100.00	100.00	100.00	100.00
Geforpat	France	FULL	100.00	100.00	100.00	100.00
Géné Act 1	France	FULL	100.00	100.00	100.00	100.00
Généfinance	France	FULL	100.00	100.00	100.00	100.00
SG Financial Services Holding (10)	France	FULL	100.00	100.00	100.00	100.00
Généinvestissement (7)	France	FULL	–	100.00	–	100.00
Généplus (7)	France	FULL	–	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	France	FULL	100.00	100.00	100.00	100.00
Salvépar (1)	France	FULL	51.42	51.42	51.42	51.42
SCI Foncière Défense	France	FULL	99.99	99.99	100.00	100.00
SG Capital Développement	France	FULL	100.00	100.00	100.00	100.00

** FULL: full consolidation - PROP: proportionate consolidation - EQUITY: equity method.*

Companies included in the consolidation scope

At December 31	Country	Method*	Group ownership interest 2004	Group ownership interest 2003	Group voting interest 2004	Group voting interest 2003
SGOP Holding [4]	France	FULL	–	100.00	–	100.00
SHTV Holding	France	FULL	100.00	100.00	100.00	100.00
Sivalparts	France	FULL	100.00	100.00	100.00	100.00
Sogéfim	France	FULL	100.00	100.00	100.00	100.00
Sogénal Participations	France	FULL	100.00	100.00	100.00	100.00
Sogéparts	France	FULL	100.00	100.00	100.00	100.00
Sogéparticipations (ex-Sogénal) [1]	France	FULL	100.00	100.00	100.00	100.00
Sogéplus [7]	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 [4]	France	FULL	–	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
Boursorama [1] [5]	France	FULL	71.03	71.01	71.03	71.01
SG Énergie [1]	France	FULL	100.00	100.00	100.00	100.00
Gaselys	France	PROP	49.00	49.00	49.00	49.00
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
Real estate and real estate financing						
Coprim [6]	France	FULL	–	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 [4]	France	FULL	–	100.00	–	100.00
SFCC [4]	France	FULL	–	99.99	–	99.99
Sogébail	France	FULL	45.33	44.26	47.11	46.79
Sogéprom [1]	France	FULL	100.00	77.56	100.00	69.99
Sophia [1] [8]	France	EQUITY	–	25.20	–	25.20
Sophia-bail	France	FULL	51.00	63.35	51.00	51.00
Services						
CGA	France	FULL	100.00	100.00	100.00	100.00
ECS [1]	France	FULL	100.00	100.00	100.00	100.00
Parel	France	FULL	100.00	100.00	100.00	100.00
Socogéfi	France	FULL	100.00	100.00	100.00	100.00
Group real estate management companies						
CFM [1]	France	FULL	100.00	100.00	100.00	100.00
Eléaparts	France	FULL	100.00	100.00	100.00	100.00
Génégis 1	France	FULL	100.00	100.00	100.00	100.00
Génégis 2	France	FULL	100.00	100.00	100.00	100.00
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	France	FULL	100.00	100.00	100.00	100.00

** FULL: full consolidation - PROP: proportionate consolidation - EQUITY: equity method.*

Companies included in the consolidation scope

At December 31	Country	Method*	Group ownership interest 2004	2003	Group voting interest 2004	2003
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 (1)	France	FULL	100.00	100.00	100.00	100.00
STIP	France	FULL	99.99	99.99	100.00	100.00
Valminvest	France	FULL	100.00	100.00	100.00	100.00
Insurance						
Génécar	France	FULL	100.00	100.00	100.00	100.00
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	58.32	51.00	58.32	51.00
General Bank of Greece (1) (2)	Greece	FULL	50.01	–	50.01	–
Komercni Banka (1)	Czech Republic	FULL	60.35	60.35	60.35	60.35
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 Private Banking (Suisse) (1)	Switzerland	FULL	77.62	77.62	77.62	77.62
SG Serbie Bank (2)	Serbia	FULL	100.00	–	100.00	–
SG Vostok (1)	Russia	FULL	100.00	100.00	100.00	100.00
SGBT Luxembourg (1)	Luxembourg	FULL	100.00	100.00	100.00	100.00
SGBT Monaco	Monaco	FULL	100.00	100.00	100.00	100.00
SKB Banka (1)	Slovenia	FULL	99.58	99.58	99.58	99.58
Société Générale Cyprus Ltd	Cyprus	FULL	51.00	51.00	51.00	51.00
Sogéparticipations Belgique (1)	Belgium	FULL	100.00	100.00	100.00	100.00
Financial companies						
Euro-VL Luxembourg	Luxembourg	FULL	100.00	100.00	100.00	100.00
SG Wertpapierhandelsgesellschaft Mbh (1)	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 (9)	Switzerland	FULL	–	100.00	–	100.00
Lightning Finance Company Ltd	Ireland	FULL	51.00	51.00	51.00	51.00
Lyxor Master Funds	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	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 (4)	Cyprus	FULL	–	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
Specialized financing						
Axus Belgium (1)	Belgium	FULL	100.00	100.00	100.00	100.00
Axus Danmark A/S	Denmark	FULL	100.00	100.00	100.00	100.00

** FULL: full consolidation - PROP: proportionate consolidation - EQUITY: equity method.*

Companies included in the consolidation scope

At December 31	Country	Method*	Group ownership interest 2004	Group ownership interest 2003	Group voting interest 2004	Group voting interest 2003
Axus Finland Oy	Finland	FULL	100.00	100.00	100.00	100.00
Axus Italiana SRL	Italy	FULL	100.00	100.00	100.00	100.00
Axus Nederland BV	Netherlands	FULL	100.00	100.00	100.00	100.00
Axus Norge AS	Norway	FULL	100.00	100.00	100.00	100.00
Axus Sverige AB	Sweden	FULL	100.00	100.00	100.00	100.00
Axus UK Limited (6)	Great Britain	FULL	–	100.00	–	100.00
Hertz Lease de Espana SA (6)	Spain	FULL	–	100.00	–	100.00
Montalis Investment BV (2)	Netherlands	FULL	100.00	–	100.00	–
Promopart SNC	Luxembourg	FULL	100.00	100.00	100.00	100.00
Sogega Pme SNC	Luxembourg	FULL	100.00	100.00	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) (1)	Germany	FULL	100.00	92.59	100.00	92.59
ALD Automotive Group PLC (GEFA-ALD Group) (1)	Great Britain	FULL	100.00	100.00	100.00	100.00
ALD International GmbH	Germany	FULL	100.00	100.00	100.00	100.00
ALD International SA	Germany	FULL	100.00	100.00	100.00	100.00
ALD Portugal	Portugal	FULL	100.00	100.00	100.00	100.00
Amber	Great Britain	FULL	100.00	100.00	43.80	100.00
ALD Automotive SA (Spain) (1)	Spain	FULL	100.00	100.00	100.00	100.00
SG Factoring Spa	Italy	FULL	100.00	100.00	100.00	100.00
Franfinance Leasing Italia Spa (GEFA-ALD Group)	Italy	FULL	100.00	100.00	100.00	100.00
SGEF SA & CO KG	Germany	FULL	100.00	100.00	100.00	100.00
FRANFINANCE Czech Republic s.r.o.	Czech Republic	FULL	100.00	100.00	100.00	100.00
Franfinance Polska Sp zoo (GEFA-ALD Group)	Poland	FULL	99.01	99.01	99.01	99.01
Fiditalia Spa	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
ALD Czech Republic	Czech Republic	FULL	100.00	100.00	100.00	100.00
Locat Rent S.P.A	Italy	PROP	50.00	50.00	50.00	50.00
OOO Rusfinance (2)	Russia	FULL	51.01	–	100.00	–
SGEF International GmbH (2)	Germany	FULL	100.00	–	100.00	–
SGEF Schweitz AG (2)	Switzerland	FULL	100.00	–	100.00	–
SG Finans AS Norway (2)	Norway	FULL	100.00	–	100.00	–
SG Holding de Valores y Participaciones	Spain	FULL	100.00	100.00	100.00	100.00
Sogelease BV Nederland	Netherlands	FULL	100.00	100.00	100.00	100.00
Brokers						
Fimat Switzerland AG (9)	Switzerland	FULL	–	100.00	–	100.00
Fimat London branch	Great Britain	FULL	100.00	100.00	100.00	100.00
Fimat Frankfurt branch	Germany	FULL	100.00	100.00	100.00	100.00
Fimat Madrid branch	Spain	FULL	100.00	100.00	100.00	100.00
Insurance						
Généras	Luxembourg	FULL	100.00	100.00	100.00	100.00
Inora Life	Ireland	FULL	100.00	100.00	100.00	100.00
Komercni Pojistovna	Czech Republic	FULL	60.35	60.35	100.00	60.35
Meteo Transformer (9)	Jersey	PROP	–	50.00	–	50.00
Sogelife	Luxembourg	FULL	100.00	100.00	100.00	100.00

** FULL: full consolidation - PROP: proportionate consolidation - EQUITY: equity method.*

Companies included in the consolidation scope

At December 31	Country	Method*	Group ownership interest 2004	Group ownership interest 2003	Group voting interest 2004	Group voting interest 2003
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	57.73	57.73	57.73
SG Banques en Côte-d'Ivoire (1)	Côte d'Ivoire	FULL	68.20	56.63	68.20	56.63
SG Marocaine de Banques (1)	Morocco	FULL	51.91	51.91	51.91	51.91
SGB Cameroun	Cameroon	FULL	58.08	58.08	58.08	58.08
SSB Bank Ghana	Ghana	FULL	51.00	51.00	51.00	51.00
United Arab Bank	United Arab Emirates	EQUITY	20.00	20.00	20.00	20.00
Union International de Banque	Tunisia	FULL	52.32	52.00	52.32	52.00
Specialized financing						
Sogelease Egypt (2)	Egypt	FULL	61.73	–	80.00	–
ALD Automotive Maroc (3)	Morocco	FULL	42.79	–	50.00	–
Sogelease Maroc	Morocco	FULL	71.15	71.15	100.00	100.00
Eqdom	Morocco	FULL	44.64	44.64	53.61	53.61
Insurance						
La Marocaine Vie	Morocco	FULL	73.44	70.15	87.07	82.83
The Americas						
Banks						
Banco Société Générale SA	Argentina	FULL	99.53	99.53	99.45	99.54
Banco Société Générale Brazil SA (1)	Brazil	FULL	100.00	100.00	100.00	100.00
SG Canada (1)	Canada	FULL	100.00	100.00	100.00	100.00
Financial companies						
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
SG Cowen Asset Management	United States	FULL	100.00	100.00	100.00	100.00
SG Warrants Limited	United States	FULL	100.00	100.00	100.00	100.00
SocGen Real Estate Company LLC	United States	FULL	50.31	50.31	100.00	100.00
TCW Group (1)	United States	FULL	66.54	60.90	86.83	60.90
Turquoise	Cayman Islands	FULL	100.00	100.00	100.00	100.00
Brokers						
Fimat 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	United States	FULL	100.00	100.00	100.00	100.00
Specialized financing						
Cousto Investments LP	United States	FULL	100.00	100.00	55.00	55.00
Makatea JV Inc.	United States	FULL	100.00	100.00	60.00	60.00
Mehetia Inc.	United States	FULL	100.00	100.00	51.00	51.00
Rexus LLC (2)	United States	FULL	100.00	–	70.83	–
SG Ariki Inc. (1)	United States	FULL	100.00	100.00	100.00	100.00
SG Astro Finance LP	United States	FULL	100.00	100.00	100.00	100.00

** FULL: full consolidation - PROP: proportionate consolidation - EQUITY: equity method.*

Companies included in the consolidation scope

At December 31	Country	Method*	Group ownership interest 2004	Group ownership interest 2003	Group voting interest 2004	Group voting interest 2003
SG Astro Finance Trust	United States	FULL	100.00	100.00	100.00	100.00
SG Constellation Canada Ltd (2)	Canada	FULL	100.00	–	100.00	–
SG Equity Finance LLC (2)	United States	FULL	100.00	–	100.00	–
SG Finance Inc.	United States	FULL	100.00	100.00	100.00	100.00
SG Preferred Capital III LLC (1)	United States	FULL	100.00	100.00	100.00	100.00
Sorbier Investment Corp	United States	FULL	100.00	100.00	60.00	60.00
Surzur Overseas Ltd	Cayman Islands	FULL	100.00	100.00	100.00	100.00
Portfolio management						
Sofital	Argentina	FULL	99.90	99.90	99.90	100.00
Asia and Oceania						
Banks						
Bank SG Indonesia (9)	Indonesia	FULL	–	100.00	–	100.00
SG Australia Holdings (1)	Australia	FULL	100.00	100.00	100.00	100.00
SG Private Banking (Japan) Ltd	Japan	FULL	100.00	100.00	100.00	100.00
SG Securities North Pacific	Japan	FULL	100.00	100.00	100.00	100.00
Financial companies						
Asia Credit Ltd (1) (8)	Thailand	EQUITY	–	36.05	–	36.05
SG Asia (Singapore) Ltd (4)	Singapore	FULL	–	100.00	–	100.00
SG Asset Management Singapore Ltd	Singapore	FULL	100.00	95.75	100.00	100.00
SGAM Japan	Japan	FULL	100.00	95.00	100.00	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	41.35	42.15	42.15
Onyx Trust	South Korea	FULL	100.00	100.00	100.00	100.00
Specialized 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
Succursale Fimat Sydney	Australia	FULL	100.00	100.00	100.00	100.00

(1) Companies carrying out sub-consolidation.
(2) Consolidated for the first time in 2004.
(3) Entities previously sub-consolidated and now reporting individually.
(4) Entities deconsolidated during 2004.
(5) Merger of Fimatex Sa, Finance Net, Fimatex SG and Selftrade.
(6) Entities previously reporting individually, now sub-consolidated.
(7) Dissolution of Généplus and Généinvestissement by a merger of assets with Sogéplus.
(8) Entities sold in 2004.
(9) Entities wound up in 2004.
(10) Name change, formerly Genefitec.

Special purpose vehicles			
TOBP	Arbitrage vehicle	United States	FULL

** FULL: full consolidation - PROP: proportionate consolidation - EQUITY: equity method.*

Report of the Statutory Auditors on the consolidated accounts

Year ended December 31, 2004

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors' assessment of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information on the group management.
This report, together with the Statutory Auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and construed in accordance with French law and French professional auditing standards.

To the shareholders of Société Générale

In compliance with the assignment entrusted to us by your shareholders' meeting, we have audited the accompanying consolidated financial statements of Société Générale for the year ended December 31, 2004.
These consolidated financial statements have been approved by the Board of Directors. Our responsibility is to express an opinion on these annual accounts based on our audit.

I. Opinion on the consolidated statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.

II. Justification of assessments

In accordance with the requirements of article L. 225-235 of the French Company Law *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:
• As detailed in note 1 to the consolidated financial statements, your company records provisions to cover the credit risks inherent to its activities. We have reviewed the procedures implemented by the Management for identifying and assessing these risks and determining the amount of provisions considered as necessary.
• As detailed in note 1 to the consolidated financial statements, your Company uses internal models to value financial instruments that are not listed on organised markets. As such, we have reviewed the control procedures related to the models dedicated to the determination of the parameters used and the inclusion of the risks associated to these instruments.
• In its current year-end process, significant accounting estimates are performed by the Group related in particular to the value of the non-consolidated investments in subsidiaries, the recovery of deferred tax assets and the evaluation of goodwill and pension and retirement liabilities. We have reviewed the underlying assumptions and verified that these accounting estimates are based on documented methods in accordance with the accounting principles described in Note 1 to the consolidated financial statements.
We carried out the assessment of the reasonableness of these estimates.
Our assessment on these matters were made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of the opinion expressed in the first part of this report.

III. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the group management report.
We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, March 10, 2005.

The Statutory Auditors

DELOITTE & ASSOCIES

José-Luis Garcia

ERNST & YOUNG Audit

Christian Mouillon

Parent Company financial statements

Summary balance sheet of Société Générale

In billions of euros at December 31	2004	2003	Change
ASSETS			
Interbank and money market assets	69.0	65.8	3.2
Customer loans	142.5	127.5	15.0
Securities	220.5	190.0	30.5
of which securities purchased under resale agreements	*54.2*	*50.7*	*3.5*
Other assets	80.4	55.7	24.7
of which option premiums	*51.7*	*34.7*	*17.0*
Long-term investments	1.2	1.2	0.0
Total assets	**513.6**	**440.2**	**73.4**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Interbank and money market liabilities (1)	192.2	161.9	30.3
Customer deposits	124.3	118.8	5.5
Bonds and subordinated debt (2)	14.2	14.1	0.1
Securities	83.4	73.3	10.1
of which securities sold under repurchase agreements	*44.4*	*37.4*	*7.0*
Other liabilities and provisions	82.4	56.6	25.8
of which option premiums	*53.2*	*34.7*	*18.5*
Equity and general reserve for banking risks	17.1	15.5	1.6
of which general reserve for banking risks	*0.3*	*0.3*	*0.0*
of which shareholders' equity	*16.8*	*15.2*	*1.6*
Total liabilities and shareholders' equity	**513.6**	**440.2**	**73.4**

(1) Including negotiable debt instruments. - (2) Including undated subordinated capital notes.

As at December 31, 2004, the parent company's total assets and liabilities amounted to EUR 513.6 billion, up 16.7% on December 31, 2003. The development of its activities was reflected in the key balance sheet figures.

■ The increase in customer loans (+11.8%), which totaled EUR 142.5 billion at December 31, 2004, was essentially driven by the growth in short-term credit facilities (EUR +6.4 billion), loans to financial institutions (EUR +4.3 billion) and mortgage loans (EUR +3.6 billion). A notable rise of 12.9% was seen in loans to individual customers, fuelled primarily by the housing loan segment.

■ Securities carried on the assets side of the balance sheet, excluding securities purchased under resale agreements, stood at EUR 166.3 billion at December 31, 2004, up 19.4% on year-end 2003. This increase was notably due to growth in the trading portfolio (EUR +26.2 billion).

■ Premiums on the purchase of options were up EUR 17 billion on December 31, 2003 due to a rise in volumes. The same trend was witnessed in premiums on sales of options.

■ Customer deposits stood at EUR 124.3 billion at December 31, 2004, up EUR 5.5 billion (+4.6%) on December 31, 2003. This growth essentially reflects an increase in the term deposits of financial institutions (EUR +9.1 billion) and in special savings accounts deposits (EUR +1.8 billion), and a fall in business customer term deposits (EUR –5.3 billion).

■ Securities carried on the liabilities side of the balance sheet, excluding securities sold under repurchase agreements, totaled EUR 39 billion at December 31, 2004 (+8.6%). This growth principally stemmed from the rise in short sales of securities (EUR +3 billion).

■ Société Générale's funding strategy reflects the need to finance a growing balance sheet (+16.7% since December 2003), and is based on two fundamental principles: diversification of the sources of funding, and the matching of assets and liabilities according to maturity and currency in order to minimize exchange rate and transformation risks.

Société Générale parent company's funding comes from three main sources:

• stable resources, comprising shareholders' equity and subordinated debt, the fund for general banking risks and other reserves and provisions. These resources account for 22% of Société Générale's balance sheet funding;

• customer resources, in the form of deposits (EUR 124.3 billion) and repurchase agreements (EUR 25.2 billion) which total EUR 150 billion, or 30% of balance sheet funding;

• resources collected from the financial markets, through the issue of marketable debt securities (EUR 62.9 billion), interbank deposits (EUR 129 billion) or repurchase agreements (EUR 58.2 billion). These resources account for 48% of total balance sheet funding, or EUR 250 billion.

Société Générale intends to maintain this strategy to ensure balanced growth in its assets and liabilities.

Summary income statement of Société Générale

In millions of euros at December 31	2004 France	04/03 (%)	2004 International	04/03 (%)	2004 Société Générale	04/03 (%)	2003 France	2003 International	2003 Société Générale
Net banking income	**6,235**	**3.9**	**1,669**	**–2.2**	**7,904**	**2.6**	**5,998**	**1,707**	**7,705**
Operating expenses	(4,947)	2.8	(929)	1.6	(5,876)	2.6	(4,811)	(914)	(5,725)
Gross operating income	**1,288**	**8.5**	**740**	**–6.7**	**2,028**	**2.4**	**1,187**	**793**	**1,980**
Cost of risk	(6)	–99.0	55	–150.9	49	–106.8	(613)	(109)	(722)
Operating income	**1,282**	**123.4**	**795**	**16.2**	**2,077**	**65.1**	**574**	**684**	**1,258**
Net income from long-term investments	182	159.1	1	–95.4	183	103.7	70	20	90
Operating income before tax	**1,464**	**127.3**	**796**	**13.1**	**2,260**	**67.6**	**644**	**704**	**1,348**
Exceptional items	–	–100.0	–	–	–	–100.0	43	–	43
Income tax	154	–27.4	(140)	22.1	14	–86.0	212	(115)	97
Net allocation to general reserve for banking risks and regulatory provisions	29	–127.9	–	–	29	–127.9	(104)	–	(104)
Net income	**1,647**	**107.1**	**656**	**11.3**	**2,303**	**66.4**	**795**	**589**	**1,384**

Parent company net income for the 2004 financial year stood at EUR 2,303 million, up 66.4% on 2003. The breakdown of results for Société Générale in France and abroad is given in the above table.

The principle changes in the income statement were as follows:

■ Gross operating income came out at EUR 2,028 million, up 2.4% on 2003:

• Net banking income amounted to EUR 7,904 million, up 2.6% on 2003, reflecting mixed results:

– The French Networks turned in another excellent sales performance marked by:
  - an increase in the average volume of savings under management as a result of the rise in the number of current accounts (+2.3%) and in customer deposits (+5.1%),
  - exceptional inflows into life insurance products (+15.1%) and the successful launch of retirement savings accounts (71,000 PERP opened),
  - steady growth in outstanding loans (notably with a 14% rise in outstanding mortgage loans),
  - significant growth in service commissions (+6.1%);

– Revenues in Corporate & Investment Banking were boosted by excellent performances in equity derivatives, both in client-driven and proprietary activities. In a less favorable interest rate environment, revenues from treasury activities remained strong, although down slightly on the particularly high levels seen in 2003.

• Operating expenses totaled EUR 5,876 million, up 2.6% on 2003:

– the rise in the operating expenses of the French Networks was essentially linked to growth in activity and the continuing roll-out of the multi-channel banking platform;

– in Corporate & Investment Banking, operating expenses grew at a slightly lower rate than NBI.

■ The parent company wrote back EUR 49 million of provisions in 2004 (compared with a net allocation of EUR 722 million in 2003), due to a highly favorable credit risk environment and a number of internal factors: diversification of the business mix, improvement in risk management techniques and conservative risk provisioning in the past.

■ Net income from long-term investments came out at EUR 183 million in 2004. It included write-backs of provisions for certain equity investments and capital gains on disposals of equity investments.

■ Income tax in 2004 represented a tax gain of EUR 14 million compared with a gain of EUR 97 million in 2003.

■ A write-back was made from the fund for general 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 at December 31	2004	2003	2002
Cash, due from central banks and post office accounts	1,810	2,468	1,546
Due from banks	99,080	88,619	70,842
Customer loans	164,475	152,784	143,883
Lease financing and similar agreements	278	135	110
Treasury notes and similar securities	30,921	23,532	22,592
Bonds and other debt securities	65,121	51,490	48,192
Shares and other equity securities	43,870	39,401	23,968
Affiliates and other long term securities	941	775	875
Investments in subsidiaries	23,651	22,954	19,821
Tangible and intangible fixed assets	1,173	1,193	1,258
Treasury stock	1,831	1,141	783
Accruals, other accounts receivable and other assets	80,451	55,714	52,862
Total	**513,602**	**440,206**	**386,732**

Liabilities and shareholders' equity

In millions of euros at December 31	2004	2003	2002
Due to central banks and post office accounts	388	424	698
Due to banks	147,485	124,352	92,665
Customer deposits	150,682	143,720	149,218
Securitized debt payables	63,844	51,734	40,963
Accruals, other accounts payable and other liabilities	116,028	88,565	74,174
Provisions for general risks and commitments	5,320	3,955	2,908
Subordinated debt and notes	12,785	11,979	11,575
General reserve for banking risks	284	312	207
Shareholders' equity			
Common stock	556	548	538
Additional paid-in capital	6,048	5,698	5,388
Retained earnings	7,879	7,535	6,530
Net income	2,303	1,384	1,868
Sub-total	**16,786**	**15,165**	**14,324**
Total	**513,602**	**440,206**	**386,732**

Off-balance sheet items

In millions of euros at December 31	2004	2003	2002
Commitments received			
Loan commitments received from banks	3,819	5,810 (1)	4,074 (1)
Guarantee commitments received from banks	33,826	28,178	29,419
Commitments received on securities	13,553	7,663	2,717
Foreign exchange transactions	350,968	284,774	313,651
Commitments granted			
Loan commitments	94,517	90,140 (1)	85,840 (1)
Guarantee commitments	116,884	98,967	84,361
Commitments made on securities	11,450	9,195	3,594
Foreign exchange transactions	349,240	283,485	311,134
Forward financial instrument commitments	**7,023,884**	**5,713,518**	**5,291,600**

(1) Amounts restated in relation to those given in 2002 and 2003 annual reports.

Income statement

In millions of euros at December 31	2004	2003	2002
Net interest income from:			
Transactions with banks	(1,055)	(571)	(448)
Transactions with customers	2,532	2,349	2,216
Bonds and other debt securities	112	304	551
Other interest and similar revenues	(224)	257	21
Net income from lease financing and similar agreements	14	6	8
Sub-total	**1,379**	**2,345**	**2,348**
Dividend income	1,157	1,050	1,292
Net interest and similar income	**2,536**	**3,395**	**3,640**
Net fee income	**2,014**	**2,188**	**2,029**
Net income from financial transactions	**3,213**	**2,067**	**2,112**
Other net operating income	**141**	**55**	**123**
Net banking income	**7,904**	**7,705**	**7,904**
Personnel expenses	(3,679)	(3,587)	(3,305)
Other operating expenses	(1,898)	(1,839)	(1,834)
Depreciation and amortization	(299)	(299)	(306)
Total operating expenses	**(5,876)**	**(5,725)**	**(5,445)**
Gross operating income	**2,028**	**1,980**	**2,459**
Cost of risk	49	(722)	(788)
Operating income	**2,077**	**1,258**	**1,671**
Net income from long-term investments	183	90	(301)
Operating income before tax	**2,260**	**1,348**	**1,370**
Exceptional items	–	43	(11)
Income tax (loss)	14	97	350
Net allocation to the general reserve for banking risks and regulatory provisions	29	(104)	159
Net income	**2,303**	**1,384**	**1,868**

Changes in shareholders' equity

In millions of euros	Capital Stock	Additional paid-in-capital	Reserves, unappropriated retained earnings	Net worth	General reserves for banking risks	Share-holders' equity
At December 31, 2002	**538**	**5,388**	**8,398**	**14,324**	**207**	**14,531**
Increase in capital stock	10	310	–	320	–	320
Net income for the period	–	–	1,384	1,384	–	1,384
Dividends paid (1)	–	–	(864)	(864)	–	(864)
Other movements (2)	–	–	1	1	105	106
At December 31, 2003	**548**	**5,698**	**8,919**	**15,165**	**312**	**15,477**
Increase in capital stock	8	350	–	358	–	358
Net income for the period	–	–	2,303	2,303	–	2,303
Dividends paid (3)	–	–	(1,031)	(1,031)	–	(1,031)
Other movements (2)	–	–	(9)	(9)	(28)	(37)
At December 31, 2004	**556**	**6,048**	**10,182**	**16,786**	**284**	**17,070**

(1) After elimination of treasury stock dividend: EUR 39.4 million.

(2) Reversals in the amount of EUR 45.6 million in 2003 and EUR 28 million in 2004 were made from the general reserve for banking risks to cover charges and allowances linked to a fraud affecting Cowens's former client brokerage division.
In addition, EUR 150 million was allocated to the general reserve for banking risks in 2003.

(3) After elimination of treasury stock dividend: EUR 65 million.

Five-Year financial summary of Société Générale

	2004	2003	2002	2001	2000
Financial position at year-end					
Capital stock (in millions of euros) (1)	556	548	538	539	529
Number of outstanding shares (2)	445,153,159	438,434,749	430,170,265	431,538,522	423,248,418
Results of operations (in millions of euros)					
Gross banking and other income (3)	22,403	18,943	21,261	23,251	23,874
Earnings before tax, depreciation, amortization, provisions, employee profit sharing and general reserve for banking risks	3,296	2,667	3,298	3,210	2,485
Employee profit sharing	–	15	(1)	1	52
Income tax	(14)	(97)	(350)	(119)	253
Net income	2,303	1,384	1,868	2,007	2,266
Total dividends paid	1,469	1,096	903	891*	889
Earnings per share (in euros)					
Earnings after tax but before depreciation, amortization and provisions	7.44	6.27	8.48	7.71	5.15**
Net income	5.17	3.16	4.34	4.65	5.35**
Dividend paid per share	3.30	2.50	2.10	2.10	2.10**
Personnel					
Number of employees	39,648	39,102	39,713	38,989	37,323
Total payroll (in millions of euros)	2,476	2,436	2,270	2,266	2,289
Employee benefits (Social Security and other) (in millions of euros)	1,123	1,055	970	931	928

** After impact of the cancellation of 7,200,000 shares decided by the Board of Directors at its meeting of February 20, 2002,*
*** After the four-for-one stock split, the number of shares increased fourfold.*

(1) In 2004, Société Générale increased its capital stock by EUR 8.4 million, with EUR 349.2 million of additional paid-in capital, as follows:
• EUR 6.5 million, with EUR 296.4 million of additional paid-in capital, was the result of employees subscribing for shares under the Employee Share Ownership Plan.
• EUR 1.9 million, with EUR 52.8 million of additional paid-up capital, resulted from employees exercising options granted by the Board of Directors.
(2) At December 31, 2004, Société Générale's common stock comprised 445,153,159 shares with a nominal value of EUR 1.25 per share.
(3) Gross banking and other income is made up of interest income, dividend income, fee income, income from financial transactions and other operating income.

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 on investments with a book value in excess of 1% of Société Générale's capital						
A) Subsidiaries (more than 50% owned by Société Générale)						
Généval 29, boulevard Haussmann - 75009 Paris - France	EUR	538,630	1,447,820	100.00	1,910,368	1,910,368
SG Americas Inc. 1221 avenue of the Americas - New York 10020 - USA	USD		3,200,511	100.00	2,484,080	1,880,184
Généfinance 29, boulevard Haussmann - 75009 Paris - France	EUR	1,600,000	251,470	100.00	1,736,024	1,736,024
Ipersoc 12, rue de la Mare-à-Guillaume 94210 Fontenay-sous-Bois - France	EUR	65	2,182,706	100.00	1,593,610	1,593,610
SG Asset Management 17, cours Valmy - 92800 Puteaux - France	EUR	294,337	1,253,658	100.00	1,549,182	1,549,182
SG Financial Services Holding (ex-Généfitec) 29, boulevard Haussmann - 75009 Paris - France	EUR	844,083	106,804	100.00	1,333,563	1,333,563
Linden 17, cours Valmy - 92800 Puteaux - France	EUR	100	1,001,696	100.00	1,001,040	1,001,040
Ald International SA 15, allée de l'Europe - 92110 Clichy-sur-Seine - France	EUR	550,038	50	100.00	804,000	804,000
Généfimmo 29, boulevard Haussmann - 75009 Paris - France	EUR	392,340	41,047	100.00	651,732	651,732
SG Hambros Ltd Exchange House - Primrose St. - London EC2A 2HT United Kingdom	GBP	282,185	23,878	100,00	409,458	409,458
Soginfo 29, boulevard Haussmann - 75009 Paris - France	EUR	232,303	33,576	100.00	265,797	265,797
SG Ariki Inc. Corporation Trust Center, 1209 Orange Street, Wilmington New Castel - Delaware - USA	USD	344,158	16,091	100.00	253,071	253,071
Valminvest 29, boulevard Haussmann - 75009 Paris - France	EUR	248,877	(33,034)	100.00	249,426	249,426
Fiditalia Spa Via G. Ciardi, 9 - 20148 - Milan - Italy	EUR	63,278	132,621	100.00	224,318	224,318
Nofirec 17, cours Valmy - 92800 Puteaux - France	EUR	202,929	20,634	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	5,756,000	100.00	215,445	215,445
Génégis I 29, boulevard Haussmann - 75009 Paris - France	EUR	192,900	3,699	100.00	196,055	196,055
Société Générale Canada Montréal Québec H3B 3A7 - Canada	CAD	250,772	40,289	100.00	172,403	172,403
Fimat Banque SA 50, boulevard Haussman - 75009 Paris - France	EUR	100,604	28,292	100.00	111,189	111,189

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks/ revaluation difference
–	–	57,504	83,998	–	
–	–	1,155,398	(49,867)	–	Capital = USD 1 EUR 1 = USD 1.3621
4,195,760	–	348,286	189,197	101,000	
–	–	90,190	87,203	–	
–	–	617,560	189,649	117,925	
2,222,450	–	472,382	492,006	–	
–	–	55,456	48,644	24,909	
–	–	N/S	336	–	
60,000	–	24,853	55,122	22,640	
–	–	128,838	12,471	–	EUR 1 = GBP 0.70505
–	2,000	25,088	10,565	–	
–	–	58,647	13,900	–	EUR 1 = USD 1.3621
–	–	6,631	1,432	–	
–	–	325,002	29,544	256	
–	–	4	8,553	5,682	Of which 2004 interim dividend of 5,682
–	398,059	4,923,000	2,857,000	–	EUR 1 = JPY 139.65
–	14,134	160,155	1,251	–	
–	–	215,702	31,471	–	EUR 1 = CAD 1.6416
–	22,025	57,213	25,752	22,100	

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)
Orpavimob SA 29, boulevard Haussmann - 75009 Paris - France	EUR	104,700	6,309	100.00	104,700	104,700
SG Securities Asia Intl Hold Ltd 41/F Edinburgh Tower - 15 Queen's Road Central, Hong Kong	USD	96,990	(36,256)	100.00	95,356	95,356
Société Immobilière 29 Haussmann 29, boulevard Haussman - 75009 Paris - France	EUR	90,030	1,112	100.00	89,992	89,992
Compagnie Foncière de la Méditerranée 29, boulevard Haussmann - 75009 Paris - France	EUR	76,627	2,121	100.00	155,837	79,692
Société Générale Finance (Ireland) Ltd 31/32 Morisson Chambers, Nassau street - Dublin 2 - Ireland	EUR	77,454	9,491	100.00	78,302	78,302
Fontanor 17, cours Valmy - 92800 Puteaux - France	EUR	40	72,114	100.00	73,582	73,582
Ezepart 17, cours Valmy - 92800 Puteaux - France	EUR	45,040	7,273	100.00	45,057	45,057
Eléaparts 29, boulevard Haussmann - 75009 Paris - France	EUR	42,040	(6,166)	100.00	48,070	37,836
SG Asia Ltd 42/F Edinburgh Tower, 15 Queen's Road Central - Hong Kong	HKD	400,000	348,970	100.00	37,656	37,656
Banco SG Brazil Rua Verbo Divino 1207, Châcara Santo Antonio - Sâo Paulo CEP 04719-002 - Brazil	BRL	166,155	(54,724)	100.00	70,920	34,510
SG Wertpapierhandelsgesellschaft Mbh Mainze Landstrasse 36 - D60325 Frankfurt am Main - Germany	EUR	55	(46,498)	100.00	31,590	31,590
SG Algérie 75, chemin Cheikh Bachir Ibrahimi, El-Biar - 16010 Algiers - Algeria	DZD	1,597,840	–	100.00	25,196	25,196
Société Générale Australia Holding Ltd 350, George Street - Sydney NSW 3000 - Australia	AUD	21,500	147,467	100.00	22,789	22,789
Géninfo Les Miroirs, Bt. C, 18, avenue d'Alsace 92400 Courbevoie - France	EUR	18,524	31,177	100.00	20,477	20,477
SG Yugoslav Bank AD STR Vladimira Popovica 3 Belgrade - Yugoslavia	CSD	1,396,951	80,530	100.00	20,131	20,131
SNC Sirius 40-42, quai du Point-du-Jour 92100 Boulogne-Billancourt - France	EUR	30	(4)	100.00	19,030	19,030
Inora Life Ltd (ex-Lyxor Life Ltd) 6, Exchange Place, International Financial Services Center, Dublin 1 - Ireland	EUR	15,000	(2,899)	100.00	15,000	15,000
SG Énergie 17, cours Valmy - 92800 Puteaux - France	EUR	13,000	1,916	100.00	14,785	14,785
Sogé Colline Sud 29, boulevard Haussmann - 75009 Paris - France	EUR	14,250	798	100.00	14,483	14,483
Société Générale Bank Nederland NV Museumplein 17 1071 DJ - Amsterdam - Netherlands	EUR	7,714	–	100.00	8,042	8,042

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks/ revaluation difference
–	–	4,621	4,572	–	
–	–	17,279	54,346	97,136	EUR 1 = USD 1.3621
–	–	7,643	2,043	1,050	
–	–	4,719	1,989	897	
–	–	7,681	5,887	5,700	
–	–	–	19,106	–	
–	–	783	1,001	479	
–	–	2,073	2,151	–	
–	–	284,332	112,953	–	EUR 1 = HKD 10.5881
–	–	188,086	(7,543)	–	EUR 1 = BRL 3.617738
–	–	204,487	19,223	–	
–	20,000	96,290	27,840	–	EUR 1 = DZD 98.173358
–	–	–	14,291	59,851	EUR 1 = AUD 1.7459
–	–	621	560	1,690	
–	17,020	1,777,257	337,400	–	EUR 1 = CSD 77.303
–	–	111,011	(17)	–	
–	–	190,622	(350)	–	
–	–	138	3,903	7,258	
–	–	1,709	(441)	–	
–	9,792	77,059	1,696	1,445	

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)	Book value of shares held Net (in EUR)
Soge Périval IV 29, boulevard Haussmann - 75009 Paris - France	EUR	6,405	953	100.00	6,704	6,704
Société de la rue Edouard-VII 29, boulevard Haussmann - 75009 Paris - France	EUR	11,396	737	99.87	59,612	12,293
SG Financial Inc. Corporation Trust Center, 1209 Orange Street, Wilmington New Castel - Delaware - USA	USD	2,030,000	6,548	99.70	1,485,941	1,485,941
Sogéfontenay 17, cours Valmy - 92800 Puteaux - France	EUR	4,200	397	99.00	9,055	9,055
Société Générale Investments (UK) Ltd SG House, 41 Tower Hill, EC3N 4SG - London United Kingdom	GBP	157,883	25,713	98.96	225,938	225,938
SG Expressbank 92, Bld VI Varnentchik - 9000 Varna - Bulgaria	BGN	28,530	59,089	97.95	34,256	34,256
SKB Banka Adjovscina,4 - 1513 Ljubljana - Slovenia	SIT	12,649,200	46,026,469	97.43	219,593	219,593
SG Vostok 5, Nikitsky Pereulok - 103009 Moscow - Russia	RUB	478,000	1,173,757	95.35	43,470	43,470
Soge Périval I 29, boulevard Haussmann - 75009 Paris - France	EUR	7,701	1,027	94.98	7,313	7,313
Soge Périval III 29, boulevard Haussmann - 75009 Paris - France	EUR	7,473	1,136	94.83	7,095	7,095
Soge Périval II 29, boulevard Haussmann - 75009 Paris - France	EUR	7,816	1,091	94.75	7,402	7,402
Banque de Polynésie Bd Pomare, BP 530 - Papeete - Tahiti - French Polynesia	XPF	1,380,000	4,333,085	80.00	12,560	12,560
Crédit du Nord 28, place Rihour - 59800 Lille - France	EUR	740,263	293,124	79.99	584,255	584,255
Boursorama 11, rue de Prony - 75848 Paris - France	EUR	27,311	115,854	71.03	300,705	254,088
BFV - SG 14, Lalana Jeneraly Rabehevitra, BP 196, Antananarivo 101 Madagascar	MGF	70,000,000	24,300,294	70.00	7,614	7,614
Société Générale de Banques en Côte-d'Ivoire 5 & 7, avenue J. Anoma, 01 BP 1355 - Abidjan 01 - Côte-d'Ivoire	XAF	15,555,555	41,201,997	66.79	26,454	26,454
Sogessur 2, rue Jacques-Daguerre - 92565 Rueil-Malmaison - France	EUR	25,500	(4,771)	65.00	72,730	9,315
Komercni Banka Centrala Na Prokope 33 - Postovni Prihradka 839 114 07 Praha 1 - Czech Republic	CZK	19,004,926	6,808,703	60.35	1,218,767	1,218,767
Makatéa Inc. 1221, avenue of the Americas - New York, NY 10020 - USA	USD	1,502,000	2,813	60.00	734,160	734,160
AIG Sorbier 50, Danbury Road - Wiltom - USA	USD	1,500,000	2,622	60.00	588,063	588,063

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks/ revaluation difference
3,231	–	1,644	368	–	
–	–	394	234	112	Difference = 16,509
–	2,037,552	626,456	12,213	77,532	EUR 1 = USD 1.3621
9,791	–	1,813	(120)	–	
–	715,602	20,431	(28,900)	–	EUR 1 = GBP 0.70505
–	–	76,808	22,681	4,208	EUR 1 = BGN 1.9559
–	–	50,419,875	2,963,418	–	EUR 1 = SIT 239.76
–	187,209	780,722	(295,364)	–	EUR 1 = RUB 37.757412
3,322	–	1,816	407	–	
3,299	–	1,781	416	–	
3,298	–	1,803	417	–	
–	70,669	8,896,163	1,556,376	8,160	Difference = 45 EUR 1 = XPF 119.33174
–	3,852,051	2,288,297	233,855	88,825	
–	–	101,106	10,494	–	
–	9,080	188,818,471	54,092,992	1,329	EUR 1 = MGF 12,714.1
–	91,763	47,717,021	9,893,148	2,423	Difference = 5,166 EUR 1 = XAF 655.957
5,126	–	87,295	(8,443)	–	
–	250,616	30,466,074	8,727,623	145,731	EUR 1 = CZK 30.464
–		91,631	59,561	46,318	EUR 1 = USD 1.3621 Of which 2004 interim dividend of 46,318
–	–	74,810	48,620	37,401	EUR 1 = USD 1.3621 Of which 2004 interim dividend of 37,401

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)	Book value of shares held Net (in EUR)
Sogéparts 29, boulevard Haussmann - 75009 Paris - France	EUR	17,600	4,689	60.00	11,253	11,253
Banque Roumaine de Développement A, Doamnei street - 70016 Bucarest 3, Romania	ROL	4,181,408,000	9,430,903,000	58.32	213,226	213,226
Société Générale de Banques au Cameroun Rue Joss - Douala - Cameroon	XAF	6,250,000	20,287,996	58.08	16,940	16,940
Société Générale de Banques au Sénégal 19, avenue Léopold Sédar Senghor - Dakar - Senegal	XAF	4,527,600	22,025,923	57.72	5,855	5,855
Généfim 29, boulevard Haussmann - 75009 Paris - France	EUR	72,779	132,108	57.62	89,846	89,846
National Société Générale Bank 5, rue Champollion - Cairo - Egypt	EGP	550,000	279,467	54.33	14,997	14,997
Union Internationale de Banques 65, avenue Habib Bourguiba - 1000A Tunis - Tunisia	TND	106,000	59,409	52.33	87,282	87,282
Société Générale Marocaine de Banques 55, boulevard Abdelmoumen - Casablanca - Morocco	MAD	1,170,000	1,223,988	51.91	71,866	71,866
Méhétia Inc. 1105, North Market Street Wilmington - De 19 890, Delaware - USA	USD	2,559,917	5,461	51.00	1,101,360	1,101,360
Général Bank of Greece 109, Messogion Avenue - 11510 Athens - Greece	EUR	240,642	(14,387)	50.01	125,143	125,143
Socgen Real Estate Company 1221, avenue of the Americas - New York, NY 10020 - USA	USD	800,000	5,020	50.31	594,686	594,686
B) Affiliates (10 to 50% owned by Société Générale)						
Société Générale Calédonienne de Banque 56, rue de la Victoire - Noumea - New Caledonia	XPF	1,068,375	6,483,790	30.50	18,220	18,220
Banca SAI Corso Galilei,12 - 10126 Turin - Italy	EUR	36,890	1,000	30.00	12,683	12,683
United Arab Bank Po Box 3562 Abu Dhabi - United Arab Emirates	AED	338,912	147,970	20.00	13,390	13,390
Crédit Logement 50, boulevard Sébastopol, 75003 Paris - France	EUR	1,253,974	63,717	13.50	171,036	171,036
Bank Muscat (SAOG) Po Box 134, Ruwi, Poste Code 112 - Oman	OMR	59,815	160,239	10.08	24,935	24,935
II - Information concerning other subsidiaries and affiliates						
A) Subsidiaries not included in 1:						
1) French subsidiaries					22,874	20,920
2) Foreign subsidiaries					392,211	243,124
B) Affiliates not included in 1:						
1) French companies					25,617	5,569
2) Foreign companies					79,617	13,670

Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR)	Revenue for the last fiscal year (local currency)	Net income (loss) for the last fiscal year (local currency)	Dividends received by the Company during the year (in EUR)	Remarks/ revaluation difference
–	–	2,343	1,434	2,759	
–	–	25,078,858,000	2,856,542,000	10,866	EUR 1 = ROL 39,390
–	40,883	31,893,338	7,510,537	3,010	Difference = 1,675 EUR 1 = XAF 655.957
–	31,037	38,510,773	6,940,055	3,585	Difference = 1,447 EUR 1 = XAF 655.957
–	6,041	5,246	22,170	7,680	
–	54,888	1,121,256	357,116	9,242	EUR 1 = EGP 8.267947
–	–	113,972	(3,899)	–	EUR 1 = TND 1.633976
–	–	2,061,156	211,570	7,436	Difference = 1,142 EUR 1 = MAD 11.199868
–	–	144,193	93,576	72,244	EUR 1 = USD 1.3621 Of which 2004 interim dividend of 72,244
–	–	374,026	(1,651)	–	
–	–	61,780	1,124		EUR 1 = USD 1.3621
	54,777	8,401,315	2,675,670	4,375	EUR 1 = XPF 119.33174
–	–	6,047	(9,301)	–	
–	–	209,869	88,362	2,647	Difference = 81 EUR 1 = AED 5.00272
584,415	–	178,403	81,424	6,306	
–	–	98,314	34,105	3,685	EUR 1 = OMR 0.5105
5,478,258	75,046			81,099	Difference = 2,158
16,792	67,989			1,432	Difference = 88
743	0			289	Difference = 0
0	707			397	Difference = 0

Report of the Statutory Auditors on the annual financial statements

Year ended December 31, 2004

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors' assessment of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the annual accounts taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual accounts. The report also includes information relating to the specific verification of information on the group management.
This report, together with the Statutory Auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and construed in accordance with French law and French professional auditing standards.

