



2005 REVIEW



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A journey into the heart of the Group

To highlight the diversity and dynamism of its workforce, the Group photographed and interviewed staff at 17 sites around the world between December 2005 and January 2006. The results of this project have been used to illustrate Société Générale's corporate publications.



■ In 2005, in order to strengthen its global image, the Group launched a new brand architecture. It has been applied to the main international business lines and to Financial Services and Retail Banking outside France. The French Networks are retaining their existing brand identities.

Profile

Société Générale is one of the leading financial services groups in the euro zone.

The Group now operates in 76 countries, employing over 103,000 staff from 114 nationalities, notably serving 19.2 million individual customers.

3 core businesses

Retail Banking and Financial Services

The Group has over 19 million individual customers in France and abroad.

Global Investment Management and Services

Société Générale ranks among the top tier of euro-zone banks with EUR 386 billion of assets under management and EUR 1,418 billion of assets under custody at December 31, 2005.

Corporate and Investment Banking

Société Générale Corporate and Investment Banking ranks among the European and global leaders in euro capital markets, derivatives and structured finance.

The Group's core values are **professionalism, team spirit and innovation.**

Société Générale is fully committed to sustainable development and is a component stock of the four main international sustainable development indexes.

A solid financial structure

The Group is rated AA- by Standard & Poor's, Aa2 by Moody's and AA- by Fitch.

No. 1

non-mutual retail banking group in France by net banking income and number of branches

(Source: Société Générale and companies)

3rd

largest corporate and investment bank in the euro zone by net banking income

(Source: Société Générale and companies)

4th

largest bank-owned asset manager in the euro zone, by assets under management

(Source: Société Générale and companies)

5th

largest banking group in the euro zone by market capitalization: **EUR 45.1 billion** at December 31, 2005

Interview with Daniel Bouton

/// Daniel Bouton
Chairman and Chief
Executive Officer



How did the Société Générale Group perform in 2005?

In 2005, the global economy grew at a healthy pace despite continuing tensions in the oil market. Inflation was kept in check and long-term interest rates remained low, creating ideal conditions for sustained economic expansion.

In Western European countries, economic growth was mediocre. However, equity markets proved bullish, reflecting the sound finances of European corporates.

This all had a highly positive effect on financial activities, pushing the cost of risk down even further over 2005 to an all-time low.

Against this backdrop, 2005 was an extremely good year for us: the Group performed exceptionally well, posting net income of EUR 4.4 billion, up 35.5% on 2004, and a very high after-tax return on equity (ROE) of 25.3%.

All the Group's core businesses contributed to these results: our designated growth drivers (Retail Banking outside France, Financial Services and Global Investment Management and Services) lived up to their potential, while our Corporate and Investment Banking division delivered an excellent performance; the French Networks also managed to expand their customer base

despite a challenging competitive environment and slower economic growth.


2005 was also a good year for the Société Générale share which gained 39.6% over the period, outperforming its peer group both over the short and long term.

How do you explain the rise in the share price? What were the main highlights of 2005 for Société Générale?

The strategy implemented since 1998, combined with the energy and creativity of our staff, have enabled the Société Générale Group to deliver year after year of profitable growth. The Group has more than doubled in size over the period, strengthening all its core businesses, building up major franchises based on solid expertise, and substantially extending its geographical coverage, all to the benefit of the client.

In 2005, we continued to carry this strategy forward: we managed our business mix and capital allocation actively; commercial activity was strong thanks to the drive and creativity of our teams; and we continued to make improvements in our cost-to-income ratio.

The growth drivers went ahead with a number of acquisitions in Central and Eastern Europe and the Mediterranean Basin. The consumer credit business increased



“The strategy implemented since 1998, combined with the energy and creativity of our staff, have enabled the Société Générale Group to deliver year after year of profitable growth.”

its geographical coverage, purchasing Hanseatic Bank in Germany, Eurobank in Poland, Finagen in Italy and Promekbank in Russia in order to complete its existing platform. The Retail Banking division also expanded in Russia, both organically through the opening of new branches, and with the acquisition of DeltaCredit Bank. On top of this, the Group strengthened its position in Egypt by acquiring MIBank, which has merged with the Group's existing Egyptian subsidiary to create one of the country's leading privately-owned banks.

In Asia, the success of our recent joint-ventures in asset management in China, Korea and India has prompted us to look for further projects that will enable us to take advantage of the region's dynamic growth.

Société Générale Securities Services (SGSS), created in 2004, has become Europe's number 3 securities custodian with the acquisition in 2006 of the securities services activities of Unicredito.

Our online savings business, Boursorama, also made a number of acquisitions, in keeping with its ambition to become a leading European player.

In Corporate and Investment Banking, we continued to strengthen our key centers of expertise, for example with the acquisition of Bank of America's structured products business.

From a commercial perspective, our teams showed remarkable dynamism in all the core businesses: Corporate and Investment Banking launched its TGV 2008 program, designed to carry through more than 30 development projects that will bring in new products, new geographical coverage, and new clients. The initial results can already be seen in the high level of client-driven revenues, which continue to account for two thirds of overall net banking income.

The French Networks managed to consolidate their market share despite increasing competition: 179,000 new accounts were opened, representing a rise of 44% on 2004, and 72 new outlets were added to the branch network. Our marketing campaigns targeted at young people and business customers also proved a great success.

In Retail Banking outside France, we now serve over 5.8 million customers in 27 countries, via a network of over 1,700 branches.

Lastly, we made further reductions in our cost-to-income ratio in 2005, thanks to a number of initiatives both within the individual businesses and at the Group level (notably IT infrastructure).



What can we expect from the Société Générale Group in the future?

Drawing on its dynamism and diversity, the Group will continue to roll out its strategy of profitable growth. It will look to realize the full potential of its core assets—its clients and staff—notably by developing the skills and talent of the latter and finding ways to share this expertise more broadly. We will step up the search for synergies between different geographical locations and businesses, in order to provide a better standard of service for our clients.

In parallel, we will continue to grow through a policy of selective acquisitions. Although competition for suitable targets is becoming increasingly tight, we will only consider opportunities that meet our strict strategic and financial criteria.

Given its solid financial structure, the Group has the means to achieve this growth and at the same time to pay out a substantial dividend to shareholders.

We will also maintain our firm focus on cost control and risk management. In risk management in particular, the Group is getting ready for the new Basel II capital adequacy framework: following on from the transition to International Financial Reporting Standards (IFRS) in 2005, the businesses and corporate departments are now working together to adapt their management to this new regulatory environment.

At the end of 2004 the Group signed the Charter of Diversity. Can you tell us more about this initiative?

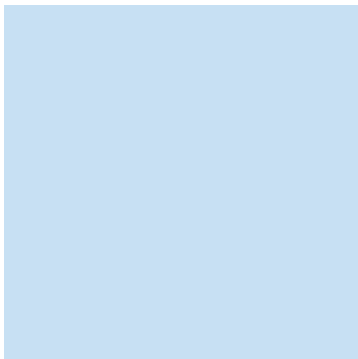
The Group owes its success first and foremost to its 103,000 staff. Our workforce has doubled in size since 1998, and now comprises 114 nationalities, working in 76 different countries in all the Group's businesses.

Diversity is an integral part of our culture. Our success depends on our ability to satisfy our customers and live up to their expectations, which means we need to be creative at all times and keep one step ahead of the competition. Given these demands, the Group regards its diversity as a major asset, a key feature that we seek to cultivate by recruiting a broad range of profiles and developing the skills of our staff through job training and mobility.

The Group's current recruitment policy illustrates its dynamism and also helps to foster this element of diversity: in 2005, we took on over 10,500 staff, including 4,300 in France, of whom 3,018 joined the Retail Banking division. The profiles of these new recruits vary widely, both in terms of age, qualification levels and professional background. Société Générale is generally regarded as a highly attractive employer, and one of the best groups to work for in France.

In addition, 60,000 of our staff hold Société Générale shares, giving them a direct stake in the performance of their Company. In 2005, the Group carried out its 18th capital increase reserved for employees, attracting total investments of EUR 350 million. At the end of 2005, staff owned 7.56% of the Group's capital, or EUR 3.4 billion.

This diversity is genuinely positive for the Group as our staff all have a strong sense of cohesion, underpinned by shared values of innovation, professionalism and team spirit. To make our diversity as creative as possible and drive our future growth, we recently set up a Forum, which brings together 250 management executives from different businesses in the Group, representing 20 different nationalities and working at 40 sites around the globe.



Société Générale Group main activities

Simplified organizational chart at December 31, 2005

Société Générale Group								
RETAIL BANKING AND FINANCIAL SERVICES				GLOBAL INVESTMENT MANAGEMENT AND SERVICES		CORPORATE AND INVESTMENT BANKING		
RETAIL BANKING		FINANCIAL SERVICES	ASSET MANAGEMENT	PRIVATE BANKING	SECURITIES SERVICES AND ONLINE SAVINGS			
FRANCE	Société Générale* Groupe Crédit du Nord 80% Compagnie Générale d'Affacturage 100% Sogéfinur 100% Sogéfinancement 100%	Sogelease France 100% Sogébaill 46% Groupama Banque 40% SG Capital Développement 100%	Franfinance Group 100% CGI Group 100% ECS Group 100% Sogécap 100% Sogessur 65% (2) Temsys 100%	SG Asset Management Group (SGAM) 100% Banque de Récompte et de Placement (BAREP) 100% BAREP Asset Management 100%	Société Générale* Société Générale* FIMAT Banque 100% Parel 100% Boursorama Group 71% Euro VL 98% (2)	Société Générale* Généfimm 100% CALIF 100% Généfim 100% SG Securities (Paris) SAS 100% Sogéprom 100% SG Option Europe 100% Lyxor Asset Management 100% Gaselys 49%		
	Banque de Polynésie 72% Société Générale Calédonienne de Banque 90% Banque Française Commerciale "Océan Indien" 50% SG de Banque aux Antilles 100%							
EUROPE	SKB Banka - Slovenia 100% BRD - Groupe SG Roumanie 58% SG Express Bank - Bulgarie 98% Komerčni Banka A.S. (KB) - Czech Republic 60% General Bank of Greece - Greece 52%	Banque SG Vostok - Russia 100% SG Yugoslav Bank - Serbia 100% Podgoricka Banka - Serbia & Montenegro 74% Delta Credit - Russia 100%	ALD International Group 100% GEFA Group Germany 100% Fiditalia SPA - Italy 100% SG Equipment Finance 100% Eurobank - Poland 99% Rusfinance - Russia 100% Hanseatic Bank - Germany 75% SG Consumer Finance Group 100%	SGAM Group Ltd - United Kingdom 100% SG Russell Asset Management - Ireland 50%	Société Générale Bank and Trust - Luxembourg 100% SG Private Banking (Suisse) SA 78% (1) (2) SG Banque de Maerelaere Belgium 96% (2) Société Générale Hambros Bank & Trust Ltd - United Kingdom 100% SGBT Monaco 100% (1)	FIMAT Frankfurt branch 100% FIMAT Banque UK 100% FIMAT Madrid branch 100%	Société Générale* Branches in: Milan - Italy Frankfurt - Germany Madrid - Spain London - United Kingdom	
AMERICAS			TCW Group Inc - United States 74% (2) SGAM Inc - United States 100%		FIMAT USA 100% FIMAT Canada Inc 100%	SG Americas, Inc. - United States 100% SG Cowen & Co, LLC - United States 100% SG Americas Securities, LLC United States 100%	SG Canada 100% Banco SG Brasil SA 100% Société Générale* Branch in: New York - United States	
MIDDLE-EAST & AFRICA	SG Marocaine de Banques 52% SG de Banques en Côte d'Ivoire 68% UIB Tunisia 52% SG de Banques au Cameroun 58% SG de Banque au Liban 50% National Société Générale Bank - Egypt 78%	SG - SSB Ltd - Ghana 51% Sogelease Maroc 100% BFV SG Madagascar 70% SG de Banques au Sénégal 58% SG Algérie 100% MIBank - Egypt 91%	Egdom - Morocco 54% La Marocaine Vie 87%					
ASIA AUSTRALIA			SGAM - Japan 100% SGAM - Singapore 100% IBK-SGAM - Korea 50%	SG Private Banking (Japan) Ltd 100%	FIMAT Singapore Pte Ltd 100% FIMAT Hong Kong 100% FIMAT Sydney branch 100%	SG Securities Asia International Holdings Ltd (Hong Kong) 100% SG Australia Holding Ltd 100% Société Générale* Branches in: Singapore Tokyo - Japan Hong Kong Sydney (Australia Branch)		

(1) Subsidiary of SGBT Luxembourg.

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

* Parent company.

Notes: - The percentages given indicate the share of capital held by the Société Générale Group.
- Groups are listed under the geographical region where they carry out their principal activities.

A profitable growth strategy

The strategy implemented by the Société Générale Group since the end of the 1990s has enabled it to combine strong growth with high profitability. Indeed, the changes made to the bank's business mix in a bid to optimize its risk/return ratio have resulted in its heightened exposure in Retail Banking and Financial Services and in Global Investment Management and Services. Today, the Group fully intends to build on the newfound weighting of its different business lines and pursue their long-term growth.

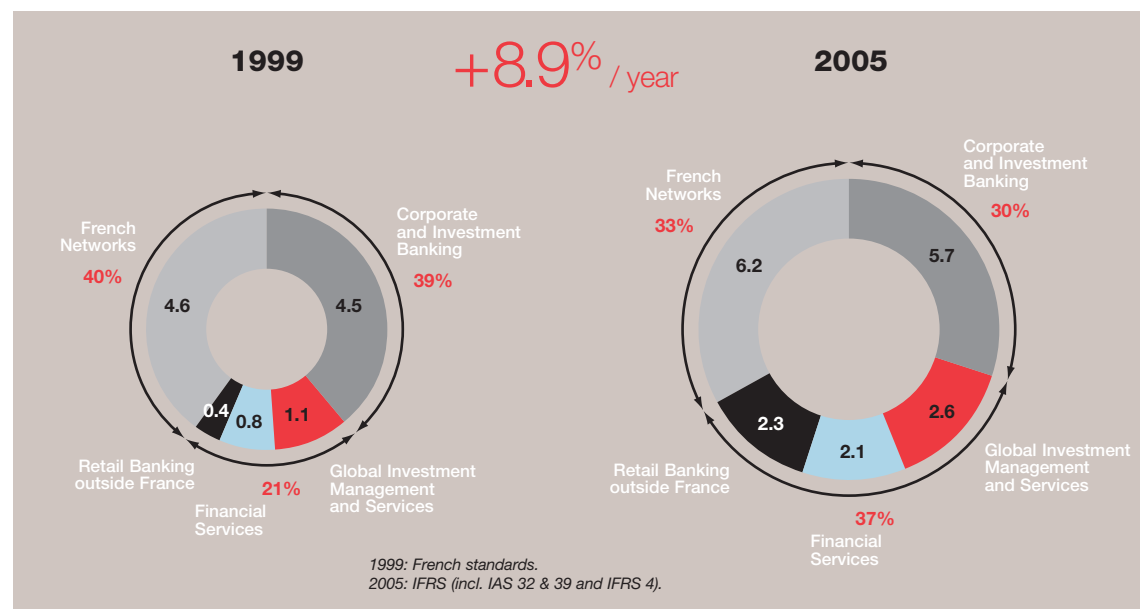
The underlying trends that shape the global economy and financial services industry are also what shape the development strategies of each of the Group's business lines, thus ensuring they are perfectly placed to best seize on long-term growth opportunities. The businesses will continue to develop at a rapid pace, through the organic transfer of expertise, partnerships or acquisitions where opportunities fit with the Group's strict criteria for value creation.

The French Networks, Société Générale and Crédit du Nord all boast steady growth in their respective businesses – a gauge of the quality of the products and

services they have to offer, of an attractive pricing policy that has been carefully tailored to the target customer segments and of the strong appeal of the Group's different brands. Moreover, this growth should continue to thrive on the back of a modern, efficient multi-channel banking platform and the current overhaul of the different support functions. All of which will contribute to an improvement in the quality of the services we deliver, in customer satisfaction and in the efficiency of our sales teams.

The growth strategy for the Retail Banking outside France division consists in the adaptation of our domestic retail banking expertise to other foreign countries. Through a combination of organic growth and acquisitions, the division is building up a position as a universal bank offering products and services that are suited to a broad base of individual and business customers alike. The Group already enjoys leading positions in Central and Eastern Europe and the Mediterranean Basin and intends to pursue its development in these regions as well as in Asia.

Net banking income of the core businesses (in billions of euros)



In the space of just a few years, Société Générale's **Financial Services** division has become one of the leading European players in business finance and services thanks to its European platforms (SG Equipment Finance, ALD Automotive and ECS) whose comprehensive offering benefits from economies of scale and an unparalleled product/client expertise. In consumer credit, the Group's know-how in terms of scoring, marketing and recovery systems, and its strong capacity to adapt to the local characteristics of developing and emerging markets alike, will cement the development of this activity.

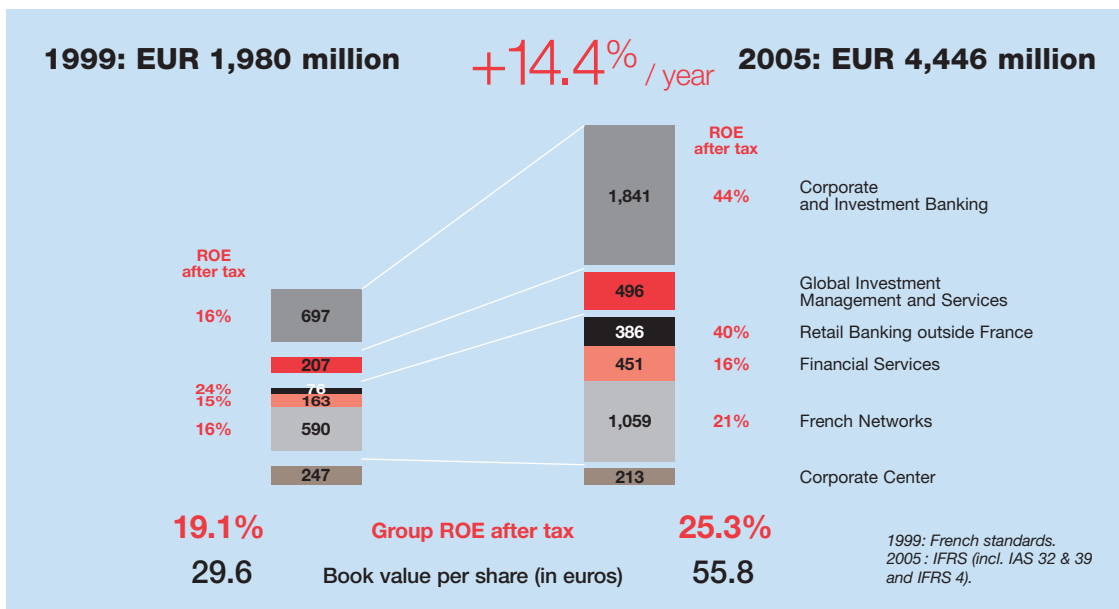
Having achieved critical mass, our Global Investment Management and Services division is expanding on both a European and global scale, capitalizing on a comprehensive offering whose high value-added is appreciated by both individual and institutional clients. Furthermore, the division will look to consolidate its positioning through an active growth policy on both a commercial (heightened development of cross-selling via new distribution partnerships) and industrial level, notably through timely and targeted acquisitions.

Société Générale's **Corporate and Investment Banking** arm is a global leader in derivatives and structured finance, and now ranks amongst the top players in euro capital markets. The division's strategy is to pursue its organic growth whilst strengthening and broadening its client base of corporates, financial institutions and institutional investors thanks to its innovative product expertise and a number of development initiatives.

Alongside these various development priorities, **the Group as a whole shall naturally continue to focus on cost control**. Indeed, the Group's policy is one of targeted investment to underpin the organic growth of its businesses whilst constantly looking to pinpoint and capitalize on the productivity gains to be drawn from restructuring (support functions of the Société Générale Network for example) and intra-group synergies (purchasing, IT systems, property, etc.).

Lastly, the optimization of the Group's risk/return ratio, well underway following the strategic realignment of the Group's business mix at the end of the 1990s, will benefit further from the Basel II reform.

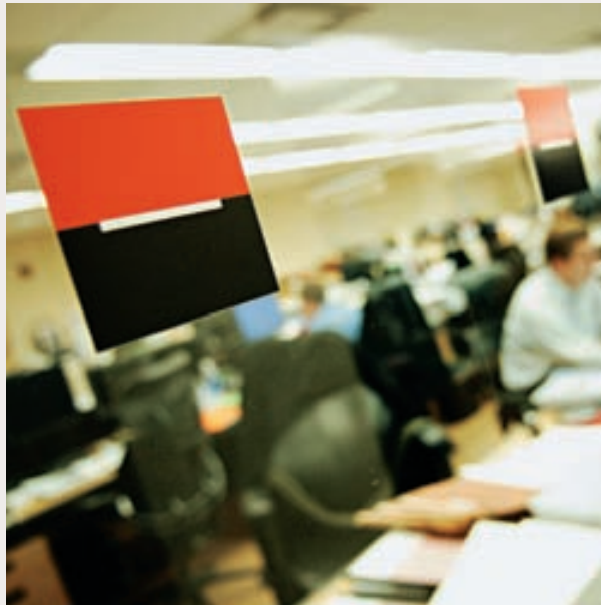
Net income (in millions of euros) and ROE (%) of the core businesses



Stock market capitalization

45.1

billion euros



Net banking income

19.2

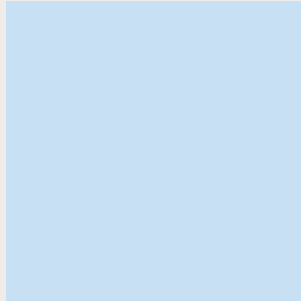
billion euros



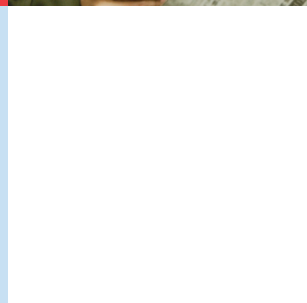
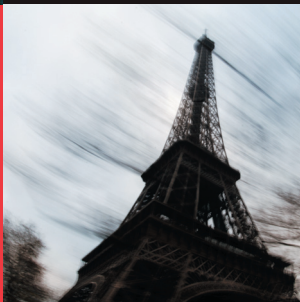
Net income

4.4

billion euros



ROBUST AND PROFITABLE GROWTH, YEAR AFTER YEAR





Hervé Jimblet
Branch Group Director,
Crédit du Nord,
Roubaix

THE KEY
FIGURES
AND RESULTS
PROVE THAT
WE BELONG
TO A SOLID GROUP
WITH A CREDIBLE
DEVELOPMENT
STRATEGY.
THIS YEAR'S
RESULTS
ARE EXCELLENT.





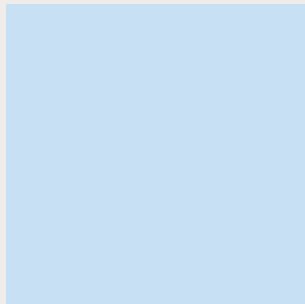
Abdelilah El Kabbaj
*Sales Manager for Moroccan
nationals resident in France,
Société Générale Marocaine de Banques,
Paris*

**WE JUST
KEEP
ON CREATING
AND MOVING
FORWARD.
SOCIETE
GENERALE
IS EXPANDING
ACROSS
THE WORLD
THROUGH
A POLICY OF
ACQUISITIONS.**





103,000
staff



76
countries



114
nationalities



2005 key figures

Very good performances from all the core businesses

Net income
4.4
billion euros
+35.5%

Operating income
6.6
billion euros
+37.9%

Group consolidated figures

	2005	2004	2003	2002	2001
Results (in millions of euros)					
Net banking income ⁽¹⁾	19,170	16,390	15,637	14,573	13,966
Operating income	6,566	4,760	3,843	2,746	2,703
Net income before minority interests	4,925	3,623	2,755	1,651	2,327
Net income ⁽²⁾	4,446	3,281	2,492	1,397	2,154
Retail Banking and Financial Services ⁽³⁾	1,896	1,576	1,377	1,243	1,142
Global Investment Management and Services ⁽³⁾	496	385	290	310	252
Corporate and Investment Banking	1,841	1,453	1,052	470	654
Corporate Center and other	213	(133)	(227)	(626)	106
Activity (in billions of euros)					
Total assets and liabilities ⁽⁴⁾	848.4	601.4	539.4	501.4	512.5
Customer loans ⁽⁴⁾	227.2	208.2	177.5	174.2	166.3
Customer deposits	222.5	213.4	160.2	152.8	150.5
Assets under management	386	315	284	269	297.7
Equity (in billions of euros)					
Group shareholders' equity	23.5	18.4	16.9	15.7	15.8
Total consolidated equity	27.7	20.5	21.3	19.5	19.9
Average headcount⁽⁵⁾	100,186	93,359	90,040	88,278	86,574

2001-2003: French standards.

2004: IFRS (excluding IAS 32 & 39 and IFRS 4) and after reclassification of Sogécap's capitalization reserve.

2005: IFRS (including IAS 32 & 39 and IFRS 4).

(1) 2001 and 2002 figures restated for operating expenses previously charged against net banking income, in accordance with 2004 methodology.

(2) 2002 and 2003 figures restated for internal transfer of activities.

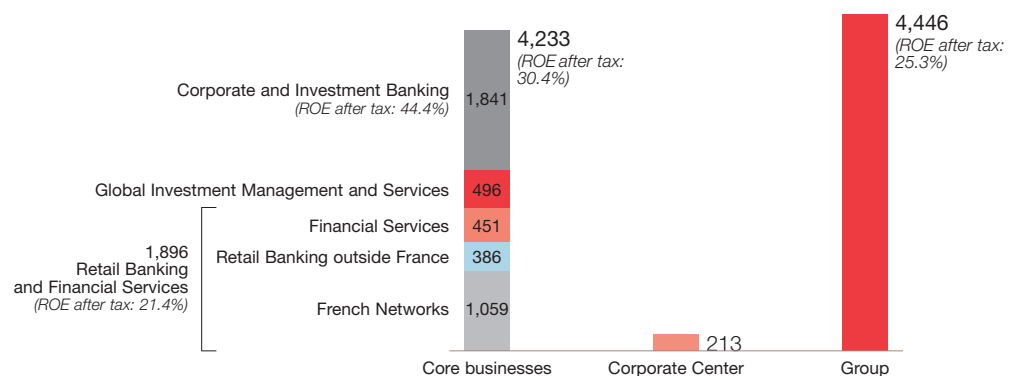
(3) 2001 and 2002 figures restated for internal changes made to the Group's structure in 2003.

(4) 2001 and 2002 figures restated in relation to the presentation used in 2001 and 2002 for annual reports.

(5) Including temporary staff.

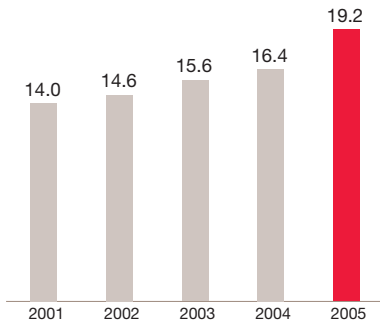
Contribution of core businesses to net income

In millions of euros



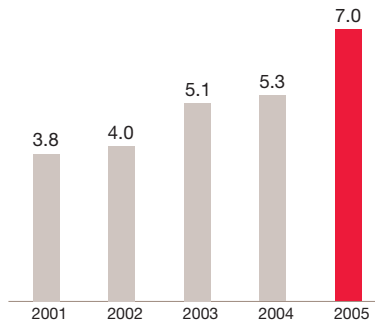
Net banking income

In billions of euros



Gross operating income

In billions of euros

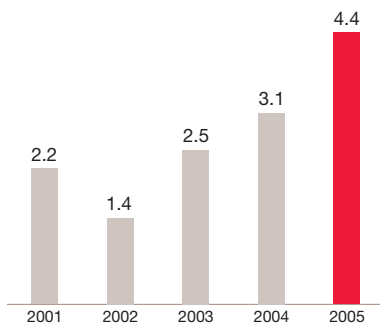


Growth
in results over
the medium term

Solid
fundamentals

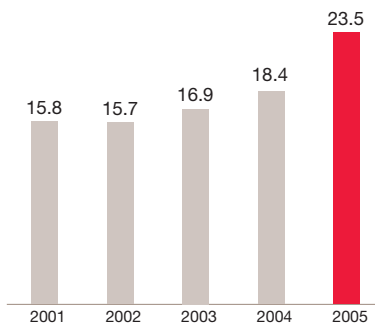
Net income

In billions of euros



Shareholders' equity

In billions of euros



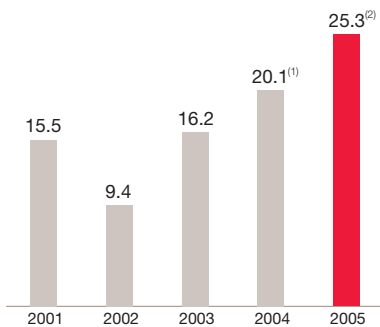
Sound Group
profitability

ROE after tax

25.3%

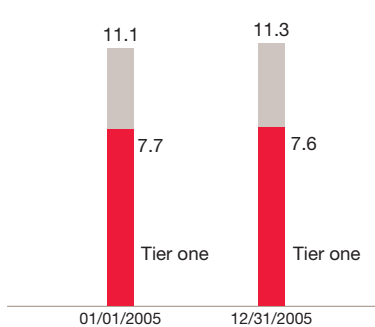
ROE after tax

In %



B.I.S. ratio

In %



2001-2003: French standards.

