

Financial Statements

2001

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Overview of the group's performance during 2001

Group activity and results

During 2001, the Group acquired the specialized financial services companies GEFA/ALD, the Slovenian bank SKB Banka, the American fund manager TCW and the Czech bank Komerční Banka.

In addition, the Group increased its stake in Fidelity, which is now a wholly owned subsidiary. However, as this acquisition was only fully consolidated from the end of the year, the Group continued to recognize its contribution to consolidated income by the equity method.

Summary consolidated income statement

(in millions of euros)	2001	2000	Change (%)
Net banking income	13,874	13,799	1
Operating expenses	(10,104)	(9,654)	5
Gross operating income	3,770	4,145	-9
Net allocation to provisions	(1,067)	(753)	42
Operating income	2,703	3,392	-20
Net income from long-term investments	474	941	-50
Net income from companies accounted for by the equity method	(18)	31	NS
Extraordinary items	(17)	(70)	-76
Amortization of goodwill	(76)	(60)	27
Income tax	(739)	(1,357)	-46
Net income before minority interests	2,327	2,877	-19
Minority interests	(173)	(179)	-3
Net income	2,154	2,698	-20
Annualized ROE (%)	15.5	22.4	

Net income for the financial year stood at EUR 2,154 million, down 20% on December 31, 2000. Annualized Group ROE came out at 15.5% in 2001 compared with 22.4% in 2000.

Net banking income amounted to EUR 13,874 million, up 1%. This increase reflected the acquisitions made over the year (+5.5%), as well as the robust performances turned in by the Group's Retail Banking, Asset Management, Private Banking and Corporate Banking activities.

Operating expenses rose by 4.7%. When adjusted for changes in Group structure and at a constant exchange rate, costs went down by 1%.

Gross operating income totaled EUR 3,770 million, down 9% (-14% when adjusted for changes in Group structure and at a constant exchange rate) in relation to December 31, 2000.

The net allocation to provisions stood at EUR 1,067 million, representing an increase of 42% in relation to 2000, while the cost of risk was 57 basis points, up from 36 basis points in the previous financial year. This change was essentially due to the deterioration in the US economic environment and the impact of a several major counterparties, with the domestic cost of risk only rising slightly (31 basis points in 2001 versus a historical low of 29 basis points in 2000). Due to the development of the situation in

Argentina, the Group raised the coverage of its Argentine commitments to EUR 346 million. This coverage represents 34% of its Argentine commitments and around three times the book value of the Group's local subsidiary.

Net income from long-term investments amounted to EUR 474 million in 2001, down 50% on 2000 when the Group realized capital gains on the sale of a 10% stake in Crédit du Nord (second tranche) to Dexia and on the IPO of Fimatex. Furthermore, this change reflects the reduction in capital gains realized on the industrial equity portfolio (-18%) and the provisions booked to cover the depreciation of certain lines in the portfolio.

Net income from companies accounted for by the equity method principally comprised the Group's share in the losses booked by Fidelity.

Income tax totaled EUR 739 million, corresponding to an effective tax rate of 23.4% (compared with 31.8% in 2000). This reduction was essentially due to a more active management of the Group's tax positions outside France and exceptional items, including the reversal of provisions.

Attributable net income totaled EUR 2,154 million, corresponding to an EPS of EUR 5.35 (EUR 6.78 in 2000).

Activity and results by core business

The management accounts of each core business are drawn up in accordance with Group accounts with a view to:

- determining the results of each core business as if it were a stand-alone entity;
- providing a fair image of each business's results and profitability over the financial year.

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

- **Retail Banking**, which groups the Société Générale and Crédit du Nord networks in France, specialized financial services (consumer credit, vendor finance, long-term vehicle leasing and fleet management, IT leasing), life and non-life insurance activities, and banking services (means of payment, correspondent banking, custody services), as well as retail banking operations outside France.

- **Asset Management and Private Banking.**

- **Corporate and Investment Banking**, which covers two types of activity:

- **Corporate Banking**, including:

- the *Debt Finance* platform that groups the structured finance (trade finance, project finance, acquisition finance, property finance and syndication; financial engineering), debt, currency and treasury activities;
- brokerage on the financial futures and commodity futures markets: FIMAT;
- commodity finance and trading;
- commercial banking.

- **Equity and Advisory activities** comprising:

- equity activities (primary market, derivatives, brokerage),
- advisory (M&A),
- private equity.

In addition, the Corporate Center acts as the central funding department of the Group's three core businesses. As such, income from the Group's industrial equity and real estate portfolios, as well as from its equity investments in banks, is allocated to the Corporate Center. Income or expenses that do not relate directly to the activity of a specific core business (online brokerage) are also attributed to the Corporate Center, as are certain exceptional items (such as the introduction of the euro and Y2K).

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.

- Consequently:

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

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

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

- capital allocated to the Corporate Center corresponds to the difference between the Group's average book capital and the normative capital allocated to the core businesses. It notably covers capital requirements linked to the management of the Group's assets (essentially the real estate and equity portfolios).

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. However, the yield generated by the legal entities attached to each business is eliminated.

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 redistributed between the core businesses.

Only costs relating to projects involving different businesses

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or to exceptional events are attributed to the Corporate Center.

Provisions

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

General risk reserves are booked by the Corporate Center.

Income tax

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

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

the nature of its revenues.

Furthermore, the gains from tax optimization initiatives are partially retroceded to those activities to which they relate.

Other income

The following items are allocated to the Corporate Center:

- income arising from strategic decisions concerning the Group's business mix, such as capital gains on the disposal of subsidiaries or business lines, amortization of goodwill, and restructuring costs when they are exceptionally high;
- the results of the Group's online brokerage activities;
- provisions booked for transactions relating to the whole Group;
- allocations to the country risk reserve.

Overview of results and profitability by core business

Income statement by core business

<i>(in millions of euros)</i>	Retail banking		Asset Management & Private Banking		Corporate & Investment Banking		Corporate Center and other		Group	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Net banking income	7,829	6,850	1,097	919	5,037	5,998	(89)	32	13,874	13,799
Operating expenses	(5,339)	(4,794)	(687)	(507)	(3,721)	(4,124)	(357)	(229)	(10,104)	(9,654)
Gross operating income	2,490	2,056	410	412	1,316	1,874	(446)	(197)	3,770	4,145
Net allocation to provisions	(511)	(370)	(1)	(4)	(543)	(254)	(12)	(125)	(1,067)	(753)
Operating income	1,979	1,686	409	408	773	1,620	(458)	(322)	2,703	3,392
Net income from long term investments	(2)	44	(5)	0	11	80	470	817	474	941
Net income from companies accounted for by the equity method	(16)	16	0	0	12	5	(14)	10	(18)	31
Extraordinary items	0	0	0	0	0	0	(17)	(70)	(17)	(70)
Income tax	(700)	(626)	(137)	(145)	(131)	(557)	229	(29)	(739)	(1,357)
Amortization of goodwill	0	0	0	0	0	0	(76)	(60)	(76)	(60)
Net income before minority interests	1,261	1,120	267	263	665	1,148	134	346	2 327	2,877
Minority interests	(131)	(108)	(12)	(6)	(11)	(5)	(19)	(60)	(173)	(179)
Net income	1,130	1,012	255	257	654	1,143	115	286	2 154	2,698
Allocated capital	6,213	5,416	310	263	3,733	4,001	3 635	2,389	13,891	12,069
ROE (%)	18.2	18.7	82.2	97.6	17.5	28.6	3.2	12.0	15.5	22.4

In 2001, the Group's Retail Banking arm turned in excellent performances. The Asset Management and Private Banking businesses also proved resilient in the face of difficult stock market conditions. Thanks to a well balanced business mix,

Corporate and Investment Banking produced satisfactory results: the solid performances of the Debt Finance activities offset the downturn registered by Equity and Advisory, which suffered from sluggish equity markets.

Retail banking

(in millions of euros)	2001	2000	Variation %
Net banking income	7,829	6,850	14
Operating expenses	(5,339)	(4,794)	11
Gross operating income	2,490	2,056	21
Net allocation to provisions	(511)	(370)	38
Operating income	1,979	1,686	17
Net income from long-term investments	(2)	44	NS
Net income from companies accounted for by the equity method	(16)	16	NS
Income tax	(700)	(626)	12
Net income before minority interests	1,261	1,120	13
Minority interests	(131)	(108)	21
Net income	1,130	1,012	12
<i>of which:</i>			
<i>Société Générale Network</i>	674	591	14
<i>Crédit du Nord Network</i>	110	111	- 1
<i>Specialized Financial Services and Banking Services</i>	262	217	21
<i>Retail Banking outside France</i>	84	93	- 10
Allocated capital	6,213	5,416	15
ROE (%)	18.2	18.7	

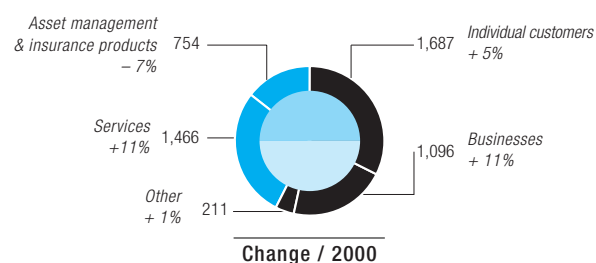
Net income generated by Retail Banking was up by 12% and ROE came out at 18.2%. These results reflect excellent commercial and financial performances despite an increase in risk provisioning linked to the Argentine crisis.

Moreover, 2001 was marked by a number of major acquisitions:

- the specialized financial services group, GEFA and ALD,
- the Slovenian bank, SKB Banka,
- the Czech bank, Komerční Banka.

French networks

The revenue mix of the French networks in 2001 evolved as follows in relation to the previous year:



NET BANKING INCOME BREAKDOWN OF FRENCH NETWORK

■ 57% Net interest income ■ 43% Fee & commission income In millions of euros

The sound performances of the Société Générale and Crédit du Nord networks were reflected in growth of 6.7% in net interest income, which was essentially driven by the increase in loan and deposit volumes across all customer segments.

Loans grew by 6% on the back of the increase in individual customer loans (+8%), which in turn was fuelled by mortgage loans (+8%) and consumer credit and overdrafts (+7%). Loans to businesses rose by 4%, driven by investment loans.

Deposits were marked by the reduction in special savings account deposits (-2%), which was offset by the sharp growth in demand deposits (+8%).

Fee and commission income rose by 4% on the back of growth in fees from banking services (+11%). This was achieved despite the drop in fee income from asset management (-7%), linked notably to a 57% fall in the number of stock market orders filled between 2000 and 2001.

The continued growth in the networks' franchise was reflected in the 3.6% increase in the number of current accounts (+209,000 in relation to 2000). At the same time, the number of products per individual current account rose from 6.5 products per current account at end-December 2000 to 6.8 at end-December 2001 and the number of products managed per employee was up from 1,249 to 1,325 (+6.1% year-on-year).

The development and implementation of multi-channel banking integration tools continued over the financial year, which was marked by the opening of the first Multimedia Customer Relations Center in Lyon. 2001 saw sustained growth in the use of remote banking channels: contacts via remote channels represented 110 million connections (internet, Minitel, voice servers and SMS on mobile phones), up 28% on 2000. At the same time, the number of customers using the internet rose from 293,000 to 522,000 (+78%).

This growth in activity and revenues in 2001 was accompanied by further productivity gains. Thus, despite the implementation of the 35-hour week and continued investment in integrated multi-channel distribution, the rise in operating expenses was limited to 2.6% in relation to 2000.

In parallel, the cost/income ratio fell from 72.8% to 70.7%, down 2 points between 2000 and 2001.

With a slight rise in risk provisioning in 2001, net income of the French networks amounted to EUR 784 million, representing an increase of 12% in relation to 2000. The networks' ROE rose from 17.8% to 19%.

Retail Banking outside France

The development of the retail banking franchise outside France gathered pace with the acquisition of SKB Banka in Slovenia and Komerční Banka in the Czech Republic: the total number of individual customers served by Société Générale outside France stood at 3.4 million at end-December 2001, representing a twofold increase on 2000 (including +31% through organic growth). This provides the bank with growth drivers for the future, given the economic development potential in these countries.

Affected by the Argentine crisis (EUR 114 million of risk provisioning), net income fell by 10% in 2001 and the ROE came out at 17.5%.

With the acquisitions made in 2001, Retail Banking outside France accounted for 6% of capital allocated to the business lines.

Specialized Financial Services

The first half of 2001 was marked by the acquisition of GEFA and ALD. The grouping of these companies with the Group's Franfinance and Temsys subsidiaries lifted Société Générale into third place in Europe in Vendors Services and into fourth place in Europe in vehicle leasing and fleet management.

During the second half of 2001, the Group acquired full control of Fidelity (50% holding in 2000), the second largest consumer credit institution in Italy.

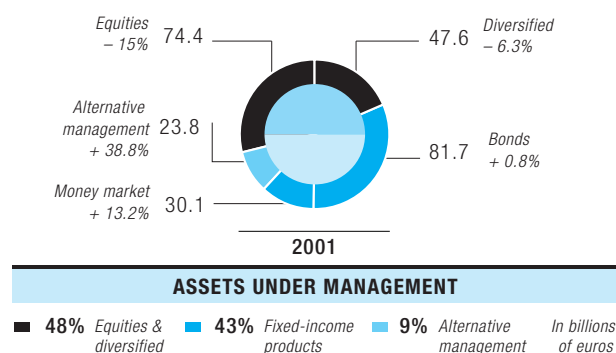
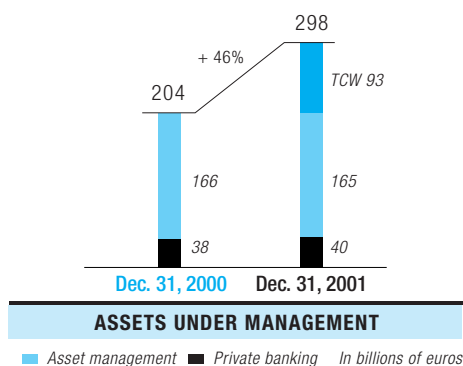
When adjusted for changes in Group structure, net banking income generated by this business line rose by 8% year-on-year. This performance was driven by the increase in revenues from life insurance activities (+21%) and specialized financing activities (+16%).

Overall, net income from Specialized Financial Services rose by 21% (+8% on a like-for-like basis) and represented an ROE of 16.4%.

Asset Management & Private Banking

(in millions of euros)	2001	2000	Change %
Net banking income	1,097	919	19
Operating expenses	(687)	(507)	36
Gross operating income	410	412	0
Net allocation to provisions	(1)	(4)	- 75
Operating income	409	408	0
Net income from long-term investments	(5)	0	NS
Income tax	(137)	(145)	- 6
Net income before minority interests	267	263	2
Minority interests	(12)	(6)	100
Net income	255	257	- 1
of which:			
Asset Management (excl. TCW)	192	193	- 1
TCW (6 months)	8	NS	NS
Private Banking	55	64	- 14

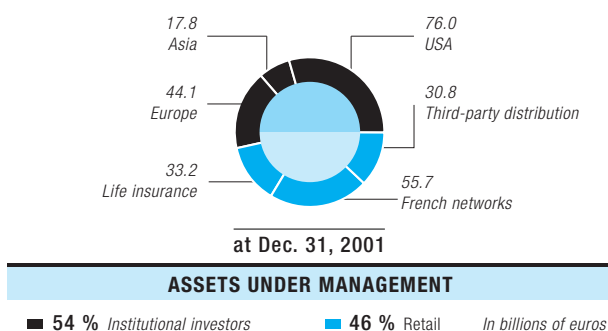
In a difficult stock market environment, the Group's Asset Management and Private Banking arm registered net income of EUR 255 million, stable against 2000. Assets managed by the Group totaled EUR 298 billion at end-December 2001.



Asset Management

2001 was marked by the acquisition in July of TCW, one of the leading independent fund managers in the United States. Société Générale now ranks third among euro-zone banking groups in asset management. The Asset Management business line registered a net inflow of EUR 15.5 billion in new money over the period (including EUR 6.2 billion for TCW over 6 months). After recognizing price and currency effects (EUR -17.2 billion), assets under management at end-December 2001 amounted to EUR 257.6 billion.

Commercial innovation by SG Asset Management was reflected in the continued development in 2001 of alternative management products and the launch in France of the first intercompany employee savings scheme for SMEs in France.



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The breakdown of assets under management at December 31, 2001 and the changes in the asset mix in relation to 2000 on a like-for-like basis are as follows:

Moreover, there was a significant increase in the proportion of assets managed for institutional investors, which was up from 41% in 2000 (excluding TCW and third-party distribution reclassified under retail in 2001) to 54% in 2001. This increase is linked to the first consolidation of TCW, where institutional investors account for 79% of assets under management.

At December 31, 2001, assets under management were as

follows:

In 2001, net income booked by Asset Management rose by 4%; it was stable on a like-for-like basis.

Private Banking

Assets managed by the Private Banking business line were up 6% between 2000 and 2001, due notably to the acquisition of Banque de Maertelaere in Belgium (EUR 2.4 billion of assets under management at end-December 2001) and the sharp growth in assets in Asia (+40%).

(in millions of euros)	2001	2000	Change %
Net banking income	5,037	5,998	- 16
Operating expenses	(3,721)	(4,124)	- 10
Gross operating income	1,316	1,874	- 30
Net allocation to provisions	(543)	(254)	NS
Operating income	773	1,620	- 52
Net income from long-term investments	11	80	- 86
Net income from companies accounted for by the equity method	12	5	NS
Income tax	(131)	(557)	- 76
Net income before minority interests	665	1,148	- 42
Minority interests	(11)	(5)	NS
Net income	654	1,143	- 43
Allocated capital	3,733	4,001	- 7
ROE (%)	17.5	28.6	

2001 was marked by:

- the grouping of the Structured Finance and Debt activities within the same platform (*Debt Finance*),
- the restructuring of the Equity and Advisory activities,
- the closure of non-core businesses.

Net banking income fell by 16% and operating expenses by 10%. Consequently, the cost/income ratio stood at 73.9% in 2001 (72.5% excluding severance costs) compared with 69% in 2000. The compensation ratio came out at 50% in 2001 compared with 48% in 2000.

Corporate Banking

(in millions of euros)	2001	2000	Change %
Net banking income	3,083	2,469	25
Operating expenses	(1,884)	(1,870)	1
Gross operating income	1,199	599	NS
Net allocation to provisions	(538)	(247)	NS
Operating income	661	352	88
Net income from long-term investments	13	80	- 84
Net income from companies accounted for by the equity method	12	5	NS
Income tax	(116)	(100)	16
Net income before minority interests	570	337	69
Minority interests	(11)	(11)	0
Net income	559	326	71
Allocated capital	3,204	3,490	- 8
ROE (%)	17.4	9.3	

Risk provisioning increased twofold in 2001 in relation to 2000 due to the rise in American risk and the impact of the collapse of Enron (EUR 70 million). This figure reflects the Group's decision to book provisions covering 85% of its unsecured exposure to Enron and 15% of its secured exposure.