To the shareholders of Société Générale

In compliance with the assignment entrusted to us by the shareholders meeting, we hereby report to you, for the year ended December 31, 2004, on:
• the audit of the accompanying financial statements of Société Générale,
• the justification of our assessments,
• the specific procedures and disclosures prescribed by law.

These financial statements have been approved by the Board of Directors. Our responsibility is to express an opinion on these annual accounts based on our audit.

I. Opinion on the financial statements

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 financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2004 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

II. Justification of assessments

In accordance with the requirements of article L. 225-235 of the French Company Law *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:
• As detailed in Note 1 to the financial statements, your company records provisions to cover the credit risks inherent to its activities. We have reviewed the procedures implemented by the Management for identifying and assessing these risks and determining the amount of provisions considered as necessary.
• As detailed in Note 1 to the financial statements, your Company uses internal models to value financial instruments that are not listed on organised markets. As such, we have reviewed the control procedures related to the models dedicated to the determination of the parameters used and the inclusion of the risks associated to these instruments.
• In its current year end process, significant accounting estimates are performed by your Company related in particular to the value of the investments in subsidiaries, the recovery of deferred tax assets and the evaluation of pension and retirement liabilities. We have reviewed the underlying assumptions and verified that these accounting estimates are based on documented methods in accordance with the accounting principles described in Note 1.

We carried out the assessment of the reasonableness of these estimates.

Our assessment on these matters was made in the context of the performance of our audit of the annual financial statements taken as a whole and therefore contributed to the formation of the opinion expressed in the first part of this report.

III. Specific verifications and information

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the Directors' Report and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

In accordance with French law, we have ensured that the required information concerning the names and voting rights of the principal shareholders has been properly disclosed in the Board of Directors' Report.

Neuilly-sur-Seine and Courbevoie, March 10, 2005.

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
José-Luis Garcia	Christian Mouillon

Consolidated IFRS balance sheet at December 31, 2004, and consolidated opening balance at January 1, 2004 (not incl. IAS 32/39 and IFRS 4)

In millions of euros	31.12.2004	01.01.2004
ASSETS		
Cash, due from central banks	5,206	6,755
Securities portfolio	217,285	193,357
Due from banks	66,117	60,283
Customers loans	208,184	191,929
Lease financing and similar agreements	20,589	17,812
Tax assets	1,374	1,514
Other assets	70,809	56,800
Investments in subsidiaries and affiliates accounted for by the equity method	348	562
Tangible and intangible fixed assets	9,110	8,445
Goodwill	2,333	2,187
Total	**601,355**	**539,644**
LIABILITIES		
Due to central banks	1,505	2,827
Due to banks	92,380	83,620
Customer deposits	213,433	196,090
Securitized debt payables	97,730	82,917
Tax liabilities	2,411	2,499
Other liabilities	109,563	96,295
Underwriting reserves of insurance companies	46,833	41,144
Provisions for general risks and commitments	2,854	2,509
Subordinated debt	11,930	10,945
Preferred shares	2,049	2,120
Total liabilities	**580,688**	**520,966**
Shareholders' equity		
Shareholders' equity, Group share		
• Common stock	556	548
• Equity instruments and associated reserves	2,672	3,061
• Retained earnings	12,055	13,134
• Net income	3,293	
• Sub-total equity, Group share	**18,576**	**16,743**
Minority interests	2,091	1,935
Total equity	**20,667**	**18,678**
Total	**601,355**	**539,644**

Consolidated IFRS income statement (not incl. IAS 32/39 and IFRS 4)

In millions of euros	2004
Net interest income	6,147 (1)
Dividend income	396
Dividends paid on preferred shares	(144)
Commissions (revenue)	7,106
Commissions (expense)	(1,831)
Net income from financial transactions	4,222
Net income from other activities	510 (2)
Net banking income	**16,406**
Personnel expenses	(6,743)
Other operating expenses	(3,651)
Amortization and depreciation expenses for intangible and tangible fixed assets	(668)
Gross operating income	**5,344**
Cost of risk	(568)
Operating income	**4,776**
Net income from companies accounted for by the equity method	40
Net income from other assets	195
Impairment losses on goodwill	4
Earnings before tax	**5,015**
Income tax	(1,380)
Consolidated net income	**3,635**
Minority interests	(342)
Net income, Group share	**3,293**
Earnings per share in euros	**8.06**
Diluted earning per share in euros	**7.99**

(1) Of which EUR 21,835 million of interest and similar income and EUR (15,688) million of interest and similar expenses.
(2) Of which EUR 14,499 million of income from other activities and EUR (13,989) million of expenses from other activities (especially relating to real estate, insurance activities and leasing).

Change in shareholders' equity and minority interests under IFRS (not incl. IAS 32 & 39 and IFRS 4)

	Capital and associated reserves							
In millions of euros	Capital	Reserves associated with the capital	Elimination of treasury stock	Consolidated reserves	Net income, Group share	Shareholders' equity, Group share	Shareholders' equity, minority share	Total consolidated shareholders' equity
IAS shareholders' equity at January 1, 2004	**548**	**4,200**	**(1,139)**	**13,134**		**16,743**	**1,935**	**18,678**
Increase in common stock	8	350				358		358
Elimination of treasury stock			(739)	30		(709)		(709)
2004 payment of dividends				(1,031)		(1,031)	(190)	(1,221)
Sub-total of transfers related to relations with shareholders	**556**	**4,550**	**(1,878)**	**12,133**		**15,361**	**1,745**	**17,106**
2004 Income					3,293	3,293	342	3,635
Sub-total	**556**	**4,550**	**(1,878)**	**12,133**	**3,293**	**18,654**	**2,087**	**20,741**
Effect of acquisitions and disposals on minority interests [1]							(14)	(14)
Translation differences and other [2]				(78)		(78)	18	(60)
IAS shareholders' equity at December 31, 2004	**556**	**4,550**	**(1,878)**	**12,055**	**3,293**	**18,576**	**2,091**	**20,667**

(1) The impact of consolidation scope changes on minority interests (EUR –14 million) is mainly due to buybacks from non-group shareholders in BRD, SG Côte d'Ivoire and Sogeprom, capital reimbursments to minority shareholders in Génécal and Sogébail and the acquisition of new entities (principally the General Bank of Greece).
(2) "Translation differences and other" comprises the following items:

In millions of euros	Group share	Minority share	Total
Change in translation differences during 2004	(114)	17	(97)
Adjustments for share-based payment [a]	41	1	42
Others	(5)		(5)
Total	**(78)**	**18**	**(60)**

(a) The impact on shareholders' equity of restating share-based compensation payments is reconciled with the transition table for 2004 income as follows (in million of euros):

• 2004 gain/loss on share-based payments under French standards	*+ 8*
• IFRS adjustments for 2004	*– 50*
	– 42

Transition table from the consolidated balance sheet at December 31, 2004 under French standards to the consolidated IFRS balance sheet (not incl. 32/39 and IFRS 4)

In millions of euros	Balance sheet at January 1, 2004, under French standards	Total restatements	Total reclassifications	Balance sheet at January 1, 2004, under IFRS
ASSETS				
Cash, due from central banks	6,755	0	0	6,755
Securities portfolio * (1)	193,567	51	(261)	193,357
Due from banks (2)	60,282	1	0	60,283
Customers loans (3)	193,547	33	(1,651)	191,929
Lease financing and similar agreements (4)	17,886	(20)	(54)	17,812
Tax assets (5)	0	166	1,348	1,514
Other assets (6)	56,548	141	111	56,800
Investments in subsidiaries and affiliates accounted for by the equity method (7)	554	8	0	562
Tangible and intangible fixed assets (8)	8,098	28	319	8,445
Goodwill (9)	2,150	37	0	2,187
Total	**539,387**	**445**	**(188)**	**539,644**
LIABILITIES				
Due to central banks	2,827	0	0	2,827
Due to banks (10)	83,608	12	0	83,620
Customer deposits	196,090	0	0	196,090
Securitized debt payables	82,917	0	0	82,917
Tax liabilities (11)	0	209	2,290	2,499
Other liabilities (12)	97,727	193	(1,625)	96,295
Underwriting reserves of insurance companies (13)	41,164	(20)	0	41,144
Provisions for general risks and commitments (14)	2,849	513	(853)	2,509
Subordinated debt	10,945	0	0	10,945
Preferred shares	2,120	0	0	2,120
General reserve for banking risks (15)	312	(312)	0	0
Total liabilities	**520,559**	**595**	**(188)**	**520,966**
Shareholders' equity				
Shareholders' equity, Group share				
• Common stock	548	0	0	548
• Equity instruments and associated reserves	3,061	0	0	3,061
• Retained earnings and net income	13,268	(134)	0	13,134
Sub-total equity, Group share (16)	**16,877**	**(134)**	**0**	**16,743**
Minority interests (17)	**1,951**	**(16)**	**0**	**1,935**
Total equity (18)	**18,828**	**(150)**	**0**	**18,678**
Total	**539,387**	**445**	**(188)**	**539,644**

** This item includes Treasury notes, bonds, shares, equity investments and securities relating to investments of insurance companies.*

Comments on the restatements of the consolidated balance sheet as at January 1, 2004: impact by theme

In millions of euros	IAS 19 Employee benefits	Tangible fixed assets	Fee recognition	Provisions booked as a liability	General reserve for banking risks	Deferred tax on Sogécap's capitalization reserve	Lease financing	Consolidation scope	Others	Total
ASSETS										
Securities portfolio								51		51 (1)
Due from banks								1		1 (2)
Customer loans			28					4	1	33 (3)
Lease financing and similar agreements			4				(24)			(20) (4)
Tax assets	119	36	8					3		166 (5)
Other assets	155	(4)	(38)				26	1	1	141 (6)
Investments in subsidiaries and affiliates accounted for by the equity method								8		8 (7)
Tangible and intangible fixed assets		4						27	(3)	28 (8)
Goodwill								34	3	37 (9)
LIABILITIES										
Due to banks								12		12 (10)
Tax liabilities	2	139	(13)	6		73	1		1	209 (10)
Other liabilities			60					146	(13)	193 (12)
Underwriting reserves of insurance companies								(20)		(20) (13)
Provisions for general risks and commitments	551			(42)				3	1	513 (14)
General reserve for banking risks					(312)					(312) (15)
ASSETS – LIABILITIES	**(279)**	**(103)**	**(45)**	**36**	**312**	**(73)**	**1**	**(12)**	**13**	**(150)**

(a) The impact of restating tangible fixed assets (EUR –103 million) is mainly due to:
- *deferred tax liabilities relating to reassessment reserves for buildings revalued in 1991 and 1992 (EUR –85 million).*
- *deferred tax liabilities relating to the revaluation of BRD' buildings under hyperinflation accounting (EUR –14 million).*

The gross values of buildings revalued in 1991 and 1992 and under hyperinflation accounting are retained at their values under French standards.

(b) Changes in consolidation scope are due to the consolidation under IFRS of 36 UCITS held as part of the Group's insurance activities and 4 companies held as part of its private equity operations (see note 2).

Impact of these adjustments on shareholders' equity:

In millions of euros	(16) Group share	(17) Minority share	(18) Total
IAS 19 employee benefits	(265)	(14)	(279)
Fixed assets	(103)		(103)
Commissions	(37)	(8)	(45)
Provisions booked as a liability	35	1	36
Reversal from the General reserve for banking risks	312		312
Deferred tax on Sogecap's capitalization reserve	(73)		(73)
Other restatements	(3)	5	2
Shareholders' equity	**(134)**	**(16)**	**(150)**

Comments on the reclassifications of the consolidated balance sheet as at January 1, 2004

In millions of euros	Investment property of insurance companies	Assets not leased after cancellation	Sector and country risk reserves [a]	Separate assets	Doubtful loans on rental transactions	Reclas-sification of employees benefit	Reclas-sification of defered tax [b]	Reclas-sification of current income tax [2]	Total
ASSETS									
Securities portfolio	(265)			4					(261) [2]
Customer loans			(1,012)		(639)				(1,651) [3]
Lease financing and similar agreements		(54)							(54) [4]
Tax assets							914	434	1,348 [5]
Other assets				(4)	639		(90)	(434)	111 [6]
Tangible and intangible fixed assets	265	54							319 [8]
Total	**0**	**0**	**(1,012)**	**0**	**0**	**0**	**824**		**(188)**
LIABILITIES									
Tax liabilities							824	1,466	2,290 [11]
Other liabilities						(159)		(1,466)	(1,625) [12]
Provisions for general risks and commitments			(1,012)			159			(853) [14]
Total	**0**	**0**	**(1,012)**	**0**	**0**	**0**	**824**		**(188)**

The Group is not applying IAS 32 and 39 in its 2004 financial statements. However it has nonetheless reclassified some balance sheet items to match the future IFRS 2005 presentation, for the purpose of comparability.

(a) Provisions for sector and country risk were transferred from liabilities to assets against a reduction in the Customer loans item (early application of 2005 IFRS presentation).

(b) Under IFRS, deferred tax assets and liabilities are offset within each tax unit.

Deferred tax assets as well as current tax assets were transferred from Other assets to Tax assets.

Deferred tax liabilities, previously booked as a reduction of Other assets are now booked under Tax liabilities.

Current tax liabilities were transferred from Other liabilities to Tax liabilities

Transition table from the consolidated balance sheet at January 1, 2004 under French standards to the consolidated IFRS balance sheet (not incl. IAS 32/39 and IFRS 4)

In millions of euros	Balance sheet at December 31, 2004, under French standards	Total restatements	Reclassifications	Balance sheet at December 31, 2004, under IFRS
ASSETS				
Cash, due from central banks	5,206	0	0	5,206
Securities portfolio * (1)	217,493	132	(340)	217,285
Due from banks (2)	66,114	3	0	66,117
Customers loans (3)	209,839	24	(1,679)	208,184
Lease financing and similar agreements (4)	20,636	(11)	(36)	20,589
Tax assets (5)	0	178	1,196	1,374
Other assets (6)	70,643	128	38	70,809
Investments in subsidiaries and affiliates accounted for by the equity method (7)	343	5	0	348
Tangible and intangible fixed assets (8)	8,709	21	380	9,110
Goodwill (9)	2,106	227	0	2,333
Total	**601,089**	**707**	**(441)**	**601,355**
LIABILITIES				
Due to central banks	1,505	0	0	1,505
Due to banks (10)	92,361	19	0	92,380
Customer deposits	213,433	0	0	213,433
Securitized debt payables	97,730	0	0	97,730
Tax liabilities (11)	0	208	2,203	2,411
Other liabilities (12)	111,246	175	(1,858)	109,563
Underwriting reserves of insurance companies (13)	46,828	5	0	46,833
Provisions for general risks and commitments (14)	3,042	598	(786)	2,854
Subordinated debt	11,930	0	0	11,930
Preferred shares	2,049	0	0	2,049
General reserve for banking risks (15)	284	(284)	0	0
Total	**580,408**	**721**	**(441)**	**580,688**
Shareholders' equity				
Shareholders' equity, Group share				
• Common stock	556	0	0	556
• Equity instruments and associated reserves	2,672	0	0	2,672
• Retained earnings	12,223	(168)	0	12,055
Net income	3,125	168	0	3,293
Sub-total equity, Group share (16)	**18,576**	**0**	**0**	**18,576**
Minority interests (17)	2,105	(14)	0	2,091
Total equity (18)	**20,681**	**(14)**	**0**	**20,667**
Total	**601,089**	**707**	**(441)**	**601,355**

** This item includes Treasury notes, bonds, shares, equity investments and securities relating to investments of insurance companies.*

Comments on the restatements of the consolidated balance sheet as at December 31, 2004: impact by theme

In millions of euros	IAS 19 Employee benefits	Tangible fixed assets	Fee recognition	Provisions booked as a liability	General reserve for banking risks	Deferred tax on Sogecap's capitalization reserve	Lease financing	Consolidation scope	Goodwill	Others	Total
ASSETS											
Securities portfolio								132			132 (1)
Due from banks								3			3 (2)
Customer loans			19					4		1	24 (3)
Lease financing and similar agreements			8				(21)			2	(11) (4)
Tax assets	119	40	15				4	3		(3)	178 (5)
Other assets	154	(5)	(46)				26	1		(2)	128 (6)
Investments in subsidiaries and affiliates accounted for by the equity method								5			5 (7)
Tangible and intangible fixed assets		8						23	(10)	0	21 (8)
Goodwill								32	198	(3)	227 (9)
LIABILITIES											
Due to banks								19			19 (10)
Tax liabilities	5	134	(12)	5		76	5	1		(6)	208 (11)
Other liabilities	3		64					189		(81)	175 (12)
Underwriting reserves of insurance companies								5		0	5 (13)
Provisions for general risks and commitments	543			(29)				3		81	598 (14)
General reserve for banking risks					(284)						(284) (15)
ASSETS – LIABILITIES	**(278)**	**(91)**	**(56)**	**24**	**284**	**(76)**	**4**	**(14)**	**188**	**1**	**(14)**

Impact of these adjustments on shareholders' equity:

In millions of euros	(16) Group share	(17) Minority share	(18) Total
IAS 19 employee benefits	(264)	(14)	(278)
Fixed assets	(95)	4	(91)
Commissions	(41)	(15)	(56)
Lease financing	3	1	4
Provisions booked as a liability	24		24
Goodwill	186	2	188
Reversal from the General reserve for banking risks	284		284
Tax on Sogecap's capitalization reserve	(76)		(76)
Other restatements	(21)	8	(13)
Shareholders' equity	**0**	**(14)**	**(14)**

The change in the impact of the restatements on the shareholders' equity between January 1, 2004 (EUR –150 million) and December 31, 2004 (EUR –14 million) amounted to EUR +136 million.

This change is due to (in millions of euros):

- the restatements on the 2004 income statement +170
- the restatements related to IFRS 2 (share-based payments) +42
- the cancellation of the change in the reassessment reserves +15
- the change in translation differences (counter-entry for the cancellation of write-backs of translation differences to income statement) –90
- other restatements –1

Comments on the reclassifications of the consolidated balance sheet as at December 31, 2004

In millions of euros	Investment property of insurance companies	Assets not leased after cancellation	Sectoral and for country risk provi-sions (a)	Separate assets	Doubtful loans on rental transactions	Reclas-sification of employee benefits	Reclas-sification of deferred tax (b)	Reclas-sification of current income tax (b)	Total
ASSETS									
Securities portfolio	(344)			4					(340) [1]
Customer loans			(1,004)		(675)				(1,679) [3]
Lease financing and similar agreements		(36)							(36) [4]
Tax assets						1	747	448	1,196 [5]
Other assets				(4)	675	7	(192)	(448)	38 [6]
Tangible and intangible fixed assets	344	36							380 [8]
Total	**0**	**0**	**(1,004)**	**0**	**0**	**8**	**555**		**(441)**
LIABILITIES									
Tax liabilities						5	555	1,643	2,203 [11]
Other liabilities						(215)		(1,643)	(1,858) [12]
Provisions for general risks and commitments			(1,004)			218			(786) [14]
Total	**0**	**0**	**(1,004)**	**0**	**0**	**8**	**555**		**(441)**

The Group is not applying IAS 32 and 39 in its 2004 financial statements. However it has nonetheless reclassified some balance sheet items to match the future IFRS 2005 presentation, for the purpose of comparability.

(a) Provisions for sector and country risk were transferred from liabilities to assets against a reduction in the Customer loans item (early application of 2005 IFRS presentation).

(b) Under IFRS, deferred tax assets and liabilities were offset within each tax unit.

Deferred tax assets as well as current tax assets were transferred from Other assets to Tax assets.

Deferred tax liabilities, previously booked as a reduction of Other assets are now booked under Tax liabilities.

Current tax liabilities were transferred from Other liabilities to Tax liabilities

Transition table from the 2004 consolidated income statement under French standards to the consolidated income statement under IFRS (not incl. IAS 32 & 39 and IFRS 4)

	2004 income under French standards	Goodwill (1)	Translation differences (2)	Share-based payments (3)	General reserve for banking risks (4)
Net interest income	6,161	0	0	0	
Dividend income	396	0	0	0	
Dividends paid on preferred shares	(144)				
Commissions (revenue)	7,139	0	0	0	
Commissions (expense)	(1,870)	0	0	0	
Net income from financial transactions	4,217	0	0	0	
Net income from other activities	517	0	0	0	
Net banking income	**16,416**	**0**	**0**	**0**	**0**
Personnel expenses	(6,603)	0	0	(56)	
Other operating expenses	(3,702)	0	0	0	
Amortization and depreciation expenses for intangible and tangible fixed assets	(662)	0	0	0	
Gross operating income	**5,449**	**0**	**0**	**(56)**	**0**
Cost of risk	(541)	0	0	0	
Operating income	**4,908**	**0**	**0**	**(56)**	**0**
Net income from companies accounted for by the equity method	42	0	0	0	
Net income from other assets	119	0	90	0	
Impairment losses on goodwill	(186)	190	0	0	
Earnings before tax	**4,883**	**190**	**90**	**(56)**	**0**
Exceptional items	(48)	0	0	0	
Income tax	(1,398)	0	0	6	
Allocation to reversal from the general reserve for banking risks	28	0	0	0	(28)
Consolidated net income	**3,465**	**190**	**90**	**(50)**	**(28)**
Minority interests	(340)	(2)	0	4	
Net income	**3,125**	**188**	**90**	**(46)**	**(28)**
Earnings per share in euros*	**7.65**				
Diluted earning per share in euros*	**7.59**				

** 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.*

Comments on restatements and adjustments

(1) Impact of cancellation of goodwill amortization booked under French standards: EUR 190 million.

(2) Writebacks to income statement of translation differences prior to January 1, 2004, booked under French standards when consolidated subsidiaries were sold or liquidated, were cancelled under IFRS.

(3) Restatement of share-based payments had a EUR 46 million negative impact on Group net income of which EUR –41 million from application of IFRS 2 and EUR –5 million from the restatement of a stock option plan.

(4) A EUR 28 million writeback from the General reserve for banking risks under French standards was cancelled under IFRS as the GRBR was transferred to Retained earnings at January 1, 2004.

Restatements					Total restatements	Reclassifications [9]	2004 income under IFRS
Provisions [5]	Tangible fixed assets [6]	Fee recognition [7]	Employee benefits [8]	Other restatements			
(14)	(3)	(25)	7	3	(32)	18	6,147
			0	0	0		396
					0		(144)
		(33)	0	0	(33)	0	7,106
		39	0	0	39	0	(1,831)
			0	5	5	0	4,222
		(1)	0	32	31	(38)	510
(14)	**(3)**	**(20)**	**7**	**40**	**10**	**(20)**	**16,406**
1		10	(73)	(22)	(140)	0	(6,743)
	(2)	2	60	(9)	51	0	(3,651)
	(5)		0	(1)	(6)	0	(668)
(13)	**(10)**	**(8)**	**(6)**	**8**	**(85)**	**(20)**	**5,344**
1			0	0	1	(28)	(568)
(12)	**(10)**	**(8)**	**(6)**	**8**	**(84)**	**(48)**	**4,776**
			0	(2)	(2)	0	40
	(13)		0	(1)	76	0	195
			0	0	190	0	4
(12)	**(23)**	**(8)**	**(6)**	**5**	**180**	**(48)**	**5,015**
			0	0	0	48	0
1	19	2	2	(12)	18	0	(1,380)
			0	0	(28)	0	0
(11)	**(4)**	**(6)**	**(4)**	**(7)**	**170**	**0**	**3,635**
	(3)	1	1	(3)	(2)	0	(342)
(11)	**(7)**	**(5)**	**(3)**	**(10)**	**168**	**0**	**3,293**
							8.06
							7.99

(5) Discounting to present value of provisions booked as a liability gave rise to a EUR 11 million charge against Group net income.

(6) Application of a component-based approach to Group tangible fixed assets and the cancellation of the writeback from reassessment reserves booked under French standards on the sale of fixed assets, gave rise to a EUR 7 million charge against Group net income.

(7) The staggering of commissions gave rise to a EUR 5 million reduction in Group net income.

(8) Application of IAS 19 on employee benefits gave rise to a EUR 3 million reduction in Group net income.

(9) Exceptional items booked under French standards were transferred to the appropriate items under IFRS. The change in estimate of income invoiced for maintenance services provided in connection with operating leasing activities (EUR –20 million) is restated in net banking income.

The provision booked to cover the fraud affecting Cowen's former private client brokerage division (EUR –28 million) is restated in cost of risk.

Interest incomes and expenses of the leasing activities are restated in net income from other activities.

2004 consolidated income statement by business line

	Retail Banking & Financial Services			Global Investment Management & Services			Corporate & Investment Banking			Corporate Center			Group		
In millions of euros	2004 IFRS	2004 FR	Change	2004 IFRS	2004 FR	Change	2004 IFRS	2004 FR	Change	2004 IFRS	2004 FR	Change	2004 IFRS	2004 FR	Change
Net banking income	9,675	9,685	(10)	2,265	2,266	(1)	4,727	4,697	30	(261)	(232)	(29)	16,406	16,416	(10)
Operating expenses	(6,374)	(6,346)	(28)	(1,649)	(1,631)	(18)	(2,924)	(2,887)	(37)	(115)	(103)	(12)	(11,062)	(10,967)	(95)
Gross operating income	**3,301**	**3,339**	**(38)**	**616**	**635**	**(19)**	**1,803**	**1,810**	**(7)**	**(376)**	**(335)**	**(41)**	**5,344**	**5,449**	**(105)**
Cost of risk	(589)	(589)	0	(7)	(8)	1	61	60	1	(33)	(4)	(29)	(568)	(541)	(27)
Operating income	**2,712**	**2,750**	**(38)**	**609**	**627**	**(18)**	**1,864**	**1,870**	**(6)**	**(409)**	**(339)**	**(70)**	**4,776**	**4,908**	**(132)**
Net income from companies accounted for by the equity method	5	5	0	0	0	0	26	28	(2)	9	9	0	40	42	(2)
Net income from other assets	19	33	(14)	2	2	0	16	16	0	158	68	90	195	119	76
Impairment of goodwill	0	0	0	0	0	0	0	0	0	4	(186)	190	4	(186)	190
Exceptional items	0	0	0	0	0	0	0	0	0	0	(48)	48	0	(48)	48
General reserve for banking risk	0	0	0	0	0	0	0	0	0	0	28	(28)	0	28	(28)
Income tax	(937)	(955)	18	(187)	(193)	6	(447)	(449)	2	191	199	(8)	(1,380)	(1,398)	18
Net income before minority interests	1,799	1,833	(34)	424	436	(12)	1,459	1,465	(6)	(47)	(269)	222	3,635	3,465	170
Minority interests	(218)	(218)	0	(43)	(44)	1	(6)	(6)	0	(75)	(72)	(3)	(342)	(340)	(2)
Net income	**1,581**	**1,615**	**(34)**	**381**	**392**	**(11)**	**1,453**	**1,459**	**(6)**	**(122)**	**(341)**	**219**	**3,293**	**3,125**	**168**

Notes to the consolidated financial statements

Note 1 - First time adoption of IFRS (1)

Context

In accordance with European Regulation 1606/2002 of July 19, 2002 on international accounting standards, the Société Générale Group will prepare its consolidated financial statements for the year ending December 31, 2005 in accordance with IAS/IFRS international accounting standards in force at December 31, 2005 approved by the European Union. The first set of accounts to be prepared under IAS/IFRS standards will be those for 2005, but comparative 2004 data will also be presented under the same standards, except for IAS 32 and IAS 39 and IFRS 4 which will be applied as from January 1, 2005.

As part of its preparations for the publication of the comparative financial statements for 2005, and according to the recommendation of French Securities Regulator the *Autorité des Marché Financiers* (AMF), on financial communication during the transition, Société Générale Group has prepared financial information for 2004 on the transition to IAS/IFRS, giving preliminary forecast figures for the impact that transition to IFRS is likely to have on:

• the balance sheet at January 1, 2004: the definitive impact of the transition on shareholders' equity will be applied to this date when the 2005 consolidated accounts are published *(the impact of transition to IAS 32 and IAS 39 and IFRS 4 will be recognized in shareholders' equity as at January 1, 2005)*;

• the financial position at December 31, 2004 and income for financial year 2004.

The financial information for 2004 on the quantitative impact of the transition to IFRS was prepared by applying to 2004 data the same IFRS standards and interpretations that Société Générale intends to use in preparing its comparative consolidated accounts for December 31, 2005. The 2004 financial information in these notes was therefore prepared according to:

• all the IFRS standards and interpretations that will be mandatory for the December 31, 2005 financial statements insofar as they are already known;

• the same options and exemptions as the Group is likely to apply in preparing its first consolidated financial statements under IFRS in 2005.

For these reasons, it is possible that the opening balance sheet presented here may differ from that on which the consolidated accounts for 2005 will be based.

Standards applied

The financial information presented below has been prepared in accordance with the standards and interpretations published by the IASB and approved by the European Union as at the end of February 2005. For the significant accounting principles used in valuing and presenting comparative data for 2004, refer to Note 2.

The Société Générale Group has decided, as is allowed under IFRS 1, to delay first-time application of IAS 32, IAS 39 and IFRS 4 until January 1, 2005. For the main changes in accounting principles resulting from the application of these three standards, refer to Note 3.

Methods of first-time adoption of IFRS at January 1, 2004

International accounting standards were applied for the first time to the Société Générale Group's consolidated financial statements at January 1, 2004 in accordance with IFRS 1. Under IFRS 1 the standards are applied retrospectively and the shareholders' equity item on the opening balance sheet for January 1, 2004 includes the impact of the change in accounting principles from the French standards applied until December 31, 2003.

IFRS 1 allows special treatment options for some items on first-time adoption of IFRS. The Société Générale Group has opted for the following treatments:

■ Business combinations (IFRS 3): the Société Générale Group has opted not to restate acquisitions made before January 1, 2004, as allowed under IFRS 3. As such, goodwill on acquisitions financed by capital increases before January 1, 2000 has not been restated in the opening balance sheet for January 1, 2004, provided that this goodwill was charged against additional paid-in capital in proportion to the part of the total purchase price covered by the capital increase, in line with the French standards.

(1) IFRS: the version of international accounting standards adopted by the European Union.

- Fair value of tangible fixed assets (IAS 16 and IAS 40): the Société Générale Group opted to maintain tangible fixed assets at their historical cost. For fixed assets previously revalued in the 1977 or 1978 regulatory restatements and/or affected by the restructuring and transfer of asset components within the Group on December 31, 1991, historical cost is taken to mean their value as restated at those dates.

- Employee benefits (IAS 19): the Société Générale Group opted, as allowed under IFRS 1, to book the balance of any unrecognized actuarial gains and losses to shareholders' equity at the transition date.

- Cumulative translation differences (IAS 21): the Group booked to Retained earnings differences arising on translation of foreign currency financial statements at January 1, 2004 totaling Euro 1,351 million. This adjustment has no effect on total shareholders' equity in the opening balance sheet at January 1, 2004. Any gains or losses from the future sale of the entities concerned will not include a writeback of translation differences dating from before January 1, 2004 but will include translation differences posted after this date.

- Share-based payments: for plans settled in shares, the Group opted to apply IFRS 2 to plans opened since November 7, 2002, which had not vested at January 1, 2005. For plans settled in cash, the Group opted to apply IFRS 2 to plans that had not yet been settled at January 1, 2005.

Presentation of comparative data for 2004

As IAS 32 and IAS 39 on financial instruments were not applied in preparing comparative data for 2004, financial instruments will be valued and presented differently in the 2004 and 2005 accounts.

The format of the summary financial statements presenting the comparative data for 2004 has been adjusted to make it structurally comparable with the format for summary financial statements proposed in CNC recommendation 2004 R 03 of October 27, 2004 on IFRS financial statements to be prepared by companies that come under the French Consultative Committee on Financial Regulation and Legislation (French acronym: CCLRF).

Note 2 - Main principles governing valuation and presentation of comparative data in the 2004 financial statements

IFRS 1 on first-time adoption of International Financial Reporting Standards allows application of IAS 32 and 39 on financial instruments and of IFRS 4 on insurance contracts to be deferred and so the Group's consolidated financial statements will only be prepared according to these standards from 2005. Comparative information for 2004 on instruments and transactions covered by these standards therefore continues to be valued and presented in accordance with French accounting standards as described in Note 1 of the French consolidated financial statements for 2004.

French accounting standards have for several years been gradually converging towards international standards. As a result, some of the accounting treatments applied to the Group's published consolidated financial statements for 2004 do not significantly differ from international standards.

The sections below describe the main outstanding differences from French accounting standards described in note 1 of the consolidated accounts for 2004, for all instruments and transactions other than those covered by IAS 32 and 39 and IFRS 4.

Consolidation principles and procedures

The consolidated financial statements were prepared from individual annual financial statements of Société Générale, all significant subsidiaries controlled by Société Générale and all associates. Subsidiaries whose closing date differs from that of the parent by more than three months prepared interim financial statements as at December 31 for the 12 preceding months.

The main differences affecting the scope and methods of consolidation relate to the assessment of control exercised over a subsidiary, consolidation criteria for special purpose entities (SPEs), treatment of entities acquired or set up with the intention of selling all or part of them, and treatment of goodwill.

Assessment of control (IAS 27 and 28)

Companies over which Société Générale exercises exclusive control are subject to a full consolidation.

Compared with French standards, international accounting standards define exclusive control as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, whether by virtue of:

- direct or indirect ownership of the majority of voting rights in the subsidiary;
- the power to appoint or remove the majority of the members of the subsidiary's governing, management or supervisory bodies, or to cast the majority of the voting rights at meetings of these bodies;
- the power to exercise a dominant influence over the subsidiary through an agreement or provisions in the company's charter or bylaws.

The Group has chosen to maintain a proportionate consolidation of companies over which it exercises a joint control, using the same procedures as those applied under French standards.

Companies over which the Group exercises significant influence are accounted for under the equity method, using the same procedures as those applied under French standards.

When assessing whether a group controls or significantly influences a subsidiary, international accounting standards take a broader view of the voting rights involved, taking into account the effects potential voting rights conferred by instruments that can be exercised or converted at any time, such as call options on outstanding ordinary shares on the market or bonds convertible into new ordinary shares.

Consolidation of special purpose entities (SIC 12)

Legally independent bodies (special purpose entities) over which the Group exercises effective control are consolidated even where it has no stake in the capital. Exceptions that were previously applied according to French consolidation standards are no longer applicable.

The key criteria used to determine whether such control exists differ from those laid down in French regulations and can be summarized as follows:

- The activities of the SPE are being conducted on behalf of the Group so that the Group obtains benefits.
- The Group has the decision-making powers to obtain the majority of the benefits of the SPE's ordinary activities, whether or not this control has been delegated through an "autopilot" mechanism.
- The Group has rights to obtain the majority of the benefits of the SPE.
- The Group retains the majority of the risks related to the SPE.

Subsidiaries acquired and held for the sole purpose of sale (IAS 27 and IFRS 5)

Under IFRS, unlike French standards, wholly owned subsidiaries must continue to be consolidated even if the Group has always intended, from the time they were acquired, to sell them. This could have implications for the reporting of subsidiaries related to private equity investments. In the case of subsidiaries considered as non-current assets intended for disposal within twelve months, and for which the Group is already actively seeking a buyer, their total assets and total liabilities are shown on two specific lines of the consolidated balance sheet.

Consolidation scope

Consolidation scope under IFRS includes 723 entities as at December 31, 2004:

- 642 fully consolidated companies;
- 65 proportionately consolidated companies;
- 16 companies accounted for by the equity method.

The differences between the consolidation scopes under French standards and IFRS are due to the following elements:

- Consolidation of 36 mutual funds held for the purpose of insurance activities, of which 24 are fully consolidated and 12 are proportionately consolidated. As an exception, French accounting regulations did not require the consolidation of these entities.
- Consolidation of 4 companies related to private equity investments, of which 2 are fully consolidated and 2 are accounted for by the equity method. These entities were not consolidated under French standards since they were intended for disposal.

Treatment of acquisitions and goodwill (IFRS 3)

Under French standards, identifiable assets, liabilities and off-balance sheet items in an acquired subsidiary were initially valued at their market value or their likely net realizable value if they were not intended for operational use. If intended for operational use, they were valued at their value in use, calculated as a global figure for all items contributing to intermediation activities.

Under IFRS, each identifiable asset, liability and off-balance sheet item must be booked at its fair value at the acquisition date, regardless of its purpose. The analysis and professional appraisals required for this initial valuation must hence forward be carried out within 12 months from the date of acquisition as must any adjustments to the value based on new information.

Any surplus of the purchase price above the acquired share of these net revalued assets is booked on the asset side of the consolidated balance sheet under Goodwill. Any deficit is immediately booked to income.

Goodwill is carried on the balance sheet at cost denominated in the subsidiary's reporting currency, and translated into Euro at the official exchange rate as at the closing date.

Goodwill is no longer amortized, but it is tested for impairment whenever there is any indication that its value may have diminished and at least once a year. At the acquisition date each item of goodwill is attributed to one or more cash-generating units expected to derive benefits from the acquisition. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating units. If the recoverable amount of the cash-generating units is less than their carrying amount an irreversible impairment is booked to the consolidated income statement for the period under *Impairment losses on goodwill.*

Accounting policies and valuation methods

Leases (IAS 17)

Leases are classified as finance leases if they transfer substantially all the risks and rewards incident to ownership of an asset to the lessee. Otherwise they are classified as operating leases.

Finance lease receivables are booked under Lease *financing and similar agreements* and represent the Group's net investment in the lease, calculated as the minimum lease payments to be received from the lessee plus any unguaranteed residual value discounted at the interest rate implicit in the lease.

Interest included in the lease payments is booked under Net interest income on the P&L such that the lease generates a constant periodic rate of return on the lessor's net investment.

International standards require systematic review of the unguaranteed residual values used to calculate the lessor's gross investment in a finance lease. If these values should fall, a charge is booked to adjust the financial income previously recorded.

Operating lease assets are booked on the balance sheet under Tangible and intangible fixed assets. If the lease is on a building it is booked under *Investment Property*. Lease payments are booked on a straight-line basis over the life of the lease under income item *Net Income from other activities*.

Property, plant & equipment (IAS 16, 36, 38, 40)

Operating and investment fixed assets are booked on the balance sheet at cost. Borrowing costs incurred to fund the acquisition or a lengthy construction period of the fixed assets are included in the acquisition cost, as well as direct attributable costs. Investment subsidies received are deducted from the cost of the relevant assets.

Software designed in-house is booked as an asset on the balance sheet at its direct cost of development, calculated as spending on external supplies and services and personnel costs directly attributable to producing the asset and making it ready for use.

Under IFRS, unlike French standards applied until 2004, any residual value in an asset shall be taken into consideration for depreciation purposes, and the depreciation shall be computed using a component approach:

- As soon as the assets are fit for use as intended by the Group, fixed assets are depreciated over their useful life by straight-line or diminishing balance method where this reflects the expected pattern of economic benefits from the asset. Any residual value of the asset is deducted from its depreciable amount.
- Where one or several components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life.

For operating and investment property, the Group applied this approach through a breakdown of these assets into at least the following components and related depreciation periods:

Infrastructure	Major structures	50 years
	Doors and windows, roofing	20 years
	Façades	30 years
Technical installations	Elevators Electrical installations Electricity generators Air conditioning, extractors Technical wiring Security and surveillance installations Plumbing Fire safety equipment	10-30 years
Fixtures and fittings	Finishings, surroundings	10 years

Depreciation periods for the other categories of fixed assets depend on their useful life, usually estimated in the following ranges:

• Plant and equipment	5 years
• Transport	4 years
• Furniture	10-20 years
• Office equipment	5-10 years
• IT equipment	3-5 years
• Software, developed or acquired	3-5 years
• Concessions, patents, licenses, etc.	5-20 years

Fixed assets are tested for impairment whenever there is any indication that their value may have diminished, and at least once a year as far as intangible fixed assets are concerned. The existence of any indication of impairment shall be assessed at each reporting date. These tests are carried out on assets grouped by cash-generating unit. Where an impairment loss is established, it shall be booked on the income under the item *Amortization and depreciation expenses for intangible and tangible fixed assets.* This impairment loss will reduce the depreciable amount of the asset and will also lead to a prospective modification of its depreciation schedule.

Realized capital gains or losses on operating fixed assets are booked under *Net Income from other activities,* while profits on investment assets are booked under Net Banking Income.

Non-current assets held for sale (IFRS 5)

If the Group has begun actively seeking to sell the asset and it is highly likely that the asset will be sold within twelve months, the assets concerned and any liabilities directly associated with them are booked under Non-current assets held for sale and Liabilities associated with non-current assets held for sale on the balance sheet.

Unrealized capital losses — the difference between the fair value net of disposal costs of non-current assets or groups of assets held for sale and their net book value — are recognized by a provision for impairment booked to income. Note that, once declassified, non-current assets held for sale are no longer depreciated.

Provisions for general risks and commitments – except for credit risk and employee benefits (IAS 37)

Provisions for general risks and commitments, other than those arising from credit risk or employee benefit schemes, are liabilities whose timing or amount cannot be precisely determined. A provision shall be recognized when the entity has a present obligation towards a third party that will probably or necessarily lead to an outflow of resources to the third-party without compensation for at least an equivalent amount being expected from this third party.

Unlike under French standards, the expected outflows are discounted to present value to determine the amount of the provision, where this discounting has a significant impact. The provision allowances and reversals are booked to income for the relevant future expense.

These provisions include provisions for sundry and legal risks, as well as restructuring charges.

General reserve for banking risks (IAS 30 and 37)

International standards do not allow the recording through income of a general reserve for banking risks.

The general reserve for banking risks that appeared on the liabilities side of the Group's consolidated balance sheet at December 31, 2003 was transferred to shareholders' equity in the opening balance sheet under IFRS for 2004.

Transactions denominated in foreign currency (IAS 21)

At the closing date, monetary assets and liabilities denominated in foreign currencies are converted into the entity's accounting currency at the prevailing spot exchange rate. Realized or unrealized forex losses or gains are booked to income.

International standards specify a particular treatment for non-monetary assets denominated in foreign currencies, including shares and other variable income securities that are not part of the trading portfolio. Their value is translated into the entity's accounting currency at the exchange rate applying when they were acquired. Translation losses or gains on these assets are only booked to income when the assets are sold or impaired.

However, if the non-monetary assets are funded by a liability that is denominated in the same currency, they are converted at the spot rate prevailing at the balance sheet date.

Employee benefits (IAS 19)

Group companies, in France and abroad, may grant their employees:
- post-employment benefits, such as pension plans or retirement payments;
- long-term benefits such as deferred bonuses, long service awards or the Time Saving Account;
- termination benefits.

Some of Société Générale's retired workers enjoy other post-employment benefits such as medical insurance.

Post-employment benefits

Pension plans may be defined contribution or defined benefit.

Under IAS 19, the valuation method and accounting treatment are more precisely defined than under French Standards, leading to an increase in the scope of employee commitments to be considered.

Defined contribution plans limit the company's liability to the subscriptions paid into the plan but do not commit the company to a specific level of future benefits. Contributions paid are booked as an expense for the year in question.

Defined benefit plans commit the company, either formally or constructively, to pay a certain amount or level of future benefits, and the company therefore bears the medium- or long-term risk.

Provisions are booked on the liabilities side of the balance sheet under Provisions for general risks and commitments to cover the whole of these retirement obligations. The obligations are revalued regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

When these plans are financed from external funds classed as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

Differences arising from changes in the calculation assumptions (early retirements, discount rates, etc.) or arising from differences between actuarial assumptions and real performance (return on plan assets) are booked as actuarial gains or losses. They are amortized in the income statement according to the "corridor" method: i.e. over the expected average remaining working lives of the employees participating in the plan, as soon as they exceed the greater of:
- 10% of the present value of the defined benefit obligation (before deducting plan assets);
- 10% of the fair value of the assets at the end of the previous financial year.

Where a new or amended plan comes into force the cost of past services is spread over the remaining period until vesting.

An annual charge is booked under Personnel expenses for defined benefit plans, consisting of:
• additional entitlements vested by each employee (current service cost);
• the financial expense resulting from discount rate;
• expected return on plan assets (gross return);
• amortization of actuarial gains and losses and past service cost;
• settlement or curtailment of plans.

Long-term benefits
These are benefits paid to employees more than 12 months after the end of the period in which the employees render the related service. Long-term benefits are measured in the same way as post-employment benefits, except for the treatment of actuarial gains and losses and past service costs which are booked immediately to income.

Payments based on Société Générale shares or shares issued by a consolidated entity (IFRS 2)
Share-based payments include:
• payments in equity instruments of the entity;
• cash payments whose amount depends on the performance of equity instruments.

Unlike under French standards, share-based payments give rise to a personnel expense under IFRS as follows.

Option plans
The Group awards some of its employees stock purchase or subscription options.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, nor for the beneficiaries to exercise their options.

Group stock-option plans are measured using a binomial formula when the Group has adequate statistics to take into account the behavior of the option beneficiaries. When such data are not available, the Black & Scholes model is used. Valuations are performed by independent actuaries.

For equity-settled share-based payments, the fair value of these options, measured at the grant date, is spread over vesting period and booked to additional paid-in capital under shareholders equity. At each accounting date, the number of options expected to be exercised is revised and the overall cost of the plan as originally determined is adjusted. Expenses booked since the start of the plan are then adjusted correspondingly.