2004: IFRS (excluding IAS 32 & 39 and IFRS 4) and after reclassification of Sogécap's capitalization reserve.

2005: IFRS (including IAS 32 & 39 and IFRS 4).

(1) Group ROE calculated on the basis of average Group shareholders' equity under French standards.

(2) Group ROE calculated on the basis of average Group shareholders' equity under IFRS (including IAS 32 & 39 and IFRS 4), excluding unrealized capital losses and gains and deeply subordinated notes, and after deduction of interest to be paid to holders of deeply subordinated notes.



The Société Générale share

STOCK MARKET PERFORMANCE

Société Générale's share price rose by **39.6%** in 2005, closing at **EUR 103.90**. In comparison, the CAC 40 index gained **23.4%** and the Euro Stoxx Bank index rose by **26.5%** over this period.

At December 31, 2005, the Société Générale Group's stock market capitalization amounted to **EUR 45.1 billion**, which ranked it seventh among CAC 40 stocks (fifth largest stock in terms of free float) and fifth among euro-zone banks.

The market for the Group's shares remained highly liquid in 2005, with an average daily trading volume on the CAC 40 of EUR 148.5 million, representing a daily capital rotation rate of 0.39% (versus 0.41% in 2004). In value terms, Société Générale's shares were the sixth most actively traded in the CAC 40 index.

STOCK EXCHANGE LISTING

Société Générale's shares are listed on the Paris Bourse (deferred settlement market, continuous trading group A, ISIN code FR0000130809) and on the Tokyo stock exchange. They are also traded in the United States under an American Depositary Receipt (ADR) program.

STOCK MARKET INDEXES

The Société Générale share is a component stock of the CAC 40, STOXX 50, EURO STOXX 50, MSCI Europe, FTSE Eurotop, FTSE4GOOD and Dow Jones Sustainability Index World indexes.

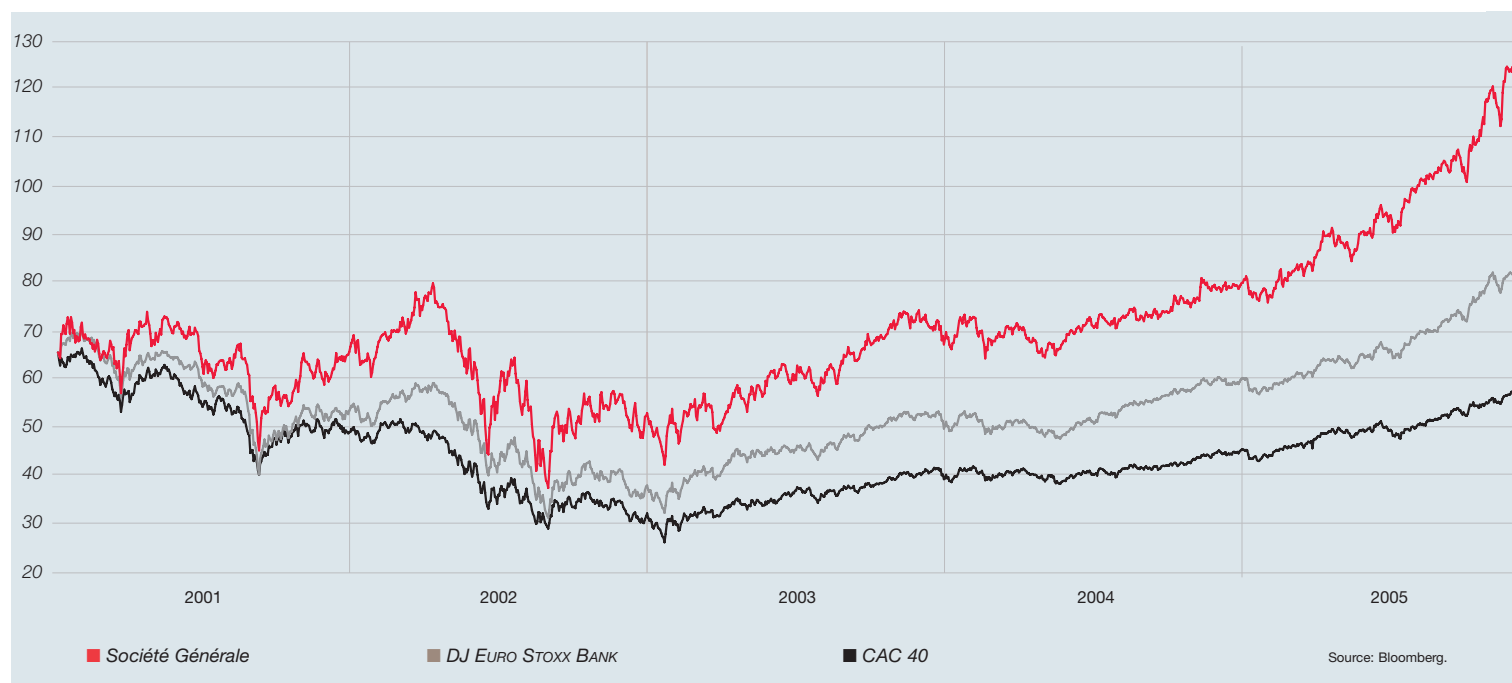
Stock market data

	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000
Common stock (number of outstanding shares)	434,288,181	445,153,159	438,434,749	430,170,265	431,538,522	423,248,418
Market capitalization (in billions of euros)	45.1	33.1	30.7	23.9	27.1	28.0
Earnings per share (in euros)	10.88	8.04	6.07	3.41	5.35	6.78
Book value per share at year-end (in euros)	55.8	45.5	41.0	38.4	38.6	34.4
Share price (in euros)	High	105.9	75.5	70.0	80.5	74.6
	Low	74.7	65.0	42.9	38.1	45.9
	Close	103.9	74.5	70.0	55.5	62.9
						66.2

2004: IFRS (excluding IAS 32 & 39 and IFRS 4); 2005: IFRS (including IAS 32 & 39 and IFRS 4).

Share performance vs. CAC 40⁽¹⁾ and DJ EURO STOXX BANK⁽¹⁾ indexes since December 31, 2000

(1) Base = Société Générale share price at Dec. 31, 2000.



Breakdown of capital and voting rights⁽¹⁾ over three years

	At December 31, 2005		At December 31, 2004		At December 31, 2003	
	% of capital	% of voting rights	% of capital	% of voting rights	% of capital	% of voting rights
Employees and former employees via the Group Employee Share Ownership plan	7.56	12.74	7.42	13.57	8.46	14.21
Groupama	3.05	5.61	2.97	2.92	3.02	2.89
Meiji Yasuda Life Insurance Cy	2.55	4.75	2.49	4.73	2.52	4.68
CDC ⁽²⁾	1.87	2.96	1.87	3.10	1.97	3.14
Fondazione CRT	1.70	1.58	1.66	1.63	1.68	1.61
Dexia	1.48	1.38	1.44	1.42	1.31	1.26
CNP	1.24	1.49	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾
Aviva	⁽³⁾	⁽³⁾	1.39	1.37	1.37	1.33
PSA	⁽³⁾	⁽³⁾	⁽²⁾	⁽²⁾	0.80	1.38
Free float	74.35	69.49	71.92	71.26	72.01	69.50
Buybacks	4.14	0.00	6.82	0.00	4.81	0.00
Treasury stock	2.07	0.00	2.02	0.00	2.05	0.00
Total	100.00	100.00	100.00	100.00	100.00	100.00
Number of outstanding shares	434,288,181	465,977,455	445,153,159	452,307,138	438,434,749	457,086,131

To the best of Société Générale's knowledge, no other shareholders hold more than 1% of the capital or voting rights (excluding undertakings for collective investment in transferable securities (UCITS).

(1) Including double voting rights (article 14 of Société Générale's by-laws). Since January 1, 1993, double voting rights have been allocated to shares registered in the name of the shareholder for two years.

(2) CDC (general section only), excluding CDC IXIS Capital Markets.

(3) Shareholders with less than 1% of the capital or voting rights.

TOTAL RETURN* FOR SHAREHOLDERS

The following table shows the overall return on investment for Société Générale shareholders over different time periods ending December 31, 2005. The figures are given as a cumulative total and an annualized average. For example, an investor holding Société Générale shares from December 31, 2000 to December 31, 2005 (i.e. over five years) would have obtained a cumulative total return* of 99% over the period, or an average of 14.8% per year.

COMMON STOCK

At December 31, 2005, the Group's common stock comprised 434 million shares with a nominal value of EUR 1.25 per share.

This decrease of 11 million in the number of outstanding shares during 2005 breaks down as follows:

- the issuance of 5.7 million shares subscribed by Group employees as part of the Global Employee Share Ownership plan;
- the exercise of stock options issued by the Company on 1.6 million shares;
- the cancellation of 11 million shares on February 9, 2005 and of 7.1 million on November 22, 2005.

Total return* for shareholders

Duration of shareholding	Date	Cumulative total return*	Annualized average total return*
Since privatization	Jul. 8, 1987	1,311%	15.4%
15 years	Dec. 31, 1990	1,244%	18.9%
10 years	Dec. 31, 1995	583%	21.2%
5 years	Dec. 31, 2000	99%	14.8%
4 years	Dec. 31, 2001	101%	19.0%
3 years	Dec. 31, 2002	118%	29.6%
2 years	Dec. 31, 2003	63%	27.7%
1 year	Dec. 31, 2004	45%	45.3%

Source: Datastream.

* Total return = capital gain + net dividend reinvested in shares

DIVIDEND HISTORY

Between 2000 and 2005, the dividend paid by the Société Générale Group rose by an average of 16.5% per year. The Group's aim is to achieve a payout ratio of close to 45%.

Dividend, payout ratio and yield

	2005	2004	2003	2002	2001	2000
Net dividend (in euros)	4.50 ⁽²⁾	3.30	2.50 ⁽¹⁾	2.10 ⁽¹⁾	2.10 ⁽¹⁾	2.10 ⁽¹⁾
Payout ratio (%) ⁽³⁾	41.4	41.0	41.2	61.6	39.3	31.0
Net yield (%) ⁽⁴⁾	4.3	4.4	3.6	3.8	3.3	3.2

2004: IFRS (excluding IAS 32 & 39 and IFRS 4); 2005: IFRS (including IAS 32 & 39 and IFRS 4).

(1) Individual investors have a tax credit of 50%.

(2) Submitted to the Annual General Meeting of Shareholders.

(3) Net dividend/earnings per share.

(4) Net dividend/closing price at end-December.

Investor relations

NURTURING QUALITY LONG-TERM RELATIONSHIPS WITH OUR SHAREHOLDERS

A dedicated team

Investor relations are managed on a day-to-day basis by a dedicated team, split between institutional investors and individual shareholders. This team applies the principles defined by the Group in terms of financial information and promotes a policy based on active dialogue and proximity.

Four long-standing guiding principles

Since the privatization, Société Générale's financial information policy has been based on four guiding principles:

- equal and immediate access to information for all shareholders;
- involvement of investors in the Group's development;
- compliance with recommended deadlines for the publication of company accounts;
- transparent information.

Except where the Group has legitimate reason to do otherwise, any financial information liable to influence the share price is published in a press release in French and English and is immediately available online at www.ir.socgen.com.

The Group's financial results are published within 24 hours of their approval by the Board of Directors.

Following the publication of a press release, financial analysts, institutional investors and financial journalists are invited to a presentation followed by a Q&A session. To facilitate participation in these conferences, they are accessible by telephone and over the Internet, both live and as a recording.

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

These presentations are adapted for meetings organized with individual shareholders in France.

The Group also organizes specific "Investor Days" on chosen business activities, to encourage in-depth dialogue between management and investors.

The annual results are published before the end of February each year, the half-yearly results in late July or early August and the quarterly results within 45 days of the closing of the quarterly accounts. These results are presented for each core business (Retail Banking and Financial Services, Global Investment Management and Services, and Corporate and Investment Banking), then broken down by business line.

The Shareholders' Consultative Committee

This committee was set up in 1988 and has 14 members, including two representatives of shareholders' associations, who have a permanent mandate, and 12 individual shareholders with three-year mandates. It meets with the Group's General Management to voice the concerns of individual shareholders, and has a twofold mission:

- to express an opinion on Société Générale's communication with its shareholders;
- to suggest improvements and new ideas in this respect.

The Shareholders' Consultative Committee met twice in 2005. The first meeting discussed the new IFRS accounting framework and the introduction of a specific communication policy for individual shareholders using a frequently asked questions section on the Group's website. The second meeting covered the Chairman's speech at individual shareholder meetings and planned changes to the individual shareholder website.



The Shareholders' Consultative Committee

From left to right: Patrice Leclerc, Brigitte Reech, Guillaume Raffy, Christian Schricke, Kathleen O'Donoghue, Guy Scherrer, Florence Klein-Bourdon, Daniel Bouton, Sylvie Owen, Annie Méa, Christiane Tincelin, Michel Gouy, Patrick Bindschedler.

Not pictured: Martine Adam-Roussel, Eric Pérouse, Marcel Tixier.

A COMPREHENSIVE SYSTEM OF DIALOGUE

For several years now, Société Générale has maintained regular and direct contact with its individual shareholders and institutional investors.

In 2005, 1,200 shareholders attended the Annual General Meeting.

Individual shareholders

Direct contact

Meetings

Two major meetings (Marseille and Versailles) and three local meetings across France attended by several thousand shareholders.

A shareholders' forum: Actionaria (several hundred contacts).

Shareholders' Consultative Committee: two meetings per year.

Shareholders' Club activities

Attended by nearly 33,000 shareholders in 2005 (the minimum shareholding required for attendance was lowered to 100 on January 1, 2005). Visits to the Tour Société Générale, concerts, conferences on art and winemaking, trips, etc.

Written communication

Letter to Shareholders: four issues each year, following the publication of the quarterly results, sent to over 80,000 subscribers.

Shareholders' Club Newsletter: issued quarterly to around 33,000 members of the Shareholders' Club.

Telephone contact

Toll-free number in France: 33 (0) 800 850 820

Free telephone service providing information on the share price and recorded news (updated each week). Shareholders can also talk directly to the individual investor relations team.

75,000 calls and nearly 2,000 direct discussions per year.

Institutional investors

Direct contact

Roadshows: several hundred meetings per year with analysts and investors.

Conferences: four conferences on specific themes this year (one in Paris, two in London and one in Spain).

Meetings at the Tour Société Générale: groups of investors are invited to meet the Group's General Management.

An investor day at the Tour Société Générale.

Written communication

Press releases.

Results presentations are posted online four times a year, along with all public presentations.

Telephone contact

33 (0)1 42 14 47 72

Internet

Website: www.ir.socgen.com

Contents: annual reports (since 1997), quarterly results (since 1999), events calendar, contacts, Société Générale share price, press releases.

Several thousand visits per year.

■ ■ Over one thousand people attended the shareholders' meeting at Lille Grand Palais on March 6, 2006.



PARTICIPATION IN THE ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is an opportunity for shareholders to gain direct information on the Company, take part in debates and vote on the resolutions submitted for their approval.

How are shareholders informed about the AGM?

One month before the AGM, a notice of meeting is published in the French Bulletin of Mandatory Legal Notices (BALO), containing the agenda and the resolutions to be submitted for approval. Two weeks before the AGM, another notice of meeting is published giving the time, date and place of the AGM. Information is also published in the press, and is available online at www.socgen.com, and via a toll-free number (in France): 33 (0) 800 850 820.

Holders of registered shares receive a notice of meeting two weeks before the AGM, including all necessary information and the voting form.

Who can take part in the AGM?

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

Holders of bearer shares must contact their authorized financial intermediary to request a notice of meeting and an admission card or proof that their shares are not available for sale.

This certificate is transmitted to Société Générale automatically when holders of bearer shares return the duly completed and signed voting form to their intermediary. Shareholders who have not received an admission card prior to the meeting may still attend, on presentation of proof that their shares are not available for sale.

How does the vote take place?

For shareholders present at the AGM, votes are cast during the meeting using an electronic voting box, which is distributed to attendees once they sign the attendance register.

Shareholders who wish to vote without attending the meeting in person can either submit a postal vote, appoint their spouse to act as proxy, or delegate their vote to the chairman, by returning the voting form included in the notice of meeting.

Internet

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



■ The Annual General Meeting gives shareholders a chance to take an active role in the management of the Company.

Investor relations

INDIVIDUAL SHAREHOLDERS

Toll free number (in France): 33 (0) 800 850 820

Fax: 33 (0)1 41 45 92 27

E-mail: actionnaires.individuels@socgen.com

INSTITUTIONAL INVESTORS

Telephone: 33 (0)1 42 14 47 72

Fax: 33 (0)1 42 13 00 22

E-mail: investor.relations@socgen.com

Dedicated website: www.ir.socgen.com

Shareholders' diary 2006

FEBRUARY 16 Group results for 2005

MAY 18 Group results for the 1st quarter 2006

MAY 30 Annual General Meeting of Shareholders

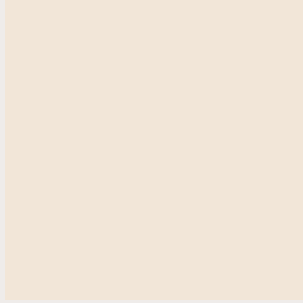
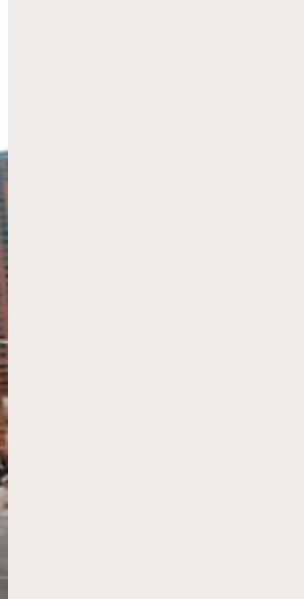
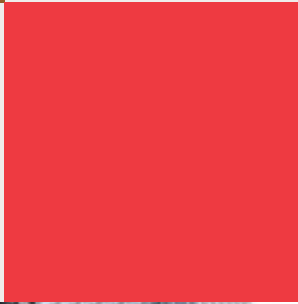
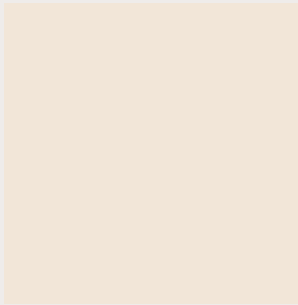
JUNE 6 Dividend payment date

AUGUST 3 Group results for the 2nd quarter 2006

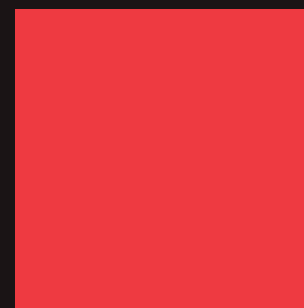
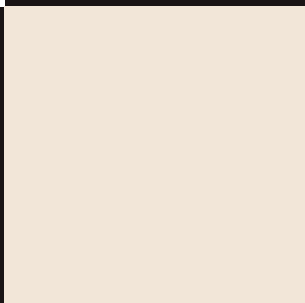
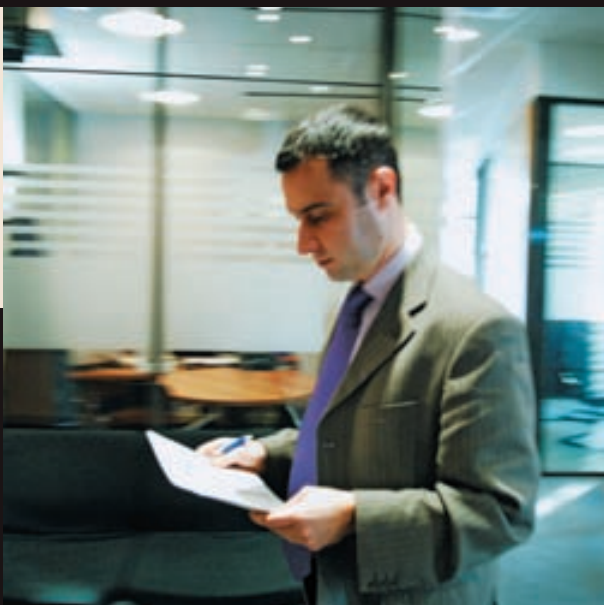
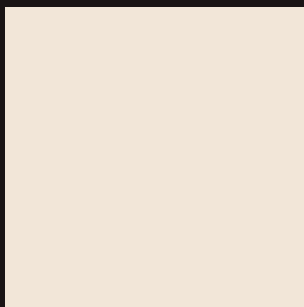
NOVEMBER 9 Group results for the 3rd quarter 2006

Over
1,000

shareholders
attended the Annual
General Meeting in 2005



RESPECTING THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE





Abrar Hussain
*Corporate Origination, Debt Capital Markets,
Société Générale Corporate & Investment Banking,
London*

**SOCIETE
GENERALE
IS A SOLID
INSTITUTION TO
WORK
FOR, WITH VERY
FRIENDLY PEOPLE
AND GOOD
MANAGEMENT.
AS AN INSTITUTION,
IT HAS REALLY
MOVED IN THE
RIGHT DIRECTION.**





The Board
of Directors
met

13
times
in 2005



16
directors in 2005
8 independent directors
3 staff-elected directors
3 non-French nationals



Information on corporate governance

Société Générale is a *Société Anonyme* (French limited liability corporation) managed by a Board of Directors. In April 2003, the Board of Directors upheld the Group's monistic management structure, considering it the most suitable option for the Company in its current position. Under this structure, the Chairman, Daniel Bouton, also carries out the functions of Chief Executive Officer and is assisted by Philippe Citerne in the capacity of Chief Executive Officer.

The by-laws provide for no particular limitations to the powers of the chief executive officers, who exercise their functions in accordance with the laws and regulations in force, the Company's by-laws and internal rules, and the guidelines set by the Board of Directors.

Duties and powers of the Board

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



■ In 2005, the Board of Directors comprised 16 members (one woman and 15 men), including 3 staff-elected representatives and 3 non-French nationals.

Since 2003, the internal rules have clearly stated the rules applicable in cases where the Board of Directors gives its prior approval to investment projects or more general strategic transactions. This article was changed in 2005 in order to adapt it to the Group's size.

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

The Board sets the remuneration of the chief executive officers and decides on the implementation of stock option plans in accordance with the authorization granted by the General Meeting.

Activity report of the Board of Directors for 2005

The Board of Directors met 13 times in 2005, with meetings lasting an average of two and a half hours. The attendance rate of directors was 77%, compared with 84% in 2004 and 82% in 2003.

The Board appointed Mr. Kaneko, President of Meiji Yasuda Life Insurance, as non-voting director in accordance with the by-laws.

The Board approved the annual, half-yearly and quarterly results; for the first time, the consolidated financial statements were drawn up in accordance with IAS/IFRS (International Accounting Standards/International Financial Reporting Standards).

The Board examined the 2005 budget, deliberating on a number of acquisitions in accordance with its internal rules. The projects that were approved and implemented concerned:

- Retail Banking outside France (MIBank in Egypt);
- consumer credit: Eurobank in Poland and Promekbank in Russia;
- Securities Services (acquisition of Unicredito's securities services business);
- Corporate and Investment Banking in the US (Bank of America's hedge fund financing activities).

It also discussed several other major projects which have not yet been approved, particularly in China and Turkey.

It approved the disposal of the Group's stake in Banco Santander.

The Board continued to review the Group's strategies for its core businesses and markets. In 2005, it carried out a review of the strategy for Securities Services, means



■ ■ **Anthony Wyand**, *Company Director,
Chairman of the Audit Committee.*

of payment, the Société Générale Network, Corporate and Investment Banking in the US, asset management and online savings and banking. It also examined the positioning of the Group's core businesses in several key European countries.

The Board of Directors reviewed the Group's risk exposure and approved the global annual limits for market risk. It examined the annual reports submitted to the French Banking Commission as well as the follow-up letters received from the Banking Commission further to its own audits. The Board approved the Group Code of Conduct and the new organizational structure for the internal control system and notably for compliance controls, implemented following the changes to the associated French banking regulations.

It decided to implement a stock option plan and a capital increase reserved for employees as part of the Group's Global Employee Share Ownership plan.

The Board prepared the resolutions submitted to the General Meeting, notably the resolution on the relaxation of the statutory requirements for the declaration of shareholdings (increase of the first declaration threshold from 0.5% to 1.5%).

Board committees

The Board's internal rules stipulate that preparatory work for its decisions in certain areas must be carried out by specialized committees composed of directors appointed by the Board. These committees examine matters within their remit and submit their opinions and proposals to the Board for approval.

Audit Committee

The Audit Committee is composed of four directors, Ms. Lulin and Messrs. Cannac, Cohen and Wyand, three of whom are independent members, and is chaired by Mr. Wyand. The Audit Committee met 11 times in 2005, with an attendance rate of 100%.

At each closing of the accounts, the Audit Committee meets alone with the Statutory Auditors, before hearing the presentation of the accounts by the Chief Financial Officer and comments by the Head of Group Risk Management and the Corporate Secretary on all matters pertaining to risks. Since 2002, one of the chief executive officers attends part of the meetings called to approve the accounts and discusses the highlights of the quarter with the Committee. More in-depth presentations are given by other managers on certain subjects, notably the principal risks, asset and liability management, internal control and the financial aspects of planned acquisitions. Training and information sessions are organized in response to internal needs and any outside developments. For example, in 2005 the Committee spent a day studying the new accounting framework imposed by IFRS and its impact on the Group's financial statements. This session was open to all directors. In 2005, the Committee reviewed the draft annual, half-yearly and quarterly consolidated financial statements before their presentation to the Board, and submitted its opinion to the Board on these statements, which were presented for the first time under IFRS. It continued to pay particular attention to the evolution of operating expenses and the cost-to-income ratio.

As part of its risk control responsibilities, the Committee has adopted an in-depth approach to different risk factors. As such, it ensures that adequate provisions are booked for the principal identified risks and closely monitors the evolution of major risks, such as credit risk, market risk, structural interest rate, exchange rate or liquidity risk, and legal risk, as well as changes in signifi-

Société Générale implements the recommendations given in the AFEP-MEDEF reports on the corporate governance of listed companies.

In September 1995, three committees (Audit Committee, Compensation Committee and Nomination Committee) were set up.

Since early 2000, the Board of Directors and committees have been governed by internal rules. A Directors' Charter lays out the compliance rules applicable to the directors of Société Générale. The internal rules and the Directors' Charter, together with the Company's by-laws, are included in the Registration Document.

cant on- and off-balance sheet items. The Committee reviews the procedures used to control certain market risks and is consulted on the annual revision of market risk limits.

The Committee examined the report on internal control, the report on risk assessment and monitoring procedures submitted to the French Banking Commission, the compliance report submitted to the Chairman and the internal audit schedule.

It was also consulted on draft responses by the Group to follow-up letters from the French Banking Commission. The Committee examined the policy regarding the use of shareholders' equity, and the financial aspects of the planned acquisitions submitted to the Board of Directors. The Audit Committee also examined several cross-business issues (real estate policy, IT systems, and management of major Group projects). It was informed of the progress made in the preparations for the Basel II capital adequacy framework and the potential consequences thereof.

■ From left to right: **Antoine Jeancourt-Galignani**, Co-Chairman of Gecina and Chairman of the Compensation Committee, and **Patrick Ricard**, Chairman and Chief Executive Officer of Pernod-Ricard.



Every six months, the Committee examines a financial benchmark which shows the performances of the Group's core businesses in relation to its main competitors.

The Committee discussed the Statutory Auditors' work schedule and fees for 2005. It also examined the special dispensations to the internal rules granted for assignments liable to be entrusted to the Statutory Auditors. Following this examination, it proposed to the Board that the mandate for the Statutory Auditors should be renewed on its expiry at the 2006 General Meeting.

Compensation Committee

Made up of four independent directors, Messrs. Baird, Cicurel, Jeancourt-Galignani and Ricard, and chaired by Mr. Jeancourt-Galignani, the Compensation Committee met four times in 2005. The attendance rate was 69%, as in 2004. This low attendance rate is due to the absence of Mr. Baird, who was unable to attend the Committee meetings in 2005.

During its meetings, the Compensation Committee prepared the method to be used by the Board to determine the variable portion of the chief executive officers' compensation. The Committee was informed of the remuneration of the members of the Executive Committee. It reviewed the situation of the chief executive officers, and submitted proposals for changes to the Board of Directors.

The Committee prepared the appraisal of the chief executive officers and discussed it with the Group's other outside directors before submitting a report to the Chairman.

It also reviewed the terms of the capital increase reserved for employees.

The Committee examined the consequences of IFRS on the accounting treatment of stock option plans in the consolidated financial statements.

Lastly, the Committee proposed a stock option plan to the Board and prepared the decision, approved by the General Meeting, authorizing the distribution of restricted shares to employees.

Nomination Committee

The Nomination Committee is composed of the Chairman of the Board and the members of the Compensation Committee, and is chaired by the Chairman of the Compensation Committee.

The Nomination Committee met three times in 2005, with an attendance rate of 73% (79% in 2004) due to the absence of Mr. Baird.