Corporate and Investment Banking activities registered net income of EUR 654 million and an ROE of 17.5% (compared with 28.6% in 2000) in a difficult environment.

Against a backdrop of favorable interest rates in the United States, Corporate Banking produced a 25% increase in net banking income.

This improvement reflects the strong growth in activity registered by *Debt Finance*. The platform turned in excellent performances in debt, treasury and foreign exchange, while continuing to develop its structured finance activities:

- the Export Finance business line ranked second worldwide in 2001 and has figured among the top 3 globally for the past 7 years according to the league table published by *Trade Finance* magazine;
- the Project Finance business line won several international mandates, including notably the financing by EDF of two electrical power stations in Egypt.

The other Corporate Banking activities performed as follows:

– FIMAT (financial and commodity futures broker) generated a 30% increase in net income while improving its market share, which rose from 4.2% in 2000 to 5% in 2001;

– the commodity finance and trading activities registered a 3% improvement in earnings under difficult market conditions for energy products and base metals;

– the commercial banking business continued to reduce its risk-weighted assets (–21% between 2000 and 2001).

Risk provisioning, which doubled in 2001, reflected the impact of the bankruptcy of Enron at the end of the year, as well as the increase in US risk seen throughout the financial year.

Overall, net income was up sharply (+71%) and the ROE came out at 17.4% compared with 9.3% in 2000.

Equity and Advisory

<i>(in millions of euros)</i>	2001	2000	Change %
Net banking income	1,954	3,529	– 45
Operating expenses	(1,837)	(2 254)	– 19
Gross operating income	117	1,275	– 91
Net allocation to provisions	(5)	(7)	– 29
Operating income	112	1,268	– 91
Net income from long-term investments	(2)	0	NS
Net income from companies accounted for by the equity method	0	0	NS
Income tax	(15)	(457)	– 97
Net income before minority interests	95	811	– 88
Minority interests	0	6	– 100
Net income	95	817	– 88
Allocated capital	529	512	3
ROE (%)	18.0	159.6	

The Equity and Advisory activities registered a sharp drop in net banking income (–45%) in a difficult market environment. These performances reflect market developments over the period following the exceptional conditions seen in 2000, as well as the sharp let-up in the primary and secondary markets in 2001, which weighed on the Cash Equity and Listed Products (warrants, certificates, etc.) activities, and the marked downturn on the M&A market in both France and the United States.

Furthermore, the Group booked provisions in 2001 to cover the depreciation of its Private Equity portfolio in the amount of EUR 117 million.

Against a backdrop of volatile stock markets, capital-guaranteed products registered strong growth.

The Equity and Advisory businesses took a series of cost-cutting initiatives, in particular via the restructuring of businesses. These measures began to pay off from the end of 2001 and should produce their full effect in 2002.

Over 2001, operating expenses fell by 19% despite the impact of severance costs (EUR 68 million over the full year).

Overall, net income booked by the business line totaled EUR 95 million in 2001 for an ROE of 18%.

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Corporate Center

<i>(in millions of euros)</i>	2001	2000	Change %
Net banking income	(89)	32	NS
Operating expenses	(357)	(229)	56
Gross operating income	(446)	(197)	NS
Net allocation to provisions	(12)	(125)	- 90
Operating income	(458)	(322)	42
Net income from long-term investments	470	817	- 42
Net income from companies accounted for by the equity method	(14)	10	NS
Extraordinary items	(17)	(70)	- 76
Amortization of goodwill	(76)	(60)	27
Income tax	229	(29)	NS
Net income before minority interests	134	346	- 61
Minority interests	(19)	(60)	- 68
Net income	115	286	- 60

The Corporate Center generated a net income of EUR 115 million, down by 60%.

These figures include the results of the Group's online brokerage activities. After restructuring costs linked to the closure of these activities in Japan, Italy and the United Kingdom, this business registered a loss of EUR 121 million after tax.

Net income from long-term investments stood at EUR 470 million, down by 42% on 2000. This change notably reflects the drop in capital gains realized on the industrial equity portfolio (-18%) due to the downturn on the financial markets. The market value of this portfolio stood at EUR 3.5 billion on December 31, 2001, with unrealized capital gains totaling EUR 648 million.

Summary consolidated balance sheet

<i>(in billions of euros at December 31,)</i>	2001	2000	Change %
Assets			
Interbank and money market assets	29.7	28.0	6.0
Customer loans	167.5	148.5	12.8
Securities transactions ⁽¹⁾	209.0	183.8	13.7
<i>of which securities purchased under resale agreements</i>	73.9	56.2	31.5
Net investments of insurance companies	35.4	32.6	8.5
Other assets	63.2	58.0	9.0
<i>of which option premiums</i>	25.8	30.4	- 15.0
Long-term investments	7.7	5.0	54.4
Total assets	512.5	455.9	12.4
Liabilities			
Interbank and money market liabilities ⁽²⁾	122.3	96.7	26.4
Customer deposits	150.5	123.7	21.7
Bonds and subordinated debt ⁽³⁾	19.5	27.7	- 29.7
Securities transactions	103.6	93.6	10.7
<i>of which securities sold under repurchase agreements</i>	68.4	62.9	8.7
Underwriting reserves of insurance companies	34.1	32.0	6.6
Other liabilities and provisions	62.5	65.1	- 4.0
<i>of which option premiums</i>	24.9	30.6	- 18.6
Total equity	19.9	16.9	17.7
<i>Fund for general banking risks</i>	0.4	0.4	0.0
Minority interests	1.9	1.5	26.9
Preferred shares	1.9	1.4	39.0
Shareholders' equity	15.8	13.7	15.1
Total liabilities	512.5	455.9	12.4

(1) Including securities purchased under resale agreements previously booked under interbank assets.

(2) Including negotiable debt instruments issued, previously included in the item "Liabilities in the form of securities issued".

(3) Including undated subordinated capital notes.

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

- Customer loans at December 31, 2001 amounted to EUR 167.5 billion, up 12.8% in relation to end-December 2000 (of which 11.8% linked to acquisitions). When adjusted for changes in Group structure, this increase reflects:
 - growth in individual customer loans of 9%, driven by the mortgage loan segment (+10%) and leasing (+9%);
 - a fall in loans to businesses (–3%).
- Customer deposits totaled EUR 150.5 billion at December 31, 2001, up 21.7%. When adjusted for changes in Group structure (+13.3%), this growth was essentially driven by company term deposits (+45%) and individual customer demand deposits (+12%).
- The securities portfolio amounted to EUR 209 billion, up 14%. This increase was linked to growth in the portfolio of securities purchased under resale agreements (+31%), as well as in the bond and treasury note portfolio (+14%), reflecting the pick-up in fixed-income trading.

Group shareholders' equity stood at EUR 15.8 billion at December 31, 2001 compared with EUR 13.7 billion at December 31, 2000, up 15%. This increase was essentially due to the following:

- net income for the period: EUR 2.2 billion;
- the dividend paid for the 2001 financial year: EUR –0.8 billion;
- capital increases (EUR +0.5 billion) linked on the one hand to the capital increase reserved for staff under the Employee Share Ownership Plan or to the exercise of stock options by employees (EUR +0.3 billion), and on the other to the issuance of shares in payment for the spin-off of Sogenal (EUR +0.2 billion);
- the adjustment to the capitalization, equalization and mathematical reserves of the Sogécap and Généras insurance companies, following the introduction of new consolidation accounting standards: EUR +0.2 billion.

After recognizing the fund for general banking risks (EUR 0.4 billion), minority interests (EUR 1.9 billion) and preferred shares (EUR 1.9 billion following the issuance of USD 425 million in 2001), total equity amounted to EUR 19.9 billion.

This represented a BIS ratio of 11.5% at December 31, 2001. The Tier-one ratio stood at 8.4% on total risk-weighted assets of EUR 183.4 billion, compared with 8.9% at December 31, 2000.

At the meeting of the Group's Board of Directors on February 20th 2002 to close the consolidated accounts for the 2001 financial year, the Board decided to cancel 7.2 million shares (representing 1.7% of the capital) acquired under the share buyback program.

Risk Management

In recent years, Société Générale has invested significant means to continue improving its risk management procedures 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 regulation 97-02 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 Group level.

The Risk Division, which reports directly to the bank's General Management, groups together the Group's credit risk and market risk departments. The Risk Division also includes risk modeling teams, information system project managers, industry experts and economic research teams, and is responsible for coordinating the analysis and monitoring of different categories of risk relating to banking activities (counterparty risk, country risk, market risk and operational risk), as well as permanently looking to improve the forecasting and management of all such risks.

A systematic review of the main issues concerning the bank's risk management is carried out during the monthly risk committee meetings, which bring together members of the Executive Committee and managers from the Risk Division.

Credit risks

Risk approval

The risk approval process is based on four core principles:

- all transactions giving rise to a counterparty risk (debtor risk, non-settlement or non-delivery risk, issuer risk) must be authorized in advance.
- all requests for authorizations relating to a specific customer or customer group must be centralized at the level of a single operating division. The centralizing division is designated on a case-by-case basis in order to ensure a consistent approach to risk management and permanent control of the Group's potential exposure to major clients.

- responsibility for analyzing and approving risk is delegated to the business lines and credit risk units, ensuring that this is carried out at the most appropriate level.
- risk assessment departments are fully independent at each decision-making level.

The Risk Division has a specialized department for financial institutions, which aims to increase the Group's expertise on this client segment by centralizing, in Paris and New York, the departments in charge of analyzing the quality of the Group's counterparties and approving the exposure limits allocated to all units and business lines.

In compliance with regulation 97-02 of the French Banking and Financial Regulation Committee, the approval of individual commitments is subject to specific limits set according to industrial sector and geographical region.

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 which takes due account of those business lines exposed to risk and the Risk Division.

Risk Management and Audit

All Group operating units, including trading rooms, are equipped with information systems enabling them to check, on a daily basis, that the exposure limits set for each counterparty have not been exceeded.

In addition to this day-to-day management of risks, a second level of control is performed by the head office operating divisions, using the Group-wide risk information system developed by Société Générale in recent years. This system is used to centralize in a single database almost all the commitments borne by all operating divisions, to consolidate exposure by counterparty and to reconcile this exposure with the corresponding authorizations. This system is also used to provide source data for the portfolio analyses (by country, industry, type of counterparty, etc.), which are fundamental to an active risk management strategy.

Changes in the quality of outstanding commitments are reviewed at regular intervals, at least once a quarter, so as to

assess the classification of "watch names", as well as to determine the level of provisioning required. These reviews are based on concurrent analyses performed by the operating divisions and the Risk Division. Furthermore, the Risk Division also carries out file reviews or risk audits at the level of all the Group's operating divisions. In addition, the Group's Internal Auditors also perform regular risk audits and report their findings to Group General Management.

The Audit Committee attached to the Group's Board of Directors is periodically informed of major changes in risk management methods and procedures, as well as in provisioning requirements. It examines the risk audit, which is drawn up under article 43 of regulation 97-02 of the French Banking and Financial Regulation Committee, before the said audit is submitted to the Board of Directors.

Risk Measurement

In response to the rapid growth in the Group's trading activities since the end of the 1980s, Société Générale decided to invest heavily in the development and implementation of high-performance systems for assessing and monitoring counterparty risks which arise from capital market activities. To this end, a specific measurement of risk was developed for derivative products, known as the "current average risk". This indicator enables the assessment of exposure in terms of commitments, and provides a good means of integrating counterparty risk in pricing. This indicator is itself complemented by a "stress-test" measurement in the case of illiquid markets or transactions involving a link between the underlying and the counterparty.

More recently, the bank launched a major project to quantify all its risks using a "RAROC" (Risk Adjusted Return On Capital) approach.

One of the principal aims is to estimate expected losses on credit transactions during the business cycle, on the basis of both qualitative and quantitative methods. An internal rating scale takes into account the probability of default, the value of the collateral, the expected recovery rate, the level of guarantees and the country risk to provide an estimate of the average loss per client and per transaction.

A methodology for allocating capital based on risk measurement, which takes into account the correlation between geographical regions, industrial sectors and counterparty credit ratings, has been developed with a view to estimating the potential losses on the basis of a pre-defined confidence interval. These techniques enable the Group to assess the extraordinary losses in the event of a significant deterioration in economic conditions.

This model is currently used by customer relationship managers and risk managers to determine the various risk factors, set exposure limits and calculate the risk-adjusted return.

At the Group level, these tools are currently used for analyzing client profitability and for active portfolio management. In future they will be used directly by the Finance and Corporate Planning Department to forecast provisioning and capital allocation requirements.

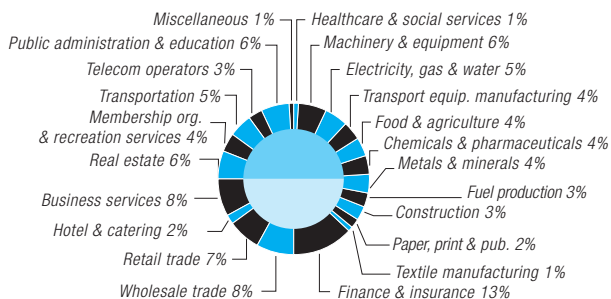
Corporate and Investment Banking counterparties and almost all French SMEs are awarded an internal rating. Each new transaction is thus rated. The internal rating system is comprised of modules broken down by customer segment – banks, large corporates, SMEs – adjusted to take into account particular geographic and sectoral characteristics.

Portfolio Analysis

Outstanding on individual and business customers

On December 31, 2001, on- and off-balance sheet loans gross of provisions granted by the Société Générale Group to its non-banking clients totalled EUR 268 billion (including EUR 175 billion of outstanding balance sheet loans). The Group's commitments on its ten largest industrial counterparties account for 6% of this portfolio.

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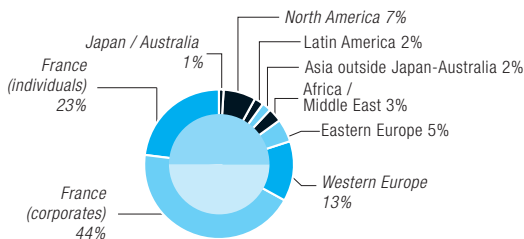


at Dec. 31, 2001

BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP COMMERCIAL OUTSTANDING BY INDUSTRY

Total on-and off-balance sheet commitments (excluding individual customers): EUR 226 billion

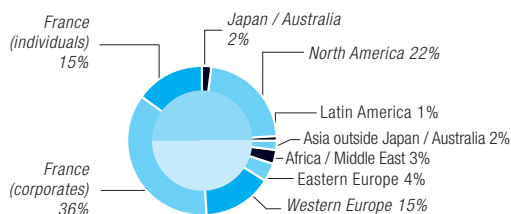
The Group's loan portfolio is highly diversified in terms of sectors, and is generally in line with the structure of world GDP. Only one sector accounts for more than 10% of total Group outstanding (finance & insurance excluding banks), and is characterized by a moderate cost of risk.



at Dec. 31, 2001

BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP LOANS TO NON-BANKING CUSTOMERS BY GEOGRAPHICAL REGION

Total balance sheet commitments (including individual customers): EUR 175 billion



at Dec. 31, 2001

BREAKDOWN OF SOCIÉTÉ GÉNÉRALE GROUP LOANS TO NON-BANKING CUSTOMERS BY GEOGRAPHICAL REGION

Total on-and off-balance sheet commitments (including individual customers): EUR 268 billion

At December 31, 2001, 90% 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 (36% to corporates and 15% to individual customers).

Two subsets merit particular comments.

1. Outstanding on US corporates

The Group's exposure to US counterparties, which has fallen by around 7% since the end of 2000, represents USD 49.6 billion, of which:

- USD 8.5 billion in balance sheet commitments,
- USD 26.8 billion in off-balance sheet commitments corresponding to commercial banking activities,
- USD 14.3 billion in refinancing lines for securitization programs with AA-rated underlying assets.

2. Outstanding on emerging markets

The Group's outstanding on corporates and individual customers in emerging markets is subject to limits validated on an annual basis by General Management and represents 10% of Société Générale's loan portfolio.

At December 31, 2001, two-thirds of the outstanding not covered by guarantees concerned Retail Banking activities, with the remaining third relating to Corporate and Investment Banking.

• Retail Banking

In Retail Banking, the outstanding on emerging markets stood at EUR 11.7 billion at December 31, 2001, compared with EUR 5.2 billion at year-end 2000. This amount includes off balance-sheet commitments and takes into account the integration of Komerčni Banka (impact: EUR 5.7 billion) and SKB Banka (impact: EUR 0.8 billion) in 2001. Furthermore, commitments in the amount of EUR 1.6 billion are covered by specific provisions. This portfolio covers 13 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.

• Retail Banking:

Change in non-banking exposure on emerging markets
(including recent acquisitions)*

(in billions of euros)	31.12.00	31.12.01
Individual customers	1.2	2.0
Corporates	4.0	9.7
Total	5.2	11.7

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

• Corporate and Investment Banking

In Corporate and Investment Banking, the residual part of the Group's outstanding, not covered by specific provisions or guarantees (ECA, cash collateral), stood at EUR 5.7 billion on December 31, 2001, (of which 50% was on Investment Grade countries), down slightly against December 31, 2000 (EUR 5.9 billion).

Corporate and Investment Banking:

*Change in non-banking exposure on emerging markets **

(in billions of euros)	31.12.00	31.12.01
Mitigated country risk**	1.7	1.8
Standard country risk	4.2	3.9
Total	5.9	5.7

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

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

Furthermore, outstanding covered by specific provisions amounted to EUR 0.9 billion.

Commitments on Banking Counterparties

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

At December 31, 2001, balance sheet banking commitments (excluding securities purchased under resale agreements) and off-balance sheet commitments amounted to EUR 29 billion (excluding delivery and replacement risk). The large majority of these risks (more than 90%) relates to banks rated "Investment Grade" by the rating agencies, while the Group's exposure is highly diversified and exclusively short-term in the case of banks with lower ratings. Consequently, Société Générale's cost of risk on its banking counterparties remains structurally very low.

Provisioning for credit risks at December 31, 2001

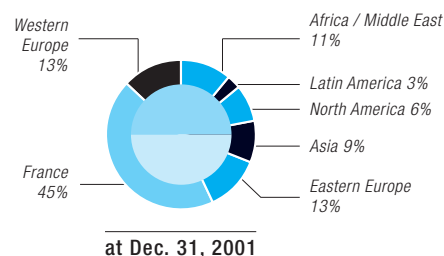
The net allocation to provisions for credit risk in 2001 amounted to EUR 991 million, compared with EUR 559 million at December 31, 2000.