For cash-settled share-based payments, the fair value of the options is booked as an expense over vesting period of the options against a corresponding entry under liabilities on the balance sheet. This payables item is then remeasured at fair value until settled.

Global Employee Share Ownership plan
Every year the Group carries out a capital increase reserved for current and former employees. New shares are offered at a discount with an obligatory five-year holding period.

The resultant benefit to the employees is booked by the Group as an expense for the year. The benefit is calculated as the difference between the fair value of each share acquired, taking account of the obligatory holding periods and the acquisition price paid by the employee, multiplied by the number of shares subscribed.

Net fees for services (IAS 18)

Fee income and expense for services provided and received are recognized in different ways depending on the type of service.

Fees for continuous services, such as payment services, custody fees, or telephony subscriptions are booked to income over the lifetime of the service. Fees for one-off services, such as fund movements, finder's fees received, arbitrage fees, or penalties following payment incidents are booked to income when the service is provided.

In syndication operations, underwriting fees and participation fees proportional to the share of the issue placed are booked to income at the end of the syndication period on condition that the effective interest rate for the share of the issue retained on the Group's balance sheet is comparable to that applying to the other members of the syndicate. Arrangement fees are booked to income when the placement is legally complete.

Income tax (IAS 12)

IFRS treatments for deferred tax differ from French standards on the following points:

• International standards do not allow deferred tax assets and liabilities to be discounted to present value. French rules allowed this where it was possible to define a precise schedule for payment.

• All differences between the carrying value of each asset and liability recorded in the balance sheet and their tax value shall lead to a deferred tax provided these differences will affect future tax payments.

• Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

Note 3 – Accounting principles applicable in 2005

The accounting principles that would be applied in 2005 include those described in the Note 2 and the provisions applicable to financial instruments and transactions which are under the scope of IAS 32 and 39 on financial instruments and IFRS 4 on insurance contracts as they are described in the present Note.

As mentioned in Note 2, for comparative figures of 2004, the financial instruments and transactions which fall under the scope of IAS 32 and 39 and IFRS 4 have been accounted for according to the French accounting principles applied by the Group in compliance with the provisions of Regulation 99-07 and 2000-04 of the French Accounting Regulation Committee *(Comité de la Réglementation Comptable),* as detailed in the Note 1 to the 2004 consolidated financial statements.

For these instruments and transactions, these accounting principles are, in certain aspects, different from those which will be used to prepare the 2005 and following consolidated financial statements in application of IAS 32 and 39 and IFRS 4 in the form endorsed by the European Community. The main differences are the following:

Financial instruments (IAS 32 and 39)

Classification and valuation of securities portfolio

Group securities portfolio accounting classification is modified by IAS 39. The securities, previously recorded as trading securities, short-term investment securities and long-term investment securities and as shares intended for portfolio activities, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments will be classified in the four following categories:

■ Financial assets at fair value through profit or loss. These are financial assets held for trading purposes, they will be measured at fair value and this fair value revaluation will be recorded in the income statement of the period.

■ Held to maturity investments. These are non-derivative financial assets with fixed and determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Contrary to French accounting standards, held to maturity assets cannot be hedged against interest rate risk. They are measured at amortized cost, taking into consideration premiums and discounts, and transaction costs.

■ Available for sale financial assets are non-derivative financial assets held for an undetermined period and that the Group could sell at any time. These are financial assets that cannot be classified in the two previous categories. These financial assets are measured at fair value through shareholders' equity and accrued or earned income on these assets is booked through profit and loss. Revaluation differences, excluding this income, are booked in a specific item under shareholder's equity. Cumulative gains or losses previously recognized in this specific item under shareholders' equity shall be recognized in profit and loss in the event of disposal or impairment. Impairment losses on equity instruments are not reversible.

■ The held for trading assets category will also include the financial assets designated by the Group for valuation at fair value through profit or loss in compliance with the fair value option. Under the version of IAS 39 endorsed by the European Community, the use of the fair value option is restricted to financial assets. This limitation is scheduled to be reviewed under the amendment process for IAS 39 launched by the IAS 13, which will specify the conditions for the application of the fair value option for the valuation of financial assets and liabilities.

Loans and receivables

Contrary to French standards, loans and receivables are initially measured at their fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest rate which takes into consideration all contractual cash-flows.

Derivatives and hedging

According to IAS 39, all derivatives shall be recognized at fair value in the balance sheet. These financial instruments will be considered as trading instruments and subsequently measured at fair value through the income statement except for those instruments designated as hedging instruments for which the expected effectiveness of the hedge with respect to the hedged instrument is adequately documented and has been verified a posteriori.

Derivatives designated as hedging instruments in a fair value hedge will be measured at fair value through the income statement in symmetry with the hedged items which will also be remeasured in profit or loss for the gain or loss attributable to the hedged risk.

Gains or losses on derivatives designated as hedging instruments in a cash flow hedge will be recognized directly in a specific item under shareholders' equity, and the ineffective portion of the gain or loss on the hedging instrument will be recognized in the income statement.

European Regulation No. 2086/2004 has endorsed IAS 39 with the carve-out of some requirements in order to facilitate:

- the use of fair value hedge accounting for macro-hedging derivatives used in Asset & Liability Management in order to hedge the Group's fixed rate gaps from interest rate fluctuations (including customer demand deposits);
- the effectiveness test required by the standard.

Accordingly, Société Générale has decided to prepare its consolidated financial statements in accordance with this carve-out version of IAS 39.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument. Under IFRS, unlike French standards, provided this hybrid instrument is not measured at fair value through income statement, the embedded derivative must be separated from its host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, and if it meets the definition of a derivative.

Fair value

When a financial instrument is quoted in an active market, the market price is considered as the best estimate of the fair value to be used for its valuation. If them is no active market, the fair value shall be established using valuation models and techniques incorporating observable market parameters. If the observability of such items is not documented, the income, previously recorded up front under French standards at the date of issuance of some financial instruments, will be deferred.

Société Générale has chosen to apply these provisions to the only transactions originated after October 25, 2002.

Allowances for credit risk

The criteria to be used under IFRS to assess whether there is objective evidence that a financial asset is impaired for credit risk are similar to those applied under French regulations to assess whether a receivable is doubtful.

But the amount of the provisions shall be now determined on the basis of the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Allocations to and write-backs of provisions are recorded in P&L under *Cost of risk.* The progressive reversal of the discount is deemed to be income from the impaired loans and is booked under *Net interest income.*

Furthermore, when the evidence of impairment is collectively assessed on a group of financial assets with similar credit risk characteristics, the incurred credit risk is recorded through a collective provision pending the identification of impairment losses on individual assets. Part of provisions for country risks, as documented in the accounts under French standards, will be reviewed in the light of IFRS.

Commitments related to mortgage savings accounts *(épargne-logement)*

When the specific commitments linked to these regulated French savings instruments are expected to generate future adverse effects for the Group, a provision is booked on the liabilities side of the balance sheet. For the purposes of this assessment, savings accounts with similar terms and conditions are grouped and then collectively provisioned. There was no provision previously recorded under French standards.

Distinction between liabilities and equity

Issued financial instruments shall be considered as financial liabilities or equity instruments pending on the existence of a contractual obligation by the issuer to deliver cash to the holder of the instruments.

According to the terms of IAS 32 used to analyse the substance of these instruments, undated subordinated securities issued by the Group would be considered as debts. But preferred shares issued by the Group would be considered as equity instruments and the remuneration paid to the holders will be accounted for as distributions.

Treasury shares

Société Générale shares acquired by the Group will be deducted from consolidated shareholders' equity, regardless of the purpose for which they are held. The related gain or loss will be removed from the consolidated P&L. Under French standards, treasury shares held for trading purposes or bought with the view to allocating them to employees were kept among assets in the consolidated balance sheet.

Insurance contracts (IFRS 4)

Classification and valuation of the contracts

Provisions of IAS 39 applicable to financial instruments, as described here before, will be applied for the valuation of contracts that do not fall under the scope of IFRS 4.

Technical reserves

Existing French regulations on the valuation of technical reserves are maintained. The Provision for Deferred Profit-Sharing will be adjusted according to the policyholders' rights to gains or their contribution to losses recognized on the revaluation of financial assets at fair value. Furthermore, a test will be performed to assess whether the amount of technical reserves is adequate according to IFRS 4 (Liability adequacy test).

Note IAS 4 - Employee benefits

(In millions of euros at December 31)

A. Post-employment defined contribution plans

Defined contribution plans limit the Group's liability to the contributions paid to the plan but do not commit the Group to a specific level of future benefits.

The main defined contribution plans provided to employees of the Group are located in France. They include State pension plans and other national retirement plans such as ARRCO and AGIRC.

B. Post-employment defined benefit plans and other long-term benefits

B1. Reconciliation of assets and liabilities recorded in the balance sheet

		2004			
		Post employment benefits		Other long-term benefits	Total
		Pension plans	Others		
Reminder of gross liabilities		2,026	153	338	**2,517**
Reminder of plan assets		(1,537)	0	(47)	**(1,584)**
Deficit in the plan (Net balance)		**489**	**153**	**291**	**933**
Breakdown of the deficit in the plan					
Present value of defined benefit obligations		1,854	0	72	**1,926**
Fair value of plan assets		(1,757)	0	(47)	**(1,804)**
Actuarial deficit (net balance)	A	97	0	25	**122**
Present value of unfunded obligations	B	242	156	266	**664**
Other items recognized in balance sheet	C				
Unrecognized items					
Unrecognized Past Service Cost		40	0	0	**40**
Unrecognized Net Actuarial (Gain)/Loss		30	3	0	**33**
Separate assets		(5)	0	0	**(5)**
Plan assets impacted by change in Asset Ceiling		(215)	–	–	**(215)**
Total unrecognized items	D	(150)	3	–	**(147)**
Deficit in the plan (Net balance)	A+B+C–D	489	153	291	**933**

Notes

1. For pensions and other post-employment plans, actuarial gains and losses, which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortized over the estimated average remaining working life of the employees participating in the plan in accordance with the option under IAS 19.

Regarding the 2004 opening balance sheet, all actuarial gains and losses have been recorded directly in the shareholder's equity in accordance with IFRS1 option.

2. Pension plans include pension benefits as annuities and end of career payments. Pension benefit annuities are paid additionally to state pension plans. The Group grants 89 pension plans located in 31 countries. 10 pension plans located in France, the UK, Germany, the US and Switzerland represents 86% of gross liabilities of these pension plans.
Other post employment benefit plans are healthcare plans. These 10 plans are located in 7 countries, with France representing 90% of gross liabilities.
Other long-term employee benefits include deferred bonuses, Time Saving Accounts and long-service awards. There are 84 schemes located in 24 countries. 60% of gross liabilities are located in France.

3. The present values of defined benefit obligations have been valued by independant qualified actuaries.

4. Information regarding plan assets
The breakdown of the fair value of plan assets is as follows: 43% bonds, 42% equities, 9% monetary instruments and 6% others.
For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 245 million, including EUR 216 million unrecognized.
Separate assets (3 benefit plans) are insurance contracts with related Group companies covering post-employment benefits.

B2. Reconciliation of charges recognized in the income statement

	2004			
	Post employment benefits		Other long-term benefits	Total
	Pension plans	Others		
Current Service Cost including Social Charges	51	3	77	**131**
Employee contributions	(2)	0	0	**(2)**
Interest Cost	94	7	6	**107**
Expected Return on Plan Assets	(80)	0	(3)	**(83)**
Expected Return on Separate Assets	(0)	0	0	**0**
Amortisation of Past Service Cost	3	0	0	**3**
Settlement, Curtailment	0	0	0	**(0)**
Transfers from non recognized assets	0	0	0	**0**
Amortisation of Losses (Gains)	0	0	4	**4**
Total Charges	**66**	**10**	**84**	**160**

The actual return on plan and separate assets were, in millions of euros

	2004			
Plan Assets	112	0	4	**116**
Separate Assets	0	0	0	**0**

B3. Movements in the present value of defined benefit obligations included in the balance sheet

	2004			
	Post employment benefits		Other long-term benefits	Total
	Pension plans	Others		
At January 1	456	151	236	**843**
Foreign exchange adjustments	(3)	(0)	(4)	**(7)**
Amounts recognized in the income statement	65	10	85	**160**
Employer Contributions to plan assets	(40)	–	(4)	**(44)**
Unfunded Benefit payments	(18)	(8)	(22)	**(48)**
Changes in consolidation scope	29	–	–	**29**
Transfers and others	–	–	–	–
At December 31	**489**	**153**	**291**	**933**

B4. Main actuarial assumptions

	2004
Discount rate	
Europe	2.25% - 5.43%
Americas	2.55% - 6.07%
Asia-Oceania	0.78% - 5.40%
Expected return on plan assets (separate and plan assets)	
Europe	2.84% - 7.40%
Americas	6.50% - 6.50%
Asia-Oceania	1.25% - 1.25%
Future salary increase	
Europe	0.5% - 3.46%
Americas	2% - 2%
Asia-Oceania	1% - 4%
Healthcare cost increase rate	
Europe	4.55% - 10%
Americas	NA
Asia-Oceania	0.8% - 2.3%
Average and remaining working life of employees (in years)	
Europe	2.6 - 21.6
Americas	9.6 - 21.5
Asia-Oceania	5.2 - 19.7

Notes

1.The range in discount rates is due to the durations of different post-employment benefit plans and to the different levels of interest rates used in the same geographical area, notably Europe and Asia.

2. The range of expected returns on plan assets is due to the composition of current plan assets.

3. The average remaining working life of employees is calculated taking into account turnover assumptions

B5. Analysis of the sensitivity of post-employment benefits to changes in the main actuarial assumptions

Measured element percentage	Pension plans	Post-employment healthcare plans	Other plans
Change of +1% in the discount rate			
Impact on the present value of commitments at December 31	– 11%	– 15%	– 3%
Impact on total net expenses of the plan	– 6%	– 8%	– 37%
Change of +1% in the expected return on plan assets			
Impact on plan assets at December 31	1%	1%	1%
Impact on total net expenses of the plan	– 11%	NA	0%
Change of +1% in Future salary increases			
Impact on the present value of commitments at December 31	6%	NA	2%
Impact on total net expenses of the plan	14%	NA	39%
Change of +1% in Healthcare cost increase rate			
Impact on the present value of commitments at December 31		13%	
Impact on total net expenses of the plan		16%	

Note IAS 5 - Share-based payments

(In millions of euros at December 31)

1. Expenses recorded in the income statement

	2004		
In millions of euros	**Cash-settled plans**	**Equity settled plans**	**Total plans**
Net charge from stock purchase plans		7.3	7.3
Net charge from stock options plans	– 7.0	35.4	28.4

The above charges relate to stock-option plans booked under shareholders' equity as of November 7, 2002.

2. Main characteristics of Société Générale stock-option plans

2.1 Equity-settled stock-options plans for Group employees for the year-ended December 31, 2004 are briefly described below:

Issuer	Société Générale	Société Générale	Société Générale
Grant year	2002	2003	2004
Type of plan	stock option	stock option	stock option
Shareholders agreement	05/13/97	04/23/02	04/23/02
Board of Directors decision	01/16/02	04/22/03	01/14/04
Number of stock-options granted	3,543,977	3,891,579	3,788,300
Life time of the options granted	7 years	7 years	7 years
Settlement	Société Générale shares	Société Générale shares	Société Générale shares
Vesting period	01/16/02 - 01/16/05	04/22/03 - 04/22/06	01/14/04 - 01/14/07
Performance conditions	no	no	no
Dismissal outside the Group	expired	expired	expired
Redundancy	expired	expired	expired
Retirement	maintain	maintain	maintain
Death	maintain during 6 months	maintain during 6 months	maintain during 6 months
Share price at grant date (in EUR)	62.50	52.00	70.10
Grant price (in EUR) (average of 20 previous market prices)	62.50	52.00	70.00
Non granted options	0	0	0
Exercised options	180	0	0
Forfeited options	273,127	80,396	20,000
Outstanding options at December 31, 2004	3,270,670	3,811,183	3,768,300
Number of shares reserved at December 31, 2004	3,270,670	3,811,183	3,768,300
Share price of shares reserved	64.11	52	51.17
Total value of shares reserved (in EUR million)	210	198	193
First authorized date for selling the shares	01/16/06	04/22/07	01/14/08
Delay for selling after vesting period	1 year	1 year	1 year
Fair value (% of the share price at grant date)	28%	25%	21%
Valuation method used to determine the fair value	binomial model	binomial model	binomial model

2.2. Statistics on Société Générale stock-option plans

Main figures for Société Générale stock-option plans for Group employees for the year ended December 31, 2004

	Options granted in 2002	Options granted in 2003	Options granted in 2004	Weighted average remaining contractual life time	Weighted average fair value at grant date	Weighted average share price at exercise date	Range of exercise prices
Outstanding options at 1/1/2004	3,341,558	3,882,735	0				
Options granted during the year	0	0	3,788,300				
Options forfeited during the year	70,708	71,552	20,000				
Options exercised during the year	180	0	0	61 months		74.55	62.5
Options expired during the year	0	0	0				
Outstanding options at 12/31/2004	3,270,670	3,811,183	3,768,300	0	15.05		
Exercisable options at 12/31/2004	0	1,500	0	0			

Notes

1. The binomial model provides a more detailed simulation of the expected exercise of options by their holders and the performance conditions. It incorporates assumptions based on the observation of the behavior of holders and the realization of performance conditions.

2. The main assumptions used to value the Société Générale stock-option plans are as follows:

	2002	2003	2004
Risk-free interest rate	4.8%	3.5%	3.8%
Implicit share volatility	28%	34%	25%
Forfeited right rate	0%	0%	0%
Expected dividend (payout)	4.0%	4.7%	4.0%
Expected exercise period	5 years	5 years	5 years

The implicit volatility used is the implicit volatility of Société Générale 5-year share options traded OTC.

The dividend payout ratio indicated above is the average of estimated annual dividends.

3. Other stock-option plans - TCW Company

3.1 Main characteristics of stock-option plans attributed to employees of TCW Group in the period ending December 31, 2004

Issuer	TCW	TCW	TCW
Grant year	2001	2002	2003
Type of plan	Stock option	Stock option	Stock option
Shareholders' agreement	07/07/01	07/07/01	07/07/01
Board of Directors decision	07/07/01	01/01/02-07/16/02	02/19/03-03/31/03-06/27/03
Number of stock options granted	1,343	1,418	1,269
Life time of the options granted	10 years	10 years	10 years
Settlement	Société Générale shares	Société Générale shares	Société Générale shares
Vesting period	07/07/2001 - 07/07/2003	01/01/2003 - 07/15/2008	02/18/2005 - 06/26/2009
Performance conditions	no	no	no
Dismissal	no	no	no
Redundancy	expired	expired	expired
Retirement	expired	expired	expired
Death		Partial maintain with accelerated vesting	
Share price at grant date	22,225.01	18,138.39	15,503.90
Discount	3,292.48	2,686.94	2,296.56
Exercise price (in euros)	18,932.53	15,451.45	13,207.34
Non granted options			
Exercised options	0	0	0
Forfeited options	0	0	224
Outstanding options at 12/31/2004	1,343	1,418	1,045
Number of shares reserved on December 31, 2004			
Share price of shares reserved	0.00	0.00	
Total value of shares reserved (in EUR million)			
First date authorized for selling the shares	08/07/03	02/01/03	03/18/05
Delay for selling after vesting period	none	none	none
Fair value (% of the share price at grant date)	42%	56%	51%
Valuation method used to determine the fair value	*black & scholes*	*black & scholes*	*black & scholes*

3.2 Statistics on TCW stock-option plans

Stock options plans granted to TCW employees during the period ending December 31, 2004 have the following characteristics:

	Options granted in 2002	Options granted in 2003	Options granted in 2004	Weighted average remaining contractual life time	Weighted average fair value at grant date	Weighted average share price at exercise date	Range of exercise prices
Outstanding options at 1/1/2004	1,343	1,418	1,045				
Options granted during the period	0	0	0				
Options forfeited during the period	0	0	0				
Options exercised during the period	0	0	0			NA	NA
Options expired during the period	0	0	0				
Outstanding options at 12/31/2004	1,343	1,418	1,045	60 months	6,145		
Exercisable options at 12/31/2004	1,254	328	0				

Notes

1. The main assumptions used to value the TCW stock-option plans are as follows:

Risk free interest rate	4%
Implicit share volatility	39%
Forfeited right rate	0%
Expected dividend payout	0%
Expected exercise rate	0%

2. The forecast volatility has been estimated using the historical volatility of US listed companies belonging to the same segment and various maturities.

The fair value reflects the future performances of the Company.

4. Information on other plans

4.1 Attribution of Société Générale shares at a discount

In 2004, Société Générale granted 5,522,573 shares with a maximum discount of 20% to employees of the Group, as part of its employee shareholding policy. (NB: In certain countries, notably the US, this discount is less than 20%).

The Group recorded a EUR 7.3 million charge for these shares, taking into account the qualified 5-year holding period. In accordance with the communiqué of the National Accounting Council dated December 21, 2004, the cost of the qualified holding period is taken to be the cost of a strategy consisting in the forward sale of the subscribed shares and the spot purchase of an equivalent number of Société Générale shares in the market, funded using a loan.

4.2 Stock-options plans granted by unlisted companies

A number of Group companies have granted stock options to employees and chief executive officers.These plans are cash-settled. The life time of the options granted is generally 6 years and the last option will be exercised in 2008 at the latest.

When the shares are sold, they are generally bought by an other subsidiary of the Group, in accordance with the general equity-control policy of the Société Générale Group.

The total booked liability for these plans is EUR 14.5 million. The related impact on the 2004 income statement of the settlement of these options is a net income of EUR 7 million, resulting from a difference between the exercise price and the value of the shares to be delivered amounting to EUR 14.5 million.

4.3 Boursorama stock-options plan

In June 2004, Boursorama implemented a stock-option plan for its employees which will be settled in Boursorama shares. 1,419,354 options have been granted, with a 10 year life time. The vesting period is 3 years, followed by a qualified 1 year holding period. The total cost of the plan has been estimated at EUR 3.5 million and a related EUR 582,00 expense was recorded for the year 2004. This cost was calculated using Black & Scholes model.

5. Amendment of existing plans: no plans were modified during 2004.

Special purpose audit report of the Statutory Auditors on the IFRS restated consolidated financial statements for the year ended December 31, 2004

This is a free translation into English of the original Statutory Auditors' report on the restated consolidated financial statements signed and issued in French language and is provided solely for the convenience of English speaking readers.

To the shareholders of Société Générale

At your request and in our capacity as Statutory Auditors of Société Générale SA, we have audited the accompanying consolidated financial statements for the year ended December 31, 2004, which were restated (the "restated consolidated financial statements") in accordance with International Financial Reporting Standards ("IFRS"), as adopted in the European Union.

These restated consolidated financial statements are the responsibility of the Board of Directors. They have been prepared as part of the company's conversion to IFRS as adopted by the European Union in respect of the preparation of the 2005 consolidated financial statements. These restated consolidated financial statements are based on the consolidated financial statements ("the consolidated financial statements") for the year ended December 31, 2004 prepared in accordance with the accounting rules and principles applicable in France which we have audited in accordance with French professional standards. Based on our audit, we issued an unqualified opinion on such consolidated financial statements. Our responsibility is to express an opinion on these restated consolidated financial statements, based on our audit.

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the restated consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the restated consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management for the preparation of the restated consolidated financial statements, as well as evaluating the overall presentation of the restated consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the restated consolidated financial statements have been prepared, in all material respects, in accordance with the basis set out in the notes, which describe how IFRS 1 and the other International Financial and Reporting Standards as adopted in the European Union, have been applied, including the assumptions management has made about the standards and interpretations expected to be effective, and the policies expected to be adopted for the preparation of the first complete set of consolidated financial statements in accordance with IFRS as adopted in the European Union.

Without qualifying our opinion, we draw your attention on Note 1 "First time adoption of IFRS", which explains that the restated consolidated financial statements have been prepared on the basis of existing standards and interpretations as at January 1, 2005, and why there is a possibility that the accompanying restated consolidated financial statements may require adjustment before their inclusion as comparative information in the consolidated financial statements for the year ended December 31, 2005, when the Company prepares its first set of consolidated financial statements in accordance with IFRS as adopted in the European Union.

Moreover, because the restated consolidated financial statements for the year ended December 31, 2004 have been prepared as part of the company's conversion to IFRS as adopted by the European Union in respect of the preparation of the 2005 consolidated financial statements, they do not include comparative information relating to 2003, nor all the explanatory notes required by IFRS as adopted in the European Union, which would be necessary to provide, in accordance with these standards, a fair view of the assets, liabilities, financial position and results of the consolidated group of companies.

Neuilly-sur-Seine and Courbevoie, March 10, 2005.

The Statutory Auditors

DELOITTE & ASSOCIES

José-Luis Garcia

ERNST & YOUNG Audit

Christian Mouillon

INTERIM FINANCIAL INFORMATION OF SOCIÉTÉ GÉNÉRALE FOR THE FIRST QUARTER OF 2005 AS PER MAY 25, 2005 (QUARTERLY REPORT)

Contents:

Please note that the following pages are only excerpts of the Quarterly Report 2005 of Société Générale. Advertising parts have been deleted. Therefore, the above mentioned page numbers refer to the page numbers newly inserted down left in the following document.

1.1.2 Press release dated May 25th 2005

FIRST QUARTER 2005: STRONG RESULTS[1]:
Strong organic growth in revenue: +18.2%* vs. Q1 04
Sustained increase in gross operating income: +35.0%* vs. Q1 04
Continued low net allocation to provisions
Net income: EUR 1,219 million (+40.6% vs. Q1 04)
Group ROE after tax: 29.5%
Tier One ratio at 31/3/05: 8.1%

In EUR million	Q1 05	Q1 04	Change
Net banking income	**4 704**	**3 934**	**+19,6%**
On a like-for-like basis*			***+18,2%***
Operating expenses	**-2 985**	**-2 667**	**+11,9%**
On a like-for-like basis*			***+10,2%***
Gross operating income	**1 719**	**1 267**	**+35,7%**
On a like-for-like basis*			***+35,0%***
Operating income	**1 646**	**1 067**	**+54,3%**
On a like-for-like basis*			***+54,1%***
Net income	**1 219**	**867**	**+40,6%**

	Q1 05	Q1 04
Group ROE after tax	**29,5%**	**21,6%**
Business line ROE after tax	**33,0%**	**25,9%**

Q1 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q1 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

[1] Under IFRS standards, including IAS 32&39 and IFRS 4 for Q1 05, on the basis of available standards and interpretations at 01/01/2005 as adopted by the European Union.

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

At its meeting on May 24th 2005, the Board of Directors of Société Générale approved the results for the first quarter of 2005 under IFRS standards[2]. The Group continued to record sustained growth across all the business lines, with an exceptional performance by the Corporate and Investment Banking Division. The Group posted a Tier One ratio of 8.1% at 31/3/05, thereby confirming its financial strength.

GROUP CONSOLIDATED RESULTS

The first quarter of 2005 saw a relatively favourable economic and financial environment on the whole although trends were mixed: economic growth was strong in the United States, but more moderate in Europe; equity markets rallied and the dollar recovered; European interest rates remained low; the volume of deals by European corporates remained limited, notably on the equity capital markets. The credit risk environment remained very favourable.

Against this backdrop the Group recorded strong results. Gross operating income stood at EUR 1,719 million for the quarter, up sharply by 35.0%* compared to Q1 04, while net income rose by 40.6% to EUR 1,219 million.

IAS 32&39, as adopted by the European Union, had very limited impact on the quarter, as anticipated by the Group.

Net banking income

Net banking income for the quarter stood at EUR 4,704 million. In relation to Q1 04, this represented an 18.2%* increase (+19.6% in absolute terms), reflecting strong organic growth in activity. Revenue in all businesses was up, particularly in the Group's growth drivers – Retail Banking outside France, Financial Services and Global Investment Management & Services; the Corporate and Investment Banking Division recorded exceptional results in the first quarter, fully exploiting a favourable environment.

The application of IAS 32&39 had a very limited impact on net banking income for the quarter (increase in NBI of approximately EUR 70 million). However for a small number of businesses IAS 32&39 introduce an element of volatility that may, in some instances, limit the significance of NBI for assessing the performance of the relevant activities; in the first quarter this applies to the French Networks. In addition, it should be noted that no

[2] First quarter 2005 results reviewed by the Statutory Auditors under IFRS standards, including IAS 32&39 and IFRS 4, on the basis of available standards and interpretations at 01/01/2005 as adopted by the European Union. These results are compared to the audited accounts of the first quarter of 2004 reviewed by the Statutory Auditors under IFRS standards, excluding IAS 32&39 and IFRS 4. For the purpose of explanation the Group has also provided an evaluation (not audited by the Statutory Auditors) of the main impacts of the application of IAS 32&39 and IFRS 4 on Q1 05 results.

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

significant capital gain in respect of disposals was recorded (under NBI, according to IAS 32&39) in the first quarter in the industrial equity portfolio.

These results confirm the Group's capacity to deliver strong growth on a recurrent basis.

Operating expenses

Operating expenses rose by 10.2%* compared to Q1 04, reflecting continued emphasis on investment aimed at ensuring the Group's organic growth and tight cost control.

The application of IAS 32&39 has no impact on operating expenses.

The Group continued to improve its operating efficiency: the Group's cost/income ratio for the quarter was extremely low and stood at 63.5% versus 67.8% in Q1 04. This decline reflects the performance of the growth drivers and the exceptionally low cost/income ratio in the Corporate and Investment Banking Division (54.4%).

Operating income

Gross operating income rose by 35.0%* to EUR 1,719 million compared to Q1 04.

Risk provisioning remained low for the sixth quarter running (17bps in Q1 05). The cost of risk in the French Networks stood at 28bps of risk-weighted assets, thereby confirming the structural improvement in the risk profile. For the fourth quarter running, Corporate & Investment Banking booked a net write-back which stood at EUR 47 million in this quarter; very few provisions were booked on new loans and write-backs were booked on specific provisions, reflecting loans either repaid or sold.

The application of IAS 32&39 produced a limited increase in the Group's risk provisioning for the quarter: excluding the impact of discounting of provisions, the net allocation would have been approximately EUR 15 million lower.

Furthermore in the opening balance sheet at 1/1/05 under IFRS, the amount of portfolio-based provisions stood at approximately EUR 1 billion, which is close to the level of the general credit risk and country risk reserves booked to the Group's balance sheet at 31/12/04 under French standards.

Operating income for the quarter stood at EUR 1,646 million, up sharply by 54.1%* compared to Q1 04 (+54.3% in absolute terms).

Net income

Net income from other assets stood at EUR 166 million (vs. EUR 238 million in Q1 04), as the Group booked in this quarter the revenue from the disposal of its Argentine retail banking subsidiary and its holding in United Arab Bank (United Arab Emirates). After tax (effective tax rate of 28%) and minority interests, net income totalled EUR 1,219 million, up 40.6% on Q1 04.

Group ROE after tax[3] stood at 29.5%, compared to 21.6% last year.

CAPITAL BASE

Group shareholders' equity stood at EUR 21.3 billion[4] at March 31st 2005 (vs. EUR 18.7 billion at 1/1/05), representing a book value per share[5] of EUR 50.1. Risk-weighted assets increased by 7.4%* between March 31st 2004 and March 31st 2005 (9.6% in absolute terms). The Tier One ratio stood at 8.1% at 31/3/05 (vs. 7.8% at 1/1/05), thereby confirming the Group's financial strength.

The Group follows a share buyback policy aimed at least at cancelling out the dilutive impact of capital increases reserved for employees and stock option plans. Under this policy the Group bought back 0.6 million shares in the first quarter. At March 31st 2005, following the cancellation of 11 million unallocated treasury shares (i.e. 2.5% of the share capital) in February 2005, Société Générale held 28.3 million of its own shares (excluding those held as part of its trading activities), representing 6.5% of its total share capital. Furthermore the Group bought back a net 3.4 million shares in the second quarter as at May 24th 2005.

The Group is rated Aa2 by Moody's and AA- by S&P and Fitch. Société Générale ranks amongst the highest-rated banking groups.

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3 Group ROE for Q1 05 is calculated on the basis of average net shareholders' equity under IFRS (including IAS 32&39 and IFRS4), excluding unrealised capital gains or losses.

4 This amount includes (i) the deeply subordinated notes in the amount of EUR 1 billion issued in January 2005, (ii) the 2004 dividend to be distributed in the amount of EUR 1.3 billion and (iii) unrealised capital gains in the amount of EUR 1.4 billion.

5 Net assets are comprised of Group shareholders' equity, excluding the deeply subordinated notes in the amount of EUR 1 billion, but reinstating the book value of treasury shares held as part of trading activities. The number of shares taken into account reflects shares issued at March 31st 2005 excluding treasury shares, with the exception of treasury shares held as part of trading activities.

French Networks

In EUR million	Q1 05	Q1 04	Change
Net banking income	**1,520**	**1,435**	**+5.9%**
Operating expenses	**-1,065**	**-1,009**	**+5.6%**
Gross operating income	**455**	**426**	**+6.8%**
Net allocation to provisions	**-68**	**-71**	**-4.2%**
Operating income	**387**	**355**	**+9.0%**
Net income	**240**	**218**	**+10.1%**

	Q1 05	Q1 04
ROE after tax	**19.8%**	**18.8%**

Q1 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q1 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

The trends of the previous quarters continued into the beginning of 2005, with significant growth in the individual and business customer franchise, strong sales dynamism in all aspects of customer relationships, and significant revenue growth.

Regarding individual customers**,** the number of current accounts continued to increase, rising by +132,600 compared to end-March 2004, i.e. annualised growth of +2.4%, with the increase standing at +28,400 for the last three months.

Loan issuance in the individual customer segment reached a new quarterly record, with EUR 3.4 billion of new mortgage loans (+27.5% compared to Q1 04), at higher margins than in 2004. Consumer loans also recorded a sharp rise (+18.4% for instalment loans and +8.8% for revolving loans).

Life insurance inflows also reached a record quarterly high, to stand at EUR 2.3 billion – investments in unit-linked policies increased by 52% compared to Q1 04. The inflows into special savings accounts also increased by approximately 15% compared to the same period but did not weigh on the growth in sight deposits.

A similar, favourable trend was observed for business customers: 840 new accounts were opened for high quality customers in the first quarter. Société Générale was the top-ranking bank in the survey by *L'Entreprise* magazine on the quality of banks' relationships with entrepreneurs. Outstanding investment loans increased by 7.2% and operating loans by 3.8% compared to Q1 04.

In financial terms, the consolidated NBI of the Société Générale[6] and Crédit du Nord networks increased by 5.9% compared to Q1 04 to stand at EUR 1,520 million. Regarding the accounts of the French Networks' business, the new accounting standards introduce an element of volatility into net interest income which needs to be restated in order to accurately assess the performance of the business. Similarly to other French banking groups, the Group had in particular to book a provision to the opening balance sheet at 1/1/05 in respect of future commitments under PEL/CEL mortgage savings accounts[7]. The amount of this provision will be revalued each quarter by booking an allowance or a write-back under NBI, taking into account notably the variation in interest rates. In Q1 05, the first quarter to which this method was applied, the Group booked a write-back in the amount of EUR 23 million. The other effects of the implementation of IAS 32&39 were negligible.

As an illustration of this volatility, if IAS 32&39 had been applied as of 1/1/04, the Group would have booked in Q1 04 an allowance to the provision for future commitments under PEL/CEL mortgage savings accounts that would have resulted in an increase in the revenue of the French Networks of almost 10% between Q1 04 and Q1 05. Conversely, assuming neutralisation of the impact of IAS 32&39, this increase would stand at 4.0%, similar to the annual increase recorded in 2004. For 2005 as a whole, excluding the impact of the implementation of IAS 32&39, the Group confirms an upward trend in the French Networks' revenue of approximately 3.5% compared to 2004, taking into account the persistently low level of interest rates.

Net interest income increased by 6.2% compared to Q1 04 (+2.9% compared to Q1 04 excluding the impact of IAS 32&39). The continued erosion of the margin on sight deposits, due to the historically low level of long-term interest rates, was more than offset by the strong growth in outstanding sight deposits (+7.1%). The trend in the interest margin is similar to that of 2004.

Commission income increased by 5.6% compared to Q1 04, mainly due to a sharp rise in financial commissions (+9.3%). The more limited increase in service commissions (+4.4%) includes a small price effect (+0.5%), as both the Société Générale and Crédit du Nord brands seek to maintain the competitive fee structure recognised as such in public surveys.

The increase in operating expenses (+5.6% compared to Q1 04) includes the following non-recurring items: a EUR 18.7 million special bonus booked in full at the beginning of the year under the 2005 wage agreement and, in accordance with the Group's forecasts, an increase on Q1 04 in the charge

[6] The revenue of the Société Générale Network does not include that of the Private Banking business in France, which is booked under the Global Investment Management & Services division.
[7] This provision was booked in accordance with the methodology defined by the CNC (*Conseil National de la Comptabilité*).

related to the implementation of IFRS2 (share-based payments), with the latter charge booked under operating expenses by each of the Group's business lines. For 2005 – during which the major part of the restructuring of Société Générale's retail banking network will be completed – the Group confirms an increase in the operating expenses of the French Networks of approximately 3%.

The cost/income ratio stood at 70.1% in the first quarter. Gross operating income stood at EUR 455 million, up 6.8% on Q1 04.

The annual cost of risk continued to decline and stood at an annualised low of 28 basis points of risk-weighted assets, versus 33 basis points in the first quarter of 2004. The impact of discounting of provisions associated with the implementation of IAS 32&39 was limited.

Q1 net income stood at EUR 240 million, up 10.1% on Q1 04.

Quarterly ROE after tax stood at 19.8% versus 18.8% in Q1 04.

Retail Banking outside France

In EUR million	Q1 05	Q1 04	Change
Net banking income	**541**	**419**	**+29.1%**
On a like-for-like basis & at constant exchange rates			***+15.3%***
Operating expenses	**-327**	**-258**	**+26.7%**
On a like-for-like basis & at constant exchange rates			***+10.1%***
Gross operating income	**214**	**161**	**+32.9%**
On a like-for-like basis & at constant exchange rates			***+23.4%***
Net allocation to provisions	**-28**	**-44**	**-36.4%**
Operating income	**186**	**117**	**+59.0%**
Net income	**94**	**55**	**+70.9%**

	Q1 05	Q1 04
ROE after tax	**43.0%**	**32.5%**

Q1 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q1 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

Retail Banking outside France very convincingly confirmed its role as a growth driver for the Group in the first quarter of 2005.

Organic growth was vigorously pursued: the number of branches increased by 94 over one year, with 17 branch openings in the first quarter of 2005, mainly in Europe (in particular Romania and Serbia).

Further to these investments in the network and in the marketing drive, the franchises have grown rapidly: the number of individual customers increased by 620,000 since the end of March 2004, i.e. +14% over one year at comparable structure, including 344,000 in the European branches. Outstanding deposits and loans grew by 7.8%* and 17.8%* respectively, with a sharp increase of 35%* for loans to individual customers.

Furthermore the division pursued its dynamic management policy regarding its portfolio of holdings: over the quarter, the Group increased its stake in the capital of its Egyptian subsidiary National Société Générale Bank (NSGB) from 54% to 78%; conversely, the retail banking business in Argentina – a non-strategic market for the Group – was sold, as was the 20% minority stake in United Arab Bank.

Quarterly revenue rose sharply by 15.3%* over Q1 04 (+29.1% in absolute terms). The implementation of IAS 32&39 had no significant impact.

Operating expenses increased by 10.1%*, i.e. less than NBI, despite continued investment aimed at further growth and productivity.

Quarterly gross operating income therefore increased by 23.4%* on Q1 04 and the quarterly cost/income ratio stood at 60.4%.

Net allocations to provisions totalled EUR 28 million over the quarter, down sharply from the low level recorded in Q1 04. The impact of discounting of provisions on the division's risk provisioning under IAS 32&39 was limited over the quarter.

Operating income increased by 47.5%* over the quarter.

Net income increased by 70.9% on Q1 04 despite an unfavourable base effect, with a EUR 20 million non-recurring capital gain before tax and minority interests booked in the 1st quarter of 2004, following the disposal of a payment systems subsidiary of Komercni Banka.

Quarterly ROE after tax stood at an exceptionally high level of 43.0%, compared to 32.5% one year ago.

Financial Services

In EUR million	Q1 05	Q1 04	Change
Net banking income	480	420	+14.3%
On a like-for-like basis & at constant exchange rates			*+7.1%*
Operating expenses	-278	-251	+10.8%
On a like-for-like basis & at constant exchange rates			*+2.4%*
Gross operating income	202	169	+19.5%
On a like-for-like basis & at constant exchange rates			*+14.2%*
Net allocation to provisions	-38	-37	+2.7%
Operating income	164	132	+24.2%
Net income	104	83	+25.3%

	Q1 05	Q1 04
ROE after tax	15.7%	14.5%

Q1 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q1 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

The Group's Financial Services activities are mainly comprised of two business lines: Specialised Financing and Life Insurance.

Similarly to Retail Banking outside France, Specialised Financing represents a major area of development for the Group.

The Group pursued the sustained organic growth of its consumer credit business. When adjusted for changes in Group structure, new lending increased by 6.7% and outstanding loans increased by 16.0% compared to Q1 04.

Moreover the quarter saw continued external growth in Europe, with:
consolidation, as of March 1st 2005, of Hanseatic Bank, the banking subsidiary of Otto, the German mail order company,
and the announcement of the acquisition of Promek Bank in Russia and Eurobank in Poland.

Regarding the vendor and equipment finance business, the quarterly loan issuance of SG Equipment Finance increased by 10.8% compared to Q1 04 when adjusted for changes in Group structure (+24.7% in absolute terms), representing an excellent performance against a backdrop of sluggish investment in Europe.

In operational vehicle leasing and fleet management, ALD Automotive pursued the expansion of its international network during the first quarter, with the establishment of a subsidiary in Croatia and the acquisition of Alfa Oto in Turkey. With a fleet of 527,000 vehicles at end March 2005[8] (+14.8% over one year), ALD Automotive ranks as the second largest European player in terms of outstandings.

Quarterly production at ECS, the leading European player in IT asset leasing and management, was up 6% on Q1 04.

Overall, revenue generated by the Specialised Financing business line rose by 7.8%* in relation to Q1 04. The implementation of IAS 32&39 had a limited impact on revenue (EUR +5 million over the quarter) and provisions. Quarterly ROE after tax stood at 18.6%.

In the Life Insurance business, Sogecap recorded stable premium income in relation to the first quarter of 2004, which represented a high base. Quarterly net banking income of the Life Insurance business rose by 14.7%* compared to Q1 04, and the impact of the change in accounting standards on NBI was very limited (EUR +2 million).

Overall, the Financial Services arm notched up 24.2% growth in quarterly operating income. Its ROE after tax stood at 15.7% in 2004, up on Q1 04 (14.5%).

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[8] NB: the accounting methodology applied to the fleet of vehicles under management has changed: vehicles financed through leasing in Germany (for which outstanding loans are booked under the consumer credit business) are now excluded.

GLOBAL INVESTMENT MANAGEMENT AND SERVICES

In EUR million	Q1 05	Q1 04	Change
Net banking income	**602**	**545**	**+10.5%**
On a like-for-like basis & at constant exchange rates			***+11.5%***
Operating expenses	**-415**	**-395**	**+5.1%**
On a like-for-like basis & at constant exchange rates			***+6.4%***
Operating income	**187**	**150**	**+24.7%**
On a like-for-like basis & at constant exchange rates			***+24.8%***
Net income	**127**	**95**	**+33.7%**

In EUR billion	Q1 05	Q1 04
Net new money over period	**5.5**	**6.2**
Assets under management (at end of period)	**326**	**300**

Q1 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q1 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

The Global Investment Management & Services arm includes asset management (SG AM), private banking (SG Private Banking), as well as securities businesses (SG GSSI) and on-line brokerage (Boursorama).

The arm continued to display strong growth momentum: Q1 05 net inflows stood at EUR 5.5 billion. At March 31st 2005, assets under management stood at EUR 326 billion; this amount does not include assets managed by Lyxor Asset Management (EUR 47 billion at March 31st 2005), whose results are consolidated under the Equity and Advisory business line, nor the assets of customers managed directly by the French networks (EUR 79 billion held by customers with assets exceeding EUR 150,000). The Group has therefore confirmed its position as the fourth largest bank-owned asset management company in the euro zone.

Assets under custody at SG GSSI stood at EUR 1,180 billion at March 31 2005, up 10% over the year. The number of lots handled by Fimat (161 million) rose by 5% on Q1 04.

The arm's financial results were also satisfactory, with operating income up 24.8%* on Q1 04 (+24.7% in absolute terms), and the cost/income ratio down sharply by over 3 points at 68.9%. Net income stood at EUR 127 million, up 33.7%.

IAS 32&39 did not have any significant impact on the arm's NBI.

Asset Management

SGAM's asset management and distribution capacity was confirmed again last quarter with net inflows of EUR 4.0 billion (representing an annualised growth rate of 6% of assets under management), underpinned by the dynamism of TCW and a significant contribution by Asia, where the division has substantially strengthened its presence in recent years. Assets under management at SG AM stood at EUR 275.1 billion at the end of March 2005, versus EUR 252.9 billion a year earlier.

Net banking income increased by 19.0%* on Q1 04 to stand at EUR 269 million. This includes a non-recurring commission in the amount of EUR 38 million (compared to EUR 13 million in Q1 04) under a multi-annual distribution agreement in its last year, and reflects a major contribution by TCW.

Tight cost control (+5.5%* on Q1 04) enabled the arm to record a 43.8%* increase in quarterly operating income on Q1 04.

Private Banking

The business line continued its sustained sales drive, and net inflows stood at EUR +1.5 billion over the quarter (representing annualised growth in assets under management of 12%). Overall, assets under management stood at EUR 51.3 billion at the end of March 2005, versus EUR 47.1 billion a year earlier.

The business line recorded an increase in net banking income compared to the first quarter of 2004 (+4.1%*) which represented an exceptionally high base. The gross margin stood at over 100bps for the quarter.