It prepared the Board's review of the corporate governance section of the 2005 Registration Document, in particular the section concerning the assessment of directors' independence. It made a proposal to the Board for the appointment of the directors submitted to the 2005 General Meeting for approval and prepared the proposals for the 2006 General Meeting. It prepared the Board's responses to the written questions received on the subject of corporate governance.

Lastly, the Committee prepared the appraisal of the Board of Directors. It reviewed the list of replacements for the chief executive officers, in order to be able to submit a proposal to the Board should the need arise. It was presented with the list of replacements for the heads of the Group's divisions.

Composition of the Board of Directors (at December 31, 2005)

The 13 directors appointed by the General Meeting have four-year mandates. The expiry dates for these mandates are spread out in such a way as to ensure that around one quarter are renewed each year. The three directors elected by Société Générale employees, who shall be reduced to two following the 2006 General Meeting, have three-year mandates.

The Board of Directors has 16 members (one woman and 15 men), three of whom are representatives elected by employees. Three directors are non-French nationals. The average age of directors is 60. In 2005, the composition of the Board changed as follows:

- expiry of the mandate of Meiji Yasuda Life Insurance at the General Meeting on May 9, 2005; no replacement was appointed as a result of the General Meeting's approval of the decision to reduce the number of directors appointed by the General Meeting from fifteen to thirteen;
- renewal by the General Meeting of the mandates of Ms. Lulin and Messrs. Azéma and Ricard.

In accordance with the recommendations of the AFEP-MEDEF reports, the Board of Directors, on the basis of the report of its Nomination Committee, examined the independence of each of its members at December 31, 2005 against the criteria set out in the aforementioned report.

Eight out of the sixteen directors are independent (i.e. 50% of the Board of Directors and 61.5% of directors appointed by the General Meeting).

This situation is in line with the Board's aim of ensuring that 50% of all directors are independent, as recommended in the AFEP-MEDEF report of September 2002. It is also in line with the Board's aim of ensuring a well-balanced and diversified mix of competencies among the directors, and reconciling continuity with a process of gradual renewal.

Appraisal of the Board of Directors and chief executive officers

Since the last performance self-appraisal of the Board of Directors, which took place in late 2002-early 2003 with the assistance of an external consultancy firm, the Board has dedicated part of one of its meetings each year to appraising its performance, using a detailed questionnaire proposed by the Nomination Committee and approved by the Board. This questionnaire invites each director to comment on performance and make suggestions regarding various aspects of the operation of the Board of Directors and its relations with the management team, and notably comment on the progress made since the last appraisal in those areas identified as requiring modification or improvement. In January 2006, the Board deliberated on the conclusions drawn from the responses to the questionnaire completed in the autumn of 2005. The conclusions show improvements, often marked, in a number of areas relative to last year, particularly in the documentation and information sent to the Board, the training of directors, the assessment of the core businesses' strategies and the organization of debates. Progress still needs to be made with regard to the provision of information on IT systems and human resources, and the frequency of contact with principal Group managers other than members of the Executive Committee.

As in 2003 and 2004, the Compensation Committee carried out an appraisal of the chief executive officers in 2005 at a meeting of non-staff appointed directors or Group company directors. The conclusions of this evaluation were communicated to the Chairman and Chief Executive Officer by the Chairman of the Compensation Committee.

Board of Directors

at December 31, 2005



<
Daniel Bouton
Chairman and Chief
Executive Officer of Société
Générale

Philippe Citerne
Chief Executive Officer of
Société Générale
>



<
Marc Viénot
Honorary Chairman
of Société Générale

>
Jean Azéma
Chief Executive Officer
of Groupama



<
Euan Baird
Company Director

Yves Cannac
Member of the *Conseil
Economique et Social*
(French government
advisory committee)
>

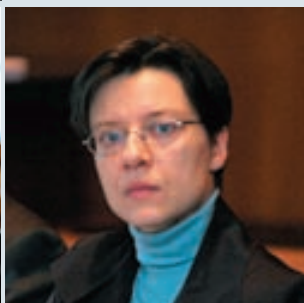
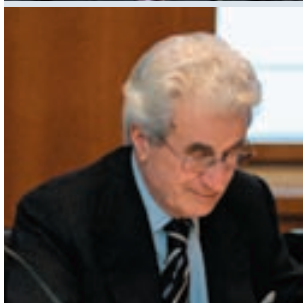


<
Michel Cicurel
Chairman of the Management
Board of Compagnie
Financière Edmond de
Rothschild and Compagnie
Financière Saint-Honoré



<
Élie Cohen
Professor at the *Université
de Paris-Dauphine*

Robert A. Day
Chairman
of Trust Company
of the West (TCW)
>



<
Élisabeth Lulin
Founder and CEO
of Paradigmes & Caetera

Patrick Ricard
Chairman and Chief
Executive Officer
of Pernod-Ricard

Philippe Pruvost
Director elected by employees
>



^
**Antoine
Jeancourt-Galignani**
Co-Chairman of Gecina

Gérard Baude
Director elected by employees
>



^
Anthony Wyand
Company Director

Marc Sonnet
Director elected by employees
<

Executive Committee

The Executive Committee is responsible for the strategic management of the Group, under the authority of the Chairman and Chief Executive Officer.

		<p><</p> <p>Daniel Bouton Chairman and Chief Executive Officer of Société Générale</p> <p>Philippe Citerne Chief Executive Officer of Société Générale</p> <p>></p>		
	<p>></p> <p>Didier Alix Chief Executive Officer, Retail Banking</p>		<p>></p> <p>Philippe Collas Chief Executive Officer, Société Générale Global Investment Management and Services</p>	
	<p><</p> <p>Jean-Pierre Mustier Chief Executive Officer, Société Générale Corporate and Investment Banking</p>			<p><</p> <p>Alain Py Chairman and Chief Executive Officer of Crédit du Nord</p>
	<p><</p> <p>Frédéric Oudéa Senior Executive Vice-President, Group Chief Financial Officer</p>			<p>></p> <p>Christian Schricke Senior Executive Vice-President, Corporate Secretary and Group Head of Compliance Monitoring</p>
<p>></p> <p>Bernard de Talancé Senior Executive Vice-President, Corporate Resources and Human Relations</p>			<p>Attend meetings of the Executive Committee for subjects within their domain</p> <p>René Querret, Senior Executive Vice-President, Group Chief Information Officer</p> <p>Hervé Saint-Sauveur, Senior Adviser to the Chairman and Chief Executive Officer</p> <p>Attend meetings of the Executive Committee</p> <p>Didier Hauguel, Head of Group Risk Management</p> <p>Hugues Le Bret, Head of Group Communications</p>	

Group Management Committee

The Management Committee meets to discuss Group strategy and other issues of general interest to the Group.

Daniel Bouton
Philippe Citerne
Didier Alix
Philippe Collas
Jean-Pierre Mustier
Alain Py
Frédéric Oudéa
Christian Schricke
Bernard de Talancé



Yves-Claude Abescat
Head of Investment Banking
for Mid Caps



Thierry Aulagnon
Chief Executive,
Global Investment
Banking Division Europe



Alain Closier
Global Head of Securities
Services for Investors



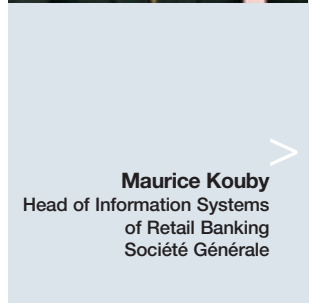
Alain Clot
Chairman and Chief Executive
Officer, Société Générale
Asset Management



Michel Douzou
Deputy Head of Retail
Banking
Société Générale France



Kim Fennebresque
Chief Executive Officer,
SG Cowen



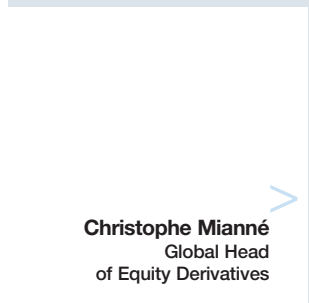
Maurice Kouby
Head of Information Systems
of Retail Banking
Société Générale



Hugues Le Bret
Head of Group
Communications



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



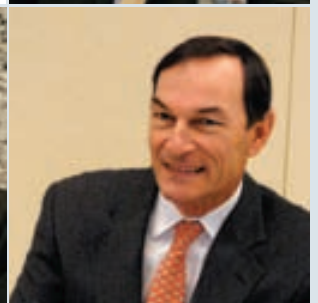
Christophe Mianné
Global Head
of Equity Derivatives



Philippe Miécrot
Head of Group Internal Audit



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



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



Jean-François Sammarcelli
Head of Retail Banking
Société Générale France





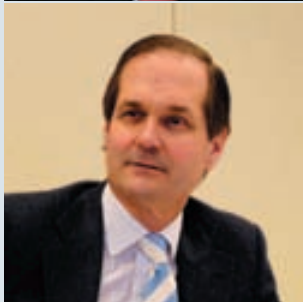
Bernard Beauflis
Chief Executive Officer
Crédit du Nord



Marc Breillout
Global Head of Debt Finance



Yannick Chagnon
Head of Société Générale
Payment Services



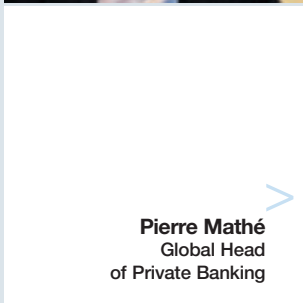
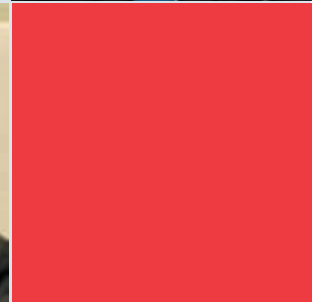
Jean-François Gautier
Head of Specialized
Financial Services



Didier Hauguel
Head of Group
Risk Management



Jean-Louis Mattei
Head of
International
Retail Banking



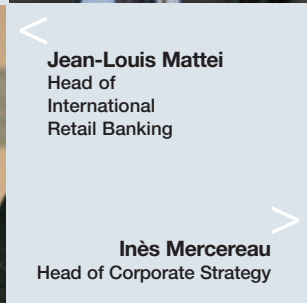
Pierre Mathé
Global Head
of Private Banking



Inès Mercereau
Head of Corporate Strategy



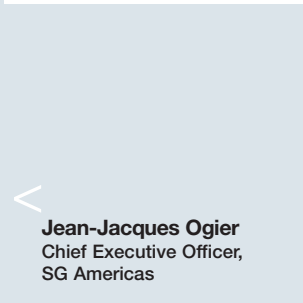
Benoît Ottenwaelter
Deputy Global Head of
Corporates and Institutions,
Société Générale Corporate
and Investment Banking



Christian Poirier
Head of Strategy
and Marketing,
Retail Banking



Catherine Théry
Chief Operating Officer,
Société Générale Securities
Services for Investors



Jean-Jacques Ogier
Chief Executive Officer,
SG Americas



Patrick Soulard
Deputy CEO of Société
Générale Corporate
and Investment Banking,
in charge of Corporates
and Financial Institutions



Yves Thieffry
Chief Operating Officer,
Société Générale Corporate
and Investment Banking



Remuneration of senior managers and stock option plans

REMUNERATION OF SENIOR MANAGERS

Chairman and chief executive officers

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

- a basic salary, which may be revised in line with market practices;
- an annual performance-linked bonus, equivalent to the percentage of the basic salary set annually by the Board of Directors when closing the Group's annual accounts. Since 2002, the Board of Directors has set this performance-linked bonus based on two elements:
 1. targets linked to earnings per share (EPS), which are set in absolute value terms for the coming financial year;
 2. qualitative indicators.

STOCK OPTION PLANS AND FREE SHARES

Following the approval of the General Meeting in 2005, the Board of Directors may allocate free shares (restricted shares) to the chief executive officers and senior managers of the Group on top of any options to purchase or subscribe to Société Générale shares. Furthermore, since 2005, the attribution of these financial instruments is booked under *Personnel expenses* in the Company's financial statements. At the proposal of the Compensation Committee, the Board has defined the following policy.

The awarding of stock options and free Société Générale shares is intended to motivate, secure the loyalty of and reward three categories of executives. The first category comprises executives who have made a significant contribution to the Group's results with respect to their responsibilities. The second category is made up of high-potential executives, whose expertise is highly sought-after in the labor market. The third category is aimed at executives whose work has proved remarkably valuable for the Company.



■ ■ The awarding of stock options and free Société Générale shares is intended to motivate, secure the loyalty of and reward three categories of executives.

As the awarding of stock options or free shares to personnel is henceforth booked as an expense for the Company in accordance with IFRS 2, the Board of Directors has defined a policy that factors in said expenses when determining any benefits to be awarded and has decided to combine the two instruments together. Chief executive officers shall only be awarded stock options. The members of the Executive Committee, Management Committee and other senior managers shall be allocated both stock options and free shares in varying amounts according to their level of responsibility, with the number of options decreasing proportionately. Other non-senior managers shall be allocated free shares only, primarily to replace the options formerly allocated under the terms of the previous policy.

In general, these stock options are vested for a period of seven years and are exercisable after three years. Moreover, the exercise of said options is subject to the

beneficiary holding a valid employment contract on the date that the options are exercised. Since the 2000 plan, in view of the tax regime in force in France, beneficiaries resident for tax purposes in France may not transfer the shares received upon exercising their options until the fourth year following the exercise date.

As regards the attribution of free shares, their acquisition shall become definitive after three years and in two stages (50% after two years and 50% after three years of working for the Société Générale Group).

In accordance with French legislation, shares may not be transferred for a period of two years following their final acquisition.

At the proposal of the Compensation Committee, the Board of Directors decided in 2003 that each year it would examine the appropriateness of implementing a stock option or share plan, to be approved, as appropriate, during its meeting in January.

For further information,
go to
www.socgen.com
(2006 Registration Document).

Société Générale stock option plans at December 31, 2005

(with details of options awarded to Group senior managers in office at the time of their allocation)

Date of award	Options vested Strike price	Number of beneficiaries	Number of options	Options exercisable as of	Shares transferable as of	Expiry date of options	Options outstanding at end-2005	Unit value under IFRS 2 ⁽¹⁾	Potential dilutive effect
Jun. 24, 1998 <i>o.w. Management</i>	EUR 45.35	541 25	1,953,200 451,200	Jun. 24, 2003	Jun. 24, 2003	Jun. 23, 2005	0		
Sept. 8, 1999 <i>o.w. Executive Committee</i>	EUR 48.50	714 9	3,502,400 502,000	Sept. 8, 2002	Sept. 8, 2004	Aug. 7, 2006	662,119		
Aug. 2, 2000 <i>o.w. Executive Committee</i>	EUR 51.00	1,477 -	2,268,000 0	Aug. 2, 2003	Aug. 2, 2005	Aug. 1, 2007	755,526		
Jan. 12, 2001 <i>o.w. Executive Committee</i>	EUR 66.00	258 9	3,116,500 743,500	Jan. 12, 2004	Jan. 12, 2005	Nov. 11, 2008	1,744,816		0.40%
Jan. 16, 2002 <i>o.w. Executive Committee</i>	EUR 62.50	1,092 9	3,543,977 313,000	Jan. 16, 2005	Jan. 16, 2006	Jan. 15, 2009	2,804,216	17.33	
Apr. 22, 2003 <i>o.w. Executive Committee</i>	EUR 52.00	1,235 9	3,891,579 331,000	Apr. 22, 2006	Apr. 22, 2007	Apr. 21, 2010	3,749,031	13.23	
Jan. 14, 2004 <i>o.w. Executive Committee</i>	EUR 70.00	1,550 9	3,788,300 469,250	Jan. 14, 2007	Jan. 14, 2008	Jan. 14, 2011	3,724,350	14.92	
Jan. 13, 2005 <i>o.w. Executive Committee</i>	EUR 75.00	1,767 9	4,040,000 468,500	Jan. 13, 2008	Jan. 13, 2009	Jan. 13, 2012	4,004,949	12.82	
Total			26,103,956				17,445,007		0.40 %
<i>o.w. Management</i>			3,278,450						

(1) Value used to determine the expense recognized under IFRS 2, calculated using a binomial model on the date the stock option is awarded, taking into account trends in exercising options noted at Société Générale.

The 3 core businesses

19.2

million

individual customers
across the world

Retail Banking and Financial Services

RETAIL BANKING AND FINANCIAL SERVICES

The Group's Retail Banking and Financial Services business comprises the French Networks (Société Générale and Crédit du Nord Group), Retail Banking outside France and Financial Services.

3rd

**largest European
securities custodian**
and **10th** largest
worldwide

Société Générale Securities Services

GLOBAL INVESTMENT MANAGEMENT AND SERVICES

The Global Investment Management and Services business (GIMS) comprises:

- Société Générale Asset Management;
- SG Private Banking;
- Société Générale Securities Services;
- Boursorama (online savings).

+20.5%

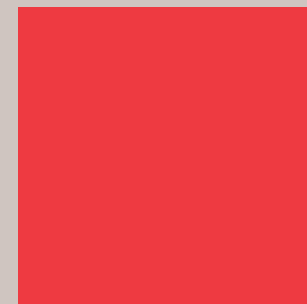
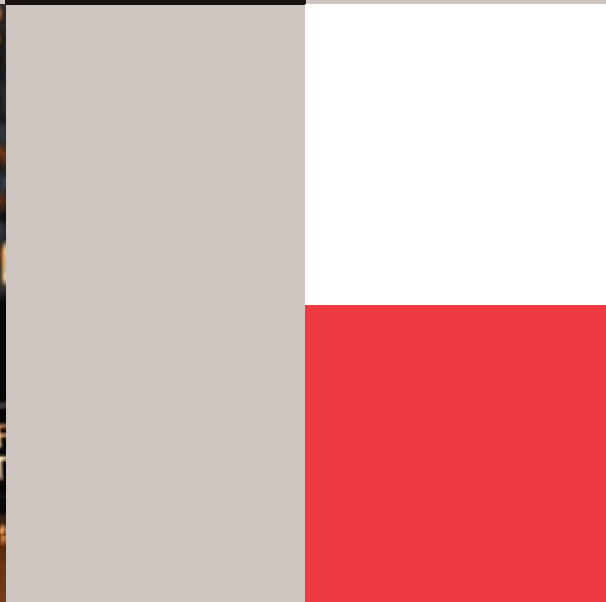
**growth in
net banking income**

Corporate and Investment Banking

CORPORATE AND INVESTMENT BANKING

Société Générale Corporate and Investment Banking groups together all capital market, derivatives and structured finance activities for corporate clients, financial institutions and institutional investors.

DYNAMIC MANAGEMENT OF THE BUSINESS MIX





Julie Bignalet
*Head of the youth segment,
Lille Sales Division (DEC),
Lille*

**WE HAVE
A VERY GOOD
IMAGE WITH
YOUNG PEOPLE:
THEY REGARD
US AS HIGHLY
EFFICIENT
AND REACTIVE.**





Masato Degawa
Head of Investment Management,
CIO SGAM Japan,
Tokyo

I SEE GIMS
AS AN
INCREASINGLY
WELL-ORGANIZED
COLLECTION
OF BUSINESSES
THAT ARE
FULLY ALIGNED
IN TERMS
OF THEIR
OBJECTIVES.



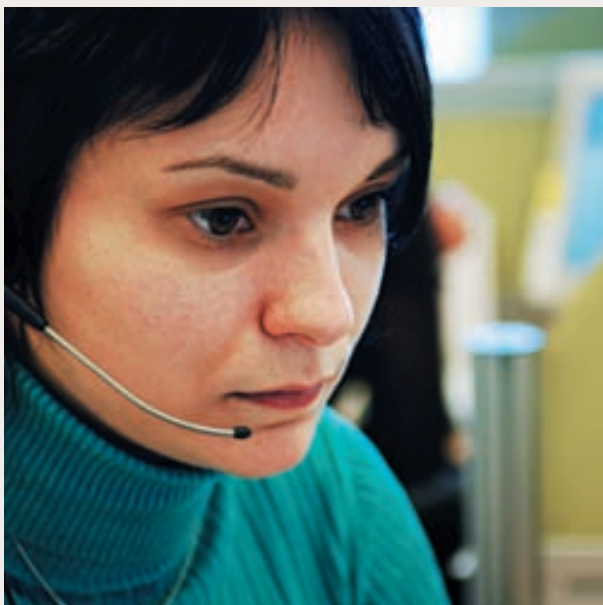


Paul Jackson

*Head of London Equity Sales and Trading,
Société Générale Corporate & Investment Banking,
London*

I THINK THAT
OVER FIVE
OR SIX YEARS,
WE HAVE PUT
IN VERY
CONSISTENT
PERFORMANCES
SO SOMETHING
VERY RIGHT
IS HAPPENING.





2,861
branches in France

1,741
branches
outside France

Retail Banking



Nearly
2,000

billion euros
of assets under custody
(including Unicredit's
activities)

Global Investment Management
& Services



9,600

staff
in 45 countries

Corporate and Investment Banking

Retail Banking and Financial Services

The Group's Retail Banking and Financial Services business comprises the French Networks (Société Générale and Crédit du Nord Group), Retail Banking outside France and Financial Services.

19.2

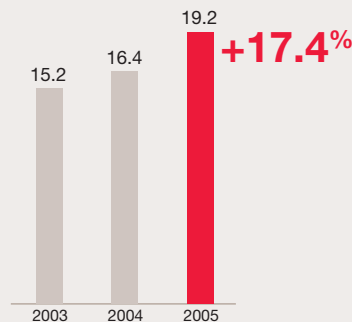
million individual customers, +17.4%

21.4%

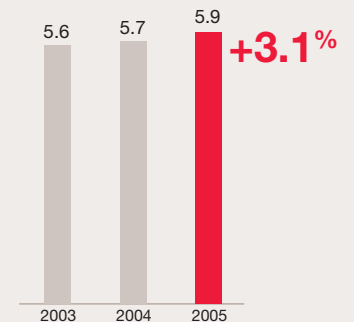
ROE after tax

A major player in Financial Services

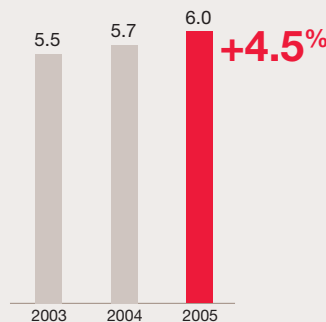
Number of individual customers in Retail Banking and Financial Services
in millions



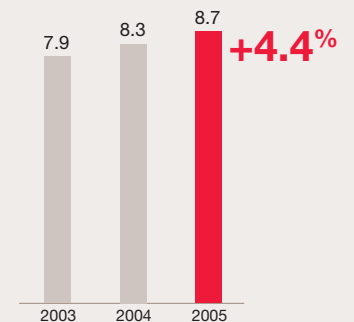
Number of personal current accounts in the French Networks
in millions



Number of bank cards issued by the French Networks
in millions

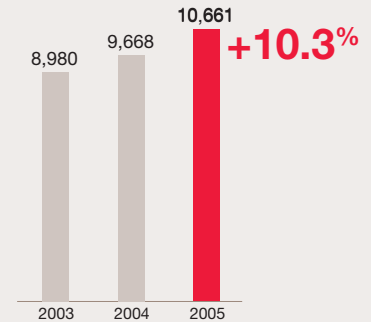


Number of savings accounts in the French Networks
in millions

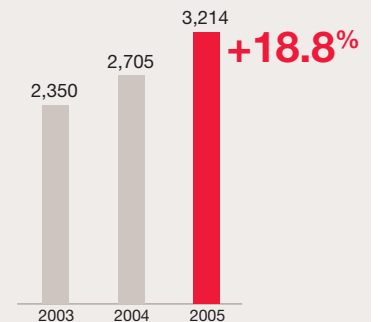


Despite a mixed environment for retail banking activities, the Group's Retail Banking and Financial Services business continued to make good progress over the year, growing revenues by 10.3% to account for 56% of Group consolidated net banking income. Net income for the business increased by 20.3%, while its after-tax ROE for the year came out at 21.4% (22.1% excluding IAS 32 & 39). These figures reflect a continued strong pace of profitable growth, with further impressive performances on both a financial and commercial level.

Net banking income
in millions of euros



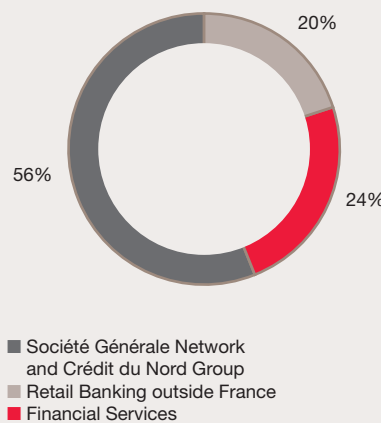
Operating income
in millions of euros



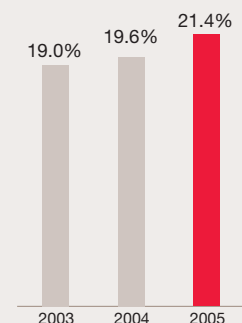
Retail Banking Management Committee*

- Didier Alix**, Chief Executive Officer, Retail Banking
- Yves-Claude Abescat**, Head of Investment Banking for Mid Caps
- Yannick Chagnon**, Head of Société Générale Payment Services
- Michel Douzou**, Deputy Head of Retail Banking Société Générale France
- Jean-François Gautier**, Head of Specialized Financial Services
- Maurice Kouby**, Head of Information Systems, Retail Banking Société Générale
- Véronique de La Bachelerie**, Chief Financial Officer for Retail Banking
- Claude Labatut**, Head of Human Resources, Retail Banking
- Jean-Louis Mattei**, Head of International Retail Banking
- Christian Poirier**, Head of Strategy and Marketing, Retail Banking
- Jean-François Sammarcelli**, Head of Retail Banking Société Générale France

Net income by business line
As a %



ROE after tax



* Excluding Crédit du Nord Group.

2003: French standards.
2004: IFRS (excl. IAS 32 & 39 and IFRS 4).
2005: IFRS (incl. IAS 32 & 39 and IFRS 4).

Société Générale Network

22,500*
staff

2,177
branches

5.5
million

current accounts (individual, professional and business customers), **+3.3%**

85.4

billion euros
of outstanding loans,
+9.6%

A NETWORK THAT LISTENS TO THE CUSTOMER

The Société Générale Network saw sustained growth in its business franchise in 2005, driven by the enthusiasm and professionalism of its staff and the continuing overhaul of the distribution system.

The network is clearly reaping the benefits of its long-standing policy of customer-focus thanks to product renewal and ongoing efforts to improve the operating platforms and after-sales processes.

A distribution platform that puts customer service first

2005 saw the continuing roll-out of Société Générale's new commercial distribution network, which was first launched in 2000. The revised organizational structure is already operational: 72 sales divisions (DEC) are now up and running, handling sales and advisory services, along with 21 customer service units (PSC) which group together all after-sales services to increase quality and efficiency, and four multimedia customer relations centers (CRCm) providing support for the network.

The new platform focuses more than ever on customer satisfaction. Société Générale customers now have access to a variety of remote banking channels (dedicated websites, CRCm, etc.), customer advisers are

Brazil Touch!

Launched in May 2005, Société Générale's summer marketing campaign made the whole of France move in time with the Brazilian beat. The initiative helped to boost customer numbers in the 16-24 age bracket by 4.3%.



more available to provide advice and guidance, and increased emphasis is placed on individual relationships in order to offer products that are suited to the customer's needs.

To maintain this high standard of service in a context of increased recruitment, the bank also focused on training its sales force in 2005 and provided them with a range of powerful operational tools.

Direct banking: going from strength to strength

Direct banking continued to grow in popularity in 2005, and has now become the preferred choice for certain banking transactions: two thirds of all stock market orders and over half of one-off bank transfers by individual customers are now carried out through direct channels. Two channels which are rapidly gaining in popularity are:

- the Internet, where Société Générale has developed dedicated sites for each market segment: individuals (free access, over 1 million regular users in 2005 and a 37% increase in the number of visits compared to 2004), self-employed professionals (over 70,000 users of ProgélianceNet and 520,000 connections per month) and businesses (280,000 visits per month in 2005);
- mobile services: user numbers increased by 33% over 2005 for mobile Internet services, and by 7% for the Messalia SMS service which had over 675,000 subscribers at the end of the year. In August, as part of a partnership with Orange, Société Générale launched a new top-up service for pre-pay mobile phone cards via SMS, Internet and telephone, the first service of its kind in France.

Société Générale continued to develop the online sale of a wide range of products and services, allowing customers to subscribe from the comfort of their own home (around 40 products for individual customers).

Relationships with our customers: keeping our promises

Société Générale has met the commitments agreed to by French banks to "make banking easier", within the announced timeframe. Some of the measures specified

* Full-time equivalent staff at end-2005, excluding support functions.

under this agreement were already well-established practices at Société Générale, for example free account closures and online access to price information. Société Générale was the first bank to communicate widely on the theme “changing banks is easy”, and has gone beyond the commitments of the agreement by introducing Bienvenue, an easy-to-use service for new customers switching from another bank; Société Générale carries out all administrative formalities linked to the change of bank on behalf of the customer, completely free of charge.

INDIVIDUAL CUSTOMERS

Strong growth in customer numbers and business volumes

Société Générale once again recorded strong growth in its customer base over the year, holding nearly 5 million personal current accounts at the end of 2005 (+3.3%). The advertising campaigns designed to recruit new customers proved highly successful, both with young people and with other key customer segments. Housing loan issuance was also robust over the year, providing the bank with an important lever for establishing customer relationships.