The Group's cost of risk therefore rose to 57 basis points, compared with 36 basis points a year earlier (on the basis of the balance sheet outstanding).

Risk coverage and provisioning policy

Provisioning for credit risks

Provisioning for credit risks principally covers doubtful and disputed loans. These loans totaled EUR 9.1 billion at December 31, 2001.

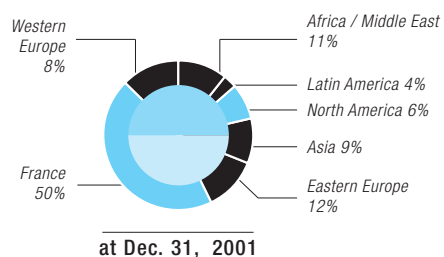


at Dec. 31, 2001

BREAKDOWN OF DOUBTFUL AND DISPUTED LOANS BY GEOGRAPHICAL REGION

Total doubtful and disputed loans: EUR 9.1 billion

These loans were covered by specific provisions amounting to EUR 7.7 billion at December 31, 2001.



at Dec. 31, 2001

BREAKDOWN OF PROVISIONS BY GEOGRAPHICAL REGION

Total provisions: EUR 7.7 billion

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, 2001, this provision was almost stable against the previous year's level, at EUR 599 million. This provision includes EUR 174 million assigned to Argentina, bringing the total coverage of this country risk to EUR 346 million (including derivative credit) or 34 % of the Group's portfolio of Argentina assets.

In view of the specific provisions for identified risks and of the general country risks reserve (totaling EUR 8.3 billion), the coverage ratio for the Group's doubtful and disputed loans is very high at 91 %.

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 assessing and managing risk, 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,

- 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 for measuring market risk and defining exposure limits

Société Générale's market risk assessment is based on three indicators, which are used to define exposure limits:

- the 99% "Value at Risk" method, approved for regulatory requirement calculations,
- a "stress-test" measurement, based on the "decennial shock" indicator developed by the bank at the beginning of the 1990s. Stress-test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary limits (sensitivity, nominal, Vega, etc.), which ensure coherency between the total risk limits and the operational limits used by the front office. These limits also enable risks not detected by VaR or stress-test measurements to be framed.

The 99% Value at Risk (VaR) Method

This method was introduced at the end of 1996 in order to comply with regulatory requirements for calculating capital and has been used since 1998 for regulatory declarations. The

internal model has been approved for use in regulatory reporting for the majority of the bank's market activities.

Interest rate or currency risks incurred on retail or commercial banking activities are included when these risks are transferred to capital market activities.

The method used is the "historical simulation" method, which implicitly takes into account the correlation between all markets. It is based on the following principles:

- the creation of a database containing historical information on the principal market parameters which are representative of Société Générale's positions;
- the definition of 250 scenarios, corresponding to one-day

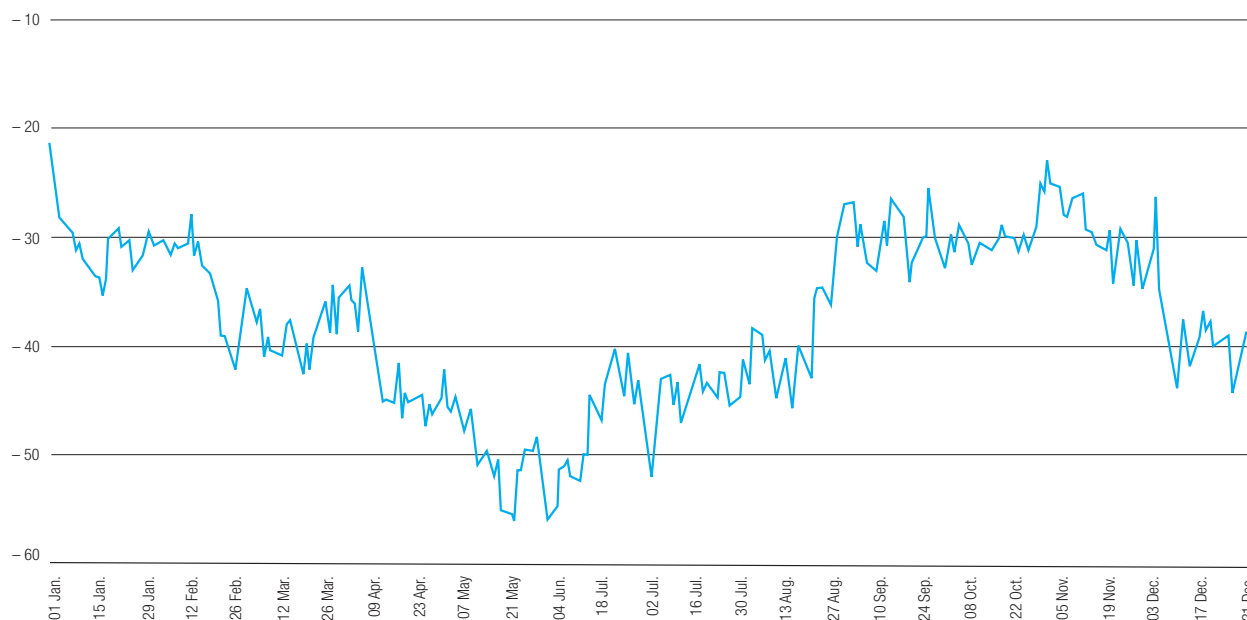
variations in these market parameters over a sliding one year period;

- 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.

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 value at risk in the Group's market activities, across the full scope of activities, evolved as follows in 2001:

VaR in trading activities (trading portfolios)



EVOLUTION OF THE VALUE AT RISK DURING 2001 (1 DAY, 99%)

In millions of euros

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By type of risk, the evolution of the Value at Risk was as follows:

Breakdown of Trading VaR by type of risk 2001

(in millions of euros)

(1-day, 99%)	31.12.01	Average	Minimum	Maximum
Interest rate risk	(26)	(30)	(13)	(50)
Equity price risk	(21)	(24)	(16)	(39)
Exchange rate risk	(1)	(2)	(1)	(3)
Commodity price risk	(4)	(2)	(1)	(5)
Compensation effect	13	20	NS*	NS*
Total	(39)	(38)	(22)	(56)

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

Methodological limits to VaR assessment

The VaR assessment is based on a model and hypotheses that have their limits. The main shortcomings of the model are:

- the use of “1 day” shocks assumes that all positions can be unwound or hedged within one day, which is not always the case for some products and in some crisis situations;
- the use of the 99% confidence interval does not take into account any losses arising beyond this interval;
- 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;
- 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 based on decennial risk, which is more rigorous than the regulatory model.

The “stress test” risk assessment methodology adopts the following principles:

- Risks are calculated separately for each business and for each market across all products without taking into account of the correlations 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.
- They are adapted to each underlying asset (see below) and are determined on the basis of a historical analysis of movements over long periods of time and are constantly updated according to changes in the markets (in particular taking into account the scenarios of August and September 1998, the Asian crisis of 1997, the 1987 stock market crash).
- 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.

On December 31, 2001, the Société Générale Group's exposure to stress-test risk broke down as follows by type of risk (these risks are not aggregated for measuring decennial risk as the probability of them occurring simultaneously is very low).

Ten year stress test risk exposure at December 31, 2001 and underlying hypotheses

Stress test scenarios	Exposure at December 31, 2001 and hypotheses
Exchange rate risk:	Exposure at 31/12/01: EUR -26 million
Foreign exchange position	Risk measured by currency, on the basis of a +/-6% variation in the exchange rate for non-emerging market currencies, a +10/-15% variation for free-floating emerging market currencies and a +10/-20% variation for emerging market currencies floating within a pre-defined band.
Currency options 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 between -30/+60% for one-week maturities, down to between -7/+10% for 10-year maturities).
Interest rate risk:	Exposure at 31/12/01: EUR -298 million
Directional interest rate risk	Scenarios defined by currency category. With category-A currencies (EUR and USD), a relative variation in interest rates ranging from 60% up and 30% down for 1-week positions to +/-8% for maturities over 10 years.
Pivot risk	Scenarios defined by currency category. Deformation in the yield curve on the basis of fluctuations on the curve at 2 years, 5 years and 10 years.
Swap spread risk	Scenarios defined by currency category. A 10-100bp widening of the swap spread according to the currency.
Specific interest rate risk	Doubling of credit 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 31/12/01: EUR -340 million
Cash equity positions	A fall in market prices of -15% for non-emerging markets or -30% for emerging markets.
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 30 points for 1-month volatility to 3 points for 5-year volatility for non-emerging markets), and a scenario of falling volatility (-30%) with spot price unchanged.
Risk on equity arbitrage positions	For a diversified portfolio comprising M&A arbitrage positions, the scenario applied is a 10% fall in the nominal value of the portfolio.
Commodity price risk:	Exposure at 31/12/01: EUR -22 million
Energy and other commodities	A simultaneous variation in commodity prices (+20/-30% for oil, +/-15% for gold, +30%/-20% for silver, etc.) and volatility (relative variation according to the product and maturity).
Other market risks:	Exposure at 31/12/01: EUR -19 million
Emerging markets EUR -1.5 million	The worst of two scenarios (variation in country spreads of between +100% and -50%, variation in price of +20/-45%) is used.
High-yield debt EUR -15.7 million	A variation in price of between +10% and -18%.

Structural risks

The application of regulation 97-02 of the French Banking and Finance Regulation Committee on internal audits provided the Group with the opportunity to define the principles for monitoring the Group's exposure to interest rate, exchange rate and liquidity risks, principles which had been in force for several years.

The general principle is to concentrate these risks within capital market activities, where they are monitored and controlled using the methods described above. These methods ensure that risks related to commercial transactions and proprietary transactions (transactions involving shareholders' equity, investments, bond issues) are covered as fully as possible, either individually or globally.

Consequently, "structural" risks only arise from the residual positions attached to these operations, after hedging.

Organization

Monitoring structural risks is the responsibility of the head of each of the Group's operating divisions. Each of these division heads has been assisted by a "structural risks officer", responsible for analyzing exposure and reporting to the Risk Division (first-level control).

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).

Consolidation reports are produced for the Risk Division, which is also regularly informed of all major projects relating to changes in structural risk management.

Lastly, the Finance Committee, which meets at General Management level to examine the quarterly summary reports prepared by the Asset and Liability Management, validates the methods for analyzing and assessing risks, sets exposure limits for each Group entity and studies the main issues relating to structural risk management.

Structural interest rate risks

Structural interest rate risks are analyzed according to a global assessment of the evolution of the outstanding, for both fixed- and floating-rate products.

Assets and liabilities are analyzed independently, without any allocation of funds. The maturity of the outstanding takes

account of models of historical behavior patterns (special savings accounts, early redemption, etc.), as well as hypotheses relating to some aggregates (such as shareholders' equity and sight deposits). Options are analyzed through their delta equivalent, in order to ensure that they can be added to the underlying assets. The determination of gaps enables the position's sensitivity to changes in interest rates to be calculated.

The current stress-test corresponds to an immediate parallel shift of 1% in the yield curve. The impact of this scenario on the current net value of the portfolio of assets and liabilities is compared with the defined limits.

Deposits relating to retail banking activities in France are mostly considered to be fixed-rate funds, and their total exceeds commitments of a similar nature. Due to macro-hedging operations, essentially carried out through fixed-rate swaps, and on the basis of the hypotheses used, the amounts at risk in the Société Générale and Crédit du Nord networks is low, representing a total retail banking exposure of under 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 capital reinvested in fixed-income instruments and, on the other, to foreign currency deposit 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-date fixed-rate instruments or hedging products such as swaps.

Société Générale's total exposure continued to represent a very small portion of the Group's equity, below the overall limit of 2.5% set by General Management.

Structural foreign exchange risks

Structural foreign exchange risks essentially arise from:

- Foreign currency denominated investments financed through a purchase of the foreign currency,
- Retained earnings in foreign entities,
- Investments made by some entities for regulatory reasons in third currency-denominated assets.

Société Générale chooses to take up these positions, since Group policy is to purchase allocations denominated in strong currencies (USD, JPY and GBP).

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.

Liquidity risk

Through its retail banking activities, Société Générale has a large and diversified deposits base, which provides permanent resources to finance domestic activities, and which produces surplus liquidity. Credit transactions with international customers are financed on the large, extremely liquid deposit certificates market in the United States and on the interbank market. Securities activities mainly involve liquid securities, financed through repurchase agreements.

Due to the stability of Group resources, Société Générale has not needed to issue bonds in recent years, apart from subordinated loans or structured issues intended to meet specific commercial requirements. Similarly, use of the overnight market is deliberately restricted, in order to protect the Group from very short-term risks.

Operational risks

Principles

Operational risk is defined as the risk of losses resulting from unsuitable or failed procedures, persons or systems, or caused by external events. This risk class includes general operational risks linked for example to security and IT issues, as well as risks that are more specifically associated with banking activities and which do not fall within credit risks, market risks or structural risks.

Notably operational risks include the following:

- Risks relating to the security of assets and persons (terrorism, fire, floods, earthquakes, physical attacks, sabotage, theft, fraud, etc.).
- IT risks, linked to the development and maintenance of programs, to data processing and to the use of telecommunications services. Particularly, this category corresponds to risks linked to deficiencies in the design or implementation of applications, operating incidents affecting production systems, unauthorized system access and processing errors, as well as

the accidental loss or modification of transmitted data and data conservation failures.

- Internal management risks i.e. risks to the internal functioning of the bank. This category includes errors in the administrative processing and accounting treatment of transactions, faults in the design or implementation of new products or projects, and legal, regulatory or compliance risks, as well as risks linked to human resources, outsourcing and external communication.

Risk assessment and management

The day-to-day management of operational risk at Société Générale is based on an effective internal control system that is applied to all the Group's businesses and is based on the principle of assigning full responsibility for their risks to the operating divisions. The internal control system operates in the context of policy directives and instructions developed centrally which are complemented within the operating units by specific detailed procedures.

By regularly assessing control mechanisms (internal audit and self-assessment), the Group can ensure the reliability and effectiveness of the internal control system, in accordance with regulation 97-02 of the French Banking and Financial Regulation Committee (CRBF). Furthermore, Société Générale has put in place a formalized structure for reviewing and approving new products, which enables the bank to identify and control the associated operational risks.

All the Group's business lines monitor and control their operational risks in collaboration with the Operational Risks Department – an independent function that is part of the Risk Division. The role of this department is principally to define the Group's general policy as regards operational risks as well as to assess and provide advice on these risks and disseminate best practices throughout the bank.

The Group has begun implementing an information and measurement system for operational risks in order to improve the evaluation and reporting of those risks. This approach is in line with the principles outlined in the consultative documents produced by the Basel Committee.

Legal risks

Société Générale is a credit institution authorized to act as a bank. As such it can carry out all banking transactions. It is notably authorized to provide all investment services or related services described in articles L321-1 and L321-2 of the French Monetary and Financial Code. In its capacity as an investment service provider, Société Générale is subject to regulations applicable to the same. It must notably comply with a number of prudential rules and is subject to the controls carried out by the French Banking Commission. Its management and all employees are bound by rules governing professional secrecy, violation of which is punishable by law. Société Générale also acts as an insurance broker.

Dependency

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

Risks and litigation

At the present time, there are no extraordinary circumstances or disputes not covered by provisions that are liable to substantively affect the Group's results and financial position.

Notification was given by the French tax authorities of additional tax adjustments to the results for the period 1992 to 1998 of Société Générale and certain subsidiaries which are included in the tax consolidation. Adequate provision was set up at December 31, 1999, December 31, 2000 and December 31, 2001 for the consequences of these additional assessments.

On January 19, 2000, High Risk Opportunities Hub Fund Ltd, a hedge fund in receivership, represented by its receivers, brought legal action against Société Générale (and another bank), before the Supreme Court of the State of New York. The claimant is demanding compensation up to an amount of USD 1 billion for direct and indirect damages resulting from its liquidation alleging that the liquidation was caused by the non-execution of undelivered forward USD/RUR contracts. Société Générale considers this allegation to be unjustified. A prudential provision booked in the Group's financial statements was left in place at December 31, 2001.

On November 27, 2000, a lawsuit was filed against SG Cowen before the United States Court for the district of Massachusetts by the New England Teamsters and Trucking Industry Pension Fund. The lawsuit, which is seeking compensation in the amount of EUR 232 million for the fall in value of securities managed by SG Cowen on behalf of the Pension Fund, is currently being

examined. At present, it has not seemed justified to book a provision in this respect.

At the end of 2001 and in early 2002, a number of Société Générale managers and executives and the company itself, were placed under investigation in relation to a money laundering case under investigation in Paris.

Like other banks working in France, Société Générale is implicated either because some checks drawn on Société Générale and considered by investigators as corresponding to money laundering transactions were paid by the bank or because they were presented by Société Générale for payment to other French banks, in its capacity as correspondent bank for some foreign banks.

The investigators contest the absence of systematic verification of checks processed, as they have done for other banks previously placed under investigation.

However, no evidence suggests that a Société Générale employee or department was knowingly involved in money laundering.

The question of the duties of banks with respect to verifying checks concerns all banking institutions in France, as well as the regulatory authorities. A working group on the issue including the regulators was set up in 2000, but did not propose any amendment to the duties incumbent on banks. At the request of the French Banking Federation, in early 2002, the Ministry for the Economy and Finance decided to create a new working group with a view to precisely defining the diligence and controls that financial institutions should carry out.

In January 2002, Société Générale was informed of a fraud committed by a former employee of the retail brokerage business of SG Cowen Securities, which was sold in October 2000. The employee is accused of having misappropriated assets that he managed for his successive employers over a number of years. Within this framework, two former SG Cowen clients have taken legal action against the different parties involved, including SG Cowen. It is highly likely that other former clients of SG Cowen will take similar action. An internal enquiry into the affair was immediately launched and is currently under way.

Société Générale is cooperating fully with the different legal and regulatory authorities involved in the matter. The necessary steps have been taken vis-à-vis the Group's insurance companies, and a provision has been booked by way of precaution.

Industrial risks related to the environment

See page 13.

Insurance

Société Générale is guaranteed by the following insurance policies:

- Insurance of buildings and their contents (IT equipment, etc.), for which the guarantee equals the amount of damage liable to be incurred.
- Insurance against the following:
 - theft of valuables in premises or safes;
 - fraud, by an employee or a third party, with respect to the valuables under the Bank's responsibility;

- professional liability, covering the consequences of de facto or legal errors or omissions;
- personal liability of senior officers;
- loss of business following material damage.

These guarantees have been insured for substantial amounts which are compatible with the risks incurred and the capacity of the insurance market to cover said risks.