Despite the impact of additions to the sales teams and IT projects in Switzerland and Asia, operating expenses rose moderately (+4.9%* on Q1 04).

Operating income was up 2.5%*, thereby exceeding the record level achieved in Q1 04.

SG GSSI and Boursorama

Despite a mixed market environment in the first quarter, client-driven activity continued to record sustained growth. The brokerage sub-division of SG GSSI confirmed its strong positioning (global market share of 5.0%[9] in execution and clearing on listed derivative products in the first quarter of 2005). The number of funds administered by the Global Custodian sub-

[9] On major derivatives exchanges of which FIMAT is a member.

division of SG GSSI rose by 16% on Q1 04. Boursorama pursued its diversification strategy aimed at the on-line distribution of savings products.

Net banking income in the business line rose by 7.4%* compared to Q1 04.

Operating expenses increased by 8.1%* on Q1 04, reflecting additions to Fimat's teams and the impact of IT rationalisation within the Brokerage and Global Custodian sub-divisions.

Operating income increased by 3.4%* compared to Q1 04 (+6.9% in absolute terms).

CORPORATE AND INVESTMENT BANKING

In EUR million	Q1 05	Q1 04	Change
Net banking income	**1,550**	**1,178**	**+31.6%**
On a like-for-like basis & at constant exchange rates			*+33.7%*
Operating expenses	**-843**	**-713**	**+18.2%**
On a like-for-like basis & at constant exchange rates			*+19.9%*
Gross operating income	**707**	**465**	**+52.0%**
On a like-for-like basis & at constant exchange rates			*+55.0%*
Net allocation to provisions	**47**	**-48**	**NM**
Operating income	**754**	**417**	**+80.8%**
On a like-for-like basis & at constant exchange rates			*+83.9%*
Net income	**498**	**317**	**+57.1%**

	Q1 05	Q1 04
ROE after tax	**54.0%**	**36.0%**

Q1 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q1 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

In a broadly favourable environment, the Corporate & Investment Banking arm recorded exceptionally strong results at the beginning of the year. Strong growth in NBI (+33.7%* compared to Q1 04) was underpinned by sustained client-driven activity and the favourable results of the arbitrage business. These results were achieved as the arm pursued its policy of reasonable growth in outstanding loans, particularly in commercial banking (+6.5% on Q1 04) and maintained tight control of market risks: average VaR stood at a moderate EUR 19.8 million over the quarter (vs. EUR 27.2 million in Q1 04).

Moreover the implementation of IAS 32&39 had a marginal impact on revenue for the quarter (positive impact of approximately EUR 1 million): in particular the spreading over time of the sales margin on structured products ("Day One P&L") produced a limited decline in quarterly revenue (EUR -39 million); conversely, booking Credit Default Swaps at market value to the income statement had a positive impact of approximately EUR 15 million, mainly due to the widening of credit spreads at the end of the quarter, and the mark-to-market valuation of instruments previously valued using the interest accrual method under French accounting standards generated a gain of EUR +25 million; other effects of IAS 32&39 had no significant impact on the arm's quarterly revenue.

The revenue of the Corporate Banking and Fixed Income business was up 11.3%* compared to last year which represented a high base. The fixed income business recorded strong growth, driven by very good performance both in client-driven and trading activity, particularly in interest rate and interest rate derivative products. The structured finance business also recorded a good quarter. Against a backdrop of lower margins and less stringent lending covenants, the arm continued to support its clients, using syndication and active management of its portfolio in order to optimise the risk/reward ratio.

The results of the Equity and Advisory arm were up sharply by 71.7%* compared to Q1 04. The Equity derivatives business made an exceptionally strong contribution both in terms of client-driven and trading activity in a very favourable market environment, underpinned by rising markets, strong merger and acquisitions activity (a positive factor in respect of risk arbitrage business) and excellent performance in index arbitrage business; trading revenue therefore recorded an exceptional increase in the first quarter. The Cash Equity and Advisory business saw a satisfactory level of activity, particularly in the primary equity market in Europe.

Overall, the net banking income of the Corporate & Investment Banking arm was up 33.7%* on Q1 04.

The Corporate & Investment Banking arm's operating expenses increased by 19.9%* compared to Q1 04, mainly reflecting the impact of higher variable remuneration as a result of the strong rise in NBI. The division pursued its policy of tight cost control together with targeted investment in line with its strategy.

The cost/income ratio came out at a low level of 54.4% over the quarter and gross operating income was up 55.0%* compared to Q1 04.

In a continued favourable credit risk environment, the Corporate & Investment Banking arm booked a net write-back of provisions of EUR 47 million in the last quarter; the impact of discounting of provisions under IAS 32&39 was not significant over the quarter. Very few provisions were booked on new loans; write-backs were booked on specific provisions, either due to favourable developments in counterparties' financial position, or because the credit was repaid or sold under the bank's policy of active loan book management.

The division's contribution to Group net income stood at EUR 498 million, up sharply by 57.1% compared to Q1 04. The arm posted after-tax profitability in excess of 30% for the eighth quarter running: after-tax ROE stood at 54.0%, compared to 36.0% for the same period last year.

CORPORATE CENTRE

The Corporate Centre recorded net income of EUR 156 million in the first quarter.

No significant capital gain – henceforth booked to NBI under IAS 32&39 – was booked in respect of disposals in the industrial equity portfolio. At March 31st 2005, the IFRS net book value of the portfolio excluding unrealised capital gains stood at EUR 1.5 billion, and unrealised capital gains stood at EUR 0.5 billion.

The disposal of the retail banking subsidiary in Argentina was booked (under net income from other assets) in the first quarter as well as that of the Group’s holding in United Arab Bank.

SUPPLEMENTS

CONSOLIDATED INCOME STATEMENT (in millions of euros)	First quarter 2005	2004	Change	
Net banking income	4,704	3,934	+19.6%	+18.2%(*)
Operating expenses	(2,985)	(2,667)	+11.9%	+10.2%(*)
Gross operating income	**1,719**	**1,267**	**+35.7%**	**+35.0%(*)**
Net allocation to provisions	(73)	(200)	-63.5%	-66.3%(*)
Operating income	**1,646**	**1,067**	**+54.3%**	**+54.1%(*)**
Net income from other assets	166	238	-30.3%	
Net income from companies accounted for by the equity method	5	3	+66.7%	
Impairment of goodwill	0	0	NM	
Income tax	(504)	(365)	+38.1%	
Net income before minority interests	**1,313**	**943**	**+39.2%**	
Minority interests	(94)	(76)	+23.7%	
Net income	**1,219**	**867**	**+40.6%**	
Annualised Group ROE after tax (%)	29.5%	21.6%		
Tier-one ratio at end of period	8.1%	8.4%		

Q1 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q1 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

(*) when adjusted for changes in Group structure and at constant exchange rates

NET INCOME AFTER TAX BY CORE BUSINESS (in millions of euros)	First quarter 2005	2004	Change
Retail Banking & Financial Services	**438**	**356**	**+23.0%**
o.w. French Networks	240	218	+10.1%
o.w. Financial Services	104	83	+25.3%
o.w. Retail Banking outside France	94	55	+70.9%
Global Investment Management & Services	**127**	**95**	**+33.7%**
o.w. Asset Management	75	47	+59.6%
o.w. Private Banking	32	30	+6.7%
o.w. GSSI + Boursorama	20	18	+11.1%
Corporate & Investment Banking	**498**	**317**	**+57.1%**
o.w. Equity & Advisory	219	75	NM
o.w. Corporate Banking & Fixed Income	279	242	+15.3%
CORE BUSINESSES	**1,063**	**768**	**+38.4%**
Corporate Centre	**156**	**99**	**+57.6%**
GROUP	**1,219**	**867**	**+40.6%**

Q1 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q1 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

(*) when adjusted for changes in Group structure and at constant exchange rates

QUARTERLY RESULTS BY CORE BUSINESS

	2003 French standards				2004 - IFRS (excl. IAS 32 & 39 and IFRS 4)				2005 - IFRS (incl. IAS 32 & 39 and IFRS 4)
(in millions of euros)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Retail Banking & Financial Services									
Net banking income	2,113	2,241	2,240	2,386	2,274	2,425	2,412	2,564	2,541
Operating expenses	-1,465	-1,487	-1,458	-1,573	-1,518	-1,596	-1,581	-1,679	-1,670
Gross operating income	*648*	*754*	*782*	*813*	*756*	*829*	*831*	*885*	*871*
Net allocation to provisions	-134	-157	-171	-185	-152	-154	-137	-146	-134
Operating income	*514*	*597*	*611*	*628*	*604*	*675*	*694*	*739*	*737*
Net income from other assets	-2	3	2	3	17	-7	3	6	8
Net income from companies accounted for by the equity method	4	4	3	2	2	2	1	0	1
Income tax	-175	-205	-209	-216	-213	-231	-236	-257	-246
Net income before minority interests	*341*	*399*	*407*	*417*	*410*	*439*	*462*	*488*	*500*
Minority interests	-44	-46	-48	-49	-54	-58	-56	-50	-62
Net income	*297*	*353*	*359*	*368*	*356*	*381*	*406*	*438*	*438*
Average allocated capital	7,120	7,229	7,354	7,388	7,619	7,885	8,073	8,293	8,374
o.w. French networks									
Net banking income	1,349	1,413	1,419	1,464	1,435	1,467	1,452	1,516	1,520
Operating expenses	-971	-982	-972	-990	-1,009	-1,022	-1,001	-1,037	-1,065
Gross operating income	*378*	*431*	*447*	*474*	*426*	*445*	*451*	*479*	*455*
Net allocation to provisions	-66	-76	-89	-100	-71	-76	-69	-76	-68
Operating income	*312*	*355*	*358*	*374*	*355*	*369*	*382*	*403*	*387*
Net income from other assets	1	4	0	4	-3	-6	3	11	0
Net income from companies accounted for by the equity method	1	1	0	1	1	0	0	1	0
Income tax	-109	-126	-125	-133	-123	-128	-134	-144	-135
Net income before minority interests	*205*	*234*	*233*	*246*	*230*	*235*	*251*	*271*	*252*
Minority interests	-11	-11	-8	-10	-12	-10	-11	-12	-12
Net income	*194*	*223*	*225*	*236*	*218*	*225*	*240*	*259*	*240*
Average allocated capital	4,368	4,463	4,548	4,568	4,649	4,747	4,812	4,871	4,854
o.w. Financial Services									
Net banking income	376	395	390	472	420	449	450	507	480
Operating expenses	-244	-246	-231	-308	-251	-262	-268	-301	-278
Gross operating income	*132*	*149*	*159*	*164*	*169*	*187*	*182*	*206*	*202*
Net allocation to provisions	-33	-39	-39	-44	-37	-37	-32	-30	-38
Operating income	*99*	*110*	*120*	*120*	*132*	*150*	*150*	*176*	*164*
Net income from other assets	0	0	0	-1	0	0	0	-1	0
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0
Income tax	-36	-40	-43	-43	-48	-54	-53	-63	-57
Net income before minority interests	*63*	*70*	*77*	*76*	*84*	*96*	*97*	*112*	*107*
Minority interests	-3	1	0	1	-1	-2	-3	-2	-3
Net income	*60*	*71*	*77*	*77*	*83*	*94*	*94*	*110*	*104*
Average allocated capital	2,086	2,118	2,153	2,153	2,294	2,335	2,425	2,534	2,645
o.w. Retail Banking outside France									
Net banking income	388	433	431	450	419	509	510	541	541
Operating expenses	-250	-259	-255	-275	-258	-312	-312	-341	-327
Gross operating income	*138*	*174*	*176*	*175*	*161*	*197*	*198*	*200*	*214*
Net allocation to provisions	-35	-42	-43	-41	-44	-41	-36	-40	-28
Operating income	*103*	*132*	*133*	*134*	*117*	*156*	*162*	*160*	*186*
Net income from other assets	-3	-1	2	0	20	-1	0	-4	8
Net income from companies accounted for by the equity method	3	3	3	1	1	2	1	-1	1
Income tax	-30	-39	-41	-40	-42	-49	-49	-50	-54
Net income before minority interests	*73*	*95*	*97*	*95*	*96*	*108*	*114*	*105*	*141*
Minority interests	-30	-36	-40	-40	-41	-46	-42	-36	-47
Net income	*43*	*59*	*57*	*55*	*55*	*62*	*72*	*69*	*94*
Average allocated capital	666	648	653	667	676	803	836	888	875

	2003 French standards				2004 - IFRS (excl. IAS 32 & 39 and IFRS 4)				2005 - IFRS (incl. IAS 32 & 39 and IFRS 4)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Global Investment Management & Services									
Net banking income	439	478	501	565	545	551	541	628	602
Operating expenses	-355	-368	-386	-402	-395	-400	-397	-446	-415
Gross operating income	*84*	*110*	*115*	*163*	*150*	*151*	*144*	*182*	*187*
Net allocation to provisions	0	-6	0	-7	0	-5	-6	4	0
Operating income	*84*	*104*	*115*	*156*	*150*	*146*	*138*	*186*	*187*
Net income from other assets	-1	0	-1	-8	0	1	-2	3	0
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0
Income tax	-25	-33	-34	-46	-45	-44	-43	-59	-58
Net income before minority interests	*58*	*71*	*80*	*102*	*105*	*103*	*93*	*130*	*129*
Minority interests	1	-5	-5	-12	-10	-7	-12	-17	-2
Net income	*59*	*66*	*75*	*90*	*95*	*96*	*81*	*113*	*127*
Average allocated capital	552	607	659	685	718	806	858	809	825
o.w. Asset Management									
Net banking income	200	211	222	278	230	239	253	325	269
Operating expenses	-140	-139	-143	-161	-149	-152	-157	-184	-154
Gross operating income	*60*	*72*	*79*	*117*	*81*	*87*	*96*	*141*	*115*
Net allocation to provisions	0	0	0	-2	0	0	-5	5	0
Operating income	*60*	*72*	*79*	*115*	*81*	*87*	*91*	*146*	*115*
Net income from other assets	-1	0	-1	-9	0	1	-1	-2	0
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0
Income tax	-20	-25	-26	-36	-28	-30	-30	-49	-39
Net income before minority interests	*39*	*47*	*52*	*70*	*53*	*58*	*60*	*95*	*76*
Minority interests	-1	-5	-5	-9	-6	-6	-10	-13	-1
Net income	*38*	*42*	*47*	*61*	*47*	*52*	*50*	*82*	*75*
Average allocated capital	224	226	248	250	264	329	370	337	291
o.w. Private Banking									
Net banking income	80	80	103	112	122	114	109	118	127
Operating expenses	-63	-65	-75	-87	-82	-82	-80	-90	-86
Gross operating income	*17*	*15*	*28*	*25*	*40*	*32*	*29*	*28*	*41*
Net allocation to provisions	0	0	0	0	0	-4	-2	-1	0
Operating income	*17*	*15*	*28*	*25*	*40*	*28*	*27*	*27*	*41*
Net income from other assets	0	0	0	0	0	0	-1	0	0
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0
Income tax	-3	-2	-5	-4	-8	-5	-5	-5	-9
Net income before minority interests	*14*	*13*	*23*	*21*	*32*	*23*	*21*	*22*	*32*
Minority interests	0	0	-2	-2	-2	-1	-2	-3	0
Net income	*14*	*13*	*21*	*19*	*30*	*22*	*19*	*19*	*32*
Average allocated capital	157	164	182	219	232	250	265	266	294
o.w. GSSI & Boursorama									
Net banking income	159	187	176	175	193	198	179	185	206
Operating expenses	-152	-164	-168	-154	-164	-166	-160	-172	-175
Gross operating income	*7*	*23*	*8*	*21*	*29*	*32*	*19*	*13*	*31*
Net allocation to provisions	0	-6	0	-5	0	-1	1	0	0
Operating income	*7*	*17*	*8*	*16*	*29*	*31*	*20*	*13*	*31*
Net income from other assets	0	0	0	1	0	0	0	5	0
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0
Income tax	-2	-6	-3	-6	-9	-9	-8	-5	-10
Net income before minority interests	*5*	*11*	*5*	*11*	*20*	*22*	*12*	*13*	*21*
Minority interests	2	0	2	-1	-2	0	0	-1	-1
Net income	*7*	*11*	*7*	*10*	*18*	*22*	*12*	*12*	*20*
Average allocated capital	171	217	229	216	222	227	223	206	240

	2003 French standards				2004 - IFRS (excl. IAS 32 & 39 and IFRS 4)				2005 - IFRS (incl. IAS 32 & 39 and IFRS 4)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Corporate and Investment Banking									
Net banking income	1,091	1,364	1,216	1,063	1,178	1,110	1,208	1,231	1,550
Operating expenses	-675	-763	-731	-744	-713	-687	-768	-756	-843
Gross operating income	*416*	*601*	*485*	*319*	*465*	*423*	*440*	*475*	*707*
Net allocation to provisions	-186	-201	-139	16	-48	34	36	39	47
Operating income	*230*	*400*	*346*	*335*	*417*	*457*	*476*	*514*	*754*
Net income from other assets	0	1	2	24	2	-1	2	13	0
Net income from companies accounted for by the equity method	1	6	2	8	0	9	3	14	4
Income tax	-39	-95	-74	-87	-100	-111	-111	-125	-257
Net income before minority interests	*192*	*312*	*276*	*280*	*319*	*354*	*370*	*416*	*501*
Minority interests	-1	-3	-2	-2	-2	-1	-2	-1	-3
Net income	*191*	*309*	*274*	*278*	*317*	*353*	*368*	*415*	*498*
Average allocated capital	3,605	3,612	3,609	3,529	3,524	3,581	3,620	3,666	3,686
o.w. Equity and Advisory									
Net banking income	369	562	505	428	440	517	560	512	740
Operating expenses	-281	-342	-358	-348	-316	-329	-374	-336	-378
Gross operating income	*88*	*220*	*147*	*80*	*124*	*188*	*186*	*176*	*362*
Net allocation to provisions	0	-10	0	-27	-31	0	-2	-12	19
Operating income	*88*	*210*	*147*	*53*	*93*	*188*	*184*	*164*	*381*
Net income from other assets	-2	0	0	0	0	-2	0	0	0
Net income from companies accounted for by the equity method	0	0	0	0	-1	-1	0	1	0
Income tax	-16	-59	-30	-17	-17	-46	-38	-49	-162
Net income before minority interests	*70*	*151*	*117*	*36*	*75*	*139*	*146*	*116*	*219*
Minority interests	0	0	0	0	0	0	0	0	0
Net income	*70*	*151*	*117*	*36*	*75*	*139*	*146*	*116*	*219*
Average allocated capital	407	407	403	404	428	445	434	378	352
o.w. Corporate Banking and Fixed Income									
Net banking income	722	802	711	635	738	593	648	719	810
Operating expenses	-394	-421	-373	-396	-397	-358	-394	-420	-465
Gross operating income	*328*	*381*	*338*	*239*	*341*	*235*	*254*	*299*	*345*
Net allocation to provisions	-186	-191	-139	43	-17	34	38	51	28
Operating income	*142*	*190*	*199*	*282*	*324*	*269*	*292*	*350*	*373*
Net income from other assets	2	1	2	24	2	1	2	13	0
Net income from companies accounted for by the equity method	1	6	2	8	1	10	3	13	4
Income tax	-23	-36	-44	-70	-83	-65	-73	-76	-95
Net income before minority interests	*122*	*161*	*159*	*244*	*244*	*215*	*224*	*300*	*282*
Minority interests	-1	-3	-2	-2	-2	-1	-2	-1	-3
Net income	*121*	*158*	*157*	*242*	*242*	*214*	*222*	*299*	*279*
Average allocated capital	3,198	3,205	3,206	3,125	3,096	3,136	3,186	3,288	3,334
Corporate Centre									
Net banking income	106	23	-95	-94	-63	-21	-83	-94	11
Operating expenses	-24	-34	-21	-82	-41	-22	-1	-62	-57
Gross operating income	*82*	*-11*	*-116*	*-176*	*-104*	*-43*	*-84*	*-156*	*-46*
Net allocation to provisions	-10	-13	-28	-5	0	-1	-7	-25	14
Operating income	*72*	*-24*	*-144*	*-181*	*-104*	*-44*	*-91*	*-181*	*-32*
Net income from other assets	-109	235	142	106	219	-13	1	-49	158
Net income from companies accounted for by the equity method	5	2	1	5	1	1	6	1	0
Exceptional items and FGBR	0	-150	0	0	0	0	0	0	0
Impairment of goodwill	-40	-60	-45	-72	0	0	4	0	0
Income tax	20	-25	21	61	-7	55	46	101	57
Net income before minority interests	*-52*	*-22*	*-25*	*-81*	*109*	*-1*	*-34*	*-128*	*183*
Minority interests	-12	-11	-13	-11	-10	-18	-15	-29	-27
Net income	*-64*	*-33*	*-38*	*-92*	*99*	*-19*	*-49*	*-157*	*156*
Average allocated capital	3,501	3,561	3,833	4,111	4,183	4,116	4,193	4,320	3,644

	2003 French standards				2004 - IFRS (excl. IAS 32 & 39 and IFRS 4)				2005 - IFRS (incl. IAS 32 & 39 and IFRS 4)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GROUP									
Net banking income	3,749	4,106	3,862	3,920	3,934	4,065	4,078	4,329	4,704
Operating expenses	-2,519	-2,652	-2,596	-2,801	-2,667	-2,705	-2,747	-2,943	-2,985
Gross operating income	*1,230*	*1,454*	*1,266*	*1,119*	*1,267*	*1,360*	*1,331*	*1,386*	*1,719*
Net allocation to provisions	*-330*	*-377*	*-338*	*-181*	*-200*	*-126*	*-114*	*-128*	*-73*
Operating income	*900*	*1,077*	*928*	*938*	*1,067*	*1,234*	*1,217*	*1,258*	*1,646*
Net income from other assets	*-112*	*239*	*145*	*125*	*238*	*-20*	*4*	*-27*	*166*
Net income from companies accounted for by the equity method	*10*	*12*	*6*	*15*	*3*	*12*	*10*	*15*	*5*
Exceptional items and FGBR	*0*	*-150*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Impairment of goodwill	*-40*	*-60*	*-45*	*-72*	*0*	*0*	*4*	*0*	*0*
Income tax	*-219*	*-358*	*-296*	*-288*	*-365*	*-331*	*-344*	*-340*	*-504*
Net income before minority interests	*539*	*760*	*738*	*718*	*943*	*895*	*891*	*906*	*1,313*
Minority interests	*-56*	*-65*	*-68*	*-74*	*-76*	*-84*	*-85*	*-97*	*-94*
Net income	*483*	*695*	*670*	*644*	*867*	*811*	*806*	*809*	*1,219*
Average allocated capital	14,778	15,009	15,455	15,713	16,044	16,388	16,744	17,088	16,529

QUARTERLY NET INCOME BY CORE BUSINESS

	2003 French standards				2004 - IFRS (excl. IAS 32 & 39 and IFRS 4)				2005 - IFRS (incl. IAS 32 & 39 and IFRS 4)
(in millions of euros)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Retail Banking & Financial Services	**297**	**353**	**359**	**368**	**356**	**381**	**406**	**438**	**438**
French Networks	194	223	225	236	218	225	240	259	240
Financial Services	60	71	77	77	83	94	94	110	104
Retail Banking outside France	43	59	57	55	55	62	72	69	94
GIMS	**59**	**66**	**75**	**90**	**95**	**96**	**81**	**113**	**127**
Asset management	38	42	47	61	47	52	50	82	75
Private Banking	14	13	21	19	30	22	19	19	32
GSSI + Boursorama	7	11	7	10	18	22	12	12	20
Corporate & Investment Banking	**191**	**309**	**274**	**278**	**317**	**353**	**368**	**415**	**498**
Equity & Advisory	70	151	117	36	75	139	146	116	219
Corporate Banking & Fixed Income	121	158	157	242	242	214	222	299	279
CORE BUSINESSES	**547**	**728**	**708**	**736**	**768**	**830**	**855**	**966**	**1,063**
Corporate Centre	**-64**	**-33**	**-38**	**-92**	**99**	**-19**	**-49**	**-157**	**156**
GROUP	**483**	**695**	**670**	**644**	**867**	**811**	**806**	**809**	**1,219**

QUARTERLY ROE AFTER TAX BY CORE BUSINESS

	2003 French standards				2004 - IFRS (excl. IAS 32 & 39 and IFRS 4)				2005 - IFRS (incl. IAS 32 & 39 and IFRS 4)
(%)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Retail Banking & Financial Services	**16.7%**	**19.5%**	**19.5%**	**19.9%**	**18.7%**	**19.3%**	**20.1%**	**21.1%**	**20.9%**
French Networks	17.8%	20.0%	19.8%	20.7%	18.8%	19.0%	20.0%	21.3%	19.8%
Financial Services	11.5%	13.4%	14.3%	14.3%	14.5%	16.1%	15.5%	17.4%	15.7%
Retail Banking outside France	25.8%	36.4%	34.9%	33.0%	32.5%	30.9%	34.4%	31.1%	43.0%
GIMS	**42.8%**	**43.5%**	**45.5%**	**52.6%**	**52.9%**	**47.6%**	**37.8%**	**55.9%**	**61.6%**
Asset Management	67.9%	74.3%	75.8%	97.6%	71.2%	63.2%	54.1%	97.3%	103.1%
Private Banking	35.7%	31.7%	46.2%	34.5%	51.7%	35.2%	28.7%	28.6%	43.5%
GSSI + Boursorama	16.4%	20.3%	12.2%	18.5%	32.4%	38.8%	21.5%	23.3%	33.3%
Corporate & Investment Banking	**21.2%**	**34.2%**	**30.4%**	**31.5%**	**36.0%**	**39.4%**	**40.7%**	**45.3%**	**54.0%**
Equity & Advisory	68.8%	148.4%	116.1%	35.6%	70.1%	124.9%	134.6%	122.8%	248.9%
Corporate Banking & Fixed Incom	15.1%	19.7%	19.6%	31.0%	31.3%	27.3%	27.9%	36.4%	33.5%
CORE BUSINESSES	**19.4%**	**25.4%**	**24.4%**	**25.4%**	**25.9%**	**27.1%**	**27.2%**	**30.3%**	**33.0%**
GROUP	**13.1%**	**18.5%**	**17.3%**	**16.4%**	**21.6%**	**19.8%**	**19.3%**	**18.9%**	**29.5%**

CONSOLIDATED FINANCIAL STATEMENT OF SOCIÉTÉ GÉNÉRALE AS PER JUNE 30, 2005 (HALF YEAR REPORT)

Contents:

Please note that the following pages are only excerpts of the Half Year Report 2005 of Société Générale. Advertising parts have been deleted. Therefore, the above mentioned page numbers refer to the page numbers newly inserted down left in the following document.

CONSOLIDATED BALANCE SHEET

Assets

(in millions of euros)		*IFRS (1)*			*IFRS excl. IAS 32-39 & IFRS 4 (1)*	
		June 30, 2005	**January 1, 2005**		**December 31, 2004**	**January 1, 2004**
Cash, due from central banks		6,193	5,204	Cash, due from central banks	5,206	6,755
Financial assets measured at fair value through profit or loss	Note 4	384,152	283,506	Securities portfolio	217,285	193,357
Hedging derivatives	Note 5	3,839	2,817			
Available for sale financial assets	Note 6	72,617	67,566			
Due from banks	Note 7	68,569	53,337	Due from banks	66,117	60,283
Customers loans	Note 8	216,405	198,891	Customer loans	208,184	191,929
Lease financing and similar agreements		21,386	20,633	Lease financing and similar agreements	20,589	17,812
Revaluation differences on portfolios hedged against interest rate risk		447	318			
Held to maturity financial assets		2,379	2,230			
Tax assets		1,385	1,396	Tax assets	1,374	1,514
Other assets		37,554	30,804	Other assets	70,809	56,800
Investments in subsidiaries and affiliates accounted for by the equity method		227	278	Investments in subsidiaries and affiliates accounted for by the equity method	348	562
Tangible and intangible assets	Note 9	9,621	8,970	Tangible and intangible fixed assets	9,110	8,445
Goodwill		3,237	2,871	Goodwill	2,333	2,187
Total		**828,011**	**678,821**	**Total**	**601,355**	**539,644**

(1) The Group decided to take advantage of the option available under IFRS 1 not to restate the opening balance sheet at January 1, 2004 in accordance with IAS 32, IAS 39 and IFRS 4 as adopted by the European Union and to apply these three standards for the first time at January 1, 2005. As a result, for comparative 2004 data, financial instruments and transactions covered by IAS 32, IAS 39 and IFRS 4 are recognized and presented under the French accounting principles applied by the Group, in accordance with CRC Regulations 1999-07 and 2000-04. The note 2 highlights the impacts of first-time adoption of IFRS as adopted by the European Union.

Liabilities

(in millions of euros)		*IFRS (1)* June 30, 2005	*IFRS (1)* January 1, 2005		*IFRS excl. 32-39 & IFRS 4 (1)* December 31, 2004	*IFRS excl. 32-39 & IFRS 4 (1)* January 1, 2004
Due to central banks		2,689	1,504	Due to central banks	1,505	2,827
Financial liabilities measured at fair value through profit and loss	Note 4	290,700	213,352			
Hedging derivatives	Note 5	2,782	3,416			
Due to banks	Note 10	116,476	79,759	Due to banks	92,380	83,620
Customer deposits	Note 11	210,434	192,863	Customer deposits	213,433	196,090
Securitized debt payables	Note 12	73,449	68,830	Securitized debt payables	97,730	82,917
Revaluation differences on portfolios hedged against interest rate risk		1,080	713			
Tax liabilities		1,319	1,154	Tax liabilities	2,411	2,499
Other liabilities		34,287	30,207	Other liabilities	109,563	96,295
Underwriting reserves of insurance companies	Note 13	53,898	48,948	Underwriting reserves of insurance companies	46,833	41,144
Provisions	Note 13	2,792	2,941	Provisions	2,854	2,509
Subordinated debt		13,133	12,599	Subordinated debt	11,930	10,945
				Preferred shares	2,049	2,120
Total liabilities		**803,039**	**656,286**	**Total liabilities**	**580,688**	**520,966**
SHAREHOLDERS' EQUITY				**SHAREHOLDERS' EQUITY**		
Shareholders' equity, Group share				**Shareholders' equity, Group share**		
Common stock		544	556	Common stock	556	548
Equity instruments and associated reserves		3,244	2,437	Equity instruments and associated reserves	2,672	3,061
Retained earnings		13,545	11,135	Retained earnings	12,055	13,134
Net income		2,181	3,293	Net income	3,293	-
Sub-total		**19,514**	**17,421**			
Unrealized or deferred capital gains or losses		1,540	1,261			
Sub-total equity, Group share		**21,054**	**18,682**	**Sub-total equity, Group share**	**18,576**	**16,743**
Minority interests		3,918	3,853	**Minority interests**	2,091	1,935
Total equity		**24,972**	**22,535**	**Total equity**	**20,667**	**18,678**
Total		**828,011**	**678,821**	**Total**	**601,355**	**539,644**

(1) The Group decided to take advantage of the option available under IFRS 1 not to restate the opening balance sheet at January 1, 2004 in accordance with IAS 32, IAS 39 and IFRS 4 as adopted by the European Union and to apply these three standards for the first time at January 1, 2005. As a result, for comparative 2004 data, financial instruments and transactions covered by IAS 32, IAS 39 and IFRS 4 are recognized and presented under the French accounting principles applied by the Group, in accordance with CRC Regulations 1999-07 and 2000-04. The note 2 highlights the impacts of first-time adoption of IFRS as adopted by the European Union.

CONSOLIDATED INCOME STATEMENT

(in millions of euros)		*IFRS* June 30, 2005	*IFRS excl. IAS 32-39 & IFRS 4* June 30, 2004	*IFRS excl. IAS 32-39 & IFRS 4* December 31, 2004
Interest and similar income	Note 17	9,989	11,418	21,835
Interest and similar expenses	Note 17	(7,722)	(8,607)	(15,688)
Dividend income		158	261	396
Dividends paid on preferred shares		-	(71)	(144)
Commissions (revenue)	Note 18	3,852	3,579	7,106
Commissions (expense)	Note 18	(916)	(923)	(1,831)
Net income/expense from financial transactions		3,404	2,190	4,222
o/w net income/expense from financial instruments measured at fair value through profit and loss	*Note 19*	*3,242*	-	-
o/w net income/expense on financial assets available for sale	*Note 20*	*162*	-	-
Income from other activities		7,382	8,316	14,499
Expenses from other activities		(6,946)	(8,164)	(13,989)
Net banking income		**9,201**	**7,999**	**16,406**
Personnel expenses	Note 21	(3,658)	(3,300)	(6,743)
Other operating expenses		(1,895)	(1,757)	(3,651)
Amortisation and depreciation charges for tangible and intangible assets		(329)	(315)	(668)
Gross operating income		**3,319**	**2,627**	**5,344**
Cost of risk	Note 23	(188)	(326)	(568)
Operating income		**3,131**	**2,301**	**4,776**
Net income from companies accounted for by the equity method		13	15	40
Net income/expense from other assets		165	218	195
Impairment losses on goodwill		(13)	-	4
Earnings before tax		**3,296**	**2,534**	**5,015**
Income tax	Note 25	(872)	(696)	(1,380)
Consolidated net income		**2,424**	**1,838**	**3,635**
Minority interests		(243)	(160)	(342)
Net income, Group share		**2,181**	**1,678**	**3,293**
Earnings per share		**5.36**	**4.11**	**8.06**
Diluted earnings per share		**5.31**	**4.07**	**7.99**

CHANGES IN SHAREHOLDERS' EQUITY

	Capital and associated reserves			Consolidated reserves	Unrealized or deferred capital gains or losses							
(in millions of euros)	Common stock	Equity instruments and associated reserves	Elimination of treasury stock	Retained earnings	Change in fair value of assets available for sale	Change in fair value of hedging derivatives	Tax impact	**Shareholders' equity, Group share**	Minority interests (5)	Unrealized or deferred capital gains or losses, minority interests	**Shareholders' equity, minority interests**	**Total consolidated shareholders' equity**
Shareholders' equity at January 1st 2004 (excluding IAS 32, 39 and IFRS 4)	**548**	**4,200**	**(1,139)**	**13,134**				**16,743**	**1,935**		**1,935**	**18,678**
Increase in common stock	8	350						358				358
Elimination of treasury stock			(739)	30				(709)				(709)
Dividends paid				(1,031)				(1,031)	(190)		(190)	(1,221)
Sub-total of changes linked to relations with shareholders	**556**	**4,550**	**(1,878)**	**12,133**				**15,361**	**1,745**		**1,745**	**17,106**
Net income				3,293				3,293	342		342	3,635
Sub-total	**556**	**4,550**	**(1,878)**	**15,426**				**18,654**	**2,087**		**2,087**	**20,741**
Effect of acquisitions and disposals on minority interests									(14)		(14)	(14)
Translation differences and other changes		41		(119)				(78)	18		18	(60)
Shareholders' equity at December 31st 2004 (excluding IAS 32, 39 and IFRS 4)	**556**	**4,591**	**(1,878)**	**15,307**				**18,576**	**2,091**		**2,091**	**20,667**
Impact of the transition to IAS/IFRS (cf. Note 2, § 3)			(235)	(920)	1,374	112	(225)	106	1,737	25	1,762	1,868
Shareholders' equity at January 1st 2005 (including IAS 32, 39 and IFRS 4)	**556**	**4,591**	**(2,113)**	**14,387**	**1,374**	**112**	**(225)**	**18,682**	**3,828**	**25**	**3,853**	**22,535**
Increase in common stock (1)	(13)	(687)						(700)				(700)
Elimination of treasury stock (2)			456	6				462				462
Issuance of equity instruments (3)		1,000		6				1,006				1,006
Equity component of share-based payment plans (4)		39						39				39
Dividends paid				(1,359)				(1,359)	(215)		(215)	(1,574)
Sub-total of changes linked to relations with shareholders	***(13)***	***351***	***456***	***(1,348)***	***-***	***-***	***-***	***(553)***	***(215)***	***-***	***(215)***	***(768)***
Change in value of financial instruments and fixed assets having an impact on equity					462	9	(43)	428		20	20	448
Change in value of financial instruments and fixed assets recognized in income					(149)	(22)	23	(149)		(12)	(12)	(161)
Net income for the period				2,181				2,181	243		243	2,424
Sub-total	***-***	***-***	***-***	***2,181***	***313***	***(13)***	***(21)***	***2,460***	***243***	***8***	***251***	***2,711***
Effect of acquisitions and disposals on minority interests (6)									(131)		(131)	(131)
Translation differences and other changes (7)				465				465	160		160	625
Sub-total	***-***	***-***	***-***	***465***	***-***	***-***	***-***	***465***	***29***	***-***	***29***	***494***
Shareholders' equity at December 31, 2005 (including IAS 32, 39 and IFRS 4)	**544**	**4,942**	**(1,657)**	**15,685**	**1,687**	**99**	**(246)**	**21,054**	**3,885**	**33**	**3,918**	**24,972**

(1) At June 30th 2005, Société Générale's fully paid-up capital stock amounted to EUR 543,702,631 and was made up of 434,962,105 shares with a nominal value of EUR 1.25.
In the first half of 2005, Société Générale reduced its share capital in the amount of EUR 14 million through the cancellation of 11,000,000 shares, including additional paid-in capital of EUR 730 million.
Furthermore, Société Générale completed a capital increase in the amount of EUR 1 million, including additional paid-in capital in the amount of EUR 43 million, following the exercise by employees of stock options granted by the Board of Directors.
Goodwill on acquisitions that were financed by the conversion into shares of convertible bonds issued in May 1993 was charged against the additional capital arising on this capital increase in 1998, 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 been booked on the assets side of the consolidated balance sheet for a net amount of EUR 57 million at June 30th 2005.

(2) Treasury stock held by Group companies at June 30th 2005 (33,619,384 shares) represents 7.73 % of Société Générale's capital stock.
The amount deducted from net assets in relation to the acquisition by the Group of its own shareholders' equity instruments, whether cash or derivatives, stood at EUR 1,657 million, including EUR 148 million in respect of transaction-related activities.

Treasury shares and buybacks are booked as follows :

In million of euros at June 30	Transaction-related activities	Buybacks and active management of Shareholders equity	Total
Cancellation of 11,000,000 shares		744	744
Disposals net of purchases	-25	-263	-288
	-25	481	456
Capital gains net of tax on treasury shares and treasury share derivatives, booked under shareholders' equity	4	-31	-27
Related dividends, removed from consolidated results	3	30	33
	7	-1	6

(3) In January 2005, the Group issued deeply subordinated, perpetual notes in the amount of EUR 1 billion, booked under shareholders' equity due to the discretionary nature of the remuneration of these notes. Furthermore, a tax saving in the amount of EUR 6 million due to the deeply subordinated note issue was booked under Group share.

(4) In the first half of 2005, the amount of share-based payments settled using shareholders' equity instruments stood at EUR 39 million, booked as follows : EUR 28 million were booked under the stock option and stock purchase plan and EUR 11 million were booked under the glob Employee Stock Ownership Plan.

(5) From 01/01/2005, further to the adoption of IAS 32&39 and given the discretionary nature of the remuneration of preferred shares, the latter are reclassified from Debt to Minority Interests, in the amount of EUR 2,049 million (Note 1).
At June 30th 2005, preferred shares stood at EUR 2,163 million.

(6) In the first half of 2005, the impact of the buyback in January 2005 of shares held by minority shareholders in SC Allicante and SC Chassagne, stood at EUR - 152 million.
The buyback of 24% of NSGB and the purchase of a 75% stake in the capital of Hanseatic Bank had a respective impact of EUR - 40 million and EUR + 61 million.

(7) The variation in the currency translation difference at Group level over the first half of 2005 was EUR 465 million.
EUR 321 million of this change can be attributed to the rise of the Dollar against the Euro, EUR 32 million to the rise of Sterling, EUR 24 million to the rise of the Canadian dollar, EUR 21 million to the rise of the Egyptian pound and EUR 23 million to the rise of the Romanian LEU.
The change on 2005 in the translation impact (on a non-Group share basis) stood at EUR 156 million.
This is mainly due to the revaluation of preferred shares issued in US dollars in an amount of EUR 115 million.

CASH FLOW STATEMENT

(in millions of euros)	*IFRS* June 30, 2005	*IFRS excl. IAS 32-39 & IFRS 4* December 31, 2004
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES		
Net income (I)	**2,424**	**3,635**
Amortization expense on tangible fixed assets and intangible assets	864	1,760
Net addition to provisions (mainly underwriting reserves of insurance companies)	3,397	4,650
Net income/loss from companies accounted for by the equity method	(13)	(40)
Deferred taxes	98	38
Net income from the sale of long term available for sale assets and subsidiaries	(297)	282
Change in deferred income	(60)	(130)
Change in prepaid expenses	(200)	(22)
Change in accrued income	(582)	(135)
Change in accrued expenses	289	211
Other movements	(264)	(182)
Non-monetary items included in net income and others adjustments (not including income on financial instruments at fair value) (II)	**3,232**	**6,432**
Reclassification of income on financial instruments at fair value (1) (III)	**(3,376)**	**(3,687)**
Interbank transactions	23,730	2,528
Customers transactions	1,328	479
Transactions related to other financial assets and liabilities (1)	(22,722)	(10,359)
Transactions related to other non financial assets and liabilities	(1,092)	1,833
Net increase / decrease in operating assets and liabilities (IV)	**1,244**	**(5,519)**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III) + (IV)	**3,524**	**861**
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTING ACTIVITIES		
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	278	2,017
Tangible and intangible fixed assets	(1,390)	(1,245)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTING ACTIVITIES (B)	**(1,112)**	**772**
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES		
Cash flow from/to shareholders	(785)	(1,574)
Other net cash flows arising from financing activities	215	881
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**(570)**	**(693)**
NET INFLOW IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**1,842**	**940**
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at start of the year		
Net balance of cash accounts and accounts with central banks	3,700	3,928
Net balance of accounts, demand deposits and loans with credit establishments	1,237	70
Cash and cash equivalents at end of the year (2)		
Net balance of cash accounts and accounts with central banks	3,504	3,701
Net balance of accounts, demand deposits and loans with credit establishments	3,275	1,237
NET INFLOW IN CASH AND CASH EQUIVALENTS	**1,842**	**940**

(1) reclassification of unrealized and realized income on financial instruments at fair value to transactions related to other financial assets and liabilities in order to estimate the net cash inflow / outflow related to these instruments over the period.
(2) o/w EUR 620 million cash related to entities acquired in 2005

Note 1
Significant accounting principles

European Regulation 1606/2002 of July 19th 2002 on the application of International Accounting Standards requires Société Générale Group ("the Group") to prepare its consolidated financial statements for the year ending December 31, 2005 in compliance with all International Financial Reporting Standards (IFRS) adopted by the European Union and in force at that date.

In the context of its transition to IFRS adopted by the European Union for the preparation of its 2005 consolidated financial statements, the Group has drawn up its consolidated financial statements for the six months to June 30, 2005 in compliance with the Autorité des Marchés Financiers (AMF) general regulations on interim accounts and with CNC recommendation 99-R-01 on interim accounts, but applying the accounting and valuation principles contained in all IFRS expected to be in force at December 31, 2005. The presentation of the consolidated interim accounts for the first half year thus omits some of the information required by IFRS as adopted in the European Union.

The rules applied comprise IFRS 1-5 and International Accounting Standards (IAS) 1-41, as well as the interpretations of these standards adopted by the European Union at June 30 2005. The Group also applied early the following amendments, which have not yet been adopted by the European Union:

– The amendment to IAS 39 "Financial instruments, recognition and measurement" approved in December 2004 regarding the transition and initial recognition of financial assets and liabilities.

– The amendment to IAS 39 approved in June 2005 on application of the fair value option,

– The amendment to the scope of the interpretation SIC 12 "Consolidation – Special purpose entities"

The Group also made use of the provisions of IAS 39 as adopted in the EU for applying macro-fair value hedge accounting (IAS 39 "carve-out").

At the time the interim consolidated financial statements were prepared it was not possible to know which set of IFRS will be in force at December 31, 2005 and so it is possible that the opening balance sheet and half-year income may change in the course of preparing the full-year 2005 consolidated financial statements.

These interim consolidated financial statements are presented in euros.

The Société Générale Group's consolidated financial statements for the period until December 31, 2004, were prepared in accordance with the French accounting principles contained in regulations 1999-07 and 2000-04 of the French Accounting Regulation Committee, which differ in some respects from the IFRS adopted by the European Union. Comparative information on periods in 2004 (to December 31, 2004, and to June 30, 2004), originally prepared under French accounting principles, has been restated to make it compliant with IFRS except for transactions which are under the scope of IAS 32, IAS 39 and IFRS 4. Any such transactions in the 2004 comparative periods have been recognized and presented here under French accounting principles, as permitted under IFRS 1 "First-time adoption of IFRS" which allows application of IAS 32, IAS 39 and IFRS 4 to be delayed until January 1, 2005.

These interim consolidated financial statements also include an opening balance sheet prepared in accordance with IFRS 1.

The effects of this change in accounting standards on the consolidated balance sheet and Group equity as well as on the consolidated income statement are described in note 2. This note describes the methods used to draw up the Group's opening IFRS balance sheets at January 1, 2004 or January 1, 2005 for transactions on financial instruments under the scope of IAS 32, 39 as adopted by the

European Union and insurance activities under the scope of IFRS 4 as adopted by the European Union. It also describes the quantitative impact on the opening balance sheets of differences with the French accounting principles previously applied.

The main valuation and presentation rules used in drawing up these interim consolidated financial statements are shown below. These were applied consistently in 2004 and 2005 except those concerning financial instruments and insurance contract.

1 Consolidation principles

The consolidated financial statements of Société Générale include the financial statements of the Parent Company and of the main French and foreign companies making up the Group. Since the financial statements of foreign subsidiaries are prepared using the accounting principles 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 methods

The consolidated financial statements include the financial statements of Société Générale, including the bank's foreign branches, and all significant subsidiaries over which Société Générale exercises control. Companies with a fiscal year ending more than three months before or after that of Société Générale prepare pro-forma statements for a six-month period ended June 30. All significant balances, profits and transactions between Group companies are eliminated.