JAZZ: 2 million subscribers

Following on from the success of JAZZ, Société Générale launched JAZZ DUO which offers a similar range of services to joint account holders: a bank card, an insurance policy for means of payment, related services and a loyalty program.



Isabelle Marquis

is a branch manager in Bondues (Lille). Through their combined motivation and professionalism, Isabelle and her teams have helped to maintain a strong pace of business growth in retail banking.



The Société Générale Loyalty Program

Since the end of 2004, the Société Générale Loyalty Program has been available online via Logitelnet allowing customers to consult the gift catalogue and their loyalty points, order gifts and track the progress of their order. Over 900,000 gifts were sent out in 2005 to holders of JAZZ and Pack Jeunes accounts and the Alterna credit card. Under the charitable partnership launched with Handicap International in 2004, Société Générale donates EUR 0.25 for every gift ordered; in 2005 it was able to contribute a total of EUR 147,000.

Growth in customer deposits

Against a backdrop of historically low interest rates, Société Générale recorded a 5.9% increase in the balance of customer deposits over the year, reaching a total of nearly EUR 55 billion. This reflected two contrasting trends: on the one hand, sharper growth in the balance of sight deposits (+8.3% relative to 2004) combined with strong growth in passbook accounts, both in number and in overall balance (14.1% rise in balances on 2004); and on the other hand, a very modest 0.3% increase in PEL (housing savings account) deposits due to the negative impact of changes in tax regulations.

Recovery in the stock markets

2005 proved an excellent year for equities. Euro-zone markets performed particularly well, buoyed by strong corporate earnings forecasts, vibrant global growth, abundant investor liquidity and a growing stream of financial transactions. Taking advantage of these bullish markets, the French Government pushed through its plans to float SANEF, GDF and EDF. The Société Générale Network actively helped to place shares in these companies, taking a total of 1.4 million orders from customers.

Overall, the number of executed stock market orders increased sharply over the year, reaching more than 2 million by the end of 2005, a 34% increase on 2004.

Strategy

Listen

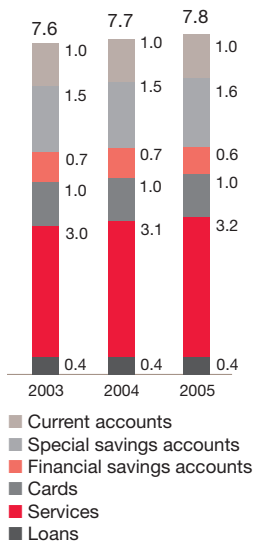
to our customers and provide a high standard of service.

Increase our customer base and the number of products per current account.

Capitalize on our existing customer base using relationship management tools.

Harness synergies with other Group business lines.

Growth in number of products per personal current account



Customers are continuing to favor life insurance and capital-guaranteed products

Inflows into financial savings products were principally driven by strong demand for life insurance and capital-guaranteed funds.

Life insurance products proved particularly popular over the year, due to increased concerns over retirement provisions, but also because they offer an ideal vehicle for medium and long term savings combined with an attractive legal framework. The Société Générale Network posted a 10.8% rise in savings inflows over 2005, with a high proportion of this new investment (29%) going to unit-linked policies, reflecting lower aversion to risk.

Following on from **Sogelyre Cliquet**, the bank launched the **Sogecristal** range of capital-guaranteed funds that allow individual investors to profit from the upside potential of French large-caps listed on the CAC 40. The product was a great success, attracting inflows of over EUR 1.5 billion. Combined inflows for the Sogelyre and Sogecristal range of capital-guaranteed funds came to EUR 2 billion for the year.

Record housing loan issuance

Housing loan issuance in France reached unprecedented levels in 2005, rising by more than 21% in relation to the previous year. Société Générale felt the full benefit of this buoyant market, issuing 149,000 more housing loans in 2005 than in 2004 (+25%), representing EUR 13.8 billion of new lending (+27%), and taking a share of close to 8.5% of the new loan market. Around a third of the bank's new lending took the form of capped floating-rate loans, where the variation in the interest rate cannot exceed a guaranteed maximum.

Sustained growth in consumer credit

The rise in household spending observed in France over recent years continued throughout 2005 at an average rate of 3.3%. At Société Générale, average outstanding installment loans to individual customers grew by 3.9% relative to 2004, reaching a total of over EUR 5.2 billion in 2005. The increase was even more marked in revolving loans, which grew by 9.4% to a total outstanding of nearly EUR 970 million, thanks primarily to the Alterna credit card (over 670,000 customers).

PROFESSIONAL CUSTOMERS (1)

Despite the increasingly competitive landscape, Société Générale continued to expand in this market segment thanks to its efficient organization and tailor-made offering for professionals. Its range of professional customer services has attracted growing numbers of subscribers – Progéliance Net, for example, Société Générale's transactional website, now has 30% more customers than a year ago. Société Générale's factoring offer, already marketed to the business customer segment by the subsidiary CGA, was extended in 2005 to the professional customer market. The bank has also launched a new electronic payment terminal, Compact Thalès, which it supplies to retailers at a cost of less than EUR 10 per month. Société Générale's aim is to take a global approach to its customers' needs, catering for both their personal and professional requirements; in 2005, this policy produced respective rises of 6% and 13% in the total number of **Signature Pro** and **Jazz** subscribers.

Also in 2005, the bank signed a number of partnership agreements in the professional customer market, notably with the *Syndicat des Experts Comptables de France*

(1) Self-employed professionals, tradespersons, shopkeepers and farmers.

■ **Jean-Baptiste Bigo**, a business customer adviser at the Nord enterprises sales division (DEC) in Lille, has helped to drive new account openings in the business customer segment.



(Union of French Accountants), the *Fédération des Centres de Gestion Agréés* (Federation of Approved Management Centers) and the *Assemblée Permanente des Chambres de Métier* (Council of Professionals and Tradesmen).

BUSINESS CUSTOMERS

The business customer segment is one of Société Générale's strategic growth priorities.

The bank has developed an integrated operating platform that ensures close proximity with the end-customer while at the same time enabling it to provide a full range of Corporate and Investment Banking products and take advantage of any potential openings for individual customer relationships (with company managers or employees).

The business customer network comprises dedicated branches for large businesses and for SMEs combined with specialist teams based at the multi-segment sales divisions (DEC), and individual specialists throughout France.

2005 saw highly satisfactory results in account openings, new equipment leases (+11%) and new property leases, and in the take-up of electronic banking products. Outstanding sight deposits and investment loans rose by a substantial 9.4% and 8.6% respectively in 2005.

At the dedicated SME trading rooms based in Lyon, Paris, Strasbourg and Lille, which are run jointly by the Retail Banking and Corporate and Investment Banking divisions, revenues from fixed income and foreign exchange hedging transactions also rose sharply (+161% and +12% respectively).

In April 2005, Société Générale completed its short-term credit offering for businesses with the launch of a new product based on the *loi Dailly*. Combining CGA's expertise in accounts receivable management with the ease and convenience of a transactional website, the new product allows businesses to manage the factoring of their customer receivables online (requests for financing, due dates of sold invoices).

Also in 2005, Société Générale developed two innovative client solutions for processing received payments:

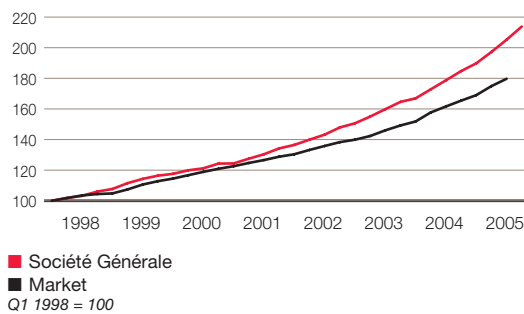
- a service for the automatic re-presentation of unpaid checks;
- Sogecommerce, an electronic payment service for medium-sized retailers, which offers subscribers access to a team of specialists who provide assistance with payment processing and the electronic terminal.

Throughout the year, the bank actively promoted its range of international trade services, notably its new offering for the dematerialization of documentary credits, with a simplified pricing structure.

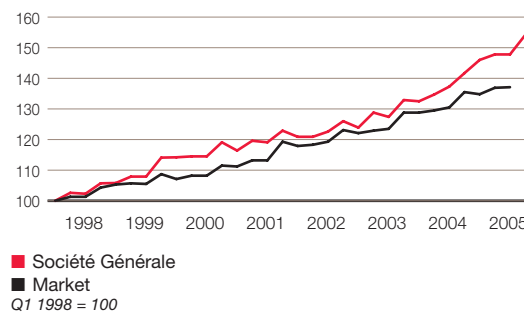
Alongside this, the team of international trade specialists was reinforced, and the trade advisory service was further expanded.

Société Générale No. 1
Société Générale was voted the friendliest bank for entrepreneurs by *L'Entreprise* magazine (February 2005).

Growth in outstanding loans to individuals



Growth in outstanding on-balance sheet deposits, excluding short-term notes (residents)



Source: Société Générale and Banque de France.



Crédit du Nord Group Network



2005: sustained growth underpinned by active recruitment and a new publicity campaign

Spurred on by its strong financial performances and high level of customer satisfaction, the Crédit du Nord Group (Crédit du Nord and the banks Courtois, Kolb, Laydernier, Nuger, Rhône-Alpes and Tarneaud) took a decision at the end of 2004 to create a further 100 branches over the period 2005-2007. As part of this plan, a total of 36 new branches were opened across France in 2005.

AN ACTIVE POLICY OF RECRUITMENT AND INTEGRATION

To accompany these new branch openings and prepare for future demographic changes (over 50% of the Group's staff are set to retire between now and 2012), the Crédit du Nord Group recruited over 550 new staff in 2005 and plans to take on a further 600 in 2006. The Group's criteria for recruitment reflect its unique approach to human resources management; at all banks within the Crédit du Nord Group:

- personality takes precedence over qualifications;
- decision-making circuits and hierarchies are limited, leaving plenty of room for individual autonomy and responsibility;
- staff are encouraged to achieve their full potential, take initiatives and be creative;
- age is not a criterion for recruitment or promotion; positions of responsibility are open to young and old alike.

The Group is also running a deliberately unconventional publicity campaign designed to support its recruitment and integration policy.

In September 2005, it launched a new recruitment website, which attracted over 60,000 visitors and more than 8,500 job applications in the space of just four months.

At the same time, it has reinforced its induction procedure for recruits to help them acclimatize to their new job and to the organization.

LAUNCH OF A MAJOR PUBLICITY CAMPAIGN

For a long time, the Crédit du Nord Group has sought to develop an alternative approach to banking, and in 2005 it launched a new publicity campaign highlighting how it differs from the competition.

The campaign aims to raise the profile of the Group's banks in their respective regions, underline their strategic positioning (banks with a strong customer focus) and publicize the various aspects of their business model and banking offer. It looks in particular at what makes the Group's banks stand out with customers: personalized customer relationships (direct contact between the customer and his/her adviser), knowledge and appreciation of the customer, proximity, responsiveness, transparency, simplicity...

This new communication policy serves to reinforce the sense of pride shared by the Group's staff at being part of a company that has "a different perspective on banking".

Awards for Étoile Gestion

On November 15, 2005, Étoile Gestion, the Crédit du Nord Group's asset management subsidiary, was singled out by *Europreformance* as one of the best active management companies in France for its capacity to create alpha* in its equity management. Étoile Gestion came 12th out of 213 management companies in the Alpha League Table**, and ranked as the second best French banking network.

* Risk-adjusted performance, taking into account extreme loss potential and outperformance persistence.

** Ranking of asset management companies according to their ability to create alpha for the client in their equity funds.

684

branches

7,750*

staff

* Full-time equivalent staff at end-2005, excluding Etoile Gestion.

2005: RELEVANCE OF THE GROWTH STRATEGY CONFIRMED

A strategy that delivers results...

2005 saw further strong growth in all three customer segments, combined with increased customer loyalty:

- Individual customer numbers increased by 2.5% year-on-year. The proportion of customers holding six products or more, which constitutes an indicator of customer loyalty, continued to rise steadily, reaching 45.9% compared with 45.5% at the end of 2004.
- The professional customer segment saw particularly robust growth, with customer numbers rising 8.1% in 2005.
- The number of business customers grew by a more modest 1.5%. This slight slowdown (compared with +2.3% in 2004) can be attributed to the transfer of certain customers to the professional segment which provides an offering better suited to their needs.

... and is proving increasingly popular with customers

For more than ten years now, the Crédit du Nord Group has conducted annual satisfaction surveys of its individual, professional and business customers, to give it an overall vision of their opinions and identify areas

requiring close monitoring or where progress needs to be made. Improving these satisfaction ratings is a core concern for the Crédit du Nord Group and its customer advisers.

The Group's customer base is its principal source of new business: two out of every three new accounts are opened following a referral from an existing customer. At the same time, the Group actively takes part in competition surveys (conducted by the CFI, an independent research body) to see how its banking offering is positioned in relation to the broader market. In 2005, the Crédit du Nord Group ranked number one for customer satisfaction in the individual⁽¹⁾, professional⁽²⁾ and business⁽³⁾ customer segments.

(1) Survey conducted between January 19 and February 17, 2005 of 4,106 customers of French banks, including 302 customers of banks in the Crédit du Nord Group.

(2) Survey conducted between January 14 and February 7, 2005 of 2,050 customers of French banks, including 300 customers of banks in the Crédit du Nord Group.

(3) Survey conducted between March 21 and April 14, 2005 of 1,839 customers of French banks, including 293 customers of banks in the Crédit du Nord Group.

1.47
million customers,
+3.0%

15.5
billion euros
of outstanding
deposits, **+8.9%**

18.1
billion euros
of outstanding loans,
+7.8%

Crédit du Nord Executive Committee at January 1, 2006

Alain Py, Chairman and Chief Executive Officer

Bernard Beaufile, Chief Executive Officer

Marc Batave, Deputy Chief Executive Officer & Group Chief Client Officer

Jean-Pierre Bon, Deputy Chief Executive Officer & Group Chief Financial Officer

Patrick Renouvin, Deputy Chief Executive Officer & Group Chief Information Systems Officer & Group Chief Banking Operations Officer

Pierre Boncourt, Group Chief Human Resources Officer

Clare Brennen, Group Chief Communications Officer



950,000
individual customer
current accounts,
+2.4%



Retail Banking outside France

6.4

**million
customers and
30 subsidiaries**

Since its creation in 1998, the Retail Banking outside France division has pursued a strategy of targeted investments based on the exportation of the Group's domestic retail banking model to other countries throughout the world. Through a combination of organic growth and acquisitions, the division is building up a universal banking concept, offering products and services suited to a broad base of individual and business customers alike.

GEOGRAPHICALLY TARGETED ACQUISITIONS

In 2005, Retail Banking outside France continued its policy of making targeted acquisitions in Central and Eastern Europe and the Mediterranean Basin. The existing universal banking platform in Russia (Banque Société Générale Vostok) was reinforced with the purchase of 100% of DeltaCredit Bank, the country's leading privately-owned player in the mortgage lending market with close to USD 200 million of outstanding loans. DeltaCredit has developed an innovative and diversified offering to meet the needs of individual customers for residential property loans.

Société Générale also bought a 64.4% stake in Podgoricka Banka from the Republic of Montenegro. As the country's third largest bank in terms of assets, with a market share of 13% and a retail network of some 20 branches, Podgoricka Banka will assert Société Générale's position as a major player in the region and complement its established presence in the Czech

36

billion euros
of customer deposits

30,750*

staff

1,741

branches



* Full-time equivalent staff employed
by consolidated subsidiaries at end-2005.

■ ■ **Fatma El Gouly**, works at MIBank which joined forces with Société Générale in 2005. The newly-combined entity, **NSGB-MIBank**, is now the largest privately-owned bank in Egypt.



Republic, Slovakia, Romania, Bulgaria, Slovenia and Serbia.

In Egypt, National Société Générale Bank, which is 78%-owned by Société Générale, acquired a 90.7% stake in MIBank, the country's number two privately-owned universal bank which serves 59,000 individual customers and 8,000 business customers via 32 branches. The newly merged entity now ranks as the leading privately-owned bank in the Egyptian market.

DERIVING MAXIMUM VALUE FROM EXISTING FRANCHISES

Retail Banking outside France comprises 1,741 branches, 1,049 of which are located in Europe.

The division has been implementing a series of ambitious development plans at its various subsidiaries, the results of which can be seen in the rising performance indicators. In the individual customer segment, the division recorded a strong rise in new business, notably in the European Union and in EU candidate countries. The division now boasts over 5.8 million individual customers (+12.2% relative to 2004, when adjusted for changes in Group structure), including 3.8 million in Europe, who together account for 47% of outstanding deposits (EUR 35.9 billion) and 29% of outstanding loans (EUR 25.2 billion). Strong progress was also made in the business customer segment, where outstanding

deposits and loans rose by a respective +24% and +16% over 2005 (when adjusted for changes in Group structure and at constant exchange rates). Taking advantage of its domestic retail banking expertise, Société Générale successfully launched a number of innovative offerings in local markets outside France, helping to bolster its market share:

- creation of the Czech Republic's first full online and mobile telephone banking service;
- launch of the YO (Youth Offer) account for young people in Egypt. The package includes a savings account, a bank card (customers can choose the color) and a range of banking services accessible via mobile telephone and the Internet.

The division has substantially expanded its consumer credit and mortgage lending offer at the subsidiaries, with the aim of recruiting new customers and increasing the loyalty of its existing clientele. Prime examples of this strategy include the launch of a consumer credit subsidiary in Russia, and the purchase in 2005 of the Russian mortgage lending specialist, DeltaCredit.

Strategy

Organic growth of the international retail banking subsidiaries, taking account of local specificities.

Measured policy of acquisitions with sound risk diversification.

Transfer of best practices in domestic retail banking to subsidiaries outside mainland France.

Development of intra-group synergies.

Consolidation of acquisitions.



Major institutional campaigns

designed to attract new clients and improve brand positioning were launched in 2005 in:

- Serbia;
- Greece;
- Russia;
- Morocco.



Retail Banking outside France has also built up partnerships with the Group's other core businesses, such as Corporate Banking, Private Banking, Financial Services and Asset Management, to add further momentum to its strong commercial performance. The division is investing heavily in sales and marketing to intensify its customer focus, opening additional branches in high-growth areas and restructuring its customer portfolios into segments with dedicated customer advisers. Staff are receiving training in Société Générale's various businesses and are being encouraged to use state-of-the-art multi-channel banking tools. Thanks to the progress made in applying the Société Générale Quality Approach, customer service at the foreign retail banking subsidiaries now compares extremely favorably with local standards; Komerční Banka, for example, was named Bank of the Year in the Czech Republic for the second year running in 2005 (MasterCard survey).

A DYNAMIC HUMAN RESOURCES POLICY

Retail Banking outside France now employs nearly 31,000 people, more than half of whom are women. The Group took on a further 3,300 staff in 2005 to keep pace with the expansion of its foreign retail banking subsidiaries (acquisitions and organic growth). As a result of this dynamic growth, the Group has had to increase the size of its human resources function at

its head office with a view to standardizing practices and progressively rolling out the Group's principles at the subsidiaries (performance appraisals, Charter of Diversity, remuneration principles, etc.), taking into account specific local characteristics:

- in 2006, the Group will complete its inventory of the compulsory and complementary social cover offered by its subsidiaries;
- the Group has made the identification of high-potential executive employees one of its top priorities;
- 6,900 employees have subscribed to the Société Générale Group's Global Employee Share Ownership program.

A number of projects are also underway to encourage the integration of new employees. Five times a year, the Group holds a three-day integration seminar in Paris, which, in 2005, was attended by some 250 executive staff. At a local level, the Group runs presentation days for staff designed to increase awareness of its activities and create a sense of cohesion among employees.

The international retail banking division places substantial emphasis on training as a means of developing skills and each subsidiary either has its own dedicated training department or works with a regional training center. In 2005, a specific training program was launched for operational managers designed to help them advance to more senior positions.



Successful inpatriation – a case study

Boian Anastassov is a Bulgarian national who works as an SME customer adviser at one of Société Générale's network branches. "Working in the French Networks has been a valuable experience, and a useful progression after my first job for the Group in Bulgaria.

Seeing how a retail banking operation works in a competitive, mature market, and handling a high volume of complex tasks give me the chance to develop my skills and knowledge."

STANDARDIZATION OF ORGANIZATION AND PROCEDURES

The division's core strategy for its foreign subsidiaries is to standardize tools and procedures and pool its resources. In 2005, it continued to harmonize its information systems and, in parallel, implemented a number of projects designed to rationalize and improve the operating efficiency of the international retail banking networks. Its principal achievements for 2005 included the definition of a shared electronic payment platform, scheduled to be rolled out at a number of subsidiaries between now and the end of 2006, and the launch of a shared Internet banking platform at several subsidiaries. One of the major challenges for Retail Banking outside France is managing its risk exposure effectively. Each subsidiary has implemented its own risk management system, based on standards and procedures defined by the Société Générale Group, and covering risk analysis procedures, credit approval decisions and monitoring tools. In 2005, the Group continued to reinforce its system for the management of operational risks, providing all retail operations with a self-assessment methodology to be used to evaluate their control and risk exposure environment. Standard systems have also been installed at the subsidiaries for the prevention of money laundering and financing of terrorism, and these are backed up with special training and awareness programs.

PERFORMANCE, RESULTS AND PROFITABILITY

The division's performances for 2005 confirm the success of its growth strategy, which combines the development of existing franchises with targeted acquisitions in countries offering strong potential for growth and profitability.

Business volumes increased considerably in 2005, with net banking income rising 12.4% on 2004 (when adjusted for changes in Group structure and at constant exchange rates) to a total of EUR 2.3 billion for the year. By managing its risk exposure firmly, the division also succeeded in maintaining strong levels of profitability; ROE after tax came out at 40.3%, up 8.2 points compared to the previous year.

A SUCCESSFUL DEVELOPMENT MODEL: BRD – SOCIÉTÉ GÉNÉRALE GROUP

In 1999, Société Générale took a majority stake in BRD (Romanian Development Bank), Romania's second largest bank, and rapidly implemented a transformation

plan in order to bring the acquisition in line with Group standards.

Originally specialized in the business customer market, BRD decided to direct its focus to the individual customer segment and undertook a complete reorganization of the retail banking network. At the same time, it provided professional training for customer relationship managers, improved its service quality and developed a range of new products.

BRD now has 1.7 million customers and a stock market capitalization of EUR 2.6 billion. It has become one of the leading players in the retail banking market and a major reference for corporate clients, while in the investment banking arena, it takes part in all Romania's major privatizations, mergers and acquisitions.

The bank has the broadest offering in the market and makes full use of new distribution channels such as telephone marketing, online services and mobile telephony. Since June 2004, the bank has been stepping up the expansion of its branch network, and opened an additional 119 outlets over the course of 2005.

In parallel, BRD aims to exploit synergies with the Société Générale Network wherever possible in order to consolidate its position in its customer segments. As it has expanded, BRD has implemented an appropriate human resources policy: it has taken on a large number of recruits in order to reduce the average age of its workforce, provided substantial training in all its businesses and encouraged the implementation of an adequate remuneration policy designed to increase staff loyalty.

BRD singled out for a number of awards

In 2005, BRD was named "Bank of the Year" in Romania by three magazines (*Euromoney* and two major Romanian magazines, *Piata Financiara* and *Capital*). The newspaper *Saptamana Financiara* also awarded its prize for communication to Adela Pascu, Corporate Secretary of BRD, for the BRD Express branch network, and named the bank's Deputy Chief Executive, Sorin-Mihai Popa, its "Banker of the Year".

BRD: growth and profitability

	2000	2005
Number of individual customers	731,000	1,622,000
Outstanding loans (in billions of euros)	0.5	2.7
Number of branches	195	326
Number of employees	4,444	5,328
Net banking income (in millions of euros)	170	373
Gross operating income (in millions of euros)	68	182
Net income (in millions of euros)	15	67

Financial Services

8.2

million customers ⁽¹⁾

37

countries ⁽¹⁾

13,700

staff ⁽¹⁾ ⁽²⁾

44.8

billion euros*
of outstanding loans ⁽¹⁾

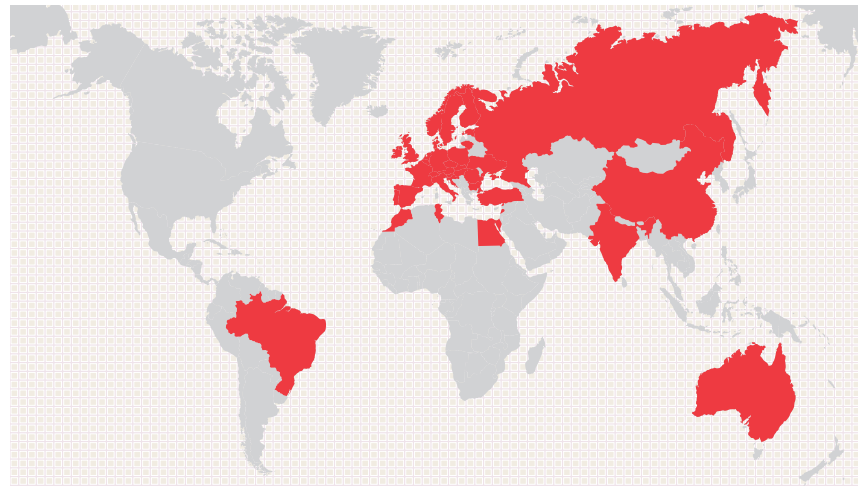
Société Générale's Financial Services division comprises a number of specialized subsidiaries throughout the world which develop and market innovative financing products and services to a global clientele of business and individual customers. The division offers a range of solutions tailored to both customer segments in IT asset leasing and management, operational vehicle leasing and fleet management, vendor and equipment finance, consumer credit, life and non-life insurance.

In 2005, Société Générale continued to grow its specialized activities through a mix of strategic acquisitions and greenfield expansions and now boasts a wide-reaching international platform which covers five continents and 37 countries. Financial Services caters to 8.2 million customers ⁽¹⁾ (up 43% relative to 2004), acquired through

three different distribution channels: directly, through the Société Générale Network or via partnerships.

In 2005, the division maintained strong growth momentum, posting net income of EUR 451 million, an increase of 19.9% (including international and domestic payments) on the previous year. Global net banking income rose by 6.2% (at constant structure and exchange rates) to a total of EUR 2,127 million, while outstanding loans grew by 16.4% to EUR 44.8 billion (including non-consolidated companies and Sogéfinancement's consumer loans on behalf of the Société Générale Network). These figures clearly confirm the division's capacity for profitable growth and its role as a growth driver for the Société Générale Group.

Specialized Financing and Insurance: a platform spanning five continents and 37 countries



Consumer credit: 13 countries

Insurance: 7 countries

Operational vehicle leasing and fleet management: 32 countries

Vendor and equipment finance: 19 countries

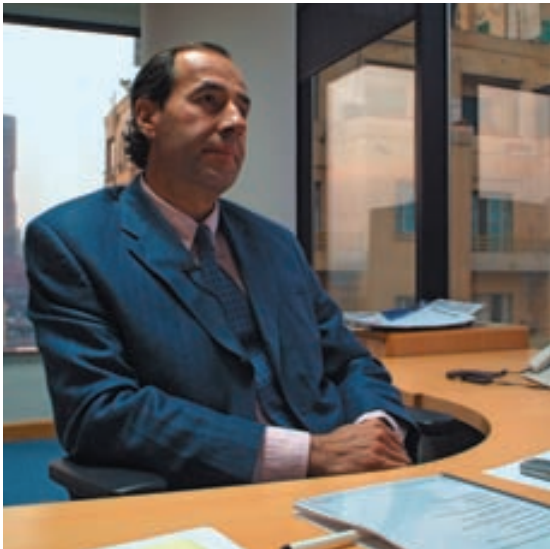
IT asset leasing and management: 12 countries

* Outstanding loans at end-December 2005.

(1) Excluding domestic and international payments.

(2) Full-time equivalent staff employed by consolidated subsidiaries at end-2005.

■ ■ **Vorles Morlot** is Managing Director of ALD Automotive in **Cairo**. Part of his role is to foster increased exchange with ALD Automotive's other staff in 32 countries around the world.



Business finance and services: gaining a foothold in the Asian market

Already a leading European player in business finance and services through its three specialized business lines (ECS, SG Equipment Finance and ALD Automotive), the Group is now setting its sights on the Asian market. 2005 was a good year with the creation of a number of new subsidiaries in this high-growth region: ALD Automotive launched operations in India and, more recently, in China, while SG Equipment Finance continued to expand internationally by entering the Chinese market.

BUSINESS FINANCE AND SERVICES

IT asset leasing and management: an unrivalled leader



ECS (Europe Computer Systèmes) has earned market-wide recognition for its knowledge and expertise, making it the European reference in the leasing and management of IT assets.

In 2005, ECS pushed forward with its development strategy, strengthening its positions in the European market. It set up new entities in Switzerland and the Czech Republic and completed its French platform with the acquisition of Groupe Telci, a specialist player in the installation and maintenance of office PCs. These initiatives underline ECS's ambition to hold on to the top position in Europe.

ECS's results in the IT asset leasing and management market are increasing steadily, confirming its ranking as the number one European brand in the field: new lending rose 4.6% to a total of EUR 892 million, whilst total revenues for the year amounted to EUR 1.8 billion, an improvement of 3.4% on last year.