Other risks

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

Regulatory ratios

International solvency ratio

(B.I.S. ratio)

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

Until December 31, 1997, the B.I.S. ratio was limited to counterparty risks. Since January 1998, it has been extended to cover also market risks (interest rate, exchange rate, equity price and commodity price risks).

The regulatory framework for monitoring market risk exposure allows banks to calculate their regulatory capital requirements

using internal models, provided that these models meet certain criteria and reflect an adequate risk management strategy, and that the model itself has been approved by the banks' supervisory authorities. Société Générale's internal VaR model has been approved by the French Banking Commission (see section on "Market Risk Valuation Method", p.80).

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

The Group's B.I.S. ratio stood at 11.49% at December 31, 2001, not including Tier-3 capital, compared with 12.51% at end-December, 2000 and 11.94% in December 1999.

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

<i>(in millions of euros at December 31)</i>	2001	2000
Risk-based capital		
Group shareholders' equity	15,750	13,687
Dividends	(850)	(827)
Fund for general banking risks	366	366
Minority interests after appropriation of net income	1,704	1,298
Preferred securities	1,890	1,360
Prudential deductions ⁽¹⁾	(3,524)	(1,183)
Total Tier-1 capital	15,337	14,701
Total Tier-2 capital	9,178	9,326
Other deductions ⁽²⁾	(3,446)	(3,399)
Total risk-based capital	21,069	20,628
Risk-weighted assets	183,431	164,950
International solvency ratio (B.I.S. ratio)	11.49 %	12.51 %
Tier-1 ratio	8.36 %	8.91 %

(1) Essentially goodwill and intangible assets.

(2) Holdings in non-consolidated financial companies or those accounted for by the equity method.

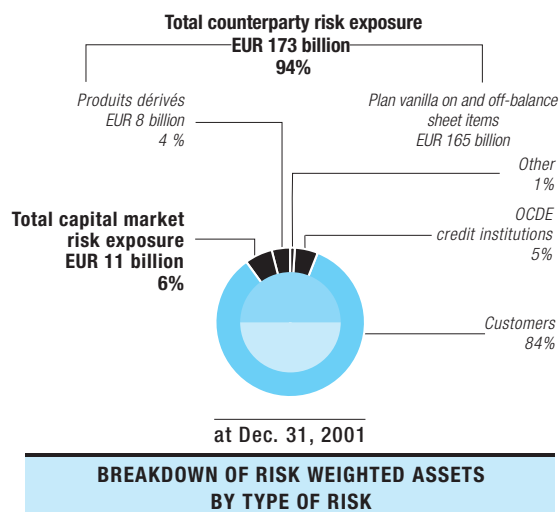
Group shareholders' equity at end-December 2001 totaled EUR 15.8 billion (compared with EUR 13.7 billion in 2000). After taking into account minority interests, preferred securities, the fund for general banking risks, and prudential deductions, total Tier-1 capital stood at EUR 15.3 billion, giving a Tier-1 ratio of 8.36% at December 31, 2001 (compared with 8.91% at December 31, 2000).

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

- Counterparty risk accounts for 94% of risk-weighted assets, amounting to EUR 173 billion. The increase in relation to 2000 is principally linked to the acquisition of GEFA/ALD, SKB Banka and Komerčni Banka. It essentially concerns the plain vanilla banking business (EUR 165 billion, including 93% on clients), while derivatives only represent EUR 8 billion (EUR 7 billion in 2000).

- Risk-weighted assets relating to market risk account for 6% of the total, slightly lower than in 2000 due to the extension of the VaR model.

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 116, note 21).



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, 2001, these risks were 156.8% covered by Group equity, excluding any Tier-3 capital (compared with 165.4% at December 31, 2000).

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 124% over 2001. At the end of each month in 2000, it was above the minimum regulatory requirement of 100%.

Prudential long-term (funding ratio)

The prudential long-term ratio, which is used to determine long-term liquidity, measures receivables due in more than five years against funds with a remaining maturity of more than five years. At December 31, 2001, this ratio stood at 89%, above the minimum regulatory standard of 60%.

Consolidated financial statements

FINANCIAL STATEMENTS

Consolidated balance sheet at December 31, 2001

Assets

<i>(in millions of euros at December 31)</i>	2001	2000	1999 *
Cash, due from central banks and post office accounts	6,979	3,276	6,735
Due from banks (Note 3)	63,548	54,174	55,009
Customer loans (Note 4)	182,273	163,119	143,498
Lease financing and similar agreements (Note 5)	18,314	12,153	11,059
Treasury notes and similar securities (Note 6)	38,648	27,657	31,662
Bonds and other debt securities (Note 6)	52,361	51,568	57,943
Shares and other equity securities (Note 6)	37,588	41,994	40,664
Investments of insurance companies (Note 7)	35,361	32,618	28,324
Affiliates and other long term securities (Note 8)	6,479	6,291	3,707
Investments in subsidiaries and affiliates accounted for by the equity method	701	837	577
Tangible and intangible fixed assets (Note 9)	4,566	3,769	3,883
Goodwill (Note 10)	2,462	400	452
Accruals, other accounts receivable and other assets (Note 11)	63,219	58,025	52,032
Total	512,499	455,881	435,545

Off-balance sheet items

Loan commitments granted (Note 19)	99,603	98,519	86,685
Guarantee commitments granted (Note 19)	35,439	38,282	36,065
Commitments granted on securities	6,359	11,649	6,869
Foreign exchange transactions (Note 20)	342,685	289,063	271,713
Forward financial instrument commitments (Note 21)	5,290,456	4,999,529	4,902,305
Commitments granted on insurance	348	356	231

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

* Amounts restated in relation to those given in the 1999 reports to take into account regulation 99-07 of the Accounting Regulation Committee.

Liabilities and shareholders' equity

<i>(in millions of euros at December 31)</i>	2001	2000	1999 *
Due to central banks and post office accounts	1,847	2,890	451
Due to banks <i>(Note 12)</i>	85,124	83,369	87,604
Customer deposits <i>(Note 13)</i>	200,316	164,717	156,782
Liabilities in the form of securities issued <i>(Note 14)</i>	62,974	50,479	46,422
Technical provisions of insurance companies <i>(Note 15)</i>	34,134	32,022	27,847
Accruals, other accounts payable and other liabilities <i>(Note 16)</i>	95,280	93,441	91,457
Negative goodwill <i>(Note 10)</i>	7	36	49
Allowances for general risks and commitments <i>(Note 17)</i>	2,396	2,320	2,195
Subordinated debt <i>(Note 18)</i>	10,483	9,671	8,568
Fund for general banking risks	366	366	366
Preferred securities	1,890	1,360	796
Minority interests	1,932	1,523	1,104
Shareholders' equity			
Common stock	539	529	522
Additional paid-in capital	3,980	3,526	3,263
Treasury stock	(1,162)	(1,064)	(476)
Retained earnings	10,239	7,998	6,273
Net income including the impact of SG Paribas operation	2,154	2,698	2,322
Sub-total	15,750	13,687	11,904
Total	512,499	455,881	435,545

Off-balance sheet items

Loan commitments received	3,765	6,795	7,516
Guarantee commitments received	33,029	31,148	15,900
Commitments received on securities	8,279	11,021	10,700
Foreign exchange transactions <i>(Note 20)</i>	344,428	289,499	269,467
Commitments received related to insurance	117	98	73

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

* Amounts restated in relation to those given in the 1999 reports to take into account regulation 99-07 of the Accounting Regulation Committee.

Consolidated financial statements

Consolidated statements of income

<i>(in millions of euros at December 31)</i>	2001	2000	1999 *
Net interest income from:			
Transactions with banks <i>(Note 24)</i>	(1,318)	(1,934)	(2,647)
Customer loans <i>(Note 25)</i>	3,073	3,712	3,517
Bonds and other debt securities	1,545	798	2,537
Other interest and similar revenues	552	661	(249)
Net income from lease financing and similar agreements <i>(Note 26)</i>	1,234	854	793
Sub-total	5,086	4,091	3,951
Dividend income <i>(Note 27)</i>	211	291	244
Dividends paid on preferred securities <i>(Note 1)</i>	(109)	(100)	(57)
Net interest and similar income	5,188	4,282	4,138
Net fee income <i>(Note 28)</i>	4,916	4,900	3,892
Net income from financial transactions <i>(Note 29)</i>	3,258	4,223	2,879
Other operating income, net	512	394	500
<i>Gross margin of insurance business (Note 30)</i>	136	45	79
<i>Net income from other activities (Note 31)</i>	146	149	168
Net banking income	13,874	13,799	11,409
Personnel expenses <i>(Note 32)</i>	(5,805)	(5,893)	(4,915)
Other operating expenses	(3,698)	(3,273)	(2,958)
Depreciation and amortization	(601)	(488)	(411)
Total operating expenses	(10,104)	(9,654)	(8,284)
Gross operating income	3,770	4,145	3,125
Cost of risks <i>(Note 33)</i>	(1,067)	(753)	(723)
Operating income	2,703	3,392	2,402
Share in net income of subsidiaries and affiliates accounted for by the equity method <i>(Note 34)</i>	(18)	31	61
Gains, losses and provisions on long-term investments <i>(Note 35)</i>	474	941	939
Operating income before tax	3,159	4,364	3,402
Extraordinary items <i>(Note 36)</i>	(17)	(70)	(151)
Income tax (loss) <i>(Note 37)</i>	(739)	(1,357)	(1,148)
Amortization of goodwill	(76)	(60)	(37)
Net income before minority interests	2,327	2,877	2,066
Minority interests	(173)	(179)	(86)
Net income before impact of SG Paribas operation	2,154	2,698	1,980
Recoveries of allowances on SG Paribas after deduction of related costs	–	–	342
Net income after impact of the SG Paribas operation	2,154	2,698	2,322
Earnings per share in euros ⁽¹⁾	5.35	6.78	4.90
Diluted earning per share in euros ⁽¹⁾	5.35	6.74	4.87

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

* Amounts restated in relation to those given in the 1999 reports to take into account regulation 99-07 of the Accounting Regulation Committee.

(1) Earnings per share are calculated on the basis of the average number of outstanding shares, after over the financial year deducting treasury stock from shareholders' equity. Diluted EPS also take into account the existence of stock options that have been awarded but not yet exercised .
EPS for 1999 are presented on the basis of a number of shares with a nominal value of EUR 1.25 and excluding the impact of the SG Paribas operation.

Changes in shareholders' equity

<i>(in millions of euros)</i>	Capital stock and additional paid-in capital ⁽¹⁾	Treasury stock & assimilated ⁽²⁾	Retained earnings	Revaluation and reassessment reserves	Shareholders' equity
Balance at December 31, 1999	3,785	(476)	8,165	430	11,904
Increase in capital stock	227				227
Net income for the period			2,698		2,698
Dividends paid			(609)		(609)
Revaluation and reassessment reserves				(15)	(15)
Treasury stock		(588)			(588)
Translation differences and other			27		27
Goodwill charged	43				43
Balance at December 31, 2000	4,055	(1,064)	10,281	415	13,687
Increase in capital stock ⁽¹⁾	460				460
Net income for the period			2,154		2,154
Dividends paid			(847)		(847)
Revaluation and reassessment reserves				(18)	(18)
Treasury stock ⁽²⁾		35	121		156
Société Générale shares in deposit ⁽²⁾		(133)			(133)
Translation differences and other ⁽⁴⁾			44		44
Restatement of technical provisions of Insurance companies ⁽⁵⁾			243		243
Goodwill charged	4				4
Balance at December 31, 2001	4,519	(1,162)	11,996	397	15,750
<i>(in millions of euros)</i>	Shareholders' equity	Fund for general banking risks	Minority interests	Preferred securities ⁽³⁾	Own funds
Balance at December 31, 1999	11,904	366	1,104	796	14 170
Increase in capital stock	227				227
Net income for the period	2,698		179		2,877
Dividends paid	(609)		(94)		(703)
Revaluation and reassessment reserves	(15)				(15)
Treasury stock	(588)				(588)
Translation differences and other	27		334	564	925
Goodwill charged	43				43
Balance at December 31, 2000	13,687	366	1,523	1,360	16,936
Increase in capital stock ⁽¹⁾	460				460
Net income for the period	2,154		173		2,327
Dividends paid	(847)		(123)		(970)
Revaluation and reassessment reserves	(18)				(18)
Treasury stock ⁽²⁾	156				156
Société Générale shares in deposit ⁽²⁾	(133)				(133)
Translation differences and other ⁽⁴⁾	44		359	530	933
Restatement of technical provisions of Insurance companies ⁽⁵⁾	243				243
Goodwill charged ⁽¹⁾	4				4
Balance at December 31, 2001	15,750	366	1,932	1,890	19,938

(1) At December 31, 2001 Société Générale's fully paid-up capital stock amounted to 539,423,153 euros and was made up of 431,538,522 shares with a nominal value of 1,25 euros.

During the year 2001, Société Générale increased its capital stock by 10.4 millions of euros with 449.7 millions of euros additional paid-in capital, as follows:

- 3.4 millions of euros with 180 millions of euros additional paid-in capital issued as a remuneration for the assets brought to Société Générale by Sogeparticipations (ex Sogénal). Those amounts were eliminated as treasury stock;
- 5.9 millions of euros with 256.2 millions of euros additional paid-in capital was the result of employees subscribing share under the Parent Company's Saving Plan;
- 1.1 millions of euros with 13.5 millions of euros additional paid-in capital resulted from the exercise by employees of options granted by the Board of Directors.

Goodwill on acquisitions which are financed with capital increase from the conversion into shares of the convertible bonds issued in May 1993 are charged against additional capital arising on capital increases, in proportion to the part of the total acquisition cost covered by the capital increase:

32.3 millions of euros were charged against the acquisition of Yamaichi, and 352.9 millions of euros for the acquisition of Cowen. Goodwill on Cowen charged against additional capital arising on capital increase was adjusted by 42.6 millions of euros in 2000 as a consequence of an external selling, and by 4.4 millions of euros during 2001 as a consequence of a sale to TCW held by 52.33% charged against the minority interests.

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 265.23 millions of euros as at December 31, 2001, and would have given rise to a depreciation allowance of 39.4 millions of euros as at December 31 2001.

(2) Treasury stock held by Group companies at December 31, 2001 (23,298,496 shares; 1028.9 millions of euros) represents 5.4 % of Société Générale's capital stock. The variation of treasury stocks breakdowns as follows:

- 2,685,156 shares for a total amount of EUR 183.4 million were issued as a remuneration for the assets brought by Sogeparticipations (ex Sogénal),

- Société Générale disposed of own shares for a net amount (after deduction of purchases) of EUR 218.5 million. In particular, 14 384 241 shares, for a total amount of EUR 805.7 million, were sold for the acquisition of TCW.

Net capital gains on treasury stocks have been charged against the shareholders' equity for an amount of EUR 102.4 million. Dividend income on these shares (EUR 18.9 million) recorded during the first three quarters of 2001 by subsidiaries which held them has been eliminated from consolidated income.

2,116,427 Société Générale shares were deposited on a blocked account as a price adjustment on the acquisition of TCW for an amount of EUR 133 million; this amount was deducted from the shareholders' equity but the percentage of treasury stock does not take into account these shares.

(3) In 1997, Société Générale issued 800 millions of US dollars of preferred securities in the US through its subsidiary SocGen Real Estate Company LLC.

In year 2000, Société Générale renewed this operation by issuing EUR 500 million of preferred securities through its subsidiary SG Capital Trust and in 2001, for an amount of 425 millions of US dollars through SG Americas.

These shares are included in tier-one capital for the purpose of determining Société Générale's prudential ratios.

(4) The devaluation of the Argentine currency was directly charged against the shareholder's equity for an amount of EUR -43 million, based on the rate of 1.4 peso for 1 euro.

At December 31, 2001, translation differences relating to foreign branches of Group banks and consolidated companies within Euroland amounted to a negative figure of EUR 4 million.

(5) According to new accounting policies applicable to Insurance Companies, the insurance technical provisions are restated for a total amount of EUR 243 million as at December 31, 2001.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1

Significant accounting principles

The consolidated accounts of the Société Générale Group for the 2001 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). Since this regulation came into force on January 1, 2000, figures relating to 1999 have been restated in accordance with these new regulatory provisions for purposes of comparison.

The presentation of the financial statements complies with the provisions of Regulation No. 2000-04 of the French Accounting Regulation Committee (Comité de la réglementation comptable) 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 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 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.

Translation of foreign currency financial statements

The on- and off-balance sheet items of consolidated companies reporting in foreign currencies are translated at the official exchange rates prevailing at year-end. Income statement items of these companies are translated at average exchange rates for the year. Gains and losses arising from the translation of capital, reserves, retained earnings and income are included in shareholders' equity under Translation differences. Gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in shareholders' equity under the same heading.

In accordance with Recommendation 98-01 of the French National Accounting Standards Board (Conseil national de la comptabilité), translation differences relating to subsidiaries and branches in the euro zone are retained in shareholders' equity, and are only recognized on the income statement in the event that the said entities are sold.

The financial statements of companies operating in countries with high inflation are restated to reflect the value of their currency at year-end. The corresponding gain or loss on the net monetary assets of these companies is included in the determination of net income, while gains or losses on net non-monetary assets are included in shareholders' equity. Balance sheet, off-balance sheet and income statement items, restated as described above, are translated at the official exchange rate at closing of the accounts.

Significant adjustments made for consolidation

The main restatements made in drawing up the consolidated accounts are as follows:

Treatment of acquisitions and goodwill

The difference between the purchase price and the share of net assets acquired is allocated in the first instance to identified on- and off-balance sheet items.

Goodwill, which is carried on the assets or liabilities side of the consolidated balance sheet, represents the balance of non-allocated differences. Goodwill is recorded in the local currency of the acquired entity, and translated at the official exchange rate at closing of the accounts. Goodwill is amortized according to a predefined plan over a set period according to the assumptions used and objectives set at the time of the acquisition, and which cannot in any event exceed 20 years. In the event of significant unfavorable changes to the items used to determine the amortization plan, either the said plan is amended accordingly or an exceptional amortization expense is booked.

The goodwill booked on acquisitions made before January 1, 2000 and financed through capital increases are charged against the additional paid-in capital, in proportion to the part of the total purchase price covered by the capital increase. Regulation 99-07 no longer permits this method to be applied as of January 1, 2000 but does not oblige a retroactive restatement of transactions concluded before this date.

In the event of the full or partial disposal of companies acquired in this way, the corresponding goodwill, which was originally charged against capital, is used to adjust the capital gain or loss on disposal on the consolidated income statement, after deducting any amortization that should have been booked up to the date of disposal if this goodwill had been kept on the assets side of the consolidated balance sheet.

Revaluation reserves

This caption includes differences which arise from:

- the statutory asset revaluations carried out in France in 1977 and 1978,
- restructuring operations and intercompany transfers of assets carried out before December 31, 1991.