However, the consolidation scope only includes entities that have a significant impact on Group financial statements. This means companies whose balance sheet assets amount to more than 0.02% of the Group's, for full or proportionate consolidation, or companies in which the Group's share of equity exceeds 0.10% of the consolidated Group's total equity.

In determining voting rights for the purpose of deciding the Group's degree of control over a company and the appropriate consolidation methods, potential voting rights were taken into account if they could be freely exercised or converted at the time the assessment was made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

The results of newly acquired subsidiaries are included in the consolidated financial statements from the date the acquisition became effective and results of subsidiaries disposed of are included up to the date where the Group relinquished control.

The following consolidation methods are used:

Full consolidation

This method is applied to companies over which Société Générale exercises sole control. Sole control over a subsidiary is defined as the power to govern the financial and operating policies of the said subsidiary so as to obtain benefits from its activities. It is exercised:

- either by directly or indirectly holding the majority of voting rights in the subsidiary;
- or by holding the power to appoint or remove the majority of the members of the subsidiary's governing, management or supervisory bodies, or to command the majority of the voting rights at meetings of these bodies.
- or by the power to exert a controlling influence over the subsidiary through an agreement or provisions in the company's charter or bylaws.

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 under the equity method. Significant influence is the power to influence the financial and operating policies of a subsidiary without exercising control over the said subsidiary. In particular, significant influence can result from Société Générale being represented on the board of directors or supervisory board, from involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Société Générale. The Group is assumed to exercise significant influence over the financial and operating policies of a subsidiary when it holds directly or indirectly at least 20% of the voting rights in this subsidiary.

Specific treatment for special purpose vehicles

The independent legal entities ("special purpose vehicles") that are set up specifically to manage a transaction or group of similar transactions are consolidated whenever they are substantially controlled by the Group, even in cases where the Group holds none of the capital in the entities.

Control of a special purpose entity is generally considered to exist if any one of the following criteria applies:

- the SPE's activities are being conducted on behalf of the Group so that the Group obtains benefits from the SPE's operation;
- the Group has the decision-making powers to obtain the majority of the benefits of the SPE, whether or not this control has been delegated through an "autopilot" mechanism;
- the Group has the ability to obtain the majority of the benefits of the SPE;
- the Group retains the majority of the risks of the SPE.

In consolidating SPEs considered to be under substantially controlled by the Group, those parts of entities not held by the Group are recognized as debt on the balance sheet.

Translation of financial statements of foreign consolidated entities

The balance sheet items of consolidated companies reporting in foreign currencies are translated at the official exchange rates prevailing at year-end. Income statement items of these companies are translated at average exchange rates for the period. Gains and losses arising from the translation of capital, reserves, retained earnings and income are included in shareholders' equity under *Unrealized or deferred capital gains or losses - Translation differences*. Gains and losses on transactions used to hedge net investments in foreign consolidated entities or their income in foreign currencies, along with gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in consolidated reserves under the same heading.

In accordance with the option allowed under IFRS 1, the Group allocated all differences arising on translation of foreign entities' financial statements at January 1 2004 to consolidated reserves. As a result, if any of these entities are sold the proceeds of the sale will only include writebacks of those translation differences arising since January 1 2004.

Treatment of acquisitions and goodwill

The Group uses the purchase method to record its business combinations. The acquisition cost is calculated as the total of fair values at the date of acquisition of all assets given, liabilities incurred or assumed, and equity instruments issued, in exchange for the control of the acquired company plus all costs directly attributable to the business combination.

At the acquisition date, all assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities that are identifiable in the sense of IFRS 3 (business combinations) are valued individually at their fair value regardless of their purpose. The analysis and professional appraisals required for this initial valuation must be carried out within 12 months from the date of acquisition as must any corrections to the value based on new information.

Any surplus in the price paid above the assessed fair value of the proportion of the net asset acquired is booked on the asset side of the consolidated balance sheet under *Goodwill*. Any deficit is immediately recognized in the income statement.

Where the Group increases its percentage holding in an entity that is already controlled, the acquisition of extra shares creates additional goodwill, calculated by comparing the acquisition cost of the securities to the proportional amount of net assets acquired.

Goodwill is carried on the balance sheet at its historical cost denominated in the subsidiary's reporting currency, translated into Euro at the official exchange rate at the closing date for the period.

Goodwill is reviewed regularly by the Group and tested for impairment of value whenever there is any indication that its value may have diminished and at least once a year. At the acquisition date each item of goodwill is attributed to one or more cash-generating units expected to derive benefits from the acquisition. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating units. Cash generating units are the finest measurement units used by management to measure return on investment in a particular activity. The Group divides its activities into 14 cash-generating units, consistently with the management of the Group by core business lines. The recoverable value of a cash-generating unit is calculated by the most appropriate method, frequently discounted cash flows, applied across the whole cash-generating unit rather than to individual legal entities.

If the recoverable amount of the cash-generating units is less than their carrying amount an irreversible impairment is booked to the consolidated income statement for the period under the account *Impairment losses on goodwill*.

Segment reporting

The Group is managed on a matrix basis that takes account of its different business lines and the geographical breakdown of its activities. Segment information are therefore presented under both criteria, broken down primarily by business line and secondarily by geographical distribution.

The Group includes in the results of all sub-divisions all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Center, also includes the yield on capital allocated to it, based on the estimated rate of return on Group capital. On the other hand, the yield on the sub-division's book capital is reassigned to the Corporate Center. Transactions between subdivisions are carried out at identical terms and conditions to those applying to non-Group customers.

The Group is organized into three core business lines:

- Retail Banking includes the French Networks (the domestic networks of Société Générale and Crédit du Nord), Retail Banking outside France and the Group business finance subsidiaries (vendor finance, leasing, consumer credit and life and non-life insurance).
- Global Investment Management Services including Asset Management, Private Banking, and Boursorama and the GSSI securities businesses including Fimat and other securities and employee savings services.
- Corporate and Investment Banking (SGCIB) which covers in one hand Corporate Banking and Fixed Income (structured finance, debt, currency and treasury activities, commodity finance and trading, commercial banking) and in other hand Equity and Advisory activities.

In addition, the Corporate Center acts as the central funding department for the Group's three core businesses.

Segment income are presented taking into account internal transactions in the Group while segment assets and liabilities are presented after elimination of internal transactions in the Group. The tax rate levied on each business line is based on the standard tax rate applying in each country where the division makes profits. Any difference with the Group's tax rate is allocated to the Corporate Center.

For the purpose of segment reporting by geographic distribution, segment profit or loss and segment assets and liabilities are presented based on the location of the booking entities.

2 Accounting policies and valuation methods

Transactions denominated in foreign currencies

From January 1 to December 31, 2004

Gains and losses arising from ordinary activities in foreign currencies are booked to the income statement. In accordance with 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 relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealized gains and losses are recognized in the income statement. Premiums and discounts resulting from hedged forward foreign exchange transactions, as defined by article 9 of the above-mentioned regulation, are amortized to income on a straight-line basis over the remaining term to maturity of these transactions.

From January 1, 2005

At period-end, monetary assets and liabilities denominated in foreign currencies are converted into euros (the Group's functional currency) at the prevailing spot exchange rate. Realized or unrealized foreign exchange losses or gains are recognized in the income statement.

Forward foreign exchange transactions are recognized at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are revalued using official spot rates applying at the end of the period. Unrealized gains and losses are recognized in the income statement.

Non-monetary assets denominated in foreign currencies, including shares and other variable income securities that are not part of the trading portfolio, are converted into euros at the exchange rate applying at the end of the period. Currency differences arising on these assets are only recognized in the income statement when sold or impaired or where the currency risk is fair value hedged. In particular, non-monetary assets funded by a liability denominated in the same currency are converted at the spot rate applying at the end of the period by booking the impact of exchange rate fluctuation to income subject to the documentation of a hedging relationship existing between the two financial instruments.

Determining the fair value of financial instruments

From January 1 to December 31, 2004

Securities portfolio

Shares and other variable income securities and bonds and other fixed-income securities held in trading and short-term investment portfolios are valued by comparing their cost to their realizable value. For listed securities, realizable value is defined as the most recent market price.

Securities classified as shares intended for portfolio activity are valued at their value in use determined on the basis of the issuing company's general development prospects and the remainder of the investment horizon (for listed companies, the average share price over the last three months is considered as representative of the value in use).

Investments in non-consolidated subsidiaries and affiliates are valued at their value in use, representing the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. For industrial equity holdings, the main criterion used is the average share price over the last three months.

Financial derivatives

Trading financial derivatives and some debt instruments with embedded derivatives are accounted at their market value at year-end; in the absence of a liquid market, this value is generally determined on the basis of in-house models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (reserve policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a prudential valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated according to the size of the position and intended to cover the risk that 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 modelling risks in the case of complex products, as well as transactions on less liquid markets (less liquid since they have been developed recently or are more specialized).

Furthermore, for over-the-counter transactions in interest rate derivatives, the market value recognizes counterparty risks and the discounted value of future management costs.

From January 1, 2005

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The first choice basis for determining the fair value of a financial instrument is the quoted price in an active market. If the instrument is not traded on an active market, fair value is determined using valuation techniques.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occuring market transactions on an arm's length basis.

When the financial instrument is traded on several markets to which the Group has immediat access, the fair value is the price at which a transaction would occur in the most advantageous active market. Where no price is quoted for a particular instrument but its components are quoted, the fair value is the sum of the various quoted components incorporating bid or asking prices for the net position as appropriate.

If the market for a financial instrument is not active, its fair value is established using a valuation technique (in-house valuation models). Depending on the instrument under consideration, these may use data derived from recent transactions, from the fair value of substantially similar instruments, from discounted cash flow or option pricing models, or from valuation parameters. Where necessary, these valuations are adjusted to take certain factors into account, depending on the instruments in question and the associated risks, particularly the bid or asking price of the net position and the modelling risk in the case of complex products.

These in-house models are regularly tested by independent specialists from the Risk Department, who check the validity of data and parameters used.

If the valuation parameters used are observable market data the fair value is taken as the market price, and any difference between the transaction price and the price given by the in-house valuation model, i.e. the sales margin, is immediately recognized in the income statement. However, if valuation parameters are not observable the fair value of the financial instrument at the time of the transaction is deemed to be the transaction price and the sales margin is then generally recognized in the income statement over the lifetime of the instrument, except for some complex financial instruments for which it is recognized at maturity or in the event of early sale. Where substantial volumes of issued instruments are traded on a secondary market with quoted prices, the sales margin is recognized in the income statement in accordance with the method used to determine the instrument's price. When valuation parameters become observable, any portion of the sales margin that has not yet been booked is recognized in the income statement at that time.

Financial assets and liabilities

From January 1 to December 31, 2004

Loans and receivables

Amounts due from banks and customer loans are recognized at cost. They are classified according to initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits in the case of banks; and commercial loans, current accounts and other loans in the case of customers. They also include securities purchased from banks and customers under resale agreements and loans secured by notes and securities.

Interest accrued on these receivables is recorded with these assets as *Related receivables*.

Guarantees and endorsements booked off-balance sheet represent transactions which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

Securities portfolio

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank certificates), shares and other equity securities;
- the purpose for which they were acquired: trading, short-term and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long- term equity investments.

<u>Trading securities</u>

Trading securities are securities for which a liquid market exists and that are acquired with a view to rapid resale (within a maximum period of six months). They also include liquid securities that are held for a period of over six months in the context of market-making activities or in relation to a hedging or arbitrage transaction. They are valued at market price at year-end. Net unrealized gains or losses, together with net gains or losses on disposals, are recognized in the income statement under *Net income from financial transactions*.

<u>Short-term investment securities</u>

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 offset against any unrealized capital gains. Income from these securities is recorded in *Dividend income*.

Bonds and other debt securities

These securities are carried at cost excluding acquisition expenses and, in the case of bonds, excluding interest accrued and not yet due at the date of purchase. The positive or negative difference between cost and redemption value is amortized to income over the life of the relevant securities. Accrued interest receivable on bonds and other short-term investment securities is recorded in a receivables account against the account *Interest income from available-for-sale financial assets* on the income statement.

At period-end, cost is compared to realizable value or, in the case of listed securities, to their most recent market price. Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, after consideration of gains made on any related hedging transactions.

Allocations to and reversals of provisions for losses on short-term investment fixed-income securities together with gains and losses on sales of these securities are recorded under *Net income from financial transactions* on the consolidated income statement.

Long-term investment securities

Long-term investment securities are debt securities held by the Group, which intends to hold them on a long-term basis, in principle until maturity, and where the Group has the necessary means to:

- either permanently hedge its position against a possible depreciation of the securities' value due to interest rate fluctuations, using interest rate futures;
- or hold the securities on a long-term basis by obtaining funds, including available shareholders' equity, which are matched and used to finance these securities.

When the interest rate or liquidity matching no longer complies with the regulations set by the French Banking Commission, the securities are reclassified as short-term investment securities.

Long-term investments are booked according to the same principles as short-term investment securities, except that no provision is made for unrealized losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of provisions for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under *Net income on other assets*.

Shares intended for portfolio activity

This category of securities covers investments made on a regular basis with the sole aim of realizing a capital gain in the medium term and without the intention of making a long-term investment in the development of the issuing company's business, nor of participating actively in its operational management. The profitability of these investments results mainly from the capital gains realized on disposal. This activity is carried out on a significant and ongoing basis through ad hoc subsidiaries or structures. This category notably includes shares held in the context of venture capital activities.

These securities are recognized on the balance sheet at their purchase price, less acquisition costs. At the end of the period, they are valued at their value in use based on the issuing company's general development prospects and the remaining investment horizon (for listed companies, the average share price over the last three months is considered representative of the value in use). Unrealized capital gains are not recognized in the accounts but a provision for depreciation of portfolio securities is booked to cover unrealized capital losses, without the said provision being offset against any unrealized capital gains. Allocations to and reversals of provisions for depreciation as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from financial transactions*.

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments

This category of securities covers shares held in non-consolidated subsidiaries and affiliates, when it is deemed useful to the business of the company to hold the said shares in the long term. This notably covers investments that meet the following criteria:

- shares in companies that share directors or senior managers with the holding company, 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 bank or a company whose business is directly linked to that of the Group.

This category also includes *Other long-term equity investments*. These are equity investments made by the Group with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the low proportion of attached voting rights.

Investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price exclusive of acquisition costs. Dividend income earned on these securities is booked on the income statement under *Dividend income*.

At year-end, investments in non-consolidated subsidiaries and affiliates are valued at their value in use, representing the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. Unrealized capital gains are not recognized in the accounts but a provision for depreciation on portfolio securities is booked to cover unrealized capital losses. Allocations to and reversals of provisions for depreciation as well as any capital gains or losses realized on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from financial transactions*.

From January 1, 2005

Purchases and sales of non-derivative financial assets at fair value through profit or loss, financial assets held to maturity and available-for-sale financial assets (cf.below) are recognized on the balance sheet on the settlement date while derivatives are recognized on the trade date. Changes in fair value between the trade and settlement dates are booked in the income statement or to shareholders' equity depending on the relevant accounting category. Customer loans are recorded on the balance sheet on the date they are paid.

When intially recognised, financial assets and liabilities are measured at fair value including transaction cost (except for financial instruments recognised at fair value through profit or loss) and are classified under one of the following categories.

Loans and Receivables

Loans and Receivables neither held for trading purposes nor intended for sale from the time they are originated or contributed are recognized on the balance sheet under the *Due from banks* or *Customer loans* accounts and thereafter valued at amortized cost using the effective interest method. An impairment loss of value may be recorded if appropriate.

Financial assets and liabilities at fair value through profit or loss

These are financial assets and liabilities held for trading purposes. They are booked at fair value at the balance sheet date and recognized on the balance sheet under *Financial assets or liabilities at fair value through profit or loss*. Changes in fair value are recorded in the income statement for the period as *Net gains or losses on financial instruments at fair value recognized in the income statement*.

This category also includes non-derivative financial assets and liabilities designated by the Group upon initial recognition to be at fair value through profit or lossfollowing the option available under IAS 39. The application criteria were specified in the amendment to IAS 39 issued in June 2005 and not yet been adopted by the European Union at June 30, 2005. The Group's aim in using the fair value option is:

- first to eliminate or significantly reduce discrepancies in the accounting treatment of certain financial assets and liabilities.

  The Group thus recognizes at fair value through profit or loss some structured bonds issued by SG Corporate and investment banking income. These issues are purely commercial and the associated risks are hedged on the market using financial instruments managed in the trading portfolio. The use of the fair value option aims the Group to ensure consistency between the accounting treatment of these issued bonds and that of the derivatives hedging the associated market risks, which have to be carried at fair value.

  The Group also books at fair value through profit or loss the financial assets held to guarantee unit-linked policies of its life-insurance subsidiaries to ensure their financial treatment matches that of the corresponding insurance liabilities. Under IFRS 4 insurance liabilities have to be recognized according to local accounting principles. The revaluations of underwriting reserves on unit-linked policies, which are directly linked to revaluations of the financial assets underlying their policies, are accordingly recognized in the income statement. The fair value option thus allows the Group to record changes in the fair value of the financial assets through the income statement match fluctuations in value of the insurance liabilities associated with these unit-linked policies.

- secondly, the Group can book certain compound financial instruments at fair value so avoiding the need to separate out embedded derivatives that would otherwise have to be booked separately. This approach is notably used for valuation of the convertible bond held by the Group.

Financial assets held to maturity

These are non-derivative fixed income assets with a fixed maturity, which the Group has the positive intention and the ability to hold to maturity. They are valued after acquisition at their amortized cost and may be subject to impairment, if appropriate. The amortized cost includes premiums and discounts as well as transaction costs and they are recognized on the balance sheet under *Financial assets held to maturity*.

Financial available-for-sale assets

These are non-derivative financial assets held for an indeterminate period which the Group may sell at any time. By default, these are any assets that do not fall into one of the above three categories. These financial assets are recognized on the balance sheet under *Financial available-for-sale assets* and measured at their fair value at the balance sheet date. Interest accrued or paid on fixed-income securities is recognized through the income statement using the effective interet method under *Interest and similar income – Transactions in financial instruments*. Changes in fair value other than income are recorded in the shareholders' equity account under *Unrealized or deferred gains or losses*. The Group only records these changes in fair value on the income statement when the asset is sold or impaired, in which case they are reported as *Net gains or losses on financial available-for-sale assets*. Dividends on variable income securities classified as available for sale are recorded in the income statement under *Dividend income*.

Derecognition of financial assets and liabilities

The Group derecognizes all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards of ownership of the asset.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has not retained control of the financial asset, the Group derecognizes it and recognize separately as asset or liability any rights and obligations created or retained as a result of the asset's transfer. If the Group has retained control of the asset, it continues to recognize it on the balance sheet to the extent of its continuing involvement in that asset.

When a financial asset is derecognized in its entirety, a gain or loss on disposal is recorded on the income statement for the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealized profit or loss previously recognized directly in equity.

The Group only derecognizes all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

The implementation of these accounting principles at June 30 2005 did not produce any significant divergence in relation to the implementation of French accounting principles.

Financial derivatives and hedge accounting

From January 1 to December 31, 2004

Hedging

Income and expenses on financial derivatives used as a hedge, and assigned from the beginning to an identifiable item or group of similar items, are recognized in the income statement in the same manner as revenues and expenses on the hedged item. Income and expenses on interest rate instruments are booked as net interest income in the same interest income or expense account as the items hedged. Income and expenses on other instruments such as equity instruments, stock market indexes or currencies are booked as *Net income from financial transactions*.

Income and expenses on financial derivatives used to hedge or manage an overall interest rate risk are recognized in the income statement over the life of the instrument, under *Net income from financial transactions*.

Trading transactions

Trading transactions include instruments traded on organized or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets, together with debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks. These transactions are measured at their market value at the balance sheet date.

The corresponding gains or losses are directly booked as income for the period, regardless of whether they are realized or unrealized, under *Net income from financial transactions*.

Gains or losses corresponding to contracts concluded within the scope of cash management activities managed by the trading room, in order to benefit from any interest rate fluctuations, are recorded when liquidated or over the life of the contract, depending on the type of instrument. Unrealized losses are provisioned at year-end and the corresponding amount is booked under *Net income from financial transactions*.

From January 1, 2005

All financial derivatives are recognized at fair value in the balance sheet as financial assets or financial liabilities. Changes in the fair value of financial derivatives, except those designated as cash-flow hedges (see below), are recognized in the income statement for the period.

Derivatives are divided into two categories:

Trading financial derivatives

Derivative instruments are considered to be trading financial derivatives by default, unless they are designated as hedging instruments for accounting purposes. They are booked on the balance sheet under *Financial assets or liabilities at fair value through profit or loss.* Changes in fair value are recorded in the income statement as *Net gains or losses on financial instruments at fair value recognized in income statement*.

Derivative hedging instruments

To designate an instrument as a derivative hedging instrument the Group must document the hedging relationship at the inception of the hedge, specifying the asset, liability, or future transaction hedged, the risk to be hedged, the type of financial derivative used and the valuation method applied to measure the effectiveness of the hedge. The derivative designated as hedging instrument must be highly effective in offsetting the variation in fair value or cash flows arising from the hedged risk, both when the hedge is first set up and throughout its life. Derivative hedging instruments are recognized on the balance sheet under *Derivative hedging instruments*.

Depending on the risk hedged, the Group designates the derivative as a fair value hedge, cash flow hedge, or currency risk hedge for a net foreign investment.

Fair value hedge

In fair value hedge, the book value of the hedged item is adjusted for gains or losses attributable to the hedged risk which are reported under *Net gains or losses on financial instruments at fair value recognized in income statement.* As the hedging is highly effective, changes in fair value of the hedged item are faithfully reflected in the fair value of the derivative hedging instrument. Accrued interest income or expense on hedging derivatives is booked to the income statement under *Interest income and expense – hedging derivatives* at the same time as the interest income or expense related to the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or is sold, hedge accounting is prospectively discontinued. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value and the cumulative adjustments previously recognized under the hedge accounting are amortized over its remaining life. Hedge accounting is discontinued automatically if the hedged item is sold before maturity.

Cash flow hedge

In cash flow hedge, the effective portion of the changes in fair value of the hedging derivative instrument is recognized in a specific equity account, while the ineffective portion is recognized in the income statement under *Net gains or losses on financial instruments at fair value recognized in the income statement.*

Amounts directly recognized in equity under cash flow hedge accounting are reclassified in *Interest income and expenses* on the income statement at the same time as the cash flows being hedged. Accrued interest income or expense on hedging derivatives is booked to the income statement under *Interest income and expense – Hedging derivatives* at the same time as the interest income or expense related to the hedged item.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, hedge accounting is prospectively discontinued. Amounts previously recognized directly in equity are reclassified to *Interest income and expense* on the income statement over the periods where the interest margin is affected by cash flows arising from the hedged item. If the hedged item is sold earlier than expected or if the forecasted transaction hedged ceases to be highly probable, unrealized gains and losses booked to equity are immediately reclassified in the income statement.

Hedging of a net investment in a foreign operation

As with the cash flow hedge, the effective portion of the changes in the fair value of the hedging derivative designated for accounting purposes as hedging net investment is recognized in equity under the account *Unrealized or deferred capital gains or losses* while the ineffective portion is recognized in the income statement.

Macro fair value hedge

In this type of hedge, financial derivatives are used to hedge on an overall basis structural interest rate risks usually arising from Retail Banking activities. In accounting for these transactions, the Group applies the IAS 39 “carve-out” rules as adopted in the European Union, which facilitate:

- the application of fair value hedge accounting to macro-hedges used for asset-liability management including customer demand deposits in the fixed-rate positions being hedged.
- the carrying out of effectiveness tests required by the standard.

The accounting treatment for financial derivatives designated as macro fair value hedge is similar to that for other fair value hedging instruments. Changes in fair value of the portfolio of macro-hedged instruments are reported in a balance sheet account *Revaluation differences on assets hedged by interest rate* through the income statement.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument. If this hybrid instrument is not valued at fair value through profit or loss the Group separates out the embedded derivative from its host contract if, at the inception of the operation, the economic characteristics and risks the derivative are not closely related to the economic characteristics and risks profile of the host contract and it would separately meet the definition of a derivative. Once separated out, the derivative is recognized at its fair value in the balance sheet account *Financial assets or liabilities at fair value through profit or loss* and accounted for as above.

Impairment of financial assets

From January 1 to December 31, 2004

According to CRC regulation 2002-03 on accounting for credit risk in companies governed by the CRBF, as soon as a commitment carries an identified credit risk which makes it probable that the Group will fail to recover all or part of the amounts owed by the counterparty under the original terms of the agreement, notwithstanding any guarantees, the outstanding loan is classified as doubtful if one or more payments are more than three months overdue (six months in the case of real estate loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed, if an identified risk can be assumed to exist, or if legal proceedings have been started.

If a loan to a given borrower is classified as doubtful, all outstanding loans or commitments for that borrower are also reclassified as doubtful, regardless of any guarantees.

Provisions for doubtful loans are booked for doubtful loans or for risks in the amount of the probable losses, without discounting to present value. Furthermore, interest on doubtful loans is fully provisioned for. Provisions, write-backs of provisions, losses on bad debts and recovery of depreciated debts are booked under *Cost of risk*, except for net provisions for interest on doubtful loans which are booked as a reduction in *Net Banking Income*.

If a loan has been restructured under off-market conditions, the difference between the new conditions and the lesser of market conditions and original ones must be booked under *Cost of risk* when the loan is restructured then reincorporated into net interest income for the remaining term of the loan.

The same criteria and depreciation methods for credit risk are applied to long-term and short-term fixed-income investment securities.

From January 1, 2005

Financial assets valued at amortized cost

The criteria used to decide whether there is an incurred credit risk on individual financial assets are similar to those used under French accounting principles to identify doubtful receivables.

At each balance sheet date, the Group assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognized (a “loss event”) and whether that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If there are objective evidence that loans or other receivables, or financial assets classified as financial assets held to maturity are impaired, a depreciation is booked for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees, discounted at the financial asset original effective interest rate. This depreciation is booked to *Cost of risk* on the income statement and the value of the financial asset is reduced by a depreciation amount. Allowance and reversals of depreciations are recorded under *Cost of risk*. The impaired loans or receivables are remunerated for accounting purposes by the reversal over time of the discounting to present value, which is recorded under *Interest and similar income* on the income statement.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments a depreciation is recognized without waiting for the risk to individually affect one or more receivables. The amount of depreciation is determined on the basis of historical loss experience for assets with credit risk characteristics similar to those in the portfolio, adjusted to reflect any relevant current economic conditions.

Where a loan is restructured, the Group books a loss in *Cost of risk* representing the change in terms of the loan if the present value of expected recoverable future cash flows, discounted at the loan’s original effective interest rate, is less than the amortized cost of the loan.

Available-for-sale financial assets

Where there is objective evidence of long-term impairment to a financial asset available for sale, an impairment loss is recognized through profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in the shareholders' equity account under Unrealized *or deferred capital gains or losses* and subsequent objective evidence of impairment emerges, the Group recognizes the total accumulated unrealized loss previously booked to shareholders' equity on the income statement – under *Cost of risk* for debt instruments and under *Net gains or losses on available-for-sale financial assets* for equity securities.

This cumulative loss is measured as the difference between acquisition cost (net of any repayments of principle and amortization) and the current fair value, less any loss of value on the financial asset that has already been booked through profit or loss.

Impairment loss recognized through profit or loss on a equity instrument classified as available for sale are only reversed through profit or loss when the instrument is sold. Once a shareholders' equity instrument has been recognized as impaired, any further loss of value is booked as an additional impairment loss. For debt instruments, however, an impairment loss is reversed through profit or loss if they subsequently recover in value.

Lease financing and similar agreements

Leases are classified as finance leases if they transfer substantially all the risks and rewards incident to ownership of the leased asset to the lessee. Otherwise they are classified as operating leases.

Finance lease receivables are recognized on the balance sheet under *Lease financing and similar agreements* and represent the Group's net investment in the lease, calculated as the present value of the minimum payments to be received from the lessee, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease.

Interest included in the lease payments is booked under *Interest and similar income* on the income statement such that the lease generates a constant periodic rate of return on the lessor's net investment. If there has been a reduction in the estimated unguaranteed residual value used to calculate the lessor's gross investment in the finance lease, an expense is recorded to adjust the financial income already recorded.

Fixed-assets arising from operating lease activities are presented on the balance sheet under *Tangible and intangible fixed assets.* In the case of buildings, they are booked under *Investment Property*. Lease payments are recognized in income on a straight-line basis over the life of the lease to the income statement account *Income from other activities*. The accounting treatment of income invoiced for maintenance services provided in connection with leasing activities aims to show a constant margin on these products in relation to the expenses incurred, over the life of the lease.

Tangible and intangible fixed assets

Operating and investment fixed assets are booked on the balance sheet at cost. Borrowing expenses incurred to fund a lengthy construction period of the fixed assets are included in the acquisition cost, along with other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets.

Software designed in-house is booked as an asset on the balance sheet at its direct cost of development, calculated as spending on external supplies and services and personnel costs directly attributable to producing the asset and making it ready for use.

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount.

Where one or several components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life, through profit or loss account *Amortization, depreciation and impairment of tangible and intangible fixed assets*. The Group applied this approach to its operating and investment property through a breakdown of assets into at least the following components with their corresponding depreciation periods:

Infrastructure	Major structures Doors and windows, roofing Façades	50 years 20 years 30 years
Technical installations	Elevators Electrical installations Electricity generators Air conditioning, extractors Technical wiring Security and surveillance installations Plumbing Fire safety equipment	10-30 years
Fixtures and fittings	Finishings, surroundings	10 years

Depreciation periods for fixed assets other than buildings depend on their useful life, usually estimated in the following ranges:

Plant and equipment	5 years
Transport	4 years
Furniture	10-20 years
Office equipment	5-10 years
IT equipment	3-5 years
Software, developed or acquired	3-5 years
Concessions, patents, licenses, etc.	5-20 years

Fixed assets are tested for impairment whenever there is any indication that their value may have diminished and, for intangible assets, at least once a year. Evidence of a loss in value is assessed at every balance sheet date. Impairment tests are carried out on assets grouped by cash-generating unit. Where a loss is established, an impairment loss is booked to the income statement under *Amortization, depreciation and impairment of tangible and intangible fixed assets.* This impairment loss will reduce the depreciable amount of the asset and so also affect its future depreciation schedule.

Realized capital gains or losses on operating fixed assets are recognized under *Net income on other assets*, while profits or losses on investment real estate are booked to the Net Banking Income account *Income from other activities* .

Debt

Group borrowings that are not classified as financial liabilities recognized through profit or loss are initially recognized at cost, measured as the fair value of the amount borrowed net of transaction fees. These liabilities are valued at the period end, at cost amortized by the effective interest rate method, and are recognized on the balance sheet as *Due to banks*, *Customer deposits* or *Securitized debt payables*.

Amounts due to banks, Customer deposits

Amounts due to banks and customer deposits are classified according to their initial duration and type into: demand (demand deposits and current accounts) and time deposits and borrowings in the case of banks; and into regulated savings accounts and other deposits in the case of customers. They also include securities sold to banks and customers under repurchase agreements.

Interest accrued on these accounts is recorded 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 not 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 at the effective interest rate using the straight-line or actuarial method over the life of the related borrowings. The resulting charge is recognized under *Interest expenses* in the income statement.

Subordinated debt

This item includes all dated or undated borrowings, whether or not in the form of securitized debt, which in the case of liquidation of the borrowing company may only be redeemed after all other creditors have been paid. Interest accrued and payable in respect of long-term subordinated debt, if any, is shown with the underlying liabilities as Related payables.

Provisions

Provisions, other than those for credit risk or employee benefits, represent liabilities whose timing or amount cannot be precisely determined. Provisions may be booked where by virtue of a commitment to a third-party, the Group will probably or certainly incur an outflow of resources to this third-party without receiving at least equivalent value in exchange.

The expected outflows are then discounted to present value to determine the amount of the provision, where this discounting has a significant impact. Allowances and reversals of provisions are booked through profit or loss under the items corresponding to the future expense.

Commitments under "contrats épargne-logement" (mortgage savings agreements)

From January 1, 2005

The *compte épargne-logement* (CEL, mortgage savings account) and *plan épargne-logement* (PEL, mortgage savings plan) are government-regulated schemes targeted at individual customers. They combine an initial deposits phase, through interest-bearing savings, followed by a lending phase where the deposits are used to provide mortgage loans. They create two types of commitments for the Group: the obligation to remunerate the savings for an indeterminate future period at an interest rate fixed at the inception of the home-savings agreement, and the obligation to lend to the client, on demand, at an interest rate also fixed at the inception of the home-savings agreement. The fixed rate applied to CELs is revised every six months according to an indexation formula enacted by the government. Saving deposits and mortgage loans are recorded at amortized cost.

In accordance with the regulation, the lending phase is subject to the previous existence of the deposit phase, and is then inseparable from it. This means that the commitments arising from both phases are contingent, and so both commitments are summed when measuring possible negative consequences for the Group. As soon as it becomes clear that commitments on any one generation of home-savings agreements (a generation being a set of agreements taken out in a particular subscription period on identical terms) will have a negative impact on the Group, a provision is booked under balance sheet liabilities. No netting is performed between generations.

For each generation, the underlying commitments used to determine the amount to be provisioned include: first, loans outstanding and expected future loans estimated from the rights to borrow accrued by customers with outstanding CELs and PELs, and, second, the statistically probable level of accumulated deposits for each future period less the minimum expected amount (equivalent to term deposits absolutely certain). The estimate of deposit levels are based on balance sheet deposits at the end of the period and observed past behavior of the clients.

The parameters used for estimating future commitments are derived from historical observations of market data and behavioral statistics for retail clients. The provision is measured based on the interest rate available to clients for equivalent products over the estimated life of the savings and the loan.

Under French accounting principles, no provision was recognized in respect of 2004.

Loan commitments

The Group recognizes initially loan commitments that are not considered as financial derivatives, at fair value. Thereafter, these commitments are provisioned as necessary in accordance with the accounting principles for *Provisions.*

The liabilities/shareholders' equity distinction - Treasury share

From January 1 to December 31, 2004

Preferred shares

In the second half of 1997, Société Générale issued USD 800 million in preferred shares through a wholly owned US subsidiary. These non-voting securities entitle the holder to a fixed non-cumulative dividend equal to 7.64% of nominal value, payable semi-annually by decision of the subsidiary’s Board of Directors.

In the first half of 2000, Société Générale issued EUR 500 million in preferred shares through a wholly owned US subsidiary. These securities entitle the holder to a fixed non-cumulative dividend equal to 7.875% of nominal value payable annually, with a step-up clause that comes into effect after 10 years.

In the fourth quarter of 2001, Société Générale issued USD 425 million in preferred shares through a wholly owned US subsidiary, with a step-up clause that comes into effect after 10 years. These shares entitle holders to a non-cumulative dividend, payable quarterly, at a fixed rate of 6.302% nominal value on USD 335 million of the issue, and at a variable rate of Libor +0.92% on the other USD 90 million.

In the fourth quarter of 2003, Société Générale issued EUR 650 million of preferred shares through a wholly-owned US subsidiary (paying a non-cumulative dividend of 5.419% annually) with a step-up clause that comes into effect after 10 years.

Preferred shares issued by the company are recognized on the balance sheet under *Preferred shares* and their remuneration is booked as an expense under *Dividends paid on preferred shares*.

Treasury share

In accordance with Recommendation No. 2000-05 of the French National Accounting Standards Board relating to the recognition in the accounts of treasury share held by companies governed by the French Banking and Finance Regulation Committee, Société Générale shares acquired by the Group for allocation to employees are booked as *Short-term investment securities - Treasury share* 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 for the determination of shareholders' equity.

From January 1, 2005

Liabilities/shareholders' equity distinction

Financial instruments issued by the Group are classified in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to remunerate the holders of the security in cash. The Group has analyzed the substance of these instruments considering the implicit obligation to reimburse the holders.

Consequently, and given their terms, perpetual subordinated notes (TSDI) issued by the Group, and shares issued by a Group subsidiary as part of the funding of its property leasing activities, are classified as debt instruments.

Preferred shares issued by the Group are classified as equity, due to the discretionary nature of their remuneration, and recognized under *Minority interests.* Remuneration paid to preferred shareholders is recorded among minority interest in the profit or loss acccount.

In January 2005, the Group issued EUR 1 billion of super-subordinated perpetual notes, paying 4.196% annually for 10 years and, after 2015, 3-month Euribor +1.53% annually. Given the discretionary nature of the remuneration on these securities they have been classified as equity and recognized under *Equity instruments and associated reserves*.

The Group has awarded minority shareholders in some consolidated Group subsidiaries commitments to buy out their stakes. For the Group, these buyouts are put options sales. The exercise price for these options is based on a formula agreed at the time of the acquisition that takes into account the future performance of the subsidiaries.

While waiting for the IASB or IFRIC to rule on the matter, the Group has accounted for these options as follows:

- In accordance with IAS 32, the Group booked a liability for put options sold to minority shareholders of the subsidiaries over which it exercises sole control. This liability is initially recognized at the present value of the estimated exercise price of the put options.
- The counterpart of this liability is a write-down in value of the minority interests underlying the options with any balance booked as an increase in goodwill. Goodwill is adjusted at the end of each period to reflect any change in the exercise price of the options and the book value of the minority interests. The obligation to recognize a liability even though the put options have not been exercised suggests that, in order to be consistent, the Group has initially followed the same accounting treatment as the one regarding increases in the Group's percentage holding in subsidiaries under its control.

This accounting treatment may change by December 31 2005 in the light of the IASB's conclusions on reporting of instruments puttable at fair value, which should also address the treatment of the sale of put options at fair value on minority interests.

Treasury share

Société Générale shares held by the Group are booked as a reduction of consolidated equity irrespective of the purpose for which they are held. Income on these shares is eliminated from the consolidated income statement.

Financial derivatives that have Société Générale shares as their underlying and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of SG shares (other than derivatives) are initially recognized as equity. Premiums paid or received on these financial derivatives classed as equity instruments are booked directly to equity. Changes in the fair value of the derivatives are not recorded.

Other financial derivatives that have SG treasury share as their underlying are booked to the balance sheet at fair value in the same manner as derivatives with other underlying.

Interest income and expense

From January 1 to December 31, 2004

Interest income and expense are recorded over the life of the transaction, either through the straight-line or actuarial method depending on the type of financial instrument concerned, to the income statement for all financial instruments valued at cost while respecting the concept of separate time periods.

From January 1, 2005

Interest income and expense are booked to the income statement for all financial instruments valued at amortized cost using the effective interest rate method.

The effective interest rate is taken to be the rate that discounts the future cash inflows and outflows over the expected life of the instrument to the book value of the financial asset or liability. To calculate the effective interest rate the Group estimates future cash flows as the product of all the contractual provisions of the financial instrument without taking account of possible future loan losses. This calculation includes commissions paid or received between the parties where these are assimilable to interest, transaction costs and all types of premiums and discounts.

When a financial asset or group of similar financial assets has been impaired following an impairment of value, subsequent interest income is booked through profit or loss under *Interest and similar income* using the same interest rate that was used to discount the future cash flows when measuring the loss of value. Provisions that are booked as balance sheet liabilities, except for those related to employee benefits, generate interest expense for accounting purposes. This expense is calculated using the same interest rate as was used to discount to present value the expected outflow of resources that gave rise to the provision.

Net fees for services

The Group recognizes fee income and expense for services provided and received in different ways depending on the type of service.

Fees for continuous services, such as some payment services, custody fees, or telephony subscriptions are booked as income over the lifetime of the service. Fees for one-off services, such as fund movements, finder's fees received, arbitrage fees, or penalties following payment incidents are booked to income when the service is provided under *Fees paid for services provided and other.*

In syndication deals, underwriting fees and participation fees proportional to the share of the issue placed are booked to income at the end of the syndication period provided that the effective interest rate for the share of the issue retained on the Group's balance sheet is comparable to that applying to the other members of the syndicate. Arrangement fees are booked to income when the placement is legally complete. These fees are recognized on the income statement under *Fee income – Primary market transactions.*

Personnel expenses

The *Personnel expenses* account includes all expenses related to personnel, notably the cost of the legal employee profit sharing and incentive plans for the year as well as the costs of the various Group pension and retirement schemes and expenses arising from the application of IFRS 2 "Share-based payments".

Employee benefits

Group companies, in France and abroad, may award their employees:

- post-employment benefits, such as pension plans or retirement bonuses.
- long-term benefits such as deferred bonuses, long service awards or the *Compte Epargne Temps* (CET) flexible working provisions.
- termination benefits.

Some retired Group workers enjoy other post-employment benefits such as medical insurance.

Post-employment benefits

Pension plans may be defined contribution or defined benefit.

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are booked as an expense for the year in question.

Defined benefits plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits, and the company therefore bears the medium- or long-term risk.

Provisions are booked on the liability side of the balance sheet under *Provisions* to cover the whole of these retirement obligations. This is assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

When these plans are financed from external funds classed as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

Differences arising from changes in the calculation assumptions (early retirements, discount rates, etc.) or from differences between actuarial assumptions and real performance (return on plan assets) are booked as actuarial gains or losses. They are amortized in the income statement according to the "corridor" method: i.e. over the expected average remaining working lives of the employees participating in the plan, as soon as they exceed the greater of:

- 10 % of the present value of the defined benefit obligation (before deducting plan assets),
- 10% of the fair value of the assets at the end of the previous financial year.

Where a new or amended plan comes into force the cost of past services is spread over the remaining period until vesting.

An annual charge is booked under *Personnel expenses* for defined benefit plans, consisting of:

- Additional entitlements vested by each employee (current service cost)

- The financial expense resulting from the discount rate
- Expected return on plan assets (gross return).
- Amortization of actuarial gains and losses and past service cost.
- Settlement or curtailment of plans.

Long-term benefits

These are benefits paid to employees more than 12 months after the end of the period in which they provided the related services. Long-term benefits are measured in the same way as post-employment benefits, except for the treatment of actuarial gains and losses and past service costs which are booked immediately to income.

Payments based on Société Générale shares or shares issued by a consolidated entity

Share-based payments include:

- payments in equity instruments of the entity,
- cash payments whose amount depends on the performance of equity instruments.

Share-based payments give rise to a personnel expense booked to *Employee compensation* under IFRS as follows.

Stock-option plans

The Group awards some of its employees stock purchase or subscription options.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, nor for the beneficiaries to exercise their options.

Group stock-option plans are valued using a binomial formula when the Group has adequate statistics to take into account the behavior of the option beneficiaries. When such data are not available the Black & Scholes model is used. Valuations are performed by independent actuaries.

For equity-settled share-based payments, the fair value of these options, measured at the assignment date, is spread over the vesting period and booked to *Additional paid-in capital* under shareholders' equity. At each accounting date, the number of options expected to be exercised is revised and the overall cost of the plan as originally determined is adjusted. Expenses booked to *Employee compensation* since the start of the plan are then adjusted correspondingly.

For cash-settled share-based payments, the fair value of the options is booked as an expense over the vesting period of the options against a corresponding liabilities entry booked on the balance sheet under *Other liabilities – Accrued social charges*. This payables item is then remeasured at fair value against income until settled.

Global Employee Share Ownership Plan

Every year the Group carries out a capital increase reserved for current and former employees. New shares are offered at a discount with an obligatory five-year holding period. The resultant benefit to the employees is booked by the Group as an expense for the year under Personnel expenses – Employee profit-sharing and incentives. The benefit is calculated as the difference between the fair value of each share acquired, taking account of the obligatory holding periods and the acquisition price paid by the employee, multiplied by the number of shares subscribed.

Cost of risk

The *Cost of risk* account is limited to allowances, net of reversals, of depreciation for counterparty risks and disputes. Net allowances to depreciations are classified by type of risk in the corresponding accounts on the income statement.

Income tax

Current taxes

In France, the normal corporate income tax rate is 33.3%. However, until December 31 2005 long-term capital gains on equity investments are taxed at 15%. Moreover, French companies are subject to a surcharge introduced in 1995 equal to 3% of the tax due before allocation of tax credits, which will be progressively reduced to zero by2006. Additionally, a *Contribution sociale de solidarité* (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). Dividends from companies in which Société Générale's interest is at least 5% are tax exempt.

The Amended Finance Law for 2004, passed on December 30 2004, will progressively reduce the tax rate for gains on the disposal of equity investments to 15% or 1.66% depending on the tax qualification of the securities. In parallel to this reduction, the Law has introduced an exceptional tax on the special reserve for long-term gains recorded by French companies in their individual accounts during previous years for the share of annual net income corresponding to long-term gains on disposal of equity investments. At December 31 2004, French tax-paying entities recorded the expenses relating to this exceptional tax under *Income tax,* for a consolidated amount of EUR 18 million.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under *Income tax* on the consolidated income statement.

Deferred tax

Deferred taxes are recognized whenever the Group identifies a timing difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured based on the tax rate enacted or substantively enacted expected to apply when the asset is realized or the liability settled. The impact of changes to tax rates is booked on the income statement under *Deferred taxes*. Net deferred tax assets are not recorded unless it is probable that the subsidiary that owns the assets is likely to be able to apply them within a set time.

For 2005 and the following years, the normal tax rate applicable to French companies to determine their deferred tax is 34.93%, and the reduced rate is between 1.71% and 15.72% depending on the nature of the taxed transactions and the purpose for which the assets are held.

Deferred taxes are determined separately for each taxable entity and are not discounted to present value.

Insurance business

Capitalization reserve

French regulations require that insurance companies maintain capitalization reserves to the amount of capital gains realized on the sale of certain types of bond with a view to offsetting subsequent capital losses. This reserve is distributed between underwriting reserves and equity depending on the likelihood of future capital losses prompting releases from the capitalization reserve. The portion booked to shareholders' equity generates a taxable timing difference and the Group therefore recognizes a deferred tax liability in its consolidated accounts.

From January 1 to December 31, 2004

The Group applies CRC Regulation 2000-05 on the consolidation rules applicable to companies governed by the Insurance Code. The specific accounting rules previously applied to the insurance business are therefore maintained.