ECS now operates via a solid distribution network in 12 European countries, providing a full array of services to over 7,200 customers including the Casino Group, Philips, Beiersdorf, Nestlé, 3M and Kraft.

Vendor and equipment finance: an international brand with a strong European presence



Created by the Société Générale Group to market its international vendor and equipment finance offering under a single brand, SG Equipment Finance has become the leading player in the European market.

In 2005, SG Equipment Finance continued to build up its commercial presence outside France, signing new partnership agreements with Jungheinrich and Trumpf (companies specializing respectively in the sale of forklift trucks and machine tools). It is also focusing on

Strategy

Continue

to expand and enhance the financial services business across all five continents.

Encourage

increased international diversity among staff and manage teams dynamically.

Develop

synergies between the division's business lines and with the Société Générale Group.

Consolidate

the division's existing solid positions.

ALD Automotive: rapid growth

ALD, the Group's operational vehicle leasing and fleet management subsidiary, has maintained an unbroken pace of overseas expansion since its purchase from Deutsche Bank in 2001. ALD Automotive recently set up operations in Estonia, Croatia, Egypt, Romania, Turkey, India, Brazil and China, and now covers 32 countries worldwide, providing the Group with solid foundations on which to develop its other specialized activities.

Central and Eastern Europe: strengthening of the Specialized Financial Services platform

Central and Eastern European countries are currently experiencing sustained levels of economic growth, offering substantial potential for the specialized financial services industry. Already present in Poland, Russia, Hungary, Romania, Ukraine and the Czech Republic, Société Générale's Specialized Financial Services businesses continued to build on their existing platform in the region, making a number of key investments over 2005:

- Romania: establishment of a subsidiary of ALD Automotive;
- Russia: acquisition of Promek Bank, a consumer credit company specializing in auto financing;
- Czech Republic: establishment of a subsidiary of ECS and acquisition of a 51% stake in KP (the country's 5th largest insurer) by Sogecap;
- Hungary: acquisition of Oster Lizing, a consumer credit company;
- Bulgaria: launch of a consumer credit company;
- Ukraine: creation of ProstoFinance, a consumer credit company, and increase of ALD Automotive's stake in First Lease from 25% to 100%;
- Croatia: creation of a subsidiary of ALD Automotive;
- Turkey: acquisition of a 51% stake in Alfa Oto Filo Kiralama.

exploiting synergies with the Group's other business lines, for example with the Private Banking division in the business aviation sector.

In Scandinavia, SG Equipment Finance absorbed the vendor and equipment financing business of Elcon, Norway's leading player in the field, following the acquisition in 2004. The new entity, SG Finans, is charged with developing equipment financing activities in the Norwegian, Swedish and Danish markets. At the same time, SG Equipment Finance is turning its attention to other continents such as Asia, where it recently launched a business operation in China.

These developments, coupled with strong business volumes, clearly illustrate the progress SG Equipment Finance has made and highlight its commitment to supporting its French and international customers in their global development ambitions. With a broad distribution network covering 19 countries, SG Equipment Finance has the capacity to provide rapid and targeted solutions to all its customers' financing needs, enabling it to grow its outstanding loans by 9.8% over 2005, to a total of EUR 17.7 billion at year-end.

Operational vehicle leasing and fleet management: building a global presence



ALD Automotive continued to pursue its strategy of international development through the launch of new operations in a number of foreign countries.

In Europe, its number two position was confirmed over 2005 thanks to the creation of businesses in Estonia, Croatia, Romania, Egypt, Turkey (following the acquisition of Alfa Oto Filo Kiralama) and Ukraine (where it purchased 100% of First Lease). At the same time, ALD Automotive exported its expertise to the Indian, Chinese and Brazilian markets. These moves have strengthened its role as a leading player in operational vehicle leasing and fleet management and confirmed its global ambitions in its field.

From a commercial perspective, the year proved highly positive. ALD Automotive won a number of contracts with major clients such as Alcatel, Bayer and Veolia, and signed an important partnership agreement with Ford for the management of the US group's vehicle fleet in Europe (excluding the UK).

At the end of 2005, ALD Automotive was present in 32 countries across the world, managing a fleet of some 600,000 vehicles (+9.1% on 2004 at constant structure), and a total of EUR 7.1 billion of outstanding loans (+12.7%).

INDIVIDUAL CUSTOMER FINANCE

A European consumer credit platform



The Group made the development of Société Générale Consumer Finance's activities one of its key priorities for 2005.

Franfinance and CGI together launched Disponis, a new direct loan brand, and contributed to the success of the project by providing technical and logistical support along with their extensive knowledge and expertise.

The Group increased its outstanding consumer credit by 7.3% in France to a total of EUR 10.4 billion and ranks third in the market. In the rest of Europe, the year was marked by strong business activity and a number of major projects. In Italy, Fidelity acquired Finagen's consumer credit business, thereby integrating a nationwide network of 40 brokers into its existing platform. The transaction strengthened Fidelity's position as a specialized player in the Italian market, with EUR 4.1 billion of outstanding loans (up by 26.7%).

In Germany, the Group retained its position as a leading player with its two subsidiaries: Hanseatic Bank in the consumer credit market, which has EUR 1.3 billion of outstanding loans, and ALD Leasefinanz/BDK, the auto financing specialist, which delivered a strong performance over the year, increasing its outstanding loans by 27.2% on 2004 to a total of EUR 1.6 billion.

In Russia, Société Générale completed its offering with the acquisition of Promek Bank, which specializes in auto financing. The newly extended platform, Rusfinance Bank, now employs more than 2,300 staff and manages a loan portfolio of EUR 183 million for 318,000 customers. The Group also expanded its international network with the acquisition of Eurobank in Poland and Oster Lizing in Hungary, and with the creation of a number of new companies in Portugal and in Central and Eastern Europe.

Today, Société Générale Consumer Finance has more than 7,500 staff and EUR 18.5 billion of outstanding loans, representing a 26.4% rise relative to 2004 (with 43.5% of this total issued outside France). The company now operates in 13 countries both in Europe and the Mediterranean Basin.

■■ **Victoriya Selezneva** works at Rusfinance Bank, Société Générale's consumer credit subsidiary in Moscow.



Multicultural teams to drive international development

The Financial Services business represents roughly 13% of the Group's overall headcount, employing 13,700 staff in five different business lines. With 71% of its total headcount based abroad, the division comprises people from 37 different nationalities, speaking some 27 different languages. This broad cultural diversity provides ideal conditions for the exchange of ideas and the dissemination of best practices.

INSURANCE: A SUCCESSFUL YEAR

Sogécap (life insurance): growing at full strength

In 2005, Sogécap made unit-linked policies a main priority, launching new offerings and virtually doubling savings inflows on 2004. Unit-linked policies accounted for 33% of new inflows in 2005. At the same time, it strengthened its Sequoia product, adding four automatic arbitrage services and additional alerts.

Once again, Sogécap won industry-wide recognition for its performance: it was awarded the "Premier Prix" for the best PERP (popular retirement savings plan) by *Agefi Actifs*, the "Palme d'Or" by *Journal des Finances*, the Oscar for the best PERP and the Innovation Oscar by *Gestion de Fortune* for its Epicea PERP and the "Prix Spécial de l'Interactivité" by *Le Revenu* for Sequoia.

The company also performed well in the business customer segment, signing a number of major contracts, for example with Arcelor. These partnerships enabled it to improve its premium income, achieving a total of EUR 8.1 billion (+16%), of which EUR 112 million was generated by Oradéa Vie (subsidiary dedicated to external partners).

Sogécap's underwriting reserves increased by 15.4% to EUR 50 billion.

On an international level, Sogécap reasserted its ambition to become a major player and strengthened its positions thanks to the acquisition of Komerční Pojišťovna in the Czech Republic.

Sogessur (non-life insurance): a year of strong growth

Once again, Sogessur reported sustained levels of activity in 2005. Premium income rose by 22% to a total of EUR 114 million and, at year-end, the company had more than 505,000 customers and managed 673,000 policies.

In 2005, the AFAQ* reconfirmed the company's ISO 9001 certification for all its customer services (for the quality of policy management and the processing of property insurance claims).

Sogessur also extended its offering over the year, launching its *Protection Juridique* (legal protection) package (over 30,700 policies signed in 2005) and an insurance policy for school fees (12,200 policies signed), and updating the guarantees on its car insurance policies to provide additional assistance.

Société Générale Consumer Finance, the Group's international consumer credit brand

Prompted by the noticeable pick-up in the consumer credit business in international markets, the Group set up Société Générale Consumer Finance, a single entity which manages all the Group's consumer credit activities outside France.



Disponis: a new direct loan brand in France

Created in June 2005, Disponis allows customers to apply for loans directly online at www.disponis.fr and via a telephone platform. The offering includes revolving loans, credit cards, personal loans and, in partnership with CGI, car leasing with an option to buy and loan refinancing. The brand has already proved a success and should provide a new channel for customer acquisition.

*AFAQ: Agence Française d'Assurance Qualité (French insurance quality standards agency).

Global Investment Management and Services

The Global Investment Management and Services business (GIMS) incorporates all the Société Générale Group's securities activities for investors.

**Société Générale Asset Management,
SG Private Banking,
Société Générale Securities Services,
Boursorama** (online savings).

386

billion euros
of assets
under management

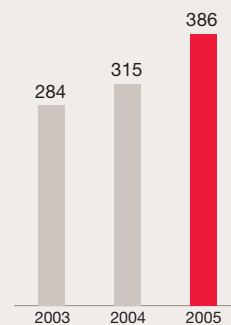
**Nearly
2,000**

billion euros
of assets under custody
(including Unicredit's activities)

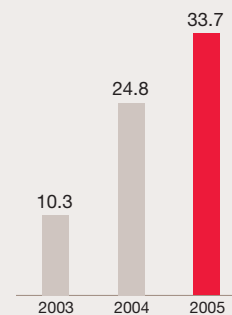
690

million contracts
traded by Fimat
on derivatives markets

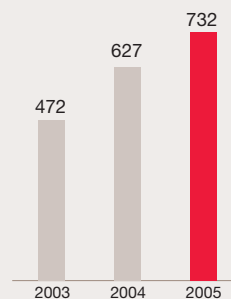
Assets under management
in billions of euros



Net inflows
in billions of euros



Gross operating income
in millions of euros



2003: French standards.
2004: IFRS (excl. IAS 32 & 39 and IFRS 4).
2005: IFRS (incl. IAS 32 & 39 and IFRS 4).

Global Investment Management and Services (GIMS) delivered excellent results in 2005, posting a 16.7% rise in gross operating income relative to 2004.

Its pace of growth accelerated sharply over the year, fuelled by strong business volumes across the board: inflows in asset management and private banking reached all-time highs, as did assets under custody and the volume of contracts traded by Fimat on derivatives markets.

GIMS continued to pursue its policy of growth through acquisitions:

- Fimat purchased PreferredTrade, reinforcing its cash and derivatives brokerage offering in the US;
- Boursorama acquired Squaregain, making it the second largest player in the UK brokerage market;
- SGSS acquired Unicredit's securities services business, an ambitious expansion project which will make it the number three securities custodian in Europe.

Boursorama Banque and CaixaBank France also announced the proposed tie-up of their activities.

Going forward, GIMS will continue expanding each of its businesses in order to consolidate their critical mass and establish them as reference players in their respective markets, thereby asserting its role as one of the Group's major engines for growth.

GIMS Executive Committee

Philippe Collas, Chief Executive Officer, Global Investment Management and Services

Alain Closier, Global Head of Securities Services

Alain Clot, Chief Executive Officer, Société Générale Asset Management

Pierre Mathé, Global Head of Private Banking

Vincent Taupin, Chairman and Chief Executive Officer, Boursorama

Catherine Théry, Chief Operating Officer, Société Générale Securities Services

Bruno Hargous, Head of Administration for the Chief Executive Officer

Laurent Hervé, Chief Financial Officer, GIMS

Fabrice Lamy, Head of Risk Management and Audit Department, GIMS

Brigitte Louis, Head of Information Technology, GIMS

Christian Méli, Head of Human Resources, GIMS

Jean-Marc Vallas, Head of communication GIMS

A recognized, comprehensive offering, delivering superior performance

Asset Management

- TCW: "Best CDO Manager of the Year"

(*Securitization News*, April 2005)

- SGAM named "Best Asset Manager" by French institutional investors for the third year running

(*Amadéis*, February 2006)

Private Banking

- "Best Global Private Bank in structured products"

(*Euromoney*, 2006)

- "Outstanding Private Bank for Alternative Investments"

(*Private Banker International*, 2005)

Securities Services

- Fitch rating raised to CU2+ (from CU2)

Fimat

- Increase in global market share to 5.3% (on the main markets of which Fimat is a member)

Boursorama

- No.1 online broker in France

Nearly
8,900*
staff
worldwide

* Full-time equivalent staff employed by consolidated subsidiaries at end-2005.

Société Générale Asset Management, active management of client assets

A GLOBAL PLAYER WITH A WELL-BALANCED GROWTH MODEL

In 2005, SGAM attracted record net inflows of EUR 27 billion, representing 10% of assets under management at the beginning of the year. Assets under management at year-end amounted to EUR 327 billion, up by 22% on the previous year and by 37% relative to end-December 2003.

SGAM ranks among the world's ten leading global asset management players and in 2005 took full advantage of its presence in all the main asset management strategies, client segments and international markets.

One of the world's leading sellers with a diverse, high-performance offering

Although SGAM is continuing to develop considerable synergies with other businesses, in 2005 it derived over 80% of its asset inflows from outside the Société Générale banking networks thanks to its strong commercial presence in the main geographical regions, notably Asia, and its comprehensive product range. SGAM offers some 250 product families, covering all asset classes – equities, bonds, alternative and diversified products – and continually adapts its offering to the needs of all categories of investors.

The Luxembourg-based mutual fund, SGAM Fund, a showcase for the Group's extensive expertise with its 58 sub-funds, provides a good illustration of the Group's success: at end-2005, 71% of its assets under management were invested in funds ranked in S&P's first and second quartiles over three years, representing a twofold increase in just 18 months. In its particular competitive universe, which comprises 562 Luxembourg-based mutual funds, SGAM Fund ranked as the fourth most widely distributed fund in 2005.

A high standard of professionalism, recognized by Fitch Ratings

SGAM has been rated AM2+ by Fitch Ratings since 2000—the best rating awarded to a fund management company for its global platform, excluding alternative

investment. This rating, which applies to SGAM's management centers in the United Kingdom, United States, France, Japan and Singapore, reflects the quality of its international network, the rigor of its control framework and the professionalism of its teams. In 2005, SGAM was also named “Best Asset Manager” by French institutional investors for the third year running in a survey by Cabinet Amadéis.

One of the few global players in alternative investment

SGAM provides a full spectrum of alternative investment products, comprising hedge funds, structured products, private equity, mezzanine funds and real estate. In 2005, alternative products attracted a total of EUR 12 billion of inflows, increasing assets under management in this segment by 35% to EUR 46 billion. SGAM's alternative investment business groups together its generalist platform, SGAM Alternative Investments, and two other divisions which specialize in targeted strategies: Barep Asset Management and TCW's alternative investment platform. Together, these operations employ nearly 380 staff who combine their respective expertise in capital markets and asset management to deliver an effective blend of innovation and risk management.

A SUCCESSFUL BALANCE OF LOCAL AUTONOMY AND GLOBAL COORDINATION

Local managers have considerable autonomy and are guided by international committees

Local managers operate with considerable autonomy within a framework of strategic guidelines defined at the Group level. SGAM provides guidance in the form of international committees which bring together representatives of all the Group's divisions and principal subsidiaries: the international executive committee and coordination committees for each of the major functions (management, sales, legal issues, IT, operations, etc.).

2,160*

staff

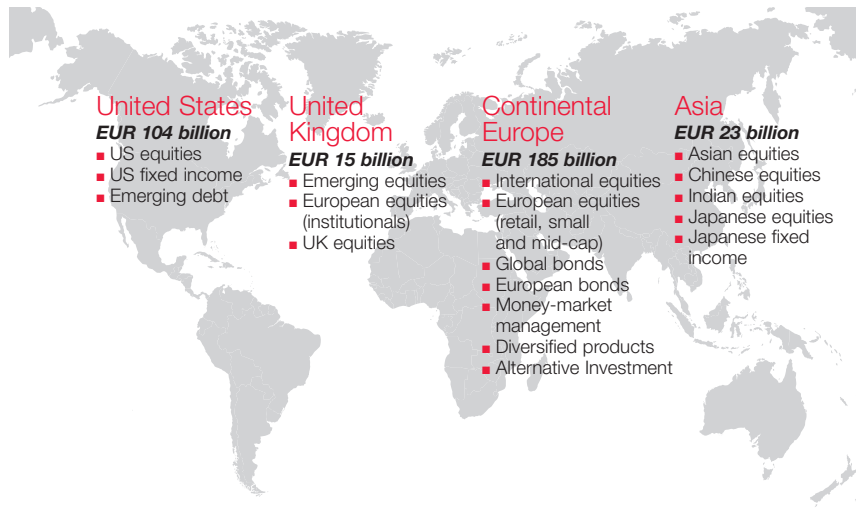
from 73 nationalities,
working in 19 countries;
58% of SGAM's staff
are based outside France



■ ■ Laurent Bertiau is Managing Director of Société Générale Asset Management in the Asia Pacific region. He is based in Tokyo.

* Full-time equivalent staff employed by consolidated subsidiaries at end-2005.

Geographical breakdown of assets under management



An entrepreneurial system that generates dynamism and performance

SGAM Group is an amalgamation of specialized local teams that together provide comprehensive coverage of the full range of asset classes. SGAM's 623 analysts, researchers and fund managers are organized into small, dedicated teams based in the world's main investment centers, which have discretion to make their own investment decisions within the confines of the Group's strict investment procedure.

In order to develop long-term relationships and provide a high standard of service, SGAM needs to work in close proximity to the client. To achieve this, it has organized its 580 sales and marketing staff into specific teams dedicated to geographical regions and client segments (institutionals, corporates, distributors).

Global coordination, guaranteeing the Group's commitment to its investors

Cross-selling accounted for nearly 15% of asset inflows in 2005 and constitutes an essential growth driver as it enhances client loyalty while increasing sales at no additional management cost.

Cross-selling is coordinated at international level by two dedicated teams; these handle Group responses to international tenders and manage relationships with external consultants who are increasingly called on by institutional investors and major distribution networks to select asset managers on their behalf.

Risk management and compliance have always been central to SGAM's business model. The Group has set up its own cross-business structure to deal with these issues, coordinated by a dedicated division that is fully

Integration and diversity, the keys to success and growth

The remarkable diversity of SGAM's staff, businesses and cultures constitutes a source of dynamic growth and a powerful engine for international development.

By implementing a careful policy of integration that respects differences and complementarities, SGAM strives to create a united community that shares common values of professionalism, innovation and team spirit.

A global leader in a range of strategies

Thanks to the combined expertise of its different management centers, SGAM now ranks as a leading global player in several strategies: credit management, in particular CDOs (collateralized debt obligations) where SGAM holds a market share of 12%, MBS (mortgage-backed securities), mid caps (Europe, US, Japan), alternative strategies such as structured products with the innovative launch of ETFs offering exposure to the CAC 40, Hedge Fund Management (funds of hedge funds, Alpha Portable, incubator funds, etc.).





independent but works closely with the Group's businesses and reports directly to General Management. SGAM's risk and compliance function employs 98 staff, including 51 at the subsidiaries, who coordinate and implement all controls required to ensure sound management of risks, notably operational risks, and strict observance of regulatory and compliance requirements.

SGAM also made efforts in 2005 to increase coordination between its support functions – IT, operations, finance and legal departments. By capturing synergies between these functions and implementing shared projects, the Group aims to create a more solid and efficient base on which to continue building its global activities.



SUCCESSFUL INTEGRATION, A PILLAR OF MULTINATIONAL GROWTH

One of the few European players to have successfully completed an acquisition in the United States

The integration of TCW and its 615 employees within SGAM was completed with no job-cuts and no loss of clients. TCW's assets under management have increased by 50% since its acquisition in July 2001, despite the stock market crisis of 2001-2003. SGAM is one of the few non-American asset managers with a high-quality "American" offer that is widely appreciated by non-US investors: US Concentrated Core, US Large Cap Relative Value, US Mid Caps, mortgage-backed securities, CDOs, mezzanine funds and distressed debt.

One of the most active asset managers in Asia, with one of the most extensive structures and strong growth momentum

SGAM has over 564 staff in Asia and a comprehensive structure of five management companies and eight distribution centers. In 2005, the Asian platform generated sustained growth, attracting EUR 6.3 billion of asset inflows (EUR 2.6 billion in 2004), and accounting for a quarter of SGAM's total asset inflows for the year.

In Japan, the successful integration of Resona AM, the asset management subsidiary of Japan's fourth largest bank, reinforced the development of the platform.

2005 also saw the continuing growth of the joint-ventures set up in 2004 with SBI, India's largest bank, and IBK, South Korea's fourth largest bank, following on from the joint-venture with Baosteel in China in 2003. In total, these partner networks provide SGAM with access to 350 million potential clients in Asia.



After moving from London, **James Livingstone-Wallace** is now based at La Défense in **Paris**, where he works for Société Générale Asset Management alongside **Emmanuelle Court**.



SGAM's development is carried first and foremost by its staff

The emphasis placed on high value-added products and techniques and the increasing globalization of the asset management business make it vital to recruit and maintain a highly skilled and motivated workforce. SGAM pursues an active human resources policy, taking on 365 new recruits in 2005 and providing over 16,000 hours of training to develop the skills of its staff. It also encourages job mobility within the Group to enable staff to advance on a personal and professional level, and to improve its collective performance. Mobility is increasingly popular: in 2005, 71 people changed jobs at the Paris office (an increase of 31% in relation to 2004), while, on an international level, twice as many people benefited from internal transfers as in 2004.

Boursorama, your partner for investment

The Boursorama Group was the first to launch a range of derivatives brokerage services for individual investors via the French Minitel network as of 1995. Within the space of ten years, it has become a major player in online savings in Europe, with 4.4 million orders executed in 2005, 463,000 accounts managed and EUR 7.5 billion of outstanding at end-December 2005.

In France: Boursorama becomes an online savings bank

Boursorama successfully extended its target client base towards long-term investors in 2005:

- the audience for the www.boursorama.com web portal increased following the launch of the Boursorama Patri-moine website. The Boursorama portal now attracts 4 million unique visitors per month, representing an increase of 80% relative to 2004, and provides the Group's banking activities with nearly 12,000 prospective customers each month;
- inflows into the Group's mutual fund savings products rose thanks to the Boursorama 0% offer, which has become Boursorama's flagship product. At end-December 2005, outstanding savings deposits in France (mutual funds and life insurance) amounted to nearly EUR 1 billion, up 129% on the previous year.



Boursorama's ambition is to meet the needs of individual investors seeking simple and effective solutions that enable them to manage their savings independently.

In December 2005, the company took a major step towards achieving this goal by becoming an online savings bank – Boursorama Invest changed its identity to become **Boursorama Banque**, and extended its product range to include a current account, Boursorama PLUS, with an optional payment card (Carte Bleue Visa and Visa Premier).

New versions of the websites were also launched with the aim of meeting the requirements of a broad range of users, from active traders to long-term investors.

International activities: acquisitions of Squaregain (formerly Comdirect UK) and Veritas

With the acquisition of Squaregain (consolidated in Boursorama's accounts as of August 1, 2005), the Group has become the number two online broker in the United Kingdom, with 190,000 accounts managed directly and more than 600,000 orders executed in 2005. The new, combined entity (Selftrade and Squaregain) aims to become the leading online broker for individual investors in the United Kingdom. This ambitious target will also be accompanied by efforts to improve the UK business's profitability.

Veritas, an independent German asset manager with outstanding savings deposits of over EUR 1 billion, was consolidated in the Group's accounts as of February 1, 2005. This acquisition provides Boursorama with a more balanced distribution of activities in Germany and will enable it to diversify its revenue sources with the inclusion of long-term savings products.

Boursorama is 71%-owned by Société Générale. It is listed on the Eurolist market of Euronext Paris – compartment B – ISIN: FR0000075228 (BRS) – Reuters: FMTX.LN – Bloomberg: BRS FP.

Post-closing events

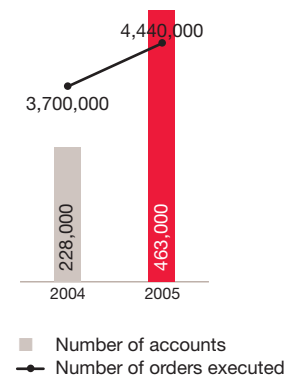
At the end of January 2006, Boursorama and Caixa-Holding (La Caixa Group) announced they had begun discussions on the proposed tie-up of Boursorama and CaixaBank, CaixaHolding's French subsidiary. The objective of the tie-up is to create a unique structure providing a comprehensive range of innovative and effective banking products. The offering will be distributed via a powerful marketing network comprising the CaixaBank branch network, which will give the brand mainstream visibility, and the Boursorama website. The combined entity aims to become a leading player in direct savings in France.

2005 key figures

EUR 7.5 billion of outstanding
463,000 accounts in Europe
4.4 million orders executed
4 million unique visitors per month to the Boursorama portal
540 staff*

* Full-time equivalent staff employed by consolidated subsidiaries at end-2005.

Growth in number of orders and in number of accounts



SG Private Banking, “... imagine solutions inspired by you”

A HIGHLY EFFICIENT INTERNATIONAL PRIVATE BANKING NETWORK SERVING THE NEEDS OF AFFLUENT INDIVIDUALS

A pre-eminent investment management and advisory brand, with a recognized, high-quality offering

- With a presence in 23 countries, concentrated primarily in Europe and Asia, SG Private Banking ranks as a leading player in nearly all the major international financial centers where it operates.

- Backed by the skills and expertise of its teams of wealth management and asset allocation specialists, SG Private Banking develops tailored solutions to meet the overall needs of affluent individuals with financial assets in excess of EUR 1 million. In particular, it offers a comprehensive asset allocation service, helping clients to select the best investment funds and fixed income, equity and commodity products across the world.

- SG Private Banking’s high standard of professionalism earned it a number of key distinctions in 2005: most notable was the award from *Euromoney* for the “Best Private Bank in France” for entrepreneurs, corporate executives and High Net Worth Individuals (individuals with assets of between EUR 1 million and EUR 10 million).

- The company’s efficiency derives from its organizational structure which combines broad autonomy at local and regional level with a system of global coordination to provide extensive expertise, ensure coherent investment strategies that take full advantage of potential synergies, and enhance the management of risk exposure. It also stems from the diversity of cultures the company employs, from the shared knowledge of staff from different countries and professional backgrounds, working together motivated by common values of professionalism and customer service. At the same time, SG Private Banking draws strength from the development of synergies with other divisions within GIMS, Asset Management and Securities Services and Online Savings, and with the Group’s other core businesses, domestic and international retail banking, Financial Services and Corporate and Investment Banking.

2,340*

staff

from nearly 70 different nationalities, working in 23 countries



In 2005, SG Private Banking launched a corporate publicity campaign in the European and Asian press, highlighting its core values: highly personalized client relationships built on innovation and staff expertise.

* Full-time equivalent staff employed by consolidated subsidiaries at end-2005.

■ **Hélène Crinquant** works at SG Private Banking in **Luxembourg**. SG Private Banking ranks as a leading player in nearly all financial centers where it operates.



REINFORCEMENT OF THE PLATFORM AND ACCELERATED GROWTH IN 2005

• Prompted by a favorable economic and financial environment for wealth creation throughout the world (notably in Asia), SG Private Banking continued to strengthen its platform in 2005:

- 150 experienced advisers were recruited in geographical areas offering good growth potential;
- the company set up operations in a number of new markets: opening of a sales office in Montevideo, launch of an operating network in India, opening of a representative bureau in Brunei.

SG Private Banking also invested heavily in improving its information systems in order to enhance service quality, reporting systems and advisory services, all to the benefit of the client. SG Banque Maertelaere in Belgium successfully reengineered its entire information system, SG Hambros continued to modernize its dedicated trust company management systems and, in Singapore, a new technical and IT platform was installed to facilitate SG Private Banking's future expansion in the Asia region.

• The energy of SG Private Banking's staff, the increased exploitation of synergies, the continued search for innovative investment products and the reinforcement of operating resources all helped to grow assets under management at a faster pace, to a total of EUR 59.4 billion at end-2005 compared to EUR 48.4 billion at end-2004 (+22.7%). This increase was largely attributable to record levels of net inflows (EUR 6.3 billion), with balanced contributions from all Asian and European platforms.

• The rise in commercial activity was also accompanied by strong financial results. Net banking income amounted to EUR 540 million, a jump of 17% in relation to 2004 thanks to sharp growth in trading volumes, management fees and product placements, and in revenues from money market, foreign exchange and options transactions. By combining this revenue growth with a policy of firm cost control, despite continuing investments, SG Private Banking managed to generate a 27.1% rise in gross operating income, posting a total of EUR 163 million.