On January 1, 1987, Société Générale, following a series of mergers and spin-offs benefiting from preferential taxation treatment under article 210 A of the French Tax Code, reorganized its major shareholdings into four holding companies (Généval, Généfitec, Généfimm and Généfinance).

At December 31, 2001 securities held by these companies were valued using the methods described below in the "Securities Portfolio" section. Any necessary provisions were first deducted from the related revaluation reserve in the

amount of the capital gain realized on the transfer. The net allocation for the year was therefore calculated in relation to the original cost of the securities.

Revaluation reserves resulting from intercompany profits on transfers of fixed assets subject to depreciation are recognized on the income statement in proportion to the additional depreciation booked by the company acquiring the asset.

Similarly, when such assets are sold 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 following 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.

Country risk reserves

Country risk reserves of consolidated companies are harmonized according to the rates defined by the Parent Company at year-end.

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.

The regulation of the French Accounting Regulation Committee on the consolidation rules applicable to companies governed by the Insurance Code is in force as of January 1, 2001. The principal implication is that the majority of capitalization and equalization reserves recognized in the individual accounts of insurance subsidiaries, amounting to EUR 243 million, have been reclassified under shareholders' equity.

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 determined on the basis of five-year appraisals that are updated annually.

Bonds and other fixed-income 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 by the last quoted price or on the basis of the value in use for non-listed securities.

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.

The equalization reserves are intended to cope with fluctuations in the loss experience relating to mortality risk for the Group's life insurance operations and the risk of property damage and physical injury for its non-life insurance activities.

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 time 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.

Where there is a risk that borrowers may not be able to honor a part or all of their liabilities or commitments, a provision for loan losses or for risks is charged against income. In accordance with the recommendations of the French Banking Commission, loans and commitments for which a payment is more than three months overdue (six months in the case of real estate loans) are reclassified as doubtful or contested and a provision is booked to cover the depreciation. Furthermore, interest on doubtful loans is fully provisioned for. Provisions, write-backs of provisions, losses on bad debts and recovery of depreciated debts are recorded under the heading Cost of risk, with the exception of net provisions for interest on doubtful loans, which are recognized with the doubtful loans in Net banking income.

The provisions booked on loans made to the real estate industry (and all real estate assets) are valued on the basis of the type of program involved as follows:

Real estate development and major renovation projects

Provisions are made based on regularly revised estimates of losses on completion, which take into account market prices and the time necessary for constructing and/or selling the property, as observed in the market for new property.

Completed buildings

Completed buildings are valued based on the rental yield, or their market value determined when necessary on the basis of expert appraisals.

Lease financing and similar agreements

This item includes financing leases, lease-purchase agreements, similar agreements under which lessor does not intend to keep the asset at the end of the lease, and operating leases.

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.

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 or long-term investment.

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

Trading securities

Trading securities are securities for which there exists a liquid

market and which are acquired with a view to rapid resale (within a maximum period of six months). They also include securities that are held for a period of over six months in the context of market-making activities or in relation to a hedging or arbitrage transaction. They are valued at market price at year-end. Net unrealized gains or losses, together with net gains or losses on disposals, are recognized on the income statement under Net income from financial transactions.

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 Gains, losses and provisions on 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 Gains, losses and provisions on long-term investments on the consolidated income statement.

Shares intended for portfolio activity

This category of securities covers investments made on a regular basis with the sole aim of realizing a capital gain in the medium term and without the intention of making a long-term investment in the development of the issuing company's business, nor of participating actively in its operational management. The profitability of these investments results principally from the capital gains realized on disposal. This activity is carried out on a significant and ongoing basis through ad hoc subsidiaries or structures. This category notably includes shares held in the context of a venture capital activity.

These securities are recognized on the balance sheet at their purchase price, less acquisition costs. At the closing of the financial year, they are valued at their value in use determined on the basis of the issuing company's general development prospects and the remainder of the investment horizon (for listed companies, the average share price over a sufficiently long period of time, taking into account the

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planned investment horizon in order to attenuate the effect of temporary sharp price fluctuations, 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 Revenues from variable-income securities.

At closing of the financial year, investments in non-consoli-

dated 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 previous 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 Gains and losses on long-term investments.

Premises, equipment and other fixed assets

Premises, equipment and other fixed assets are carried at their purchase price or, in the case of investments which have been revalued as described above under Revaluation reserves, at the revalued amounts.

In general, depreciation is calculated using the straight-line or diminishing balance method over the estimated useful life of the asset, as follows:

Buildings	20-35 years
Improvements	10 years
Office equipment and furniture	10 years
Other equipment and vehicles	4-5 years
Software purchased	3-5 years

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 Long-term 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 income on bond borrowings 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 on bond borrowings and other debt securities.

Long-term 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 an overall basis based on estimates by Société Générale of its risk for each country or for each debtor 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, contingencies and disputes.

Provision was made at December 31, 1999 for the costs relating to the second stage of the introduction of the euro in 2002 and was readjusted on December 31, 2000 and December 31, 2001. In accordance with the recommendation made by the French National Accounting Standards Board, this charge relates to additional expenses to be incurred as a result of this change over the period 2001 through 2002.

Regulation 99-06 of the French Banking Regulation Committee defines the funds necessary for the deposit guarantee fund. These resources comprise certificates of association acquired by each entity, together with annual subscription fees. Regulation 99-08 of the same Committee set the total amount of these subscription fees, which will be

payable over the period 1999 through 2002. Half of the said fees may be paid in the form of guarantee deposits. Certificates of association and guarantee deposits are booked on the balance sheet under Other debts. The annual fees are recorded under exceptional items, and a provision has been booked for all fees to be paid by Group companies over the 2000-2002 period.

Fund for general banking risks

In accordance with regulations 90-02 and 92-05 of the French Banking Regulation Committee, a fund for general banking risks was set up in 1993 via a transfer from the general reserve for country risks, net of related deferred taxes. An additional allocation was made to this fund in 1996. Related deferred taxes are adjusted each year, depending on the taxation of amounts included in this fund.

Preferred securities

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. Dividend income is charged to the item Dividends paid on preferred securities.

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. 00-05 of the French National Accounting Standards Board relating to the recognition in the accounts of treasury stock held by companies governed by the French Banking and 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.

Accounting income or expense on these instruments depends on the purpose for which the transaction was concluded, as follows:

Hedging transactions

Revenues and expenses on forward financial instruments used as a hedge, and assigned from the 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 financial transactions and 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, and also some issued debts which include a forward financial instrument part since this classification is more adequate regarding the related risks and results. 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.

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

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.

Gains and losses on long-term investments

The item Gains and losses on long-term investments 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 6% 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. Deferred taxes have been adjusted to reflect the 1995 and 2000 tax surcharges applicable to French companies. In the case of the temporary surcharge, the adjustment took into account the timetable for phasing out the surcharge laid down in the 2000 French budget:

Period	2001	2002 and after
Normal rate	36.43%	35.43%
Reduced rate	20.77%	20.20%

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.

Deferred tax assets are recorded depending on the tax situation of each concerned entity and their ability to recover those assets.

Extraordinary items

This caption includes income earned and expenses incurred by the Group that are considered to be exceptional in view of either the amount involved or the manner in which they were generated. In most cases, the said income or expenses are produced by events that fall outside the Group's activity.

Pension and retirement costs

- In 1993, Société Générale and its French banking subsidiaries, together with the rest of the French banking industry, joined the national unfunded multi-employer retirement plans Agirc and Arrco. As a result, these companies' pension schemes have been closed and they are only liable for benefits in relation to employees who have already retired and payments relating to the past services of current employees. The actuarial present value of residual liabilities under these plans has been estimated, based on information currently available. The assets of the retirement plans and the provisions made are sufficient to cover the present value of liabilities.
- In addition, several Group companies pay retirement benefits based on the number of years of service to retiring employees, as well as long-service awards and supplementary pensions. The actuarial present value of Société Générale's liabilities under these plans amounted to EUR 1,012 million at December 31, 2001, which is provided

Note 2

Scope of consolidation

As at December 31, 2001, the consolidation scope of the Société Générale Group comprised 628 companies:

- 534 fully consolidated companies,
- 41 proportionately consolidated companies,
- 53 companies accounted for by the equity method.

Under the terms of Regulation 99-07 of the French Accounting Regulation Committee (Comité de la Réglementation Comptable), none of the ad hoc entities set up as part of Société Générale's securitisation activities is controlled by the Group.

Any commitments granted to these entities, notably in the form of credit lines or letters of guarantee, are recognized in the accounts and valued in accordance with the generally accepted accounting principles applicable to these instruments.

Lyxor Master Fund, the investment fund wholly owned by the Société Générale Group at December 31, 2001, was not consolidated since the classification and valuation of the units in the fund booked as trading securities on the assets side of the consolidated balance sheet correspond to the classification and valuation that would have been applied to the fund's assets.

The majority of these assets are made up of variable income securities representing a total amount of EUR 3,483 million at December 31, 2001. The accounting treatment used has no impact on the Group's results and regulatory ratios.

The main changes made to the consolidation scope at December 31, 2001 compared with the scope at December 31, 2000 are as follows:

- During the first half of 2001:
 - The Group acquired from Deutsche Bank the European specialized activities in finance, vehicle leasing and long-term rentals (GEFA and ALD).
 - Société Générale took control of the SKB Banka Group (Slovenia) by means of a friendly takeover bid.

- As part of the Sophia deal, the Group transferred 30% of its stake in Sogéprom to Sophia and 10% to AGF.

- During the second half of 2001:

- The Group acquired a 52.33% stake in Trust Company of the West (TCW), an American fund manager.

This acquisition is subject to a price revision clause that is tied to the company's performances in 2001 and 2002. Any adjustments to the price are made in Société Générale shares deposited in an escrow account. In this respect, the expected price revision was integrated into the consolidated accounts at December 31, 2001.

Furthermore, the agreements provide for deferred put and call options relating to 19% of TCW's capital, broken down into four equal tranches of 4.75% over four years. The strike price of these options depends on the company's future performances.

Lastly, the balance of the shares held by employees are subject to deferred call and put options, exercisable from 2008, at strike prices depending on subsequent performances.

- The Group acquired a 52.46% stake in La Marocaine Vie, a Moroccan life insurance company.

- Société Générale signed an agreement with the Czech government under which it now owns 60% of the capital of Komerční Banka.

- The Group acquired a 94.51% stake in Banque de Maertelaere, a private banking institution in Belgium, via its subsidiary Sogéparticipation Belgique.

- Société Générale bought 50% of the capital of Fidelity from Unicredito Italiano, thereby acquiring whole ownership of the Italian company. Fidelity, which was previously accounted for by the equity method, is now fully consolidated in the Group's accounts.

- Coprim, in which the Group raised its holding to 94.79% of the capital, is now fully consolidated.

- Société Générale acquired the 30% of the SGAM Group's capital that it did not already own.

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Note 3

Due from banks

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Deposits and loans			
On demand deposit			
Current accounts	8,579	10,877	4,730
Overnight deposits and loans	301	367	661
Loans secured by notes-overnight	–	–	5
Term			
Term deposits and loans ⁽¹⁾	12,881	12,232	10,788
Subordinated and participating loans	418	374	276
Loans secured by notes and securities	227	131	50
Receivables	250	419	444
Gross amount	22,656	24,400	16,954
Allowances for possible losses	(118)	(114)	(298)
Net amount	22,538	24,286	16,656
Securities purchased under resale agreements	41,010	29,888	38,353
Total	63,548	54,174	55,009

(1) Including doubtful loans: EUR 149 million at December 31, 2001 versus EUR 143 million at December 31, 2000 and EUR 337 million at December 31, 1999.

Note 4

Customer loans (Assets)

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Trade notes	6,771	3,878	3,707
Other loans ⁽¹⁾⁽²⁾ :			
Short-term loans	42,763	48,380	40,596
Export loans	4,948	5,235	4,796
Equipment loans	25,502	19,161	18,006
Mortgage loans	32,182	29,732	27,753
Other loans	31,521	22,347	20,627
Sub-total	136,916	124,855	111,778
Overdrafts	11,358	12,399	10,841
Related receivables	852	971	829
Gross amount	155,897	142,103	127,155
Allowances for possible losses	(6,667)	(5,739)	(5,437)
Net amount	149,230	136,364	121,718
Loans secured by notes and securities	168	445	276
Securities purchased under resale agreements	32,875	26,310	21,504
Total	182,273	163,119	143,498
(1) Other loans by customer type:			
Non-financial customers			
– Corporates	71,832	63,414	60,466
– Individual customers	41,668	34,933	33,097
– Local authorities	5,201	4,528	4,369
– Self-employed professionals	6,135	4,937	4,354
– Governments and central administrations	1,977	7,023	1,543
– Other	2,715	5,729	4,485
Financial customers	7,388	4,291	3,464
Total	136,916	124,855	111,778

(2) Including doubtful loans at December 31, 2001 for EUR 9,011 million versus December 31, 2000 for EUR 7,211 million and EUR 7,019 million at December 31, 1999.

The acquisitions made in 2001 had an impact of EUR 12,295 million on loans.

Note 5

Lease financing and similar agreements

(in millions of euros at December 31)	2001	2000	1999
Real estate lease financing agreements	5,222	4,532	4,058
Equipment lease financing agreements	6,531	4,231	3,795
Lease-purchase and similar agreements	6,131	3,131	2,915
Related receivables	704	470	443
Gross amount ⁽¹⁾	18,588	12,364	11,211
Allowances for possible losses	(274)	(211)	(152)
Net amount	18,314	12,153	11,059

(1) Including doubtful loans at December 31, 2001 for EUR 311 million versus December 31, 2000 for EUR 207 million and EUR 151 million at December 31, 1999.

The acquisition on Specialized activities in finance (Gefa and Ald Group) have an impact of EUR 5,232 million on lease financing and similar agreements gross amount.

Note 6

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

(in millions of euros at December 31)	2001				2000				1999
	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 ⁽¹⁾	24,019	33,270	23,364	80,653	16,801	38,284	23,702	78,787	77,658
Short-term investment securities:									
Gross book value	3,921	4,539	12,096	20,556	4,337	3,876	11,172	19,385	21,534
Allowances	(27)	(226)	(207)	(460)	(31)	(173)	(85)	(289)	(243)
Net book value	3,894	4,313 ⁽²⁾	11,889	20,096	4,306	3,703	11,087	19,096	21,291
Long-term investment securities:									
Gross book value	10,477	–	16,594	27,071	6,315	–	16,253	22,568	30,448
Allowances	–	–	(1)	(1)	–	–	(6)	(6)	(20)
Net book value	10,477	–	16,593	27,070	6,315	–	16,247	22,562	30,428
Related receivables	258	5	515	778	235	7	532	774	892
Total	38,648	37,588	52,361	128,597	27,657	41,994	51,568	121,219	130,269

(1) At December 31, 2001, this item included EUR 3,483 million of units in the Lyxor Master Funds fund (see note 2), which essentially comprised shares and were marked to market.

(2) Including treasury stock held for allocation to employees: EUR 167.9 million (versus EUR 168.4 million at December 31, 2000 and EUR 193.6 million at December 31, 1999).

	2001	2000
Number of shares	3,482,800	3,491,200
Nominal value per share (in euros)	1.25	1.25
Market value per share (in euros)	62.85	66.20
Book value per share (in euros)	48.21	48.22

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Note 6 (continued from previous page)

Additional information on securities

(in millions of euros at December 31)	2001	2000	1999
Estimated market value of short-term investment securities: Unrealized capital gains*	92	215	168
Estimated value of long-term investment securities	137	28	(243)
Premiums and discounts relating to short-term and long-term investment securities	70	(58)	(204)
Securities which changed category within the year:			
Trading securities reclassified as short-term investment securities	6	109	842
Securities reclassified as long-term investment securities	266	–	13
Long-term investment securities reclassified as short-term investment securities	46	2,656 ⁽¹⁾	3,369
Long-term investment securities sold before maturity	31	3,862 ⁽¹⁾	4,088
Investment in mutual funds:			
French mutual funds	2,308	2,993	1,523
Foreign mutual funds	587	1,348	1,799
Of which mutual funds which reinvest all their income	80	118	371
Listed securities	109,590	97,573	104,621
Subordinated securities	263	275	173
Securities lent	3,848	6,156	13,092

* Not including unrealized gains or losses on forward financial instruments, if any, used to hedge short-term investment securities.

(1) As part of its long-term investment management policy, the Group decided to transfer certain categories of securities from its long-term investment securities portfolio to its short-term investment securities portfolio. This reclassification led the Group on June 30, 2000 to book a provision in the amount of EUR 79 million for the US Mortgage Backed Securities (MBS) portfolio, charged against net banking income, and a provision of EUR 45 million on the Mexican Brady bonds portfolio, charged against gains and losses from long-term investments. Furthermore, in 2000 the Group realized capital losses of EUR 42 million on the Brady bonds and capital gains amounting to EUR 45 million on GICs (Guaranteed Investment Contracts) that were sold before maturity.

Note 7

Investments of insurance companies

(in millions of euros at December 31)	2001	2000	1999
Real estate investments	170	125	84
Bonds and assimilated	17,887	15,956	16,256
Investment held to guarantee united-linked policies	15,294	15,168	10,734
Other investments	1,002	414	527
Equities and assimilated insurance	1,008	955	723
Total	35,361	32,618	28,324

Note 8

Affiliates and other long term securities

<i>(in millions of euros at December 31)</i>	2001
Principal companies ⁽¹⁾	
0 to 5 %	4,597
Accor, Alcatel, Alstom, Altadis, Arbed, SCH, Carrefour, Commercial Union, Crédit Lyonnais, Danone, Dexia, Havas Advertising, Michelin B, ONA, Peugeot SA, Schneider Electric, Suez Lyonnaise, TF1, TotalFinaElf, Vinci, Vivendi Environnement, Vivendi Universal	
5 to 10 %	478
SFL, Universal Home Video, Cologne Re Managers	
10 to 20 %	301
Crédit Logement, Sopra, SCI Secovalde, Sommer SA	
Sub-total	5,376
Other companies	1,664
Gross book value ⁽²⁾	7,040
Allowances for possible losses	(572)
Advances to non-consolidated companies	11
Net book value ⁽³⁾	6,479

(1) Investments with book value over EUR 30 million.

(2) Movements over the 2001 fiscal years: EUR 436.3 million, of which: acquisitions = EUR 1,537.9 million, disposals = EUR 1,194.5 million, changes in consolidation scope and other movements = EUR 92.9 million.

(3) Of which concerning listed companies: net book value = EUR 4,958 million; market value = EUR 5,446 million.