The accounts of the Group's fully and proportionately consolidated insurance companies are presented in the corresponding consolidated balance sheet, off-balance sheet and income statement accounts, while still being valued according to the specific rules for insurance companies (see below), except for *Underwriting reserves for insurance companies* which is a separate account on the consolidated financial statements.

Investment by insurance companies

The investments of insurance companies include investments held to guarantee unit-linked policies, as well as other investments made to back life insurance policies and other insurance policies. Investments in the form of securities issued by companies consolidated in the Parent Company accounts are eliminated.

Investments held to guarantee unit-linked policies are marked to market; the total value of these securities corresponds to the total insurance liabilities.

Real estate investments are recorded at their purchase price, less acquisition costs and taxes, and inclusive of the cost of any building or renovation work; buildings are depreciated using the straight-line method over their estimated economic life allowing for separate accounting treatment of their different components. A provision for depreciation of value is booked in the event of a lasting and significant fall in the value of the buildings.

Bonds and other debt securities are stated at cost, exclusive of accrued interest and acquisition costs. If the redemption value of the security differs from the purchase price, the difference for each line of securities is amortized to income using an actuarial method over the term to maturity of these securities. A provision for depreciation is booked if there is a risk that the debtors will be unable to repay the principal or honor the interest payments.

Shares and other variable income securities are booked at their purchase price, exclusive of costs. A provision for impairment is booked in the event of a sustained fall in the value of the securities as determined on the basis of the estimated recoverable value.

Underwriting reserves of insurance companies

Underwriting reserves correspond to the commitments of insurance companies with respect to insured persons and the beneficiaries of policies. Underwriting reserves for unit-linked policies are valued at the balance sheet date on the basis of the market value of the assets underlying these policies. Life insurance underwriting reserves mainly comprise mathematical reserves, which correspond to the difference between the current value of commitments 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.

From January 1, 2005

Financial assets and liabilities

The financial assets and liabilities of the Group's insurance companies are recognized and measured according to the rules governing financial instruments explained above.

Underwriting reserves of insurance companies

In accordance with IFRS 4 on insurance contracts, life and non-life underwriting reserves continue to be measured under the same local regulations as used in 2004. Embedded derivatives that are not included in underwriting reserves are booked separately.

Under the “shadow accounting” principles defined in IFRS 4 an allocation to a provision for deferred profit-sharing is booked in respect of insurance contracts that provide discretionary profit-sharing. This provision is calculated to reflect the potential rights of policyholders to unrealized capital gains on financial instruments measured at fair value or their potential liability for unrealized losses.

Under IFRS 4 a liability adequacy test is carried out on semi-annually.

3 Presentation of financial statements

CNC recommended format for banks’ financial statements

The format used for the financial statements is consistent with the format proposed by CNC recommendation 2004 R 03 of October 27 2004.

Rule on offsetting financial assets and liabilities

A financial asset and liability are offset and a net balance presented on the balance sheet when the group is entitled to do so by law and intends either to settle the net amount or to realize the asset and settle the liability simultaneously.

The Group recognizes on the balance sheet the net value of agreements to repurchase securities given and received where they fulfill the following conditions:

- the counterparty to the agreements is the same legal entity
- they have the same certain maturity date from the start of the transaction,
- they are agreed in the context of a framework agreement that provides for settlement of amounts due in the event of a counterparty default after termination of transactions outstanding and for same-day settlement.
- they are settled through a clearing system that guarantees delivery of securities against payment of the corresponding cash sums.

Cash and cash equivalents

On the cash flow statement, *Cash and cash equivalents* includes cash accounts, due to and due from central banks, demand due to and due from other banks.

Earnings per share

Earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, except for Treasury share. The net profit attributable to ordinary shareholders takes account of dividend rights of preferred shareholders. Diluted earnings per share takes into account the potential dilution of shareholders’ interests assuming the issue of all the additional ordinary shares envisaged under stock options plans.

Note 2
Impact of first-time adoption of IFRS as adopted by the European Union

This note sets out the principles applied by the Group in drawing up its opening IFRS balance sheet at January 1 2004 and January 1 2005 and the quantitative impact of first-time application of IFRS as adopted by the European Union.

1 Methods used for first-time adoption of IFRS as adopted by the EU at January 1 2004 (excluding IAS 32, IAS 39 and IFRS 4)

The first-time application of IFRS as adopted by the European Union to Société Générale Group's consolidated financial statements was carried out in accordance with IFRS 1 "First-time adoption of IFRS". In accordance with IFRS 1, International Accounting Standards are applied retrospectively and the impact of the change in accounting principles from the French standards applied until December 31 2003 is booked to equity in the opening balance sheet for January 1 2004.

In preparing these consolidated financial statements the Group has therefore incorporated the mandatory exceptions required by IFRS 1 regarding the retrospective restatement of some transactions.

IFRS 1 also allows special treatment options for some items on first-time adoption of IFRS. The Société Générale Group has opted for the following treatments:

- Business combinations: Société Générale Group has opted not to restate acquisitions made before January 1 2004, as allowed under IFRS 3. As such, goodwill on acquisitions financed by capital increases before January 1 2000 has not been restated in the opening balance sheet for January 1 2004, provided that this goodwill was charged against the issue premium prorata the proportion of the acquisition price covered by the capital increase in accordance with the French standards in force at the time.
- Measurement of tangible assets at fair value: Société Générale Group opted to maintain tangible fixed assets at their historical cost. For tangible fixed assets previously revalued in the 1977 or 1978 regulatory restatements and/or affected by the restructuring and transfer of asset components within the Group on December 31 1991, historical cost is taken to mean their value as restated at those dates.
- Employee benefits: Société Générale Group opted, as allowed under IFRS 1, to book the balance of any unrecognized actuarial gains and losses to shareholders' equity at the transition date.
- Accrued translation differences: differences arising on translation of foreign currency financial statements at January 1 2004 totaling EUR 1,351 million were booked to Retained earnings. This adjustment has no effect on total shareholders' equity in the opening balance sheet at January 1 2004. Any gains or losses from the future sale of the entities concerned will not include a write-back of translation differences dating from before January 1 2004 but will include translation differences posted after this date.
- Share-based payments: for equity-settled plans, the Group opted to apply IFRS 2 to plans opened since November 7 2002, which had not vested at January 1 2005. For cash-settled plans, the Group opted to apply IFRS 2 to plans that had not yet been settled at January 1 2005.

2 *Methods used for first-time adoption of IAS 32, IAS 39 and IFRS 4 as adopted by the European Union at January 1 2005*

The Group decided to take advantage of the option available under IFRS 1 not to restate the opening balance sheet at January 1 2004 in accordance with IAS 32, IAS 39 and IFRS 4 as adopted by the European Union and to apply these three standards for the first time at January 1 2005. As a result, for comparative 2004 data, financial instruments and transactions covered by IAS 32, IAS 39 and IFRS 4 are recognized and presented under the French accounting principles applied by the Group, in accordance with CRC Regulations 1999-07 and 2000-04.

In drawing up its opening balance sheet at January 1 2005, the Group adjusted its treatment as follows:

- reclassifying non-derivative financial instruments into the four categories defined by IAS 39 according to their nature and the purpose for which they are held,
- measuring at fair value all Group financial derivatives and all non-derivative financial assets or liabilities classified as Instruments at fair value through profit or loss or Available-for-sale financial assets,
- reclassifying certain financial instruments issued by the Group as debt or shareholders' equity in accordance with IAS 32.

As required by IFRS 1, the Group applied the provisions for hedge accounting for financial instruments on a prospective basis at January 1 2005. This entailed the following changes to accounting treatments:

- Relationships designated as hedges under French accounting principles but which are not recognized as such under IAS 39 have not been reflected in the opening balance statement. The transactions affected were instead booked in the opening balance sheet as trading transactions.
- Relationships designated as hedges under French accounting principles and of a type recognized as such under IAS 39 and which, at January 1 2005, fulfil the hedge accounting criteria of IAS 39 as adopted by the European Union were booked on the Group’s opening balance sheet as hedging transactions. Since January 1 2005, the Group has reported these hedging relationships using hedge accounting in accordance with IAS 39 as adopted by the European Union.

The Group decided to limit the scope of retrospective restatement for transactions generating a day-one profit to those originated after October 25 2002 and still outstanding at December 31 2004.

3 *Impact on Group shareholders' equity at January 1 2004 and January 1 2005*

in millions of euros	**Capital, reserves, net income** (incl. minority interests)	**OCI**	**Total shareholders' equity**	**o/w minority interests**	**Debt** (preferred shares and amounts due to minorities)
Shareholders' equity at December 31 2003 under French standards	**18 828**		**18 828**	**1 951**	**0**
Impact of IFRS (excl. IAS 32, 39 and IFRS 4) on reserves	**-150**		**-150**	**-16**	
(a) Provision for employee benefits	*-279*		*-279*	*-14*	
(b) Property, plant and equipment	*-103*		*-103*		
(c) Fee recognition	*-45*		*-45*	*-8*	
(d) Provisions	*36*		*36*	*1*	
(e) Write-back of General reserve for banking risks	*312*		*312*		
(f) Deferred income tax on capitalization reserves	*-73*		*-73*		
Other	*2*		*2*	*5*	
Shareholders' equity under IFRS (excl. IAS 32, 39 and IFRS 4) at January 1 2004	**18 678**		**18 678**	**1 935**	**0**
Transfers related to shareholders	*-1 572*		*-1 572*	*-190*	
2004 net income	*3 635*		*3 635*	*342*	
Other transfers	*-74*		*-74*	*4*	
Shareholders' equity under IFRS (excl. IAS 32, 39 and IFRS 4) at December 31 2004	**20 667**		**20 667**	**2 091**	**0**
Impact of IAS 32 and IAS 39 on reserves	**582**		**582**	**1 737**	**-1 808**
(g) Impairment	*-134*		*-134*	*-64*	
(h) PEL/CEL provisions	*-177*		*-177*	*-5*	
(i) Restatement of day-one P&L	*-574*		*-574*		
(j) Impairment of available-for-sale securities (bank equity investments and industrial equity portfolio)	*-188*		*-188*	*-4*	
(k) Treasury shares	*-235*		*-235*		
(l) Reclassification of minority interests as debt	*-241*		*-241*	*-241*	*241*
(m) Reclassification of preferred shares as minority interests	*2 049*		*2 049*	*2 049*	*-2 049*
Other	*82*		*82*	*2*	
Impact of IAS 32 and IAS 39 on unrealized and deferred gains/losses		**1 286**	**1 286**	**25**	
(n) Restatement of available-for-sale securities – bank equity investments and industrial equity portfolio		*595*	*595*		
(n) Restatement of available-for-sale securities – others		*654*	*654*		
(o) Restatement of cash-flow hedging derivatives		*37*	*37*		
IFRS shareholders' equity at January 1 2005	**21 249**	**1 286**	**22 535**	**3 853**	**-1 808**

a) Under one of the options permitted by IFRS 1, the Group booked all previously unrecognized actuarial gains or losses in its defined benefit plans (notably the healthcare plan for French employees) directly to shareholders' equity in the opening balance sheet.

b) Under IAS 12, the Group booked a deferred tax liability for historical revaluation reserves on buildings. This was because amortizable revaluation reserves subject to depreciation that had previously been booked directly to equity were definitively incorporated to retained earnings.

c) Under IAS 18 the Group spread the recognition of some service fees over an extended period (basically bank card fees in the Retail banking business).

d) Adjustment of provisions to take account of the discounting to present value of payables, resulting in a fall in total provisions.

e) Reclassification of the Group's General reserve for banking risks to retained earnings.

f) The Group booked a deferred tax liability in its opening balance sheet under IAS 12 in respect of the capitalization reserves of life insurance contracts booked to equity.

g) Adjustment to credit risk impairment to take account of the discounting to present value of estimated recoverable cash flows, with a consequent increase in impairment losses. The counterpart of this increase is an interest income flow booked to NBI over the remaining life of the doubtful loans.

h) Provisioning of PEL and CEL (home-savings scheme) commitments in accordance with the methodology described in Note 1 on significant accounting principles.

i) Effect of changed treatment of day-one profit on certain financial products sold by the Group that, under French accounting principles, had been booked immediately through profit or loss on the trade date.

j) Adjustment of impairment losses on non-consolidated investments in subsidiaries classified under IFRS as available-for-sale securities to reflect differences between the valuation methods applied under IAS 39 and those under French accounting principles.

k) Cancellation through allocation to equity of Société Générale shares held for trading or for employee benefit plans. IAS 32 requires the cancellation of treasury stock irrespective of the reason for holding it (unlike French accounting principles). This figure include also the impact of derivatives settled in Société Générale shares.

l) Two different changes in accounting treatment:

- restatement of minority interests in a Group entity: the terms for remuneration and repayment of paid-in capital of the shares that constitute the entity's capital mean that they are classed as debt under IAS 32, creating a debt of EUR 109 million at January 1 2005 in respect of the share of the capital not held by the Group.
- under IAS 32 as described in Note 1 on significant accounting principles, put options sold to minority shareholders in Group subsidiaries should give rise to a recognized liability. The IASB and IFRIC are currently considering how these transactions should be treated. In the meantime, as counterpart to this liability, the Group has booked an amount equivalent to the share of minority interests covered by the put option decreasing the minority interests and the remainder to goodwill. The relevant minority interests are accordingly replaced by an EUR 132 million debt representing their fair value at January 1 2005 and goodwill is increased by EUR 539 million at the same date.

m) Under IAS 32 described in Note 1 on significant accounting principles the Group has reclassified as minority interests all preferred shares issued by Group US subsidiaries.

n) Recognition in a specific equity account of the restatement at fair value (excluding impairments booked to retained earnings) of non-derivative financial instruments classified as available for sale in accordance with IAS 39.

o) Recognition in a specific shareholders' equity account of the effective hedge portion of the change in fair value of financial derivatives classified as cash-flow hedges under IAS 39 on cash-flow hedge accounting.

4 Impact on net income at June 30 2004

	in millions of euros	30/06/2004	o/w minority interests
Net income under French standards		**1,708**	**158**
(a)	Non-amortized goodwill	*104*	
(b)	Currency translation differences	*53*	
(c)	Share-based payments	*-14*	*2*
(d)	Provisions	*-5*	
(e)	Property, plant and equipment	*-7*	*2*
(f)	Fee recognition	*-3*	*-1*
(g)	Employee benefits	*9*	
	Other	*-7*	*-1*
Net income under IAS (excl. IAS 32, 39 and IFRS 4)		**1,838**	**160**

a) In accordance with IFRS 3, goodwill will no longer be amortized but will instead be subject to an impairment test. The cancellation of goodwill amortization booked under French standards consequently has a positive impact of EUR 104 million.

b) Write-backs of currency translation differences made prior to January 1 2004 that, under French standards, were allowed if the consolidated subsidiary that gave rise to them was sold or liquidated, are cancelled under IFRS as the Group has opted to transfer all translation differences prior to January 1 2004 to retained earnings.

c) The EUR 14 million negative impact on net income from restating share-based payments breaks down as a EUR 20 million charge due to application of IFRS 2 partially offset by a EUR 6 million gain from the reclassification of a stock option plan.

d) Discounting to present value of provisions gives rise to a EUR 5 million charge in respect of the EUR 36 million adjustment made at January 1 2004.

e) Application of a by-component approach to Group fixed assets and the cancellation of the write-back from reassessment reserves booked when fixed assets are sold under French standards, gave rise to a EUR 7 million charge against net income.

f) The spreading of recognition of some fee income over time under IAS 18 led to a EUR 3 million reduction in net income.

g) Application of IAS 19 on employee benefits gave rise to a EUR 9 million gain in net income for the half year.

5 Impact on net income and equity at December 31 2004

in millions of euros	**31/12/2004**	**o/w minority interests**
Net income under French standards	**3 465**	**340**
(a) Goodwill no longer amortized	*190*	*2*
(b) Translation differences	*90*	
(c) Share-based payments	*-50*	*-4*
(d) General reserve for banking risks	*-28*	
(e) Provisions	*-11*	
(f) Property, plant and equipment	*-4*	*3*
(g) Fee recognition	*-6*	*-1*
(h) Provisions for employee benefits	*-4*	*-1*
Other	*-7*	*3*
Net income under IAS (excl. IAS 32, 39 and IFRS 4)	**3 635**	**342**

in millions of euros	**31/12/2004**	**o/w minority interests**
Shareholders' equity under French standards	**20 681**	**2 105**
(h) Provisions for employee benefits	*-278*	*-14*
(f) Property, plant and equipment	*-91*	*4*
(g) Fee recognition	*-56*	*-15*
(e) Provisions	*24*	
(d) Write-back of General reserve for banking risks	*284*	
(i) Deferred income tax on capitalization reserves	*-76*	
(a) Goodwill no longer amortized	*188*	*2*
Other	*-9*	*9*
Shareholders' equity under IAS (excl. IAS 32, 39 and IFRS 4)	**20 667**	**2 091**

a) Under IFRS 3, goodwill will no longer be amortized but will instead be subject to an impairment test. The cancellation of goodwill amortization booked under French standards consequently has a positive impact of EUR 190 million.

b) Write-backs of currency translation differences made prior to January 1 2004 that, under French standards, were allowed if the consolidated subsidiary that gave rise to them was sold or liquidated, are cancelled under IFRS as the Group has opted to transfer all translation differences prior to January 1 2004 to retained earnings.

c) The EUR 50 million negative impact on net income from restating share-based payments breaks down as a EUR 41 million charge due to application of IFRS 2 and a EUR 9 million charge from the reclassification of a stock option plan.

d) The write-back from the General reserve for banking risks of EUR 28 million booked under French standards is cancelled following reclassification of the General reserve for banking risks as retained earnings at January 1 2004 for an amount of EUR 312 million.

e) Discounting to present value of provisions gives rise to a EUR 11 million charge in respect of the EUR 36 million adjustment made at January 1 2004.

f) Application of a by-component approach to Group fixed assets and the cancellation of the write-back from reassessment reserves booked when fixed assets are sold under French standards, gave rise to a EUR 4 million charge.

g) The spreading of recognition of some fee income over time under IAS 18 led to a EUR 6 million negative restatement against net income and a EUR 56 million reduction in shareholders' equity.

h) The application of IAS 19 on employee benefits gave rise to an additional EUR 4 million charge against net income and a EUR 278 million reduction in equity.

i) The Group booked a deferred tax liability in its opening balance sheet under IAS 12 for the capitalization reserves of life insurance contracts recognized in equity.

Note 3
Consolidation scope

As at June 30, 2005, the Group's consolidation scope included 734 companies:

654 fully consolidated companies,

68 proportionately consolidated companies

12 companies accounted for by the equity method.

The main changes to the consolidation scope at June 30, 2005 compared with the scope applicable for the accounts at December 31, 2004 and June 30, 2004 were as follows:

- In the first half of 2005 :
  - SGBT Finance Ireland Limited, which is wholly owned by the Group, was fully consolidated.
  - The TOPAZ fund, which is wholly owned by Société Générale, was fully consolidated.
  - The Group incorporated Elcon Finance Technology AB, a wholly-owned subsidiary, into its consolidation scope.
  - Société Générale took a 75% stake in the capital of Hanseatic Bank, which was fully consolidated. Agreements enable the price to be reset up to 2009, and minority shareholders holding a 25% stake may sell their securities from 2013 onwards based on the fair value of the company at the disposal date.
  - Fimat Alternative Strategies Inc, wholly owned by the Group, was fully consolidated.
  - SG Algérie, wholly owned by Société Générale, was fully consolidated.
  - The Penzijni Fund pension fund, wholly owned by the Group, was fully consolidated.
  - The Group increased its stake in National S.G. Bank SAE by 24 %, thereby raising it to 78.38% at June 30th, 2005. The stake in TCW* was increased to 74.29%, i.e. a 7.75% increase compared to December 31st, 2004. As a reminder, agreements include deferred call and put options exercisable from 2006 on 4.75% of the share capital of TCW. The exercise prices are dependent on future performance. Finally the remaining shares held by employees include deferred call and put options exercisable from 2008. The exercise prices are dependent on future performance.

- In the second half of 2004:

  - SG Equipment Finance Schweiz AG, in which the Group holds 100% of the capital, is fully consolidated.
  - Société Générale has taken over all the Equipment Finance and Factoring activities of the Norwegian group Elcon, which are now fully consolidated.
  - The debt securitisation fund French Supermarkets 1, 100%-owned, is fully consolidated.
  - The Lyxor Strategium 1 fund, 100%-owned by Société Générale, is fully consolidated.
  - OOO Rusfinance*, in which the Group holds a 51.01% stake, is fully consolidated. Further to a capital increase wholly subscribed by Société Générale, the Group's ownership of OOO Rusfinance* increased to 62.55% at June 30th, 2005.
  - Société Générale has acquired 100% of the capital of Parsys Espana, which is fully consolidated.

- Furthermore, the Group incorporated Bank of America's structured product hedge fund business in the first half of 2005.

* Pending a decision by the IASB or the IFRC and in accordance with the provisions of IAS 32, the Group booked put options sold to the minority shareholders of wholly owned entities under liabilities. The share ownership of TCW, Banque de Maertelaere, SG Private Banking Suisse SA, OOO Rusfinance and Sogessur has been increased to 100%.

NOTE 4

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

(in millions of euros)

	June 30, 2005		January 1, 2005	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Trading portfolio				
Treasury notes and similar securities	47,353		31,835	
Bonds and other debt securities	59,908		43,066	
Shares and other equity securities [1]	68,929		42,123	
Other financial assets	38,528		24,624	
Trading assets	**214,718**		**141,648**	
o/w securities on loan	9,090		6,969	
Securitized debt payables		26,891		21,596
Amounts payable on borrowed securities		13,577		8,542
Bonds and other debt instruments sold short		36,484		24,772
Shares and other equity instruments sold short		8,158		5,150
Other financial liabilities		45,164		29,766
Trading liabilities		**130,274**		**89,826**
Interest rate instruments:				
Firm instruments				
Swaps	82,792	86,030	66,750	66,604
FRA	353	342	248	213
Options				
Options on organized markets	746	676	494	1,201
OTC options	6,179	5,976	4,305	4,049
Caps, floors, collars	3,965	4,059	3,413	3,343
Foreign exchange instruments				
Firm instruments	5,687	6,771	5,185	5,145
Options	3,041	2,245	3,002	2,394
Equity and index instruments				
Firm instruments	289	414	57	74
Options	22,695	27,063	18,996	22,114
Commodity instruments				
Firm instruments-Futures	7,776	8,348	4,343	4,307
Options	5,512	5,631	3,046	3,479
Credit derivatives	1,422	1,279	980	1,010
Other forward financial instruments				
On organized markets	316	79	120	25
OTC	1,989	1,739	959	489
Trading derivatives	**142,762**	**150,652**	**111,898**	**114,447**
Trading portfolio	**357,480**	**280,926**	**253,546**	**204,273**

[1] *Including UCITS*

NOTE 4 (continued)

	June 30, 2005		January 1, 2005	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Financial assets measured using fair value option through P&L				
Treasury notes and similar securities	1,172		1,035	
Bonds and other debt securities	10,790		12,464	
Shares and other equity securities [1]	13,392		15,034	
Other financial assets	1,316		1,423	
Sub-total of financial assets measured using fair value option through P&L	**26,670**		**29,956**	
Separate assets related to employee benefits	**2**		**4**	
Sub-total of financial liabilities measured using fair value option through P&L [2]		**9,774**		**9,079**
Total financial instruments measured at fair value through P&L	**384,152**	**290,700**	**283,506**	**213,352**

[1] *Including UCITS*

[2] *Mainly indexed EMTNs whose refund value, regarding the index, is not fundamentally different from the fair value. The variation in fair value attributable to the Group's own credit risk is not material over the period.*

NOTE 5
HEDGING DERIVATIVES
(in millions of euros)

	June 30, 2005		January 1, 2005	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Fair value hedge				
Interest rate instruments:				
Firm instruments				
Swaps	2,722	2,434	2,076	3,036
Forward Rate Agreements (FRA)	-	3	-	1
Options				
Options on organized markets	-	-	15	-
OTC options	317	-	238	-
Caps, floors, collars	1	-	3	-
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	157	77	90	79
Equity and index instruments				
Stock options	70	42	39	38
Interest rate instruments				
Firm instruments				
Swaps	571	226	356	262
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	1	-	-	-
Total	**3,839**	**2,782**	**2,817**	**3,416**

NOTE 6
AVAILABLE FOR SALE FINANCIAL ASSETS
(in millions of euros)

	June 30, 2005	January 1, 2005
Current assets		
Treasury notes and similar securities	**9,820**	**9,704**
Listed	8,721	8,606
Unlisted	907	910
Related receivables	192	188
Bonds and other debt securities	**53,605**	**48,557**
Listed	48,876	45,010
Unlisted	4,041	2,822
Related receivables	759	798
Provisions for impairment	(71)	(73)
Shares and other equity securities [1]	**3,336**	**3,529**
Listed	2,015	2,148
Unlisted	1,412	1,473
Provisions for impairment	(91)	(92)
Sub-total	**66,761**	**61,790**
Long-term equity investments	**5,856**	**5,776**
Listed	4,497	4,418
Unlisted	2,536	2,514
Provisions	(1,196)	(1,159)
Related receivables	19	3
Total available for sale financial assets	**72,617**	**67,566**
o/w securities on loan	3	3

[1] Including UCITS

NOTE 7
DUE FROM BANKS
(in millions of euros)

	June 30, 2005	January 1, 2005
Deposits and loans		
Demand and overnights		
Current accounts	12,294	8,756
Overnight deposits and loans and others	519	612
Loans secured by overnight notes	11	9
Term		
Term deposits and loans [1]	13,612	12,563
Subordinated and participating loans	680	713
Loans secured by notes and securities	154	100
Related receivables	430	203
Gross amounts due from banks	**27,700**	**22,956**
Revaluation of hedged items	4	12
Provisions for possible losses		
- provisions for individually impaired loans	(77)	(77)
- provisions for groups of homogenous receivables	(107)	(97)
Net amounts due from banks	**27,520**	**22,794**
Securities purchased under resale agreements	41,049	30,543
Total	**68,569**	**53,337**

[1] *At June 2005, doubtful loans amounted to EUR 106 million against EUR 127 million at January 1, 2005.*

NOTE 8

CUSTOMER LOANS

(in millions of euros)

	June 30, 2005	January 1, 2005
Customer loans		
Trade notes	9,099	8,325
Other customer loans [(1) (2)]		
– Short-term loans	49,818	46,336
– Export loans	3,619	3,166
– Equipment loans	34,768	34,829
– Mortgage loans	50,304	46,122
– Other loans	37,749	35,487
Sub-total	**176,258**	**165,940**
Overdrafts	15,374	12,078
Related receivables	1,079	918
Gross amount	**201,810**	**187,261**
Provisions for possible losses	(6,933)	(7,304)
- allowances for individually impaired loans	(6,060)	(6,433)
- allowances for groups of homogenous receivables	(873)	(871)
Revaluation of hedged items	218	134
Net amount [(3)]	**195,095**	**180,091**
Loans secured by notes and securities	82	59
Securities purchased under resale agreements	21,228	18,741
Total amount of customer loans	**216,405**	**198,891**

[(1)] Breakdown of other customer loans by customer type

	June 30, 2005	January 1, 2005
Non-financial customers		
– Corporate	82,406	76,967
– Individual Customers	64,783	59,203
– Local authorities	6,938	7,577
– Self-employed professionals	7,485	7,268
– Governments and central administrations	855	2,013
– Others	3,381	3,632
Financial customers	10,410	9,280
Total	**176,258**	**165,940**

[(2)] At June 30, 2005, doubtful loans amounted to EUR 9,787 million against EUR 9,733 million at January 1, 2005.
[(3)] Entities acquired in 2005 accounted for EUR 1,324 million in net outstanding customer loans.

NOTE 9
TANGIBLE AND INTANGIBLE ASSETS
(in millions of euros)

	Gross book value at 01/01/2005	Acquisitions	Disposals	Changes in consolidation scope and reclassifications (1)	Gross value at June 30, 2005	Accumulated depreciation and amortization of assets at January 1, 2005	Allocations to amortizations in 2005	Impairment of assets 2005 (2)	Reversals to amortizations in 2005	Changes in consolidation scope and reclassifications	**Net book value at June 30, 2005**	Net book value at January 1, 2005
Intangible Assets												
Software, EDP development costs	1,616	63	(2)	53	1,730	(1 166)	(110)	-	1	(4)	451	450
Internally generated assets	101	-	-	28	129	(65)	(10)	-	-	(6)	48	36
Assets under development	242	97	(1)	(66)	272	-	-	-	-	-	272	242
Others	216	36	(4)	4	252	(61)	(8)	-	3	(4)	182	155
Sub-total	**2,175**	**196**	**(7)**	**19**	**2,383**	**(1 292)**	**(128)**	**-**	**4**	**(14)**	**953**	**883**
Operating Tangible Assets												
Land and buildings	3,019	77	(3)	32	3,125	(841)	(41)	8	2	3	2 256	2 178
Assets under development	172	69	(1)	(74)	166	-	-	-	-	-	166	172
Lease assets of specialised financing companies	6,128	1,253	(874)	182	6,689	(1 714)	(518)	3	434	(16)	4 878	4 414
Others	3,706	113	(50)	47	3,816	(2 639)	(172)	4	39	7	1 055	1 067
Sub-total	**13,025**	**1,512**	**(928)**	**187**	**13,796**	**(5 194)**	**(731)**	**15**	**475**	**(6)**	**8 355**	**7 831**
Investment property												
Land and buildings	301	21	(2)	56	376	(60)	(5)	-	2	(11)	302	241
Assets under development	15	2	-	(6)	11	-	-	-	-	-	11	15
Sub-total	**316**	**23**	**(2)**	**50**	**387**	**(60)**	**(5)**	**-**	**2**	**(11)**	**313**	**256**
									0	**0**	**0**	**0**
Total tangible and intangible assets	**15,516**	**1,731**	**(937)**	**256**	**16,566**	**(6 546)**	**(864)**	**15**	**481**	**(31)**	**9 621**	**8 970**
o/w investment property and lease assets of specialized financing companies (2)							***(523)***	***3***	***436***	***(27)***		
o/w others							***(341)***	***12***	***45***	***(4)***		

(1) o/w net differences arising from the translation of the financial statements of a foreign entity: gross value: EUR 176 million, amortisation: EUR (78) million.

(2) the allocations to amortization of investment property and to lease assets of specialized financing companies are classified in the expenses from other activities in the Net Banking Income.

NOTE 10
DUE TO BANKS
(in millions of euros)

	June 30, 2005	January 1, 2005
Demand and overnight deposits		
Demand deposits and current accounts	9,019	7,519
Overnight deposits and others	26,460	11,673
Sub-total	**35,479**	**19,192**
Term deposits		
Term deposits and borrowings	67,200	47,837
Borrowings secured by notes and securities	253	144
Sub-total	**67,453**	**47,981**
Related payables	403	319
Revaluation of hedged items	1	(1)
Securities sold under repurchase agreements	13,140	12,268
Total (1)	**116,476**	**79,759**

(1) Entities acquired since December 31, 2004 accounted for EUR 13 million in Due to Banks.

NOTE 11
CUSTOMER DEPOSITS

(in millions of euros)

	June 30, 2005	January 1, 2005
Special savings accounts		
Demand	26,478	25,188
Term	21,411	21,471
Sub-total	**47,889**	**46,659**
Other demand deposits		
Businesses and sole proprietors	29,856	29,190
Individual customers	28,172	26,042
Financial customers	17,997	12,451
Others	8,881	6,875
Sub-total	**84,906**	**74,558**
Other term deposits		
Businesses and sole proprietors	22,675	18,536
Individual customers	12,697	12,067
Financial customers	19,699	17,279
Others	4,912	3,848
Sub-total	**59,983**	**51,730**
Related payables	1,064	940
Revaluation of hedged items	67	23
Total customer deposits (1)	**193,909**	**173,910**
Borrowings secured by notes and securities	917	1,626
Securities sold to customers under repurchase agreements	15,608	17,327
Total	**210,434**	**192,863**

(1) *Entities acquired since December 31, 2004 accounted for EUR 1,217 million in customer deposits.*

NOTE 12
SECURITIZED DEBT PAYABLES

(in millions of euros)

	June 30, 2005	January 1, 2005
Term savings certificates	2,154	2,039
Bond borrowings	2,708	1,928
Interbank certificates and negotiable debt instruments	68,133	64,571
Related payables	640	509
Sub-total	**73,635**	**69,047**
Revaluation of hedged items	(186)	(217)
Total	**73,449**	**68,830**

NOTE 13
PROVISIONS AND IMPAIRMENT
(in millions of euros)

Impairment of assets	Impairment loss at January 1, 2005	Impairment losses	Reversals available	Net impairment loss	Reversals used	Currency and scope effects	Impairment loss at June 30, 2005
Banks	(77)	(5)	8	**3**	-	(3)	**(77)**
Customer loans	(6,433)	(1,136)	972	**(164)**	481	56	**(6,060)**
Lease financing and similar agreements	(219)	(83)	69	**(14)**	9	2	**(222)**
Provisions for groups of homogenous receivables	(967)	(77)	94	**17**	-	(29)	**(979)**
Available for sale assets (1)	(1,325)	(27)	106	**79**	-	(113)	**(1,359)**
Others (1)	(289)	(48)	44	**(4)**	7	(8)	**(294)**
Total	**(9,310)**	**(1,376)**	**1 293**	**(83)**	**497**	**(95)**	**(8,991)**

(1) including a EUR 12 million net allocation for identified risks

Provisions	Provisions at January 1, 2005	Allocations	Write-backs available	Net allocation	Write-backs used	Effect of discounting	Currency and scope effects	Provisions at June 30, 2005
Provisions for off-balance sheet commitments to banks	(14)	(1)	-	**(1)**	-	-	-	**(15)**
Provisions for off-balance sheet commitments to customers	(228)	(62)	46	**(16)**	-	-	6	**(238)**
Provisions for employee benefits	(1,218)	(66)	81	**15**	-	-	(20)	**(1,223)**
Provisions for tax adjustments	(434)	(23)	3	**(20)**	-	(4)	171	**(287)**
Provisions for restructuring	(22)	(1)	2	**1**	-	-	2	**(19)**
Provisions for other risks and commitments	(1,025)	(41)	71	**30**	29	(2)	(42)	**(1,010)**
Total	**(2,941)**	**(194)**	**203**	**9**	**29**	**(6)**	**117**	**(2,792)**

Provisions in respect of staff benefits at June 30, 2005 were determined by taking into account the estimated expenses for 2005 calculated when our commitments were valued at December 31, 2004.

Underwriting reserves of insurance companies

	June 30, 2005	January 1, 2005
Underwriting reserves for unit-linked policies	15,956	14,657
Life insurance underwriting reserves:	37,771	34,150
Non-life insurance underwriting reserves:	171	141
Total	**53,898**	**48,948**
Attributable to reinsurers	254	232
Underwriting reserves of insurance companies net of the part attributable to reinsurers	**53,644**	**48,716**

NOTE 14
COMMITMENTS

(in millions of euros)

Commitments granted

	June 30, 2005	January 1, 2005
Loan commitments		
to banks	23,414	9,074
to customers [(1)]		
Issuance facilities	86	91
Unused confirmed credit lines	122,863	97,285
Others	1,007	781
Guarantee commitments		
on behalf of banks	3,370	1,733
on behalf of customers [(1) (2)]	50,604	44,896
Securities commitments		
Securities to deliver	47,887	14,617

Commitments received

	June 30, 2005	January 1, 2005
Loan commitments		
from banks	23,939	8,574
Guarantee commitments		
from banks	37,431	35,908
from customers [(3)]	35,546	39,082
Securities commitments		
Securities to be received	51,084	15,717

(in millions of euros)

Forward financial instruments commitments	8,607,521	7,019,168

(1) As at June 30, 2005, credit lines and guarantee commitments granted to securitization vehicles and other special purpose vehicles amounted to EUR 23.5 billion and EUR 0.7 billion respectively.
(2) Including capital and performance guarantees given to the holders of units in mutual funds managed by entities of the Group.
(3) Including guarantees granted by government and official agencies and other guarantees granted by customers amounted to EUR 21,1 billion as at June 30, 2005 and EUR 17,5 billion as at January 1, 2005.

Securitization transactions

The Société Générale Group carries out securitization transactions on behalf of customers or investors, and provide as such credit enhancement and liquidity facilities to the securitization vehicles.

As the Group does not control these vehicles, they are not consolidated in the Group's financial statements.

As at June 30, 2005, there were six non-consolidated vehicles (Barton, Antalis, Asset One, Homes, ACE Australia, ACE Canada) structured by the Group on behalf of customers or investors. Total assets held by these vehicles and financed through the issuance of commercial papers amounted to EUR 14,490 million on this date.

The default risk on these assets is borne by the transferors of the underlying receivables or by third parties. The Société Générale Group provides an additional guarantee as a credit enhancement through the issuance of letters of credit in the amount of EUR 689 million. Furthermore, the Group has granted these vehicles liquidity lines in the amount of EUR 23,429 million on this date.

Use of credit derivatives

Guarantee commitments received

The Group uses credit derivatives in the management of its loans portfolio. They are primarily used to manage the concentration of our outstanding corporate loans. This reduces exposure to certain counterparties.

These credit derivatives are almost exclusively protection buyer. In nominal terms, EUR 6.7 billion in credit default swaps (CDS) were purchased at the end of June 2005 with an average residual maturity of 4.1 years (hedging positions).

Trading

Credit derivatives are also purchased and sold for trading purposes. Nominal amounts are not relevant to assess the level of risk for these activities monitored using the VaR method.
In accordance with IAS 39, all credit derivatives irrespective of the purpose for which they are bought or sold, are measured at fair value though profit and loss.

NOTE 15
BREAKDOWN OF ASSETS AND LIABILITIES BY TERM TO MATURITY
(in millions of euros)

Maturities of financial assets and liabilities

	less than 3 months	3 months to 1 year	1-5 years	more than 5 years	Total
ASSETS					
Cash, due from central banks	5,593	246	295	59	**6,193**
Financial assets measured at fair value through profit and loss	256,555	102,294	5,381	19,922	**384,152**
Hedging derivatives	3,839	-	-	-	**3,839**
Available for sale financial assets	15,786	8,685	15,145	33,001	**72,617**
Due from banks	45,374	10,283	10,448	2,464	**68,569**
Customers loans	75,100	24,279	71,738	45,288	**216,405**
Lease financing and similar agreements	1,874	3,312	10,826	5,374	**21,386**
Revaluation differences on portfolios hedged against interest rate risk	447	-	-	-	**447**
Financial assets held to maturity	239	616	744	780	**2,379**
Total Assets	**404,807**	**149,715**	**114,577**	**106,888**	**775,987**
LIABILITIES					
Due to central banks	2,687	1	1	-	**2,689**
Financial liabilities measured at fair value through profit and loss	231,889	37,773	9,427	11,611	**290,700**
Hedging derivatives	2,782	-	-	-	**2,782**
Due to banks	99,452	8,759	5,793	2,472	**116,476**
Customer deposits	175,611	7,897	16,419	10,507	**210,434**
Securitized debt payables	45,558	16,083	4,141	7,667	**73,449**
Revaluation differences on portfolios hedged against interest rate risk	1,080	-	-	-	**1,080**
Total Liabilities	**559,059**	**70,513**	**35,781**	**32,257**	**697,610**

NOTE 16
FOREIGN EXCHANGE TRANSACTIONS

(in millions of euros)

	June 30, 2005				January 1, 2005			
	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered
EUR	484,818	482,791	103,466	112,808	415,779	399,070	81,270	101,782
USD	210,785	213,256	238,229	256,828	155,238	179,072	195,150	161,457
GBP	27,613	30,844	38,711	31,100	21,870	24,940	32,720	32,026
JPY	27,066	25,194	45,054	39,379	19,829	14,397	39,657	41,729
Other currencies	77,729	75,926	91,878	76,374	66,105	61,342	73,485	71,841
Total	**828,011**	**828,011**	**517,338**	**516,489**	**678,821**	**678,821**	**422,282**	**408,835**

NOTE 17
INTEREST INCOME AND EXPENSE

(in millions of euros)	June 30, 2005	June 30, 2004 [1]	December 31, 2004 [1]
Transactions with banks	**1,676**	**1,973**	**4,008**
Demand deposits and interbank loans	871	899	1,599
Securities purchased under resale agreements and loans secured by notes and securities	805	1,074	2,409
Transactions with customers	**5,131**	**5,979**	**12,145**
Trade notes	395	334	692
Other customer loans	4,139	3,725	7,626
Overdrafts	337	311	626
Securities purchased under resale agreements and loans secured by notes and securities	260	794	1,544
Other income [2]	**-**	815	1,657
Transactions in financial instruments	**2,607**	**2,612**	**3,993**
Financial assets available for sale	1,180	N/A	N/A
Financial assets held to maturity	90	N/A	N/A
Securities lending	35	N/A	N/A
Hedging derivatives	1,302	N/A	N/A
Finance leases	**575**	**854**	**1,689**
Real estate lease financing agreements	142	248	491
Non-real estate lease financing agreements	433	606	1,198
Total interest income	**9,989**	**11,418**	**21,835**
Transactions with banks	**(2,074)**	**(2,734)**	**(4,884)**
Interbank loans	(1,559)	(1,370)	(2,391)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(515)	(1,364)	(2,493)
Transactions with customers	**(3,122)**	**(2,941)**	**(6,048)**
Special savings accounts	(655)	(614)	(1,224)
Other customer deposits	(2,021)	(1,179)	(2,417)
Securities sold under resale agreements and borrowings secured by notes and securities	(446)	(1,148)	(2,407)
Transactions in financial instruments	**(2,524)**	**(2,932)**	**(4,751)**
Securitized debt payables	(987)	N/A	N/A
Subordinated and convertible debt	(330)	N/A	N/A
Securities borrowing	(35)	N/A	N/A
Hedging derivatives	(1,172)	N/A	N/A
Other interest expense	**(2)**	**0**	**(5)**
Total interest expense	**(7,722)**	**(8,607)**	**(15,688)**

[1] *IFRS excl. IAS 32, 39 & IFRS 4*

[2] *Other income on transaction with customers are coupon payments received on fixed income trading portfolio. As of january 1, 2005 these incomes are included in IFRS on Net Income from financial transactions.*

NOTE 18
FEE INCOME AND EXPENSE
(in millions of euros)

	June 30, 2005	June 30, 2004 [1]	December 31, 2004 [1]
Fee income from			
Transactions with banks	58	71	145
Transactions with customers	948	780	1,624
Securities transactions	317	336	590
Primary market transactions	154	137	224
Foreign exchange transactions and financial derivatives	304	278	509
Loan and guarantee commitments	219	224	459
Services and others	1,735	1,630	3,307
Others	117	123	248
Total fee income	**3,852**	**3,579**	**7,106**
Fee expense on			
Transactions with banks	(82)	(83)	(164)
Securities transactions	(147)	(210)	(381)
Foreign exchange transactions and financial derivatives	(223)	(222)	(383)
Loan and guarantee commitments	(85)	(118)	(341)
Other	(379)	(290)	(562)
Total fee expense	**(916)**	**(923)**	**(1,831)**

[1] *IFRS excl. IAS 32, 39 & IFRS 4*

NOTE 19
NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH P&L

(in millions of euros)

	June 30, 2005
Net gain/loss on non-derivative financial assets held for trading	6,616
Net gain/loss on financial assets measured using fair value option	4
Net gain/loss on non-derivative financial liabilities held for trading	(3,284)
Net gain/loss on financial liabilities measured using fair value option	(415)
Net gain/loss on derivative and hedging instruments	306
Net gain/loss on foreign exchange transactions	15
Total	**3,242**

NOTE 20

NET GAINS OR LOSSES ON AVAILABLE FOR SALE FINANCIAL ASSETS

(in millions of euros)

	June 30, 2005
Current activities	
Gains on sale	98
Losses on sale	(71)
Impairment of equity investments	(1)
Sub-total	**26**
Long-term equity investments	
Gains on sale	156
Losses on sale	(1)
Impairment of equity investments	(19)
Others	
Sub-total	**136**
Total	**162**

NOTE 21
PERSONNEL EXPENSES

(in millions of euros)

	June 30, 2005	June 30, 2004	December 31, 2004
Employee compensation [1]	(2,618)	(2,320)	(4,755)
Social security benefits, payroll taxes and defined contribution plans [1]	(848)	(845)	(1,717)
Retirement expenses - defined benefit plans	(39)	(26)	(61)
Employee profit sharing and incentives	(153)	(109)	(210)
Total	**(3,658)**	**(3,300)**	**(6,743)**
[1] o/w variable remuneration	*(879)*	*(707)*	*(1,538)*

	June 30, 2005	June 30, 2004	December 31, 2004
Average headcount			
- *France*	52,319	51,555	51,753
- *Outside France*	42,299	41,165	41,606
Total	**94,618**	**92,720**	**93,359**

NOTE 22
SHARE-BASED PAYMENT PLANS

1. Expenses recorded in the income statement

(in millions of euros)	June 30, 2005			June 30, 2004		
	Cash settled	Equity settled	Total	Cash settled	Equity settled	Total
Net expense for stock purchase plans	-	11	**11**	-	4	**4**
Net expense for stock option plans	-	28	**28**	1	17	**18**

2. Description of plans settled in the first half of 2005

Main characteristics of equity instruments offered to Group employees up to June 30th 2005 :

Type of plan	Stock options plan
Issuer	Société Générale
Year	2005
Shareholders' agreement	April 29, 2004
Board of Directors' decision	January 13, 2005
Number of options granted	4,040,000
Life of options	7 years
Settlement	Société Générale shares
Vesting period	01/13/2005-01/13/2008
Performance conditions	no
Conditions if employee leaves the Group	loss
Conditions if employee is made redundant	loss
Conditions if employee retires	Maintaining
Death	Maintaining (6 months)
Share price at grant date (in euros)	75
Discount	0%
Grant price (in euros)	75
Options not granted	0
Options exercised	0
Options forfeited	0
Options outstanding at 06/30/05	4,040,000
Number of shares reserved at 06/30/05	4,040,000
Share price of reserved shares (in euros)	65.95
Total value of reserved shares (in million of euros)	266
First authorised date for selling the shares	January 13, 2009
Lock-up period	1 year
Fair value (as % of share price at grant date)	17%
Valuation method used	binomial