A number of prestigious awards

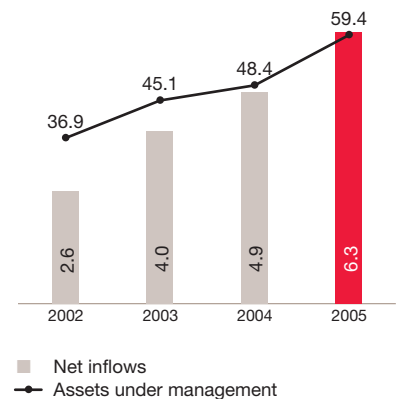
Euromoney, January 2006: "Best Global Private Bank" in structured products, and "Best Private Bank" in France for High Net Worth Individuals, entrepreneurs and corporate executives.

Private Banker International, November 2005: "Outstanding Private Bank for Alternative Investments".

Asiamoney, July 2005: No. 1 Private Bank in Greater China in the category "Best overall products and services" for clients with assets in excess of USD 20 million.

Growth in assets under management and net inflows

in billions of euros



Average annual rate of growth in assets under management between 2002 and 2005: 17.2%.

Société Générale Securities Services, a new dimension in securities services

A new dimension in the securities industry

SGSS groups together Société Générale's securities brokerage activities, domestic and international custody and trustee services, fund administration, back-office outsourcing and services for large corporates (issuer services and employee savings plans).

Men and women working together with one priority: meeting the needs of the client

Société Générale Securities Services (SGSS) is present in over 30 financial centers in Europe, the Americas and the Asia-Pacific region. The division employs over 4,000 men and women from a diverse range of countries and cultural and professional backgrounds, working together to achieve a common goal. Since the creation of the Securities Services business in 2004, SGSS's teams have pursued an ambitious strategy of expansion, taking care to comply with the Société Générale Group's overall risk management policy. The division has progressively implemented a policy of organic growth and targeted acquisitions with a view to meeting the high expectations of an international client base of informed institutional investors.

Expanding and diversifying the Brokerage division through the development of an integrated cash and derivatives offering

2005 saw another wave of mergers in the brokerage industry, combined with highly volatile cash and futures markets, all of which led to a substantial rise in trading volumes on organized markets. Against this favorable backdrop, one of the main highlights of the year was the acquisition of PreferredTrade in the US, which should enable Fimat to build up an equity execution capability in the country, reinforcing its existing range of brokerage services in cash markets. In Europe and Asia-Pacific – a region offering strong growth potential – Fimat concentrated on growing organically, adding new staff and opening an office in Taipei to complement its existing dense and highly professional network.

Enhancement of the global custody, trustee and fund administration offering in Europe

In a context of increasing regulatory harmonization and European consolidation, SGSS saw buoyant commercial activity in 2005, achieving a 27% rise in assets under custody over the year.

The IT investments launched three years ago finally came to fruition with the successful roll-out of the new electronic platform, SITI, dedicated to securities custody and the straight-through-processing of transactions for European institutional clients. The careful management of this project, in terms of deadlines and budget, earned the recognition of the ratings agency, Fitch, which raised Société Générale's Global Custody rating from CU2 to CU2+.

In Fund Administration, Euro-VL extended its offer with the launch of two innovative financial engineering services: performance measurement and analysis, and the pricing of OTC and complex products.

3rd largest

**European securities
custodian and
10th largest worldwide**

8th

**largest broker
in US listed derivatives ⁽¹⁾**

(1) Source CFCT end-December 2005:
Fimat USA's total client deposits
in all markets.

3,800*

**staff
in 23 countries**

■ **Ed Byrne** works for SGSS in New York.
*With the acquisition of PreferredTrade in the US,
the division's brokerage business, Fimat,
has strengthened and diversified its activities.*



* Full-time equivalent staff employed
by consolidated subsidiaries at end-2005.

Rachid Lassoued
 is Head of Financial
 Engineering at Euro-VL
 (part of SGSS) at
 La Défense in Paris.



Launch of a targeted securities back-office outsourcing service

In 2005, the London and New York teams achieved their first commercial success with the signature in London of a major outsourcing contract with ING Wholesale Banking UK. This was quickly followed by a number of other contracts, notably a deal with Fimat for the outsourcing of its entire European equity back-office processing.

These successes reflect the appeal and competitiveness of SGSS's offering, which is primarily aimed at investment banks and brokers.

Synergies, cost control and optimization of the platforms

SGSS's core strategy is to capture potential synergies with other entities in order to build up a fully integrated multi-service, multi-product and multi-market securities offering.

Aside from the outsourcing contract with Fimat, which enables the broker to focus on its primary activity while at the same time improving its cost control, SGSS won several other lucrative contracts thanks to its combined outsourcing, custody and lending/borrowing offering. As regards the rationalization and optimization of the Group's platforms, 2005 saw the successful migration of all Crédit du Nord Group's securities custody services to the back-office based in Nantes.

Consolidation of our positions in Issuer Services in France

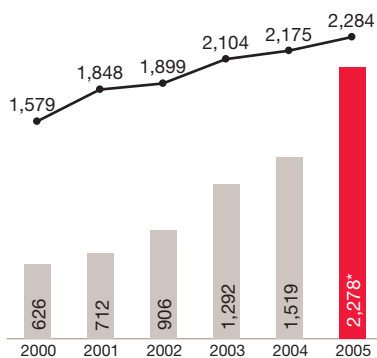
The quality of our offer for listed corporates (issuer services and employee savings plans) stood out in an environment of business closures and sector consolidation in 2005. In Issuer Services, SGSS won a number of new mandates with CAC 40 companies for the management of stock option plans and annual general meetings.

Headcount in 2005: +9.5%

Sustained recruitment, reflecting an ambitious organic growth strategy.

In order to support its fast-growing activity, SGSS implemented a major recruitment drive across all three regions, concentrating in particular in France, London, New York and Hong Kong.

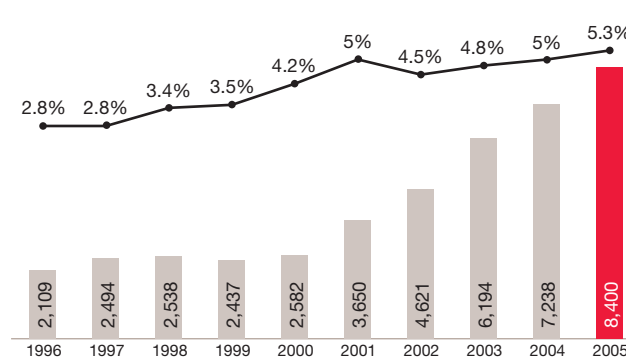
Assets under custody (in billions of dollars) and number of registered mutual funds under administration



■ Assets under custody (in USD billion)
 ● No. of registered mutual funds

* (including Unicredit's activities)

Volumes traded on listed derivative exchanges (in millions of lots) and Fimat's global market share



■ Market volumes in millions of lots
 ● Global market share

Rankings:

- Fitch Ratings raised Société Générale's Global Custody rating to CU2+, the 2nd highest rating possible, and maintained its Trustee rating of TR2+.
- SGSS was ranked No. 1 Global Custodian by investment managers in the R&M Consultants survey.



Corporate and investment banking

Société Générale Corporate and Investment Banking (SG CIB) produced excellent results in 2005 in a favorable market and credit environment.

3rd

corporate and investment bank in the euro zone by net banking income

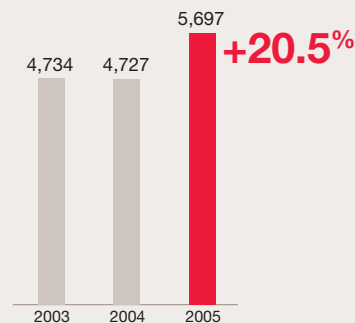
+20.5%

growth in net banking income compared to 2004, one of the sharpest increases in the euro zone

After-tax ROE of 44.4%, making it one of the most profitable corporate and investment banks in Europe

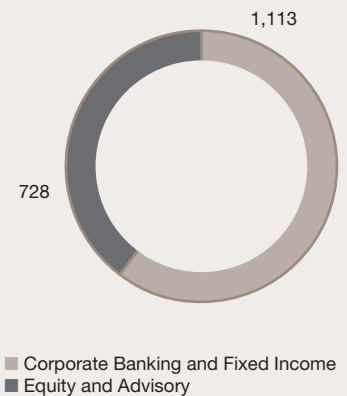
Net banking income

in millions of euros



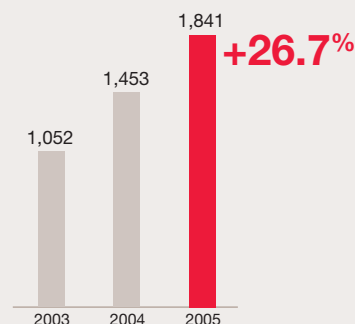
Contribution to net income

in millions of euros



Net income

in millions of euros



2003: French standards.
2004: IFRS (excl. IAS 32 & 39 and IFRS 4).
2005: IFRS (incl. IAS 32 & 39 and IFRS 4).

With net banking income of EUR 5,697 million and an ROE of 44.4%, Société Générale Corporate and Investment Banking (SG CIB) is the euro zone's third largest investment bank in terms of revenues and ranks among the most profitable players in the industry. SG CIB has thus delivered one of the best combinations of growth and profitability, marking a major step forward in its ambition to be the best in its field. This latest success can be attributed to the profitable growth strategy the business has been implementing since 2003 and which it will continue to unfold in 2006.

SG CIB's Executive Committee

Jean-Pierre Mustier, Chief Executive Officer, Société Générale Corporate and Investment Banking

Patrick Soulard, Deputy Chief Executive Officer, Société Générale Corporate and Investment Banking, in charge of Corporates and Financial Institutions

Thierry Aulagnon, Chief Executive, Global Investment Banking Division Europe

Marc Breillout, Global Head of Debt Finance

Jean-Pierre Lesage, Chief Financial Officer

Christophe Mianné, Global Head of Equity Derivatives

Jean-Jacques Ogier, Chief Executive Officer, SG Americas

Benoît Ottenwaelter, Deputy Global Head of Corporates and Institutions

Yves Thieffry, Chief Operating Officer

Corporate and Investment Banking

STRONG GROWTH ACROSS THE BOARD

Société Générale Corporate and Investment Banking reported above-average growth for the industry, once again confirming the relevance of its profitable growth strategy. Its two businesses, Corporate Banking & Fixed Income and Equity & Advisory, both reported steady increases in client-driven revenues and an excellent performance in trading activities. SG CIB's success was particularly evident in client-driven activities, with further successful expansion of its international client franchise.

Balanced growth, driven by both businesses

Corporate Banking & Fixed Income posted net banking income of EUR 3,143 million for 2005, whilst the Equity & Advisory business generated a total of EUR 2,554 million. This represents respective growth rates of 16.1%* and 26%*, proving the balance and effectiveness of SG CIB's business model. Corporate Banking & Fixed Income benefited in particular from strong client activity in bonds and from a noticeable improvement in structured finance activities. Equity & Advisory posted excellent performances in equity derivatives, both in client-driven activity and in proprietary trading.

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

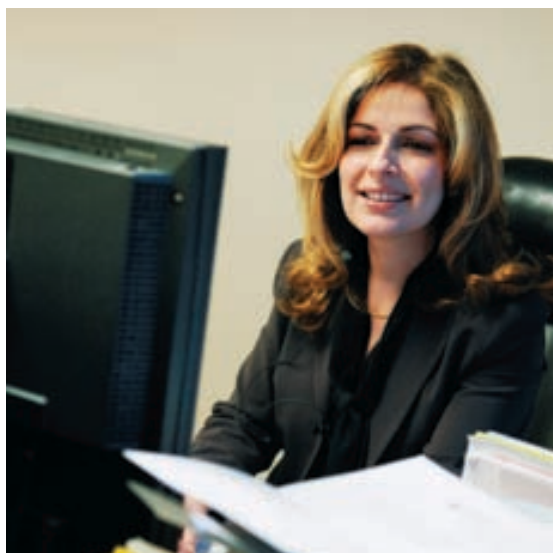
A reference player
in euro capital markets,
derivatives and structured
finance

A presence
in nearly
45 countries

9,600
employees,
with 600 job-creations
in 2005

Geographical breakdown of client-driven revenues in 2005





■ ■ **Teri Sanabria** is Managing Director of SG CIB in New York. SG CIB generates 21% of its revenues in North America.

Sustained growth in client-driven revenues

Revenues from client-driven activities, which account for nearly two thirds of SG CIB's total net banking income, increased by nearly 18% relative to 2004. The breakdown of revenues by client sector and geographical region clearly demonstrates the diversity of SG CIB's client base: client-driven revenues were evenly distributed between large corporates and financial institutions, while, in geographical terms, 70% were derived from Europe, 21% from the Americas and 9% from the Asia-Pacific region, reflecting SG CIB's growing international profile.

Strengthening of our market positions

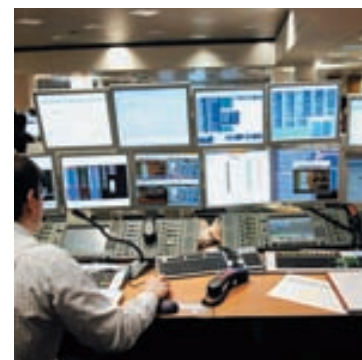
The steady increase in client-driven revenues is the result of a determined policy by SG CIB to build up its market franchises. The business's rankings and awards for 2005 serve to reinforce its position as one of the leading players in euro capital markets, derivatives and structured finance.

Euro capital markets

■ **In debt capital markets**, SG CIB was once again given top rankings by the two leading industry references⁽¹⁾:

- No. 5 for euro-denominated bond issues;
- No. 4 for corporate bond issues;
- No. 4 for bond issues by financial institutions;
- No. 7 bookrunner for syndicated loans in Europe;
- No. 1 for global securitization in euros.

■ **In equity capital markets**, SG CIB was named "Best Equity House" for France⁽²⁾, and ranked No. 8 in secondary sales in Europe, an improvement on its 2004 position.



■ ■ SG CIB has launched Cross Asset Research, a new approach that brings together the views of all its research teams.

(1) IFR, Euromoney.

(2) Euromoney.

■ **In research**, SG CIB benefited from the introduction of its Cross Asset Research approach, moving further up the rankings in all asset classes covered. SG CIB is now ranked:

- No. 1 in French⁽³⁾ equity research, No. 1 in Germany for Dax 30⁽⁴⁾ company recommendations, No. 5 for UK equity⁽⁵⁾ research;
- No. 4 for euro-zone credit research⁽²⁾;
- No. 5 for pan-European economic research (up by 9 places)⁽⁵⁾.

Derivatives

In 2005, SG CIB consolidated its position as global leader for equity derivatives and, for the second consecutive year, was voted “Best Equity Derivatives House of the Year” by the leading market references⁽⁶⁾. “In interest rate and credit derivatives, SG CIB ranked in the top five for around 30 product categories, a clear improvement

on 2004⁽⁷⁾. In foreign exchange derivatives, SG CIB moved up six places to rank 14th overall, and achieved 2nd place for structured foreign exchange products for investors⁽⁸⁾. Finally, in commodity derivatives, SG CIB ranks in the top five in over 40 product categories⁽⁹⁾.

Structured Finance

For the third year running, the Export Finance and Structured Commodity Finance businesses were named global leaders in their field⁽¹⁰⁾. In Project Finance, SG CIB was named “Global Project Finance House of the Year”⁽¹¹⁾. In Europe, the Leveraged Finance business continued to improve its franchise, moving up to fourth position⁽¹²⁾, whilst in Media & Telecom Finance, SG CIB asserted its reputation as a leading player⁽¹³⁾. In Asia, the financing of the Nam Theun⁽¹⁴⁾ project in Laos and of Wynn Resorts⁽¹⁵⁾ in Macau were respectively voted “Best Project Finance Deal” and “Best Loan” in 2005.

■ **Claire Burley** works in FX and derivatives sales at SG CIB in **London**. In 2005, SG CIB expanded its sales teams to keep pace with the strong rise in business volumes.



- (2) Euromoney.
- (3) Thomson Extel.
- (4) Börsen Zeitung.
- (5) Thomson Extel.
- (6) IFR, Risk Magazine, The Banker.
- (7) Risk Magazine.
- (8) FX-Week.
- (9) Energy Risk.
- (10) Trade Finance Magazine.
- (11) PFI.
- (12) IFR.
- (13) Telecom Finance.
- (14) PFI, Project Finance, Asset Magazine, Finance Asia Magazine, Asiamoney Magazine.
- (15) PFI, Project Finance, Finance Asia, IFR Asia.

**SELECTIVE INVESTMENTS
TO ACCOMPANY OUR CLIENTS**

In 2005, SG CIB continued its policy of making targeted capital investments and selective recruitments, giving itself the resources to support its clients in their development goals. In parallel, the bank strengthened its commercial approach and continued to develop innovative solutions.

Capital investments which reflect increasing commitment to clients

In 2005, SG CIB's increasing client commitment was reflected in a 15.5% rise in average risk-weighted assets. This growth was part of a selective investment policy designed to boost and diversify revenues, while at the same time keeping risk exposure firmly under control.

Reinforcement of the sales teams

SG CIB implemented a highly active recruitment policy over the year, taking on a further 600 experienced professionals and junior staff, with over half of these joining the front-offices. Recruitments were made in both the Corporate Banking & Fixed Income and Equity & Advisory divisions, notably to fill positions in fixed-income and equity derivatives sales, the coverage of financial institutions and debt market origination. At the same time, SG CIB increased the headcount in its support functions in order to keep pace with its growth and continue to ensure optimal service quality and security.

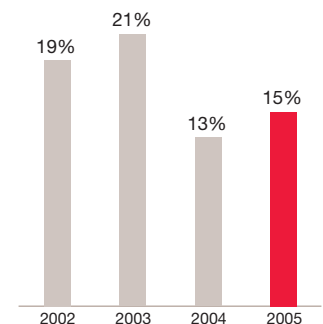
A client-based approach to increase value-added

In order to strengthen its relationships with its clients and provide integrated solutions to their needs, SG CIB significantly reinforced its sales approach over 2005:

- In certain target markets (Italy, Germany, Spain, Canada), SG CIB took on strategic advisers to help strengthen or establish top-level contacts with clients, forging a strong reputation for the bank;
- SG CIB has also set up ad hoc teams in a number of areas, bringing together diverse skills to develop integrated solutions for client requirements. For example, in 2005, SG CIB stepped up its Capital Structure Advisory initiative, designed to provide a global response to clients' financing and capital structure needs. It also created a cross-business financial engineering team comprising fixed income and equity derivatives experts, who provide banking, insurance and pension fund clients with solutions to optimize their capital structure and protect it from commitment risks. In the real estate sector, SG CIB launched a joint Real Estate Finance and Mergers & Acquisitions platform – Real Estate Coverage and Advisory – which offers clients in the real estate sector one-stop-shop to the Group's complete range of banking products and services.

Top 25 weighted exposures

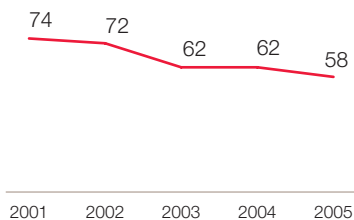
As a % of total corporate credit portfolio



Innovation tailored to client needs

Innovation is one of the Société Générale Group's core values and forms an integral part of the Corporate and Investment Banking division's profitable growth strategy. As such, it continued to inspire concrete achievements in all areas of SG CIB's business throughout 2005. In equity derivatives, for example, Lyxor Asset Management launched Lyxor ETF China Enterprise, the first tracker fund listed on Euronext and indexed to the Chinese HSCEI index, which allows investors to gain exposure to the performances of large Chinese corporates. SG CIB also developed the first completely transparent tool for the analysis and valuation of credit derivatives, which enables financial institutions to comply with the accounting and regulatory requirements for the valuation of these products and the management of the associated risks. In securitization, SG CIB arranged the issue of Commercial Mortgage-Backed Securities for Proudreed Properties, the first and only CMBS issue in France in 2005, combining a number of innovative features. At the start of the year, SG CIB also began to roll out its Cross Asset Research initiative, a whole new approach which brings together the views of equity, credit, equity derivatives, interest rate and foreign exchange, convertibles, commodities and economic research teams. Cross Asset Research provides institutional investors with insightful analysis that takes full account of the growing correlation between different asset classes.

Change in cost-to-income ratio (%)



2003: French standards.

2004: IFRS (excl. IAS 32 & 39 and IFRS 4).

2005: IFRS (incl. IAS 32 & 39 and IFRS 4).

A SUCCESSFUL MIX OF GROWTH AND PROFITABILITY

SG CIB has succeeded in delivering strong growth while maintaining consistently high levels of profitability. On the basis of net banking income (EUR 5,697 million, up 20.5% on 2004), SG CIB is the third largest corporate and investment bank in the euro zone. Its ROE after tax came out at 44.4% for 2005, making the bank the most profitable player in the industry for the sixth year running. Boosted by a favorable credit environment, but also by effective risk management and cost control measures, SG CIB produced one of the best combinations of growth and profitability in the corporate and investment banking sector.



■ ■ **Gilbert Pla** is Head of SG CIB for **Spain** and **Portugal**. Société Générale has been present in Spain since 1906 and SG CIB has recently seen a sharp increase in business volumes in the country.

Efficient, dynamic risk management

In 2005, Société Générale Corporate and Investment Banking further reinforced its dynamic portfolio credit risk management, which enables it to manage exposure to individual counterparties and sectors. With respect to market risks, SG CIB continued to use its existing high-performance models and tools, and to diversify its risk exposure.

Strict cost control

As a result of SG CIB's policy of selective investments, notably in recruitments and IT developments, 2005 operating expenses rose by 13.5% when compared to 2004. However, this figure was well below the rate of revenue growth, leading to an improvement in the cost-to-income ratio relative to 2004.

PREPARING TOMORROW'S SOURCES OF GROWTH

In 2005, SG CIB continued to make targeted investments to lay the foundations for future growth.

Diversification of client-driven revenues

In 2004, SG CIB initiated some 30 development projects designed to boost medium-term growth (roll-out of a high yield platform in Europe, development plans in China and Italy, a forex and interest rate initiative for SMEs). In 2005, an additional ten projects were launched, principally covering the Americas and the Asia-Pacific region, which will step up the development of SG CIB's client franchise and take advantage of new growth opportunities.

Targeted acquisitions

To complement its organic growth, SG CIB continued to make selected acquisitions in 2005, notably purchasing Bank of America's structured investment business, which provides financing solutions and structured products to institutional investors specializing in hedge funds. This new acquisition, combined with the purchase of Constellation Financial Management just 18 months earlier, has expanded SG CIB's client base in the US and enabled it to diversify its portfolio of structured alternative investment products. In Canada, SG CIB also took a stake in FirstEnergy, a Canadian investment bank specializing in the energy industry, which will reinforce its offering for clients in that sector.

Attracting and nurturing talent

In 2005, SG CIB launched a Graduate Program which enabled it to recruit some 40 young graduates from the top European universities. At the same time, it has made targeted efforts to encourage the professional mobility of middle managers between departments, and extended the performance review and evaluation process to all its businesses in order to provide staff with professional support and guidance and help them achieve their full potential.

ONE AMBITION: TO BE THE BEST AT WHAT WE DO

The outstanding performances seen in 2005 are part of a strategy of profitable growth aimed at making SG CIB one of the best corporate and investment banks in Europe: the best for its clients, by giving them excellent service in three specialist business lines (euro capital markets, derivatives and structured finance), for the Société Générale Group and its shareholders, by delivering consistent profitability, and for its staff, by being an employer of choice.



Richard Staite works for SG CIB in London. SG CIB is a leading player in euro capital markets, derivatives and structured finance.

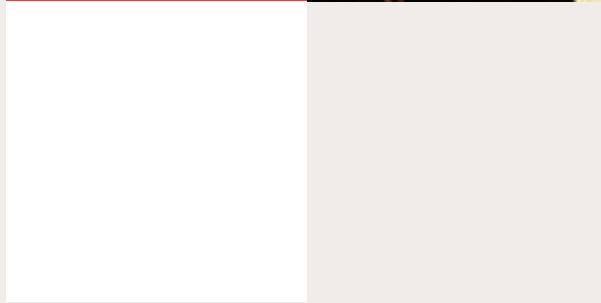
103,000
staff

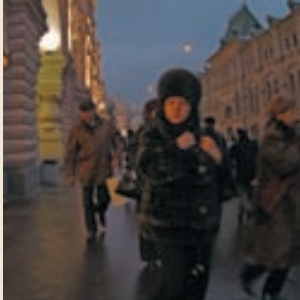


54%
women

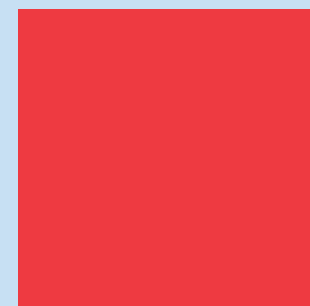


46%
based outside France





TAKING FULL ACCOUNT OF OUR CORPORATE SOCIAL RESPONSIBILITY





Bruno F. Gnamblohou
Business Customer Adviser,
Société Générale de Banques au Bénin (SGBBE),
Cotonou

WE PROVIDE
FINANCING
TO BENIN'S
FOUR MAIN
MICRO-CREDIT
INSTITUTIONS
SO WE ARE
ACTIVELY HELPING
TO IMPROVE
PEOPLE'S
STANDARD
OF LIVING.
IT'S VERY
MOTIVATING.





Linda L. Q. Ma
Senior Relationship Manager,
Société Générale Corporate & Investment Banking
Shanghai

**I THINK RUGBY
EMPHASIZES
TEAM SPIRIT.
IT REFLECTS
HOW TEAM
SPIRIT WORKS
BOTH IN SPORT
AND BUSINESS.**

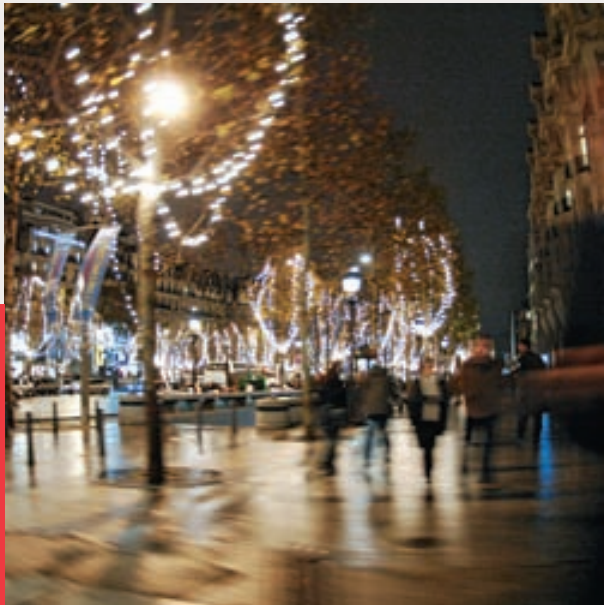




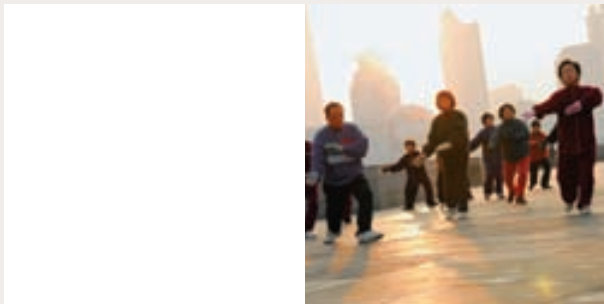
Christine Ross
Group Head of Financial Planning,
SG Hambros Bank & Trust Limited,
London

**OUR SUCCESS
IS DUE TO OUR
ABILITY TO WORK
TOGETHER AND
THE POSSIBILITY
WE HAVE OF
USING OUR OWN
ENTREPRENEURIAL
INITIATIVE.
WE ARE PROUD
TO SHARE IN
THE SUCCESS
AND PROFITABILITY
OF THE GROUP.**





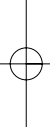
10,585
new recruits



Over
60,000
current and former
employees
are Société Générale
shareholders



Société Générale
is a component
stock of the main
international
sustainable
development
indexes



Our commitment to Corporate Social Responsibility

OUR VISION OF CSR AND THE MAIN PRINCIPLES OF OUR APPROACH



Daniel Bouton,
Chairman and Chief
Executive Officer of
Société Générale

"Société Générale's core strategy is to create lasting value for its shareholders, clients and staff. Yet this objective is only meaningful if it is built into a broader policy of Corporate Social Responsibility designed to promote social development and environmental protection.

We choose our activities, suppliers and partners according to their ability to generate sustainable value, using a selection process that we aim to make as transparent as possible and, at the same time, encouraging increasingly open and constructive dialogue in order to create a climate of mutual trust. Société Générale has delivered consistent growth in revenues, earnings and profitability, a trend which was once again confirmed in the results for 2005. But none of this would have been possible without this confidence in our business. It is our belief that trust forms the basis of the banking industry and can only be achieved by taking into account the needs and concerns of all the Company's stakeholders. Société Générale is well aware of its responsibility to the environment and to society at large. As a major driver of wealth creation and development, the banking industry makes a significant contribution to economic and social progress. This places us under increased scrutiny, and means that our responsibility to society as a whole is perceived differently from that of other businesses. We know this because we listen to our stakeholders – civil society is becoming increasingly demanding over the extent of our responsibilities, meaning that we need to incorporate CSR considerations into all levels of our business, both upstream in our purchasing and sourcing procedures, and downstream in the environmental impact of our financing activities and in our relationships with customers.