Note 9

Tangible and intangible fixed assets

<i>(in millions of euros)</i>	Gross book value Dec. 31, 2000	Acquisitions	Disposals	Changes in consolidation scope and other movements	Gross book value Dec. 31, 2001	Accumulated depreciation and amortization Dec. 31, 2001	Net book value Dec. 31, 2001
Operating assets							
<i>Intangible assets</i>							
Start-up costs	35	5	–	2	42	(27)	15
Software, EDP development costs	728	122	(5)	174	1,019	(676)	343
Other	267	193	(3)	(14)	443	(51)	392
Sub-total	1,030	320	(8)	162	1,504	(754)	750
<i>Tangible assets</i>							
Land and buildings	2,369	7	(32)	459	2,803	(703)	2,100
Other	2,704	464	(147)	455	3,476	(2,182)	1,294
Sub-total	5,073	471	(179)	914	6,279	(2,885)	3,394
Non-operating assets ⁽¹⁾							
<i>Tangible assets</i>							
Land and buildings	408	7	(92)	193	516	(110)	406
Other	18	6	(1)	8	31	(15)	16
Sub-total	426	13	(93)	201	547	(125)	422
Total	6,529	804	(280)	1,277 ⁽²⁾	8,330	(3,764)	4,566

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

(2) The acquisitions made in 2001 had an impact of EUR 1,096 million on the Group's gross fixed assets (including Komercni Banka: EUR 746 million, GEFA/ALD: EUR 157 million and SKB Banka: EUR 125 million).

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Note 10

Goodwill*

<i>(in millions of euros at December 31)</i>							
	2001			2000			1999
	Gross book value	Accumulated amortization	Net book value	Gross book value	Accumulated amortization	Net book value	Net book value
Goodwill							
Retail banking	1,552	(102)	1,450	204	(71)	133	136
French Retail Banking network	114	(52)	62	92	(47)	45	43
Retail Banking network outside France ⁽¹⁾	1,121	(34)	1,087	112	(24)	88	93
Specialized subsidiaries and other ⁽²⁾	317	(16)	301	–	–	–	–
Corporate and investment banking	277	(149)	128	268	(119)	149	205
Corporate Banking	61	(34)	27	66	(33)	33	44
Investment Banking	216	(115)	101	202	(86)	116	161
Asset management and private banking	940	(57)	883	138	(22)	116	110
Asset Management ⁽³⁾	768	(27)	741	18	(2)	16	7
Private Banking ⁽⁴⁾	172	(30)	142	120	(20)	100	103
Corporate center	5	(4)	1	5	(3)	2	1
Sub-total	2,774	(312)	2,462	615	(215)	400	452
Negative goodwill							
Retail banking							
Retail Banking network outside France	(15)	15	–	(15)	7	(8)	–
Corporate and investment banking							
Corporate banking	(63)	56	(7)	(62)	34	(28)	(49)
Sub-total	(78)	71	(7)	(77)	41	(36)	(49)
Net total	2,696	(241)	2,455	538	(174)	364	403

* Current and exceptional amortizations expenses are assigned to the Corporate Center.

(1) The change in 2001 is essentially due to the acquisition of a 60% stake in Komerční Banka (Czech Republic) and 97.82% of SKB Banka (Slovenia).

(2) During the first half of 2001, the Group acquired the European business finance, vehicle leasing and fleet management activities of Deutsche Bank (GEFA and ALD).

(3) This change is essentially due to the takeover of TCW.

(4) In the fourth quarter of 2001, the Group acquired a 94.5% stake in Banque de Maertelaere in Belgium.

Note 11

Accruals, other accounts receivable and other assets

<i>(in millions of euros at December 31)</i>			
	2001	2000	1999
Other assets			
Miscellaneous receivables	11,285	7,220	11,217
Premiums on options purchased	25,804	30,349	20,866
Settlement accounts on securities transactions	5,109	2,334	4,640
Other assets	786	485	1,320
Other insurance assets	190	134	116
Sub-total	43,174	40,522	38,159
Accruals and similar			
Prepaid expenses	517	379	303
Accrued income ⁽¹⁾	4,507	3,016	2,591
Other	15,241	14,296	11,113
Sub-total	20,265	17,691	14,007
Gross amount	63,439	58,213	52,166
Allowances for possible losses	(220)	(188)	(134)
Net amount	63,219	58,025	52,032

(1) This item includes the guarantee valued at EUR 428 million granted by the Czech government to cover non-performing loans (see note 1 - accounting treatment of acquisitions and goodwill).

Note 12

Due to banks

<i>(in millions of euros at December 31)</i>	2001	2000	1999
On demand deposits			
Sight deposits and current accounts	22,139	15,700	13,592
Borrowings secured by notes - overnight	61	200	290
Sub-total	22,200	15,900	13,882
Term deposits			
Term deposits and borrowings	40,593	40,913	42,083
Borrowings secured by notes and securities	303	1,421	841
Sub-total	40,896	42,334	42,924
Related payables	481	846	607
Securities sold under repurchase agreements	21,547	24,289	30,191
Total	85,124	83,369	87,604

Note 13

Customer deposits (Liabilities)

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Regulated savings accounts			
Sight	16,250	15,053	15,354
Term	22,200	21,971	23,010
Sub-total	38,450	37,024	38,364
Other sight deposits			
Corporate customers and sole proprietors	24,291	20,616	17,248
Individual customers	20,894	17,669	16,093
Financial institutions	5,908	6,525	4,665
Other	3,692	2,867	2,411
Sub-total	54,785	47,677	40,417
Other term deposits			
Corporate customers and sole proprietors	20,283	16,896	15,820
Individual customers	12,687	9,322	7,082
Financial institutions	16,977	3,828	3,554
Other	6,478	8,063	10,291
Sub-total	56,425	38,109	36,747
Related payables	875	918	841
Total customer deposits	150,535	123,728	116,369
Borrowings secured by notes and securities	2,915	2,343	1,076
Securities sold to customers under repurchase agreements	46,866	38,646	39,337
Total	200,316	164,717	156,782

The acquisitions made in 2001 accounted for EUR 10,620 million of the increase in customer deposits.

Note 14

Liabilities in the form of securities issued

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Term savings certificates	865	566	1,032
Bond borrowings	7,333	6,082*	5,455*
Related payables	215	235	299
Sub-total	8,413	6,883	6,786
Interbank certificates and negotiable debt instruments	53,706	43,006*	39,149*
Related payables	855	590	487
Total	62,974	50,479	46,422

* Issued Euro Medium-Term Notes (EMTNs), which were previously booked as bond debt, were reclassified as negotiable debt instruments.

Note 15

Technical provision of insurance companies

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Technical unit-linked policy provisions	15,317	15,206	10,946
Technical life insurance provisions ⁽¹⁾	18,726	16,772	16,865
Technical non-life insurance provisions	91	37	31
Equalization reserves ⁽¹⁾	–	7	5
Total	34,134	32,022	27,847

(1) In accordance with the new consolidation accounting principles applicable to insurance companies, the capitalization reserve and equalization reserves booked by the group are now assimilated to shareholders' equity.

Note 16

Accruals, other accounts payable and other liabilities

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Transactions on securities			
Amounts payable for borrowed securities	6,325	8,138	11,480
Other amounts due for securities	28,870	22,540	28,845
Sub-total	35,195	30,678	40,325
Other liabilities			
Miscellaneous payables	10,239	11,691	8,776
Premiums on sold options	24,916	30,615	22,907
Settlement accounts on securities transactions	7,683	2,787	5,278
Other securities transactions	60	67	47
Related payables	227	363	184
Other insurance liabilities	58	39	34
Sub-total	43,183	45,562	37,226
Accruals and similar			
Accrued expenses	4,226	5,111	4,565
Deferred taxes	324	456	680
Deferred income	1,533	752	995
Other	10,819	10,882	7,666
Sub-total	16,902	17,201	13,906
Total	95,280	93,441	91,457

Breakdown of deferred taxes by categories

<i>(in millions of euros at December 31, 2001)</i>	Deferred income tax assets	Deferred income tax liabilities
Timing differences related to:		
Inner reserve arising from lease financing transactions	11	462
Results of partnerships	2	220
Reassessment reserves (<i>Note 1</i>)	-	41
Others (principally relating to other reserves)	1,197	811
Total	1,210	1,534

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Note 17

Allowances and provisions

(in millions of euros at December 31)	2001	2000	1999
Allowances for possible losses recorded as a deduction from assets:			
Banks	118	114	298
Customer loans	6,667	5,739	5,437
Lease financing agreements	274	211	152
Other	249	193	153
Sub-total	7,308	6,257	6,040
Allowances for general risks and commitments recorded as a liability:			
Prudential general reserve - country risks (Note 1)	599	600	570
Prudential provision for risks in Asia	-	83	100
Commitments made to banks	4	4	-
Commitments made to customers	308	225	278
Other	1,485	1,408	1,247
Sub-total	2,396	2,320	2,195
Total provisions (excluding securities) ⁽¹⁾	9,704	8,577	8,235
Allowances on securities	1,032	607	514
Allowances investments of insurance companies	4	1	1
Total provisions ⁽²⁾	10,740	9,185	8,750

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

(in millions of euros at December 31)	Dec. 31, 2000	Net allocations	Other income statement balances *	Used provisions	Change in scope and exchange rates	Dec. 31, 2001
Prudential country risk reserve	600	(10)		(9)	18	599
Provisions for identified risks:						
Prudential provision on Asia	83	(77)		(6)		0
Provisions for commercial risks and other assets	6,486	1,037	153	(1,054)	998	7,620
Sub-total	6,569	960	153	(1,060)	998	7,620
Provisions for risks and charges ⁽³⁾	1,408	66	(88)	(275)	374	1,485
Total	8,577	1,016	65	(1,344)	1,390	9,704

As regards the Group's Argentine risk, total provisions booked at December 31, 2001 stood at EUR 335 million, including EUR 161 million of provisions for commercial risks and other assets, and EUR 174 million in the form of general risk reserves. This represents a fair estimate of the Group's Argentine exposure irrespective of whether it keeps open or shuts down its subsidiary in Argentina (see note 33).

The prudential provision booked to cover Asian risk was reversed in full on December 31, 2001. The prudential provisioning of Asian risk is now covered.

(2) An analysis of risk provisioning is given in the Management Report and the principles for allocating provisions are set out in the "Risk management" section of the annual report. Technical provisions on insurance are presented in Note 15.

(3) Analysis of provisions for Risks and Charges:

(in millions of euros at December 31)	Dec. 31, 2000	Net allocations	Other income statement balances *	Used provisions	Change in scope and exchange rates	Dec. 31, 2001
Provisions for pensions and other post-retirement benefits	206		(9)	(14)	63	246
Allowances for restructuring costs and litigations expenses	265		(17)	(107)	81	222
Allowances for tax adjustments	253		(68)	(26)	(5)	154
Allowances on forward financial instruments	73		30	(1)	1	103
Other provisions for risks and litigation	611	66	(24)	(127)	234	760
Total	1,408	66	(88)	(275)	374	1,485

* Allowances on unpaid interest income are charged against net banking income and the impact on earnings of provisions for risks and charges is recognized in the income statements balances.

Note 18

Long-term subordinated debt

<i>(in millions of euros at December 31)</i>	Outstanding	2002	2003	2004	2005	2006	Beyond 2006	Undated
Currency issue								
Subordinated Capital notes								
EUR	5,823	–	334	471	567	274	3,860	317
USD	3,454	238	340	–	404	908	477	1,087
GBP	329	–	–	–	–	–	–	329
Other currencies	356	–	–	–	–	47	54	255
Sub-total	9,962	238	674	471	971	1,229	4,391	1,988
Dated subordinated debt								
EUR	8	–	–	–	–	–	–	8
USD	273	–	–	–	–	–	233	40
Other currencies	32	–	–	–	4	–	–	28
Sub-total	313	–	–	–	4	–	233	76
Related payables	208	–	–	–	–	–	–	208
Total	10,483	238	674	471	975	1,229	4,624	2,272

Note 19

Commitments granted

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Loan commitments			
to banks	6,401	5,166	5,162
to customers ⁽¹⁾	93,202	93,353	81,523
Total	99,603	98,519	86,685
Guarantee commitments			
on behalf of banks	3,185	7,169	5,720
on behalf of customers ⁽¹⁾	32,254	31,113	30,345
Total	35,439	38,282	36,065

(1) As at December 31, 2001, credit lines and guarantee commitments granted to securitization vehicles totaled EUR 31.7 billion and EUR 1.2 billion respectively.

Note 20

Transactions in foreign currencies

	2001				2000				1999			
	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered
	EUR	283,285	265,761	66,123	85,287	242,314	231,333	66,904	77,917	228,919	230,418	61,068
USD	147,794	168,626	163,887	146,032	141,150	147,335	135,741	122,914	132,352	135,551	127,608	125,587
GBP	17,571	16,661	25,394	24,679	15,515	16,368	19,371	17,318	23,043	22,789	17,074	16,566
JPY	21,853	18,323	23,844	26,017	19,446	19,517	16,585	17,338	14,338	12,831	22,109	19,417
Other currencies	41,996	43,128	63,437	62,413	37,456	41,328	50,462	54,012	36,893	33,956	43,854	45,351
Total	512,499	512,499	342,685	344,428	455,881	455,881	289,063	289,499	435,545	435,545	271,713	269,467

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Note 21

Forward financial instrument commitments

<i>(in millions of euros at December 31)</i>	Trading transactions	Hedging transactions	2001	Total 2000	1999
Firm transactions					
Transactions on organized markets					
– interest rate futures	405,853	16,184	422,037	328,179	606,547
– foreign exchange futures	1,163	3,036	4,199	2,613	34
– other forward contracts	59,154	580	59,734	81,914	46,933
OTC agreements					
– interest rate swaps	2,634,281	62,098	2,696,379	2,611,064	2,361,507
– currency financing swaps	79,330	8,150	87,480	68,750	53,747
– forward rate agreements (FRA)	321,385	10,378	331,763	262,491	525,542
– other	16,594	953	17,547	18,557	17,162
Options					
– interest rate options	1,021,553	2,644	1,024,197	797,585	820,154
– foreign exchange options	114,146	16,689	130,835	86,057	44,202
– options on stock exchange indices and equities	449,876	1,917	451,793	683,466	405,973
– other	64,492	–	64,492	58,853	20,504
Total	5,167,827	122,629	5,290,456	4,999,529	4,902,305

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

At December 31, 2001, 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, stands at:

	2001	2000	1999
– OECD member governments and central banks	443	338	211
– OECD member banks and local authorities	15,949	14,991	13,830
– Customers	8,816	7,653	6,193
– Non-OECD member banks and central banks	305	411	346
Total (including netting agreements)	25,513	23,393	20,580

Bilateral netting agreements reduced the credit risk equivalent by EUR 50,903 million at December 31, 2001 versus EUR 46,719 million at December 31, 2000 and EUR 42,421 million at December 31, 1999.

Term to maturity (in millions of euros)

	2001		
	0-1 year	1-5 years	over 5 years
– interest rate swaps	1,337,432	1,106,424	252,523
– currency financing swaps	39,367	32,082	16,031
– interest rate futures	674,308	71,221	8,271
– foreign exchange futures	3,919	46	234
– other firm transactions	51,032	17,796	8,453
– interest rate options	297,421	664,341	62,435
– foreign exchange options	119,055	11,664	116
– other options	404,114	70,043	42,128
Total	2,926,648	1,973,617	390,191

Note 22

Breakdown of assets and liabilities by term to maturity

<i>(in millions of euros at December 31, 2001)</i>	0-3 months	3 months 1 year	1-5 years	over 5 years	Inter companies eliminations	Total
Assets						
Transactions with banks						
Due from banks	148,253	19,497	16,486	13,101	(133,789)	63,548
Transactions with customers						
Customer loans	84,291	30,488	58,307	32,490	(23,303)	182,273
Lease finance and rental agreements	2,507	3,001	8,889	3,974	(57)	18,314
Bonds and other debt securities						
Trading securities	5,286	25,264	2,870	1,319	(11,374)	23,365
Short-term investment securities	4,634	9,083	21,165	11,172	(33,774)	12,280
Long-term investment securities	417	837	6,136	10,942	(1,616)	16,716
Liabilities						
Transactions with banks						
Due to banks	166,742	23,990	20,256	11,330	(137,194)	85,124
Transactions with customers						
Customer deposits	165,173	14,701	20,258	17,102	(16,918)	200,316
Liabilities in the form of securities issued	32,933	26,983	34,546	15,093	(46,581)	62,974

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Note 23

Consolidated cash flow statement

<i>(in millions of euros at December 31, 2001)</i>	Uses	Sources of funds
Cash flow		3,237
Dividends paid	951	
Net Cash Flow (a)		2,286
Capital increase		277
Treasury stock decrease/increase	815	168
Preferred share increase		482
Subordinated debt decrease/increase	621	1,154
Capital transactions (b)		645
(I) – Long-term funds (a) + (b)		2,931
Cost of investment in newly consolidated affiliates	3,142	
Purchase/proceeds from sale of affiliates and other long-term investments	1,351	1,857
Purchase/proceeds from sale of fixed assets	804	177
(II) – Net cash inflow/(outflow) from investments	3,263	
(I) + (II) – Change in working capital	332	
Interbank activities and cash		7,396
Customer loans	8,311	
Customer deposits		23,385
Securities activities	15,518	
Bond debt		580
Forward financial instrument commitments	2,981	
Lease financing activities	1,668	
(III) – Net cash inflow/(outflow) from banking activities		2,883
Insurance investments	2,713	
Insurance deposits		2,264
(IV) – Cash inflow/(outflow) from non banking activities	449	
(V) – Other	2,102	
(III) + (IV) + (V) – Change in cash inflow/(outflow) from operating activities		332

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 those relating to the acquisition of TCW (EUR 834 million), which was paid for in treasury stock, and the capital increase of EUR 183 million in consideration of the transfer of Sogénal, as well as the waiver of accounts receivable (EUR 1,111 million).