Type of plan	Worldwide Employees Shareholding Plan
Issuer	Société Générale
Year	2005
Shareholders' agreement	April 29, 2004
Board of Directors' decision	May 9, 2005
Number of subscribed shares	5,663,174
Non-assignability period	5 years
Share subscription price	63.17
Discount	20%

NOTE 23
COST OF RISK
(in millions of euros)

	June 30, 2005	June 30, 2004 (1)	December 31, 2004 (1)
Net allocation for identified risks	(163)	(245)	(333)
Losses on bad loans	(129)	(78)	(218)
Amounts recovered on provisioned loans	78	48	111
Net allocation to provisions for contingent liabilities	26	(51)	(128)
Total	**(188)**	**(326)**	**(568)**

(1) *IFRS excl. IAS 32, 39 & IFRS 4*

NOTE 24
INCOME TAX
(in millions of euros)

	June 30, 2005	June 30, 2004	December 31, 2004
Current taxes	(774)	(638)	(1,342)
Deferred taxes	(98)	(58)	(38)
Total taxes (1)	**(872)**	**(696)**	**(1,380)**

	June 30, 2005	June 30, 2004	December 31, 2004
Income from fiscally transparent companies	5	(5)	(22)
Other temporary differences	(103)	(53)	(16)
Total deferred tax liabilities	**(98)**	**(58)**	**(38)**

(1) ***Reconciliation of the difference between the Group's normal tax rate and its effective tax rate:***

	June 30, 2005	June 30, 2004	December 31, 2004
Income before tax and net income from companies accounted for by the equity method	3,296	2,519	4,971
Normal tax rate applicable to French companies (including 3.3% and 10% tax contributions)	34.93 %	35.43 %	35.43 %
Permanent differences	- 0.43 %	- 0.59 %	- 1.20 %
Differential on items taxed at reduced rate	- 1.29 %	- 1.68 %	- 0.48 %
Tax rate differential on profits taxed outside France	- 3.94 %	- 3.57 %	- 3.37 %
Impact of non-deductible losses and use of tax loss carry-forwards	- 2.83 %	- 1.95 %	- 2.62 %
Effective tax rate	**26.44 %**	**27.64 %**	**27.76 %**

NOTE 25

COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

	COUNTRY	METHOD **FULL**: FULL CONSOLIDATION **PROP**: PROPORTIONATE CONSOLIDATION **EQUITY**: EQUITY METHOD	Group ownership interest		Group voting interest	
			June 2005	December 2004	June 2005	December 2004
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
. BFCOI	France	FULL	50,00	50,00	50,00	50,00
. 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
. Groupama Banques	France	PROP	40,00	40,00	40,00	40,00
. 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
. Euro VL (1)	France	FULL	100,00	100,00	100,00	100,00
. IEC	France	FULL	100,00	100,00	100,00	100,00
. Interga S.A.S (2)	France	FULL	100,00	-	100,00	-
. Lyxor Asset Management	France	FULL	100,00	100,00	100,00	100,00
. Lyxor International Asset Management	France	FULL	100,00	100,00	100,00	100,00
. Lyxor Strategium N°1	France	FULL	100,00	100,00	100,00	100,00
. Nofirec (1)	France	FULL	100,00	100,00	100,00	100,00
. Pargesfonds	France	FULL	100,00	100,00	100,00	100,00
. Primafair SAS	France	FULL	100,00	100,00	100,00	100,00
. SG Asset Management	France	FULL	100,00	100,00	100,00	100,00
. SGAM AI	France	FULL	100,00	100,00	100,00	100,00
. SGAM Finance (1)	France	FULL	100,00	100,00	100,00	100,00
. SGAM HDG Investment	France	FULL	100,00	100,00	100,00	100,00
. SGAM RTO (2)	France	FULL	100,00	-	100,00	-
SPECIALIST 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	France	FULL	100,00	100,00	100,00	100,00
. Cofranteg (4)	France	FULL	-	100,00	-	100,00
. Compagnie Générale de Location d'Equipements (1)	France	FULL	99,73	99,73	99,73	99,73
. Dalarec	France	FULL	100,00	100,00	100,00	100,00
. Diebold Computer Leasing (3)	France	FULL	-	100,00	-	100,00
. Evalparts	France	FULL	100,00	100,00	100,00	100,00
. Fenwick Lease	France	FULL	100,00	100,00	100,00	100,00
. Fontanor (1)	France	FULL	100,00	100,00	100,00	100,00
. Franfinance (1)	France	FULL	99,99	99,99	99,99	99,99
. Franfinance Location	France	FULL	99,99	99,99	100,00	100,00
. French Supermarkets 1	France	FULL	100,00	100,00	100,00	100,00
. Génécal	France	FULL	89,08	89,08	89,08	89,08
. Génécomi	France	FULL	56,52	56,52	56,52	56,52
. Haoroa SAS	France	FULL	100,00	100,00	100,00	100,00
. Ipersoc SAS	France	FULL	100,00	100,00	100,00	100,00
. Linden SAS	France	FULL	100,00	100,00	100,00	100,00
. Orpavimob SA	France	FULL	100,00	100,00	100,00	100,00
. Promopart	France	FULL	100,00	100,00	100,00	100,00
. Rusfinance SAS	France	FULL	100,00	51,01	62,55	51,01
. Sagem Lease	France	FULL	100,00	100,00	100,00	100,00
. SAS IPF	France	FULL	100,00	100,00	100,00	100,00
. SCP Clémence	France	FULL	100,00	100,00	100,00	100,00
. SCP Cygne	France	FULL	100,00	100,00	100,00	100,00
. SCP de la Prose	France	FULL	100,00	100,00	100,00	100,00
. SCP Muscade	France	FULL	100,00	100,00	100,00	100,00
. SCP Philibert	France	FULL	100,00	100,00	100,00	100,00
. 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 Athena Investissements	France	FULL	100,00	100,00	100,00	100,00
. SNC Cofininvest	France	FULL	100,00	100,00	100,00	100,00
. SNC Distinvest	France	FULL	100,00	100,00	100,00	100,00
. SNC Financières Valmy Investissements	France	FULL	100,00	100,00	100,00	100,00
. SNC Fininva	France	FULL	100,00	100,00	100,00	100,00
. SNC Finovadis	France	FULL	100,00	100,00	100,00	100,00
. SNC Paris Strasbourg	France	FULL	100,00	100,00	100,00	100,00
. SNC Sirius	France	FULL	100,00	100,00	100,00	100,00
. Sofinabail (4)	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	France	FULL	100,00	100,00	100,00	100,00
. Sogelease France	France	FULL	100,00	100,00	100,00	100,00
. Solocvi	France	FULL	100,00	100,00	100,00	100,00
. Temsys (1)	France	FULL	100,00	100,00	100,00	100,00
. Valmyfin	France	FULL	100,00	100,00	100,00	100,00
. Varoner 2	France	FULL	100,00	100,00	100,00	100,00
PORTOFOLIO MANAGEMENT						
. Aurelec	France	FULL	100,00	100,00	100,00	100,00
. Ezépart	France	FULL	100,00	100,00	100,00	100,00
. Fimat Americas S.A.S (2)	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
. Fonvalor2	France	FULL	100,00	100,00	100,00	100,00
. Geforpat	France	FULL	100,00	100,00	100,00	100,00
. Géné Act 1	France	FULL	100,00	100,00	100,00	100,00
. Généfinance (4)	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	France	FULL	100,00	100,00	100,00	100,00
. Salvépar	France	FULL	51,42	51,42	51,42	51,42
. SCI Foncière Défense	France	FULL	99,99	99,99	100,00	100,00
. SG Capital Développement	France	FULL	100,00	100,00	100,00	100,00
. SG Consumer Finance (2)	France	FULL	100,00	-	100,00	-
. SG Financial Services Holding	France	FULL	100,00	100,00	100,00	100,00
. SHTV Holding	France	FULL	100,00	100,00	100,00	100,00
. Sivalparts	France	FULL	100,00	100,00	100,00	100,00
. Sogéfim	France	FULL	100,00	100,00	100,00	100,00
. Sogénal Participations	France	FULL	100,00	100,00	100,00	100,00
. Sogéparts	France	FULL	100,00	100,00	100,00	100,00
. Sogéparticipations (ex-Sogénal) (1)	France	FULL	100,00	100,00	100,00	100,00
. Sogéplus	France	FULL	100,00	100,00	100,00	100,00
. Soginnove	France	FULL	100,00	100,00	100,00	100,00
. Sté Rue Edouard- VII	France	FULL	99,91	99,91	99,91	99,91
. Vouric	France	FULL	100,00	100,00	100,00	100,00
BROKERS						
. Boursorama (1)	France	FULL	71,00	71,03	71,00	71,03
. Clickoptions	France	FULL	100,00	100,00	100,00	100,00
. Fimat Banque	France	FULL	100,00	100,00	100,00	100,00
. Fimat SNC	France	FULL	100,00	100,00	100,00	100,00
. Gaselys	France	PROP	49,00	49,00	49,00	49,00
. SG Énergie (1)	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

	COUNTRY	METHOD FULL: FULL CONSOLIDATION PROP: PROPORTIONATE CONSOLIDATION EQUITY: EQUITY METHOD	Group ownership interest June 2005	 December 2004	Group voting interest June 2005	 December 2004
REAL ESTATE AND REAL ESTATE FINANCING						
. Galybet	France	FULL	100,00	100,00	100,00	100,00
. Généfim (1)	France	FULL	100,00	100,00	100,00	100,00
. Généfimmo (1)	France	FULL	100,00	100,00	100,00	100,00
. Sogébail	France	FULL	100,00	100,00	100,00	100,00
. Sogéprom (1)	France	FULL	100,00	100,00	100,00	100,00
. Sophia-bail	France	FULL	51,00	51,00	51,00	51,00
SERVICES						
. CGA	France	FULL	100,00	100,00	100,00	100,00
. ECS (1)	France	FULL	100,00	100,00	100,00	100,00
. Parel	France	FULL	100,00	100,00	100,00	100,00
. Socogéfi	France	FULL	100,00	100,00	100,00	100,00
GROUP REAL ESTATE MANAGEMENT COMPANIES						
. CFM (1)	France	FULL	100,00	100,00	100,00	100,00
. Eléaparts	France	FULL	100,00	100,00	100,00	100,00
. Génégis 1	France	FULL	100,00	100,00	100,00	100,00
. Génégis 2	France	FULL	100,00	100,00	100,00	100,00
. Génévalmy	France	FULL	100,00	100,00	100,00	100,00
. SC Alicante 2000	France	FULL	100,00	71,52	100,00	100,00
. SC Chassagne 2000	France	FULL	100,00	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	France	FULL	100,00	100,00	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 (1)	France	FULL	100,00	100,00	100,00	100,00
. STIP	France	FULL	99,99	99,99	100,00	100,00
. Valminvest	France	FULL	100,00	100,00	100,00	100,00
INSURANCE						
. Génécar	France	FULL	100,00	100,00	100,00	100,00
. Oradéa Vie (2)	France	FULL	100,00	-	100,00	-
. Sogécap (1)	France	FULL	100,00	100,00	100,00	100,00
. Sogessur	France	FULL	100,00	65,00	65,00	65,00
EUROPE						
BANKS						
. Banca Romana Pentru Devzvoltare (1)	Romania	FULL	58,32	58,32	58,32	58,32
. General Bank of Greece (1)	Greece	FULL	50,35	50,01	50,35	50,01
. Komercni Banka (1)	Czech Republic	FULL	60,35	60,35	60,35	60,35
. SG Bank Nederland NV	Netherlands	FULL	100,00	100,00	100,00	100,00
. SG Express Bank (1)	Bulgaria	FULL	97,95	97,95	97,95	97,95
. SG Hambros Bank Limited (1)	Great Britain	FULL	100,00	100,00	100,00	100,00
. SG Private Banking (Suisse) (1)	Switzerland	FULL	100,00	77,62	77,62	77,62
. SG Yougoslav Bank AD	Serbia	FULL	100,00	100,00	100,00	100,00
. SG Vostok (1)	Russia	FULL	100,00	100,00	100,00	100,00
. SGBT Luxembourg (1)	Luxembourg	FULL	100,00	100,00	100,00	100,00
. SGBT Monaco	Monaco	FULL	100,00	100,00	100,00	100,00
. SKB Banka (1)	Slovenia	FULL	99,58	99,58	99,58	99,58
. Société Générale Cyprus Ltd	Cyprus	FULL	51,00	51,00	51,00	51,00
. Sogéparticipations Belgique (1)	Belgium	FULL	100,00	100,00	100,00	100,00
FINANCIAL COMPANIES						
. Amber (8)	Great Britain	FULL	-	-	-	-
. Euro-VL Luxembourg	Luxembourg	FULL	100,00	100,00	100,00	100,00
. Horizon Equity Sarl (1)	Luxembourg	FULL	100,00	100,00	100,00	100,00
. Lightning Finance Company Ltd	Ireland	FULL	51,00	51,00	51,00	51,00
. Lyxor Master Funds	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	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 Investment UK Ltd (1)	Great Britain	FULL	100,00	100,00	100,00	100,00
. SG Russel Asset Management	Ireland	PROP	50,00	50,00	50,00	50,00
. SG Securities London	Great Britain	FULL	100,00	100,00	100,00	100,00
. SG Wertpapierhandelsgesellschaft Mbh (1)	Germany	FULL	100,00	100,00	100,00	100,00
SPECIALIST FINANCING						
. Axus Belgium (1)	Belgium	FULL	100,00	100,00	100,00	100,00
. Axus Danmark A/S	Denmark	FULL	100,00	100,00	100,00	100,00
. Axus Finland Oy	Finland	FULL	100,00	100,00	100,00	100,00
. Axus Italiana S.R.L	Italy	FULL	100,00	100,00	100,00	100,00
. Axus Nederland B.V.	Netherlands	FULL	100,00	100,00	100,00	100,00
. Axus Norge A.S.	Norway	FULL	100,00	100,00	100,00	100,00
. Axus Sverige AB	Sweden	FULL	100,00	100,00	100,00	100,00
. Adria Leasing Spa (groupe GEFA-ALD)	Italy	FULL	100,00	100,00	100,00	100,00
. ALD Autoleasing Gmbh (groupe GEFA-ALD) (1) (7)	Germany	FULL	100,00	100,00	100,00	100,00
. ALD Automotive Group PLC (groupe GEFA-ALD) (1)	Great Britain	FULL	100,00	100,00	100,00	100,00
. ALD Czech Republic	Czechoslovakia	FULL	100,00	100,00	100,00	100,00
. ALD International Gmbh	Germany	FULL	100,00	100,00	100,00	100,00
. ALD International S.A.	Germany	FULL	100,00	100,00	100,00	100,00
. ALD Lease Finanz Gmbh (1) (2) (7)	Germany	FULL	100,00	-	100,00	-
. ALD Portugal	Portugal	FULL	100,00	100,00	100,00	100,00
. ALD Automotive S.A (Spain) (1)	Spain	FULL	100,00	100,00	100,00	100,00
. Fiditalia Spa	Italy	FULL	100,00	100,00	100,00	100,00
. Fraer Leasing Spa (groupe GEFA-ALD)	Italy	FULL	67,75	67,75	67,75	67,75
. FRANFINANCE Czech Republic s.r.o.	Czechoslovakia	FULL	100,00	100,00	100,00	100,00
. Franfinance Leasing Italia Spa (groupe GEFA-ALD)	Italy	FULL	100,00	100,00	100,00	100,00
. Franfinance Polska Sp zoo (groupe GEFA-ALD)	Polska	FULL	100,00	99,01	100,00	99,01
. Gefa Gesellschaft Abstatzfinanzierung (groupe GEFA-ALD)	Germany	FULL	100,00	100,00	100,00	100,00
. Gefa Leasing Gmbh (groupe GEFA-ALD)	Germany	FULL	100,00	100,00	100,00	100,00
. Hanseatic (2)	Germany	FULL	75,00	-	75,00	-
. Locat Rent S.P.A	Italy	PROP	50,00	50,00	50,00	50,00
. Montalis Investment BV	Netherlands	FULL	100,00	100,00	100,00	100,00
. Promopart Snc	Luxembourg	FULL	100,00	100,00	100,00	100,00
. OOO Rusfinance	Russia	FULL	100,00	51,01	100,00	100,00
. SGBT Finance Ireland Limited (2)	Ireland	FULL	100,00	-	100,00	-
. SGEF International GMBH	Germany	FULL	100,00	100,00	100,00	100,00
. SGEF Schweitz AG	Switzerland	FULL	100,00	100,00	100,00	100,00
. SGEF SA & CO KG	Germany	FULL	100,00	100,00	100,00	100,00
. SG Factoring Spa	Italy	FULL	100,00	100,00	100,00	100,00
. SG Finans AS Norway (1)	Norway	FULL	100,00	100,00	100,00	100,00
. SG Holding de Valores y Participationes	Spain	FULL	100,00	100,00	100,00	100,00
. Sogega Pme Snc	Luxembourg	FULL	100,00	100,00	100,00	100,00
. Sogelease BV Nederland	Netherlands	FULL	100,00	100,00	100,00	100,00
BROKERS						
. Fimat Francfort branch	Germany	FULL	100,00	100,00	100,00	100,00
. Fimat Londres branch	Great Britain	FULL	100,00	100,00	100,00	100,00
. Fimat Madrid branch	Spain	FULL	100,00	100,00	100,00	100,00
INSURANCE						
. Généras	Luxembourg	FULL	100,00	100,00	100,00	100,00
. Inora Life	Ireland	FULL	100,00	100,00	100,00	100,00
. Komercni Pojistovna	Czech Republic	FULL	60,35	60,35	100,00	100,00
. Sogelife	Luxembourg	FULL	100,00	100,00	100,00	100,00

	COUNTRY	METHOD FULL: FULL CONSOLIDATION PROP: PROPORTIONATE CONSOLIDATION EQUITY: EQUITY METHOD	Group ownership interest June 2005	 December 2004	Group voting interest June 2005	 December 2004
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	78,38	54,33	78,38	54,33
. SG Algérie (2)	Algeria	FULL	100,00	-	100,00	-
. SGB Cameroun	Cameroon	FULL	58,08	58,08	58,08	58,08
. SG Banques en Côte-d'Ivoire (1)	Ivory Coast	FULL	68,20	68,20	68,20	68,20
. SG Banque en Guinée	Guinea	FULL	52,94	52,94	52,94	52,94
. SG Banque au Liban (1)	Lebanon	FULL	50,00	50,00	50,00	50,00
. SG Banques au Sénégal	Senegal	FULL	57,72	57,73	57,72	57,73
. SG Marocaine de Banques (1)	Morocco	FULL	51,91	51,91	51,91	51,91
. SSB Bank Ghana	Ghana	FULL	51,00	51,00	51,00	51,00
. United Arab Bank (5)	United Arab Emirates	EQUITY	-	20,00	-	20,00
. Union International de Banque	Tunisia	FULL	52,34	52,32	52,34	52,32
SPECIALIST FINANCING						
. ALD Automotive Maroc	Morocco	FULL	42,79	42,79	50,00	50,00
. Eqdom	Morocco	FULL	44,64	44,64	53,61	53,61
. Sogelease Egypt	Egypt	FULL	71,35	61,73	80,00	80,00
. Sogelease Maroc	Morocco	FULL	71,15	71,15	100,00	100,00
INSURANCE						
. La Marocaine Vie	Morocco	FULL	73,71	73,44	87,07	87,07
THE AMERICAS						
BANKS						
. Banco Société Générale SA (5)	Argentina	FULL	-	99,53	-	99,45
. Banco Société Générale Brazil SA (1)	Brazil	FULL	100,00	100,00	100,00	100,00
. SG Canada (1)	Canada	FULL	100,00	100,00	100,00	100,00
FINANCIAL COMPANIES						
. 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
. SG Cowen Asset Management	United States	FULL	100,00	100,00	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
. TCW Group (1)	United States	FULL	100,00	66,54	89,89	86,83
. TOBP (8)	United States	FULL	-	-	-	-
. TOPAZ Fund (2)	Cayman Islands	FULL	100,00	-	100,00	-
. Turquoise	Cayman Islands	FULL	100,00	100,00	100,00	100,00
BROKERS						
. Fimat Alternatives Strategies Inc. (2)	United States	FULL	100,00	-	100,00	-
. Fimat Canada Inc.	Canada	FULL	100,00	100,00	100,00	100,00
. Fimat Futures USA LLC	United States	FULL	100,00	100,00	100,00	100,00
SERVICES						
. Fimat Facilities Management	United States	FULL	100,00	100,00	100,00	100,00
SPECIALIST FINANCING						
. Cousto Investments LP	United States	FULL	100,00	100,00	55,00	55,00
. Makatea JV Inc	United States	FULL	100,00	100,00	60,00	60,00
. Mehetia Inc	United States	FULL	100,00	100,00	51,00	51,00
. Rexus LLC	United States	FULL	100,00	100,00	70,83	70,83
. SG Ariki Inc (1)	United States	FULL	100,00	100,00	100,00	100,00
. SG Astro Finance LP	United States	FULL	100,00	100,00	100,00	100,00
. SG Astro Finance Trust	United States	FULL	100,00	100,00	100,00	100,00
. SG Constellation Canada LTD	Canada	FULL	100,00	100,00	100,00	100,00
. SG Equity Finance LLC	United States	FULL	100,00	100,00	100,00	100,00
. SG Finance Inc	United States	FULL	100,00	100,00	100,00	100,00
. SG Preferred Capital III LLC (1)	United States	FULL	100,00	100,00	100,00	100,00
. Sorbier Investment Corp	United States	FULL	100,00	100,00	60,00	60,00
. Surzur Overseas Ltd (3)	Cayman Islands	FULL	-	100,00	-	100,00
PORTFOLIO MANAGEMENT						
. SG Tandem (2)	United States	FULL	100,00	-	100,00	-
. Sofital (5)	Argentina	FULL	-	99,90	-	99,90
ASIA AND OCEANIA						
BANKS						
. SG Australia Holdings (1)	Australia	FULL	100,00	100,00	100,00	100,00
. SG Private Banking (Japan) Limited	Japan	FULL	100,00	100,00	100,00	100,00
. SG Securities North Pacific	Japan	FULL	100,00	100,00	100,00	100,00
FINANCIAL COMPANIES						
. SG Asset Management Singapore Ltd	Singapore	FULL	100,00	100,00	100,00	100,00
. SGAM Japan	Japan	FULL	100,00	100,00	100,00	100,00
. Société Générale Asia Ltd (Hong-Kong)	Hong-Kong	FULL	100,00	100,00	100,00	100,00
. Sogeko	South Korea	PROP	41,35	41,35	42,15	42,15
. Onyx Trust (6)	South Korea	FULL	-	100,00	-	100,00
SPECIALIST FINANCING						
. Sogelease Malaysia (1)	Malaysia	FULL	50,00	50,00	50,00	50,00
PORTFOLIO MANAGEMENT						
. S.G. 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
. Succursale Fimat Sydney	Australia	FULL	100,00	100,00	100,00	100,00

(1) Companies carrying out sub-consolidation.
(2) Consolidated for the first time in 2005.
(3) Entities deconsolidated during 2005.
(4) Dissolution of Sofinabail and Cofranteg by a merger of assets with Généfinance.
(5) Entities sold in 2005.
(6) Entity wound up in 2005.
(7) Spin-off of ALD Autoleasing Gmbh.
(8) Special purpose Vehicles substantially controlled by the Group

NOTE 26

SECTOR INFORMATION BY BUSINESS LINE

	Retail banking									Retail banking		
	French Networks			Retail Banking outside France			Specialised Financing companies			Total		
(in millions of euros)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)
Net banking income	3,006	2,902	5,870	1,113	928	1,979	997	869	1,826	5,116	4,699	9,675
Operating expenses[2]	(2,120)	(2,031)	(4,069)	(668)	(570)	(1,223)	(567)	(513)	(1,082)	(3,355)	(3,114)	(6,374)
Gross operating income	**886**	**871**	**1,801**	**445**	**358**	**756**	**430**	**356**	**744**	**1,761**	**1,585**	**3,301**
Net allocation to provisions	(135)	(147)	(292)	(55)	(85)	(161)	(87)	(74)	(136)	(277)	(306)	(589)
Net income from companies accounted for by the equity method	1	1	2	2	3	3	-	-	-	3	4	5
Net income/expense from other assets	1	(9)	5	6	19	15	-	-	(1)	7	10	19
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Earnings before tax	**753**	**716**	**1,516**	**398**	**295**	**613**	**343**	**282**	**607**	**1,494**	**1,293**	**2,736**
Income tax	(264)	(251)	(529)	(111)	(91)	(190)	(120)	(102)	(218)	(495)	(444)	(937)
Net income before minority interests	**489**	**465**	**987**	**287**	**204**	**423**	**223**	**180**	**389**	**999**	**849**	**1,799**
Minority interests	(23)	(22)	(45)	(97)	(87)	(165)	(6)	(3)	(8)	(126)	(112)	(218)
Net income, Group share	**466**	**443**	**942**	**190**	**117**	**258**	**217**	**177**	**381**	**873**	**737**	**1,581**

[1] *IFRS excl. IAS 32, 39 & IFRS 4*

[2] *Including depreciation and amortisation*

	GIMS									GIMS		
	Asset Management			Private Banking			GSSI			Total		
(in millions of euros)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)
Net banking income	528	469	1,047	256	236	463	426	391	755	1,210	1,096	2,265
Operating expenses[2]	(317)	(301)	(642)	(176)	(164)	(334)	(357)	(330)	(662)	(850)	(795)	(1,638)
Gross operating income	**211**	**168**	**405**	**80**	**72**	**129**	69	61	93	**360**	**301**	**627**
Net allocation to provisions	-	-	-	-	(4)	(7)	(1)	(1)	-	(1)	(5)	(7)
Net income from companies accounted for by the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Net income/expense from other assets	-	1	(2)	-	-	(1)	-	-	5	-	1	2
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Earnings before tax	**211**	**169**	**403**	**80**	**68**	**121**	**68**	**60**	**98**	**359**	**297**	**622**
Income tax	(72)	(57)	(137)	(18)	(13)	(23)	(22)	(19)	(31)	(112)	(89)	(191)
Net income before minority interests	**139**	**112**	**266**	**62**	**55**	**98**	**46**	**41**	**67**	**247**	**208**	**431**
Minority interests	(2)	(12)	(35)	-	(3)	(8)	(1)	(2)	(3)	(3)	(17)	(46)
Net income, Group share	**137**	**100**	**231**	**62**	**52**	**90**	**45**	**39**	**64**	**244**	**191**	**385**

[1] *IFRS excl. IAS 32, 39 & IFRS 4*

[2] *Including depreciation and amortisation*

	Corporate & Investment Banking						Corporate & Investment Banking			Corporate Centre			SG Group		
	Corporate Banking and Fixed Income			Equity and Advisory			Total								
(in millions of euros)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)	June 30 2005	June 30 2004 (1)	December 31 2004 (1)
Net banking income	1,400	1,331	2,698	1,383	957	2,029	2,783	2,288	4,727	92	(84)	(261)	9,201	7,999	16,406
Operating expenses[2]	(870)	(755)	(1,569)	(757)	(645)	(1,355)	(1,627)	(1,400)	(2,924)	(50)	(63)	(126)	(5,882)	(5,372)	(11,062)
Gross operating income	**530**	**576**	**1,129**	**626**	**312**	**674**	**1,156**	**888**	**1,803**	**42**	**(147)**	**(387)**	**3,319**	**2,627**	**5,344**
Net allocation to provisions	52	17	106	17	(31)	(45)	69	(14)	61	21	(1)	(33)	(188)	(326)	(568)
Net income from companies accounted for by the equity method	10	11	27	-	(2)	(1)	10	9	26	-	2	9	13	15	40
Net income/expense from other assets	-	3	18	-	(2)	(2)	-	1	16	158	206	158	165	218	195
Impairment of goodwill	-	-	-	(13)	-	-	(13)	-	-	-	-	4	(13)	-	4
Earnings before tax	**592**	**607**	**1,280**	**630**	**277**	**626**	**1,222**	**884**	**1,906**	**221**	**60**	**(249)**	**3,296**	**2,534**	**5,015**
Income tax	(137)	(148)	(297)	(235)	(63)	(150)	(372)	(211)	(447)	107	48	195	(872)	(696)	(1,380)
Net income before minority interests	**455**	**459**	**983**	**395**	**214**	**476**	**850**	**673**	**1,459**	**328**	**108**	**(54)**	**2,424**	**1,838**	**3,635**
Minority interests	(6)	(3)	(6)	-	-	-	(6)	(3)	(6)	(108)	(28)	(72)	(243)	(160)	(342)
Net income, Group share	**449**	**456**	**977**	**395**	**214**	**476**	**844**	**670**	**1,453**	**220**	**80**	**(126)**	**2,181**	**1,678**	**3,293**

NOTE 26 (continued)

SECTOR INFORMATION BY BUSINESS LINE

(in millions of euros)

	Retail Banking and Financial Services					Corporate & Investment Banking			
	French Networks	Retail Banking outside France	Specialised Financing	Division total		Corporate Banking and Fixed Income	Equity and Advisory	Division total	
	June 30, 2005	June 30, 2005	June 30, 2005	June 30, 2005	January 1, 2005	June 30, 2005	June 30, 2005	June 30, 2005	January 1, 2005
Sector assets	118,932	31,900	87,818	238,650	224,305	371,368	148,414	519,782	401,250
o/w goodwill	*53*	*1,076*	*577*	*1,706*	*1,491*	*2*	*42*	*44*	*50*
Sector liabilities (*)	101,483	34,665	62,444	198,592	190,057	427,232	107,523	534,755	415,527

	GIMS					Corporate Centre		SG Group	
	Asset Management	Private Banking	GSSI	Division total					
	June 30, 2005	June 30, 2005	June 30, 2005	June 30, 2005	January 1, 2005	June 30, 2005	January 1, 2005	June 30, 2005	January 1, 2005
Sector assets	16,501	14,112	19,309	49,922	39,800	19,657	13,466	828,011	678,821
o/w goodwill	*1,092*	*347*	*48*	*1,487*	*1,330*	-	-	*3,237*	*2,871*
Sector liabilities (*)	9,022	20,110	28,902	58,034	43,247	11,658	7,455	803,039	656,286

(*) Sector liabilities correspond to total liabilities except equity

NOTE 26 (continued)

SECTOR INFORMATION BY GEOGRAPHICAL REGION
(in millions of euros)

Geographical breakdown of net banking income

	France			Europe			Americas			Asia		
	June 30, 2005	June 30, 2004 (1)	December 31, 2004 (1)	June 30, 2005	June 30, 2004 (1)	December 31, 2004 (1)	June 30, 2005	June 30, 2004 (1)	December 31, 2004 (1)	June 30, 2005	June 30, 2004 (1)	December 31, 2004 (1)
Net interest and similar income	1,059	1,279	2,430	900	730	1,957	344	725	1,493	(48)	45	66
Net fee income	1,812	1,595	3,100	471	408	830	469	496	998	86	70	153
Net income/(expense) from financial transactions	2,069	1,684	3,559	584	313	314	406	(23)	(30)	239	192	350
Other net operating income	110	(187)	(172)	319	318	636	17	10	33	(1)	0	3
Net banking income	**5,050**	**4,371**	**8,917**	**2,274**	**1,769**	**3,737**	**1,236**	**1,208**	**2,494**	**276**	**307**	**572**

(1) IFRS excl. IAS 32, 39 & IFRS 4

	Africa			Oceania			Total		
	June 30, 2005	June 30, 2004 (1)	December 31, 2004 (1)	June 30, 2005	June 30, 2004 (1)	December 31, 2004 (1)	June 30, 2005	June 30, 2004 (1)	December 31, 2004 (1)
Net interest and similar income	218	175	354	(48)	47	99	2,425	3,001	6,399
Net fee income	88	74	168	10	13	26	2,936	2,656	5,275
Net income/(expense) from financial transactions	13	18	33	93	6	(4)	3,404	2,190	4,222
Other net operating income	(8)	12	11	(1)	(1)	(1)	436	152	510
Net banking income	**311**	**279**	**566**	**54**	**65**	**120**	**9,201**	**7,999**	**16,406**

(1) IFRS excl. IAS 32, 39 & IFRS 4

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Membre de la compagnie
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S.A. au capital de € 3.044.220

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Société Générale, S.A.

Statutory auditors' report on interim financial information 2005
(Article L.232-7 of French Company Law (Code de commerce) and article 297-1 of March 23, 1967 decree)
Period from January 1, 2005 to June 30, 2005
(Free translation from the French original)

To the Shareholders,

In our capacity as statutory auditors of Société Générale, and in accordance with Article L.232-7 of French Company Law (Code de Commerce), we have performed the following procedures:

- a review of the accompanying summary of operations and income statement as they appear in the consolidated interim financial statements of Société Générale for the six-month period ended June 30, 2005
- an examination of the information provided in the Company's interim report.

These interim consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

These interim consolidated financial statements have been prepared in the process of application of IFRS as adopted by the European Union for 2005 consolidated financial statements, using IFRS accounting and measurement methods expected to be effective in the European Union and applied by the company for 2005 consolidated financial statements, as described in note 1 to the financial statements and disclosures of interim financial statements defined by Règlement Général of AMF. They include, for comparison purpose information related to 2004 fiscal year and first half 2004 restated using the same rules, except for standards IAS 32, IAS 39 and IFRS 4 which, in conformity with the option of IFRS 1, have been applied as from January 1st, 2005.

We conducted our review in accordance with French professional standards. These standards require that we plan and perform the review to obtain moderate assurance, lesser than that which would result from an audit, as to whether the consolidated interim financial statements are free from material misstatement. The review excluded certain audit procedures and was limited to performing analytical procedures and to obtaining information from Company management and other appropriate sources.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Group and the results of its operations for the period then ended in conformity with IFRS accounting and measurement methods expected to be effective in the European Union and applied by the company for 2005 consolidated financial statements, as described in note 1 to the financial statements and disclosures of interim financial statements defined by Règlement Général of AMF.

Without qualifying our conclusion, we draw your attention on note 1 to the financial statements, which:

- explains the reasons why the interpretations applied and the comparative information that will be included in the consolidated financial statements as of December 31, 2005 and in the interim consolidated financial statements as of June 30, 2006 may be different to those presented in the accompanying interim financial statements ;

- describes the IASB standards and IFRIC interpretations, not yet adopted by the European Union and not compliant with the current applicable framework, that management has anticipated as of June 30, 2005 for consistency purposes with the accounting framework planned to be applied as of December 31, 2005 ;

- describes the option given by IFRS 1, and adopted by the company, not to restate the comparative information regarding financial instruments in respect to IAS 32, IAS 39 and insurance contracts in respect to IFRS 4, which have been applied as from January 1, 2005.

We have also examined, in accordance with French professional standards, the information contained in the interim report on the consolidated interim financial statements that were the subject of our review.

We have nothing to report with respect to the fairness of such information and its consistency with the consolidated interim financial statements.

Neuilly-sur-Seine and Courbevoie, September 14, 2005

The statutory auditors,

DELOITTE et Associés	ERNST & YOUNG Audit
José-Luis Garcia	Christian Mouillon

INTERIM FINANCIAL INFORMATION OF SOCIÉTÉ GÉNÉRALE FOR THE THIRD QUARTER OF 2005 AS PER NOVEMBER 17, 2005 (QUARTERLY REPORT)

Contents:

Please note that the following pages are only excerpts of the Quarterly Report 2005 of Société Générale. Advertising parts have been deleted. Therefore, the above mentioned page numbers refer to the page numbers newly inserted down left in the following document.

Paris, November 17th 2005

PRESS RELEASE

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share capital of
EUR 550,781,598.75
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THIRD QUARTER RESULTS[1]

- **Strong organic growth in revenues: +17.6%* vs. Q3 04**
- **Exceptionally low cost/income ratio: 61.9% vs. 67.4% in Q3 04**
- **Cost of risk remains low: 18 bp**
- **Group net income: EUR 1,132m (+40.4% vs. Q3 04)**
- **Group ROE after tax: 25.2%**

9-MONTH 2005 RESULTS

- **Sustained growth in gross operating income: +29.1%* vs. 9M 04**
- **Group ROE after tax: 25.7%**
- **Group net income: EUR 3,315m (+33.4% vs. 9M 04)**
- **Earnings per share: EUR 8.12 (+45% vs. 9M 04**)**
- **Tier One ratio at 30/09/05: 7.8%**

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1 Under IFRS (including IAS 32&39 and IFRS 4 for Q3 05 and 9M 05 data), using standards and interpretations available at 01/01/2005 as adopted by the European Union.

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

** 9M 04 EPS calculated under French standards.

SOCIETE GENERALE GROUP

RETAIL BANKING & FINANCIAL SERVICES – GLOBAL INVESTMENT MANAGEMENT & SERVICES – CORPORATE & INVESTMENT BANKING

At its meeting of November 16th 2005, the Board of Directors of Société Générale approved the results for the third quarter of 2005 under IFRS standards[1]. The Group maintained its first-half trend of profitable growth over the period, driven by improvements in all business lines and an exceptional performance from Corporate and Investment Banking.

1. GROUP CONSOLIDATED RESULTS

In EUR million	Q3 05	Q3 04	Chg Q3/Q3	9M 05	9M 04	Chg 9M/9M
Net banking income	**4,876**	**4,078**	**+19.6%**	**14,080**	**12,077**	**+16.6%**
On a like-for-like basis*			***+17.6%***			***+15.4%***
Operating expenses	**-3,016**	**-2,747**	**+9.8%**	**-8,898**	**-8,119**	**+9.6%**
On a like-for-like basis*			***+8.5%***			***+8.6%***
Gross operating income	**1,860**	**1,331**	**+39.7%**	**5,182**	**3,958**	**+30.9%**
On a like-for-like basis*			***+36.1%***			***+29.1%***
Operating income	**1,740**	**1,217**	**+43.0%**	**4,874**	**3,518**	**+38.5%**
On a like-for-like basis*			***+39.8%***			***+38.3%***
Net income	**1,132**	**806**	**+40.4%**	**3,315**	**2,484**	**+33.4%**

	Q3 05	Q3 04	9M 05	9M 04
Group ROE after tax	**25.2%**	**19.5%**	**25.7%**	**20.5%**
Business line ROE after tax	**30.9%**	**27.2%**	**30.1%**	**26.7%**

Q3 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q3 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

9M 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
9M 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

The third quarter of 2005 was marked by a favourable economic and financial environment: the United States once again saw sustained levels of economic activity; the dollar was relatively stable but oil prices reached record highs; interest rates remained low; equity markets proved bullish while European corporations showed a renewed appetite for financial transactions, notably in the equity capital markets.

Against this backdrop, the Group delivered an excellent performance, with gross operating income rising 36.1%* on Q3 04 to EUR 1,860 million for the quarter, and net income up 40.4% to EUR 1,132 million

As anticipated by the Group, IAS 32&39, in the form adopted by the European Union, had a limited impact both in the third quarter and the first nine months of the year.

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1 The Group's financial statements, presented under IFRS excluding IAS 32 & 39 and IFRS 4 for 2004, and including IAS 32&39 and IFRS 4 for 9M 05 and Q3 05 (on the basis of available standards and interpretations at 01/01/2005 as adopted by the European Union, and with the early application of the amendment to the fair value option to be adopted by 31/12/05), have been reviewed by the Statutory Auditors. The Group also provides an assessment in this presentation of the 9M 05 and Q3 05 impact of IAS 32 & 39 and IFRS 4, which has not been reviewed by the Statutory Auditors.

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

Net banking income

Net banking income for the quarter rose 17.6%* on Q3 04 (+19.6% in absolute terms) to a total of EUR 4,876 million, fuelled by sustained growth across the board. The Group's growth drivers (Retail Banking outside France, Financial Services and Global Investment Management and Services) all saw a considerable rise in revenues. The French Networks put in a strong performance while the Corporate and Investment Banking division posted an exceptional quarter in a favourable environment.

Net banking income for the first nine months increased by a substantial 15.4%* on the previous year, coming out at EUR 14,080 million (+16.6% in absolute terms).

The implementation of IAS 32&39 only had a limited effect in the third quarter (boosting net banking income by 3.6% or some EUR 175 million). The impact, which was mainly restricted to the Corporate Centre this quarter, included revenues of EUR 125 million from the equity portfolio, booked to NBI under IFRS. The effect over nine months was equally limited (an additional 1.6% or EUR 218 million of NBI).

Operating expenses

Operating expenses grew at a much slower pace than revenues, rising 8.5%* on Q3 04. This evolution reflects a combination of investment in organic growth, tight cost control and a rise in performance-linked pay due to strong business performances.

The Group made further gains in operating efficiency, reducing its C/I ratio to an exceptional low of 61.9% over the quarter, compared with 67.4% in Q3 04.

For the first nine months, the C/I ratio was low, coming out at 63.2% as opposed to 67.2% for 9M 04.

Operating income

Gross operating income rose by a substantial 36.1%* in relation to Q3 04, reaching a total of EUR 1,860 million for the quarter. The figure for the first nine months was 29.1%* higher than for 9M 04.

The Group's cost of risk remained extremely low for the eighth consecutive quarter (18 bp for Q3 05). In the French Networks, it came out at 24 bp of risk-weighted assets, confirming the structural improvement in the division's risk profile. For the sixth quarter in a row, Corporate and Investment Banking made a net write-back from provisions, this time in the amount of EUR 32 million, as few new loans required provisioning and the Group was able to reverse specific provisions following the sale or repayment of certain loans.

IAS 32&39 only had a limited inflationary impact on the Group's risk provisioning: excluding the discounting of provisions, the Group's net allocation would have been some EUR 7 million lower in Q3 05, and EUR 31 million lower for 9M 05.

The Group's operating income for the quarter increased by a sharp 39.8%* on Q3 04 (+43.0% in absolute terms) to a total of EUR 1,740 million.

Operating income for the first nine months was up 38.3%* (+38.5% in absolute terms) to EUR 4,874 million.

Net income

Net income after tax (the Group's effective tax rate was 27.9%) and minority interests grew by a substantial 40.4% on Q3 04, amounting to EUR 1,132 million. Group ROE after tax also rose sharply to 25.2% for the period, compared with 19.5% in Q3 04.

Net income for the first nine months increased by 33.4% on 9M 04. ROE after tax came out at a high level of 25.7% for the period, compared with 20.5% last year.

2. CAPITAL BASE

At September 30th 2005, Group shareholders' equity amounted to EUR 22.4 billion[1] and book value per share to EUR 52.8, including EUR 4 per share of unrealised capital gains. Risk-weighted assets were pushed up by 12.1%* year-on-year (+14.3% in absolute terms), reflecting strong organic growth, notably in Corporate and Investment Banking. Nonetheless, this was still lower than the pace of revenue growth. At September 30th 2005, the Group's Tier one ratio stood at 7.8%.

The Group follows a share buyback policy designed to neutralise the dilutive impact of the annual capital increase reserved for employees and the attribution of stock options. Under this policy, the Group bought back 2.4 million shares in the third quarter, taking its total purchase for the first nine months of the year to 6.4 million. At September 30th 2005, Société Générale held 32.4 million of its own shares, excluding those held for trading purposes (i.e. 7.4% of its capital).

The Group is rated Aa2 by Moody's and AA- by S&P and Fitch. On October 24th 2005, S&P upgraded the outlook for the Group's rating from stable to positive. Société Générale is one of the best-rated banking groups.

[1] This figure includes (i) EUR 1 billion from the issue of deeply subordinated notes in January 2005, and (ii) EUR 1.6 billion of unrealised capital gains.

3. RETAIL BANKING AND FINANCIAL SERVICES

French Networks

In EUR million	Q3 05	Q3 04	Chg Q3/Q3	9M 05	9M 04	Chg 9M/9M
Net banking income	**1,532**	**1,452**	**+5.5%**	**4,538**	**4,354**	**+4.2%**
Operating expenses	**-1,035**	**-1,001**	**+3.4%**	**-3,155**	**-3,032**	**+4.1%**
Gross operating income	**497**	**451**	**+10.2%**	**1,383**	**1,322**	**+4.6%**
Net allocation to provisions	**-64**	**-69**	**-7.2%**	**-199**	**-216**	**-7.9%**
Operating income	**433**	**382**	**+13.4%**	**1,184**	**1,106**	**+7.1%**
Net income	**271**	**240**	**+12.9%**	**737**	**683**	**+7.9%**

	Q3 05	Q3 04	9M 05	9M 04
ROE after tax	**21.1%**	**20.0%**	**19.6%**	**19.3%**

Q3 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q3 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

9M 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
9M 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

The Société Générale and Crédit du Nord networks saw healthy business levels in the third quarter, in all segments of the retail banking market. Revenue growth came out ahead of expectations, at +7.6% compared to Q3 04, excluding the impact of IAS 32&39.

The division stepped up the expansion of its individual customer base, adding a further 164,000 personal current accounts to its total stock over a twelve month period (+2.9%). As in previous years, growth was fuelled by three main factors: the recognised appeal of the Credit du Nord and Société Générale brands, the success of marketing campaigns aimed at the youth market, particularly students, and sustained housing loan issuance which reached a high of EUR 4.8 billion (up 27.3% on Q3 04) with no deterioration in interest margins. Savings inflows into life insurance products rose 20.4%, with unit-linked policies attracting 34% of these new investments.

The business customer segment proved equally dynamic, and the division was able to establish a substantial number of new relationships with high quality businesses. Outstanding investment loans continued to rise at a sustained pace (+7.9% vs. Q3 04). However outstanding operating loans remained stable, as many counterparties are enjoying higher cash levels, reducing their need for credit.

These strong performances were underpinned by continued recruitments and commercial investments: the two networks together hired 640 new staff over the quarter and 1,510 over the first nine months of the year; similarly, the total number of network branches was increased by 11 and 50 respectively in Q3 05 and 9M 05.