This policy of active engagement with civil society, of ongoing reflection and improvement, is deeply embedded in our corporate culture and draws its roots in our ethics and our values of professionalism, team spirit and innovation.

Société Générale has made Corporate Social Responsibility an integral part of its business, taking into account the specific geographical, cultural, social and economic characteristics of each country where it operates."

Daniel BOUTON

Our Corporate Social Responsibility is based on five principles that have already proved robust and are continually being reinforced:

- a client-focused Quality Approach;
- a robust system of corporate governance, which is continually being adapted in response to the demands of society, and is improved regularly through increased transparency and involvement from different players;
- strict internal control processes and an increasingly robust system of risk management;
- a comprehensive framework of compliance;
- a culture of innovation and a collective innovation program designed to encourage staff to contribute to the evolution of the Group.

OUR OBLIGATIONS AND COMMITMENTS

Société Générale seeks to respect the environment and observe fundamental human rights and social principles in all areas where it operates.

The Group complies fully with the obligations of the *Nouvelles Régulations Économiques* (NRE), notably article 116 which requires listed companies to report on how they integrate social and environmental considerations into the way they do business.

It has agreed to observe the *OECD Guidelines for Multi-national Enterprises* and, in 2001, signed the *UNEP Statement by Financial Institutions on the Environment & Sustainable Development*. In 2003, the Company also adhered to the Global Compact initiative, launched by the Secretary General of the United Nations, and has integrated the ten principles of this text into its strategy, business culture and operational methods.

OUR OBJECTIVES AND POLICY

Société Générale's aim is to become a major reference among in European financial establishments in the field of Corporate Social Responsibility.

The Group is already a component stock of the four principal sustainable development indexes (FTSE4Good, ASPI, Dow Jones Sustainability Index, etc.) and is included in 86% of French Socially Responsible Investment funds⁽¹⁾, and is firmly committed to maintaining and improving these performances.

(1) NovéthiC—special report on SRI in France—
La lettre de l'économie responsable, July 2004.

The Group's CSR policy can also be seen as the extension of its client-focused Quality Approach to a broader range of stakeholders. The Approach itself is based on two main principles:

The continuous search for ways to optimize customer satisfaction, using structured systems of dialogue

For over ten years, the Group's domestic retail banking network has conducted annual satisfaction surveys, targeting representative samples of its major customer segments (individuals, self-employed professionals, businesses), along with customers from rival banks. In 2005, we also introduced an annual "branch satisfaction survey", which questions a selection of 100,000 customers on the treatment they receive at the branches and the quality of their relationships with customer advisers. For customers requiring a more tailored approach (businesses or private banking clients),

we organize personalized appraisal meetings to assess their expectations and levels of satisfaction. The results of these surveys are then analyzed and followed up with targeted action plans.

The International Retail Banking network has developed its own version of this policy in order to place increased emphasis on the quality of its customer relationships.

The optimization of operating efficiency in all major business processes

The Group's operating entities have launched individual programs to review their main business processes (e.g. Corporate and Investment Banking in 2003, the French Networks in 2005), with the aim of enhancing reliability, reducing processing times, increasing reactivity and above all delivering maximum value for the end-customer. These programs are all being implemented in accordance with the highest methodological standards.



■ Like **Bernard Gourlaouen**, Managing Director of SGBBE in Cotonou, Société Générale places considerable emphasis on responsible economic development and contributes to the social advancement of its clients.

Société Générale's most recent contributions to social and environmental responsibility, demonstrating the way it incorporates this policy into its business, are described in its Corporate Social Responsibility Report - available at www.socgen.com.

Our policy for Corporate Social Responsibility is to put our commitments into practice and to continually look for ways to improve our contribution. It is based on three main priorities:

The incorporation of social and environmental considerations into our business practice

This comprises two aspects:

- the inclusion of social and environmental concerns in financing and investment activities. The core businesses have adopted a structured approach, tailored to their particular activities and to the extent of the risks incurred, which is designed to ensure that social and environmental risks associated with their financing activities are correctly identified, prioritized and controlled;
- the promotion of responsible economic development, notably through the elaboration of policies, products and services that contribute directly or indirectly to the protection of the environment or to social development, in response to the growing concerns of our customers and to the opportunities offered by the market.

Pro-active and responsible management of staff

(see chapter on Human Resources)

This incorporates a number of elements: a recruitment policy that seeks to promote diversity, strategies to enhance the skills and employability of staff, that reconcile professional development with personal fulfilment, motivational remuneration policies designed to give employees a stake in the performance and results of the Group.

Management and reduction of the direct environmental impact of our activities

This relates in particular to the use of natural resources, energy and paper consumption, the use of recycled paper, the selection of electronic equipment, waste management, the optimization of business travel... Société Générale bases its approach in all these areas on best practices adopted by the banking industry and on relevant procedures used in industries that are more exposed to environmental risk.

The Group also promotes environmental protection among its staff, and encourages suppliers to develop eco-friendly practices (notably by including a CSR questionnaire in all invitations to tender).

OUR ORGANIZATION AND TOOLS

The CSR management framework forms an integral part of the Group's structure and comprises a number of different tools and structures at various levels of the Group's hierarchy (the corporate governance system, the compliance framework, the Audit Charter, the Risk Committee, the New Product Committees, internal regulations, etc.).

The Group's operating divisions and corporate departments are responsible for defining and implementing practical ways of applying CSR policies, according to the specific characteristics of their business, and for verifying that these methods are correctly observed. They have appointed their own CSR contributors (around 40 throughout the Group), who help define action plans for the departments, monitor CSR practices and report their findings to the Sustainable Development department. The Quality, Innovation and Sustainable Development department is directly attached to the Corporate Secretariat and is charged with promoting the CSR policy throughout the Group and coordinating its application. It also provides practical assistance to the operating divisions and Corporate departments, and encourages the exchange and dissemination of best practices.

Several times a year, the Sustainable Development department holds Steering Committees, attended by the CSR contributors from the divisions and corporate departments, in order to assess the progress made in social and environmental action plans.

The Group's Executive Committee sets the overall sustainable development strategy and periodically validates the action plans submitted to it by the Sustainable Development department.

In order to evaluate its overall performance in the field of Corporate Social Responsibility, the Group has defined a series of quantitative indicators which will be entered into a software application acquired in 2005, in order to be consolidated and analyzed. The indicators fall into three main categories:

- **corporate** indicators: corporate governance, compliance, social and environmental evaluation of counterparties/projects, innovative products to foster sustainable development, customer satisfaction, contribution to local development, corporate citizenship;
- **social** indicators: employment, management of skills and careers, remuneration, working hours, internal dialogue, health and safety;
- **environmental** indicators: environmental management system, environmental awareness, consumption, transport, waste.

Dynamic and diverse human resources

The Société Générale Group's headcount increased twofold between 1996 and 2003, and has since continued to rise as the Group has pursued its policy of domestic and international expansion. Société Générale now operates in 76 countries around the globe, employing over 103,000 staff from a wide variety of cultural and professional backgrounds in a range of activities and businesses. In the face of this increased diversity, the Group's human resources management has become ever more broad and complex, and now plays a strategic role in helping the Group cope with its major challenges for the future:

- recognizing and encouraging staff diversity and dynamism;
- strengthening the Group's appeal as an employer in order to attract new talents and retain existing staff;
- fostering cohesion by promoting shared values, integration and profit-sharing;
- continuing to focus on the management and personal development of staff, through the encouragement of more professional guidance and integration of international staff.

AN EXPANDING WORKFORCE, COMPRISING A DIVERSITY OF PROFILES THROUGHOUT THE WORLD

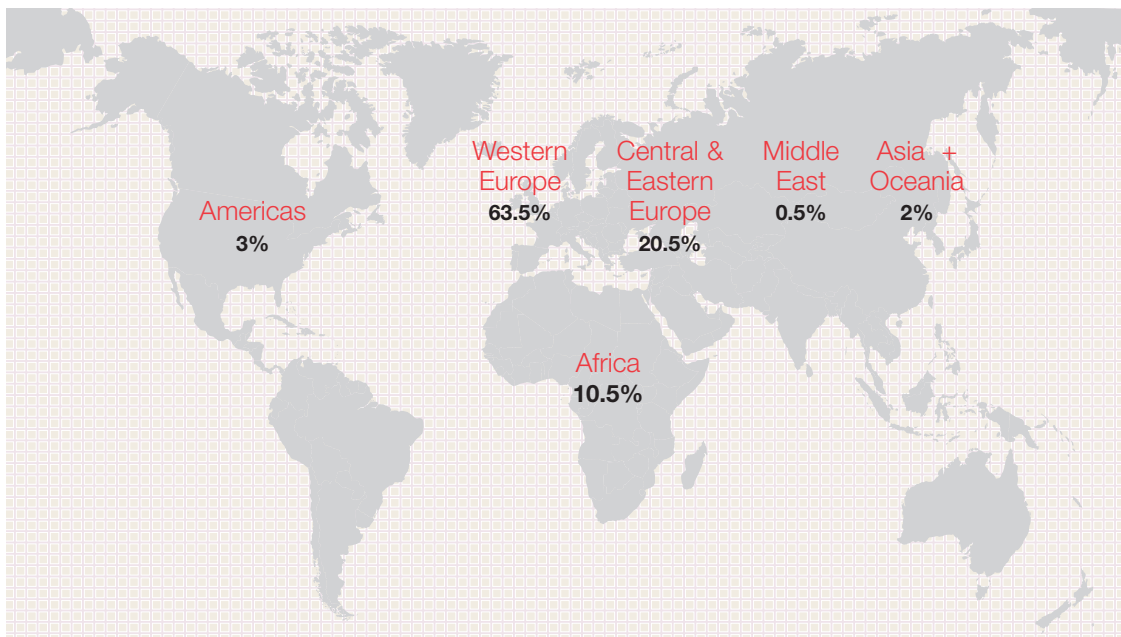
Diversity is already a growing reality for the Société Générale Group. With over 103,000 employees (46% based outside France) in 76 countries, 114 nationalities and 54% women, the Group already has a broad range of businesses and a variety of cultural and professional profiles.

By providing employment for the local population, the Group makes a direct contribution to the economic development of the countries where it operates. It strives to integrate into the local cultural environment, and to provide inhabitants with access to positions of responsibility at its subsidiaries and branches, notably in activities that are closely embedded in the local economic and social context such as specialized financial services. The number of French expats working in foreign offices stood at 803 at end-2005, which is low in relation to the total workforce outside France (47,600 staff).



■ Lilana Lasic works for Société Générale Yugoslabank in **Belgrade**. Société Générale took on 10,600 staff in 2005. The Group comprises a broad range of nationalities, businesses and cultures.

Geographical distribution of Group staff



103,000
staff

114
nationalities

Encouraging diversity

Within the Group, the term diversity is taken in its broadest sense as applying to the representation of men and women and different age brackets in the workplace, and to the integration of disabled workers.

In November 2004, Société Générale signed the Charter of Diversity, committing itself to reflect the diversity of French society at all levels of its workforce.

The Group launched a number of different diversity initiatives in 2005 which will be rolled out in 2006:

- signature in June 2005 of an equal opportunities agreement in France designed to raise the profile of women in the workplace. One of the targets is to increase the representation of women at managerial level to 40% by 2008;
- opening up of the recruitment policy to people with fewer qualifications, primarily in sales positions, in order to achieve a more balanced distribution of ages and qualification levels in the Retail Banking workforce;
- development of a proactive policy for the recruitment and integration of disabled workers. The Group currently employs 1,743 disabled staff around the world. In France, Société Générale would like to step up the

recruitment of disabled workers and has made this one of the targets of its 2006 agreement with the ANPE;

- creation of a Diversity Council within the Group in order to promote diversity at managerial level by increasing the number of women and non-French nationals;
- creation of a Company Foundation in France which aims to promote professional and social integration.

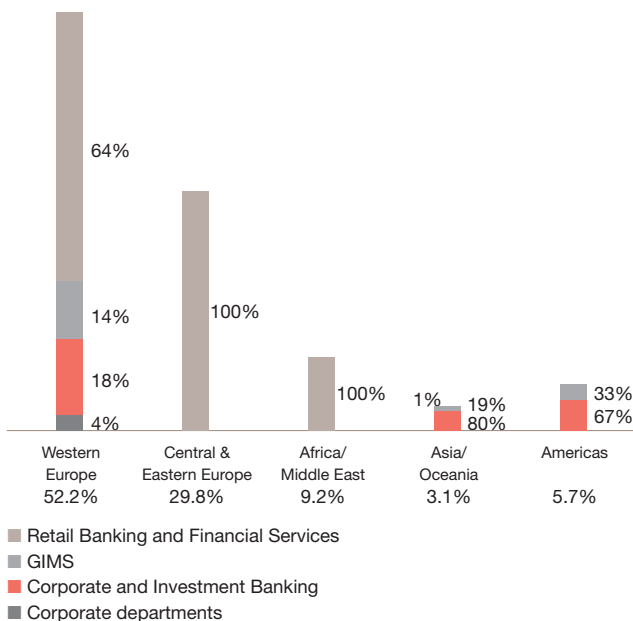
Sharp rise in recruitments in 2005

The Société Générale Group pursues an active recruitment policy designed to keep pace with its global expansion, prepare future generations of staff, renew its skill-set and thus maintain a high standard of customer service. It adapts this policy to the specific characteristics of its business lines, activities and geographical locations.

Over the 2005 fiscal year, the Group stepped up its recruitment, hiring over 10,500 staff on permanent contracts, almost twice the figure for 2004 (5,475). Including fixed-term contracts, a total of 16,375 new staff were taken on over the year, 58.5% of whom were female.

In France, the Group's approach is initially to recruit students in its target areas of expertise (BTS, DUT, DESS banking and finance, etc.) on work-study contracts (apprenticeship and work experience programs). In 2005, for example, it took on more than 1,100 students on work-study programs, essentially in the domestic retail banking business. The Group has also built up long-standing ties with a number of educational establishments: alongside its partnerships with business schools such as Bordeaux EM, ICN Nancy and ESC Rouen, Société Générale also sponsors *the École Centrale de Paris* and three Masters courses in finance at the Sorbonne and the *Université de Paris Dauphine*. The foreign subsidiaries are equally active in this field, setting up partnerships with local schools and universities under which they take on trainees, help design courses and take part in forums or competitions.

Breakdown of new hires on permanent contracts by region and activity



In the French Networks, the main challenges going forward are to replace the large number of staff expected to retire over the next few years, and to keep pace with rising business volumes. As a result, targeted efforts are being made to recruit suitable candidates that provide an adequate reflection of society.

Thanks to the partnership agreement signed with the ANPE in October 2004, the Group was able to recruit 135 bank cashiers and multimedia customer advisers over 2005. Candidates are encouraged to apply regardless of age or qualifications, provided they can demonstrate prior experience in a sales or customer service role. Similarly, candidates who have obtained the *baccalauréat* are now considered for positions in administration and as telephone advisers.

On September 29 and 30, 2005, Société Générale held its third Recruitment Forum (*Rencontres Emploi*) at Stade de France, aimed at students with Bac+2 or Bac +3. Over 300 candidates attended the event and a total of 8,000 applications were received, enabling the Group to fill a number of posts in the Paris region in Retail Banking (bank cashiers, multimedia customer advisers) and capital market activities (back-office positions). The forums are designed to shorten the recruitment process by allowing applicants to be interviewed and tested on the same day, while for students they also provide an opportunity to meet recent recruits and gain an insight into life at the Group.

In order to meet the specific needs of the Corporate and Investment Banking division, the Group has set up a **Graduate Program** for young people with Bac +5 (equivalent of a Masters degree). In 2005, over 2,500 candidates applied and more than half had the right profile for the job. Successful applicants are hired on a two-year program which gives them a chance to try out different activities in either London or Paris, thus meeting the division's increasing need for job mobility.

The record number of recruits in 2005 and the diversity of their profiles are indicative of the Group's dynamic expansion and its determination to broaden its recruitment policy to better reflect the diversity of the countries where it operates. Moreover, the Group's appeal and reputation as an employer make it easier to attract the required candidates. In France, Société Générale was voted the 3rd best place to work by business students, and the 8th best place to work by engineering students (TNS Sofres survey, May 2005). In Eastern Europe, Komerčni Banka was also named the best employer by students in the Czech Republic for the 3rd year in a row, and BRD was ranked No.1 bank and the No.3 company in the Romanian market.

The Group's sustained level of recruitment makes it a major economic contributor in terms of employment, notably in France.

54%

women

46%

based
outside France



■ Daniel Bouton and Philippe Citerne welcome new staff recruited at the Rencontres Emploi forum held at Stade de France.

10,585
new hires on permanent contracts
(of which 58% female)

Over
60,000
current and former employees are Société Générale shareholders

SUCCEEDING TOGETHER

The Société Générale Group and its staff work together on a daily basis, combining their respective skills and performances as part of a lasting relationship aimed at achieving shared goals. Which is why the Group pays particular attention to the integration of its staff, performance appraisals and individual advancement, remuneration, social dialogue, working environment and employee protection.

Ensuring the integration of new employees and cultural exchange

In the face of the rapid growth in its workforce, the Group actively seeks to integrate new recruits by giving them first-hand experience of the diversity of its activities and workforce and by encouraging contact with other staff, for example via dedicated seminars. In 2005, the Paris integration seminar (five sessions) was attended by 1,142 executive staff from throughout the Group (35% from some 50 countries outside France).

The business lines also organize their own integration days: Corporate and Investment Banking, for example, held three events which were attended by 445 staff, including 64 from outside France, while 615 executives took part in the integration day organized by Retail Banking and Financial Services.

Monitoring of individual performances

The Group's collective performance is strongly dependent on its ability to develop the individual skills of its employees. HR has responded to this challenge by incorporating a number of key tools into its career management strategy, notably personal performance appraisals, which are one-on-one evaluation meetings between the employee and his/her manager. In 2005, over two thirds of the Group's staff were given personal performance appraisals.

Since the end of 2004, the Group has gradually rolled out a Performance and Personal Development program for executive staff, which places particular emphasis on dialogue and personal development, and sets individual performance targets. The program is designed to encourage staff to take responsibility for their own personal and professional development and to take an active role in managing their career, with the help of their own line managers and HR staff. An intranet survey of Société Générale executives carried out in 2005 showed that the scheme is gradually being assimilated and that the tools currently available as part of the program are

deemed to be relevant (dedicated training for managers, database of examples of initiatives to develop behavioral skills, etc.). Further efforts will be made throughout 2006 to encourage a broader take-up of the program.

Career management: a joint undertaking

The Group's entities face a number of challenges in the day-to-day management of their human resources, such as making sure they have the right staff at the right time, anticipating future changes in the workforce and managing them appropriately. At Société Générale, career management is based on a policy of close collaboration between staff, managers and HR specialists. The Group encourages international and/or functional mobility as a means of improving the skill-sets and performance of individual employees. Combined with an appropriate training policy, mobility allows the Group to meet its own needs and at the same time enables staff to achieve their own ambitions for professional advancement and promotion. The actual form this staff mobility takes will depend on the profile of the staff in question, and the particular characteristics of the business line or entity. Although international mobility only concerns a limited proportion of staff in relation to the size of the overall workforce, for those activities that are experiencing strong growth outside France it is a vital tool in human

■ **Gérard Lyon-Gonthier** is Head of Human Resources for SGBT in Luxembourg. The Group's HR staff work in close collaboration with managers and staff to help them realize their full potential, on both a personal and professional level.



resources management; for example, Corporate and Investment Banking which is organized into global business lines (533 expats, of which 111 from countries other than France), Retail Banking outside France (266 expats), or Private Banking (83 expats). Mobility in this case relates not just to French staff sent to work in foreign entities, but increasingly to local managers at foreign entities transferred to posts outside their country of origin. Indeed, the Group actively encourages this type of mobility as a way of sharing cultural and professional experience and, ultimately, of fostering greater cooperation and success.

In France, mobility concerns a much larger proportion of the workforce. 5,300 Société Générale staff changed post in 2005, 70% in the networks as part of the restructuring of the Retail Banking business (4D Program). At the same time, a number of tools are being developed to monitor the mobility of staff – for example, the “global group identifier”, a unique reference number assigned to each employee which remains unchanged throughout their career with the Company.

The Group also encourages internal promotion to reward staff as they develop new skills and take on increased responsibility. In France, 4,648 staff were promoted to a higher grade⁽¹⁾ in 2005 (4,000 in 2004), of which 55% were women.

Training: an ongoing investment to support staff in their professional development

The professional development of its staff is one of the Group's main priorities. Consequently, its training policy, like its career management and mobility policies, is tailored to suit the needs of the individual and the requirements of its business.

Over 58,400 Group employees (54% female) received some form of training in 2005, representing a total of 1.7 million hours.

In France, Société Générale⁽²⁾ devotes 3.2% of its total payroll to the provision of training, equivalent to EUR 2,000 per employee, demonstrating its commitment to the professional advancement of its staff.

The Group offers around 100 different courses, covering a variety of needs: technical training for different business activities, managerial or behavioral training. Staff can consult the list of courses available in the training section of the *RH Online* intranet site, which has been redesigned to make it more attractive and user-friendly.

The range of courses on offer is extended and adapted each year to cater for the professional needs of the Group and its staff, and keep pace with developments in technology and in business practices. For example, as part of the transition to IAS and Basel II, the Group launched a major training initiative in 2004 which was continued over 2005, notably for Retail Banking. Similarly, from 2003 to 2005, the range of personal development courses on offer was increased threefold and will be expanded further in 2006.

For a number of years now, Société Générale has also offered staff in France the chance to enroll on training courses leading to a qualification. These are usually two-year programs designed to develop technical skills (*cursus Techniciens des métiers de la banque* or TMB), or to enable banking technicians to move up to executive status (*cursus Cadres*). In 2005, 243 staff took a TMB course, achieving a pass rate of 55%, while 251 enrolled on the *cursus Cadres* course (including 145 women) and 97 passed. In France, Société Générale also offers access to external courses leading to professional diplomas, both as part of a work-study scheme, and for people on permanent contracts.

In France

A number of specific solutions are currently being tried out (for example: mentoring) to meet particular needs such as the transfer of skills in the retail banking network in preparation for the expected peak in retirements.

The Group has also begun looking at ways to integrate the law on ongoing professional training (following an agreement signed by the AFB on July 8, 2005) into its existing policies. In 2006, it will continue to implement concrete initiatives to meet the terms of this law.

Outside France

Training plays a strategic role in the development of the Group's business activities, particularly in Retail Banking outside France. As a result, various wide-reaching initiatives are implemented both centrally and at a local level. In 2005, a specific managerial training module was introduced for the international retail networks, entitled *Droit au but*. Developed in conjunction with the ESCP-EAP business school, it is designed to teach managers and deputy managers (both French and local) the basic skills required to run an overseas retail banking business (training in international retail banking, how this can be adapted to the local environment and culture, how to train local teams and manage staff from different nationalities), and increase staff cohesion. Some 15 employees attended the first session.

Nearly
300,000
CVs received

8,675
interns

130
Voluntary Service
Programs (VIE)

(1) Classification specified in the labor agreement for the banking industry.

(2) Excluding subsidiaries.

The Group has also introduced a dedicated scheme for “trainers-auditors” who relay their training and best practices to the network of 400 local “auditors” throughout the different retail banking entities.

A number of training branches have been set up overseas: Société Générale Marocaine de Banques opened one in 2002, and was followed by the Cameroon in 2005. BRD, Société Générale’s Romanian subsidiary opened its first training branch in Bucharest in 2004, and a second at Predeal in October 2005. New staff thus receive “on-the-job” training in a real branch environment, with cash desks, IT tools, forms, promotional material, etc. This is part of a broader course that covers all products, processes, IT and customer relations.

A number of entities are developing cursus similar to those available in France: Société Générale Marocaine de Banques, for example, launched an in-house promotion scheme in 2004. At the same time, Société Générale de Banque au Sénégal has set up its own *cursus Cadres*, which started in January 2006; selected candidates will take up their new executive positions in September 2007.

In the Czech Republic, Komerční Banka has launched a new initiative to encourage the promotion of promising team coordinators or specialists to management roles. Under this scheme, some 30 candidates are following a tailored program involving training, seminars or special assignments.

The Group’s Future Senior Managers program

In 2005, over 150 employees (22% women and 12% non-French nationals) took part in the Future Senior Managers program, which is designed to identify and prepare the next generation of managers. Introduced in 2002, and run in both French and English since 2005, the program offers participants personalized career development plans combined with specific training courses. It also addresses collective issues, such as change management and, more recently, the management of diversity, notably cultural diversity, which is covered in a dedicated module. The Group’s increasing globalization is also reflected in the choice of location for the seminars (China and Morocco). In line with the Group’s diversity policy, one of the aims for 2006 is to achieve a more balanced representation of women and non-French nationals on the program.

Rewarding performances and sharing the results

Competitive remuneration

In order to maintain its pace of global expansion, the Group makes every effort to attract and retain high quality staff, notably by offering competitive pay packages (basic salary, performance-linked pay, employee benefits). These are based on standard Group-wide principles and are designed to reward both individual and collective performance. Given the complexity of the Group and the number of businesses and countries in which it operates, methods of remuneration need to be adapted to different regulatory, cultural and competitive environments and may therefore vary widely. However, the Group’s overall aim is to offer attractive and motivating pay packages, subject to these constraints and to the strength of its financial position.

The Group’s entities monitor their pay policies on an ongoing basis, conducting market surveys of remuneration levels on an annual basis in order to assess the competitiveness of the packages they offer, particularly in the case of specialized posts. These annual surveys are gradually being extended to the support functions (e.g. financial management, human resources).

Collective remuneration is also a major subject of discussion with employee representative bodies.

Under the Société Générale wage agreement signed in January 2005, employees received an exceptional bonus of 23% of their gross monthly salary, with the minimum payment set at EUR 350 and the maximum at EUR 1,150⁽³⁾. The bonus was also paid to employees on work-study schemes, fixed-term contracts and temporary staff who met the required conditions.

In France, the average salary (basic salary + additional payments) for employees of AFB banks is above-average for the services sector, as well as for sectors such as capital equipment, intermediate goods, etc. Moreover, at Société Générale basic salaries (excluding variable components) are consistently higher than the standard for the banking profession.

(3) Paid to employees covered by the labor agreement and present in the Company at January 1, 2005, provided the variable component of their salary for 2005 was less than EUR 12,000.

(4) France, excluding subsidiaries, based on headcount at December 31, 2004 and December 31, 2005.

In 2005, basic salaries rose by an average of 3.2% at Société Générale⁽⁴⁾, well above the rate of inflation for the period (1.6% at end-2005). This rise was the combined result of the 2005 wage agreement and specific pay increases awarded to individuals.

In order to align the interests of employees with those of the Company, Société Générale signed an additional agreement in August 2005 for the payment of two bonus awards:

- an exceptional gross profit-sharing bonus of EUR 200⁽⁵⁾ (maximum amount authorized under the law of July 26, 2005) in September, which employees could either receive as a payment or invest in one of the funds available under the Company savings plan;
- a gross bonus of EUR 150, added to the pay for September.

Profit-sharing and the Global Employee Share Ownership plan: awarding employees a share of the Group's results

In light of its strong financial results and consistent growth, the Société Générale Group actively seeks to give its employees a stake in its performance through the use of various profit-sharing and share-ownership schemes.

Under the Société Générale profit-sharing agreement, valid until the end of 2005, the total amount of profits to be shared was calculated as a percentage of gross operating income for the period, weighted according to changes in activity indexes. Employees then received a share of this profit which was proportionate to their basic salary in the year of reference. Société Générale employees could choose to invest their share of the profits in four mutual funds (one of which is invested in Société Générale shares), offering excellent financial terms and tax incentives. The Company also made additional top-up contributions to the fund on behalf of employees choosing to invest.

In 2005, a total of EUR 50.4 million in profits was distributed to Société Générale staff for the 2004 fiscal year, and EUR 277.5 million was invested in the Company

Savings Plan (PEE), including EUR 153.8 million in voluntary contributions and EUR 71.7 million by Société Générale as a top-up contribution.

Two new profit-sharing and PEE agreements were signed in June 2005, which became effective as of January 1, 2006. New calculation coefficients have been introduced to make the profit-sharing scheme more attractive, and the amount of profit to be distributed is now calculated as a percentage of overall Group earnings. The PEE also offers staff the choice of five new funds in addition to the existing four.

Since its privatization in 1987, Société Générale has carried out an annual capital increase reserved for employees and former employees as part of its Company Savings Plan. Subscribers to the capital increase can purchase Société Générale shares at a discount and receive an additional contribution from the Company. Initially reserved for current and former employees of Société Générale France and Crédit du Nord, the capital increases have gradually been opened up to a broader scope since 2003. **In 2005 the scheme was made available to 165 Group entities located in 48 countries.** 75% of those eligible in France (Société Générale and the Group's French subsidiaries) subscribed to the scheme and 30% abroad, representing an overall subscription rate of 59%. 5.6 million new shares were created and a total of EUR 357.7 million was invested⁽⁶⁾ (compared to EUR 302.9 million in 2004 and EUR 292.1 million in 2003). More than 60,000 employees and former employees around the globe are now Société Générale shareholders, accounting for 7.56% of the Group's share capital. Aside from offering financial benefits to employees, the share-ownership scheme provides the Company with an important means of motivating staff and securing their loyalty. It is also a way of raising the Group's profile among staff across the world (particularly those in recently acquired entities).