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 on transactions with banks

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Transactions with central banks, postal accounts and banks	2,973	2,852	2,255
Premiums and discounts, net	52	(89)	(50)
Total interest income	3,025	2,763	2,205
Transactions with central banks, post office accounts and banks	(4,094)	(4,181)	(3,842)
Total interest expense	(4,094)	(4,181)	(3,842)
Securities purchased under resale agreements and loans secured by notes and securities	2,667	3,314	3,220
Securities sold under repurchase agreements and borrowings secured by notes and securities	(2,916)	(3,830)	(4,230)
Net income on transactions with banks	(1,318)	(1,934)	(2,647)

Note 25

Interest income and expense on transactions with customers

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Trade notes	619	464	298
Other customer loans			
– short-term loans	3,150	3,232	2,723
– export loans	647	607	553
– equipment loans	1,278	1,099	975
– mortgage loans	1,870	1,798	1,738
– other loans	921	1,100	816
Sub-total	7,866	7,836	6,805
Overdrafts	866	1,109	757
Premiums and discounts, net	14	46	61
Total interest income	9,365	9,455	7,921
Regulated savings accounts	(1,311)	(1,342)	(1,387)
Other deposits	(3,374)	(3,302)	(2,333)
Total interest expense	(4,685)	(4,644)	(3,720)
Securities purchased under resale agreements and loans secured by notes and securities	1,561	1,397	937
Securities sold under repurchase agreements and borrowings secured by notes and securities	(3,168)	(2,496)	(1,621)
Net interest income on transactions with customers	3,073	3,712	3,517

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Note 26

Net income from lease financing and similar agreements

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Real estate lease financing agreements	336	257	252
Equipment lease financing agreements	329	266	285
Lease-purchase and similar agreements	569	331	256
Total net	1,234	854	793

Note 27

Dividend income

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Dividends from shares and other equity securities	29	120	113
Dividends from affiliates and other long-term securities	182	171	131
Total ⁽¹⁾	211	291	244

(1) Dividends received from trading portfolio have been classified under "Gains from financial operations".

Note 28

Net fee income

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Fee income from:			
Transactions with banks	72	51	41
Transactions with customers	1,194	994	784
Securities transactions	2,370	2,454	1,463
Primary market operations	270	278	556
Foreign exchange transactions and forward financial instruments	369	331	295
Loan and guarantee commitments	410	348	341
Services and other	1,280	1,314	1,334
Sub-total	5,965	5,770	4,814
Fee expense on:			
Transactions with banks	(132)	(108)	(69)
Securities transactions	(216)	(256)	(354)
Foreign exchange transactions and forward financial instruments	(360)	(244)	(270)
Loan and guarantee commitments	(88)	(63)	(55)
Other	(253)	(199)	(174)
Sub-total	(1,049)	(870)	(922)
Total net ⁽¹⁾	4,916	4,900	3,892

(1) Net fee income is broken down per type of service, as follows:

- banking services and consulting	1,964	1,774	1,587
- guarantee commitments	323	284	282
- issuance	270	279	182
- asset management and life insurance	1,545	1,283	967
- brokerage and other	814	1,280	874

Note 29

Net income from financial transactions

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Net income from operations on trading securities	(1,881)	(630)	46
Net income from forward financial instruments	5,114	4,450	3,852
Net income from foreign exchange transactions	(28)	321	(1,057)
Sub-total ⁽¹⁾	3,205	4,141	2,841
Net income on short-term investment securities:			
Gains on sale	187	211	189
Losses on sale	(174)	(185)	(55)
Net (increase) decrease in allowances	84	(61)	(115)
Sub-total	97	(35)	19
Net income on shares intended for portfolio activity:			
Gains on shares intended for portfolio activity	63	131	8
Net (increase) decrease in allowances	(107)	(14)	11
Sub-total	(44)	117	19
Total net	3,258	4,223	2,879

(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 the refinancing cost of financial transactions. 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 businesses

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Earned premiums	4,804	5,388	3,499
Cost of benefits (including change in reserves)	(4,474)	(5,252)	(3,426)
Net income from investments	135	210	212
Other technical income and expenses	(245)	(230)	(183)
Reclassification of operating expenses	(84)	(71)	(23)
Total	136	45	79

The gross margin of insurance businesses 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 :

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Contribution to NBI before elimination of intercompany transactions	358	274	220
Elimination of intercompany transactions*	140	94	118
Contribution to NBI after elimination of intercompany transactions	498	368	338

* 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

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Net income on real estate development	29	27	22
Net income on real estate investments ⁽¹⁾	107	95	130
Net income from other activities	10	27	16
Total	146	149	168

(1) Net Income from real estate investments in 2001 essentially comprises the capital gain of EUR 61 million realized on the disposal of the Patriges Grace Church building. The income booked in 2000 principally included the capital gain realized on the transfer of the Group's real estate companies and assets to Sophia. The income generated in 1999 comprised revenues from the companies and assets transferred to Sophia in 2000, as well as capital gains realized on the disposal of buildings in the amount of EUR 56 million.

Note 32

Personnel expenses

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Employee compensation ⁽¹⁾	4,202	4,260	3,463
Social security benefits and payroll taxes ⁽¹⁾	1,419	1,394	1,298
Employee profit sharing and incentives ⁽²⁾	184	239	154
Total	5,805	5,893	4,915
Employees*	86,574	71,149	66,660
In France	49,020	47,395	46,624
Outside France	37,554	23,754	20,036

* Including temporary workers.

The acquisitions made in 2001 represented an additional 14,367 employees.

(1) Of which of EUR 1,309 million for bonuses at December 31, 2001 (EUR 1,708 million at December 31, 2000 and EUR 1,127 million at December 31, 1999).

(2) Analysis of the expense for years 1997 to 2001:

<i>(in millions of euros at December 31)</i>	2001	2000	1999	1998	1997
Société Générale*					
Profit sharing	1	52	5	2	13
Incentives	50	55	41	40	39
Employer contribution	67	62	54	56	46
Sub-total	118	169	100	98	98
Subsidiaries	66	70	54	31	36
Total	184	239	154	129	134

* Including Sogéнал in 2001

Remuneration of members of the board of directors

Attendance fees paid to the Board of Directors of the Company in February 2002 relating to the 2001 fiscal year amounted to EUR 0.46 million. In 2001, the remuneration paid to senior management (*) amounted to EUR 9.590 million.

* This corresponds to the Executive Committee, which was composed of 9 members in 2001.

Note 33

Cost of risk

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Provisions for identified risks, net			
– Provisions for identified risks ⁽¹⁾	(960)	(512)	(640)
– Provisions for risks and charges	(66)	(139)	(49)
– Losses not covered by provisions and amounts recovered on receivables written off	(51)	(92)	(48)
Sub-total	(1,077)	(743)	(737)
General provisions - country risks, net	10	(10)	14
Provisions for possible losses on loans and commitments, net	(1,067)	(753)	(723)
(1) Of which risks on debtors from the five Asian countries at risk	77	17	124
Of which provisions booked for identified Argentine risks	(125)	(35)	(11)

Note 34

Companies accounted for by the equity method

<i>(in millions of euros at December 31)</i>	% voting interest	Activity	Société Générale's equity contribution*	2001	2000	1999
Non-financial companies						
Chesapeake Holding (CHC)	36.36	Special operations	16	12	13	–
Généras ⁽¹⁾	100.00	Insurance	–	–	11	20
Sifa	47.07	Portfolio management	12	4	4	4
Géodis ⁽²⁾	26.62	Industrial and commercial Company	(21)	(36)	–	–
Other	–	–	0	1	(2)	4
Sub-total			7	(19)	26	28
Financial companies						
ACL	36.05	Bank	(273)	0	(3)	(15)
Fiditalia Spa (ex CreditFiditalia) ⁽³⁾	100.00	Specialist financing	–	(22)	–	9
SGB Cameroun ⁽³⁾	43.42	Bank	–	–	–	4
SGB Sénégal ⁽³⁾	57.72	Bank	–	–	–	3
SGB en Côte-d'Ivoire ⁽³⁾	56.63	Bank	–	–	–	4
SG Marocaine de Banques ⁽³⁾	51.91	Bank	–	–	–	15
Sogeko ⁽⁴⁾	40.68	Bank	–	–	–	10
Sophia ⁽⁵⁾	29.38	Real estate financing	(27)	17	6	–
United Arab Bank	20.00	Bank	18	4	4	3
Other	–	–	6	2	(2)	–
Sub-total			(276)	1	5	33
Total			(269)	(18)	31	61

* Including group result

(1) Through the implementation of the 99-07 guideline of the Accounting Regulation Committee, the Company is herewith consolidated by global integration.

(2) Company consolidated for the first time in 2001. The share in net income of Géodis includes the upper end of the provisional loss forecasts for the second half of 2001, as communicated by Géodis' management in October 2001 during the presentation of the company's result for the first half of the year.

(3) Following their takeover by Société Générale, these companies are now fully consolidated.

(4) Company now consolidated by the proportionate method.

(5) Company consolidated for the first time in 2000.

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Note 35

Gains, losses and provisions on long-term investments

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Long-term investment securities			
Net capital gains (or losses) on sale	(12)	(37)	(33)
Net increase in allowances	5	13	18
Sub-total	(7)	(24)	(15)
Investments in subsidiaries and affiliates			
Gains on sale	756	1,020	968
Losses on sale	(94)	(39)	(35)
Net increase in allowances	(201)	(38)	(9)
Sub-total ⁽¹⁾	461	943	924
Operating fixed assets			
Gains on sale	34	33	32
Losses on sale	(11)	(9)	(2)
Net allowances on operating fixed assets	(3)	(2)	–
Sub-total	20	22	30
Total net	474	941	939

(1) Income from investments in non-consolidated subsidiaries and affiliates at December 31, 2001 includes EUR 677 million from the disposal of industrial equity holdings, comparable to the amount at December 31, 2000. The figures at December 31, 2000 also included EUR 246 million realized on the disposal of consolidated investments (of which Fimatex represented EUR 154 million and Credit du Nord EUR 88 million).

Note 36

Extraordinary items

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Extraordinary income	31	17	–
Extraordinary losses	(48)	(87)	(151)
Total net	(17)	(70)	(151)

Breakdown of extraordinary items

– Provisions for costs linked to introduction of the single European currency and Y2K (see Note 1)	(9)	(51)	(94)
– Contribution by french banks to indemnity funds and to "Fondation du Souvenir des victimes de la Shoah" (see Note 1)	(3)	(23)	–
– Provisions for contributions to the deposits and securities guarantee fund (see Note 1)	(5)	4	(57)

Note 37

Income tax

<i>(in millions of euros at December 31)</i>	2001	2000	1999
Current taxes	(764)	(1,529)	(1,161)
Deferred taxes	25	172	13
Total ⁽¹⁾	(739)	(1,357)	(1,148)

(1) The reconciliation of the difference between the Group's normalized tax rate and effective tax rate breaks down as follows at December 2001:

<i>Income before tax, amortization of goodwill and income from companies accounted for by the equity method</i>	3,160
<i>Normal tax rate applicable to French companies (including contributions of 10% and 3.3%)</i>	36.4%
<i>Permanent differences</i>	- 9.6%
<i>Differential on items taxed at reduced rate</i>	- 2.9%
<i>Tax rate differential on profits taxed outside France</i>	- 1.2%
<i>Impact of non-deductible losses for the period and use of losses carried forward</i>	0.7%
Effective tax rate	23.4%

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Note 38

Income statement by core business

<i>(in millions of euros at December 31)</i>	Retail Banking			Asset Management & Private Banking			Corporate & Investment Banking			Corporate Center			Group		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
Net banking income	7,829	6,850	5,958	1,097	919	673	5,037	5,998	4,704	(89)	32	74	13,874	13,799	11,409
Operating expenses	(5,339)	(4,794)	(4,302)	(687)	(507)	(397)	(3,721)	(4,124)	(3,313)	(357)	(229)	(272)	(10,104)	(9,654)	(8,284)
Gross operating income	2,490	2,056	1,656	410	412	276	1,316	1,874	1,391	(446)	(197)	(198)	3,770	4,145	3,125
Cost of risk	(511)	(370)	(331)	(1)	(4)	0	(543)	(254)	(328)	(12)	(125)	(64)	(1,067)	(753)	(723)
Share in net income of subsidiaries and affiliates accounted for by the equity method	(16)	16	59	0	0	0	12	5	(3)	(14)	10	5	(18)	31	61
Gains, losses and provisions on long-term investments	(2)	44	1	(5)	0	0	11	80	(20)	470	817	958	474	941	939
Operating income before tax	1,961	1,746	1,385	404	408	276	796	1,705	1,040	(2)	505	701	3,159	4,364	3,402
Extraordinary items	0	0	0	0	0	0	0	0	0	(17)	(70)	(151)	(17)	(70)	(151)
Income tax (loss)	(700)	(626)	(484)	(137)	(145)	(102)	(131)	(557)	(325)	229	(29)	(237)	(739)	(1,357)	(1,148)
Amortization of goodwill	0	0	0	0	0	0	0	0	0	(76)	(60)	(37)	(76)	(60)	(37)
Net income before minority interests (before impact of SG Paribas operation)	1,261	1,120	901	267	263	174	665	1,148	715	134	346	276	2,327	2,877	2,066
Minority interests	(131)	(108)	(49)	(12)	(6)	(1)	(11)	(5)	(2)	(19)	(60)	(34)	(173)	(179)	(86)
Net income (before impact of SG Paribas operation)	1,130	1,012	852	255	257	173	654	1,143	713	115	286	242	2,154	2,698	1,980
Impact of SG Paribas operation													-	-	342
Net income (after impact of SG paribas operation)													2,154	2,698	2,322

The principles and methodology for determining results by core business are detailed in the Management Report.

Note 39

Geographical breakdown of net banking income*

<i>(in millions of euros at December 31, 2001)</i>	France	Europe	Americas	Asia	Africa	Oceania	Total
Net interest and similar income ⁽¹⁾	2,891	779	1,036	140	331	11	5,188
Net fee income	3,165	541	912	158	124	16	4,916
Net income from financial transactions	2,417	446	201	117	14	63	3,258
Other operating income, net	391	97	10	2	13	(1)	512
Net banking income	8,864	1,863	2,159	417	482	89	13,874

* Geographical areas in which companies recording income are located.

(1) Including dividend income and net income from lease finance and similar agreements.

Note 40

Risk and litigation

See page 86, Risk Management, "Legal risks".

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Note 41

Comparison between consolidated financial statements published on december 31, 1999 and restated financial statements

Under regulation 99-07 of the Accounting Regulation Committee on consolidation rules applicable to institutions governed by the French Banking AND Finance Regulation Committee, as of January 1, 2000, all companies which are fully controlled by

Société Générale and whose business is directly, linked to banking and finance activities, including: insurance (life and non-life), real estate development and other activities (IT, leasing, etc.), are fully consolidated.

Consolidated balance sheet

(in millions of euros at December 31)	December 31, 1999		
	Published amounts	Restatements	Restated amounts
Assets			
Cash, due from central banks and post office accounts	6,684	51	6,735
Due from banks	55,198	(189)	55,009
Customer loans	143,642	(144)	143,498
Lease financing and similar agreements	10,397	662	11,059
Treasury notes and similar securities	31,662	–	31,662
Bonds and other debt securities	57,937	6	57,943
Shares and other equity securities	40,570	94	40,664
Investments of insurance companies		28,324	28,324
Affiliates and other long-term securities	3,773	(66)	3,707
Investments in subsidiaries and affiliates accounted for by the equity method	1,265	(688)	577
Tangible and intangible fixed assets	3,856	27	3,883
Goodwill	451	1	452
Accruals, other accounts receivable and other assets	51,106	926	52,032
Total	406,541	29,004	435,545
Liabilities			
Due to central banks and post office accounts	451	–	451
Due to banks	87,279	325	87,604
Customer deposits	157,841	(1,059)	156,782
Liabilities in the form of securities issued	45,353	1,069	46,422
Technical provision of insurance companies		27,847	27,847
Accruals, other accounts payable and other liabilities	90,725	732	91,457
Negative goodwill	49	–	49
Allowances for general risks and commitments	2,124	71	2,195
Subordinated debt	8,552	16	8,568
Fund for general banking risks	366	–	366
Preferred securities	796	–	796
Minority interests	1,101	3	1,104
Shareholders' equity			
Common stock	522	–	522
Additional paid-in capital	3,263	–	3,263
Treasury stock	(476)	–	(476)
Retained earnings	6,273	–	6,273
Net income including the impact of SG Paribas operation	2,322	–	2,322
Sub-total	11,904	–	11,904
Total	406,541	29,004	435,545

Off-balance sheet items

<i>(in millions of euros at December 31)</i>	December 31, 1999		
	Published amounts	Restatements	Restated amounts
Loan commitments granted	85,862	823	86,685
Guarantee commitments received	7,515	1	7,516
Guarantee commitments granted	35,825	240	36,065
Guarantee commitments received	15,900	–	15,900
Commitments made on securities	6,869	–	6,869
Commitments received on securities	10,700	–	10,700
Foreign exchange transactions (off-balance sheet assets)	271,713	–	271,713
Foreign exchange transactions (off-balance sheet liabilities)	269,467	–	269,467
Forward financial instrument commitments	4,899,729	2,576	4,902,305
Commitments made by insurance companies		231	231
Commitments received related by insurance companies		73	73

Consolidated statements of income

<i>(in millions of euros at December 31)</i>	December 31, 1999		
	Published amounts	Restatements	Restated amounts
Net banking income	11,091	318	11,409
Gross operating income	3,080	45	3,125
Operating income	2,307	95	2,402
Operating income before tax	3,297	105	3,402
Net income before minority interests and impact of SG Paribas operation	2,072	(6)	2,066
Net income before impact of SG Paribas operation	1,980	–	1,980
Recoveries of allowances on SG Paribas after deduction of related cost	342	–	342
Net income after impact of SG Paribas operation	2,322	–	2,322