From a financial perspective, the two networks posted sharp rises in consolidated net banking income[1] (+5.5% on Q3 04), generating a combined total of EUR 1,532 million over the third quarter. For the first nine months, revenue growth amounted to +4.2%. However, to truly appreciate the

[1] The revenue of the Société Générale Network does not include that of the Private Banking business in France, which is booked under the Global Investment Management & Services division.

performance of the division, these figures need to be adjusted for the impact of IAS 32&39 as the standards make interest income artificially volatile. In Q1 05 the Group wrote back EUR 23 million from its provisions for PEL/CEL housing savings accounts, but was obliged to make an allocation of EUR 50 million in Q2 05 to cover its future commitments, followed by an additional EUR 34 million in Q3 05 due to the fall in long term rates over the quarter. The other effects of IAS 32&39 were not significant over the third quarter and first nine months of the year.

Neutralising the effects of IAS 32&39, NBI growth comes out even higher for the third quarter (+7.6% compared with Q3 04) and first nine months of the year (+5.6% compared with 9M 04).

Excluding the impact of IAS 32&39, net interest income rose +3.8% on Q3 04 (+0.4% including IAS 32&39). Although the historically low level of market rates is reducing margins on sight deposits, this was more than offset in the third quarter by the impressive rise in outstanding deposits (+8.0%) and loans (+9.2%).

Fee and commission income rose 13.0% on Q3 04. This performance was mainly attributable to sharp growth in financial commissions (+29.4%) as the stock market entered a more favourable cycle, boosting subscriptions to equity instruments. Growth in service commissions was slower (+8.1%). The positive effects of strong business volumes were counter-balanced by a very modest price effect, as both networks kept a close eye on their price competitiveness.

Operating expenses edged up by a moderate +3.4% over the quarter in relation to Q3 04. This evolution integrates the provision for early retirements (which will be booked for the last time in Q4 05) and an increase in the cost of share-based payments (IFRS 2) compared to Q3 04. Excluding IFRS 2, the rise in operating expenses would have been 3.1%. For the first nine months the increase came to +4.1%.

The division’s C/I ratio came out at 67.6% for the third quarter. Without the impact of IAS 32&39, it would have been 66.3% (compared with 68.9% a year earlier). The C/I ratio for the first nine months was 69.5%, and would have been 68.6% excluding the effect of IAS 32&39 (69.6% one year earlier).

The net cost of risk continued to decline, falling from 31 bp of risk-weighted assets in Q3 04 to 24 bp in Q3 05. This evolution is attributable to the quality of the customer base, but also to the significant rise in the proportion of housing loans which carry a low cost of risk. On the other hand, the discounting of provisions under IAS 32&39 only had a limited effect on the overall cost of risk.

Net income amounted to EUR 271 million for the third quarter, up 12.9% on Q3 04. ROE after tax was 21.1% for the period (23.6% excluding the effect of IAS 32&39).

For the first nine months, net income totalled EUR 737 million, up 7.9% on 9M 04. ROE after tax was 19.6% (21.3% excluding the effect of IAS 32&39).

Retail Banking outside France

In EUR million	Q3 05	Q3 04	Chg Q3/Q3	9M 05	9M 04	Chg 9M/9M
Net banking income	**576**	**510**	**+12.9%**	**1,689**	**1,438**	**+17.5%**
On a like-for-like basis			*+8.2%*			*+12.0%*
Operating expenses	**-349**	**-312**	**+11.9%**	**-1,017**	**-882**	**+15.3%**
On a like-for-like basis			*+9.5%*			*+10.0%*
Gross operating income	**227**	**198**	**+14.6%**	**672**	**556**	**+20.9%**
On a like-for-like basis			*+6.2%*			*+14.9%*
Net allocation to provisions	**-29**	**-36**	**-19.4%**	**-84**	**-121**	**-30.6%**
Operating income	**198**	**162**	**+22.2%**	**588**	**435**	**+35.2%**
On a like-for-like basis			*+11.5%*			*+34.6%*
Net income	**95**	**72**	**+31.9%**	**285**	**189**	**+50.8%**

	Q3 05	Q3 04	9M 05	9M 04
ROE after tax	**39.3%**	**34.4%**	**41.3%**	**31.7%**

Q3 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q3 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

9M 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
9M 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

Retail Banking outside France is one of the Group's main growth drivers and is based on a business model combining acquisitions in targeted regions and a fast pace of organic growth underpinned by continued investment.

The division maintained the trend established these past quarters, posting strong financial and commercial results. The global platform was extended with:

- the acquisition of DeltaCredit Bank, a mortgage loan specialist that will strengthen the Group's platform in Russia,
- and the purchase of a 91% stake in MIBank in Egypt, adding a further 30 branches (mainly in the Greater Cairo and Delta Nile areas) to NSGB's existing 47, and taking the Group's market share in the country to over 5%. Results for MIBank will be consolidated at the end of the financial year.

The division is continuing its organic growth, opening a net total of 161 new outlets these past twelve months, primarily in Romania, Serbia, Bulgaria and Egypt. At the same time, the overall headcount has risen steadily (recruitment of 1,200 staff over twelve months), with the majority of the new hires in sales. On a same scope basis, the Group has added a further 611,000 individual customers over the last 12 months (representing an annual growth rate of over 12%), with European countries, in particular Romania, Serbia and the Czech Republic, accounting for 324,000 of this total.

The high quality of service offered by the Group's international retail banking operations compares favourably with local market standards. Komercni Banka, for example, was named Bank of the Year in the Czech Republic for the second year running[1].

Outstanding deposits and loans are continuing to rise. In the third quarter, the annualised rate of growth in individual customer loans and deposits exceeded 30%* and 11%* respectively. In the business customer segment, growth rates for outstanding loans and deposits were 13%* and 23%*.

[1] MasterCard Bank of the Year awards.

The division’s contribution to Group results is rising steadily: revenues were up 8.2%* in the third quarter compared with Q3 04 (+12.9% in absolute terms) and 12.0%* for the first nine months (+17.5% in absolute terms). IAS 32&39 had no significant impact on quarterly and 9M results.

Operating expenses increased by 9.5%*, reflecting continued investments in growth and productivity. The increase for the first nine months of the year was +10.0%*.

Gross operating income thus rose 6.2%* on Q3 04 while the third quarter C/I ratio improved to 60.6%.

Gross operating income for the first nine months climbed 14.9%* on 9M 04 and the C/I ratio declined to 60.2%.

The division allocated EUR 29 million to its risk provisions over the quarter, representing 39 basis points of risk-weighted assets and down substantially on Q3 04, which was already a low comparative base. The discounting of provisions under IAS 32&39 had a limited impact on the overall level of risk provisioning.

Third quarter operating income was up 11.5%* on Q3 04, while the figure for the first nine months rose 34.6%*.

Net income climbed 31.9% in the third quarter compared with Q3 04. The first nine months of the year saw a 50.8% rise compared with 9M 04.

ROE after tax came out at a high of 39.3% for the quarter, compared with 34.4% in Q3 04. The figure for the first nine months was 41.3%.

Financial Services

In EUR million	Q3 05	Q3 04	Chg Q3/Q3	9M 05	9M 04	Chg 9M/9M
Net banking income	**525**	**450**	**+16.7%**	**1,530**	**1,319**	**+16.0%**
On a like-for-like basis			***+6.9%***			***+6.5%***
Operating expenses	**-287**	**-268**	**+7.1%**	**-854**	**-781**	**+9.3%**
On a like-for-like basis			***-1.2%***			***+0.8%***
Gross operating income	**238**	**182**	**+30.8%**	**676**	**538**	**+25.7%**
On a like-for-like basis			***+18.4%***			***+14.7%***
Net allocation to provisions	**-57**	**-32**	**+78.1%**	**-144**	**-106**	**+35.8%**
Operating income	**181**	**150**	**+20.7%**	**532**	**432**	**+23.1%**
On a like-for-like basis			***+13.4%***			***+16.0%***
Net income	**115**	**94**	**+22.3%**	**337**	**271**	**+24.4%**

	Q3 05	Q3 04	9M 05	9M 04
ROE after tax	**16.1%**	**15.5%**	**16.3%**	**15.0%**

Q3 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q3 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

9M 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
9M 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

The Financial Services division comprises two main businesses: Specialised Financing and Life Insurance.

Along with Retail Banking outside France, **Specialised Financing** is one of the Group's main growth axes. It comprises four business lines: consumer credit for the individual customer segment and, in the business customer segment, vendor and equipment finance, operational vehicle leasing and fleet management and IT asset leasing and management.

The consumer credit business put in a dynamic performance in the third quarter, with margins on new loans holding up well. Average outstanding loans increased by 17.6% on Q3 04 at constant structure. Italy performed particularly well, while growth at the two French subsidiaries, Franfinance and CGI, was ahead of the estimated trend for the market, at +10.6%. Disponis, the Group's direct loan service in France (via telephone and Internet), got off to a particularly promising start.

The division continued its expansion strategy in Europe, with the consolidation of Eurobank, a significant player in Poland in the consumer credit business, and the outstanding loans acquired from Finagen, part of the Italian group Generali, which reinforce Fiditalia's position in the country. The Group also announced the acquisition of Oster Lizing, a Hungarian consumer credit company specialising in car financing, which will reinforce its Central European platform.

SG Equipement Finance, the European leader in vendor and equipment finance, saw a 10.2% rise in new lending, at constant structure. Activity at the subsidiary was underpinned by the transport and industrial equipment sectors, and by a recovery in demand in France and Germany. Overall margins on new lending were stable.

In operational vehicle leasing and fleet management, ALD Automotive continued to expand its fleet under management at a healthy pace (+10.8% over 12 months like-for-like), reaching a total of 555,000 at the end of September. The best performances were in Spain, Portugal and Italy. ALD

Automotive ranks second in Europe in terms of outstanding financing. The company also continued to expand its network this quarter, launching operations in Lithuania and Brazil.

The business environment for IT asset leasing and management remained mediocre. At ECS, the European leader in the segment, new lending held stable over the quarter. The company continued its expansion, opening operations in Switzerland and acquiring the French company Telci to complete its offering in PC maintenance.

Overall revenues in **Specialised Financing** rose 11.0%* on Q3 04 (+22.7% in absolute terms). IAS 32&39 had a limited effect on revenues. Excluding the impact of IAS 32&39 (EUR +4 million), and adjusting figures for changes in Group structure, the rise in the net allocation to provisions is mainly linked to growth in outstanding loans. ROE after tax came out at 17.7%, compared with 17.2% in Q3 04. ROE after tax for the first nine months was 18.3%.

In **Life Insurance**, Sogécap was helped in particular by strong levels of asset gathering across the Société Générale network (+23.4% versus Q3 04) and the high proportion of investments in unit-linked policies. Operating NBI thus rose between Q3 04 and Q3 05.

Overall, **the Financial Services division** saw operating income climb 13.4%* in the third quarter. ROE after tax came out at 16.1%, up on Q3 04 (15.5%).

Operating income for the first nine months increased 16.0%*, while the ROE after tax for the period came to 16.3%.

4. GLOBAL INVESTMENT MANAGEMENT AND SERVICES

In EUR million	Q3 05	Q3 04	Chg Q3/Q3	9M 05	9M 04	Chg 9M/9M
Net banking income	**640**	**541**	**+18.3%**	**1,850**	**1,637**	**+13.0%**
On a like-for-like basis			*+17.4%*			*+13.7%*
Operating expenses	**-455**	**-397**	**+14.6%**	**-1,305**	**-1,192**	**+9.5%**
On a like-for-like basis			*+13.6%*			*+10.2%*
Operating income	**184**	**138**	**+33.3%**	**543**	**434**	**+25.1%**
On a like-for-like basis			*+32.6%*			*+25.8%*
Net income	**126**	**81**	**+55.6%**	**370**	**272**	**+36.0%**
o.w. Asset Management	72	50	*+44.0%*	209	149	*+40.3%*
Private Banking	34	19	*+78.9%*	96	71	*+35.2%*
GSSI & Boursorama	20	12	*+66.7%*	65	52	*+25.0%*

In EUR billion	Q3 05	Q3 04	9M 05	9M 04
Net inflows over the period	**7.5**	**7.1**	**26.7**	**21.1**
AuM at end of period	**370**	**313**	**370**	**313**

Q3 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q3 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

9M 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
9M 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

Global Investment Management and Services comprises asset management (SG AM), private banking (SG Private Banking), the Group's global securities services for investors (SG GSSI) and its online brokerage arm (Boursorama).

Net inflows amounted to EUR 7.5 billion for the third quarter, confirming the division's strong business momentum. Total net inflows since the beginning of the year have reached EUR 26.7 billion and at September 30th 2005 assets under management exceeded EUR 370 billion[1].

In Global Securities Services for Investors, assets under custody rose 19% year-on-year, totalling EUR 1,317 billion at September 30th 2005.

The division put in a strong financial performance: operating income grew by 32.6%* compared with Q3 04 (+33.3% in absolute terms), while the C/I ratio fell sharply to 71.1% (as against 73.4% in Q3 04). Net income amounted to EUR 126 million, up 55.6%.

Net income for the first nine months came out 36.0% ahead of the figure for 9M 04.

IAS 32&39 had a very limited impact on the division's NBI.

[1] This figure does not include some EUR 85bn of assets held by customers of the French Networks (investable assets exceeding EUR 150,000) or assets managed by Lyxor AM, whose results are consolidated in the Equity & Advisory business line (EUR 52bn at September 30th 2005).

Asset Management

Net inflows amounted to EUR 5.8 billion for the third quarter, and were driven in particular by good performances from SG AM in Continental Europe and from the Group's partnership's in Asia (mainly India and Korea). Net inflows for the first nine months came to EUR 21.4 billion (on an annualised basis this is equivalent to 11% of assets under management). This performance is mainly the result of a strong sales focus on innovative structured products such as CDOs, which account for 42% of net inflows since the start of the year. At the end of September 2005, SG AM managed a total of EUR 312.8 billion of assets, up from EUR 264.4 billion one year earlier. This reasserts the Group's position as the fourth largest bank-owned asset manager in the eurozone.

Net banking income rose 13.0%* on Q3 04, reaching a total of EUR 286 million in the third quarter. Alternative investment activities made a high contribution while TCW maintained its dynamic performance.

The increase in operating expenses (+13.4%* compared to a low base in Q3 04) notably reflects the increase in the cost of share-based payments under IFRS2 and ongoing investments to secure future growth.

As a result, gross operating income for the quarter rose 12.5%* on Q3 04 and operating income by 18.7%*.

Operating income for the first nine months was up 24.6%* on 9M 04.

Private Banking

All platforms put in another dynamic business performance, with net inflows totalling EUR 1.7 billion for the quarter; for the first nine months of the year, net inflows totalled EUR 5.3 billion – representing 15% of assets under management on an annualised basis. Total assets under management amounted to EUR 57.5 billion at the end of September 2005, compared with EUR 48.7 billion a year earlier.

Net banking income rose sharply on Q3 04 (+23.9%*), as gross margins remained high, ahead of their Q3 04 level.

The growth in operating expenses (+16.3%* on Q3 04) can be attributed to ongoing investment and the rise in performance-linked pay resulting from increased business volumes.

Operating income rose sharply, by +51.9%* on Q3 04.

For the first nine months, operating income was up 27.4%* on the same period in 2004.

SG GSSI and Boursorama

The market environment remained generally favourable over the quarter, providing a boost for sales volumes. The **Brokerage subdivision** confirmed its excellent positioning, strengthening its share of the global market for the clearing and execution of listed derivatives. The **Global Custodian subdivision** launched its back-office insourcing service in London, and was singled out yet again by *Global Custodian* magazine for the quality of its global custody services for investors.

Boursorama saw a sharp jump in the number of orders executed (+47% vs. Q3 04 when adjusted for changes in Group structure). It also continued its acquisition strategy, finalising the purchase of Squaregain (formerly Comdirect UK) at the end of August 2005, to become the number 2 online broker in the United Kingdom.

SG GSSI and Boursorama’s net banking income for the quarter came out 19.6%* ahead of Q3 04.

Operating expenses moved up 12.5%* on Q3 04, due primarily to continued investments in both the Brokerage and Global Custodian subdivisions.

Operating income for the quarter came out an impressive 70.0%* ahead of Q3 04.

Operating income for the first nine months was up 27.8%* on 9M 04.

5. CORPORATE AND INVESTMENT BANKING

In EUR million	Q3 05	Q3 04	Chg Q3/Q3	9M 05	9M 04	Chg 9M/9M
Net banking income	**1,496**	**1,208**	**+23.8%**	**4,279**	**3,496**	**+22.4%**
On a like-for-like basis			*+23.5%*			*+23.4%*
Operating expenses	**-853**	**-768**	**+11.1%**	**-2,480**	**-2,168**	**+14.4%**
On a like-for-like basis			*+10.8%*			*+15.3%*
Gross operating income	**643**	**440**	**+46.1%**	**1,799**	**1,328**	**+35.5%**
On a like-for-like basis			*+45.8%*			*+36.6%*
Net allocation to provisions	**32**	**36**	**-11.1%**	**101**	**22**	**NM**
Operating income	**675**	**476**	**+41.8%**	**1,900**	**1,350**	**+40.7%**
On a like-for-like basis			*+41.5%*			*+41.9%*
Net income	**498**	**368**	**+35.3%**	**1,342**	**1,038**	**+29.3%**

	Q3 05	Q3 04	9M 05	9M 04
ROE after tax	**45.7%**	**40.7%**	**44.6%**	**38.9%**

Q3 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
Q3 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

9M 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
9M 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

The **Corporate and Investment Banking division** posted exceptional revenues this quarter, as equity and financing markets proved generally positive. Net banking income rose on the back of excellent trading revenues and strong performances in client-driven activities.

In **Corporate Banking and Fixed Income,** revenues grew by a hefty 23.2%* compared to the same period last year. The Fixed Income business saw robust performances in all markets, both in proprietary trading and client-driven activities, while the structured finance business also posted strong revenue growth. The division reinforced its client franchises, ranking sixth in euro bond issues and eighth in European syndicated loans at the end of September. In 2005 it also confirmed its positions as best export finance arranger and best structured finance arranger in commodities. The division continued to develop its business with key clients: it increased average risk-weighted assets by 15% vs. 9M 04, while maintaining a high return on capital employed, thanks primarily to the development of structured finance activities (NBI +25% vs. 9M 04), and continuing its policy of proactive and systematic management of the credit portfolio.

The **Equity and Advisory business** also saw strong growth, posting a 23.9%* rise in third quarter revenues. Results were excellent in Equity Derivatives, both in proprietary trading and client-driven activities, while Cash Equity and Advisory benefited from the rise in European secondary activity and US primary business, notably in M&A.

Overall, the results for **Corporate and Investment Banking** (+23.5%* in revenues over the quarter compared to Q3 04) reflect strong growth momentum in the division.

For the first nine months, net banking income rose at an equivalent rate (+23.4%* on 9M 04). Client-driven revenues increased significantly (+18% vs. 9M 04) and accounted for over two-thirds of total NBI for the period.

IAS 32&39 had a negligible impact on third quarter results, producing a EUR 1 million rise in revenues (EUR -113 million since the start of the year).

Operating expenses rose 10.8%* on Q3 04. The division continued its strategy of cost control combined with targeted investments to increase profitable growth.

The cost to income ratio thus came out at an exceptional low of 57.0% for the quarter, while gross operating income rose 45.8%* on Q3 04. For the first nine months, the C/I ratio was again low at 58.0% and gross operating income came out 36.6%* ahead of last year.

The credit risk environment remained favourable, enabling the division to write back a net total of EUR 32 million from its provisions over the quarter (write-back of EUR 101 million over 9 months) . Few new loans required provisioning; at the same time, the division was able to write back specific provisions thanks to an improvement in its counterparties' financial positions, or following the disposal or repayment of loans under the policy of active management of the credit portfolio.

Market risk was low over the quarter: the average VaR was EUR 17.6 million, compared with EUR 26 million in Q3 04.

The Corporate and Investment Banking division made an exceptionally high contribution of EUR 498 million to Group net income for the quarter, representing 35.3% growth on Q3 04.

Consequently, for the tenth quarter running, the division posted after tax profitability in excess of 30%: ROE after tax was 45.7%, compared with 40.7% for the same period in 2004.

For the first nine months of the year, net income amounted to EUR 1,342 million, up 29.3% on 9M 04. ROE after tax came out at 44.6% for 9M 05, compared with 38.9% for 9M 04.

6. CORPORATE CENTRE

The Corporate Centre recorded net income of EUR 27 million for the third quarter.

Revenues from the equity portfolio, now booked under NBI in accordance with IAS 32&39, amounted to EUR 125 million for the quarter and derived essentially from the sale of the Group's stake in Santander. At September 30th 2005, the IFRS net book value of the industrial equity portfolio, excluding unrealised capital gains, was EUR 1.2 billion, and unrealised capital gains amounted to EUR 0.7 billion.

2006 financial communication calendar and events	
February 16th 2006	**Publication of fourth quarter 2005 results**
May 18th 2006	**Publication of first quarter 2006 results**
August 3rd 2006	**Publication of second quarter 2006 results**
November 9th 2006	**Publication of third quarter 2006 results**

SUPPLEMENTS

CONSOLIDATED INCOME STATEMENT (in millions of euros)	Third quarter 2005	Third quarter 2004	Change Q3/Q3		9 months 2005	9 months 2004	Change 9M/9M	
Net banking income	4,876	4,078	+19.6%	+17.6%(*)	14,080	12,077	16.6%	+15.4%(*)
Operating expenses	(3,016)	(2,747)	+9.8%	+8.5%(*)	(8,898)	(8,119)	9.6%	+8.6%(*)
Gross operating income	**1,860**	**1,331**	**+39.7%**	**+36.1%(*)**	**5,182**	**3,958**	**30.9%**	**+29.1%(*)**
Net allocation to provisions	(120)	(114)	+5.3%	-5.4%(*)	(308)	(440)	-30.0%	-43.8%(*)
Operating income	**1,740**	**1,217**	**+43.0%**	**+39.8%(*)**	**4,874**	**3,518**	**38.5%**	**+38.3%(*)**
Net income from other assets	0	4	-100.0%		165	222	-25.7%	
Net income from companies accounted for by the equity method	(4)	10	NM		9	25	-64.0%	
Impairment of goodwill	0	4	-100.0%		(13)	4	NM	
Income tax	(485)	(344)	+41.1%		(1,358)	(1,040)	30.6%	
Net income before minority interests	**1,251**	**891**	**+40.4%**		**3,677**	**2,729**	**34.7%**	
Minority interests	(119)	(85)	+40.0%		(362)	(245)	47.8%	
Net income	**1,132**	**806**	**+40.4%**		**3,315**	**2,484**	**33.4%**	
Annualised Group ROE after tax (%)	25.2%	19.5%			25.7%	20.5%		
Tier-one ratio at end of period	7.8%	8.3%			7.8%	8.3%		

NET INCOME AFTER TAX BY CORE BUSINESS (in millions of euros)	Third quarter 2005	Third quarter 2004	Change Q3/Q3	9 months 2005	9 months 2004	Change 9M/9M
Retail Banking & Financial Services	**481**	**406**	**18.5%**	**1,359**	**1,143**	**+18.9%**
o.w. French Networks	271	240	12.9%	737	683	+7.9%
o.w. Financial Services	115	94	22.3%	337	271	+24.4%
o.w. Retail Banking outside France	95	72	31.9%	285	189	+50.8%
Global Investment Management & Services	**126**	**81**	**55.6%**	**370**	**272**	**+36.0%**
o.w. Asset Management	72	50	44.0%	209	149	+40.3%
o.w. Private Banking	34	19	78.9%	96	71	+35.2%
o.w. GSSI + Boursorama	20	12	66.7%	65	52	+25.0%
Corporate & Investment Banking	**498**	**368**	**35.3%**	**1,342**	**1,038**	**+29.3%**
o.w. Equity & Advisory	207	146	41.8%	602	360	+67.2%
o.w. Corporate Banking & Fixed Income	291	222	31.1%	740	678	+9.1%
CORE BUSINESSES	**1,105**	**855**	**29.2%**	**3,071**	**2,453**	**+25.2%**
Corporate Centre	**27**	**(49)**	**NM**	**244**	**31**	**NM**
GROUP	**1,132**	**806**	**40.4%**	**3,315**	**2,484**	**+33.4%**

Q3 04: IFRS (excl. IAS 32-39 and IFRS 4)
Q3 05: IFRS (incl. IAS 32-39 and IFRS 4)

9M 04: IFRS (excl. IAS 32 & 39 and IFRS 4)
9M 05: IFRS (incl. IAS 32 & 39 and IFRS 4)

(*) when adjusted for changes in Group structure and at constant exchange rates

QUARTERLY RESULTS BY CORE BUSINESS

(in millions of euros)	2003 French standards				2004 - IFRS (excl. IAS 32-39 and IFRS 4)				2005 - IFRS (incl. IAS 32-39 and IFRS 4)		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Retail Banking & Financial Services											
Net banking income	2,113	2,241	2,240	2,386	2,274	2,425	2,412	2,557	2,545	2,579	2,633
Operating expenses	-1,465	-1,487	-1,458	-1,573	-1,518	-1,596	-1,581	-1,679	-1,670	-1,685	-1,671
Gross operating income	*648*	*754*	*782*	*813*	*756*	*829*	*831*	*878*	*875*	*894*	*962*
Net allocation to provisions	-134	-157	-171	-185	-152	-154	-137	-146	-134	-143	-150
Operating income	*514*	*597*	*611*	*628*	*604*	*675*	*694*	*732*	*741*	*751*	*812*
Net income from other assets	-2	3	2	3	17	-7	3	6	8	-1	0
Net income from companies accounted for by the equity method	4	4	3	2	2	2	1	0	1	2	1
Income tax	-175	-205	-209	-216	-213	-231	-236	-255	-248	-250	-268
Net income before minority interests	*341*	*399*	*407*	*417*	*410*	*439*	*462*	*483*	*502*	*502*	*545*
Minority interests	-44	-46	-48	-49	-54	-58	-56	-50	-62	-64	-64
Net income	*297*	*353*	*359*	*368*	*356*	*381*	*406*	*433*	*440*	*438*	*481*
Average allocated capital	7,120	7,229	7,354	7,388	7,619	7,885	8,073	8,293	8,374	8,692	8,976
ROE after tax	16.7%	19.5%	19.5%	19.9%	18.7%	19.3%	20.1%	20.9%	21.0%	20.2%	21.4%
o.w. French Networks											
Net banking income	1,349	1,413	1,419	1,464	1,435	1,467	1,452	1,516	1,520	1,486	1,532
Operating expenses	-971	-982	-972	-990	-1,009	-1,022	-1,001	-1,037	-1,065	-1,055	-1,035
Gross operating income	*378*	*431*	*447*	*474*	*426*	*445*	*451*	*479*	*455*	*431*	*497*
Net allocation to provisions	-66	-76	-89	-100	-71	-76	-69	-76	-68	-67	-64
Operating income	*312*	*355*	*358*	*374*	*355*	*369*	*382*	*403*	*387*	*364*	*433*
Net income from other assets	1	4	0	4	-3	-6	3	11	0	1	0
Net income from companies accounted for by the equity method	1	1	0	1	1	0	0	1	0	1	0
Income tax	-109	-126	-125	-133	-123	-128	-134	-144	-135	-129	-151
Net income before minority interests	*205*	*234*	*233*	*246*	*230*	*235*	*251*	*271*	*252*	*237*	*282*
Minority interests	-11	-11	-8	-10	-12	-10	-11	-12	-12	-11	-11
Net income	*194*	*223*	*225*	*236*	*218*	*225*	*240*	*259*	*240*	*226*	*271*
Average allocated capital	4,368	4,463	4,548	4,568	4,649	4,747	4,812	4,871	4,854	5,013	5,147
ROE after tax	17.8%	20.0%	19.8%	20.7%	18.8%	19.0%	20.0%	21.3%	19.8%	18.0%	21.1%
o.w. Financial Services											
Net banking income	376	395	390	472	420	449	450	500	484	521	525
Operating expenses	-244	-246	-231	-308	-251	-262	-268	-301	-278	-289	-287
Gross operating income	*132*	*149*	*159*	*164*	*169*	*187*	*182*	*199*	*206*	*232*	*238*
Net allocation to provisions	-33	-39	-39	-44	-37	-37	-32	-30	-38	-49	-57
Operating income	*99*	*110*	*120*	*120*	*132*	*150*	*150*	*169*	*168*	*183*	*181*
Net income from other assets	0	0	0	-1	0	0	0	-1	0	0	0
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0	0	0
Income tax	-36	-40	-43	-43	-48	-54	-53	-61	-59	-64	-62
Net income before minority interests	*63*	*70*	*77*	*76*	*84*	*96*	*97*	*107*	*109*	*119*	*119*
Minority interests	-3	1	0	1	-1	-2	-3	-2	-3	-3	-4
Net income	*60*	*71*	*77*	*77*	*83*	*94*	*94*	*105*	*106*	*116*	*115*
Average allocated capital	2,086	2,118	2,153	2,153	2,294	2,335	2,425	2,534	2,645	2,760	2,862
ROE after tax	11.5%	13.4%	14.3%	14.3%	14.5%	16.1%	15.5%	16.6%	16.0%	16.8%	16.1%
o.w. Retail Banking outside France											
Net banking income	388	433	431	450	419	509	510	541	541	572	576
Operating expenses	-250	-259	-255	-275	-258	-312	-312	-341	-327	-341	-349
Gross operating income	*138*	*174*	*176*	*175*	*161*	*197*	*198*	*200*	*214*	*231*	*227*
Net allocation to provisions	-35	-42	-43	-41	-44	-41	-36	-40	-28	-27	-29
Operating income	*103*	*132*	*133*	*134*	*117*	*156*	*162*	*160*	*186*	*204*	*198*
Net income from other assets	-3	-1	2	0	20	-1	0	-4	8	-2	0
Net income from companies accounted for by the equity method	3	3	3	1	1	2	1	-1	1	1	1
Income tax	-30	-39	-41	-40	-42	-49	-49	-50	-54	-57	-55
Net income before minority interests	*73*	*95*	*97*	*95*	*96*	*108*	*114*	*105*	*141*	*146*	*144*
Minority interests	-30	-36	-40	-40	-41	-46	-42	-36	-47	-50	-49
Net income	*43*	*59*	*57*	*55*	*55*	*62*	*72*	*69*	*94*	*96*	*95*
Average allocated capital	666	648	653	667	676	803	836	888	875	919	967
ROE after tax	25.8%	36.4%	34.9%	33.0%	32.5%	30.9%	34.4%	31.1%	43.0%	41.8%	39.3%

	2003 French standards				2004 - IFRS (excl. IAS 32-39 and IFRS 4)				2005 - IFRS (incl. IAS 32-39 and IFRS 4)		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Global Investment Management & Services											
Net banking income	439	478	501	565	545	551	541	628	602	608	640
Operating expenses	-355	-368	-386	-402	-395	-400	-397	-446	-415	-435	-455
Gross operating income	*84*	*110*	*115*	*163*	*150*	*151*	*144*	*182*	*187*	*173*	*185*
Net allocation to provisions	0	-6	0	-7	0	-5	-6	4	0	-1	-1
Operating income	*84*	*104*	*115*	*156*	*150*	*146*	*138*	*186*	*187*	*172*	*184*
Net income from other assets	-1	0	-1	-8	0	1	-2	3	0	0	0
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0	0	0
Income tax	-25	-33	-34	-46	-45	-44	-43	-59	-58	-54	-56
Net income before minority interests	*58*	*71*	*80*	*102*	*105*	*103*	*93*	*130*	*129*	*118*	*128*
Minority interests	1	-5	-5	-12	-10	-7	-12	-17	-2	-1	-2
Net income	*59*	*66*	*75*	*90*	*95*	*96*	*81*	*113*	*127*	*117*	*126*
Average allocated capital	552	607	659	685	718	806	858	809	825	932	948
ROE after tax	42.8%	43.5%	45.5%	52.6%	52.9%	47.6%	37.8%	55.9%	61.6%	50.2%	53.2%
o.w. Asset Management											
Net banking income	200	211	222	278	230	239	253	325	269	259	286
Operating expenses	-140	-139	-143	-161	-149	-152	-157	-184	-154	-163	-178
Gross operating income	*60*	*72*	*79*	*117*	*81*	*87*	*96*	*141*	*115*	*96*	*108*
Net allocation to provisions	0	0	0	-2	0	0	-5	5	0	0	0
Operating income	*60*	*72*	*79*	*115*	*81*	*87*	*91*	*146*	*115*	*96*	*108*
Net income from other assets	-1	0	-1	-9	0	1	-1	-2	0	0	0
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0	0	0
Income tax	-20	-25	-26	-36	-28	-30	-30	-49	-39	-33	-36
Net income before minority interests	*39*	*47*	*52*	*70*	*53*	*58*	*60*	*95*	*76*	*63*	*72*
Minority interests	-1	-5	-5	-9	-6	-6	-10	-13	-1	-1	0
Net income	*38*	*42*	*47*	*61*	*47*	*52*	*50*	*82*	*75*	*62*	*72*
Average allocated capital	224	226	248	250	264	329	370	337	291	330	313
ROE after tax	67.9%	74.3%	75.8%	97.6%	71.2%	63.2%	54.1%	97.3%	103.1%	75.2%	92.0%
o.w. Private Banking											
Net banking income	80	80	103	112	122	114	109	118	127	129	135
Operating expenses	-63	-65	-75	-87	-82	-82	-80	-90	-86	-90	-93
Gross operating income	*17*	*15*	*28*	*25*	*40*	*32*	*29*	*28*	*41*	*39*	*42*
Net allocation to provisions	0	0	0	0	0	-4	-2	-1	0	0	-1
Operating income	*17*	*15*	*28*	*25*	*40*	*28*	*27*	*27*	*41*	*39*	*41*
Net income from other assets	0	0	0	0	0	0	-1	0	0	0	0
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0	0	0
Income tax	-3	-2	-5	-4	-8	-5	-5	-5	-9	-9	-7
Net income before minority interests	*14*	*13*	*23*	*21*	*32*	*23*	*21*	*22*	*32*	*30*	*34*
Minority interests	0	0	-2	-2	-2	-1	-2	-3	0	0	0
Net income	*14*	*13*	*21*	*19*	*30*	*22*	*19*	*19*	*32*	*30*	*34*
Average allocated capital	157	164	182	219	232	250	265	266	294	328	341
ROE after tax	35.7%	31.7%	46.2%	34.5%	51.7%	35.2%	28.7%	28.6%	43.5%	36.6%	39.9%
o.w. GSSI & Boursorama											
Net banking income	159	187	176	175	193	198	179	185	206	220	219
Operating expenses	-152	-164	-168	-154	-164	-166	-160	-172	-175	-182	-184
Gross operating income	*7*	*23*	*8*	*21*	*29*	*32*	*19*	*13*	*31*	*38*	*35*
Net allocation to provisions	0	-6	0	-5	0	-1	1	0	0	-1	0
Operating income	*7*	*17*	*8*	*16*	*29*	*31*	*20*	*13*	*31*	*37*	*35*
Net income from other assets	0	0	0	1	0	0	0	5	0	0	0
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0	0	0
Income tax	-2	-6	-3	-6	-9	-9	-8	-5	-10	-12	-13
Net income before minority interests	*5*	*11*	*5*	*11*	*20*	*22*	*12*	*13*	*21*	*25*	*22*
Minority interests	2	0	2	-1	-2	0	0	-1	-1	0	-2
Net income	*7*	*11*	*7*	*10*	*18*	*22*	*12*	*12*	*20*	*25*	*20*
Average allocated capital	171	217	229	216	222	227	223	206	240	274	294
ROE after tax	16.4%	20.3%	12.2%	18.5%	32.4%	38.8%	21.5%	23.3%	33.3%	36.5%	27.2%

	2003 French standards				2004 - IFRS (excl. IAS 32-39 and IFRS 4)				2005 - IFRS (incl. IAS 32-39 and IFRS 4)		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Corporate and Investment Banking											
Net banking income	1,091	1,364	1,216	1,063	1,178	1,110	1,208	1,231	1,550	1,233	1,496
Operating expenses	-675	-763	-731	-744	-713	-687	-768	-756	-843	-784	-853
Gross operating income	*416*	*601*	*485*	*319*	*465*	*423*	*440*	*475*	*707*	*449*	*643*
Net allocation to provisions	-186	-201	-139	16	-48	34	36	39	47	22	32
Operating income	*230*	*400*	*346*	*335*	*417*	*457*	*476*	*514*	*754*	*471*	*675*
Net income from other assets	0	1	2	24	2	-1	2	13	0	0	1
Net income from companies accounted for by the equity method	1	6	2	8	0	9	3	14	4	6	-5
Impairment of goodwill	0	0	0	0	0	0	0	0	0	-13	0
Income tax	-39	-95	-74	-87	-100	-111	-111	-125	-257	-115	-170
Net income before minority interests	*192*	*312*	*276*	*280*	*319*	*354*	*370*	*416*	*501*	*349*	*501*
Minority interests	-1	-3	-2	-2	-2	-1	-2	-1	-3	-3	-3
Net income	*191*	*309*	*274*	*278*	*317*	*353*	*368*	*415*	*498*	*346*	*498*
Average allocated capital	3,605	3,612	3,609	3,529	3,524	3,581	3,620	3,666	3,686	3,975	4,362
ROE after tax	21.2%	34.2%	30.4%	31.5%	36.0%	39.4%	40.7%	45.3%	54.0%	34.8%	45.7%
o.w. Equity and Advisory											
Net banking income	369	562	505	428	440	517	560	512	740	643	694
Operating expenses	-281	-342	-358	-348	-316	-329	-374	-336	-378	-379	-416
Gross operating income	*88*	*220*	*147*	*80*	*124*	*188*	*186*	*176*	*362*	*264*	*278*
Net allocation to provisions	0	-10	0	-27	-31	0	-2	-12	19	-2	-1
Operating income	*88*	*210*	*147*	*53*	*93*	*188*	*184*	*164*	*381*	*262*	*277*
Net income from other assets	-2	0	0	0	0	-2	0	0	0	0	0
Net income from companies accounted for by the equity method	0	0	0	0	-1	-1	0	1	0	0	0
Impairment of goodwill	0	0	0	0	0	0	0	0	0	-13	0
Income tax	-16	-59	-30	-17	-17	-46	-38	-49	-162	-73	-70
Net income before minority interests	*70*	*151*	*117*	*36*	*75*	*139*	*146*	*116*	*219*	*176*	*207*
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net income	*70*	*151*	*117*	*36*	*75*	*139*	*146*	*116*	*219*	*176*	*207*
Average allocated capital	407	407	403	404	428	445	434	378	352	417	423
ROE after tax	68.8%	148.4%	116.1%	35.6%	70.1%	124.9%	134.6%	122.8%	248.9%	168.8%	195.7%
o.w. Corporate Banking and Fixed Income											
Net banking income	722	802	711	635	738	593	648	719	810	590	802
Operating expenses	-394	-421	-373	-396	-397	-358	-394	-420	-465	-405	-437
Gross operating income	*328*	*381*	*338*	*239*	*341*	*235*	*254*	*299*	*345*	*185*	*365*
Net allocation to provisions	-186	-191	-139	43	-17	34	38	51	28	24	33
Operating income	*142*	*190*	*199*	*282*	*324*	*269*	*292*	*350*	*373*	*209*	*398*
Net income from other assets	2	1	2	24	2	1	2	13	0	0	1
Net income from companies accounted for by the equity method	1	6	2	8	1	10	3	13	4	6	-5
Impairment of goodwill	0	0	0	0	0	0	0	0	0	0	0
Income tax	-23	-36	-44	-70	-83	-65	-73	-76	-95	-42	-100
Net income before minority interests	*122*	*161*	*159*	*244*	*244*	*215*	*224*	*300*	*282*	*173*	*294*
Minority interests	-1	-3	-2	-2	-2	-1	-2	-1	-3	-3	-3
Net income	*121*	*158*	*157*	*242*	*242*	*214*	*222*	*299*	*279*	*170*	*291*
Average allocated capital	3,198	3,205	3,206	3,125	3,096	3,136	3,186	3,288	3,334	3,558	3,939
ROE after tax	15.1%	19.7%	19.6%	31.0%	31.3%	27.3%	27.9%	36.4%	33.5%	19.1%	29.6%
Corporate Centre											
Net banking income	106	23	-95	-94	-63	-21	-83	-103	52	35	107
Operating expenses	-24	-34	-21	-82	-41	-22	-1	-62	-57	7	-37
Gross operating income	*82*	*-11*	*-116*	*-176*	*-104*	*-43*	*-84*	*-165*	*-5*	*42*	*70*
Net allocation to provisions	-10	-13	-28	-5	0	-1	-7	-25	14	7	-1
Operating income	*72*	*-24*	*-144*	*-181*	*-104*	*-44*	*-91*	*-190*	*9*	*49*	*69*
Net income from other assets	-109	235	142	106	219	-13	1	-49	158	0	-1
Net income from companies accounted for by the equity method	5	2	1	5	1	1	6	1	0	0	0
Exceptional items and FGBR	0	-150	0	0	0	0	0	0	0	0	0
Impairment of goodwill	-40	-60	-45	-72	0	0	4	0	0	0	0
Income tax	20	-25	21	61	-7	55	46	103	56	53	9
Net income before minority interests	*-52*	*-22*	*-25*	*-81*	*109*	*-1*	*-34*	*-135*	*223*	*102*	*77*
Minority interests	-12	-11	-13	-11	-10	-18	-15	-29	-62	-46	-50
Net income	*-64*	*-33*	*-38*	*-92*	*99*	*-19*	*-49*	*-164*	*161*	*56*	*27*

	2003 French standards				2004 - IFRS (excl. IAS 32-39 and IFRS 4)				2005 - IFRS (incl. IAS 32-39 and IFRS 4)		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
GROUP											
Net banking income	3,749	4,106	3,862	3,920	3,934	4,065	4,078	4,313	4,749	4,455	4,876
Operating expenses	-2,519	-2,652	-2,596	-2,801	-2,667	-2,705	-2,747	-2,943	-2,985	-2,897	-3,016
Gross operating income	*1,230*	*1,454*	*1,266*	*1,119*	*1,267*	*1,360*	*1,331*	*1,370*	*1,764*	*1,558*	*1,860*
Net allocation to provisions	*-330*	*-377*	*-338*	*-181*	*-200*	*-126*	*-114*	*-128*	*-73*	*-115*	*-120*
Operating income	*900*	*1,077*	*928*	*938*	*1,067*	*1,234*	*1,217*	*1,242*	*1,691*	*1,443*	*1,740*
Net income from other assets	*-112*	*239*	*145*	*125*	*238*	*-20*	*4*	*-27*	*166*	*-1*	*0*
Net income from companies accounted for by the equity method	*10*	*12*	*6*	*15*	*3*	*12*	*10*	*15*	*5*	*8*	*-4*
Exceptional items and FGBR	*0*	*-150*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Impairment of goodwill	*-40*	*-60*	*-45*	*-72*	*0*	*0*	*4*	*0*	*0*	*-13*	*0*
Income tax	*-219*	*-358*	*-296*	*-288*	*-365*	*-331*	*-344*	*-336*	*-507*	*-366*	*-485*
Net income before minority interests	*539*	*760*	*738*	*718*	*943*	*895*	*891*	*894*	*1,355*	*1,071*	*1,251*
Minority interests	*-56*	*-65*	*-68*	*-74*	*-76*	*-84*	*-85*	*-97*	*-129*	*-114*	*-119*
Net income	*483*	*695*	*670*	*644*	*867*	*811*	*806*	*797*	*1,226*	*957*	*1,132*
Average allocated capital	14,778	15,009	15,455	15,713	15,831	16,175	16,531	16,868	16,378	17,101	17,811
ROE after tax	13.1%	18.5%	17.3%	16.4%	21.9%	20.1%	19.5%	18.9%	29.8%	22.2%	25.2%

Methodology

In order to comply with the classification under shareholders' equity used for the balance sheet at 01/01/05 (IAS 32), the Group reclassified the dividends paid on its preference shares on a retroactive basis. These were previously deducted from NBI and in Q1 05 were booked under minority interests in the amount of EUR 35 million (with no impact on Q1 05 net income). Furthermore, as the deeply subordinated notes are included in Group shareholders' equity, the remuneration paid on these notes, which was previously deducted from NBI, was removed from the income statement (positive impact of EUR 7 million on Q1 05 NBI and of EUR 5 million on Q1 05 net income).

Moreover, in the accounts for the period ending September 30th 2005, the Group noted that the model previously used to determine the provisions for deferred profit-sharing in insurance activities no longer provided an adequate view of the expected future use of capital gains on fixed income securities. As a result, the Group increased its life insurance subsidiary's provision for deferred profit-sharing to the same level as its capital gains and restated its accounts in accordance with IAS 8. This had the following impact on the Group's accounts:

- reduction of EUR 140m in shareholders' equity in the 2004 opening balance sheet under IFRS excluding IAS 32-39 and IFRS 4,
- negligible impact on Q1, Q2 and Q3 04 net income,
- reduction of EUR 12m in Q4 04 net income,
- increase of EUR 2m in Q1 05 net income,
- no impact on Q2 05 net income.

Group ROE for Q3 05 and 9M 05 is calculated on the basis of average Group shareholders' equity under IFRS (including IAS 32-39 and IFRS4) excluding (i) unrealised capital gains or losses, and (ii) deeply subordinated notes, and deducting (iii) interest to be paid to holders of deeply subordinated notes. The net income used to calculate ROE excludes interest, net of tax impact, to be paid to holders of deeply subordinated notes for the period (i.e. EUR 8 million in Q3 05 and EUR 19 million for 9M 05).

Net assets are comprised of Group shareholders' equity, excluding (i) deeply subordinated notes (EUR 1 billion), and (ii) interest to be paid to holders of deeply subordinated notes, but reinstating the book value of treasury shares held as part of trading activities. The number of shares used to calculate book value per share is the number outstanding at September 30th 2005, excluding treasury shares and buybacks, but taking into account treasury shares held as part of trading activities.

Frankfurt am Main, January 25, 2006

Société Générale S.A., Paris

gez. Dr. Joachim Totzke

gez. Jeanette Plachetka