In addition, some of the Group's international subsidiaries have set up their own local profit-sharing schemes, which vary from one country to another depending on the applicable remuneration and fiscal regulations.



■ ■ For **Marianne Wahid Farid**, from MIBank in **Cairo**, the Global Employee Share Ownership Plan is a valuable tool for increasing staff motivation and loyalty.

(5) Paid to all staff eligible for 2004 profit-sharing.

(6) Profit-sharing: EUR 78 million.

Other voluntary contributions: EUR 191 million.

Top-up contribution: EUR 88 million.



■ ■ **Silviane Chatelain** is Head of Communications at SG Private Banking in Geneva. In 2005, Société Générale reasserted its commitment to promoting professional equality for men and women.

Protecting employees and meeting their expectations

Social dialogue and employee satisfaction

171 agreements were signed with employee representatives in 2005, including 79 new agreements or amendments in France. These texts cover issues such as training, remuneration, profit-sharing, equality in the workplace, working hours, employee benefits (including the health insurance and retirement scheme), and staff representative bodies.

Société Générale and SGAM signed an equal opportunities agreement on June 30, 2005. This agreement was the first of its kind within the Group and reaffirms its commitment to promoting equal opportunities for men and women, in particular in terms of access to jobs and professional training and career development (mobility, promotion, remuneration, etc.). The agreement forms part of a broader process which aims to promote the principle of non-discrimination in all its forms and ensure this principle is complied with at all stages of human resources management, from recruitment to training, career development and promotion. However, it goes beyond simply affirming principles, with a proactive approach and a number of concrete measures, in particular to neutralize the impact of having children on women's career development. For example, one of the objectives of the agreement is to increase female representation in management: the aim is for women to account for 40% of all executive staff⁽⁷⁾ by 2008. An equal opportunities delegation has been created with the role of examining individual cases where employees feel they have been unfairly treated. A commission has also been set up to monitor compliance with the agreement and review statistics.

The Group makes every effort to listen to the concerns of its workforce

In 2005, for the eighth consecutive year, Société Générale conducted a social environment survey of 1,400 employees in France with the help of an outside consultancy to ensure confidentiality. The main findings are submitted to the Company's managers and used as the basis for the definition of future social policies.

The Corporate and Investment Banking division carried out its first survey via the Internet in 2005, questioning over 6,000 executives throughout the world, primarily on their perception of their working environment and the Group's human resources strategy. The results, which

were returned to the staff, were highly positive in terms of confidence and motivation levels, and have been used to define a number of action plans to better meet the needs of employees, notably in the field of career management and the appropriation of the division's strategy.

In line with this policy of pro-active engagement, the Crédit du Nord carried out its first social environment survey of 500 employees in 2005. The practice is also extending outside France: Komerční Banka in the Czech Republic, ALD Automotive in Morocco, Axus in Finland, SG Finans AS in Norway...

Enhanced communication tools

The *RH Online* intranet site was launched in 2003 and provides Société Générale employees with a range of HR information covering social policy, careers, training, remuneration, social benefits, social dialogue, company agreements, organizational structure, etc. It also shows the Société Générale share price and the value of shares in the Company Savings Plan and includes a link to the HR self-service site, where employees can manage their leave and view training guides, for example. The intranet's content was enhanced in 2005 to include a new section on work ethics, a revised training section and two new services designed to improve relations between employees and the HR function: *Vous avez la parole*, which enables employees to ask questions and make suggestions, and an option to subscribe to a weekly email newsletter on all HR developments. The site has proved highly popular among employees, with a survey of opinions on the site receiving over 12,000 responses.

In 2005, the *Group Online* intranet site was replaced by *Sogénews*, the Group's news portal, and an extension of the Group's internal newsletter, *Sogéchos*.

The Société Générale and SGAM CCUES⁽⁸⁾ launched its own intranet site at the end of 2005 to present charity-related offers (shows, holidays, children's clubs, etc.), as a complement to the existing website.

Similarly, the Retail Banking outside France division set up a joint portal, *BHFM Plus*, accessible via the intranet, to provide information to employees of this fast-growing network (sharing good practices, pooling expertise, etc.) and to promote awareness of BHFM's subsidiaries within the Group.

(7) Women accounted for 34% of executive staff at December 31, 2004.

(8) Central committee for the inter-union agreement on social and economic union.

Employee protection

The Société Générale Group pays close attention to the protection of its employees in France and around the world, and has a proactive policy of prevention and care (regular medical check-ups, refunds of certain healthcare expenses, death or disability payouts) which goes beyond legal requirements and local practices.

The number of accidents in the workplace (according to applicable regulations in each country) totaled 811 in 2005, with the majority occurring in the Retail Banking division. As with other indicators, the sharp rise in this figure in relation to 2004 is in part attributable to improvements in the reporting scope and to the increase in the number of retail banking subsidiaries.

Preventing harassment

In France, Société Générale has introduced preventive measures as well as incorporating the legal requirements relative to sexual and moral harassment into its internal rules. The Group is a responsible employer and its approach clearly demonstrates its refusal to tolerate unacceptable practices. A specific procedure for reporting and handling such situations has been established to protect employees who fall victim to harassment. Furthermore, the *RH Online* intranet provides information to all employees with a view to raising awareness and creating a solid preventive environment.

The policy of preventing harassment and, in a broader sense, all forms of discrimination, is integrated extensively into the internal rules and practices applied by the Group's offices outside France, often going beyond legal requirements. For example, in New York, all managers and employees follow a professional conduct training course. Over 450 managers followed this training scheme in 2005. Similarly, in the United Kingdom, anti-harassment principles are set out in the welcome pack issued to all new employees.

Société Générale actively gets involved in health promotion and disease prevention campaigns, notably in high-risk countries.

Fighting AIDS in Africa

Société Générale has a long history in Sub-Saharan Africa and is particularly mindful of its moral responsibility to its African employees.

For several years the Group's African subsidiaries have been members of the AIDS association, *Sida Entreprises*, which provides a coordination platform for the association's representatives in each country. This struc-

ture enables the organization to provide more effective common initiatives and to pool resources.

Alongside local campaigns to raise awareness and improve diagnosis of AIDS (in Cameroon, Burkina Faso, Guinea, Côte d'Ivoire and Equatorial Guinea), Société Générale has set up a global AIDS and malaria prevention plan at its subsidiaries for 2005-2006. The action plan provides for education and prevention campaigns and, where necessary, funding of treatment for employees and their families.

Social coverage

One of the main components of Société Générale's social policy is the complementary healthcare and retirement coverage it offers its employees.

In France, in view of the major demographic and regulatory changes affecting the healthcare insurance sector, an initial meeting was held with employee representatives in December 2005 to discuss overhauling the Société Générale mutual insurance company (*Mutuelle Société Générale*), which has managed the Company's supplementary healthcare insurance since 1928.

Also in December, the additional retirement savings scheme managed by the *Institut de Prévoyance (IP) Valmy*, celebrated its tenth anniversary. This provided the opportunity for Société Générale to reiterate its commitment to offering all retiring employees a supplementary pension via the IP Valmy, which is jointly managed by the social partners and Société Générale. Over 5,800 retired employees currently receive pensions from the IP Valmy and this figure is set to double by 2009 given the large number of expected retirements.

An agreement signed in June 2005 established a collective retirement savings plan (PERCO), which enables Société Générale employees to save for their retirement by investing in one of seven company savings funds. Amounts invested in the PERCO benefit from financial and tax advantages and are supplemented by the Company.

Outside France, the Retail Banking outside France division is currently reviewing social and medical provisions with a view to harmonizing and improving the healthcare, disability and retirement coverage of employees of the Group's foreign subsidiaries.

In Sub-Saharan Africa – a high-risk region – precise details of existing set-ups will be compiled during 2006 to enable the Group to create a harmonized system that takes into account any specific local requirements.

Risk management and internal control

SUPPORTING THE DEVELOPMENT OF OUR BUSINESSES THROUGH COMPREHENSIVE RISK MANAGEMENT

Risk management is an integral part of Société Générale's corporate culture. Its main purpose is to optimize the Group's overall risk-adjusted return in order to contribute to its long-term business development.

A segregation of roles for better management

Risks are an inherent part of banking activities and it is therefore vital that they be taken into consideration at every stage of a transaction, from inception to completion. For this reason, responsibility for risk management lies first and foremost with the operating divisions.

These are charged with:

- analyzing the potential risks posed by any transaction they initiate;
- checking that these are compatible with their assigned risk limits;
- actively managing their risk exposure;
- assessing the risk-adjusted return of their transactions.

To encourage staff to adhere to these principles, the cost of risk is factored into their overall performance-linked pay⁽¹⁾.

In addition, to increase the efficiency of the risk management system and ensure it is consistently adapted to new types of risk, the Risk division provides an independent control function, approving any risks taken and monitoring them as they evolve.

The Risk division is completely independent from the operating departments and reports directly to the Group General Management. It employs some 600 staff.

Outside the head office, a further 1,300 staff are employed throughout the Group, charged with internal control and risk management at the subsidiaries and in the French Networks.

(1) In the case of credit, the cost of risk measures the losses incurred as a result of a default by counterparties who are clients of the bank.

The Risk division is responsible for:

- defining and validating the methods used to analyze, assess approve and monitor risks;
- conducting a critical review of sales strategies for high-risk areas;
- contributing to the independent assessment of credit risks by commenting on transactions proposed by sales managers and monitoring them from start to finish;
- identifying all the Group's risks and monitoring the adequacy and consistency of risk management information systems.

The Risk division's role is to contribute to the development and profitability of the Group by ensuring that the risk management framework in place is both sound and efficient.

Clearly-defined principles

The Group applies the following principles:

- strict compliance with and constant monitoring of legal and regulatory requirements and standards drawn up as part of the Group's risk management policy;
- the obligation to advise clients appropriately;
- development of business relationships only with counterparties whose identity has been clearly established and who share the same sense of responsibility and integrity as our Group;
- application of the principles of prudence, good conduct and risk quality and diversification, even when this is liable to affect short-term profitability;
- refusal to arrange any significant financing transactions for clients if these do not appear on their balance sheet or if their external auditors have not been fully informed.

Widely disseminated objectives and procedures

The strategy is based on clearly-defined targets for each risk category (credit, market, country, operational). It is implemented through policies and procedures defined by the Risk division, which set out the selection criteria to be used in order to ensure the Group only engages in the most suitable types of transaction. This information is disseminated via our dedicated intranet site.

The Société Générale Group has 1,900 staff dedicated exclusively to internal control and risk management. These include credit and market risk analysts, statisticians, research and modeling experts and specialist advisers, often from other industries. These people combine their technical expertise and in-depth knowledge on a day-to-day basis, ensuring Société Générale has a comprehensive system of risk management.

A permanent supervision framework

Risk management procedures are monitored and controlled at a number of levels:

- in its preparatory work for the Board of Directors, the Audit Committee carries out an in-depth review of the measures in place for managing, preventing and assessing risk;
- during the Risk Committee meetings, the Executive Committee defines the risk management systems, reviews any changes in the characteristics and risk profile of the Group's investment portfolios and decides on any changes in the corresponding strategies;
- any significant exposure on counterparties or portfolio segments is subsequently reviewed by the Major Risk Committee;
- before any new activity can be launched, the New Product Committees ensure that the infrastructure required for its proper management is in place and that the risks generated are correctly analyzed, measured and controlled;
- lastly, the internal audit teams and the General Inspection department formulate an opinion on any risks identified in the course of their assignments.

Suitable methods and systems

Société Générale devotes significant resources to the ongoing adaptation of its risk management and monitoring resources. The information systems in particular are regularly upgraded to accommodate changes in the products processed and in the associated risk management techniques.

In the case of counterparty risk on capital market products, the existing methods used to measure exposure are backed up with stress tests to reinforce the transaction selection process.

With respect to market risk, the current risk measurement model used internally (VaR) has been approved by the French Banking Commission for nearly all transaction types.

In credit risk, internal counterparty and loan ratings based on the principles established by the Basel II Committee (IRBA method) are gradually being incorporated into the existing approval and monitoring pro-

cedures. This approach will supplement the economic capital, risk-adjusted return on capital (RAROC) and economic value-added (EVA) indicators introduced by the Group in recent years. In order to adapt its methods, the Group needs to model the full scope of its activities and adjust its information systems accordingly a task requiring the mobilization of considerable resources.

BANKING ACTIVITIES ARE EXPOSED TO A VARIETY OF RISK

Given the diversity and ongoing evolution of its businesses, the Group is exposed to a wide range of risks, which are generally grouped into six categories:

Credit risk

Risk of loss arising from the inability of a counterparty to meet its financial commitments.

Country risk

Risk of default by a counterparty due to an economic or financial crisis in the country in which it operates, irrespective of that counterparty's own financial position.

Structural risk

Risk of loss or of residual depreciation in the bank's balance sheet arising from variations in interest or exchange rates.

Market risk

Risk of loss resulting from changes in market prices and interest rates, in the correlation between these elements and in their volatility.

Operational risks

Risk of loss or fraud, or of producing incorrect financial and accounting data due to inadequacies or failures in procedures and internal systems, human error or external events.

Liquidity risk

Risk of the Group not being able to meet its commitments at their maturities.

Business Continuity Plan

This involves the development of adequate organizational structures, procedures and resources to enable Société Générale's entities to deal with natural/accidental disasters or acts of willful damage, in order to protect their staff, assets and key activities, ensure the continuation of essential services and ultimately the resumption of normal activities. In 2003, the Group set up a specific department for business continuity which is charged with the following tasks:

- coordinating and harmonizing the existing business continuity systems in place throughout the Group;
- disseminating best practices;
- defining applicable methodologies;
- proposing an overall Group policy.

Exposure to credit risk on non-bank customers:

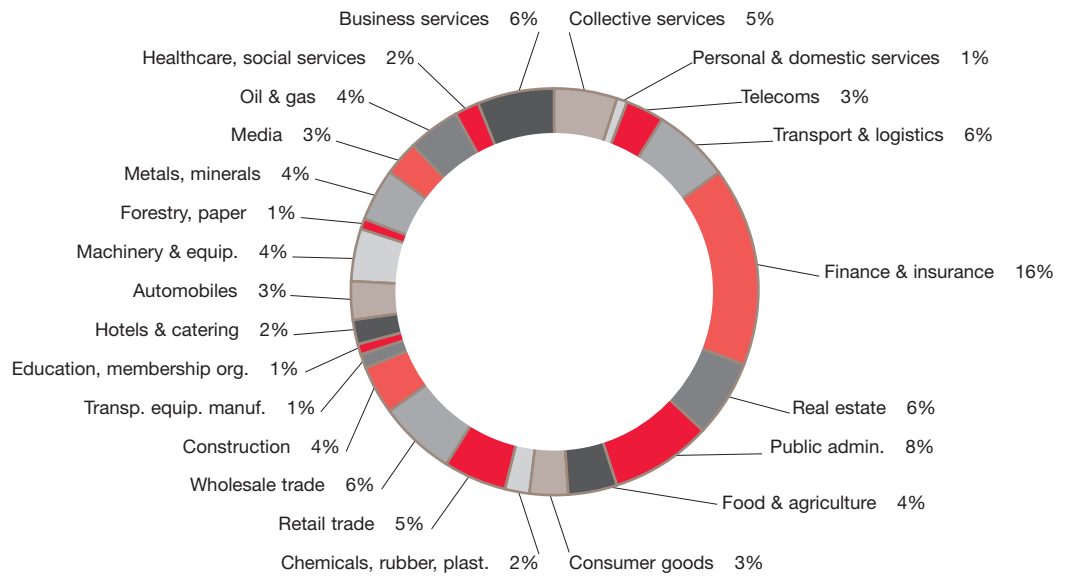
371

billion euros
 (34% in off-balance sheet commitments).

Good sectoral diversification

Only one sector accounts for more than 10% of Group outstanding: Finance and Insurance, which is characterized by a moderate cost of risk

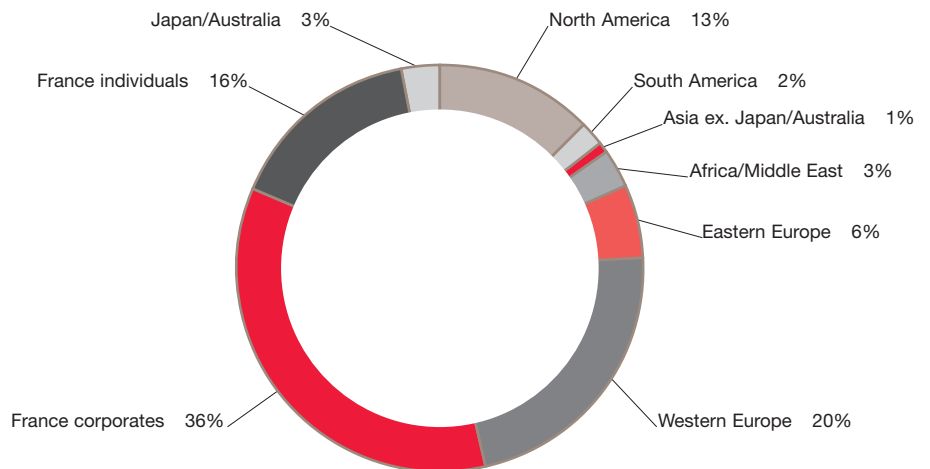
Breakdown of Société Générale Group commercial loans by industry at December 31, 2005 (excluding individuals)



88%

of outstanding commitments in major developed countries

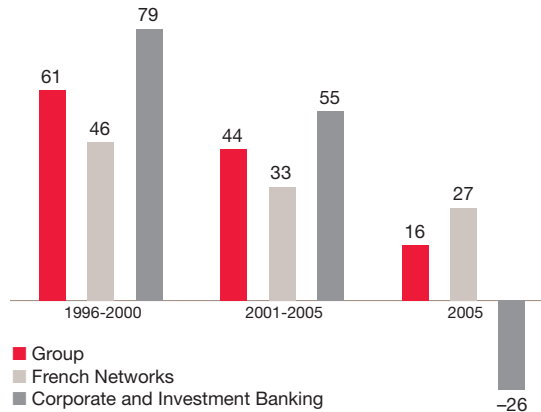
Geographical breakdown of Société Générale Group loans to non-bank customers at December 31, 2005 (including individuals)



The Group's cost of risk was very low in 2005, reflecting a structural improvement in its risk profile attributable to the following:

- a favorable credit environment;
- a structural improvement in the Group's risk profile:
 - changes in the structure of the overall loan portfolio, with a rise in the proportion of housing loans in the French Networks (37% of outstanding loans in 2000 and 44% in 2005), and a growing share of loans to EU and pre-EU countries in Retail Banking outside France (18% of outstanding loans in 2000 and 59% in 2005),
 - the redistribution of the Group's capital allocation between the core businesses,
 - improvements in risk management techniques, notably the management of concentrations through the use of credit derivatives as hedging instruments and the sale of receivables in the secondary market,
 - prudent provisioning of risk exposure.

Average cost of risk
(in bp)



Risk provisioning* in 2005

448

million euros

(i.e. 16 basis points of risk-weighted assets) compared with EUR 568 million (20 basis points) in 2004*

Non-performing loans

4.4%

of customer loans (compared with 5% in 2004).
Provisioning ratio: **65%**

VaR = Value at Risk

Estimate of the maximum loss that may be incurred on a given portfolio of assets over a specified period and for a particular probability level, based on an historical analysis of market trends (interest rates, exchange rates, equity prices, etc.).

The average VaR fell by EUR 6 million from EUR 25 million to EUR 19 million between 2004 and 2005, reflecting a drop in exposure in all the main categories of risk (equity price, interest rate and credit).

19

million euros

average of 1-day, 99% trading VaR over 2005

* 2004: IFRS (excluding IAS 32 & 39 and IFRS 4).
2005: IFRS (including IAS 32 & 39 and IFRS 4).



Compliance and the prevention of money laundering

The tasks of the Compliance department

- To define, in accordance with the regulators' requests and legal or regulatory requirements, principles and procedures for the compliance function and for the prevention of money laundering and the financing of terrorism, and ensure that they are implemented.
- To ensure that financial market regulations are respected and prevent and manage any potential conflicts of interest with respect to customers.
- To propose personal ethical rules to be observed by all Group staff.
- To train and advise staff and increase their awareness of compliance issues.
- To coordinate relations between Group entities and French and foreign regulators.

Tools to combat money laundering and the financing of terrorism

- Specific filtering tools (SAM and LABO) to scrutinize international money transfers and detect any persons suspected of involvement in terrorist activities. In 2005, 57 million transactions were filtered.
- Behavioral analysis tools (PROFIL in France and SIRON at the foreign subsidiaries) to detect suspicious transactions in retail and private banking activities.
- An alert management and check surveillance tool (CRIBLE).

THE KEY ROLE OF COMPLIANCE

Compliance has always been one of the Bank's core values. It is not just the responsibility of the Group's dedicated compliance officers, but concerns all its staff in all areas of activity.

The Compliance department was first set up in 1997, with the exclusive task of monitoring market activities. However, its scope of intervention has since been extended to cover risks to the Company's image and reputation in all banking activities.

In order to counter these threats, the Group has developed a strict body of compliance doctrines and rules of good conduct that comply with the highest professional standards and go beyond applicable legal and regulatory stipulations, particularly in countries that fail to meet the Société Générale Group's own standards.

In the banking sector, compliance practices are based on three main principles:

- refusing to work with customers or counterparties that are not sufficiently well known to the company;
- knowing how to assess the economic legitimacy of a transaction;
- being able to justify an adopted position under any circumstances.

In line with these principles, the Group:

- prohibits all business relationships with individuals or legal entities whose activities are liable to be illegitimate or contrary to the principles that should guide the behavior of a responsible bank;
- refuses to conduct transactions for clients or counterparties if it is unable to determine the economic legitimacy of these transactions, or where the lack of transparency suggests they may be contrary to accounting and compliance principles;
- provides information that is accurate, clear and not misleading on the products and services it proposes and verifies that said products and services are suited to the needs of the customer.

HIGHLIGHTS OF 2005

Reinforcement of our compliance structure for financial market activities

In the Corporate and Investment Banking division, the compliance system was reinforced with the appointment of six compliance officers to the Paris trading rooms, where they will work closely alongside front-office staff. Over the course of 2006, they will gradually be provided with new IT tools to increase the efficiency of their controls.

Compliance monitoring

In 2005, the Group prepared and implemented a permanent system of compliance monitoring in order to meet the requirements of amended regulation 97-02 of the CRBF (French Banking and Financial Regulation Committee), relating to internal controls within credit institutions. All rules to be observed under this system were compiled into an internal directive, issued on January 6, 2006.

Additional resources for the prevention of money laundering

Société Générale has continued to strengthen its anti-money laundering system:

- extension of the Paris-based team and definition of a new organizational structure to be rolled out in 2006;
- operational launch at the start of 2005 of an IT tool for the French Networks that analyzes the functioning profile of bank accounts in order to detect suspicious transactions;
- gradual deployment of a similar tool in the foreign retail and private banking subsidiaries (scheduled to be completed by the end of 2006);
- implementation of a major distance learning program on the prevention of money laundering for sales staff throughout the domestic retail banking network and in the trading rooms, and for certain support functions (e-learning tool developed by the French Banking Federation).

Substantial increases in human resources

In order to cope with the intensification of the fight against money laundering, the central Compliance department increased its headcount from 23 to 32 in 2005, and has made plans to take on additional staff in 2006. In total, the Group now has some 340 staff (full-time equivalent) throughout its businesses, dedicated exclusively to compliance functions and the prevention of money laundering.

The fight against corruption

Société Générale has very strict rules on the prevention of corruption and complies fully with French legislation. Information concerning obligatory measures and controls is disseminated throughout the Group in the form of directives that are updated on a regular basis. Since 2001, staff have been provided with a single Group directive, summarizing all French legislation on the prevention of the corruption of public representatives in Europe and abroad.

Charity, cultural and sports sponsorship

GROUP CHARITY WORK

In addition to a number of local initiatives organized by the Group's networks and offices in France and around the world, in 2005 Société Générale reinforced its actions in selected areas:

- the subsidy paid to the charity *Talents & Partage* to fund its work (an association run by Group employees) was raised to EUR 443,000;
- at the end of the year, the Group took the decision to set up a Company Foundation to support initiatives aimed at encouraging professional insertion, in particular efforts to help young people join the working population, and literacy campaigns. The new structure will be operational in the second half of 2006 and will have a budget of EUR 1 million for 2006;

- in view of its ties to rugby and its support for disabled people, in 2005 Société Générale increased its donation to the Albert Ferrasse Foundation, which provides financial and material assistance to injured rugby players.

CULTURAL SPONSORSHIP

2005 was a busy year, with the development of new initiatives to promote classical music and contemporary art:

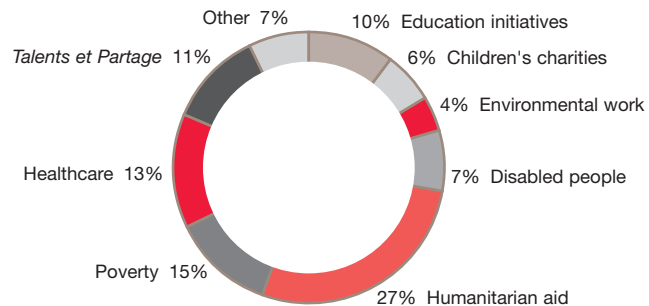
- an additional contribution to the *Mécénat Musical Société Générale* (MMSG) association's budget enabled it to purchase a valuable 1676 Gioffredo Cappa cello, for loan to the young French virtuoso Jean-Guihen Queyras; MMSG's total budget amounted to EUR 2.4 million, 40% of which was allocated to young musicians, in



■ ■ **Virginie Isumo**, from SG Private Banking in **Luxembourg**, sings in a choir and has recorded a number of CDs. All proceeds from the sale of these CDs are donated to a charity that helps children in Kinshasa.

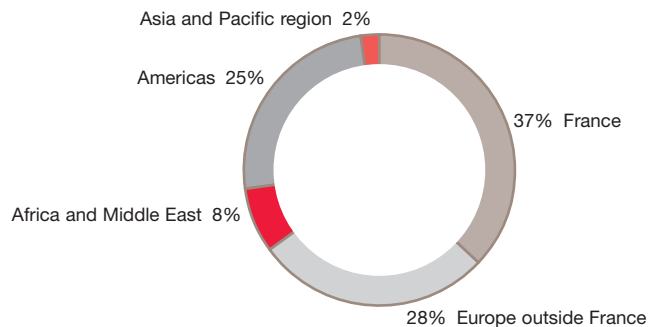
Breakdown of charity work by area

As a %



Breakdown of charity work by region

As a %



particular via partnerships with the national music academies in Paris and Lyon, the French Youth Orchestra and the AFAA (*Association Française d'Action Artistique*), which helps young French musicians promote their work abroad;

- as well as purchasing additional works of art to bolster its own contemporary art collection, in particular work by young artists, Société Générale sponsored a number of modern art exhibitions in museums (for example in Bordeaux, Toulouse and Rouen) and donated two works by Xavier Veilhan to the Museum of Modern and Contemporary Art in Strasbourg for an exhibition on this artist's work;

- the Group's staff also benefit from its sponsorship initiatives, with 8,000 seats made available during 25 concerts organized with MMSG's support, and visits and conferences on contemporary art and the Group's own collection.



■ ■ **David Maillard**, an engineer at ECS (IT asset leasing) in the Paris region, won a gold medal at the Paralympics in Athens.

SPORTS PARTNERSHIPS

In 2005, Société Générale extended its sports sponsorship in both France and around the world.

In April, Société Générale was the first partner to sign an agreement with the International Rugby Board (IRB) conferring it Official Partner status for the next Rugby World Cup, which will be held in France in autumn 2007.

This reaffirms the Group's support for the global development of this sport, as the IRB distributes funds raised during this event to poorer countries in Europe, Africa and Asia. A number of new national partnerships were also signed to promote rugby in countries including Japan and Madagascar.

The Group renewed its partnership with the French Golf Federation for four years, focusing on youth-oriented sponsorship, with, for example, the creation of the National Student Cup. The partnership agreement was signed in June during the French Open Golf Championship, which Société Générale supports as an official partner and which was won for the second successive year by Jean-François Rémésy, a player sponsored by SG Private Banking.

Société Générale reinforced the ties it established with the French Federation for Handicapped Sport (**Handisport**) in 2003 by signing protocol agreements with regional committees to support local clubs, for example in Brittany; the Group also supported the *Jeux de l'Avenir*, which brought together some 500 young disabled athletes in Limoges.

Finally, the French women's team won the World Bridge Championships held in Portugal in 2005, confirming the very high level achieved by French bridge players thanks to the efforts of the French Bridge Federation, supported by its official partner, Société Générale.

Charity, cultural and sports sponsorship

In millions of euros	2002	2003	2004	2005
Charity	1.6	2.2	2.3 ⁽¹⁾	4.1
Culture and education	2.0	2.3	2.6	5.3
Sports partnerships	4.5	6.0	7.7 ⁽²⁾	8.8
Total	8.1	10.5	12.6	18.2

(1) Excluding donations to victims of the Asian tsunami.

(2) Including EUR 1.1 million for non-French sports partnerships since 2004.

Société Générale's activity report is available online at

www.socgen.com

Visitors to the website can also access the following documents:

- 2006 Registration Document, approved by the AMF
- 2006 CSR Report.

All publications are available in English and French and can be downloaded in pdf format.

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