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Note 42

Companies included in the consolidation scope

at december 31	Country	Method	Group		Group	
			ownership interest		voting interest	
			2001	2000	2001	2000
			FULL: full consolidation		PROP: proportionate consolidation	
EQUITY: equity method		2001	2000	2001	2000	
FRANCE						
Banks						
Banque de Polynésie	France	FULL	80.00	80.00	80.00	80.00
Barep	France	FULL	100.00	100.00	100.00	100.00
Calif	France	FULL	100.00	100.00	100.00	100.00
Crédit du Nord ⁽¹⁾	France	FULL	80.00	80.00	80.00	80.00
Génébanque	France	FULL	100.00	100.00	100.00	100.00
SG Calédonienne de Banque	France	FULL	100.00	100.00	100.00	100.00
SG de Banque aux Antilles	France	FULL	100.00	100.00	100.00	100.00
Sogéparticipations (ex-Sogéнал) ^{(1) (7)}	France	FULL	100.00	100.00	100.00	100.00
Financial companies						
Barep Gestion	France	FULL	100.00	100.00	100.00	100.00
IEC	France	FULL	100.00	100.00	100.00	100.00
Euro VL ⁽²⁾	France	FULL	100.00	–	100.00	–
Lyxor Asset Management ⁽²⁾	France	FULL	100.00	–	100.00	–
SG Asset Management	France	FULL	100.00	100.00	100.00	100.00
SG Structured Asset Management	France	FULL	99.99	99.99	99.99	99.99
SGAM Finance	France	FULL	100.00	100.00	100.00	100.00
SGOP	France	FULL	100.00	100.00	100.00	100.00
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
Cofranteg	France	FULL	100.00	100.00	100.00	100.00
Compagnie Générale de Location d'Équipements ⁽¹⁾	France	FULL	84.57	84.57	84.57	84.57
Dalarec ⁽²⁾	France	FULL	100.00	–	100.00	–
DC2L ⁽³⁾	France	FULL	–	100.00	–	100.00
Diebold Computer Leasing	France	FULL	100.00	100.00	100.00	100.00
FCC ELEC	France	FULL	100.00	100.00	100.00	100.00
Fenwick Lease ⁽⁴⁾	France	PROP	49.41	49.41	49.41	49.41
Franfinance ⁽¹⁾	France	FULL	99.99	99.99	99.99	99.99
Franfinance Location	France	FULL	99.99	99.99	100.00	100.00
Génécal	France	FULL	61.78	64.35	61.35	63.94
Génécomi	France	FULL	72.43	72.43	72.43	72.43
Interleasing France (groupe GEFA-ALD) ⁽²⁾	France	FULL	88.73	–	100.00	–
Orpavimob SA ⁽²⁾	France	FULL	100.00	–	100.00	–
SCP Clémence	France	FULL	90.00	90.00	90.00	90.00
SCP Cygne	France	FULL	100.00	90.00	100.00	90.00
SCP de la Prose	France	FULL	90.00	90.00	90.00	90.00
SCP Muscade	France	FULL	90.00	90.00	90.00	90.00
SCP Philibert	France	FULL	90.00	90.00	90.00	90.00
SCP Salomé	France	FULL	100.00	100.00	100.00	100.00
SG Services ⁽²⁾	France	FULL	100.00	–	100.00	–
SNC Cofininvest ⁽²⁾	France	FULL	100.00	–	100.00	–
SNC Distinvest ⁽²⁾	France	FULL	100.00	–	100.00	–
SNC Paris Strasbourg ⁽²⁾	France	FULL	100.00	–	100.00	–
SNC Financières Valmy Investissements ⁽²⁾	France	FULL	100.00	–	100.00	–
Sofinabail	France	FULL	100.00	100.00	100.00	100.00
Sofinauto	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	60.00	100.00	60.00
Sogéfimur	France	FULL	100.00	100.00	100.00	100.00
Sogéfinancement	France	FULL	100.00	100.00	100.00	100.00

Companies included in the consolidation scope

at december 31	Country	Method	Group		Group	
			ownership interest		voting interest	
			FULL: full consolidation		PROP: proportionate consolidation	
			EQUITY: equity method	2001	2000	2001
Sogéfinerg	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	60.00	100.00	60.00
Temsys ⁽¹⁾	France	FULL	100.00	100.00	100.00	100.00
Portfolio management						
Aurelec	France	FULL	100.00	100.00	100.00	100.00
Cofragir	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
Fonvalor	France	FULL	50.01	50.01	50.01	50.01
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
Salvépar ⁽¹⁾	France	FULL	51.42	51.42	51.42	51.42
SCA Valides	France	FULL	100.00	100.00	100.00	100.00
SCI Foncière Défense	France	FULL	99.99	99.99	100.00	100.00
SG Capital Développement	France	FULL	100.00	100.00	100.00	100.00
SGOP Holding	France	FULL	100.00	100.00	100.00	100.00
SHTV Holding	France	FULL	100.00	100.00	100.00	100.00
SIFA	France	EQUITY	47.07	47.07	47.07	47.07
Sivalparts	France	FULL	100.00	100.00	100.00	100.00
Sogéfim	France	FULL	100.00	100.00	100.00	100.00
Sogéparts	France	FULL	100.00	100.00	100.00	100.00
Sogéplus	France	FULL	100.00	100.00	100.00	100.00
Soginnove	France	FULL	100.00	100.00	100.00	100.00
Sté Rue Edouard-VII	France	FULL	99.91	99.91	99.91	99.91
Valminco	France	FULL	100.00	100.00	100.00	100.00
Vouric	France	FULL	100.00	100.00	100.00	100.00
Brokers						
Fimat Banque	France	FULL	100.00	100.00	100.00	100.00
Fimat SNC	France	FULL	100.00	100.00	100.00	100.00
Fimatex	France	FULL	77.50	75.08	77.50	75.08
SG Énergie ⁽¹⁾	France	FULL	100.00	100.00	100.00	100.00
Gaselys ⁽²⁾	France	PROP	49.00	-	49.00	-
Nabab ⁽²⁾	France	FULL	100.00	-	100.00	-
Clickoptions ⁽²⁾	France	FULL	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) (2)}	France	FULL	94.79	-	94.79	-
Crédit Immobilier Général	France	FULL	100.00	100.00	100.00	100.00
Galybet ⁽²⁾	France	FULL	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
Partifa ⁽³⁾	France	FULL	-	100.00	-	100.00
Patriges Grace Church	France	FULL	100.00	100.00	100.00	100.00
SCA Paris-Trocadéro	France	FULL	100.00	100.00	100.00	100.00
SFCC	France	FULL	99.99	99.99	99.99	99.99

Consolidated financial statements

Companies included in the consolidation scope

at december 31	Country	Method	Group		Group			
			ownership interest		voting interest			
			FULL: full consolidation		2001	2000	2001	2000
			PROP: proportionate consolidation		EQUITY: equity method			
Société Foncière Les Miroirs ⁽³⁾	France	FULL	–	100.00	–	100.00		
Sogébaïl	France	FULL	48.14	49.81	57.44	63.07		
Sogéprom ⁽¹⁾	France	FULL	68.29	100.00	60.00	100.00		
Sophia ⁽¹⁾	France	EQUITY	27.63	28.18	29.37	28.18		
Sophia-bail	France	FULL	64.54	64.81	51.00	51.00		
Services								
CGA	France	FULL	100.00	100.00	100.00	100.00		
ECS ⁽¹⁾	France	FULL	100.00	100.00	100.00	100.00		
Parel	France	FULL	100.00	100.00	100.00	100.00		
Socogéfi	France	FULL	100.00	100.00	100.00	100.00		
Group real estate management companies								
CFM	France	FULL	100.00	100.00	100.00	100.00		
Eléaparts	France	FULL	100.00	100.00	100.00	100.00		
Génégis 1	France	FULL	100.00	100.00	100.00	100.00		
Génégis 2	France	FULL	100.00	100.00	100.00	100.00		
Génévalmy	France	FULL	100.00	100.00	100.00	100.00		
SC Alicante 2000	France	FULL	71.52	71.52	100.00	100.00		
SC Chassagne 2000	France	FULL	71.52	71.52	100.00	100.00		
SCI Opéra 72	France	FULL	99.99	99.99	100.00	100.00		
SI 29 Haussmann	France	FULL	100.00	100.00	100.00	100.00		
Sogé Colline Sud	France	FULL	100.00	100.00	100.00	100.00		
Sogé Périval 1	France	FULL	100.00	100.00	100.00	100.00		
Sogé Périval 2	France	FULL	100.00	100.00	100.00	100.00		
Sogé Périval 3	France	FULL	100.00	100.00	100.00	100.00		
Sogé Périval 4	France	FULL	100.00	100.00	100.00	100.00		
Sogéfontenay	France	FULL	100.00	100.00	100.00	100.00		
Soginfo	France	FULL	100.00	100.00	100.00	100.00		
STIP	France	FULL	99.99	99.99	100.00	100.00		
Valminvest	France	FULL	100.00	100.00	100.00	100.00		
Insurance								
Génécar	France	FULL	100.00	100.00	100.00	100.00		
Sogécap	France	FULL	100.00	100.00	100.00	100.00		
Sogessur	France	FULL	65.00	65.00	65.00	65.00		
EUROPE								
Banks								
Banca Ljubljana ⁽⁹⁾	Slovenia	FULL	–	100.00	–	100.00		
Banca Romana Pentru Devzvoltare ⁽¹⁾	Rumania	FULL	51.00	51.00	51.00	51.00		
Komerčni Banka ^{(1) (2)}	Czech Republic	FULL	60.00	–	60.00	–		
Rüegg Bank ⁽⁵⁾	Switzerland	FULL	100.00	–	100.00	–		
SG Bank Nederland NV	Netherlands	FULL	100.00	100.00	100.00	100.00		
SG Express Bank	Bulgaria	FULL	97.95	97.95	97.95	97.95		
SG Hambros Bank Limited ⁽¹⁾	Great Britain	FULL	100.00	100.00	100.00	100.00		
SG Hungaria Bank RT	Hungary	FULL	100.00	100.00	100.00	100.00		
SG Vostok	Russia	FULL	100.00	100.00	100.00	100.00		
SGBT Luxembourg	Luxembourg	FULL	100.00	100.00	100.00	100.00		
SGBT Monaco ⁽⁵⁾	Monaco	FULL	100.00	–	100.00	–		
SKB Banka ^{(1) (2)}	Slovenia	FULL	97.82	–	97.82	–		
Société Générale Cyprus Ltd.	Cyprus	FULL	51.00	51.00	51.00	51.00		
Sogéparticipations Belgique ^{(1) (2)}	Belgium	FULL	100.00	–	100.00	–		

Companies included in the consolidation scope

at december 31	Country	Method	Group		Group	
			ownership interest		voting interest	
			FULL: full consolidation		PROP: proportionate consolidation	
			EQUITY: equity method		2001	2000
Financial companies						
Bettina ⁽³⁾	Germany	FULL	–	100.00	–	100.00
SG Wertpapierhandelsgesellschaft MbH (ex-BSI Beteiligung) ⁽²⁾	Germany	FULL	100.00	–	100.00	–
Horizon Equity Sarl ^{(1) (2)}	Luxembourg	FULL	100.00	–	100.00	–
Intersoge	Switzerland	FULL	100.00	100.00	100.00	100.00
Nofirec ⁽¹⁾	Ireland	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	70.00	100.00	70.00
SG Effekten	Germany	FULL	100.00	100.00	100.00	100.00
SG Finance Ireland	Ireland	FULL	100.00	100.00	100.00	100.00
SG Financial Product Cyprus	Cyprus	FULL	100.00	100.00	100.00	100.00
SG Investment UK Ltd. ⁽¹⁾	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Russel Asset Management	Ireland	PROP	50.00	50.00	50.00	50.00
SG Securities London	Great Britain	FULL	100.00	100.00	100.00	100.00
SG Securities Madrid	Spain	FULL	100.00	100.00	100.00	100.00
Sogen Finance Luxembourg ⁽³⁾	Luxembourg	FULL	–	100.00	–	100.00
Specialist financing						
Adria Leasing Spa (GEFA-ALD Group) ⁽²⁾	Italy	FULL	100.00	–	100.00	–
ALD Autoleasing Gmbh (GEFA-ALD Group) ⁽²⁾	Germany	FULL	88.73	–	88.73	–
ALD Automotive Group PLC (ex-Group BCH) (GEFA-ALD Group) ^{(1) (2)}	Great Britain	FULL	100.00	–	100.00	–
DB Carplan (GEFA-ALD Group) ⁽²⁾	Spain	FULL	100.00	–	100.00	–
DB Factoring Spa (GEFA-ALD Group) ⁽²⁾	Italy	FULL	100.00	–	100.00	–
DB Leasing Spa (GEFA-ALD Group) ⁽²⁾	Italy	FULL	100.00	–	100.00	–
Deufin Beteiligungsgesellschaft MbH (GEFA-ALD Group) ⁽²⁾	Germany	FULL	100.00	–	100.00	–
DFS Czech Republik Sro (GEFA-ALD Group) ⁽²⁾	Czech Republic	FULL	100.00	–	100.00	–
Fiditalia Spa ^{(1) (4)}	Italy	FULL	100.00	50.00	100.00	50.00
Fraer Leasing Spa (GEFA-ALD Group) ⁽²⁾	Italy	FULL	67.75	–	67.75	–
Gefa Gesellschaft Abstatzfinanzierung (GEFA-ALD Group) ⁽²⁾	Germany	FULL	100.00	–	100.00	–
Gefa Leasing GmbH (GEFA-ALD Group) ⁽²⁾	Germany	FULL	100.00	–	100.00	–
Sogelease BV Nederland	Netherlands	FULL	100.00	100.00	100.00	100.00
Sogelease Deutschland ⁽³⁾	Germany	FULL	–	100.00	–	100.00
Sogelease Italia	Italy	FULL	100.00	99.88	100.00	100.00
Sogelease Leasing ⁽³⁾	Austria	FULL	–	100.00	–	100.00
Sogen Finanziaria Spa ⁽³⁾	Italy	FULL	–	97.83	–	100.00
Brokers						
Clickborsa Sim Spa ⁽²⁾	Italy	FULL	100.00	–	100.00	–
Fimat Switzerland AG	Switzerland	FULL	100.00	100.00	100.00	100.00
Real estate						
Realia ⁽³⁾	Belgium	FULL	–	100.00	–	100.00
Insurance						
Généras (4)	Luxembourg	FULL	100.00	100.00	100.00	100.00
Inora Life (2)	Ireland	FULL	100.00	–	100.00	–
Meteo Transformer (2)	Jersey	PROP	50.00	–	50.00	–
Sogelife	Luxembourg	FULL	100.00	100.00	100.00	100.00

Consolidated financial statements

Companies included in the consolidation scope

at december 31	Country	Method	Group		Group	
			ownership interest		voting interest	
			2001	2000	2001	2000
			FULL: full consolidation		PROP: proportionate consolidation	
EQUITY: equity method						
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	51.00	54.33	51.00
SG Banque au Liban ⁽¹⁾	Lebanon	FULL	50.00	50.00	50.00	50.00
SG Banque en Guinée	Guinea	FULL	52.94	47.94	52.94	47.94
SG Banques au Sénégal	Senegal	FULL	57.72	52.15	57.72	52.15
SG Banques en Côte-d'Ivoire ⁽¹⁾	Ivory Coast	FULL	56.63	54.77	56.63	54.77
SG Marocaine de Banques	Morocco	FULL	51.91	51.91	51.91	51.91
SGB Cameroun	Cameroun	FULL	43.42	43.42	43.42	43.42
United Arab Bank	United Arab Emirates	EQUITY	20.00	20.00	20.00	20.00
Specialist financing						
Sogelease Maroc	Morocco	FULL	71.15	71.15	100.00	100.00
Insurance						
La Marocaine Vie ⁽²⁾	Morocco	FULL	52.46	–	60.74	–
THE AMERICAS						
Banks						
Banco Société Générale SA (ex-Banco Supervielle)	Argentina	FULL	99.25	98.80	99.26	98.82
Banco Société Générale Brazil SA (ex-Banco Sogéral) ⁽¹⁾	Brazil	FULL	100.00	100.00	100.00	100.00
SG Canada ⁽¹⁾	Canada	FULL	100.00	100.00	100.00	100.00
SG Cowen Securities Corporation ⁽⁸⁾	United States	FULL	–	100.00	–	100.00
Sogener ⁽³⁾	Brazil	FULL	–	100.00	–	100.00
Financial companies						
SG Americas Inc. ^{(1) (8)}	United States	FULL	100.00	100.00	100.00	100.00
SG Capital Trust	United States	FULL	100.00	100.00	100.00	100.00
SG Cowen Asset Management	United States	FULL	100.00	100.00	100.00	100.00
SG Holdings Inc. ⁽⁸⁾	United States	FULL	–	100.00	–	100.00
SG Preferred Capital LLC	United States	FULL	100.00	100.00	100.00	100.00
SG Warrants Limited ⁽²⁾	United States	FULL	100.00	–	100.00	–
SocGen Real Estate Company LLC	United States	FULL	50.31	50.31	100.00	100.00
Société Générale North America Inc.	United States	FULL	100.00	100.00	100.00	100.00
TCW Group ^{(1) (2)}	United States	FULL	52.33	–	52.48	–
Brokers						
Fimat Derivatives Canada Inc.	Canada	FULL	100.00	100.00	100.00	100.00
Fimat USA Inc.	United States	FULL	100.00	100.00	100.00	100.00
Specialist financing						
Société Générale Financial Corporation ^{(1) (8)}	United States	FULL	–	100.00	–	100.00
Surzur Overseas Ltd.	Cayman Islands	FULL	100.00	100.00	100.00	100.00
Portfolio management						
Sofital	Argentina	FULL	99.90	99.90	100.00	100.00

Companies included in the consolidation scope

at december 31	Country	Method	Group		Group	
			ownership interest		voting interest	
			2001		2000	
			2001	2000	2001	2000
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 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 Yamaïchi Asset Management Singapore ⁽⁶⁾	Singapore	FULL	95.75	–	100.00	–
SG Yamaïchi 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	39.77	39.77	40.68	42.19
Specialist financing						
Sogelease Japan ⁽³⁾	Japan	FULL	–	100.00	–	100.00
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
SG Asia Investment Ltd. ⁽³⁾	Hong-Kong	EQUITY	–	100.00	–	100.00
SG Thailand Holding Ltd. ⁽³⁾	Hong-Kong	EQUITY	–	100.00	–	100.00
Thai Franco Enterprise Cy Ltd. ⁽³⁾	Thailand	EQUITY	–	49.00	–	82.50
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

(1) And its subsidiaries.

(2) Consolidated in 2001.

(3) No longer consolidated in 2001.

(4) New consolidation method.

(5) Ruegg Bank and SGBT Monaco were formerly sub-consolidated within SGBT Luxembourg.

(6) SG Yamaïchi Asset Management Singapore was formerly sub-consolidated within SG Yamaïchi Asset Management Tokyo.

(7) After transferring its banking activities to Société Générale, Sogénéral changes its corporate name into Sogéparticipations.

(8) Since September 30th 2001 SG Cowen, SG Holdings and SG Financial Corporation have been sub-consolidated within SG Americas Inc.

(9) Merger within SKB Banka during the fourth quarter 2001.

Report of the statutory auditors on the consolidated accounts

(Free translation of the French original)

For the year ended december 31, 2001

To the Shareholders of Société Générale,

In our capacity as statutory auditors, we have audited the accompanying consolidated accounts of Société Générale, presented in euros, in accordance with French accounting principles as of December 31, 2001.

These consolidated accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with French professional standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated account presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts present fairly, in all material respects, the financial position of the Group as of

December 31, 2001 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 notes 1 and 15 of the Notes of the consolidated accounts with respect to the change in the accounting principles coming from the application of the new consolidation rules applicable to the companies ruled under the Insurance Code (*Code des Assurances*) and prescribed by regulation CRC-2000-05 of the French Accounting Committee (*Comité de la Réglementation comptable*).

We have also reviewed the information relating to the Group contained in the Board of Directors' report.

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

Neuilly-sur-Seine and Paris, March 6, 2002

The Statutory Auditors

BARBIER FRINAULT & AUTRES
ANDERSEN



Philippe Peuch-Lestrade



Isabelle Santenac

ERNST & YOUNG AUDIT



Christian Mouillon